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Institute of Economics

26 JACKSON PLACE

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January 3, 1924

Dr. James H. Tufts,
University of Chicago,
Chicago, Illinois.

My dear Dr. Tufts:

I was glad to have your letter of December 22.
I regret very much that it has been necessary to raise the issue.

The Institute has established joint fellowships at three different universities and contemplates similar arrangements at some other institutions. You will readily see that in order to retain an effective control over the use of our funds certain definite principles must be laid down. I have witnessed too many cases where an entire year slips away without any real research achievement by graduate students to be willing to give a certain sum to a university with no control provided. In recent years the greatest drawback to research work on the part of the graduate students at Chicago and elsewhere has been the tendency to use them for part-time teaching and for assistants to various professors engaged in collecting material for their own uses. The only policy which the Institute thought would work out successfully, from its point of view, was one which gave a graduate student a real opportunity to concentrate upon some definite piece of research work. You will find the principles carefully laid down in my letter of March 24, addressed to L. C. Marshall. For your convenience I am enclosing a copy of this letter. Owing to Marshall's illness this letter was no doubt lost somewhere in the files.

In Marshall's reply he stated that he thought we could get Royal Montgomery on the basis suggested. Since I never heard anything to the contrary I had supposed that arrangements had been made on that basis. The other man then suggested was Mr. Yntema. Marshall stated in his letter of March 29 that Yntema would have to have more than \$1000. In my reply of April 10, I stated that we could not go above \$500 ~~but~~ I find that I left it open to make an adjustment there if necessary, ~~But~~ I urged very strongly the desirability of keeping the total fellowship at \$1,000. On April 12, Marshall replied that Yntema was out of the running since he wanted to get married and needed an instructorship.

I had supposed that Mitchell, when substituted for Yntema, was to be on a \$1,000 basis, the same as Montgomery. I can see, however, that the statement in my letter of April 10, that an adjustment might be made in the case of Yntema, might be interpreted as



Institute of Economics

26 JACKSON PLACE

WASHINGTON, D. C.

January 3, 1934

Officers

Robert S. Woodson
President
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Vice President
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Director

Dr. James H. Telfer,
University of Chicago,
Chicago, Illinois.

My dear Dr. Telfer:

I regret very much that it has been necessary to raise the issue. I was glad to have your letter of December 22.

The Institute has established the following at three different universities and universities at some other institutions. You will readily see that in order to retain an effective control over the use of our funds certain definite principles must be laid down. I have witnessed too many cases where an entire year's work without any real research achievement by graduate students to be willing to give a certain sum to a university with no control provided. In recent years the greatest drawback to research work on the part of the graduate students at Chicago and elsewhere has been the tendency to use their part-time teaching and for assistants to various professors engaged in collecting material for their own uses. The only policy which the Institute thought would work out successfully, from its point of view, was one which gave a graduate student a real opportunity to concentrate upon some definite phase of research work. You will find the principles carefully laid down in my letter of March 24, addressed to L. D. Marshall. For your convenience I am enclosing a copy of this letter. Owing to Marshall's illness this letter was no doubt lost somewhere in the files.

In Marshall's reply he stated that he thought we could get Royal Montgomery on the basis suggested. Since I never heard anything to the contrary I had supposed that arrangements had been made on that basis. The other man then suggested was Mr. Intema. Marshall stated in his letter of March 22 that Intema would have to have more than \$1000. In my reply of April 10, I stated that we could not go above \$500 but I find that I left it open to make an adjustment there if necessary. But I urged very strongly the desirability of keeping the total fellowship at \$1000. On April 12, Marshall replied that Intema was out of the running since he wanted to get married and needed an instructorship.

I had supposed that Marshall, when substituted for Intema, was to be on a \$1000 basis, the same as Montgomery. I can see, however, that the statement in my letter of April 10, that an adjustment might be made in the case of Intema, might be interpreted as

Dr. James H. Tufts, #2.

indicating that I was willing to have any adjustments made there in any case that might come up. A careful reading of the whole correspondence, however, leads, I think, to the inference that this could be considered only in an exceptional case.

The principle that is being used by the Department of Political Economy is, I think, fundamentally wrong - namely - that of bargaining with each individual student as to the amount of his stipend. I have long felt that that system led to the student's insisting that he must have enough to carry him through the year without financial sacrifice. The system leads to an award on the basis of relative need, or, more often, relative nerve, rather than on the basis of relative merit. Feeling thus, I naturally did not wish to see the Institute's funds administered on that basis.

In view of this misunderstanding that has arisen there is of course nothing to do but go through the year on the basis of the present financial arrangement. This is, however, on condition that the monthly reports of progress indicate that the Institute is getting the benefit of the student's research activities. We are not in the slightest concerned over the Montgomery case for Montgomery has unusual capacity and is devoting his major energies to the work. I think the air has been cleared in the case of Mr. Mitchell. We of course have no objection to the preliminary study of the organization of Montgomery, Ward & Company, but when we undertook to indicate the further aspects of the problem in which we were mainly interested, Mr. McKinsey informed us that he was using Mitchell for his own purposes more than he was using him for the purposes of the Institute. We merely insist that Mr. Mitchell should be studying the one problem agreed upon, - not dividing his energies - on the theory that since the University is paying more than half of his fellowship the Institute is not entitled to have half of his time devoted to the problem agreed upon. You will of course readily see that unless the spirit of co-operation is present the enterprise cannot well succeed.

A recent letter from Mr. McKinsey and a new outline from Mitchell indicate a new attitude and some progress in the investigation. I hope you will not trouble yourself further about it. Another year the arrangement, if both parties desire to continue it, can be put upon a more definite basis.

I am rejoiced to hear of the appointment of yourself as vice president in charge of educational problems and of the return of Mr. Arnett as vice president on the financial side. That sets a new standard in university administration and it places the Chicago administration at the very top.

With personal regards and with best wishes for the success of the new administration, I am,

Sincerely yours,

H. G. Moulton
Director.



Dr. James H. Tuttle, Jr.

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With personal regards and with best wishes for the success of the new administration, I am,

Sincerely yours,

W. B. Montgomery
Director.

C O P Y

March 24, 1923

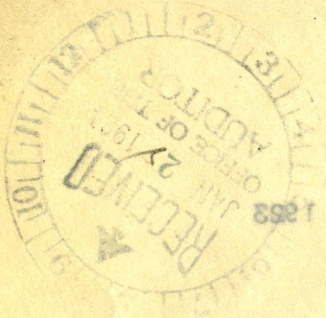
Professor L. C. Marshall,
University of Chicago,
Chicago, Illinois.

My dear Marshall:

We have decided definitely on only two men at Chicago for cooperative research work. We want one in labor, preferably, Royal Montgomery, and one on the problem of adjusting production to demand in the mail order business. My thought runs in terms of Palmer or Yntema. I can of course take that up with McKinsey and you later. We may possibly want a third on the terminal markets problem but Nourse wishes first to canvass the situation at Minnesota and Northwestern.

We have given pretty careful attention to the matter of financial arrangements and we have come to certain rather definite conclusions. They may be summarized as follows:

1. The present proposal involves men of fellowship or assistant rank, who have had at least one and preferably two years of graduate work.
2. We would wish to deal with instructors on a different basis. Concretely, if Mints or Cox were involved we should need to make arrangements whereby they would be freed from part-time teaching. This we are not prepared to do at present.
3. The student should not take more than two courses while conducting his research work for us.
4. If he is an assistant whom you use in teaching he should not teach more than one course with one major of study while doing research work for us.
5. The work must be along the lines specified by us; but we would want the cooperation of the professor in charge of the research work at the University in organizing and conducting the investigation.



Professor L. O. Marshall,
University of Chicago,
Chicago, Illinois.

My dear Marshall:

We have decided definitely on only two men at Chicago for cooperative research work. We want one in labor, preferably, Royal Montgomery, and one on the problem of adjusting production to demand in the meat order business. My thought runs in terms of Palmer or Yntema. I can of course take that up with McKinsey and you later. We may possibly want a third on the terminal markets problem but House wishes first to canvass the situation at Minnesota and Northwestern.

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3. The student should not take more than two courses while conducting his research work for us.
4. If he is an assistant whom you use in teaching he should not teach more than one course with one major of study while doing research work for us.
5. The work must be along the lines specified by us; but we would want the cooperation of the professor in charge of the research work at the University in organizing and conducting the investigation.

6. Any man nominated by you would have to be subject to our approval.

7. Monthly progress reports would have to be made to the Institute of Economics. In other words, I don't want to get caught holding a bagful of lemons, with months passing without any real work being done.

8. We would contribute one-half the fellowship stipend required up to a maximum of \$500, as our part, for a nine months period.

You will observe that we conceive this present proposal as essentially a fellowship matter. We believe that for nine months \$1,000 is sufficient in Chicago to defray all expenses. We also believe that men of the right stuff will prefer a fellowship yielding from \$600 to \$1,000 which will give them a real opportunity to do research work on their thesis, to an assistantship yielding from \$1,000 to \$1,500 which involves teaching and leaves little opportunity for effective research. It is my own personal opinion that married men need not apply.

I want to make it clear that we do not agree to pay \$500 where the man is to receive \$600 or \$800. We will merely pay one-half of whatever amount is awarded to the individual in question. This 50-50 basis seems to me equitable. If, after a year's trial, we find that it does not work out satisfactorily we could of course reconsider.

I have tried to put all the cards before you and I hope that the general plan, which is of course only an experiment, will meet with your approval. If, for any reason, any of the stipulations seem to you impracticable, we shall be glad to discuss them.

Yours sincerely,

Director.

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You will observe that we conceive this present proposal as essentially a fellowship matter. We believe that for nine months \$1,000 is sufficient in Chicago to defray all expenses. We also believe that men of the right stuff will prefer a fellowship yielding from \$800 to \$1,000 which will give them a real opportunity to do research work on their thesis, to an assistantship yielding from \$1,000 to \$1,500 which involves teaching and leaves little opportunity for effective research. It is my own personal opinion that married men need not apply.

I want to make it clear that we do not agree to pay \$500 where the man is to receive \$800 or \$800. We will merely pay one-half of whatever amount is awarded to the individual in question. This 50-50 basis seems to me equitable. If, after a year's trial, we find that it does not work out satisfactorily we could of course reconsider.

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