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C-span, Mr. Brian Lamb
Brookings Institution (Brookings), The President
American Enterprise Institute (AEI), Mr. C. DeMuth, President
Cato Institute (Cato), Mr. E. Crane, President
Center for National Policy (CNP), Prof. M. Albright, President
Institute for Policy Studies (IPS), Ms. D. de Vegh, Exec. Dir.
Twenty Century Fund (TCF), The President c/o Mr. R.C. Leone, Director
latk

Ladies and Gentlemen:

C-Span covers the power game as detached observers. A roundtable on 'Think Tanks (TTs),' apparently at Brookings, gave them all political labels (various shades of Conservative & Liberal). They were referred to as governments-out-of-power of scholars who backed the wrong factions/parties in Presidential primaries/elections. Their funds have the status of charitable contributions in non profit work - hence with constraints on their lobbying activities. 'To force a person to pay for the distribution of ideas in which he disbelieves is the essence of tyranny (Jefferson).'

How do even shadow governments avoid lobbying? The answer is that, in TTs, ideology enters only in the choice of subject to be investigated - e.g. the Right on markets, the Left on government intervention. Then *scholars* should reach conclusions by basically *objective* means, insuring that results are not impermissible lobbying.

Scholars, politicians, journalist alike all read, so *language* structure can help illustrate a problem in the pivotal 'think tank' activity of Economics. This last sentence has 22 words 1/ *separated* from all others in the Dictionary to express a particular meaning. The words are 2/ *distinguishable* from one another by the letters that compose them. The words 3/ are not written on top of one another, i.e. do not *overlap uncontrollably*. If the words had been *inseparable*, *indistinguishable* and *overlapping* the first sentence could look like this endless blob: ~~XXXXXXXXXX~~ ... This cannot be 'read' and any meaning assigned is arbitrary. The results would depend on who paid the 'reader,' on ideology, whim, etc., and be impermissible lobbying.

For *economic* structure, simply let words be markets; a market's component demand/supply sides replaces the letters composing words; and a whole sentence/text would be a set of interrelated markets separated from the others. By a widely circulated 1978 paper, based on previous work (including standard theorems, some of which got this year's Nobel) I was able to show the following: That it is the very *logic*, i.e. mathematical (simultaneous equation) structure, of all mainstay economic theory, that makes it *impossible* in theory-fact exercises to *separate* interrelated markets from all others; to *distinguish* (or 'identify') their demand and supply sides; to avoid *uncontrollable overlaps* ('confluence') of its variables.

Inseparability, unidentifiability and confluence in Economics yield 'blobs' as above, that no measurement method, nor anyone, can 'read' other than arbitrarily. The bottom line is that in theory-empirical fact exercises, the variables and measures of their interrelation must be provided arbitrarily - and can favor anything. If a body of theory has no systematic access to its empirical evidence, on principle, it is nothing. It is certainly no Nobel science nor even a means of potentially objective study to produce non-misleading economic evidence and calculations from Government to Universities, passing through TTs. Here, non profit activity has a special problem resolvable only by shifting, with all deliberate speed, to alternative theory whose

logic admits separability, identifiability and skirts confluence - so is 'readable'. This exists but is institutionally excluded to leave a monopoly to the 'unreadable'.

Here follow examples of consequences in this crucial area of the TTs' activities:

1/ Brookings, the absent host, has long had an NSF-funded major quantitative project on 'unreadable' economics. Dr. Schultze now seems to say that he limits himself to 'back-of-envelope' calculations, but the problems can no more be avoided/solved informally as formally. In the same way that the physical laws governing the motion of billiard balls operate whether the player knows them or not, mainstay economic theory offers no workaround. Moreover there is no institutional retreat into naivete since, despite long efforts to bury some theorems (partly used in my 'unreadability demonstration'), they got the last Nobel. (Dr. Rivlin appears below.)

2/ AEI once had the late Arthur F. Burns who, long before, was inching toward 'readable' economics (by means then existing), at another TT, the National Bureau of Economic Research. But he gave up after it was shifted mainly to Harvard and engaged in the 'unreadable'. Dr. Stein has the same problem as Dr. Schultze above. Dr. Kristol was advised of the 'unreadability' by a paper he refused in 1982 after it had been favored by a resigning co-editor (Prof. Bell). Dr. Bork's interest in antitrust is also grounded on the same mainstay theory, suffering from 'unreadability.'

3/ Cato's Dr. Niskanen told C-Span he set up the CBO, the greatest concentration of economists, trained in the 'unreadable,' empowered to do budget forecasts, impact studies, etc. CBO could still become our 'Gosplan', making its Libertarian origin surprising. The Public Choice Society was the first to get the 'unreadability' demonstration' - declaring it 'dead right' - yet remains exclusively in experimentalism, whose validity depends ultimately on empirical observation, where all the same 'unreadability' problems await. Neo-Austrians *could* consciously contribute to the 'readable,' admitting there are others already doing this. The depth of feeling against Mr. Bennett was surprising. All I heard him say recently is that debates/theories without facts are impermissible - which non profit TTs should know.

4/ CNP has Sen. Muskie as head. He chaired the Senate Budget Committee in 1979 when hearings were finally asked on all this Economics. The full 'unreadability' demonstration was then a year old, widely circulating at the highest level, and could/should have been brought to the Committee. Apparently one secret memo, in which Dr. Rivlin's name appeared, scotched the Hearings. The memo became public but Sen. Muskie became Secretary of State and the hearings were still not held. Prof. Albright was said to be for Governor Dukakis who, as past member of a major Harvard 'boutique,' allowed 'a large number of economists' (as their head Prof. Summers put it to C-Span), trained in the 'unreadable,' to prepare their entry in Government.

5/ IPS: if it is into federal budgets, as was said, it is in Economics.

6/ TCF (not at the C-Span roundtable) 'faced' the mainstay economics quandary by ecumenically doubling the number of scholars & writing two reports labeled as Left interventionist and Right free market. That is like merging AEI & Brookings, Cato & CNP/IPS, two religions, etc. - which in all cases leaves outsiders 'paying for ideas that they disbelieve'. This 'bipartisanship' effectively reinforces the present monopoly of instruments in the 'unreadable' (see in the enclosures the letter to Mr. Clyde Farnsworth who covered this for the *NYTimes*).

C-Span is too discrete about academic/TT economics. Yet multiple charges - which to the untrained ear seem even unsubstantiatable - get repeated coverage (e.g. Mr. Stockwell). Why cannot C-Span begin to seriously interest itself into one substantiated, indeed unrefuted, charge of a present academic-TT monopoly in 'unreadable' economics? This profoundly undermines vast areas of Government. Sincerely,

Encl: A preface; 'Open Letter...';
Letter to C. Farnsworth