EAF Notes 19©: Each bullet point could be separate essay

Using EAF based on Reagan's Choice: Focused Candidates

What if Congressional candidates ran on a platform to actively, vigorously, openly focus upon streamlining American government—repeal, replace, clarify laws and regulations? Congress now is excoriated for "doing nothing", i.e., not passing more laws and regs. What if Congress was dedicated, not to limiting, but to streamlining, American government?

First, outside, objective audit of government agencies (pvt sector companies, no matter how competent their internal audit functions, must be audited by independent CPAs). The accounting principle is that folks doing the work should not audit themselves. But the GAO, and various other agencies (DOJ, IRS, etc.) do audit themselves. No matter how objective and competent these government employees are, their work violates basic accounting principles. Deloitte, E&Y, PWC, KPMG and many other qualified CPA firms should audit government agencies.

Second, use independent audit info to engage outside strategic planning advice: McKinsey, Bain, Booz Allen and many other consultancies could analyze Congressional streamlining and recommend agency changes, deletions, and even additions.

Third, particular attention in these audits and recommendations should focus upon efficient use (including sale) of government assets. BLM land, for example, should adhere to the basic real estate maxim: "highest and best use". Specifically, protection of wild species should be a constraint, not the goal, of BLM land use (set aside safe havens, managed by private firms). And military base needs and general ownership and lease of buildings and property should be analyzed.

As an Aristotelian realist, I estimate probabilities of Focus Streamlining as Democrats zero, third parties 0ne-two percent, Republicans 8-9%, 90+% no chance of change. But I can dream.

<u>Sound Aristotelian advice:</u> think like a person of action; act like a person of thought.

I am at heart a teacher: It is a fun balancing act—I want to tell students enough that they (1) believe I know what I am talking about, and (2) comprehend the direction of the knowledge path I set before them. But I do not want to tell them the answer(s)—if they only hear, they probably will never know. If, however, they work hard and discover the knowledge themselves, they will truly understand. So, I leave the discussion with "an exercise for the student".

That is why I insist that EAF is a framework for analysis, an outline for thinking, a blueprint to follow—a guide for specific analysis of any public policy. One cannot substitute generality for hard, focused individual analysis of a given situation.

So I believe in full employment for fact checkers. But I caution that verification of facts is not support for opinion. Daniel P. Moynihan: the fact checker is entitled to own opinion, but not own facts.

21st Century Innovation/mass marketing v. 20th Century Law/Regulation: There are so many, many wonderful new products today, both innovations (doing a better thing) and mass market improvements (doing a thing

better). The Wright brothers seeking better transportation could have concentrated on building a better bicycle—probably would have developed a motorcycle, as improved today by Harley Davidson. They chose instead innovation—powered flight. Both would improve transportation choice and therefore standard of living for many. But could Orville and Wilber even attempt Kittyhawk today?

Pharmaceutical development is perhaps an even better example. Innovating a new medicine or even improving an existing one in 2014 subjects the pharma company to the tender mercies of the FDA. That agency employs 20th century double-blind large scale random testing of new products. No matter how urgent the needs of patients, physicians cannot use their judgment until FDA TOTALISTS permit. FDA bureaucrats look at two kinds of risks: alpha (allowing a bad drug, e.g., thalidomide) and beta (not allowing a good drug—how many lives could be saved by immediate use of the Ebola treatment that saved the two Americans?). Bureaucrats (see Buchanan's Nobel prize work on public choice) seeking their own self-interest are much more likely to

fear an alpha risk (highly visible) than a beta (whose to know how many lives could have been saved by the drug not permitted?). Other examples: space exploration (especially asteroid mining) by private firms; marketing of sunscreen formulas in use for years in Europe.

Aristotelian thinking: you can do it; you are responsible for consequences of doing it. Platonic thinking: you cannot do it, unless we elite give permission—and even if we do give permission, you not us are still responsible for consequences. FDA is epitome: slow, adversarial, nit-picking, risk adverse.

Four Indicators of losing an argument: two up, two down: 1. Decibel level—loser hollers; 2. Argument becomes ad hominem attack: insulting opponent's mother, suggesting self-impregnation, etc.; 3. Internal logic falls—inconsistent assertions, etc.; 4. Lack or inadequate use of scientific evidence or recognized authority. Competent debater does not need to use these indicators—can focus on calmly, civilly, sticking to facts and reasoned opinions to make arguments. No need to question opponent's morals or mental state.

Consider the source: experience, reputation of debater—past publications and quotes, scientific (as opposed to PR) bone fides, etc. For example, think tanks Heritage and Cato generally pro freedom.

Truth in Labeling: Why do FREEDOMITES proudly label themselves conservatives, classic liberals, libertarians, tea-partiers etc. But TOTALISTS disguise their labels—progressives, democratic socialists, peoples' republics, net neutrality, Obamacare, etc.

Possible answer: do not want to admit craving for power. Note: not necessary to argue against power craving. Human behavior rarely if ever results from a single motivating factor. To wit, a TOTALIST can be completely sincere in desire to help people, and at same time relish the necessary power necessary to provide that help.

Numbers are sharp; juggle them and you bleed: Unemployment for example—standard US government figure is U3—unemployed and signed up as looking for work. But U6 is a more complete number—includes U3 plus those who (discouraged) have stopped looking for work, those working part time who desire full time, and

those working full time but at jobs below their qualifications and experience (Ph.Ds flipping burgers or driving cabs). And there is no recognition of the work of illegals—criminals providing off the books services, violent felons. Another: "core inflation" number excludes food and fuel; what expenditures could be more core (essential)?

Why I am a Bayesian statistician: Typical scientific argument begins with data collection; analysis (almost always means and standard deviations, regression coefficients, confidence intervals) then performed on those data.

But that is not how most people behave in the real (Aristotelian) world. Each decision analysis begins with prior knowledge (education, experience, intuition, judgment). Many, perhaps most decisions made on basis of prior knowledge. But if decision is of significant consequence, more information may be sought, so that the decision can be made posterior to getting those data. But additional data collection/analysis has costs (money, time, effort and/or aggravation). In Bayesian terminology, estimation of those costs is unfortunately

termed preposterior analysis (cue sophomoric double entre). There are rather complex probabilistic procedures for estimating preposterior costs.

In the real (Aristotelian) world, most decision makers do not employ these procedures explicitly, but do mentally estimate them: do we know enough to do this (go) or not (no go) or do we go on to collect/analyze more data? Choosing from a lunch menu, for example, is probably not worth much additional effort, but buying a house usually warrants quite a bit of shopping and comparing.

Risk v. Uncertainty in data analysis: Reports of opinion polls, for example, report +/- margin of error in percentages. The moe is a calculation (which any statistician and many MBAs can make; it is only a function of sample size) of the random error inherent in the percentage reported. That is, if these data were collected many (>30, at minimum) times, the result could be expected by chance alone as the moe.

But in the Aristotelian world as it is, many factors other than chance affect the result. In the first place, in is flat impossible to draw a completely random sample of

human opinion, much less behavior. Thus non-random factors cannot be explicitly calculated. Rather, they are estimated by the researcher—therefore subject to the biases of the researcher; it is very easy to make a sample come out as the researcher or the boss wants.

Reputable researchers therefore publish their methodology as well as research; thus their work can be relied upon. Even so, prudence suggests examining more than one survey result, and by averaging or triangulation, better estimate the actual opinion sought.

Many many more question to be explored: Why do TOTs attack American business? Why do TOTs accuse FREEs of greed, sloth, gluttony, envy, wraith, lust, pride? [My kindergarten teacher's response: say, I'm rubber, you're glue; everything you say bounces off me and sticks on you]. Could we use EAF to examine best sellers—*Hard Choices, Things That Matter, America,* etc.? How often to TOTs identify a genuine problem, then propose wrong (more law/regs) solution rather than FREE approach—taxi medallions v. Uber, dividing fixed transportation pie rather than expanding that pie?

I will never ever run out of opportunities (questions) re public policy to be analyzed starting with EAF!