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Translating Facts into Policy

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FROM the viewpoint of the history of the country, twenty-five years is a short time. From the viewpoint of a child, it looks like eternity. To an economist the question is: which twenty-five years? The last twenty-five years have marked a greater change in the functions of economists, particularly in relation to public affairs, than all the time that went before. It is not only that life has become more integrated and more complicated, nor only that the last quarter century has witnessed life under nearly every conceivable set of economic conditions, but also that there has been a marked growth in the recognition of the importance of economic decisions and of the underlying economic realities with which political decisions must deal. It is not devoid of significance that most of the points in the Atlantic Charter deal with economic problems while Wilson's Fourteen Points are almost entirely political.

It is during this period of rapid strides in the importance of economics and economists that the National Bureau of Economic Research has functioned. It has contributed enormously valuable material toward better understanding of economic phenomena and has maintained throughout its standing as a source of unofficial, objective facts and analyses. The material it presents is handled with as little bias as is possible to man. Indeed, its lack of bias has sometimes approached or even exceeded the limits imposed by nature upon the purposeful functioning of the human mind. It is a great privilege to participate in the Silver Anniversary of this great institution.

Fuller recognition of the importance of economic understanding of political decisions has placed a great burden of respon-

sibility on fact-finders and interpreters, official and unofficial. There has been a large flow of facts, little of which, contrary to a common complaint, has been wasteful, the great bulk of which has been vitally important. The opinion that too many figures are collected arises because some statistics are collected without adequate previous study of their inherent limitations or their actual uses, and more importantly because adequate interpretation has not always kept up with the collection of data. The trouble is not too many facts but not enough understanding.

There is, however, the question as to how these facts and interpretations which flow around us in a continuous stream find their way into the councils of the officials who make decisions. The ways and methods are different in different institutions but there is a pattern representative enough to serve as a guide for understanding the process.

All crucial decisions in government are made by amateurs; policy makers are usually business men, lawyers or politicians, not specialists in the subject matter to which their decisions relate. Generally, though not always, they have been successful in their earlier work. As a consequence, they have acquired considerable confidence in their judgment and are likely to feel that their own thinking is more practical and realistic than the judgments of professional interpreters. In practice this means that there is always a tendency to make decisions on the basis of hunches or intuitions or on the basis of familiarity with fortuitous individual instances which rarely are representative. The surprising thing is not that so many decisions have been bad as that in the aggregate over the decades so many have been right.

That one could not entrust the welfare of the country to haphazard decision at critical times, however, became apparent and generally recognized during the first World War when the need for facts became so clear that a whole army of fact-finders was drafted to provide the basis for organizing the economy for a concerted effort. Since that time the appetite for facts has in-

Translating Facts into Policy

creased progressively. It has become a fashion as well as a need. The great depression of the 'thirties accentuated this desire for knowledge and another wave of economic interpreters flowed toward the seat of Government.

This demand for professional economists in the Government has had an effect on the profession as well as on public policy. Many efforts have been made at universities and foundations to bridge the gap between the ivory tower of the scholar and the theater of economic action. A continuous and healthy movement between universities and the Government has been in evidence in recent years. The economist himself has become considerably more aware of the responsibilities of thought and interpretation. It is no longer true that the only consequence of a false analysis is a faulty paper—and paper will endure anything—and possibly a reply from a colleague. The fact that economic interpretations may be the basis of political action is increasingly realized by the profession. There is some danger in this. Keynes has said that practical men, who believe themselves to be quite exempt from intellectual influences, are usually the slaves of some defunct economist. It is equally true that many an economist when he breaks away from his academic detachment has become the intellectual slave of some business man, usually not defunct, but very much alive—and convinced that he knows exactly what he wants.

There is danger for an economist in trying desperately to be practical, realistic, and to let political exigencies color his professional judgment. Much obscure thinking and one-sided interpretation has arisen from that source. When a policy making individual or body consults an economist, he or it has a right to expect an economic, not a political answer. Political expediency and compromise are the responsibility of the official, not of his consultant. The real danger arises from the fact that thinking processes are sensitive and imperfect; clarity of thinking is rare enough at best. An attempt at expediency may lead not only to faulty advice but also to interference with the thinking processes

of the adviser. The light of his searching mind, even though it may be vigorous, can easily be obscured by the intrusion of extraneous matter. It is an economist's duty to think through any economic problem that is presented to him and to strain every effort to reach a correct economic solution. The economist is not a machine but a human being striving to arrive at correct answers to difficult problems. Intrusion of considerations of expediency is likely to throw his thinking out of gear, with the consequence that the answer he arrives at may be neither the best that he could reach as an economist nor the best that could be devised by a mind more expert in the game of politics. Modifications and compromises to meet political exigencies should be left for subsequent consideration and must not be permitted to cloud the economist's initial judgment.

But the question still remains how the vast volume of economic material that is assembled inside and outside the Government finds its way into the council chambers where decisions are made. There is no longer any question in any of the institutions that make economic decisions about the necessity for having economic analysts at the disposal of the policy makers. This battle has been won. Economic charts constitute a part of the architecture of the council chamber. This was literally true in one instance where, to the great horror and indignation of the architect, a handsome council chamber was disfigured in his eyes by the incorporation of economic charts into its basic architecture. This is symbolic. It makes it clear that the beautiful room is intended to be used for economic decisions, not for social amenities. Also the charts on the wall imperceptibly insinuate themselves into the thinking of the policy making body. They stand as a constant reminder that decisions must be based on and conform to economic facts.

All the policy making bodies have economic staffs, which are, generally speaking, of a high calibre. There is no shortage of material, though there usually are gaps in the very area in which decisions must be made. The currency of conference rooms has

Translating Facts into Policy

changed from gossip to facts and from real or imaginary instances to representative conditions.

Much progress has been made, many courses in practical economics have been given by official subordinates to official superiors. The technique of presentation has improved. Much of the economic shorthand has been discarded, though some of it still prevails, and in many instances has come into common use by those who are not adequately aware of its limitations. Professional jargon, in which economists try to emulate lawyers, is not only useless in this connection but is often misleading and harmful, particularly when common words are used in exotic ways.

One thing the economist has learned is that he can be of the greatest service by presenting his views in as frank, direct, and simple a manner as he knows how. He has found that much of the obscurity and complexity of his habitual manner have their roots fully as much in the obscurity of his own thinking as in the technical and supposedly superior terminology of his craft. The economist who has succeeded in influencing decisions is the one who has won the confidence of the policy makers, for, while these men do not know economics, they often know character. In the final analysis it is the confidence the economic adviser inspires in his sincerity and integrity that constitutes the most important complement to his professional competence for effective service.

Since it has become fashionable to have economic staffs, many policy makers tend to believe that they are guiding the economic research of their organizations. It is the part of wisdom not to disillusion them on this point, but it is equally important to make sure that this remains an illusion and does not become a fact. Policy makers take much greater interest in the work and are much more likely to be guided by its results if they feel themselves to be its initiators or organizers, but sound and constructive economic work is possible only when its fundamental planning is in the hands of economists.

One incidental difficulty that frequently arises is that the policy maker is often also a speechmaker or a writer of books. There is in the seat of Government an army of ghost writers. On the whole it is not an unhealthy development. It is far better to have ghost writing than bad writing; perhaps it would be still better to have less writing or no writing at all by those who cannot write, but that is an unattainable ideal. It is important, however, for the continued usefulness of an economist's mind not to lend such facility of expression as he may have to the voicing of views not his own. If all the policy maker requires is good phrasing, he should turn to professional writers of prose rather than to professional economists. It is not that the economist should be superior to expressing another man's views; the difficulty is the effect on his own mind. It is not easy for him to keep his thinking on a straight track if he has been in the habit of using language to express views not his own. Language is a great tyrant. An apt phrase exerts a great influence on the thinking process. What is often forgotten and yet is crucially important is that the use of language without reference to substance is fundamentally impossible, and when attempted, has grave consequences on the thinking process itself.

One wonders sometimes whether the facts that come off the assembly line and are presented in more or less finished models to the policy makers actually influence decisions. At close view, from day to day, it often appears as though they do not. But in the long run it is surprising to what extent economic ideas become translated into action.

A consoling thought is that the greatest single force in human affairs is inertia. It is the most exasperating obstacle one encounters and the hardest to overcome, but it works both ways. In the course of time the line of least resistance is likely to turn out to be the one indicated on the economic chart. When this degree of inertia has been established, the responsibility for seeing that the chart points the right way becomes acute. The economist has won a tactical victory. He must beware of strategic defeat which

Translating Facts into Policy

lurks in the fallibility of his material and of his own judgment.

In this analysis it becomes strikingly clear that the quality of the economist's ammunition is of vital importance to the nation. Consequently, it is no exaggeration to say that this country is better off because for a quarter of a century the National Bureau of Economic Research has produced the right kind of ammunition. In a very real sense it is an important unit in the intellectual arsenal of democracy.

