

GLOBAL FORESIGHT BILLS : THE DANGER OF CENTRALIZED DATA SOURCES

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INTRODUCTION

Will major U.S. industries be damaged, as were the auto and air transportation industries in the 1970s, by inaccurate government energy forecasts? Will huge subsidy programs based on such forecasts, like the controversial Synfuels Corporation, be set up and later be seen as a waste? Will unnecessarily large stockpiles of raw materials such as tin be held by the federal government because of unsound forecasts of tin prices and requirements? Will flexibility-reducing and cost-increasing regulations be imposed on agricultural land? Will the public be thrown into despair about the world's future, as when great pessimism followed the doomsday forecasts about resources culminating in the Global 2000 Report to the President?

Perhaps so, if plans materialize for establishing a federal agency to centralize and manage what is called "global foresight capability." Several bills before Congress seek to do this. Among them are the Hatfield-Ottinger bill (S.1025/H.R.2491), the Gore-Gingrich bill (H.R.3070), and H.J.Res.248. Backing these bills are two private organizations--the Task Force on Foresight Capability and the Global Tomorrow Coalition--and the official Congressional Clearinghouse on the Future.

There is, of course, an appropriate role for the federal government in providing basic data, such as censuses of population and agriculture, that cannot and will not be produced independently. Such data are relatively safe from political manipulation and are crucial grist for private as well as public decisionmaking. But the U.S. needs a diversity of analyses of basic American and global trends by a variety of the best thinkers on these subjects. The proposed centralized activity would likely have the opposite result. The analyses probably would be made by run-of-the-mill staff persons. Diversity would be edited out of

them so that consumers of the data (such as the President and Congress) would be unaware of the extent of the uncertainty. The results would be accessible to political influence, while independent voices would come to have less attention and less weight in decisionmaking. This is a disastrous outlook for the national economic health.

FORECASTING BILLS BEFORE CONGRESS

Legislation introduced by Representative Albert Gore (D-TN) and Representative Newt Gingrich (R-GA) calls broadly for the "assessment of critical trends and alternative futures," not specifying which trends are meant. It says "while the Government has available to it enormous information resources, there is a need to supplement existing capabilities to provide a systematic and comprehensive use of that information to guide policy makers concerning critical trends and alternative futures." The bill is offered as an amendment to the National Energy Conservation Policy Act. For this reason, as well as because of the groups backing the bill, it presumably would focus mainly on natural resources and the environment.

Gore-Gingrich calls for establishing an "Office of Critical Trends Analysis" in the executive office of the President. Its functions would be:

...identification and analysis, of critical trends and alternative futures for the ensuing 20-year period; a description of the relationship of such trends and alternative futures to the economic, technological, political, environmental, demographic, and social causes and consequences; an analysis of such trends and alternative futures with respect to present and future problem areas and potential future opportunities; an evaluation of the effects of existing and alternative government policies on such trends; and an identification of the information and a discussion of the analysis upon which conclusions in the report are based.

In addition to these functions, which ostensibly concern simply the provision of information, the Office would:

- (1) analyze available information to identify present policies and policy options for the United States in a relation to critical trends and alternative futures;
- (2) review Federal laws, regulations, programs, and other activities of the Federal Government to determine their long-term effects;
- (3) prepare reports for the President as necessary and appropriate;
- (4) insure that the Federal departments, agencies, and establishments with responsibilities in the area of policy under consideration are provided an opportunity to comment on the potential effects of Government policies on critical

trends and alternative futures; (5) consider the comments of such Federal departments, agencies, and establishments in performing its functions under this section; and (6) include the official comments of such Federal departments, agencies, and establishments in any reports provided to the President by the Office under the authority of this section.

The bill introduced by Senator Mark Hatfield (R-OR) is called the "Global Resources, Environment and Population Act of 1983" (S.1025); it focuses on population control. The purposes of this Act are:

(1) to provide for coordinated national planning for changes in national population characteristics; (2) to facilitate the attainment of a balance, both national and through cooperation with other nations, globally, between population characteristics, the use of natural resources, and environmental change; (3) to encourage national population stabilization and to encourage voluntary family planning in accordance with the World Population Plan of Action adopted in Bucharest in 1974 by the United States and 136 other nations...; (4) to assure that, in the interpretation and administration of Federal laws, regulations, and policies, and the planning and administration of the programs of the Federal Government, the goal of national population stabilization and projections on national and global trends in population characteristics will be considered; (5) to establish an interagency council to improve the capability of the Federal Government to provide the President, the agencies, and the Congress with accurate, timely and internally consistent projections of short-term and long-term national and global trends in population characteristics, the availability of natural resources, and environmental change; and (6) to assure coordination of the activities of all agencies which assess the effects of the national and global trends referred to in clause (5) on the national security and the economic well-being of the people of the United States, and on Federal, State, and local policies and programs relating to education, employment, housing, agriculture, commerce, energy, the environment, transportation, communications, and services to senior citizens.

The interagency council proposed by this bill would:

(1)(A) coordinate population research...and compile... trends, (B) analyze and interpret such information... and (C)...submit...studies..to promote the purposes of this Act...; (2) review the laws, regulations, programs, and activities of the Federal Government... make recommendations [for] achievement or implementation of the

purposes and policies of this Act; (3) develop and recommend to the President and the Congress a national population policy, including a national policy on immigration, which will... promote national population stabilization in the United States; (4) conduct investigations relating to...the impact of the population characteristics on the availability of natural resources, the environment, and achievement of national population stabilization...; (5) develop and recommend to the President policies and programs which will encourage global population stabilization at a level which is consistent with the highest possible standard of living and does not deplete the natural resources of the world or degrade the global environment....

The texts of these foresight bills make very clear that research, analysis, planning, and policy advice are intended. They go far beyond what Representative Robert Edgar (D-PA), a leading advocate of a global foresight agency and Chairman of the Congressional Clearinghouse on the Future, says is only to be a "forum" for bringing together members of Congress in an atmosphere where they can take a long look into the future. Edgar talks of getting the President and others to "look over the wall" to see what lies beyond the immediate present. It sounds as if what he intends is exactly what the Congressional Clearinghouse on the Future already provides, apparently very effectively.

But creating a forum for discussion does not require a bill in Congress, an agency, and a fat budget. The resources and the interest already mobilized for the Clearinghouse and similar organizations are sufficient for such a forum. If there is to be an act of Congress, the results will be much more substantial than a mere lecture and debating society for the President and the Congress. The bills make this very clear.

It is the nature of a bureaucracy, moreover, to stretch to, and then beyond, the limits of its charter. Rather than limiting itself to organizing discussion, a "global foresight" agency is almost certain to venture into directive planning. This is likely to happen even if the agency is set up with the most honest intentions. For some foresight sponsors, however, directive planning may be the long-term goal. R.J. Smith of the Council for a Competitive Economy reports that at meetings of the Global Foresight Roundtable he has heard participants emphasize the importance of the environmental movement in pulling together for the establishment of a certain kind of an agency, because once in place it can be transformed into a more active and far-reaching activity than it is originally described to be. There is sufficient latitude in the Gore-Gingrich and Hatfield bills to allow such vast expansion of powers.

DOUBLE-SPEAK ABOUT "PLANNING"

The term "planning" occurs frequently in the Hatfield bill; the phrase "coordination of the activities of all agencies" also appears. The texts of the bills seem to indicate that, from the activities of the agency, there would flow to, and then perhaps through, the President and Congress instructions for conducting businesses--regulations about the use of raw materials, choice of mode of transportation, and kinds of labor to hire. In the Hatfield bill, the meddling in the lives of individuals is shown most clearly with respect to population size. It calls for "population stabilization." Senator Hatfield says that he is in favor of "voluntary" stabilization, but in the same sentence he talks about the government "encouraging" the "voluntary" stabilization. Whatever "voluntary" means here, it is not that people will simply be left alone to do what they think best about their families, in an atmosphere of complete independence, without any kind of government meddling. If such were to be the case, then there would be no role for the government and no place for Hatfield's bill. It would seem that "voluntary" and "encouraging" are contradictory terms, suggesting one goal, but in fact aiming at another.

The backers of these bills are candid about their careful use of language to avoid raising the hackles of those who oppose more government planning of business activity and personal lives. Russell W. Peterson, President of the Audubon Society and Chairman of the Global Tomorrow Coalition, told the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations:

I recognize that 'planning,' and even worse, 'long range planning,' have become buzz words. Government planning is equated in some quarters with Soviet 5 year plans and thus has about it an aura of communism, or at least, socialism. And that is very strange, because it is considered perfectly splendid, indeed a necessity, for business and industry to have long range planning. But applied to government, it somehow becomes unsavory. In recognition of this unfortunate connotation often given to planning, we have substituted the term "foresight capability."¹

Writes Donald Lesh, Global Tomorrow Coalition executive director, in its magazine:

Language can be a bridge, or a barrier. We all are well advised to think carefully about the effects of the words we use....The experts are right in saying that 'plan' is a four letter word for many people.... In some circles the very words 'government planning' are enough to set off sirens and alarms. To many, those

¹ As cited in R. J. Smith, "National Foresight Capability," unpublished memo, no date.

words are synonymous with Big Brother, socialism, communism, authoritarianism, totalitarianism...choose your 'ism.' That's why we spend time searching for descriptive circumlocutions.... Right now, the term for that process is 'national foresight,' and that's not bad-- especially if you can't say 'planning.'²

Most of the backers of these bills probably believe that greater government activity in collecting information on matters of resources, environment, and population is all that would occur. But other backers surely aim at increased government planning for land use, industrial policy, family size, resource production and use, environmental regulation, and the like.

A major flaw in the case made by foresight advocates is the analogy they draw between government and business planning. They disregard the very large differences between private and public planning. Businesses and individuals plan for their own activities and thereby control only themselves. Government agencies, on the other hand, plan for and control persons other than the voluntary members of the group being planned for (except in the widest sense). Businesses and individuals, moreover, bear the consequences of their own planning; a business loses its assets if it plans badly. In contrast, government agencies suffer no personal loss if they plan badly. And expectations are very different when plans are made by individuals who will benefit or pay the costs than they are when others receive the benefits or pay the costs. In their planning, individuals and businesses take advantage of the special knowledge available to them because of their closeness to their own situations. This is not the case with governmental agencies, which try to use knowledge about others, in the collection of which they have no special advantage.

Concerning the proposition that, if private planning is good, government planning must also be good, Nobel Laureate economist Friedrich A. Hayek wrote:

The dispute between the modern planners and their opponents is...not a dispute on whether we ought to choose intelligently between the various possible organizations of society; it is not a dispute on whether we ought to employ foresight and systematic thinking in planning our common affairs. It is a dispute about what is the best way of so doing. The question is whether for this purpose it is better that the holder of coercive power [the state] should confine himself in general to creating conditions under which the knowledge and initiative of individuals are given the best scope so that they can plan most successfully; or whether a rational utilization of our resources requires central

² Ibid.

direction and organization of all our activities according to some consciously constructed 'blueprint.' The socialists of all parties have appropriated the term 'planning' for planning of the latter type, and it is now generally accepted in this sense. But though this is meant to suggest that this is the only rational way of handling our affairs, it does not, of course, prove this. It remains the point on which the planners and the liberals disagree.³

FORESIGHT QUALITY: GOVERNMENT vs. NONGOVERNMENT

Pennsylvania Congressman Robert Edgar speaks of the benefits of a governmental forecasting agency if its tasks were "done well." But there is no ground for presuming that such an agency would perform the tasks better than might be done by independent individuals or firms, either commissioned by the government to do such work or simply doing it in pursuit of their own scholarly and policy interests. The reasons:

1. Johns Hopkins political scientist William Ascher's study of forecasts by various persons inside and outside government does not show any advantage in accuracy for government forecasts.⁴ And unless the government forecasts were superior, it would seem that outside forecasts would be preferable for the following reasons:

a) Government forecasts are likely to be much more expensive. For example, the Gore-Gingrich bill budgets \$5,000,000 each year. Yet the government could commission outside studies by university scholars and professional organizations to cover all the topics desired for a small fraction of that sum, say \$100,000.

b) Government forecasts are likely to be treated with more respect than nongovernment forecasts even though they are not necessarily more reliable. For example, the publication of the Global 2000 Report to the President was greeted by full-page stories and banner headlines.

c) A single government forecast is likely to be the mid-point or consensus of several separate forecasts, which obscures the variation that would be apparent if all the separate forecasts were shown.

³ Friedrich A. Hayek, "The New Confusion about 'Planning,'" New Studies in Philosophy, Politics Economics and the History of Ideas (Chicago: University of Chicago Press, 1978).

⁴ William Ascher, Forecasting: An Appraisal for Policy Makers and Planners (Baltimore: Johns Hopkins Press, 1978).

This variation is important information that ought not be lost.

The inability of government agencies to predict resource trends accurately, together with the credibility that attaches to "official" forecasts, has proved especially damaging in the past decade. For example, after a sharp price rise in the late 1970s, federal "experts" predicted timber shortages. Yet timber prices in 1983 "plunged to a quarter of their highs,"⁵ causing agony for lumber companies that had contracted for government timber at the high prices--and a request for an industry bailout on the grounds that their troubles stemmed from government actions.

The Department of Energy caused havoc for airplane manufacturers, airlines, a host of other industries, and foreign governments by its forecasts that the price of oil would continue to rise after 1979. In contrast, many private sector experts predicted that the price would not continue to rise. The story is the same for other raw materials. Does such a history constitute the basis for increasing the role of government in these matters--or for decreasing it?

It seems sensible to compare systematically the record of long-run government forecasts with the record of a reasonable sample of nongovernment forecasts before making any decision in favor of further centralization. To enact legislation without evidence of a government advantage in the activity would not be responsible.

The validity of the Global 2000 Report to the President of 1980 is important evidence here. For one thing, it is repeatedly cited as the point of departure for the global foresight movement by sponsors of the bills and others. For another, it is a test case for government forecasting capacity because it was an expensive effort and is the flagship of the movement. Congressman Edgar told a Heritage Foundation seminar that Global 2000 makes a powerful argument for continuation of similar efforts of data collection and analysis. Yet Global 2000 is wrongheaded in its methods and results.⁶ Even the authors of Global 2000 no longer seem willing to argue its validity on a factual basis.

2. As Clemson University economist and Heritage Foundation Senior Fellow Richard McKenzie puts it, "the Office of Critical

⁵ Wall Street Journal, April 1, 1983.

⁶ For documentation see: Herman Kahn and Ernest Schneider, "Globaloney 2000," Policy Review, Spring 1981, pp. 129-147; Julian L. Simon, "Global Confusion, 1980: A Hard Look at the Global 2000 Report," Public Interest, Winter 1981, pp. 3-21; Rene Dubos, "Half Truths about the Future," Wall Street Journal, May 8, 1981, ed. page; Marion Clawson, "Entering the 21st Century--The Global 2000 Report to the President," Resources, Spring 1981, p. 19.

Trends Assessment would not be, as presumed, staffed by eminent visionaries with talents dramatically elevated above those of many other Americans or government workers. Rather, it would likely be managed by political appointees and run-of-the-mill bureaucrats who have no greater grasp of the future than anyone else."⁷

3. Forecasts from outside government are likely to be based on a wider variety of information than are those from inside the government, because forecasts emerging from a single setting--even by different individuals--are likely to draw upon the same information base. Forecasters in the same agency talk to each other and share data, and if they disagree sharply, they are likely to talk each other into less extreme positions. But forecasters who work independently for different organizations far removed from each other physically are more likely to dig up varying sources of information and not to blur the sharp edges.

4. Notes Robert Rockwell, an anthropologist with Softlab in Munich:⁸ For any given forecast topic, there are usually a fair number of persons outside of government who have specialized in the matter whose expertise based on their long and expensive investment into knowledge of the subject can be called upon relatively cheaply. But if the forecast is done inside government, the work must be performed by persons who have not spent much of their professional lives on the topic. Because acquisition of such knowledge by government staff members is very time consuming and expensive, there will be neither time nor funds to make as great an investment as has been made already by the experts outside government who have already devoted much of their lives to the topic. In other words, government can commission forecasts much more cheaply, and gain information on a broader knowledge base, from outside experts than if the work is done internally.

Congressman Edgar asserts that "we need to have the best thinkers available"⁹ to the Congress and to the executive branch in order to foresee the long run as well as possible. But it is nearly certain that the best thinkers will be found outside government and Washington. To locate forecasting and foresight inside the government means that the work will probably not be done by the best thinkers.

Example: The acid rain problem has been studied recently by a committee convened by the National Academy of Sciences, which is more an academic than a government activity. This does not guarantee that the conclusions

⁷ Richard B. McKenzie, "The Future File," The Washington Post, August 22, 1983.

⁸ In a letter to the author, late 1983.

⁹ In discussions at The Heritage Foundation, October 21, 1983.

are sound, or even that it is the best possible committee. But it is extraordinarily unlikely that any staff could be hired by a government agency that could equal the NAS committee in accumulated knowledge or professional stature.

Example: The American Statistical Association organized a study by some of its top members of the dangers of cigarette smoking. It is inconceivable that the existing staff of any government agency, or any additional staff hired for the purpose, could compare to the ASA group.

The work done by the NAS and ASA committees was obtained by the government at a fraction of what it would have cost to have less-qualified people on the federal payroll do the work.

THE BIAS IN GOVERNMENT FORECASTS

Outside forecasts would be preferable even if they were no better than inside forecasts. But government forecasts also probably will be worse, in the sense that they are likely to be biased. Reasons:

1. Government produced reports must pass through reviews all the way up the chain of command. The final conclusions of a staff report therefore are likely to emphasize conventional views and to reduce the range of opinion expressed. The resulting work therefore cannot be attributed to individuals, and no individual need take full responsibility. In contrast, private individuals are fully accountable for their analyses. Their reputations rest on the quality of their work. This is not to denigrate the efforts of hardworking civil servants, but rather to suggest that internally prepared assessments suffer because of the organization of government. This certainly was the case with Global 2000. Its director Gerald Barney has said that, although he regarded a key statement in Global 2000 "as incorrect, it was not possible to have it corrected."¹⁰ Since bureaucratic editing can have that much effect, little in such a report should be considered scientifically reliable.

2. Internal government analyses are often a hodgepodge of elements of unknown origin and nature. Notes Barney:

As they have evolved, the Government's agencies now have a hidden layer of decision makers--computer programmers and modelers. These decision makers are, by and large, very skilled professionals, but they are often working in institutional circumstances which

¹⁰ Gerald O. Barney, "Improving the Government's Capacity to Analyze and Predict Conditions and Trends of Global Population Resources and Environment," unpublished manuscript, March 24, 1982, p. 9.

prevent them taking into account all the factors they know should be taken into account. Furthermore, the assumptions that they make have a profound influence on the range of policy options considered by senior government officials, and their assumptions are not well documented, are not understood by senior government officials, and are not available for peer review and comment.¹¹

3. Government assessments will be biased in favor of advising government activity. As Softlab's Rockwell puts it:

it is both predictable and appropriate that a government-sponsored commission would recommend that some new government initiative is needed. If you go to an architect, tell him your problems, your plans, and your dreams, he will recommend you build a building. Why else did you come to him? If you take your problems to a doctor, you get a prescription; if you go to a programmer, he'll say you need a computer. This is not even self-serving in the negative sense: you asked these guys what they can do for you, and they told you. The president says 'what should government be doing?' and the answer comes 'set up an office to handle it.'¹²

4. There is a tendency for governmental organizations to report bad news rather than good news because it seems to confirm the need for organizations to act as watchdogs and early-warning agencies and because it supports the need for government activity and funding.

5. Even the least cynical person knows that any report emanating from a government agency is subject to political warping. The director of the Global 2000 report complained of this, as did Michael Brewer, research director of the National Agricultural Lands Study, one of the most important recent government environmental studies.

Many persons in and out of government--perhaps most notably former President Jimmy Carter--believe that there is vital need for government forecasts about future resource availability, the state of the global environment, and a host of other critical matters.

In the case of resources, if it were to be the government's responsibility to provide natural resources or ensure that they were provided, the government would need forecasts about future availability. But if it were to be the responsibility of the private sector to provide such resources, there would be no need

¹¹ Barney, op. cit., p. 3.

¹² Letter, op. cit.

for such forecasts, except for the very limited purpose of deciding how much to stockpile for military security. Private firms need forecasts on which to base decisions about investment activities. But they know the business of forecasting for their own purposes better than any government agency is likely to. There are, moreover, always a variety of conflicting forecasts. In an orderly market, the bullish forecasts balance out the bearish forecasts. A single government forecast is likely to do no more than unduly influence the welter of conflicting forecasts and inflict damage, as occurred with government energy forecasts in the 1970s--and as happened to Japan and other countries with respect to resource forecasts following 1973.

CONCLUSION

The crux of the problem seems to be that many persons in and out of the government do not (perhaps cannot) understand that natural resources and other materials are best provided by the spontaneous process that takes place as a result of billions of individual decisions all over the world. It requires no government planning; it would be hampered by it. To those unfamiliar with this market process, it seems chaotic. They thus call for governmental action to end "chaos" and assure "efficiency." They do not take notice that the market has in the past, and continues today, to provide such materials to the world. The call for government "foresight" reflects the belief that the market will not and cannot provide the needed flow of resources and other goods but that governments can.

Those opposing government forecasting and foresight are not against such information per se. They simply point out the lesson of history that the most reliable and useful information about resources usually is provided by private individuals, not the government. It is a difference in place and type of analyst, rather than a difference in interest in the results, that separates the two points of view.

The discussion about creating a central global foresight agency may be seen as part of an argument raging at least since the time of Plato. There are those, like Plato, who believe that a society can find and elevate to office true philosopher-kings, who are few in number but who can be relied upon to have deeper insight and greater wisdom than the rest of the people. On the other side are those who believe that usually such inherently superior persons do not exist (except "me," of course, when "me" is lack of us), and even if they do exist, society is not likely to be able to identify them. This side of the argument believes that a process intended to find and place in office philosopher-kings is likely to put in place boob-kings, who will simply exploit the power handed them. Federal forecasting and foresight seem a certain prescription for elevating boob-information and data to an official position. This is something that the American people and economy can very well do without.