



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Profile

■ by Gerald F. Vaughn

Richard T. Ely

Economic reformer and champion of academic freedom

This year, 1994, marks the 100th anniversary of the "Magna Carta of Academic Freedom." Most appropriately, we honor Richard T. Ely, a man of vast accomplishments who was instrumental in founding the American Economic

Association, and was the progenitor of institutional economics. His progressive teaching, writing, and public service sparked a major controversy a century ago and put him on trial to defend academic freedom.

Ely was an outstanding economic re-

former, organizer, and academic innovator. In July of 1894, while director of the School of Economics, Political Science, and History at the University of Wisconsin, he was charged with teaching radical economic doctrines—specifically that he taught anarchism, advocated socialism, and favored strikes and boycotts. The charge was made by no less than the Wisconsin superintendent of public instruction, an *ex-officio* member of the university's board of regents.

The university held hearings in August 1894, and a regents' committee exonerated Ely. The three-man committee's report produced what has been called the "Magna Carta of Academic Freedom," stating in part: "In all lines of academic investigation it is of the utmost importance that the investigator should be absolutely free to follow the indications of the truth wherever they may lead. Whatever may be the limitations which trammel inquiry elsewhere we believe that the great state University of Wisconsin should ever encourage that continual and fearless sifting and winnowing by which alone the truth can be found." A tablet on the front of the university's Bascom Hall now bears the inscription of that last sentence.

Ely (1854–1943) was born and reared in New York state. His father was a civil engineer, his mother an artist. They were deeply religious people; ethical considerations in economic and social policy often characterize Ely's writings.

Ely held that wealth is apportioned through socioeconomic institutions. He regarded property, inheritance, contract, vested rights, and personal conditions as the most fundamental



institutions—followed by custom, competition, monopoly, authority (public or otherwise), and benevolence. Ely's intense interest in land meant that, along with his other "firsts," he was among the first proponents of agricultural and resource economics as a specialized field of study.

Ely understood how social reform involves adjusting socioeconomic institutions to changes in society. His line of thought was applied and extended most notably by former students such as John R. Commons (labor economics), Edward A. Ross (sociology), Henry C. Taylor (agricultural economics), Frederick Jackson Turner (history), and George S. Wehrwein (land economics). Ely was an advisor to Robert M. La Follette, the great congressman, governor, and United States senator from Wisconsin. Ely also contributed to the thinking of presidents of the United States. Woodrow Wilson studied under Ely at The Johns Hopkins University. Theodore Roosevelt, though not a classroom student, acknowledged his intellectual debt to Ely. The natural resources conservation and land retirement policies of Franklin Delano Roosevelt's New Deal were strongly influenced by Ely's theories of land economics.

Ely held a much more positive view of institutions than did contemporaries such as Thorstein Veblen. Ely saw institutions as essential elements of society and potential forces for the advancement of social welfare. Veblen saw institutions more as obstacles to technological progress.

Ely's intellectual development

After graduating in philosophy from Columbia University at the head of his class in 1876, Ely undertook graduate study at German universities. Principal contributors to his intellectual development included Johannes Conrad, whose chief interests were agrarian policy and agricultural statistics; Karl Knies, who studied the conservation of natural resources; and J.K. Bluntschli, a professor in political science. Ely received his PhD from the University of Heidelberg in 1879, then spent another

year of study in Europe. Further intellectual influences came from Ernst Engel (statistics), and Adolph Wagner and Rudolph von Jhering (private property). Conrad, Knies, and Wagner taught an ethical view of economics, which appealed to Ely's instincts and religious upbringing.

Wagner taught Ely that private property is an evolving legal concept, relative and variable; property rights are not unalterable, but subject to change. Jhering taught him social aspects of private property. Ely synthesized these concepts into his *social theory of property*: "Private property is established and maintained for social purposes."

Wagner and the writings of John Stuart Mill stimulated Ely to think about the effects of institutions, especially property and contract, on the distribution of wealth. Ely felt that capitalists and entrepreneurs knew how to produce wealth, but had no guiding principles to distribute wealth for the greatest social welfare—which always remained his major objective. By the 1890s he was lecturing on "Distribution of Wealth as Influenced by the Fundamentals of the Present Socioeconomic Order." This was the starting point for Ely's theories of land economics.

Ely fathered land economics as a field of study. He was fond of the phrase "under all, the land," and he understood land use, land problems, and land policies and planning as basic to economic activity. He saw institutions such as property and contract, which shape land use, as vital to individual and social welfare. Of the more than twenty-five books authored or coauthored by Ely, his 1914 seminal two-volume *Property and Contract in Their Relations to the Distribution of Wealth* probably stands as his most monumental contribution to economic literature.

Agricultural and resource economics

From 1881 to 1892, Ely taught economics at The Johns Hopkins University. His reputation as both a scholar and organizer drew an offer to form and direct the University of Wisconsin's new school of economics, political sci-

ence, and history, to open in 1892.

At Wisconsin, Ely fostered a unique historical and geographical approach to the study of economic questions, with able support from economist William A. Scott, agricultural economist Henry C. Taylor, and historian Frederick Jackson Turner. Doctoral students in agricultural economics, for example, were often encouraged to write their dissertations on some topic in agricultural history.

Ely also induced his colleagues and students to become public servants. Thus, training in the Ely tradition produced a succession of outstanding agricultural and land economists from the University of Wisconsin, each actively engaged in public service of some type. One thinks of Oliver E. Baker, John D. Black, Lewis C. Gray, Benjamin H. Hibbard, Hugh A. Johnson, Kenneth H. Parsons, Roland R. Renne, Theodore W. Schultz, George S. Wehrwein, Clarence A. Wiley, Milburn L. Wilson,... and the list goes on.

Ely's 1916 paper presented before the American Economic Association, titled "Landed Property As an Economic Concept and As a Field of Research," was an early attempt to define the systematic field of study to be called land economics. He did not limit his investigations and theories to agricultural land use, but in future years also delved deeply into urban and other land uses, extending to public utilities as well.

In 1920, Ely founded the Institute for Research in Land Economics and Public Utilities at the University of Wisconsin, in which study of land and public utility problems was based on knowledge of the nature, significance, evolution, and operation of economic institutions and forces. The Institute brochure described its research approach as "look and see the facts."

Ely's institutional economics blended neo-classical economics, historical development of the American economic system, and law. Eclectic in method but well-trained in inductive empirical research and statistics, Ely and his colleagues demonstrated how the institutionalist perspective can help set more

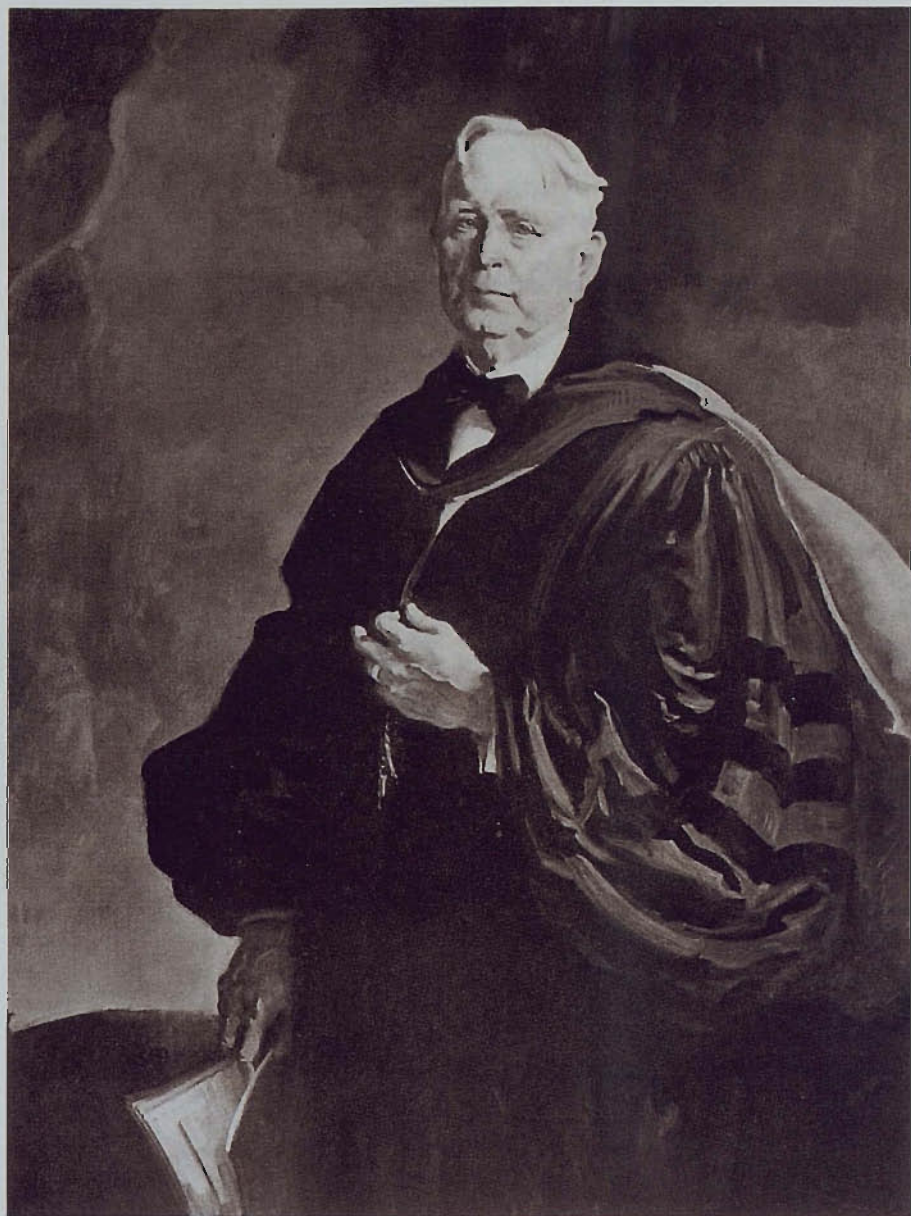
realistic assumptions for economic analyses and aid the meaningful interpretation of data—an essential combination in successful econometric modeling today. Ely regarded the field of land economics as both science and art: science as it searches for facts bearing on land use, and art as it applies these facts to land use policy.

In 1922, Ely, Mary L. Shine, and George S. Wehrwein published the first textbook on land economics, a mimeographed work titled *Outlines of Land Economics*. In 1924, Ely and Edward W. Morehouse coauthored *Elements of Land Economics*. And in 1940, Ely and Wehrwein coauthored their authoritative book *Land Economics*, which became a classic in the field. Ely edited many books written by others, including Harlean James' pioneering study *Land Planning in the United States for City, State and Nation* (1926).

Ely retired from the University of Wisconsin in 1925 at age 71, and relocated, along with his expanded research institute, to Northwestern University. That year, he launched the prestigious *Journal of Land and Public Utility Economics*, which has gained added distinction under its current title *Land Economics*.

A role model

During his long career as a teacher, author, researcher, and administrator, Ely made major contributions to and achieved international renown in the broad field of economics and several of its subfields. He received three honorary LL.D. degrees: from Hobart College in 1892, from the University of Wisconsin in 1923 while he was still employed there (marking the first time that Wisconsin conferred this degree



Photos courtesy University of Wisconsin Memorial Library.

on an active employee), and from Columbia University in 1929.

Broadly-trained, systematic, thorough, sincere, idealistic, and dynamic, Ely was as nearly complete an economist as perhaps has ever lived. For today's economist who seeks a role

model, a careful reading of Ely's autobiography, *Ground Under Our Feet*, would be a fine place to start. ■

Gerald F. Vaughn is an extension specialist with the Department of Resource Economics and Policy, University of Delaware.