ENHANCING QUALITY OF LIFE

By Maury Seldin*

Enhancing quality of life is the result of three stages of understanding. The first stage is an increase in knowledge through a philosophical or scientific breakthrough (basic research). The second stage is engineering an application. This stage may require applied research in contrast to the basic research of the first stage.

The third stage is an acceptance of the application of the knowledge by the parties involved in the changed arrangement. This includes the users of the knowledge who are recipients of the benefits of the system as well as those who are involved in the delivery system.

In the social sciences, especially those related to real estate decision making, the institutions and the institutional relationships are critical parts of this process. In some measure, the public-private relationship is at the core because it sets the rules. But, beyond that, the relationship between the academic community and industry/government is at the heart of institutional change.

The stature of academia isn’t what I thought it was for the greatest part of my career. The habits of my mind looked at knowledge, or understanding the system, as a great value in my world of values, and as a superb tool in decision making. That others perceived it differently was information that came in bits and pieces over the years. Even though I had substantial business contacts in my field, most were with people who sought me out, thus the population sample with which I had contact was very skewed.

Recently, the most intellectual institution of which I am a member published the current edition of its annual journal. And, in several places my fellow club members wrote, in different ways, thoughts that not only reinforced what I had been gleaning from the other side, but also articulated some ideas that sparked this essay.

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The excerpts that follow are from *Cosmos 1998, Journal of the Cosmos Club of Washington, DC, Volume 8*. My comments introduce them.


“A predominant part of our material civilization, of our comfort and affluence, of our physical health, as we are acutely aware, is the cumulative consequence of investigative work directed to those ends of a span of at least two hundred years. In our day we should not need to be reminded although there is now real and growing evidence that we do need to be reminded that, materially as well as spiritually, scientific research is one of the most significant of all our activities. [emphasis added] [p. 94]

The comments go on with a discussion of balance between scientific investigation directed at understanding nature and that initiated with the objective of controlling nature. This, of course, is the first two stages referred to in the opening paragraph of this essay.

The second quote is from Henry H. Work’s comments on an article in the same issue by Jesse H. Asubel, *Reasons to Worry About the Human Environment*.

“Ignorance of the benefits of knowledge serves to increase the resistance to its proper use…. Science appears to be a threat to many people as well as to existing philosophies of living. Thus, there is appearing in various forms a wave of anti-science. While it seems hardly likely that we are about to return to a do-nothing state, we are at risk about moving forward.” [p. 18]

Much of our discussion will draw from the natural or physical sciences, although our focus is social science.

**Epistemology**

As social scientists, our understanding of the nature and limits of knowledge, epistemology, is rooted in philosophy and scientific developments in the physical sciences. We technologically attempt to transfer the methodology of the physical sciences to the social sciences.

The way we look at knowledge of the physical sciences had a watershed two-thirds of the way through the eighteenth century. This watershed for the age of enlightenment may have been the approach to knowledge taken by Sir Isaac Newton. In the words of Sir Isaiah Berlin,

“Newton had performed the unprecedented task of explaining the material world, that is, of making it possible, by means of relatively few fundamental laws of immense scope and power, to determine, at least in principle, the properties and behavior of every particle of every material body in the universe, and that with a
degree of precision and simplicity undreamt of before. Order and clarity now
reigned in the realm of physical science:

Nature and nature's Laws lay hid in Night:
God said, Let Newton be! and all was Light!"'

One on the greatest books in the history of science is Newton's *Philosophiae Naturalis Principia Mathematica*. The title in English is *Mathematical Principles of Natural Philosophy*. Although the classifications of his scientific contributions were in the fields of mathematics, physics, and astronomy, the work is also philosophical.

Berlin, up until his recent death, was considered by some to be Britain's greatest living thinker. He was a philosopher who in the preceding quote was developing an introduction to a work focussed on nine philosophers from the age of enlightenment. The continuation of his eloquent discussion contains the following phrases which taken as a whole in the context presented by Berlin indicates some of the efforts of an application of the methodology of the physical sciences to philosophy.

"Yet, the ancient disciplines of metaphysics, logic, ethics, and all related to the social life of men, still lay in chaos, governed by the confusions of thought and language of an earlier and unregenerate age......Indeed this task [the application of methods and principles] was of critical importance: for without a true and clear picture of the principal 'faculties' and operations of the human mind, one could not be certain how much credence to give to various types of thought or reasoning, nor how to determine the sources and limits of human knowledge, nor the relationships between its varieties......" [p. 15]

"A science of nature had been created; a science of the mind had yet to be made.......To every genuine question there were many false answers, and only one true one; once discovered it was final – it remained for ever true; all that was needed was a reliable method of discovery......" [p. 16]

"The direct application of the results of this investigation of the varieties and scope of human knowledge to such traditional disciplines as politics, ethics.......with a view to ending their perplexities once and for all, is the program which philosophers of the eighteenth century attempted to carry through.......there was to be no a priori deduction from 'natural' principles hallowed in the Middle Ages, without experimental evidence [emphasis added]....... [pp. 16-17]

To all of them [Locke, Hume, and Berkely] the model was that of contemporary physics and mechanics... The mind was treated as if it were a box containing mental equivalents of the Newtonian particles. These were called 'ideas.' These
‘ideas’ are distinct and separate entities, simple, i.e., possessing no parts into which they can be split……” [p. 18]

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John Locke led the application of this approach to social science. “He [Locke] is the father of the central philosophical and political tradition of the Western world, especially in America…” [Isaiah Berlin, 1984]¹

**Social Science**

Quality of life as a concept has different meanings to different people. Much of the literature in quality of life refers to nature, especially the quality of air and water. The conservation of our real estate and its uses, urban and rural, are also matters of quality of life.

The study of real estate as a field is rooted in the study of political economy. At least that is the way it started a century ago. Its formal study today is mostly approached from economics and finance and in substantial measure urban planning. I would argue that the approach as an administrative science is grossly neglected. That is, my preference is to focus on real estate decision making, public and private.

The disciplines typically involved in the study of real estate issues include economics, business (especially finance), law, urban planning, sociology, and political science. Other disciplines are also involved. Typically the issues are interdisciplinary.

The use of real estate impacts quality of life directly as in the case of housing, and indirectly, as in the case of transportation. The scientific approach to real estate for basic research is not the issue here. Rather, real estate research of the applied type is the focus because its results significantly impact the quality of life. It is also what most of us do.

The scientific approach to real estate, virtually from any perspective, is rooted in the scientific approach occasioned by the age of enlightenment. Obviously, the starting point for discussion is where we just left off with the reference to the work of John Locke.

The application of the methodology of natural science research to the social sciences, as exemplified by the work of John Locke. He looked “…on man as an object in nature, not fundamentally different from other natural objects, and to be described and explained by the genetic methods of the natural science of psychology – although he did not call it that.” [Isaiah Berlin, 1984]²

A contemporary view of scientific analysis taken from a sociological perspective draws on psychology and philosophy. Barnes, Bloor, and Henry, in their *Scientific Knowledge: A Sociological Analysis*, present the following:
"A number of psychologists and philosophers have argued that observation is theory dependent. They say that our minds actively create part of what we perceive, and does so in a manner that expresses the theoretical presuppositions of the perceiver...we argue...that there is no need for sociologists of knowledge to take this view. It is perfectly possible and empirically plausible to accept the claim that perception is to a large extent 'modular' – that is, isolated from other components of cognition, and only influenced by them in a limited way." [page ix]


The relevance for real estate issues is that we approach our research with a paradigm that reflects our perspective of how the system works and our personal values as to what would enhance quality of life. We look to enhance the quality of bits of knowledge based upon our paradigm.

There are at least two difficulties in the application of this process. The first is that the research is a product which is produced as an outgrowth of the rank and tenure system at most universities. The criteria are quality of the research methodology and its application. The test is in the survival of the referenced selection process for publication in the learned journals.

The difficulty here is in the relevance. Some of it is knowledge no one really cares about. It is either not relevant to decision making or it is simply proving what we know. Proving things that we "know" are not so would be useful/relevant, as would knowing things about which we have a great deal of uncertainty.

Thus, the institutional arrangements, except where research centers or think tanks are focusing on special issues, are playing in a "glass bead game," i.e., in a system in which the objectives of research are lost in the process of demonstrating elegance of research methodology.3 For a discussion of this concept, see Herman Hesse’s The Glass Bead Game.

The second difficulty is that as social scientists we are dealing with changed institutions. In the natural sciences, in the words of Isaiah Berlin, "To every genuine question there were many false answers, and only one true one; once discovered it was final - it remained for ever true; all that was needed was a reliable method of discovery..." [Isaiah Berlin, 1984]4

In the words of Maury Seldin, our institutional arrangements are changing, as is the way we look at things. So, what we know about the previous system may no longer apply because the system changed - and our knowledge of the system was never good enough to be able to deal with the changed structure.

As an example, the discussion in the previous ASI News insert, Spring 1999, titled, "The Age In Which We Live" noted the fiasco of the Long-Term Capital hedge fund. The sophisticated econometric models used had identified a disparity in yields between low-yield US Treasurys
and a variety of high-yield lower quality investments. An arbitrage situation was identified by the researchers. But, the system did not self-correct in time because of a variety of forces, not adequately dealt with in the models. These new forces led to a flight to quality and the spread between the low-yield Treasurys and the high-yield securities continued to widen. The institutional arrangements had changed and the knowledge was incomplete.

Another example is in the application of the modern portfolio theory to real estate in a diversified portfolio. The theory is based upon using volatility as a measure of risk. It fails to decompose the risk by type such as business, price level, or liquidity. (See the ASI News insert, Spring 1997, titled, “Paradigm Shift: Diversification”). The combination of factors that prevailed in the ‘60’s, or ‘70’s, or ‘80’s does not repeat itself. Thus, our perspective is tainted by using institutional structures of the past to forecast events of the future.

Our Role in the Quality of Life

Each of us makes his or her decision as to his or her role in enhancing the quality of life. Therefore, it would be presumptuous of me to say what someone else’s role ought to be. Nevertheless, we operate in a paradigm, shared or not. That’s how we see the world. And, we sometimes venture to try to understand how others see it.

In a conversation preparatory to finalizing this essay, I mentioned to Ron Racster some ideas about the role of business goals as to the provision of service with profits to follow rather than just direct pursuit of profits - a philosophy of management issues familiar to all business school academics. He tells me now he has seen doctoral students’ just laugh when the professor develops that approach.

Obviously there is a difference in being prescriptive and being descriptive. But, quality of life is enhanced by prescription. So while the descriptive is a foundation for building what could be an improvement to the world, simply accepting what is as what will be is not the way of life for many.

The way I see it, our function as academics, professors, researchers, or whatever, is to develop and disseminate the body of knowledge to help individuals improve their quality of life and to help society function as a series of communities in which, in various ways, we are engaged in the pursuit of life, liberty, and happiness under a constitution that sets the framework for the rules to live by and an American heritage that give habits of the heart as well as habits of the mind. This concept was discussed in some detail in the previous ASI News insert, Spring 1999, titled, “The Age In Which We Live.”

That we are concerned with the relevance of the knowledge, i.e., the applied research, in no way diminishes the importance of the basic research. The fact is, however, that we are in an applied field; we are engineers, not physicists, and most of our research is of the type that should be useful.

There is a big problem in that academia and industry do not have the relationships they ought to have in order to get the best results for a cooperative effort. Some of us academics see the
academic hierarchy as having mathematicians and physicists at the top and social scientists at lesser levels. We may then search for ways in which to be more scientific to add to our status on campus.

Our constituency, business, doesn’t necessarily think in the same paradigm. Some entrepreneurs will take chances against the odds. They are not knowledge-challenged nor are they ill informed. They are driven in a mindset of making something work and the scientific approach may be of interest, it’s just not applicable given their approach.

Colin Powell expressed a relevant concept well when he said that if he waited for all the information he wanted and could get, it would be too late to act. There are different measures of balance. Different views toward risk. Different strategies. One size does not fit all.

Different people think about things differently. We can’t dismiss acupuncture nor can we dismiss gut feel. If we are not comfortable with a decision based upon gut feel, we ought to be very suspicious of the analytical results or underlying research.

We have made progress on how the human mind works. We have made progress with artificial intelligence. But, the big problem with artificial intelligence is that it does not have the random search capability our minds have in picking out relevant information.

We may not know what the relevant information is for the decision makers who are not steeped in our scientific methodology. And, while we may consider all other forms of knowledge, other than scientific knowledge, to be of lesser quality, sometimes they are all there is that is relevant to the decision.

We need more attention to how the recipients of our knowledge think about the world and operate to improve their quality of life. We need similar information about those who are working in the dissemination of the knowledge. We could look to the system from the perspective of the prospective decision-maker rather than simply finding eternal truths.

In an effort to enhance the participation of the users of research in the research process, HHASI is funding a $1,000 manuscript prize for the best research paper published in the last year in the Journal of Real Estate Research. The best paper is to be determined by a mail ballot vote by all members of the American Real Estate Society (ARES), which includes a substantial number of industry members, the users of research. We have asked ARES to make reference to this and the companion essay celebrating the 18th anniversary of the Weimer School in the balloting procedure. The essays can be found on the Hoyt web site, www.hoyt.org.