Table 1
REVENUE ANALYSIS: 1983 NEW JERSEY ITW EXPERIMENT

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Revenue Per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>$79,245</td>
<td>$1,091</td>
</tr>
<tr>
<td>Horsemen</td>
<td>692,347</td>
<td>9,990</td>
</tr>
<tr>
<td>Meadowlands</td>
<td>434,869</td>
<td>5,647</td>
</tr>
<tr>
<td>Atlantic City</td>
<td>1,508,478</td>
<td>19,590</td>
</tr>
<tr>
<td>Total Racetracks</td>
<td>1,945,347</td>
<td>25,237</td>
</tr>
<tr>
<td>Total</td>
<td>2,710,639</td>
<td>35,258</td>
</tr>
</tbody>
</table>

Table 2
REGRESSION ANALYSIS: TOTAL WAGER AT ATLANTIC RACERCOURSE

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pursues</td>
<td>.162</td>
<td>3.69</td>
</tr>
<tr>
<td>Day of Week</td>
<td>42,454.6</td>
<td>5.63</td>
</tr>
<tr>
<td>Weather</td>
<td>-2,210.4</td>
<td>-2.5</td>
</tr>
<tr>
<td>Sports Competition</td>
<td>-10,939.2</td>
<td>-1.39</td>
</tr>
</tbody>
</table>

F = 15.73

The revenue capabilities of simulcasting could be enormous, such that simulcasting seems worthy of consideration by states seeking fresh revenue sources at minimal risk and expense.


A NOTE ON IMPERFECTIONS IN THE DISTRIBUTION OF ECONOMIC KNOWLEDGE

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*University of Maryland, Baltimore County, Catonsville, Maryland, 21228. Helpful comments by Alan SooHoo and Virginia McConnell are hereby acknowledged. I am especially indebted to John Snowball for research assistance. Although I would have others share in the blame for any errors, I accept that responsibility on my own.

"The tree of knowledge does not grow in a natural shape, since it is pruned, and perhaps even stunted, by the decisions of editors of scholarly journals."
- Alice Vandermeulen (Public Choice, Fall, 1972).

Introduction
The increased importance of journal publication in the production functions of academic economists since the mid-1960s and the consequent proliferation of submitted manuscripts, economics journals and published articles has invited a slowly increasing number of economists to examine and report on the nature of the editorial process in their chosen profession. By and large these efforts fall into two categories: (1) theoretical attempts to specify the relative importance of editors in the determination of journal content (Costa, 1971; Vandermeulen, 1971; Feige, 1979) and (2) empirical "perspectives" of the editorial policies followed by identified journals (Coe and Wintershock, 1967; Costa, 1971; Weber, 1972; Quinn, 1976). The data reported by these latter authors include mean lag times between date of manuscript submission and publication, mean lag time between date of manuscript acceptance and publication date, rates of manuscript acceptance by the various journals, subject matter orientation of specified journals, major reasons cited by referees for rejecting manuscripts, desired wordlength of manuscripts, "blindness" of the review process, and changes over time in these variables.

Despite the commonly-held (implicit) belief of many of my peers that editorial policies followed by editors of certain economics journals favor identifiable subgroups of economists, and the serious distributive consequences such a practice would imply vis-a-vis career success of academic economists (both within their institutional affiliation and within the profession as a whole), there have been, to my knowledge, no published efforts to test journal discrimination empirically. In this paper I demonstrate that, vis-a-vis economics, Vandermeulen's tree of knowledge is indeed shaped by editors of economics journals. A comparison of allocation of scarce page space between authors who share institutional affiliation with journal editors and authors from highly ranked "competition" schools, reveals a highly significant "in-house" bias with respect to editorial assignment of page space. Since control of the major economics journals tends to be concentrated within a handful of universities, such revealed favoritism raises serious questions about the extent to which "perfect competition" exists in the distribution of economic knowledge.
Papers Allocation by Institutional Affiliation

There is evidence which suggests that editors favor authors from their own university affiliation when making publication decisions on submitted manuscripts. Table 1 presents a comparison of AER-equivalent size pages published by journal editors from "in-house" authors, versus authors from the highest ranked competitive school "outside" authors, for the twenty out of twenty-four economics journals used by Grimes, Marchand and Thompson (G-M-T, 1982) to rank the "top" economics departments, edited by members of economics departments in U.S. universities.

In sixteen of the twenty journals, the number of pages devoted to in-house faculty exceeds the number devoted to authors from the most-highly-ranked institution in many cases by more than two to one. In more than one instance a new editor immediately published his own lengthy work as the lead article in the"new" journal, during the five year period 1974-79.

The effect of in-house publishing favoritism are non-trivial -- over 1,400 pages of the 2,248 reported by G-M-T (1982, p. 133) for the University of Chicago were published in the three Chicago-edited journals included in their sample. By contrast, the non-most-highly-ranked department, Harvard, was allocated less than 250 pages in these three journals over the same time period. Publishing parochialism is not confined to the hallowed halls of the University of Chicago however Harvard, Massachusetts Institute of Technology, University of Pennsylvania, University of California at Los Angeles, University of North Carolina, Wisconsin, UCLA, Cornell and UNC all exhibit revealed favoritism towards in-house authors.

In a recent comment on the G-M-T paper, Hirsch et al. (1988) demonstrate that publication success, in a quantitative sense, is highly concentrated among the top schools. The question of critical importance (which is not addressed by Hirsch et al.) is the one of interpretation. Does concentration of publication success imply that the top schools attract the brightest scholars who, not surprisingly dominate the journal publication process? The evidence does not support such a free-market interpretation, though there is doubtless some element of validity to it. Rather, the data reported in Table 1 suggest that, among highly similar authors, in terms of research capabilities, concentration of publication success may stem partly or largely from editorial favoritism. Such a finding is all the more disturbing in light of the fact that control of the top twenty journals operated on herein rests in the hands of a small number of schools. Three universities (Chicago, Harvard and Penn) control half of the top journals. The effective concentration ratio may, in fact, be much higher, if Rochester, UCLA and Chicago CIRSE are considered as Chicago-oriented schools.

First Thoughts

The implications of the finding reported in Table 1 are substantial. At a more or less superficial level, to the extent that editorial discrimination favors in-house authors, rankings of the "top" economics departments which are not adjusted accordingly are biased in favor of the schools which edit journals included in the sample of the "top" economics journals. An equally substantive concern related to "in-house" editor preference is that it implies discrimination against those of the "outhouse". Given the increased importance of journal publication in the production functions of academic economists since the mid-1960's, the behavioral implications for would-be research economists and their employing institutions are obvious.

<table>
<thead>
<tr>
<th>Journal #</th>
<th>Brown</th>
<th>MIT</th>
<th>Harvard</th>
<th>U.C.</th>
<th>Chicago</th>
<th>CIRSE</th>
<th>Wisconsin</th>
<th>UCLA</th>
<th>Penn</th>
</tr>
</thead>
<tbody>
<tr>
<td>AER- Econ. Review</td>
<td>129.40</td>
<td>200.43</td>
<td>289.28</td>
<td>259.39</td>
<td>639.54</td>
<td>422.79</td>
<td>200.32</td>
<td>173.85</td>
<td>312.87</td>
</tr>
<tr>
<td>J. Econ. History</td>
<td>22.54</td>
<td>62.61</td>
<td>120.12</td>
<td>113.08</td>
<td>31.59</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J. Econ. Theory</td>
<td>19.54</td>
<td>46.96</td>
<td>113.08</td>
<td>113.08</td>
<td>31.59</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Pages Published by School of Editor and Highest-Ranked University (1974-79)
FOOTNOTES

1. All four of the journals edited in England (Oxford Economic Papers, Review of Economic Studies, Economic Journal, and Economica) also exhibit in-house favoritism with respect to allocation of publishing space.

2. Especially since control of the American Economic Review has, for several years, rested in the hands of UCLA.

REFERENCES


Miller, J.C., and R.D. Tollefsen, "Rates of Publication Per Faculty Member in Forty-Five "Rated" Economics Departments," Economic Inquiry, 13 (March 1975): 622-3.


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**A COMMUNICATION: AN UNPUBLISHED LETTER OF J.D. SAY**

The role of popularisers as teachers of economics, and the regard which was accorded then by writers whose works they undertook to interpret, remains a little known chapter in the history of economics. The following unpublished letter written to Jane Marcet by J.D. Say expresses his appreciative evaluation of her *Conversations of Political Economy* (1816). This letter makes reference to the controversy surrounding the determination of value that involved Malthus, Ricardo and Say. Say emphasized that utility is the primary determinant of value and praised Ricardo, with whom Malthus agreed, for neglecting its importance.

While she was quite friendly with both Ricardo and Malthus, Mrs. Marcet wrote on value in the manner of Smith and Say. She explained the phenomenon of exchange value using a hypothetical teacher and her pupil, Caroline:

*Caroline:* But what is it that renders a commodity valuable? I always thought that its price was the cause of its value, but I begin to perceive that it was mistaken for things are valuable independently of money it is their real intrinsic value which induces people to give money for them.

*Mrs. B.:* Certainly, money cannot impart value to commodities it is merely the scale by which their value is measured or a yard measures a piece of cloth.

*Caroline:* I think the value of things must consist in their utility, for we commonly value a commodity according to the use we can make of it. But it appears to me, Mrs. B., that it is labor rather than utility that constitutes value, for however we may enjoy the utility, it is the labor we pay for.

*Mrs. B.:* That labor, you will observe, is valuable only if it gives utility to an object. Were a man to construct or fabricate commodities which had neither utility, curiosity or beauty, the labor he bestowed upon them would give them no value, and if he exposed them for sale, he would find no purchasers.

Say was delighted with Marcet's book and sent the following letter of admiration:

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2. From the Archives Marcet, and published with the permission of the Foundation Day de Pourtales-Cloy, et Centre de Recherches sur les Lettres Romandes, Université de Lausanne, Switzerland. Translation by Nancy Stryker.