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AMERICAN LYSENKO BOLSHEVOID PSEUDOSCIENCE

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Derived from papers submitted for graduate credit and/or published by the Columbia University Lincoln-Grant Institution for Laissez-Faire, Manifest Destiny, and Federalism Policy Research [Registered under University Vice President Phillip Drew Benson] -- this thesis seeks to show how science has been totally ignored and misused by those with feudal pseudopopular political motivations. It is sought to examine religious malfoundations, energy crisis fallacies, environmentalism social uselessness, nuclear war survivability, bolshevizing "participative" management schemes, and budgetary misincentives.

1. THEOLOGICAL MALFOUNDATIONS

In a classroom I found an abandoned periodical, tearing out articles of interest. I justified this because I would never have abandoned my books. Having traversed half the city, I discovered I had forgotten the bag with those articles in a cafeteria. Rushing back I promised if I found them, I would return them, which I did¹. The state could not punish my arrogance – GOD did. Similarly, a southern city study of the 1960s showed that crime rate was independent of police size.

How indeed can one hand command the other? Only the brain –GOD– can redistribute what He gave. Furthermore, StGregory Nazianzen tells us "God honoured man in giving him freedom... goodness should properly belong to him who chooses"² The state cannot do good by proxy, one must do alone, in order that each person may ascetically rejoin the common Nature which Paul described as the body of Christ. Man must, apophatically, follow what StBasil called³ the commandment to become God. Man must not seek to govern this Nature cataphatically, for he is apophatically ignorant of it. Therefore, goodness can not be reappellated "social justice" and applied by legislation! Note that after socialism was applied in Russia, GOD was ignored; cataphatic hubrists thought there was no longer any need for Him! This was also done by Nazis and is now attempted by USA biRooseveltarian bolshevoid feudals⁴. Adam Smith's invisible hand is infinitely more theocentric than hubristic economic activism –indeed– it correlates with the Divine Energies of StGregory Palamas⁵ As William Penn wrote "Men must choose to be governed by GOD or condemn themselves to be governed by tyrants." As St. Macarius of Egypt said "The will of man is an essential

¹ I saw them trashed a month later

² "In sanctum Pascha, or XLV, B" PGt36 632 C

³ Nanzianzen "In laudem Basilli Magni or XLII, 48" PG t36 560A

⁴ Reagan said fascism was New Deal's basis, as have indicated Viglionophile New Dealers. Am Spec 9'83. GBShaw, later a communist, praised Mussolini, Stalin & Hitler: CBS-TV "Biography" Mike Wallace Alan Landsberg MCMLXIII; Mike Wallace on a different volume of the same program, attacked Eva Peron's fascist public welfare economic policies for destroying freedom and incentive – although he didn't note the JFK-FDR similarity

⁵ 69 PG CL 1169C

condition, for without it GOD does nothing."⁶ GOD even allowed satan to tempt HIS SON in the wilderness.

Furthermore, social revolution leads to ignorance and enslavement of the soul, "Gospel censures attempts at pleasing the flesh... condemns the intention of making people materially better off, while not making them more perfect morally... slaves to our basest needs... eternal death."⁷

Nobelate Hayek wrote in *Individualism & Economic Order* about man's problems with information; he rightfully used this to justify a free market. But human macroeconomy depends on divine oikonomian. Hayek's ideas follow from StDionysius the Aeropagite, who told that only by negational, or apophatic, theology can we find the absolutely incomprehensible GOD in whose Image and Likeness we were created. But this leads us finally to total ignorance, for He is the "Holy of Holies which remains hid even from the Seraphim".⁸ StGregory Palamas⁹ wrote "if God be nature, then all else is not nature". When man bungled divinely given Prayer¹⁰ how can he be trusted with lesser matters? StMaximus tells us the Logos has two assumptions: the perfect and natural, and the relative, oikonomic.¹¹ Not only are we unjustified in claiming knowledge theologically, but even psychologists tell us of the deceivability of juries¹² If justice can be imperfect, how much more so the "social" variety? Endlessly, historians, scientists, and economists argue what is

⁶ "spiritual Homilies XXXVII,10 PG XXXIV 757A

⁷ BorMolchanoff *Orthdx Lif* v30#4 Jordanville p40

⁸ "OratioXXXVII, In Theophaniam" 8 PG XXXVI320BC

⁹ "Capita 150 physica, theologica, moralia & practica, cap78" PG CL 1176B

¹⁰ Mt6:9-15; Lk11:2-4

¹¹ "Opuscula theologica et polemica" PGt91 156-7, "de ambiguis", *ibidem*, 1040, 1049, D-1052, 1317D-1321. One must beware of the Nestorian Heresy of the imperfect earthly church being different from the heavenly - the two are in fact two natures of the same church. Only the Theotokos is in both - via her union with GOD - and is thusly the boundary between the created and uncreated: Palamas "In dormitionom" PG CLI 172B

¹² *Psy Today* 4/84 p24-5

truth, yet the only truth they know is that man is ignorant of truth. How then can we expect the state to know from whom to take? How can it know who needs more when itself is of people incapable of knowing? For all "creatures are balanced upon the creative word of God... above... abyss of the divine infinitude, below them that of their own nothingness"¹³ Furthermore, Liberty permits temptation which GOD requires we overcome¹⁴ much as some Russians prefer martyrdom to compromise with pharisaically feudal bolsheviks. Moreover, 1975 iron curtain experiences showed me that proxied altruism negates individual altruism - less caring for one's apparently freeloading neighbors. As Bastiat put it, Fraternity can only be voluntary.

Indeed, Liberty foundations are from the antipharisaical "Would we kill Christ today?" Findlay¹⁵ tells us of the Byzantine flourishing of Liberty "authority exercised by the Senate... Church... importance often attached by the Emperors to the ratification of their laws by *silentia* and popular assemblies... strong contrast with the earlier military empire of the Romans... mild treatment of many unsuccessful usurpers" In the Hippodrome "Byzantine people made and unmade Emperors... justice was administered... triumphs were celebrated... masses grazed upon... art and nature"¹⁶ Indeed, Justinian II was deposed, and secretary Artemius enthroned as Anastasius II¹⁷, long before the Magna Carta. "Russian monarchy, like that of St. Louis, was essentially democratic... will of the people... Romanov [dynasty, 1613]... on the throne by a constituent representative assembly... federation... [50,000]peasant republics... fell prey to the Bolshevik tyranny lies mainly in the exaggerated... egalitarianism... encouraged by the monarchy"¹⁸ During the American Revolution, when Catherine the Great was asked by the British king for 20,000 Cossack's,

¹³ Philaret of Moscow cit GeoFlorovsky *Puti russkovo bogosloviye* Paris 1937 p180

¹⁴ Rev2:17,2&3

¹⁵ cit Bikelas *Seven Essays on Chrstian Greece* Paisley:Gardner(1890) p63

¹⁶ Rambaud "monde Byzantin&l'hippodrome" *Revue Deux Mondes*, 15AUG1871

¹⁷ by, as even Khanloving Gibbon admits, the "free voice of the Senate and people" cit Bikelas p64

¹⁸ ChSalorea UEdinburgh *Engl Rev* 6'25

she replied "I do not trade the blood of my subjects ... it ill becomes a civilise monarch to crush the effort of a young nation fighting for independence."¹⁹ Tzar Alexander II ordered two fleets to New York and San Francisco to avoid the French and British supporting the confederacy at the "moment when the fall of the US was imminent and intervention already planned"²⁰ When William Eaton took Barbary Pirate Tripoli, forty Greeks fought at his side.²¹ On 22NOV06, PM PStolypin abolished communal onership introducing free markets - angering communal 'experts', who like technologically displaced US biRooseveltarians²², joined "populist" causes leading to overthrow of Liberty in both nations. The Great Schism resulted from absence of due process:"Byzantines did not mind... western... centralized, so long as the Papacy did not interfere in the east...Pope viewed infallibility as his own prerogative... final decision rested not with the Pope alone, but with a council representing a// the bishops of the Church"²³ Indeed revolting Prussian Papists said on 26May1873 "Byzantine... resisted the very first political pretentions of the Popes."²⁴ This love of due process is so much the essence of Liberty that American Revolutionists even contemplated Greek their official language.²⁵ "This legitimist sentiment, so marked in the New Rome, was certainly not derived from the Old... absence... constitution strong enough... fall"²⁶ But

¹⁹ Peter Koltypin, CongrRcd 12JUL79-E3555

²⁰ DSMuzzey, American History

²¹ S E Morison, Oxford History of the American People, NY:Mentor(1972/1965), v2,p89

²² cf Hofstadter Mowry

²³ Orthdx Chrc TWare Middlesex:Penguin(1964) p57

²⁴ No surprise that while building\$1.6m nuclear shelter& supporting "liberation", Vatican hid WW2 criminals, still considers Galileo heretic, opposed Israel's creation, and believes WEur communist electoral victory"would mark a substantial success for the Soviet"NYT 26JAN84 22FEB83 10MAY83 UPI 09SEP77. Nearly half the AFL boards were Catholic during FDR, and Fr. John A Ryan was a leading FDR influence: Michael Novak "Theologians and Economists" This World,7,V84 IEA/AEI(NY) &Joseph Gremillion, "Toward a Theology of the American Economy", 1,This World,V82 & Much of WEur socialism was papally rooted Steve Pejovich, Codetermination, opere citato, pp5-6

²⁵ origBible: "Gentiles"=Greeks

²⁶ Bikelas p14

some say Liberty is inconsistent with monarchy²⁷ differing from "anarchy" because it resembles divine hierarchy²⁸ Yet we have seen that emperors of his time lacked succession and were later popularly regulated. Therefore trinitoidly branched American Federalism is consistent. Moreover, StGregory's concept of administrative "anarchy" differs from the rights "anarchic and libertarian tradition" of the American Revolution – intellectual offspring of Roman, Byzantine and Russian "monarchies". Prof HAHodges posits²⁹ "ecumenical problem... bringing back the West... Orthodox Church... Christian Faith in its true and essential form". Indeed, Khomyakov³⁰ tells us "But to believe in the [Protestant] infallibility of learning, moreover of a learning which works out its propositions dialectically, is against common sense... by no means extended the rights of free investigation, but has only reduced the number of data subject to free investigation of its believers (by leaving them only the Scriptures), as Rome has reduced the number for most of its laity, too (by depriving them of the Scriptures)." Indeed, church-state separation is a traditional concept, re-emphasised by monasticist StNil Sorsky (1433–1508). Imitating Roman "bread and circus", pseudotheologians decry how Republicans put homeless in the streets. Well, these homeless used to be institutionalised, enslaved by their brethren of supposedly superior knowledge³¹ "Homelessness... way of life for a segment... since before Old Testament" says Wlm Mayer³² Meese, who taught law at Berkeley and Yale, was not illiterate!

StMaximus reminds us that freedom of choice is of our imperfection because perfect natural will knows good³³ Indeed the Virgin Mary was chosen Theotokos because she was

²⁷ *Sacr Monarc MonastPr* Montreal(1980)

²⁸ *StGregTheol Theol Ora* III2

²⁹ *Anglicanism & Orthdx* 1955 p46–7

³⁰ *On The Western Confessions of Faith*, v.2, Moscow(1900), ed Yu.F.Samarin

³¹ REJones *J Hosp&Comnty Psy* v34#9; 550,000 in 1955 state instns 125,000 | 1983 p58 *Psy Today* 2'84

³² *Adm Fed ADAMHA*, p60

³³ "Opuscula theologica& polemica, *Ad Marinum*" PGt19 48 A49 A 192BC

sinless without the impairment of her liberty.³⁴ No man can resolve the tragedy of human liberty – only GOD can – through our salvation. The neotheologian StSymeon³⁵ says human sin develops progressively as man, ignoring fallibility, justifies his acts by blaming other sources, such as lack of wealth. Michael Novak similarly reminds us that "In God We Trust" implies "in nobody else"³⁶ and that this is the reasoning behind the separation of the political, economic, and moralocultural systems. He says Adam Smith saw this the source of creative intellect (basis of economic growth) that gave commoner NAmericans advantage over aristocratic SAmericans, despite latter's wealthier land. Indeed, as we noted earlier, in this created world, only opinion exists – for truth is with the uncreated. Attacking "common good" Ayn Rand asks the inevitable "what *is* the good of the individual men and how does one determine it?"³⁷ It is unknowable! Apophatically "governemnt official may do nothing except... legally *permitted*... Reason is the only... communication... objectively perceivavble reality... common frame of reference; when... invalidated... force becomes... way... Soviet... famine... deliberately to force peasants into collective" leading to 15m deaths. The apophatic concept is so pervasive that Reagan's favorite economist³⁸ tells us that law cannot cause justice but can only attempt to prevent injustice from reigning "Socialists, like other monopolists, desire to make the law their own weapon... No legal plunder: this is the principle of justice, peace, order, stbility, harmony, and logic... protecting the rights of everyone... legislator... place them beyond and above mankind; if so, let them show their titles to this superiority... human race was regarded as inert matter, ready to receive everything... from a great prince... do-gooders have futilely inflicted so many systems upon society... try liberty... acknowledgement of faith in God and His works"

³⁴ StGregory Palamas, "Homily on Prestn to Temple of Holy Virgin", **Collected Sermons**, Athens: Sophocles (1861), p.216

³⁵ Homily33 Smyrna45 MignePG1120,499AB

³⁶ Imprimis Hillsdale v12#10

³⁷ Objectivist 11,12/65

³⁸ Bastiat Law Paris 1850 NB: the date!

2. ON ENERGY FANTASIES

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2.1 ENERGY COST VARIATION

Professor Julian L. Simon⁴⁰, inspired by Columbia Nobel Laureate Simon Kuznets sought to prove that the supply of natural resources is infinite when substitution is accounted for.⁴¹ This led to his argument that the *Ultimate Resource* is indeed the human mind. Utilising public data⁴² he plotted price normalised by wage for certain resources, and sought to observe bicentennial secular trends. He obtained results close to rectangular hyperbolas.⁴³ An observation on this is in order: The inverse of a rectangular hyperbola is a straight increasing line, indicating that the real wage and thusly the standard of living is always increasing --something quite obvious! Alternatively, however, since the price per wage is in units of human time expended, and because price is an index of scarcity, the scarcity is decreasing, albeit hyperbolically.

³⁹ Is there really an energy crisis? or is it a mental crisis? Several attempts have been made by conservative and labor authors to prove the latter. It is sought to examine such data to determine if in fact they are accurate economic observations. It is also sought to determine the applicability of said analysis to least developed countries. Since many "energy problems" are due to environmental policy, it is sought to find the latter to be socially useless, if not totally feudal. [Portions of this section have been submitted in partial fulfillment for the requirements for the Columbia University courses, Industrial Economics IE6305x82 and Industrialisation IE6332y83; they have also been published as a shorter paper of the Columbia Lincoln-Grant Institution for Laissez-Faire, Manifest Destiny and Federalism Policy Research. Duplication of this paper by educational, conservative, or libertarian institutions is permitted gratis only if reproduced in its unmodified entirety.]

⁴⁰ *The Ultimate Resource*, Princeton(1981), ch. 7&8.

⁴¹ Similar reasoning may be found in *The Economy in Mind*, Warren T.Brooke, New York:Universe(1982).

⁴² *Historical Statistics of the United States*, U.S. Dept. Commerce, Bur. Census. Washington:GPO(1976). He told me of the source, however, at "New Directions in Economic Policy", 15th June, 1982, University of Hartford. (He was one of several lecturers, including Thomas Sowell, John Kenneth Galbraith, Yale Brozen, Walter Williams, Alfred Kahn, Paul McCracken and Murray Rothbard.)

⁴³ He obtained similar results even in the study of crime rates over almost a millenium!

Indeed, Dan Smoot, Former Assistant to J. Edgar Hoover, has written⁴⁴

We still have, within our national jurisdiction, enough energy-fuel resources to last us more than a thousand years. The U.S. Geological Survey estimates that, at current rates of consumption, we have a 500-year supply of petroleum and a 300-year supply of natural gas under the outer continental shelf on our Atlantic and Gulf of Mexico coasts, in Alaska, and in deep mainland fields. We have enough coal reserves to last 1,500 years.

Furthermore, Columbia Professor Seymour Melman, seeking to show that mechanisation and not bureaucratisation leads to a cost minimisation that in turn leads to increased productivity, had similar data. Dorf's temporal plot of the ratio between energy consumption and real gross national product indicates the same.⁴⁵

Professor Simon's conceptual results are not inconsistent with those of other authors. Substitution always provided cheaper energy, even as early as the Industrial Revolution, when "With the substitution of steam power for physical labor, output was no longer constrained by the labor force."⁴⁶ Now, "The simple fact is that we must figure out how to close the energy gap [substitution] with either coal, or nuclear, or -- more likely -- the most environmentally acceptable and affordable combination of the two."⁴⁷ "Other energy sources that can be expanded include alcohol fuels, biomass, wind and geothermal."⁴⁸ Substitution is inevitable, and can thusly decrease the cost of energy. Furthermore, non-use of currently scarce resources shall make their price, *i.e.* their demand and their need-proportional scarcity, decrease. Discontinuities are primarily due to interequilibrational flux due to shocks.⁴⁹ Then there are theories that petroleum may not

⁴⁴ The Review Of The NEWS, 28th November, 1973.

⁴⁵ c.f. "slide"

⁴⁶ Precisely the point of Professor Melman's book. This quote is from Griffin & Steel, "The Dimensions of the Energy Problem", in *Energy Economics and Policy*, NY:Academic(1980)

⁴⁷ Dr. Arthur M. Bueche, *Western Conference of Public Service Commissions*, distributed without further references by Interlab, Inc.

⁴⁸ *AFL-CIO Federationist*, September, 1981, by William Cunningham.

⁴⁹ A rational expectations analysis of effects on monetary activity is provided in "Choosing A Monetary Instrument", Crain & Havenner, *J. Eco. Dyn. & Control*, 3, 217-234.

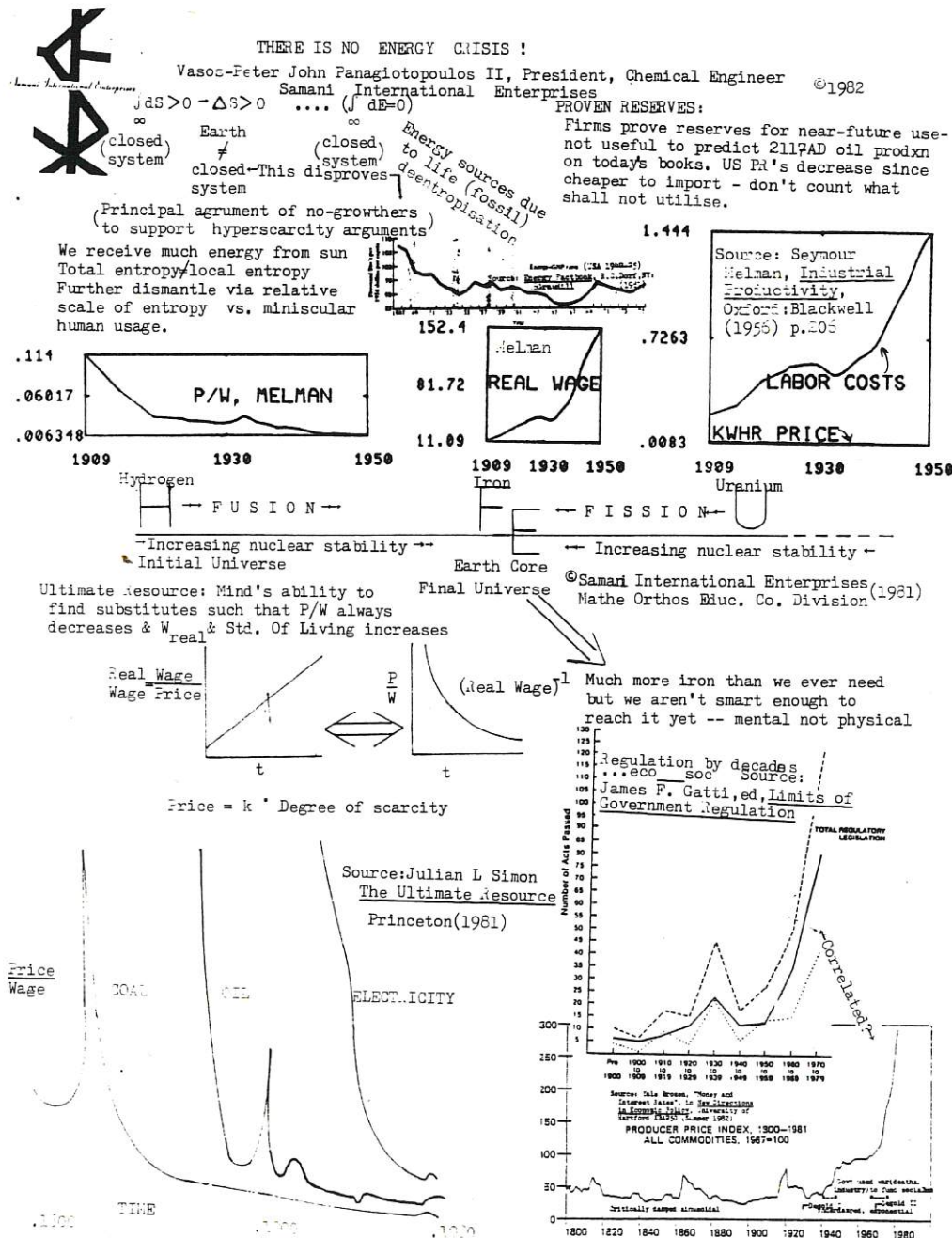
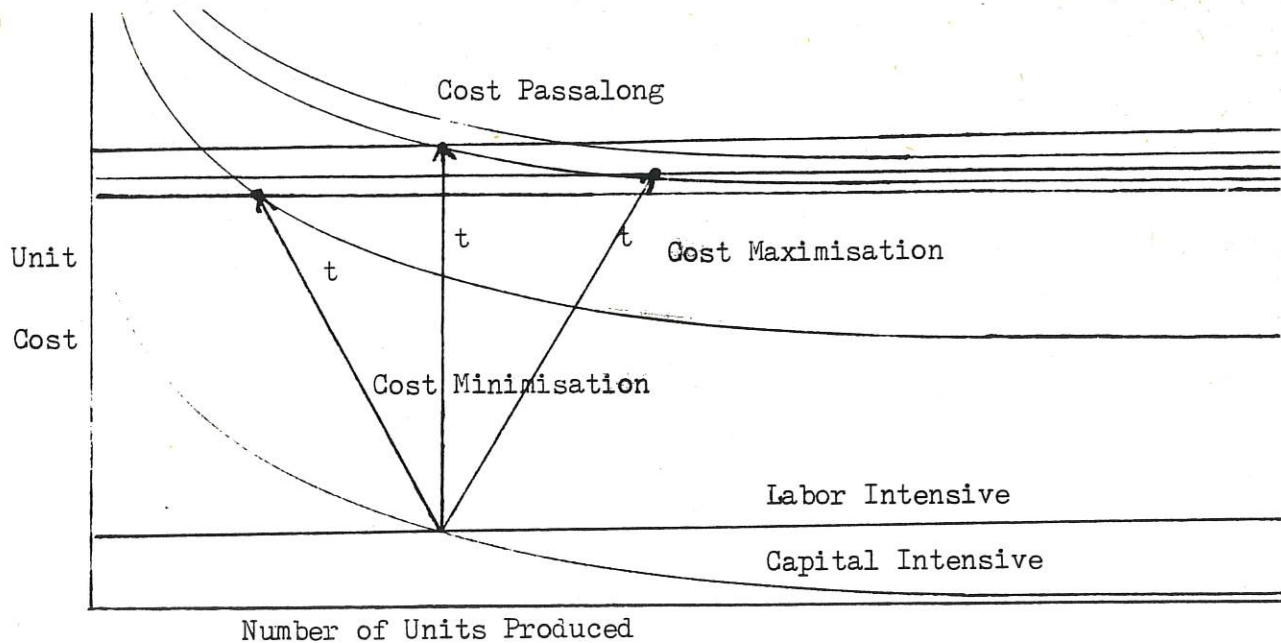


Figure 2-1: Energy Slide

even be from dead life artifacts. but part of the earth's formation.⁵⁰

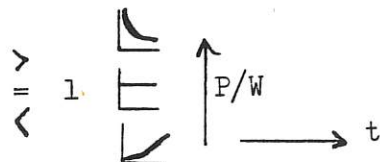
⁵⁰ Roger Lowenstein, Wall Street Journal, 13 DEC 83, "Astronomer Believes Oil and Gas Deposits Are Old as the Earth, Thomas Gold's Idea Suggests Vast, but Deep, Reserves; Dinosaur Theory Extinct?"



Minimisation
Cost Passalong
Maximisation

$$\frac{\partial P(L)}{\partial P(K)} = \frac{\partial W}{\partial P}$$

>
=
<



Source: Melman, "Productivity Change as a Function of Variation in Microeconomy", in Dogramaci, Productivity Analysis, Boston: Nijhoff (1981)

Condition for cost minimisation (Milton Friedman, Price Theory, NY: Aldine (1976), p. 111.) is that marginal physical product of factor divided by marginal cost of said factor is constant for all factors \rightarrow

$$\frac{\partial P(L)}{\partial P(K)} = \frac{\partial L}{\partial K} \frac{\partial F}{\partial K} / \frac{\partial F}{\partial L}$$

For Cobb-Douglas Production function, $F = \theta K^{\bar{z}} L^{1-\bar{z}}$ $\bar{z} \in [0, 1]$ $K, L \geq 0$
(θ = Technology, \bar{z} = Capital's share, $1-\bar{z}$ = Labor's share)

$$\frac{\partial L}{\partial K} = \frac{\bar{z}}{1-\bar{z}} \frac{L}{K} \geq 0$$

Figure 2-2: Cost Variation Theory

An exhibition of various cost variation theoretical approaches is provided in the figure without proof.

2.2 GASOLINE COST VARIATION IN LESS DEVELOPED COUNTRIES

The gross national product of LCD's has been known to have a power law dependance on energy consumption with remarkably high correlation.⁵¹ Data obtained for LDC's is tabulated as are the statistical results. The unsatisfactory Durbin-Watson statistic for Peru was probably due to the constancy of price for 1970-4, probably due to price controls, while that of Sri Lanka is due to the instability of trends. Poor r-squared values were also obtained for Mexico, Chile, El Salvador and Burma, due primarily to internal production changes, or political and economic instability. All three types of data for most other LDC's was difficult to locate.

This analysis should ideally be carried out with at least as much data as Dorf's plot, i.e. thirty years. From this and other plots in the slide, it may be noted that ten years data is almost insignificant with respect to trend analysis. Furthermore, the importance of the trend lessens as the asymptotancy is more apparent.

A few conclusions can be drawn, albeit with great suspicion. Most of the LDC's have a negative value of the time coefficient, indicating a decreasing gasoline-normalised real wage. Professor Melman would conclude that cost minimisation does not exist here. While, perhaps, one would refrain from such rapidity of conclusion, the trend does appear to indicate a growing gasoline disadvantage.

As US energy instability⁵² has been blamed to non-market allocative methods imposed by government, one might suspect that this is probably the case here. Since the abolition of controls by Reagan as recommended by Carter in 1979⁵³

⁵¹ Janosi & Grayson, J. Devpt. Stud., JAN72, pp.241-0. India $R^2=.97$ Power=1.89; Brazil $R^2=.98$, Power=1.19...

⁵² Michael Piette, Professor of Economics, University of Hartford, former Carter Administration Energy Department official, lecturing at *New Directions...*, *opere citato*

⁵³ US ENERGY PLAN, proposed by President Carter in April and July, 1979. Phase out price controls on US crude oil by September 30, 1981. Reagan simply refused to extend controls.

	1970	1971	1972	1973	1974	1975	1976	1977	1978	
Mauritius										
Price[3]						5.67	6.40	7.15	8.29	Rup/IGal
Wage[1]						8.6	11.5	14.13	16.56	Rup/dy
Panama										
Price[3]				.46	.86	.91[2]	.95[2]			Balb/gal
Wage[1]				.87	1.02	1.14	1.12			Balb/hr
Mexico										
Price[4,1]				3	5.25	11.88	14.83	15.35	15.71	Pes/gal
Wage[1]				2202	2804	3412	4285	5619	6474	Peso/mo
Chile										
Price[4]		.282	.24	.567	.637		.87	.907		Peso/mo
Wage[1]		1481	2408	7266	45776		.805	2.258		Peso/\$US
Conv[5]		12300	12210	25000	550000		7.8	16.72		
India										
Price[4].539			.678	.712	1.747	1.599	1.424			
Conv[1].133			.13201	.12912	.1235	.11946	.11165			\$/Rupee
Wage[1].227.2			250.7	261.3	260.9	262.9	417.7			Rup/mo
Burma (Male Wage)										
Price[4].441			.393	.433	.73	.75	.467	.408		
Wage[1].162.57			139.9	172.48	179.42	182.71	216.32	223.67		Kyat/mo
Conv[1].21			.1834	.203.6	.20601	.15377	.14786	.14054		\$/Kyat
El Salvador (Male Wage)										
Price[4].492		.52	.52	.52	.932	.79	.86	.976	.98	
Wage[1].94		.96	.99	1.03	1.13	1.14	1.45	1.56	1.69	Coln/hr
Conv[1].4		.4	.4	.4	.4	.4	.4	.4	.4	\$/Colon
Peru										
Price[4].21		.21	.21	.21	.21	.35	.77	.93	.74	
Wage[1].120.5		128.65	159.39	195.5	242.06	255.41	324.87	394.4	539.11	So1/hr
Conv[1].02584		.02584	.02584	.02584	.02584	.02968	.01826	.01192	.0064	\$/So1
Signapore										
Price[4]			.62	.88	.967	1.04	1.04	1.07	1.18	
Wage[1]			.98	1.08	1.26	1.46	1.53	1.6	1.71	\$/hr
Conv[1]			.35625	.41136	.41067	.42208	.40483	.41026	.44081	\$/USA/\$S
Sri Lanka										
Price[4]			.625	.717	1.542	1.542	1.233	1.467	.69	
Wage[1]			1.09	1.05	1.27	1.41	1.46	2.06	2.95	Rup/hr
Conv[1]			.17018	.15557	.1511	.14303	.11784	.11709	.06403	\$/Rupee

[1] UN Statistical Yearbook 1979/80 {Mfgg. Wages; Import Exchange Rate}

[2] Linear and Akimaoid interpolation from data on both sides of estimated point

[3] Energy Sector Studies, UNDP/World Bank

[4] US Energy Information Administartion International Petroleum/Energy Annual \$/gal

[5] Europa Yearbooks

Figure 2-3: Data

w/p=a+b(t-1900) + Std. Dev. * t(dof,%ci)						
Country a	b	R ²	Std. Dev.	Durbin-Watson	Cabinet Growth	
USA(Simon).229	.00706	.845	.176	2.505	.0043	
(p/w: 1870,30;1880,10;1925,2.5;1970,2;1980,1)						
Mauritius-10.5	.16	.907	.081	2.005	-----	
Panama 16.8	-.207	.607	.263	2.399	.0111	
Mexico 4992	-.60	.43	.142	1.05	.0175	
Chile 6.9	-.089	.54	.213	2.243	.0095	
India 462.7	-.5.8	.616	11.06	2.086	.0030	
Burma 172	-.1.4	.048	17.02	1.718	-.037	
El Salv 18.7	-.016	.195	.096	1.844	.0145	
Peru 14.2	-1.71	.3	7.67	.749	.0092	
Signapore.0186	-.81	.72	.027	2.143	-----	
Sri Lanka.75	-.0075	.049	.078	.974	.082	

Interactive Data Analysis Program, Columbia University Graduate Business School(1977)

Growth rate by exp fit initial change data of cabinet size from A.S.Banks,Cross Polity

Time Series,MIT(1971)

Figure 2-4: Correlations

} Professor Simon wrote ⁵⁴

It is interesting to me that you are tackling the P/W matter in developing countries ... only way that I can think to avoid the noise is to use long series. And finding such long series is difficult ... maybe that is most of what there is to say -- that the trend is not as dramatic in poorer countries as in richer countries, over the decades, but the trend is still there.

I. DATA MANIPULATION ANALYSIS

I.1 MELMAN DATA

The data displayed⁵⁵ was tabulated as hourly labor costs, W, and costs of kilowatthours purchased by manufacturing firms, P, from 1909 to 1950. It was preferred to plot only the United States' data because there existed no gaps in data for the entire time interval. The wage data was average hourly earnings of manufacturing production workers provided by the United States Government⁵⁶.

The Electric Data is a bit more intricate, as Professor Melman's footnote⁵⁷ indicates.

The 1926-50 data are based on average cost of kwhrs to Large Commercial and Industrial Users as given in the Edison Electric Institute's **Statistical Bulletin** (New York), 1945, p.26 and 1951, p.31. The separation between Large and Small users is on the approximate basis of 50 kw. of demand. The difference between them is substantial. Thus in 1950 Large users took 139 billion kwhrs and paid an average of \$.0101/kwhr. Small users in 1950 took 50 billion kwhrs and averaged \$.0264/kwhr. The Large user data, however, include non-manufacturing users -- large stores, irrigation operations, etc. From the 1947 Census of Manufacturers (General Summary, p.203) we obtained the average cost/kwhr purchased by manufacturing firms. This was 8 per cent less than the Large user average. Accordingly, we adjusted the Large user data downward by this per cent to give a better estimate of purchased kwhr cost to manufacturing firms. We are unable to take into account the cost of kwhrs generated by plants for their own use.

The kwhr cost data for 1909, 1914 and 1923-25 are our estimates based on reports of the U.S. Bureau of Census, Census of Electrical Industries, **Census of Electric Light and Power Stations**, 1927 (Washington, D.C.: U.S. Government Printing Office, 1930), pp. 22,24. The 1927 Census datum could be compared with the Large user figure for that year. The difference was used to adjust the previous years' data, which, in turn, were used to estimate the data for 1909, 1914, 1919, 1923-25.

⁵⁵ Seymour Melman, **Dynamic Factors in Industrial Productivity**, Oxford:Blackwell(1956), p.206.

⁵⁶ U.S. Bureau of Labor Statistics: 1909-46 in **Handbook of Labor Statistics**, 1950 edition (1951), p. 59; 1947-8 in **Monthly Labor Review**, LXIX, December, 1949, p.712; 1949-50 in **Monthly Labor Review**, LXXIV, January, 1952, p.95.

⁵⁷ opere citato, p.207.

The data for the slide was smoothed and plotted with the MLAB program.⁵⁸

1.2 SIMON DATA

As aforecited, Professor Simon's data is from the *Historical Statistics of the United States*. In their listings in Chapter D, "Earnings, Hours, and Working Conditions (Series D 683-1036)" they include the Consumer Price Index; Chapter S is on energy data. The following is excerpted from their data explanations:

Source: U.S. Council of Economic Advisors, Report of the President, January, 1972, p.234.
 ... BLS surveys of establishments ... Compensation includes wages and salaries, plus supplemental payments such as contributions of employers to social security and private health and pension funds
 ... include an estimate for proprietor's salaries ... Source: U.S. Office of Business Economics (OBE, 1929-1963, *The National Income and Product Accounts of the United States, 1929-65, Statistical Tables*; 1964-1967, U.S. Bureau of Economic Analysis, *Survey of Current Business*, July, 1971, table 6.5. [Stanley Lebergott, *Manpower in Economic Growth: The American Record Since 1800*, table A-16, A-19 & pp.289ff.] Full-time ... weighted averages of the series for individual industries ... weights were numbers employed by industry. The income loss from unemployment was estimated by applying to the full-time earnings figure the relevant employment percentage - for civilian labor force or nonfarm employees. This income loss ... gave the earnings after deduction for unemployment ... price index [deflated series D723-4 only] was the Bureau of Labor Statistics index 1913-1960 extrapolated by Albert Rees to 1900. (Albert Rees, *Real Wages in Manufacturing, 1890 to 1914*, National Bureau of Economic Research, New York, 1961.) ... "Report on Wholesale Prices, on Wages, and on Transportation" 52nd Cong., 2nd. Sess., 1893), termed the 'Aldrich reports,' was based on reports collected by the Commissioner of Labor in the early nineties; the other, "Report on the Statistics of Wages in Manufacturing Industries" (1886), collected as part of the 1880 census, is termed the "Weeks reports." ... Wider scope of the Weeks reports ... [but] no occupational weights are attached to them ... To develop reasonable weights ... Lebergott utilized the occupational wage series ... interpolate between benchmark estimates for common labor in Pennsylvania ... The state benchmarks for 1850 and 1860 are from the population census reports for those years; for 1870 from the Treasury Report on Immigration; and for 1880 from the census data on rates paid in iron and steel, coke, stone, and other industries. Employees in other nonfarm occupations were allocated to 1860 age intervals ... utilized the Weeks data (as summarized in Wesley Mitchell, *Gold Prices and Wages Under the Greenback Standard*, 1908) ... Mitchell had combined the hundreds of quotations into wage-interval groups and computed indices of medians ... Lebergott weighted these indices by the 1860 employment distribution ... computed the ratio of the resultant median ... Source: 1900-1928 [Lebergott] A-18 and pp. 480ff. 1929-1967, U.S. Office of Business Economics, 1929-1963, *The National Income and Product Accounts of the United States, 1929-1965, Statistical Tables*; 1964-1967, U.S. National Income and Product Accounts, 1964-67; 1968-1970, U.S. Bureau of Economic Analysis, *Survey of Current Business*, July 1971, table 6.5 ... ratios of aggregate wage and salary payments by industry, to the number of full-time equivalent employees, by industry. Wages and salaries include executives' compensation, bonuses,

⁵⁸ Five-point variable-interval smoothing algorithm; Multi-terminal graphics capability. Knott, G.D., & Reece, D.K., MLAB: A Civilised Curve Fitting System, *ONLINE '72 International Conference*, 1, p. 497-526, Brunel, UK (1972); Knott, G.D., *Computer Programs in Biomedicine*, 10(1979)271-280; Knott, G.D., & Reece, D.K., *MLAB (Modeling LABORatory)*, interactive program in SAIL, for DEC PDP-10 systems, Laboratory of Statistical and Mathematical Methodology, DCRT, NIH, Bethesda, Md. (1980).

tips ... Since 1939, private industry employment and payrolls have been based principally upon records of the Social Security programs. For 1929-1938, the employment and payrolls figures are extrapolations backward from 1939 ... similar to those used by Lebergott. The mainstay of the private industry estimates has been data of the State Unemployment Insurance (UI) programs as compiled by the U.S. Department of Labor. Additions were made for employments covered by Old-Age, Survivors, Disability, and Health Insurance (OASDHI) but not by UI ... where the proportion of firms not covered by Social Security programs was large ... U.S. Department of Agriculture (USDA), the American Hospital Association, the Office of Education, and various governmental censuses and surveys...W.G.Vincent, Pacific Gas and Electric Company, **Edison Electric Institute Bulletin**, June 1936, p.224 (adjusted by the late L.D. Jennings for comparability with the Federal Power Commission series); Federal Power Commission, 1925-1934, annual report, **Typical Electric Bills: Cities of 50,000 Population and More** (except that average prices have been adjusted from as of October 1, as originally published, to as of January 1 for comparability with the series subsequent to 1934); 1935-1970, **Typical Electric Bills**, 1964, p.VI and 1970, p.IX...1902-1925, U.S. Bureau of the Census, **Census of Electrical Industries**, 1917 and 1922 reports; 1926-1970, Edison Electric Institute, **Edison Electric Institute Statistical Bulletin**, New York, 1952 and 1970 issues...1912-1925, based on McGraw-Hill Publishing Company, Inc., **Electrical World**, annual statistical numbers, New York(copyright), and U.S. Bureau of the Census, **Census of Electrical Industries**, 1902-1927, reports at 5-year intervals; 1926-1944, Edison Electric Institute, **Electric Light and Power Industry in the United States**, New York;1945-1970, U.S. Federal Power Commission, **Sales of Electric Energy by Class of Service**, monthly reports...U.S. Federal Power Commission, **Statistics of Privately Owned Electric Utilities in the United States**, 1971, tables 10 and 13...U.S. Bureau of Mines, **Minerals Yearbook**, annual volumes...American Gas Association, Arlington, Va., 1932-1959, **Historical Statistics of the Gas Industry**, 1965, pp.163,213, and 263; 1960-1970, **Gas Facts**, 1971, pp.58,78, and 98...American Gas Association, Arlington, Va., 1937-1959, **Historical Statistics of the Gas Industry**, 1965, pp.391 and 397; 1960-1970, **Gas Facts**, various issues.

The data on the slide was hand traced, with the assistance of some French Curves, from a scatter plot in Professor Simon's book. An attempt was made to ocularly smooth out minor variations.

I.3 SENSITIVITY

It is indeed remarkable that, despite the differences in preparation, modification, and source of data, both data produced similar results. The hypothesis seems quite insensitive to such changes. As Columbia Alumnus Milton Friedman said in his Nobel Address⁵⁹,

there is no 'certain' substantive knowledge; only tentative hypotheses that can never be 'proved' but can only fail to be rejected ...body of positive knowledge grows by the failure of a tentative hypothesis to predict phenomena that the hypothesis professes to explain; by the patching up of that hypothesis until someone suggests a new hypothesis that more elegantly or more simply embodies the troublesome phenomena

Since this hypothesis of Professor Simon's is not contradicted by Professor Melman's data as well, it may be appropriate to assume that the hypothesis is not improper, of course, given the data herein.

⁵⁹ *Journal of Political Economy*, 1977, 85, no. 3, p.452

3. ENVIRONMENTAL PARAMYTHOLOGY

3.1 FRAMEWORKS

3.1.1 Economic

Cheung⁶⁰ clearly ridicules the social cost theory used to permit government intervention. Indeed, government intervention is shown to be the only externality, much as it is the only real, unimagined source of monopoly. The loss of one's property value due to a new nearby airport is greatly counteracted by the increased resultant commerce. Externalist father Pigou, whose protégé Keynes enslaved western humanity with his bolshevoid feudal theories, also is shown to have misinterpreted data. Knight ridiculed Pigou's comment that the use of two equitraversable roads must be hubristically allocated to optimise traffic because Pigou failed to notice that the problem is due to the *feudally remnant* policy of government road ownership; to Cheung's knowledge, Pigou never replied to Knight's brilliant challenge.⁶¹ "In 1970, James Ridgeway, a long-time fellow of the Institute for Policy Studies in Washington, a major think-tank of the coercive utopians, published *Politics of Ecology*, in which he argued that the environmental movement should not seek reforms "for controlling pollution", but should regard the attacks on various problems of pollution as "different ways of attacking concentrated corporate power, thereby opening up possibilities of revolutionary change, and for reorganizing society and communities on different principals."⁶²

McKenzie indicates "[e]nvironmental pollution is another way of saying that too few environmental goods have been produced, while too many other... produced... correct the problem is to charge and, thereby, discourage the inefficient use"⁶³

⁶⁰ Steven N.S. Cheung, *Myth of Social Cost*, London: Institute of Economic Affairs (1978) [Hobart Papers], Reprinted Washington: Cato (1980)

⁶¹ Cheung, *opere citato*; Pigou, *Economics of Welfare*, p.194; F. H. Knight, "Some Fallacies in the Interpretation of Social Costs", *Quarterly Journal of Economics*, AUG1924, pp.582-606.

⁶² JUNJUL84 Midstream Theodore Herzl Fdn

⁶³ Richard B. McKenzie, *Heritage Foundation Backgrounder #207*, 27AUG82, p.6

Professor Simon has also attacked the theoretical bases of environmentalism⁶⁴

natural-resource transactions are mostly limited in impact to the buyer and the seller... pollution is "external" and may touch everybody... difference may be more apparent than real... one person's demand for natural resources affects the price that all pay...and conversely [so all economic behavior="external"]... optimal level... How much... willing to pay for?... like the problem of collecting a city's garbage... pay for daily collection, or collection every other day... as our society becomes richer, we can afford and are prepared to pay for more cleanliness... past, most people in the U.S. died of environmental pollution - that is, of infectious diseases such as pneumonia, tuberculosis, or gastroenteritis... no evidence that the increase in cancer is due to environmental carcinogens... inevitable consequence of people living to older, more cancer-prone ages... cholera, purely a pollution disease, is no longer... Life expectancy is the best index... health-related pollution... by this measure, pollution has been declining steadily and sharply for decades... Environmental Quality Index represents casual observation... rather than statistical facts... includes such subjective judgements as... "living space" is "down... vast stretches... lost to development..."

Tucker⁶⁵ tells us of a new breed of environmentalists -- free marketeers at heart, or at least cognisant that the optimal allocator of the environment and its resources is indeed the free market. Many are upset with Reagan for not deregulating *enough*; Indeed the Sierra Club's Ruth Caplan says that the administration likes the market "when it comes to conservation and solar energy, but... subsidies for nuclear power and synthetic fuels... business advocates of competition... favor the market as long as it tells them what they want". Christopher Palmer, Audubon director of energy and environment finds "no way that you can use energy efficiently when you have price controls." Late Jerry Brown advisor Wilson Clark said "Amory Lovins argued that it was the underpricing of electricity by the public-service commissions that was fueling all that demand and pushing us into the 1000-reactor economy." Arguing that free resources are overused or damaged, Herman Daly in *Steady-State Economics* indicates that landlords, still disliked⁶⁶, ensure nonoverutilisation by charging whatever prices the market can bear for the use of natural resources.

⁶⁴ Julian L. Simon, *The Ultimate Resource*, Princeton(1981), pp.128-136.

⁶⁵ "The New Stewards of the Environment", William Tucker, received by V.J.Panagiotopoulos as course material in Columbia Business School Corporate Identity/Culture/Bureaucracy course taught by NBC Vice President Robert Cornet, Summer, 1983. No indication as to source

⁶⁶ recall bolshevoid Keynes' demanding "euthanasia of the rentier"

In the "classic pollution case" of Reserve Mining's taconite⁶⁷, we see that in 1968 environmental matters surpassed "law and order" in total *Congressional Record* lineage and that

To some observers it appeared that the esthetic benefits of keeping Lake Superior pure would have to be weighed against the economic hardship... but... leading opponent... "You can't put a price tag⁶⁸ on one of the world's largest and cleanest bodies of fresh water..." ...If the company goes, the town goes...

3.1.2 Technical

Moreover, Nakanishi has said that almost every autopsy reveals some form of cancer, whether or not it was the cause of death.⁶⁹

Responding to Rachael Carson's silliness, microbiologist George Claus, M.D., Ph.D. and Karen Bolander⁷⁰ tell us

she consistently misuses the word 'mutagen'... misinterprets the writings of medical authorities... cancer theories which are either highly speculative or have already been discarded... describes many chemicals as carcinogenic which are very unlikely to be genuine cancer-causing agents

Fred C. Simmons, a retired government forester and an author on eastern timbers wrote⁷¹

When the white man came to America, he saw an unbroken expanse of mature forests filled with all kinds of wildlife. There were birds of every variety. The clear streams teemed with fish. "Nothing... further from the truth." /Indians also set many fires, in warfare, to clear land for agriculture, and in a conscious effort to improve the wildlife habitat... recognised, as present-day wildlife managers have also come to recognize, that a solid expanse of climax or near-climax forest furnishes just about the poorest wildlife habitat imaginable. The supply of succulent leaves and twigs in the tops of surviving intolerants [the often superior trees that cannot start on

⁶⁷ Harvard Business School Case Services 1974#9-375-126&127 "Environmental Pressures", pp.a1-2,a9-10

⁶⁸ along with "times are different", one of the greatest biRooseveltarian bolshevoid feudal con lines used to reject the use of reason.

⁶⁹ Columbia University Organic Chemistry Professor Koji Nakanishi responding to inquiry of V J Panagiotopoulos on carcinogenicity of vitamin A remedy for colorblindness during Spring, 1979 Honors Chemistry Seminar Columbia C1408.

⁷⁰ Claus&Bolander, *Ecological Sanity* NY:McKay(1977); Carson, *Silent Spring*, Boston:HoughtonMifflin(1962)

⁷¹ *National Review*, 14MAY82, pp.560-2.

vegetated land] is far out of the reach of ground-dwelling birds and animals. The sparse understory of tolerant trees and shrubs is most unpalatable and unnutritious. So these old-growth forests provide little sustenance for grouse, turkeys, moose, elk, deer, beavers, and rabbits. As populations of these vegetarians decline the predators also are starved out. Hungry timber wolves have been reported to be raiding farmers' livestock as much as a hundred miles away from their former homes in Minnesota's 'forest preserves.' Last year's fatal attacks on human beings by grizzly bears in the Glacier National Park in Montana were in all likelihood due to shortages of the bears' natural foods in the 'preserved' forests.

What the environmentalists fail to recognise is that man is a natural part of the predator-prey relationship. This is the hubristic fault of modern "*liberal*" logic -- it fails to recognise human *fallibility* -- they think that they are GOD and that no one is above their *everwise* feudally elitist decisionmaking.

3.1.3 Precedential

In 1890⁷²,

London's crowded wheeled traffic... in parts... dense beyond movement... characteristic aroma... stables... encrusted with dead flies... covered the road-surface... axle grease or bran-laden dust... swift-moving hansom ... fling sheets of such soup - where not intercepted by trousers or skirts - completely across the pavement ... mud in his eye... not any such paltry thing as noise... an immensity of sound

As for water pollution, for centuries the result of biological sewage, we see that⁷³

British rivers... polluted for a century while in America they began... couple of decades ago... Thames... without fish for a century... by 1968 some 40 different varieties had come back [DCPost] Londoners... breathing air cleaner than... for a century... effect... bronchial... diminishing... visibility is better... winter... 4 miles... 1.4 miles in 1958 [USNews]

3.2 MODERN MYTHOLOGY

3.2.1 Hate and the Love Canal

All have been terrified by the Love Canal chemical dump near New York's Niagra Falls in which heavy precipitation diluted the "oily black brew up ... into lawns and basements", a "malodorous sludge composed of 82 chemicals, including 12 suspected carcinogens", for which "1,300 individuals as well as the EPA and New York state have filed suits against the

⁷² H.B.Cresswell, cited in *Architectural Review*, DEC58, p.19.

⁷³ quoted by Alfred Friendly, "British stand fast in battle against pollution of environment" *Washington Post*, 05FEB70, p.A10; U.S. News and World Report, 15DEC77, p.77.

firm seeking more than \$11 billion in damages".⁷⁴ Yet it seems Hooker Chemical refused to sell the property to the city, was forced to sell it, and sold it for only one dollar and only with a covenant in which the city promised not to perforate the clay landfill seal. When the city wanted to build a school on the property, Hooker sued. The city later sold the land for development. Hooker's only error was in not contractually transferring future encumbrances to the city.⁷⁵

3.2.2 Truth and Dioxin Hypertoxin

We have all heard about agent orange the Viet Nam defoliant, or have we⁷⁶

17,068 claims... 8400... valid medical complaint and 1328 claims have been honored, but for reasons other than agent orange exposures... 8617... no diagnosable illness. In fact, 4102 did not even have a medical complaint, diagnosable or not

And Times Beach, Missouri⁷⁷

EPA's records, wastes from the plant were being disposed of properly... subcontracted the job to Russell Bliss... waste oil tanks near Frontenac... But Bliss used some... to spray horse arenas in May of 1971... more than 150 sites [31 confirmed]... Meramec River... flooded... dioxin had not moved with the flood waters... Lavelle, was fired... superfund for political... pushed a little faster than she would have been otherwise, EPA Administrator Burford... buy up

But dioxin is sooooo dangerous and is produced by convoluted chemical factories⁷⁸

dirt samples... more dioxins... closer to our incinerator... municipal incinerators... found dioxin... carbon soot inside mufflers... fireplace... formation of dioxins is maximized and its destruction minimized when the temperature is low, below 750°C... above 1000°C just the opposite... **dioxin had been around since the advent of fire**... study was done of residential wood-burning stoves... components of wood is lignin, a phenolic material... also a natural chlorine content in wood... dioxin contamination in fish... dioxin is very tightly bound to fly ash... Midland's mayor... "So what if we've got 7ppt... being bound the way it is how do you get... cancer rate in Midland... below the national... [but soft-tissue sarcoma in women] one case in the 1950s, five cases in the 1960s,

⁷⁴ p.304, 1981 World Book Year Book, Chicago

⁷⁵ Columbia University Graduate School of Business Business Policy course taught by Professor John U. Farley, Summer, 1983.

⁷⁶ Chemical and Engineering News, basic publication for all members of American Chemical Society, 06JUN83, p.24

⁷⁷ *ibidem*, pp.26-28

⁷⁸ so say the bolsheviks. quotation from *ibidem*, pp.29-48

and eight cases in the 1970s [just look at the size of those numbers]... could not ascribe any particular causes... no commonality... perception within the community... nothing out of the ordinary... not the perception if you get more than 100 miles away"... speculate that it may be a promoter, rather than an initiator, of carcinogenicity... no clear case of a human death caused by dioxin... [one definite effect is] chloracne [which] is not considered a serious condition... fatigue or malaise... measurable slowing down... liver toxicity... generally disappear after a few years... There are, in fact, distinguished researchers who argue that no chronic human health effects of dioxin have been proved. Stated just that way, probably few epidemiologists would disagree... Probably the most highly respected studies suggesting a link between dioxin exposure and long-term health effects[are]... Hardell's work [which] links use of dioxin-contaminated phenoxy herbicides with an increased incidence of soft-tissue sarcomas... Dow scientists, and others, have criticized... determination... [if] exposed... made by asking... [if] remember... exposed group more frequently were asked if... recall than... control group... one study apparently were exposed to products that contained much lower levels... but both showed the same degree of increased risk... problem with the identification of the tumors as soft-tissue sarcomas... rare cancer type... little experience... to some degree, a classification that is used for tumors that don't fit into other... records to identify... did not examine the tissues... early results from studies of Monasanto and Dow Chemical workers... [although] statistically significant... uncertainty of what would have been the luck... sample this small... One study... occupations with the greatest number of soft-tissue sarcomas... marine engineers and bankers... not be expected... high exposure to dioxins... several studies that do not show any increase in miscarriages or birth defects... families of Australian... fought in Vietnam during the period when agent orange... no increase in miscarriages or birth defects [emphases added]

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3.2.3 Required Catalytic Converters and Increased Pollution

The EPA says that about three fourths of all cars pass emissions tests, and the rest usually do so by adjustment of the idle screw, which only modifies admissions during iddling. Furthermore, a February, 1981 EPA Ann Arbor Office study indicates "'cold start emissions'... [are] vast majority of all carbon monoxide emitted through the vehicle trip." While, according to the EPA Office of Research and Development in July, 1980, nearly two thirds of acid rain is sulfuric acid, a 20th November, 1978 EPA internal report indicated that "hard acceleration with a hot catalyst (especially a pellet catalyst) will produce large amounts of sulfuric acid due to the storage/release mechanism". Yet the decrease in

⁷⁹ Aha, one may say, all the sources are chemical. True, but so are many environmentalists, the entire biochemistry department faculty who defended the Columbia'68 rioters... the only chemical professionals who are not reknown for contributions to radicalism are chemical engineers. Take the recent C&EN antiReagan "Editor's Page": [19DEC83,p3] "With the firings and scandals, conflicts of interest, and dereliction of duties in the Administration's environmental agencies, the activist groups who warned against such things three years ago have been proven correct." However, since their audience is much more intelligent, they have to be less speculative and more factual!

pollution is probably more due to the decrease in automobile size.⁸⁰

3.3 ENVIRONMENTALIST MOTIVATIONS

Much like the bee who flies despite the assertions of aerodynamic theory, what generates the politicoeconomic forces which keep environmentalism in action despite its social uselessness? To what do we owe this Gibbonesque antitheistic barbarosity? Well, it is useful, not to society as a whole, but to certain social groups.

Buchanan tells us that politicians maximise their objective functions which depend on the variables constraining elections, such as power, patronage, income, and ideology.⁸¹

Chrisman⁸², editor of *Black Scholar*, tells us

Ironically, today's ecology enthusiasts do not seem to like living things. Life must be limited, they say, else it will destroy itself. We [perhaps just the ecologists] must have a small population and a lot of space. People corrupt things. They breed, they eat... eliminate people; otherwise they'll use the earth

Professor Sowell indicates some of the beneficiaries of environmentalism⁸³

consumers compete... lower income consumers often bid goods and resources away from the affluent, through sheer numbers... Much of the outcry against middlemen ("developers", "commercial

⁸⁰ Entire paragraph: Paul T Langerman, *Heritage Foundation Backgrounder* #210, 15SEP82, pp. 7-9.

⁸¹ *Economics of Politics*; Professor George Stigler was kind enough to provide me with syllabus to his course on the issue which include: R Coase, "Prob Soc Cost", *JL&E*, OCT60; G Stigler, "Eco Info", *J Political Economy*, 1961; G Becker, "Competn Democry", *JL&E*, OCT58; W Allen Wallis & al in *Welfar Progs Eco Aprsl*, 1969; G Stigler, "Director's Law Publ Incom Redistrbn", *JL&E*, APR70; G Stigler, "Eco Amer Entps Inst", 1969; G Stigler, "Thry Econmc Reguln", *Bell J Eco&Mgt Sci*, Spring, 1971; R Posner, "Thrs Eco Reguln", *Bell J*, Fall, 1974; S Peltzman, "Toward More Genl Thry Reguln", *JL&E*, AUG76; Stigler & Friedland, "What Can Rgltrs Regulate" *JL&E*, 1962; G Jarrell, "Demand State Reguln Electr Util", *JL&E*, OCT78, cf *JL&E*, DEC81; P E Sand, "How Effectv Safety Legisln", *JL&E*, APR68

⁸² Robert Chrisman, "Ecology, A Racist Shuck", *Scanlan's*, AUG70; peruser also refered to Neuhaus, Richard In *Defense of People: Ecology & Seduction of Radicalism*, NY: MacMillan (1971) and Ophuls, Wlm, *Ecology & Politics of Scarcity*, Prologue to *Political Theory of Steady State*, SF: Freeman (1977)

⁸³ Thomas Sowell, *Knowledge & Decisions*, NY: Basic (1980), pp. 35-6, 236-7: I was very fortunate that my first formal lecture in economics was from this alumnus of Harvard, Columbia and Chicago, who apparently was offered the Secretaryship of Transportation in 1981; Eugene Bardach and Lucian Pugliaresi, "The Environmental-Impact Statement vs. The Real World", *Public Interest*, Fall 1977, pp. 29-31; Gary Sands Miller, "Environmental Report May Have Little Value in Predicting Impact" *Wall Street Journal*, 01JUN78, pp. 1 ff.

interests", etc.) who would redirect resources from a "higher" to a "lower" use is implicitly a protest against large numbers of lower-income people whose collective wealth is bidding shoreline, forest and lakeside property away from use favored by higher-income people to uses more consonant with the tastes and individual resources of lower-income people: typically higher density use... automobile access roads... [not] backpack trails... advocates of recreational interests ("environmentalists") should dominate commissions concerned with environmental matters is considered as natural... questionable departure from legal tradition... recreational interests... impose large costs on builders of everything from bicycle paths to power dams by demanding that they file "environmental impact" statements, in effect putting the burden of proof on the accused... virtually no demonstrated effectiveness for predicting how an environment... [is] affected [Bardach, Miller] ... very effective in imposing... costs... delay... high costs on one party at low cost to the other party, regardless of the legal outcome... generating capacity that is not built... traumatic blackouts... far outweigh the annoyance of a handful of lakeside resort owners... if the costs of the two results could be equally accurately conveyed... costs of transmitting one set of knowledge (the demand for electricity, in this case) is artificially made greater than the costs of conveying the other set of knowledge (recreational demands), then the distortion of knowledge... [produces] results which neither the economic nor the legal decision makers would have reached had accurate knowledge been equally transmittable from opposing sides at equal cost

The Progressive Movement and associated feudal bolsheviks may have resulted from the displacement of the landed aristocracy by those they therefore called "robber barons"; the aristocracy then sought the political movement as a way of preserving its power.⁸⁴ It is with such movements as Teddy Roosevelt's Progressivism that environmentalism first appeared in the form of "conservationism". Indeed⁸⁵ we see environmentalist involvement by Laurance Rockefeller, Pete Seeger, Chase Manhattan, Ralph Nader, IBM, J. Willard Roosevelt, Ford Foundation, Rockefeller Brothers Fund, duPont, George Plimpton, BankAmerica, Ann Roosevelt, ARCO, Godfrey A Rockefeller, William M Roth, AT&T, Exxon, Albert Szent-Gyorgyi, Booth Ferris Fdn., Jack Kemp⁸⁶, Morgan Guaranty, Bethlehem Steel, Mobil, and countless others whose political or financial interests might benefit from the reduced competition and increased patronizable government and foundation positions induced by environmentalism as well as other biRooseveltian bolshevik feudal forces.

⁸⁴ Mowry, "The California Progressive and His Rationale", *Mississippi Valley Historical Review*, XXXVI (September, 1949), pp.239-50; Richard Hofstadter, *The American Political Tradition & The Men Who Made It*, NY:Knopf(1948), *ad passitum*, and as cited by Ellen Sklarofsky, *Advanced (College) Placement American History and Historiography*, Windsor School, Flushing, NY, 1976-77; John T Flynn, *The Roosevelt Myth*, NY:Devin-Adair(1956), p.326:"they could all unite in a weird conventicle -- Anglo-Saxon imperialists, groping New Dealers and dogmatic Red bigots -- under banners like those of the OWI, the OPI, and the BEW"

⁸⁵ Heritage Foundation Institutional Analysis, "The Environmental Complex", 1-NOV77, 2-APR78, 3-JUN82, William T Poole

⁸⁶ not by Heritage, listed in *Who's Who* as member of Sierra Club

Current nofault pollution proposals discourage risk prevention and do not assess costs equitably between heavy and light polluters -- hurting the latter. They would unfairly waive common law and permit heresay and circumstantial evidence. Moreover, they would encourage employment discrimination due to genetic carcinogenesis predisposition.⁸⁷ Furthermore, nonfederalist federal control of environmental issues discourages the use of innovative solutions such as bacteriological, thermal, radiative, or solidificative techniques, Toxiflex, Envirokinetics, concrete mixing, strip mine reclamation, composting, direct land or sod application, fertiliser, lagooning, aquaculture, asphalt substitute, building bricks, fruit irrigation, and oxyozosynthesis.⁸⁸ Larger firms can more easily afford the inefficient solutions and complicated litigations, thereby obtaining some monopolistic power over smaller, more innovative competitors.⁸⁹

So it may be clearly concluded that environmentalism is socially useless and that politicians endorsing it are favoring monopolisation⁹⁰ and the recreational, hence wealthier, interests. They are therefore not representing interests of the entirety of their constituents, and probably not even the majority.

⁸⁷ Paul T Langerman, *Heritage Foundation Issue Bulletin* #97, 06SEP83, p.6

⁸⁸ Paul T Langerman, *Heritage Foundation Backgrounders* #272, 29JUN83, p.5,6; #256, 26MAR83

⁸⁹ cf Dominick T. Armentano, *Antitrust and Monopoly, Anatomy of a Policy Failure*, NY:ileylnterscience(1982), revision of 1972 *Myths of Antitrust*; Yale Brozen *Is Govt Source Monop.*, CATO(1980)

⁹⁰ In fact, many of them are favoring the new bolshevoid fad of "industrial policy"

4. NUCLEAR WAR FANTASIES

4.1 KAL007

On 1st September, we were told that KAL007 was probably hijacked⁹¹. The next day U.S.intelligence suggested that the soviets may have intended to shoot down KAL015 which would have included Sens. Helms&Symms, Reagan's national security personnel chief, the deputy undersecretary of defence for policy, the undersecretary of state for technology assistance, and the economic assistant secretary of state. The purpose of such a move would have been to "remove the strongest links in the chain".⁹² And McDonald's wife said "I am not so naive to believe that the leading anti-Communist in the American government who happened to be on a plane that happened to be forced into Soviet territory and happened to be shot down by missiles was not planned."⁹³ Reagan told Sen. Baker only he would have given a similar command, and only after a hot line call to Moscow.⁹⁴ Bruce Herbert said that it is possible that the soviets could have changed the computer route code card so they can get the four cabinet members who took the earlier KAL015 instead; Jeffrey St. John has pointed out that the former South Korean air marshall, who negotiated the 1978 release, had told the soviets he knew they misguided that plane (KAL902) - but he kept the secrecy he promised them until KAL007.⁹⁵

Are the soviets not afraid of provoking a nuclear "holocaust"? Well, that's where

⁹¹ NYTribune, pp.1A,14A.=NYC version of Washington Times; UPI

⁹² Tribune,02SEP83, pp.1A,7A.

⁹³ USA TODAY,02SEP83,p.2A

⁹⁴ 11SEP83, CBS Face The Nation

⁹⁵ Both NYTribune 31AUG84

freezeniks⁹⁶ are mislead. First, during part of the decade, the soviets shall actually have superiority, recognised by Ford⁹⁷ Carter⁹⁸ and Reagan, and also called the "window of vulnerability", or "strategically ambiguous equivalence"⁹⁹. Secondly, a 1979 study by Huntington determined that in a hypothetical all-out 1978 nuclear war 80-90% of soviet occupied lands as opposed to 35-65% of the USA would survive.¹⁰⁰ The soviets even have radiation masks for cows. Yet US Nobelate physicist Wigner said that good civil defence could limit US casualties to less than 5%.

List of soviet violations as in "leak" in
NY Tribune of 31AUG84 Albert Weeks

Treaty	Violation	Dates
*Nuclear Test Moratorium	Breach of Unilateral Commitment	1961-2
*Offensiv Weapns in Cuba	" "	1962
*Ltd Tst Ban 63	Nucl Missile Submarines	1965-pres
*1972 Biol Wpns Convention	Extraterrit Venting	1965-pres
*Genva Pr 1925	Facilities Expansn,	1972-pres
*Montreux 1936	Prodxn,Storage,Xfr,Use	
*Helsinki 75	Xfr for 1st use chm weap	1980-2
*Conv Wpns Cnv81	Aircraft Carr acr Dardnl	1976-pres
*BrznvSS20Mtrm	FailNotif preMilitExrc	9/81-6/83
*IntrmSALT 72	CivilBoobytrpIncdrvCivln	1981-2
	Compln Launcr Psns	3/82-1/83
	DeploySS19,SS17 medICBMs	1972-pres
	Delib Conclmt ImpndgVrfcn	
*ABM Trty	NonPermABM Radar	1975-pres
	Larg nonPeriph Radar	
*SALT I Prtcl	excd740 subm ICBM/SLBM	1976-7
*SATL II	prob SS16 Plesetsk,SSX25	1979-pres

Figure 4-1: Soviet Treaty Violns, GACACD 31AUG84

Clearly the soviets can beat us soon. The question posed here is whether the KAL007

⁹⁶ who were shown soviet aided in McDonald's Western Goals Fdn's "Soviet Peace Offensive", J. Rees;soviet agents Kapralov and Bogdanov were at 20MAR81 freezenik strategy at Georgetown U:Wash. Times,18OCT82,p11A; CF: "Department of State Special Report 88, Soviet 'Active Measures' - Forgery, Disinformation, Political Operations, October, 1981; and its update, Special Report 101", "USDeptState Foreign Affairs Notes, World Peace Council:Instrument of Soviet Foreign Policy, April, 1982", "USDeptStFAN Expulsion of Soviet Representatives in Foreign Countries, 1980-1981", "USHouseReprPermSelCmtelntlgc 'Soviet Covert Action'(The Forgery Offensive),February, 1980."

⁹⁷ Strategic Imperative,SPHuntington,Cambridge, Ma.:Ballinger(1982), p.2

⁹⁸ Brzezinski, Power&Principle, NY:Farrar,Strauss, Giroux(1983), p.335

⁹⁹ Columbia G4840y83,Brzezinski,lect. on strategic rishp

¹⁰⁰ Civil Defense, Sen. Bnkg. Comte.,08JAN79, p.30

was downed precisely to provoke war, or to intimidate us. Their support of the freeze movement may have even expanded the window of vulnerability, so that continuing to freeze us may no longer be valuable to them -- they might wish to reap before we can catch up. Furthermore, "Marxist-Leninist ideology rejects 'bourgeois formalism', including promises and signed agreements; Soviet practice in observing treaties, while sometimes good, is selective."¹⁰¹

4.2 NUCLEAR SURVIVAL, PARAMYTHOLOGY AND REALITY

But wait a minute, didn't we hear that the superpowers can destroy the world several times over? The survival probabilities cited alone show that's wrong.

We hear soviet science correctly laughed at, but we often mistakenly also deride Russian science. Euler and the Bernoullis did their pioneering work in mathematical physics at St. Petersburg.¹⁰² Timoshenko escaped to bring us the mathematical bases of strength of materials.¹⁰³ In 1953, Shakharov built the first Hydrogen bomb. In 1957, we saw Sputnik. At Columbia, graduate probability courses utilise the Gnedenko book printed in Moscow.¹⁰⁴ Much of modern science was developed at St. Petersburg prior to soviet conquest, and much of it came to us from there thereafter. In this tradition, forced by their soviet occupiers, Russians produced a civil defence manual. This was improved in an authorrevised edition of a report of the Oak Ridge National Laboratory.¹⁰⁵ It is here that one may find extensive disputation of overkill fallacies. Firstly, the calculations assume that all weapons shall be used. This is ridiculous, as failures and weather problems will make many useless. Secondly, it is assumed that "the world's population could be gathered into circular crowds, each a few miles in diameter with a population density equal to downtown Hiroshima or Nagasaki, and then a small (Hiroshima-sized) weapon would be exploded over

¹⁰¹ "Moral Clarity in the Nuclear Age", Michael Novak, *National Review*, 01APR83,p380

¹⁰² JDAnderson, *Modern Compressible Flow*, NY:McGrawHill(1962),pp.168-171

¹⁰³ Litton(1930); *Apl. Elast.*, w/JMLessella(1925)

¹⁰⁴ G4105y82

¹⁰⁵ CHKearny, *Nuclear War Survival Skills*. Coos Bay, OR:NWSRB(1982),pp.11-15.

the center of each crowd. Other misleading". From this they proceed to multiply Hiroshima deaths per kiloton by an estimate of total arsenals. This use of linear proportions for area-density calculations would certainly shame their high school geometry teachers. US Hbomb father Teller tells us that while a one megaton bomb is seventy times more forceful than Hiroshima vertically, the horizontal distance of damage is only four times greater.¹⁰⁶

Kearny also cites the 1977 National Academy of Sciences Thirty Year Study of the Survivors of Hiroshima and Nagasaki, which concludes the "incidence of abnormalities is no higher among children later conceived by parents who were exposed to radiation during the attacks...than is the incidence of abnormalities among Japanese children born to unexposed parents." He also reminds us that "In Nagasaki, some people survived uninjured who were far inside tunnel shelters built for conventional air raids ...one-third mile from ground zero". He also shows that shelters protect from fallout¹⁰⁷, which decreases quite quickly, and atmospheric conditions are rarely as conducive as projected in worst case calculations.

Why then do people support a freeze? Firstly, they desire a bilateral freeze, not a unilateral one as freezenik leaders support. This is due to economic reasoning such as that of Reagan's first CEA chief.¹⁰⁸ But they are unaware that only a tenth of the military budget is nuclear, while half is salaries.¹⁰⁹

Secondly, they are unaware of the scientific premises involved, primarily due to the predominant antiscience mentality propogated by a centralised educational system which replaced academics with Rooseveltian socialist ideologues, reducing the substance of a high school chemistry course to that of a third grade poetry lesson.

¹⁰⁶ Area damage is 17x greater, so if we take the fiftyfold overkill of 4.5b person earth we get 37m, or one fourth the deaths by communists this century, or 2.5x the deaths by abortion since 1973, or 25x the deaths of Americans in all wars fought. *Reader's Digest*, NOV82,p.5

¹⁰⁷ he improved on the soviet design of a homemade earthen one

¹⁰⁸ MWeidenbaum, *Economics of Peacetime Defense*, Praeger(1974)

¹⁰⁹ "Nucl. Freeze", Heritage Fdn., B251,03MAR83, p.7. Wigner's CD program might cost 1% of the defence budget...Incidentally, the salaries aspect verifies that calling for defence cuts is like calling for a draft--by the Democrat party that got us into every war this century to finance its socialism. Actually 50% is personnel, operations, and maintenance - Claudio Campuzano, *Syndicated Column*, 17SEP84

4.3 NUCLEAR ETHICS

To all those who try to associate religious ethics to the cowardly nuclear freeze, I inquire as to what our moral heritage would have been if Sampson, the Biblical Jews at Masada, Jesus Christ, or the women of Souli had taken the freeze approach. What appeal would Christianity have had amongst us if Christ had told the elitist Pharisees "Let's get a negotiated settlement: If you let me live, I'll stop calling you liars"? Is it not more ethical to accept world destruction, however unlikely and fantasaical, than to surrender to atheist pharisaical tyranny, rule by bolshevoid feudalism elitists, myriads of times worst than Rooseveltian state corporatism.¹¹⁰ Indeed, Terence Cook has said that a "government has the right and the duty to protect its people from unjust aggression".¹¹¹ Let us put aside the Metternichian Helsinki accords and once again believe the *Battle Hymn of the Republic* "...As he died to make men holy, let us die to make men free..." Let us also recall "Not as the world gives do I give peace" ; "I have come to bring not peace but the sword."¹¹²

4.4 THE AMERICAN TRADITION

The American people are used to fighting and winning wars for moral causes, not ones their government would not let them win. We have always sought the moral imperative of our libertarian values in our conquests. This is something our government

¹¹⁰ "Fascism was really the basis of the New Deal": Ronald Reagan: "Reich's Friendly Fascism", MBKrauss, *American Spectator*, SEP83, p.31: Cites FDR Secy Labor Frances Perkins' *Roosevelt I Knew* ch.17, which refers to R. Viglione's *Corporate State*: describes NRA & Brain Trust official General Hugh Johnson who was difficultly persuaded to establish advisory committees "If he hadn't just given me a copy of *The Corporate State* by Raffaello Viglione in which the neat Italian system of dictatorship for the benefit of the people was glowingly described, I might have felt easier about his counter-proposal to select a labor man to sit at his right and a businessman at his left, for whom he could outline the code and ask if they had any objections." Among Mussolini's preHitlerian admirers were Swedish Social Democrat Gunnar Myrdal & FDR. Note Alva Myrdal's sterilisationist policies in *Nation & Family*, NY: Harper (1941). Alva Myrdal said in 1932, "Brutality and violence are gradually being stamped out like any other contagious disease ... Scandinavian countries ... most advantageous set of pre-requisites for a bold experiment in social democracy ... if it could not develop successfully in Scandinavia it will probably not work anywhere else" quoted by Arthur Shenfield, *Failure of Socialism*, Heritage (1980), p.20. Also JTFlynn, *Roosevelt Myth*, NY: Devin Adair (1956), pp.9,310-26,381-4, and *ad passitum*.

¹¹¹ cited by RSincere, *Church World* (Portland, Maine) 07JAN82 cf: *The Ghandi That Nobody Knows* b by Richard Grenier

¹¹² JN14:27, MT10:34

forgot during the past decade when it tried to base its policies on transient crisis management instead.¹¹³ Let us instead SEIZE this moral imperative and attempt to reaffirm what Bailey¹¹⁴ described as the great friendship and similarities of the two great frontier nations of the United States and now captive Russia. Let us close the "window of vulnerability" and quickly end socialist slavery -- so that they do not have the opportunity to enslave us. Let us do what is morally correct, and not that which allows us to bathe in transient, cowardly luxury. For, otherwise, we may be faced with what Churchill described as a choice between shame and war. If we are not bold, we may accept shame, but still have war, or even worst, slavery, later. Despite Churchill's fears, Hitler, as shall soon the soviets, achieved greater armaments than the allies. Churchill's grandson said that "many people...not only think he was right about what he said in the thirties...feel that had his advice been heeded in the forties, we would not today be living under a balance of terror."¹¹⁵ Let us prefer honorable blood, sweat, and tears to shame, for freezenikian appeasement would assure us a Chamberlainian shame, of which KAL007 is only a symptom. Only in this way will Reagan's call to the British Parliament for a "global campaign for democracy... will leave Marxism-Lenninism on the ash heap of history as...other tyrannies which stifle the freedom" succeed.¹¹⁶ Perhaps we'll see the "time when there'll be no camps in Russia" that Vysotsky's

¹¹³ Spanier, AmerFrmPclySincWWII, NY: CBS/HRW (1983), pp. 1-14; REHunter, "PresContrFrmPcly", Wash.Papers, 91, Praeger (1982); REWeigley, Amer.Way of War (1973), p.368

¹¹⁴ Diplomatic History of the American People, NJ: PrenticeHall (1974), p.363

¹¹⁵ Imprimis, DEC82; A 1982 pamphlet of the British Coalition for Peace Through Security says "The scare propaganda about nuclear war churned out by CND is extraordinarily similar to the scare tactics used by the Appeasers during the 1930's. Those people too tried to persuade the public that defending ourselves against the Nazis was both useless and a provocation. / The great fear for that generation was the possibility of city bombing and gas attacks by the Germans. Prominent Left-wing scientists, academics, literary figures and politicians predicted enormous casualties, and spoke about futility of Britain building up defences ... led Hitler to believe that he could walk over Europe with no opposition ... provoking the same miscalculation, this time among the Soviet" N Y Times, 08MAR38: Churchill "tore into the government's 'astounding complacency' with a speech calculated to make parliamentary flesh creep. The German Air Force, he said, was twice the size of Britain's ... and growing at double Britain's rate." Note that the day after the President's Grenada speech in OCT83, CBN said that the Detroit Free Press indicated findings of something like soviet missile bunkers near the Port Salinas rail.

¹¹⁶ WSJ13JAN83

ballad yearns for.¹¹⁷

5. PARTICIPATIVE MANAGEMENT, BEHAVIOR OR IDEOLOGY

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5.1 BEHAVIORAL FRAMEWORK

A Russian once complained¹¹⁹ "When Borys Gdunov did it they called it 'serfdom', when the United Nations gets least developed countries to do it, they call it 'rationalisation'. When the Tzars were morally obligated to follow the consensus decisions of the Assemblies of the Land, they called it 'repression' and 'cooptation', when the Japanese do it, it is called 'participative management'."

Indeed, participative management seems to be a major trend, advanced by Mayo, Likert, McGregor, Maslow, Herzberg, Bennis, Melman, Argyris and Roethlisberger, whose pupils, mentors, associates or selves even brought participative management to Japan at the instructions of General MacArthur.¹²⁰ Yet equally famed organisational behaviorist Arthur

¹¹⁸ Portions of this paper were submitted in partial fulfillment of the requirements for the Comparative Industrial Relations course, B8405s83, taught at the Columbia University Graduate School of Business by Professor Margaret K. Chandler. LGI is registered with University Vice President Benson. Duplication of this paper by educational, conservative, or libertarian institutions is permitted gratis only if reproduced in its unmodified entirety. Copyright (C) 1983.

¹¹⁹ wishes to remain anonymous, but refers to the following for substantiation of commentary: *Land of the Firebird*, Suzanne Massie, NY:Touchstone/Simon&Schuster(1980);deGoulevis, *On Tsarism and Revolution*;Aleksandr I. Solzhenitsyn, *Mortal Danger* and *World Split Apart*, NY:Harper Colophon(1980,1978).

¹²⁰ With the exception of Spencer's classic American sociology, the sociology-psychology literature is littered with the anticapitalism of Georg Simmer, max Weber, August Comte, Emile Durkheim, and Freud -- and the openly socialist-communist views of Otto Fenicher, Helene Deutsch, Alfred Adler, Wilhelm Reich, and Erich Fromm. Ernst van den Haag *Capitalism:Sources of Hostility*, NY:Epoch(1979), pp14-15.

Jago tells us in a review of the literature¹²¹

democratic leadership provides followers with the opportunity to express and fulfill individual needs in the course of accomplishing group goals. The opportunity for regulating and controlling their own activities enhances psychological identification with the group and its task and provides a means for satisfying ego-esteem and self-actualisation needs through the work of the group rather than at its expense... Participative decision-making provides a vehicle for follower information, expertise and creativity to be brought to bear on problems for which the leader's own information and knowledge may be insufficient ... create a climate where creative conflict is encouraged ... Presumably ... fosters ego involvement in the decision itself leading to a greater sense of commitment to the course of action chosen than if the same decision had been arrived at by more autocratic means ... however, no overwhelming evidence exists to support the initial predictions of proponents of democratic leadership ... may depend upon [in a contingent behavior satrapical sense as opposed to universal trait theory] ... (1) the extent of leader and follower knowledge and expertise, (2) follower motivation, (3) task attributes ... (4) the degree of conflict over goals or means to attain goals, (5) leader attributes, (6) time pressures, (7) group and organization size, and (8) environmental stability... one-best-way to lead [assumptions for which] empirical evidence clearly reveals the lack of a basis for such a sweeping assumption

Indeed "As Jon Blades has recently shown, the effectiveness of participative management depends in large part on the intelligence and ability of the group members."

¹²² Furthermore, as Salancik said, while "[t]o [ideologically] generalise, as many have, by saying, 'participative management is profitable,' is a severe form of stupidity ... The *important* effect of the participation scheme was that it *created a commitment* [emphasis added]".¹²³ Mechanic tells us "there is a direct relationship between the amount of effort a person is willing to exert in an area and the power he can command"¹²⁴, yet

¹²¹ Arthur G. Jago, "Leadership: Perspectives in Theory and Research", *Management Science*, 28, 3, MAR82, p.321; he cites: Filley, House & Kerr, *Managerial Process and Organizational Behavior*, Glenview, Ill.:Scott, Foresman(1976); Fleishman, "The Leadership Opinion Questionnaire", in Stogdill & Coons, *Leader Behavior*, Columbus, Ohio:OSU(1957), pp.120-133; Heller & Yukl, "Participation, Managerial Decision-Making, and Situational Variables", *Organizational Behavior and Human Performance*, 4, (1969), pp.227-41; Halpin, *Manual for the Leader Behavior Description Questionnaire*, OSU(1957); Locke & Schweiger, "Participation in Decision-Making: One More Look", in Staw, *Research in Organizational Behavior*, 1, Greenwich, Conn.:JAI, pp.265-339; Maier, *Leadership Methods and Skills*, NY:McGrawHill(1963); Tannenbaum & Schmidt, "How to Choose a Leadership Pattern", *Harvard Business Review*, 36(1958), pp.95-101; Vroom, "Industrial Social Psychology", in Lindzey & Aronson, *Handbook of Social Psychology*, 5, Reading Mass:Addison-Wesley(1969), 196-268.

¹²² Fred E. Fiedler, "The Leadership Game: Matching the Man to the Situation", *Org. Dyn.*, Winter, 1976, pp.10-11.

¹²³ "Commitment is too Easy!", Gerald R. Salancik, *Organizational Dynamics*, Summer, 1977. as in *Readings in the Management of Innovation*, Tushman & Moore, Boston: Pitman(1982), pp.219,218.

¹²⁴ David Mechanic, "Sources of Power of Lower Participants in Complex Organizations", *Adm. Sci. Q.*, 7, 3, DEC62.H6.

"organisational effectiveness [less vague than effort] bore a much closer relationship to the total amount of control at work [less vague than power] than to the pattern of its internal distribution."¹²⁵ Without going too much into semantics¹²⁶ one can see that the prior statement was more ideologically motivated and may have affected the results.¹²⁷ Similarly, we have "[e]mployee participation in setting goals generally [~~---NOTE!~~] leads to higher goals that when the goal is unilaterally set by a supervisor"¹²⁸, yet reward, referant, legitimate, and even coercive power can facilitate coordinations and decrease conflict.¹²⁹

Without ignoring the satrapic¹³⁰ effect of participative managers¹³¹ (which resembles the report of a front line soldier) we must not ignore other effects. Exemplarily, decisionmaking involvement clearly does correlate to increased conflict,¹³² constructive or not.

¹²⁵ Anthony Hopwood, *Accounting and Human Behaviour*, London:Accountancy Age/ Haymarket(1974), 1976 Prentice-Hall reprint, p.36; citing A.S. Tannenbaum, *Control in Organizations*, NY:McGrawHill(1965).

¹²⁶ C.S.Baldwin, *A College Manual of Rhetoric*, NY:Longmans, Green(1902)

¹²⁷ Donald R. Lehmann, *Market Research and Analysis*, Homewood, Ill.: Irwin(1979), pp.51,204.

¹²⁸ G.F.Latham, L.L.Cummings, & T.R.Mitchell, *Org. Dyn.*, Winter, 1981, p.20.

¹²⁹ Donald I. Warren, "The Effects of Power Bases and Peer Group on Conformity in Formal Organizations", *Adm. Sci. Q.*, DEC69, pp.544-56.

¹³⁰ After the eyes-and-ears-of-the-shah ancient Persian provincial governors. I would use "delegative" but that word has been increasingly forced by statistis to connote abdication.

¹³¹ In my three years as Computing Administrator of the Columbia University Bioengineering Institute, I found introspective information from janitorial and secretarial personnel extremely useful in predicting organisational problems, while, with surprising consistency, wrong as to causational determination!

¹³² S. Robbins, *Managing Organizational Conflict*, Englewood Cliffs, NJ: Prentice-Hall(1974), p.45; Donald I. Warren, "The Effects of Power Bases and Peer Group on Conformity in Formal Organizations", *Adm. Sci. Q.*, DEC69, pp.544-56; Ronal G. Corwin, "Patterns of Organizational Conflict", *Adm. Sci. Q.*, DEC69, pp.507-20; Clagett G. Smith, "A Comparative Analysis of Some Conditions and Consequences of Intraorganizational Conflict", *Adm. Sci. Q.*, MAR66, pp.504-29; Strauss & Rosenstein, "Worker Participation: A Critical View", *Industrial Relations*, FEB70, pp.197-214; Mayer Zald, "Power Balance and Staff Conflict in Correctional Institutions", *Adm. Sci. Q.*, JUN62, pp.22-49; Robbins says that participative schemes were developed by Likert, McGregor, Maslow, & Herzberg, citing Likert, *New Patterns of Management*, 1961, p.99.

Moreover, there are organisational efficiency problems, as participation decreases decisionmaking efficiency and the "more vertical organization achieved better economic results than the more permissive one", while collective decisionmakers are reluctant to permit the creation of new jobs for outsiders to share the growing pie.¹³³ Yet the Likerts claim that more successful plants have greater mutual confidence in freer, participating subordinates whose ideas they are more likely to use, and whose expectations of one another make them work well, and who depend on accounting as a guidance, rather than a punitive, tool.¹³⁴ Yet Lawler tells us that needs exist in a hierarchy where satisfaction of higher needs is insignificant if lower needs remain unsatisfied [the hierarchy being (low to high): existence, security, social, reputation, autonomy, and selfactualisation]¹³⁵ meaning that participation is insignificant if lower level needs such as pay and position are not satisfied -- which by Adizes saying participative organisations are less efficient, is not.

Furthermore, while the effectiveness of punishment is widely documented¹³⁶ we see that it is ineffective, unjust, and indiscrete when applied participatorily.¹³⁷

Finally, the participationist/humaniser approach is best characterised as¹³⁸

¹³³ Adizes, *Industrial Democracy: Yugoslav Style*, NY: FreePress(1971), pp.191,206,217; I. Adizes, "The Effect of Decentralization on Organizational Behavior" (PhD Dissertation, Columbia University, 1968, ch.7)

¹³⁴ Likert & Likert, *New Ways of Managing Conflict*, NY:McGrawHill(1976),ch.5

¹³⁵ Edward E. Lawler III, *Motivation in Work Organizations*, Monterey, Calif.:Wadsworth(1973), ch.2, pp.31,38.

¹³⁶ Richard D. Arvey & John M. Ivancevich, "Punishment in Organizations", *Academy of Management Review*, 5, 1, 1980, p.124.

¹³⁷ Adizes(Jugoslavia) , *opere citato*, p.191.

¹³⁸ Walter R. Nord, "Dreams of Humanization and the Realities of Power", *Academy of Management Review*, JUL78, 3,3, p.677. Indeed it is not clear that Nord is opposed to humanisations or is trying to find power oriented ways by which it may be implemented. His Proposition 3 is "unequal distribution of power itself has a non-humanising effect" which interestingly contrasts with the Pareto Principle on the distribution of welfare "most of it was in the hands of a few people (the vital few), while the vast majority (the trivial many) existed in poverty", Auren Uris, *Executive Deskbook*, NY:Van Nostrand(1976),p.285. Nonetheless, he clearly admits the normativeness of the humanisation approach.

a comparison of the two Golden Rules. First, many of us who seek to humanize organizations dream of organizations where the powerful people either out of self interest or out of moral commitment, follow the first (or the normative) Golden Rule -- "Do unto others as you would have them do unto you." By contrast, the second or the descriptive golden rule, which I first saw on the wall in a men's room at Washington University, states, "Them that has the gold makes the rules." ... [power in] existing organizations supports humanized relationships only to a limited degree. Humanization of such systems is by no means inevitable, but instead may require considerable struggle

It might be suspected that participationists are really after the gold that will fall into their hands once their desired disequillibrations are settled down by their new found "expert" power. Indeed, Heller & Yukl tell us that leaders use less participation and just a few trusted, delegational lieutenants. Towards lower levels, they are more autocratic as span of control and size of unit increase - but they do not increase delegation.¹³⁹

5.2 PARTICIPATIONIST VIEWS AND GOALS

5.2.1 Frameworks

Sockell¹⁴⁰ says that the theoretical basis for participative management are

- Democratic
- Socialist
- Human growth development
- Productivity

The applicability of "democracy" and "productivity" is better left discussed by the Sowell and Harriss quotes that follow.

Sockell also says that participation is often seen as a way to instruct [indoctrinate

¹³⁹ "Participation, Managerial Decision Making, and Situational Variables" *OrgBeh&HumPerf*, 1969,4,227-241

¹⁴⁰ Prof. Donna Sockell, Columbia University, Substitute Lectures for Professor Margaret Chandler, Comparative Industrial Relations, BS405s83, August, 1983.

¹⁴¹] workers in collectivism.¹⁴² Sockell clearly sees participative management as only a step in the continuum leading to codetermination and worker superiority over owners, defining advancement along this continuum as

Scope: range/importance of issues/decisions in which workers take part

Degree: influence workers have over decision making [(low) collective bargaining, consultation over major decisions, veto over former, joint decision making, minority codetermination, majority codetermination ... (high)]

Extent: proportion of workers participating

Form/Structure: Method by which established [share ownership, codetermination, collective bargaining, works councils, formal, informal]

Indeed those who tell us that Cuban and Chinese enterprises decide "democratically" also tell us¹⁴³

work humanization, far from threatening capitalist ... fortifies capitalist control ... as long as the initiative ... remain with the capitalists ... once given a taste of control over their work, workers go after more ... capitalists' control over the program is lost and their control over the entire production process ... becomes threatened ... less pretentious variant of the works' councils has been introduced ... [in the USA as the] Scanlon Plan [which] allows for the reception of workers [sic] suggestions ... several hundred U.S. firms are experimenting with work humanization programs which often entail the solicitation of workers' opinions.

And we are told that "under liberal capitalism collective bargaining"¹⁴⁴ has undoubtedly

¹⁴¹ cf treatment of Korean War POW's by Chinese Communists in "Interpersonal Communication, Group Solidarity, and Social Influence", Edgar H. Schein, *Sociometry*, 23, 1960, pp.148-160.

¹⁴² The Hungarian example later shows this, but when asked for specific sources, Prof. Sockell was unable to locate them specifically but suggested looking at J. Vanek, *Self-Management: Economic Liberation of Man* (Hammondsworth: Penguin (1975)); A. Gorz, *Socialism and Revolution*, Garden City, NY: Anchor (1973) or *Strategy for Labor*, Boston: Beacon (1967); Predrag Vranicki, "Socialism and the Problem of Alienation", *Praxis*, 1, (1965), pp.307-17; S. Bornutan and K. S. Fine "Worker Control in France: Recent Political Developments", in G. David Garson, *Worker Self-Management in Industry*

¹⁴³ Espinoza & Zimbalist, *Economic Democracy: Worker's Participation in Chilean Industry: 1970-73*, NY: AP/HBJ (1978), pp.25, 21, 4.

¹⁴⁴ for an appropriately scathing analysis as a conspiracy in restraint of trade that makes most people poorer than they would otherwise be, see W.H. Hutt, *The Theory of Collective Bargaining: 1930-1975*, San Francisco: Cato Institute (1980), Reprint of London: Institute of Economic Affairs (1975). Revised edition of 1930 book

achieved major penetrations into capitalist power."¹⁴⁵ The mere ideological implications of the terminology herein shows us the ultimate goals of the "humanizers".

5.2.2 Japan the Mighty, Myths and Facts

Japan shocked us in WW2, and ran with the initiative. In a similar way it has done so industrially today. The unpretentious strategisation that involves

- Do not think dishonestly
- The Way is in training
- Become acquainted with every art
- Know the Ways of all professions
- Distinguish between gain and loss in worldly matters
- Develop intuitive judgement and understanding for everything
- Perceive those things which cannot be seen
- Pay attention even to trifles
- Do nothing which is of no use

¹⁴⁶ and applies the satrapical concept for information gathering. Indeed, what to us seems as participative management along the human relations model is really intensive research to such trifles, as "Honda collected many ideas on casting and welding from his workers and other sources. As a result of his research Honda equiped ...[Sony's Morita on his San Diego plant] difficulty persuading our American engineers and managers to go onto the production floor and mingle with the foremen and workers to learn how things were really made ... design quality into new products and design out product defects"¹⁴⁷ The old

¹⁴⁵ Barbash, "Work Humanization", in Martin & Kassalow, *Labor Relations in Advanced Industrial Societies*, Washington, D.C.: Carnegie Endowment for International Peace(1980), p.193.

¹⁴⁶ Miyamoto Musashi, *A Book of Five Rings*, "Japan's answer to the Harvard MBA", (1645), transl. V. Harris, Woodstock, NY:Overlook(1974), pp.6,49.

¹⁴⁷ *Pacific Basin Quarterly*, Summer 1981,p.8

concepts have survived to this day, exemplarily in the Matsushita employee creed "Progress and development can be realized only through the combined efforts and cooperation ... continuous improvement of our Company", which includes "spiritual values" of national service through industry along with courtesy [even to employees!], struggle for betterment, and humility.¹⁴⁸ Japanese attitudes also include implicit communication, feedback, interdependence, rather than independence, as a way of decreasing dependence, and recognition of the value of, not submission to, upward influence.¹⁴⁹ Those at McKinsey repeat to us that one of the Japanese successes has been their ability to deal with the more ambiguous elements of the Peters-Waterman-Pascale-Athos 7S framework of executive leverage: Structure, Style, Staff, Shared Values, Skills, Strategy, and Systems.¹⁵⁰

Furthermore, in Japan, employees can be treated more participatively because of minimal stock ownership *ie* hi debt:equity leverage, but this is changing with the development of capital markets in the 1970's. Moreover, Japan's growth is not due to the old feudal structure, or with the social innovations of MacArthur, but of their being relatively freer than the preWW2 conditions.¹⁵¹ Herbert Stein's *Fortune* review of Harvard professor Robert B Reich's *Next American Frontier* industrial policy proposal wrote that "between 1960 and 1979 Japanese real per capita output rose from 31.5% of ours to 70.2% of ours. But the rate of gain on us fell sharply. If it continues to fall at the same pace, Japan's real per capita GNP would still be only 74% of ours in 2083"; and William Ouchi says "The Japanese are successful because their government doesn't get as

¹⁴⁸Pascale & Athos, *Art of Japanese Management*, NY:Simon&Schuster(1981), p.51¹⁴⁹*ibidem*, pp.98,103,119,140; Allen & Porter, *Organizational Influence Processes*, Glenview, Ill.:Scott, Foresman(1983), pp.342-483.¹⁵⁰*ibidem*, pp.202,204,206; Peters & Waterman, *In Search of Excellence*, NY:Harper&Row(1982), pp.10-11.¹⁵¹

"Industrial Policy: The Super Myth of Japan's Super Success", Katsuro Sakoh, PhD, Director of International Economics, Council for a Competitive Economy, *Background*, Asian Studies Center, Heritage Foundation, Washington DC, 13JUL83 -- I am very grateful to former Treasury Secretary William Simon for sending me this; Private Communication with Dr. Sakoh, 12AUG83, 9:11-9:55 am --for helping arrange this I am grateful to Dr. Joseph McNamara, Manager, Free Enterprise Institute, Amway Corp.

directly involved in policy making as ours."¹⁵² This is aided by the fact that there is "no clear differentiation between labor and management", and that union leaders advance to eventually become managers. In fact, American-trained uneconomical ideologues have made the radical unionists of the national railroad, a "MITI [which] hasn't produced anything", coercive "politicians [who] think they own the country", and the slowdown of the economy due to Keynesian economic fallacies.¹⁵³ Indeed Mitsubishi President Toshiro Tomabechi, speaking at a Columbia University forum coordinated by Professor Margaret Chandler¹⁵⁴, tells us

"the United States remains the world leader in research and innovation technology. The strength of Japanese industry, on the other hand, has been in refining and applying new technology to the production line" ...Removal of barriers to the marketplace, barriers which have become "symbols of Japan's alleged unfairness, lack of sympathy for her allies, and disregard for the free trade system," is the first step for Japan ... both nations must face the realities of the marketplace ... " ... the right sort of marketing effort,"

Indeed, Japan's success has been attributed primarily to marketing sensitivity.¹⁵⁵ Furthermore¹⁵⁶ Japanese laborers can advance to management positions -- which are not entered into directly with an MBA and no prior plant floor experience -- this is a real alternative to participationism.

Apparently, some ideologues seek to take advantage of the Japanese successes to

¹⁵² both cit in MBKrauss/Reich, *opere citato*

¹⁵³ Sakoh conversation, *opere citato*

¹⁵⁴ Hermes: Columbia Business School Magazine, 9, 3, Summer, 1983, p.17.

¹⁵⁵ something like 26% (the most for any factor) is attributed. This was presented by Professor Russell Winer to the Columbia Marketing Planning class B6602y83 in the Spring, 1983 semester as having been found in that morning's (class met Mondays and Wednesdays) **New York Times**, probably February or March

¹⁵⁶ Dr Sakoh, 11JAN84

impose their ideas here,¹⁵⁷ whether or not they are relevant.

5.2.3 USA and Europe

Encouraged by Woodrow Wilson's nationalisation of AT&T¹⁵⁸ a few years earlier, the WW2 War Production Board, [something attempted prior to the war as the Supply Priorities & Allocation Board under Henry Wallace, of the same administration that "inaugurate[d] precedents"¹⁵⁹ by infusing bolshevoid feudalism (including industrial policy and Galbraith's beloved price controls) en masse into our economic system] required Cabot Corporation¹⁶⁰ to create

"employee-management committees" formed for the discussion of matters of mutual interest such as safety, efficiency, conservation of supplies, encouragement of ingenuity, and the adjustment of grievances in nonunion plants

Yet the International Chemical Workers Union of the AFL-CIO filed with the National Labor Relations Board an unfair labor practice charge (1954) that these committees were company unions. The Supreme Court found that since these committees¹⁶¹

also made proposals and requests respecting such matters as seniority, job classification, job bidding, working schedules, holidays, vacations, sick leave, a merit wage system, wage corrections, and improvements of working conditions and facilities ... were "labor organizations" within the

¹⁵⁷ Exemplary is Columbia Industrial Engineering Professor Seymour Melman who wrote to the author of an article on the Toyota production system, claiming plagiarism: "Toyota Production System...", *Intl. J. Production Research*, 1977, 15, pp.553-64; Industrial Economics E6305x82, Columbia University School of Engineering and Applied Science, Seymour Melman (on the below mentioned matter of thought coercion, one should try this class, in which Melman insists only what he says is factual with great dynamism!); cf Melman's articles (listed in the course syllabus without further reference) "Decision-Making Productivity" and "Managerial vs. Cooperative Decision Making in Israel", also J W Kendrick, *Postwar Productivity* and R Bendix, *Work and Authority in Industry* -- exemplarily he criticises his Israeli opponents as "Milton Friedman economists". Other works from the humanisers may be found in *Organizational Behavior: A Book of Readings*, Keith Davis, NY:McGrawHill(1974), formerly *Readings in Human Relations*.

¹⁵⁸ "AT&T:Adaptation in Progress", *Harvard Business School Case Services*, Case 9-481-074, p.6

¹⁵⁹ John T. Flynn, *The Roosevelt Myth*, NY: Devin-Adair(1956), pp.9,310-- Flynn rightly calls it "fascist planning", p.315; Note also Harry Dexter White's effectively running Morgenthau's Treasury Department while aiding a part of the Silvermaster soviet spy ring and sold East Europe to the bolsheviks via the "Morgenthau Plan" for Germany, p.381-4. p.326: "they could all unite in a weird conventicle -- Anglo-Saxon imperialists, groping New Dealers and dogmatic Red bigots -- under banners like those of the OWI, the OPI, and the BEW"

¹⁶⁰ The firm was assigned to Panagiotopoulos for the Evaluation of Industrial Operations course

¹⁶¹ F2d281 paras 71,586,256; US203 paras 1690.395, 3510.291, 3535.043, 3595.23.

meaning of § 2(5) of the National Labor Relations Act and that respondents had dominated, interfered with, and supported them in violation of § 8(a)(2); and it issued an appropriate cease and desist order.

... and this barely uncovers the potential dangers of participative management, which Joe Quinn of the Center for International Relations openly attacks as "fascistic control" that hinders incentives and free economic activity.¹⁶² And Deal&Kennedy¹⁶³ tell us "In contrast to warm, humane managers promoted by business publications today, what businesses need are individuals concerned about building something of value and sensitive mostly to the needs of the organization they are trying to establish. Call it bastardly, but also call it heroic."

Yet American managers are flocking to participation as some solution of their problems. Honeywell has its "Humanagement",¹⁶⁴ And Weisz speaks of "PMP" at Phillip's Motorola¹⁶⁵

The challenge to the manager of tomorrow is to find ways by which each individual can be given opportunity for self-realization and will be valued for himself ... purpose of management ... is to realize the power of men ... surprising number of [employee] goals will [ah! ever elusive tomorrow, always a day away!] be more reach-out than management's [short or long term?] ... [cites 40% gold loss to zero by PMP, but does not say how else could have been done] ... [in response to vacancies workers unknowingly vindicate Adizes claim, saying] "We will share the work, you don't have to hire or replace that person. Reduce the budget. [and increase our wages later?]" ... consensus building

Indeed, Japanese firms in the USA are very selective with the type of people they hire -- creating a dual structure? -- while UAW officials believe it is only a matter of time before workers lower level needs are felt unsatisfied -- that is that they will be overworked or underpaid.¹⁶⁶ D.J.B. Mitchell, Director of the University of California Institute of Industrial Relations sums it in saying that Ford's job security and worker participation program is

¹⁶² Private Telephone Communication, 16AUG83, 15:24. Suite 805, 1705 deSales Street, NW, Washington, D.C. 20036, 202 2931340; See also "A Few Toothless Committees Mean Nothing", *Mgt. Today*, OCT81, p.40.

¹⁶³ opere citato, p56

¹⁶⁴ *Industry Week*, 27JUL81, pp.32-37.

¹⁶⁵ *Vital Speeches*, 01MAY82, p.440-3.

¹⁶⁶ *U.S. NNews & World Report*, 04JUL83, pp.75-6.

"tailor-made to the union's ideology [There's a bold and honest man!]"¹⁶⁷

Backing up Adizes' efficiency argument in his discussion of German codetermination, Pejovich tells us that "[l]abor representatives on the board of directors have incentives to push for investment decisions that promise to maximize near term cash flow ... increase in the cost of equity capital means that the average rate of return in labor participating firms will fall. The result will be a shift of capital toward non-participatory alternatives such as smaller firms, human capital and foreign investments."¹⁶⁸

Indeed, many firms may be forced to prefer codetermination in lieu of the indecisive confusion of random union interference, as evidence by the complaints of an Italian firm's president.

¹⁶⁹ Codetermination, having roots as far back as 1835, attenuates "the right of ownership and contractual freedom and, consequently, represent a major weakening of capitalism in the West. The laws on codetermination are in effect a major vehicle through which socialism has been creeping into Western societies ... major explanations ... enhancement of industrial democracy and the reduction of worker alienation."¹⁷⁰

Armen Alchain says that codetermination is to "transfer a share of the stockholders' specific asset wealth to the providers of generalized, non-specific resources -- called the employees ... no other viable economic function. That is why it does not appear voluntarily."

¹⁷¹ Indeed, the EEC has declared it a major objective to encourage labor participation in management.¹⁷² Concurring with Adizes and Nord, Pejovich says "discussions in the board room are not really free exchanges of thoughts, ideas, and judgements but a sort of

¹⁶⁷ *Business Week*, 01MAR82, p.91.

¹⁶⁸ "Codetermination in the West", Steven Pejovich, director of the Center for Free Enterprise, Texas A&M University, *Heritage Lectures*, 10, 1982, p.20.

¹⁶⁹ N.W. Chamberlain, *Forces of Change in Western Europe*, London: McGrawHill (1980), p.127.

¹⁷⁰ Pejovich, *opere citato*, p.1

¹⁷¹ A. Alchain, *Private Rights to Property: The Basis of Corporate Governance and Human Rights*

¹⁷² "Employee Participation and Company Structure in the European Community", *Bulletin of the European Community*, AUG75, p.9.

bargaining between the two sides."¹⁷³ What is interesting in the study of the evolution of participation is the German Constitution of 1919 Article 165, which incorporated the concept of codetermination¹⁷⁴, and its, albeit slight, similarity to the Japanese company and military codes.

wage-earning and salaried employees are called upon to cooperate, with equal rights and in community with the entrepreneurs, on the regulation of wage and working conditions and on the total economic development of the productive forces

In addition to the aforementioned participationist thinking Tichy says "Work groups have been found to establish their own standards, sometimes in line with formal standards and sometimes not ... performance and satisfaction is greater when the team members feel that they have influence the group work standards."¹⁷⁵ For this he remarkably cites an insurance study! Indeed, we know that education is positively effects the closeness to the mean of questionnaire responses.¹⁷⁶ Furthermore, we know that insurance companies tend to have bureaucratoid process cultures, while factories probably have "work hard/play hard" cultures.¹⁷⁷ Another point cited by Tichy is that workers are more satisfied when their team achieves the total task, rather than just a piece of it --citing a sense of "closure".¹⁷⁸ Yet this has little to do with participation, and could be accomplished under present, "managerial" decision making. Even Tichy admits, however, that the Swedish "innovations" are unlikely elsewhere, although he seeks to blame it on management-union commitment, interdisciplinary technical sophistication, and a "strong belief in learning through

¹⁷³ *opere citato*, p.14.

¹⁷⁴ Pejovich, *opere citato*, pp.10-11.

¹⁷⁵ Noel M. Tichy, "Organizational Innovations in Sweden", *Columbia J. World Business*, Summer, 1974, p.23; cites J. Bowers, "Organizational Control in an Insurance Company", *Sociometry*, 27, 1964, 230-44.

¹⁷⁶ This study was cited by Professor Donald R. Lehmann in the Columbia Managing Innovation course in Spring, 1983.

¹⁷⁷ Deal & Kennedy, *Corporate Cultures*, Reading, Mass.: Addison-Wesley(1983), pp.108-23. Curiouser and curiouser! He also says "tasks should be organized to give teams maximum control over them. This includes the selection of leadership", which we address elsewhere. He cites the "pioneering" work of Trist and associates at the Tavistock Institute in England, *Sociotechnical Systems*, London(1960)

¹⁷⁸ B.Zeigarnik, "Das Behalten erledigter Handlungen", *Psych. Forschung*, 9,1927, pp.1-85.

experimentation', while proving his intentions by saying that the "greatest predicted consequence ... challenging many of the conventional wisdoms regarding the way work should be organized."¹⁷⁹ He concludes "The events of the 1960's and the crisis in government ... raised deep and troubling questions regarding the exercise of power by managers ... legitimacy of management's authority is increasingly questioned by younger workers and the U.S. public is becoming more cynical about business organizations."

¹⁸⁰ Needless to say the "innovations" failed.¹⁸¹

To fully comprehend these foolish participationists, one must observe, for example, the 1980 Socialist platform¹⁸² "Program for the 80's: Humanize America!... worker's control of all industry through democratic organization of the workplace, with workers making all the decisions now made by management ... democratic participation through shop councils"

5.2.4 Communist Occupied Nations

The feudal bolshevizers of Hungary¹⁸³ tell us

With the nationalizations in Hungary the factories and enterprises passed into socialist public ownership. The constant development of factory democracy, together with the improvement of the workers' general and economic education [Sokell's point on the collectivising process!] are among the basic principles of our society. This wider education is the basic condition for the workers to be able to understand the more complex affairs of their workplaces and to be able to express their views on more and more questions and, indeed to be able to participate in decisions on affairs directly concerning them. And above all, it can ensure that workers do not look upon themselves as employees, but feel an increased sense of ownership ... This is the objective and content of factory democracy. It is the only way that state enterprises can truly become socialist property. Although our workers are already well advanced in this long-term process, many of them and even some of the economic managers still need to acquire a greater awareness of the workplace democracy of owners of public property, of the requirements for this democracy and they must adopt a higher standard of work and management... Management Council ... analytical criticism ... [or] ... counter-proposal ... [wage forms] voted in favour of the "C" version because it is the simplest and would act as the strongest incentive ... Although it will never be the function

¹⁷⁹ opere citato, p.25

¹⁸⁰ opere citato, p.27

¹⁸¹ Professor Margaret K. Chandler, Summer, 1983.

¹⁸² D B Johnson, **National Party Platforms VIII**(1982), pp.219-221

¹⁸³ "Forms of Workplace Democracy", Imre Szenes, **Hungarian Trade Union News**, JUN76, pp.3-5. Given my uncle's Athenian tour bus company [Thettalos] hidden in tourist literature

of any of the forums of factory democracy to make decisions on technical and technological questions, the system of alternatives [chosen by experts ie feudal elites, cf Sowell p.304 below] is being used with success here too

Jugoslavian "management" yield quickly to strikers, even at financial loss, for fear of governemnt intervention, yet "filling a grievance under the CB[collective bargaining] system is considered normal behavior, any formal complaint by an individual Yugoslav worker is likely to be considered by management as asking for trouble."¹⁸⁴

5.3 CONCLUSIONS

Participative management seems headed for the same graveyard as its associated universal trait leadership theories, which are being replaced by contingent behavior theories, such as the Vroom-Yetton decision tree model (determines which decisions require how much "participation", but largely in the satrapical sence, as even Jago has eliminated the more participative dimensions in his 1982 paper.¹⁸⁵

Unlibertarian measures were in fashion in Galileo's day, and they often continue to be, and encourage the restriction of freedom by and from others -- yet freedom is the ultimate factor in productivity -- and this is hampered by government and labor.¹⁸⁶ Yet freedom of stockholders, as well as freedom of worker individuality against cohesively coercive [eg Janis' Groupthink] collective forces, is endangered by the arguments of some careless intellectuals of management. In criticising "participatory democracy" Sowell presents a criticism which is also valid here "Those individuals who have the leisure, the education, and the inclination to 'participate' may be very unrepresentative of the public."

¹⁸⁴ Josip Zupanov, "Two Patterns of Conflict Management in Industry", (USA & Jugoslavia), Symposium:Crossnational Research,Industrial Relations, May, 1973, 12,2, pp.218, 220,222.

¹⁸⁵ Jago, opere citato, ad passitum; Victor H. Vroom & Arthur G. Jago, "Decision Making as a Social Process: Normative and Descriptive Models of Leader Behavior", 5, (1974); Gary A. Yukl, *Leadership in Organizations*, NY:Prentice-Hall(1981), pp.2-8,203-263.

¹⁸⁶ Clement Lowell Harriss, "Basic Forces in Productivity Growth", in Ali Dogramaci, *Productivity Analysis*, Boston:Nijhoff(1981), pp.45-7.

187 Indeed, participation often results on dependance on intellectual experts who therefore
endorse participation as the "participants" are not knowledgeable.¹⁸⁸ He continues brilliantly
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intellectual processes -- definitional clarity, logical consistency, canons of evidence -- are often sacrificed to the intellectual vision or the self-interest of the intellectual class. For example, antidemocratic processes may be labelled by democratic rhetoric as "participation" or "public" representation. Presumption may be substituted for evidence -- past, present, or future -- as in numerous arguments that the national I.Q. was declining, or existing evidence may be resolutely disregarded, as in claims that crime rates reflect social "root causes," ... little to suggest that intellectuals' political positions reflect the intellectual process, and much to suggest that their positions reflect a vision and a set of interests peculiar to the intellectual class.

Indeed, many of these intellectuals, academically raised in eras of bolshevoid ideology, seem to have spread such ideology to areas where they could still earn a better income than their bombthrowing friends, while still striving for more power. Finally, Howard K. Smith talks on radio ads about how we should "work together", via supposedly Japanese-style participative management(1983). Well, in 1949 he spoke of the lands to which those who had just kidnapped, tortured and murdered my grandfather had escaped to "Whatever may be said of the communist governments noprth of Greece, they have instituted constructive economic programs and brought considerable economic benefits to the poorest layers of society".¹⁹⁰

[What I hope to have accomplished by this paper is not so much a debunking of participationist thought -- I am too illiterate for this -- as much as a dent that may encourage greater examination of the subject by the scholarly foundations.]

¹⁸⁷ Thomas Sowell, *Knowledge and Decisions*, NY:Basic/Harper Colophon(1980),p.121. I was very fortunate that my first formal lecture in economics was from this alumnus of Harvard, Columbia and Chicago, who apparently was offered the Secretaryship of Transportation in 1981.

¹⁸⁸ *ibidem*, p.340.

¹⁸⁹ *ibidem*, pp.367-8.

¹⁹⁰ *State of Europe*, HKSmith, 1949

6. FISCAL DICTATORSHIP AND WASTE, MISINCENTIVE OF BUDGETS

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6.1 INTRODUCTION

Walk into a budgeting course and the first thing you hear is that the budget is a plan¹⁹², an attempt, much like the bureaucracy resulting from socialism or feudalism, to bring order where nature supposedly did not – in effect, to hubristically outsmart natural laws.

¹⁹³ Thusly, by definition, a budget is a command allocation system, utilising Milton Friedman's¹⁹⁴ terminology. Because it is so, one spends as much as possible, especially during the terminal days, so that the next budget shall be at least as big. Budgets existed since ancient times, since kings gave money to have tasks accomplished. Yet kings were dictators. But there was also a Friedmanian voluntarism involved, since if the king found his trusted advisor profiting improperly, the latter would be promptly beheaded. Since

¹⁹¹ Investigation of possibility of replacing command system of budgeting with a voluntary free market system. Public and personal experience with corporate and government budgets. Underruns quickly utilised prior to termination of budget period. Similarities to wasteful government preallocation of gasoline, inducing shortage, and non-shortage when returned to free market instantaneous allocation. Possibility of postallocation. Development of random walk and moving average techniques for determination of true expenditures. Clearly, such a process, should it apply, would easily eliminate the federal deficit. Submitted in partial fulfilment of University of Hartford XBA750, Summer, 1982, "Reaganomics", New Directions In Economic Policy. Republished by LGI, 15AUG82. Assistant Treasury Secretary Designate for Economic Policy Manuel H. Johnson wrote on 23SEP82: "We appreciate your support of President Reagan's Program to revitalize the economy./ I read with interest your paper on incentives in the government. Your emphasis on the importance of such incentives is well-placed. As you realize, incentives which induce people to supply labor and to make their savings available for capital formation are the driving force behind free enterprise. The President's Program works to increase these incentives through tax cuts and other policies. Similarly this Administration is committed to bringing into government as much as possible the same kinds of incentives that make private enterprise successful. We are continually examining proposals such as those you discuss in your paper in order to increase the efficiency of government."

¹⁹² Columbia University Industrial Engineering S6308j Industrial Budgeting and Financial Control, Professor Nelson Fraiman, also of International Paper, 24MAY82.

¹⁹³ *Bureaucracy*, Ludwig von Mises, Arlington House: New Rochelle, N.Y.(1969), pp. 10-18; Reprinted from the 1944 Yale University Press original. For reference to this text, I am greatly indebted to a student of von Mises, and a fellow Columbia alumnus, New York Polytechnic Economics Professor Murray N. Rothbard.

¹⁹⁴ Milton & Rose Friedman, *Free to Choose*, NY:HBJ(1980), pp.9-13.

Biblical times, accounting has been opposed to, "David did not take the number of the men ... because the LORD had promised to make Israel as numerous as the stars in the sky."

¹⁹⁵ What if we were to apply Friedmanian voluntarism to the organisation? How would we replace budgeting with an incentive system? If this is not possible, could we introduce incentives within the current budgetary process?

6.2 MOTIVATING MISUSES

There is considerable waste within the current budgetary systems. To increase perusers flow of norepinephrine to his sympathetic nervous synapses, a few cases are provided.¹⁹⁶

Angered by University opposition to financial aid cuts, Columbia University Republicans informs us that¹⁹⁷

An officer of Columbia University Republicans had been told by a Columbia financial aid officer, that it would be feasible to purchase an automobile with a student loan, and return inflated, cheaper money four or more years later, without interest.

Graduate Business School saw a major janitorial efficiency problem for which it issued a notice to students, promising improvements, on 4th December, 1981. On 15th April, while preparing for this debate, someone sought to locate this memorandum, and was told there was no action yet. This is not a problem of insufficient funding. It is a problem of pure waste. The University is opposing the budget cuts, but without examining itself first. One is tempted to suspect that University officials are cutting where it hurts, so that students shall protest and protect the pocketbook of those who are the primary beneficiaries of the aforementioned abuse. This is not unlike policies supporting student draft resistance after draft deferments were abolished, because the university pocketbook would have been affected.

When School of Social Work alumna Veen and her group, Radical Social Service Workers, had an anti-Reaganomics manuscript finished this morning, it was had been typed by a university secretary on university time.

¹⁹⁵ I Chron27:23,NIV. Note the similarity of this to the pie-growth-not-allocation methods of the Reagan Revolution as in Jack Kemp, *American Renaissance*, Conservative Press VA22041-1430(1979).

¹⁹⁶ For this section I am greatly indebted to Salvatore J. Giambanco for research assistance. He was then Executive Director of Columbia University Republicans.

¹⁹⁷ "Rebuttal Points Centering on University Waste", given to Assistant Treasury Secretary Manuel Johnson for his YAF-YSD sponsored debate against University Vice-President Robert Cooper, prepared by Columbia University Republicans and Student Coalition Against Revolutionary Effort, 23APR82. Vasos-Peter John Panagiotopoulos II was then President of Columbia University Republicans and National Chairman and Columbia President of SCARE.

Misuse abounds in the public sector as well. Millions are lost by employee misuse of government computers. Debts to the government in excess of 24 billion are delinquent. Federal employee junkets, oft camouflaged pleasure trips, are misused by about 30 million dollars. Defence waste is in excess of 36 million, prompting Senator Goldwater to join Democrat Metzenbaum in writing "Runaway costs characterize our entire defence procurement program... They are, pure and simple, the result of a system that permits DOD officials to operate as though the public purse has no limits."¹⁹⁸

The latter circumstances prompted famed budget cutter, "Cap the Knife", Defence Secretary Caspar Weinberger, to install new budgetary controls. Exemplarily¹⁹⁹

Using a special hot line for identifying waste, fraud and abuse, a Navy Lieutenant recently reported that specialized photocopier light bulbs were available commercially for much less than the Navy was paying for them - \$231.46 apiece... 93 cents each.

Until last year two Newport, R.I., facilities were used to test and certify computer programs for Los Angeles-class nuclear attack submarines. Now the facilities are combined, with no loss in efficiency... save an estimated \$10 million annually.

To outfit 35 B-52 bombers with large bombs, the Air Force envisioned having to make some \$35 million in modifications to the giant airplanes. But last spring an alert manager saw a more efficient way to get the job done: Use wiring harnesses from older missiles that were sitting in storage ... so successful on one prototype ... save more than \$50 million

The Air Force built its largest jet testing laboratory only to find the building could not accommodate the necessary equipment, costing us \$138 million. The Marines ordered a diode for \$114, when the manufacturer sold it for 9.5 cents. Several hundred million worth of duplication exists; At Norfolk, with eleven military bases there are thirty-four printing plants. In response to such waste, several new regulations are in effect. Exemplarily, Congress has ceased to require DOD to purchase with contracts limited to an annual basis, potentially saving a third of big weapon purchases. They have also reduced bureaucracy, consolidated facilities and increase purchase competition.²⁰⁰ Peter Grace attributed over

¹⁹⁸ "\$60 Billion of Federal Waste - Reagan's Next Target" in U.S. News and World Report, 30MAR81, pp. 18.

¹⁹⁹ "Pentagon: Can it Cut Waste?" in Nation's Business, March, 1982, p.22.

²⁰⁰ "A War - At Last - On Pentagon Waste?" in Reader's Digest, megalogrammic edition, January, 1982, pp.85-92.

three billion in waste to congressional resistance to military base closings. And,²⁰¹

The next time you hear a member of Congress talking about the "bloated defense budget," consider some of the ways Congress itself bloats it... "buy-American" provisions ... ship American coal to our troops in Germany instead of using perfectly good German coal ... Drinan managed to keep a military base in his district open when he was in Congress ... Davis-Bacon... minority- and small-business set-asides ... procurement targeting in high-unemployment areas...with viruually solid support from Northeastern defense critics... Weinberger has vowed to confront Congress with some of these figures at budget time, which should prove to be the most satisfying assault on entrenched hypocrisy

And Alan H. Schmid wrote²⁰²

Your article overlooks a very significant cost of supplying items to the military - the specifications that accompany an order. Your example of the \$36.77 machine screw probably required:

- Material certification traceable back to the particular batch of steel.
- Every part dimensionally checked to a drawing, with certification that the checking was done with guages whose calibration was traceable to the National Bureau of Standards.
- Etched part number on each screw.
- Individual sealed package of approved type suitable for long-term tropical storage.
- Final acceptance at the vendor's plant by a military inspector.

Unless you will certify in triplicate that all of the above were waived , I believe the \$36.77 price may not have been excessive.

The SEC 10K of a major goverment contractor²⁰³ tells us

The registrant has limited as much as possible the number and extent of its fixed-price commitments in the light of the experience that the extended periods of performance and changes in governmental requirements tend to make it difficult to make allowances for escalations and contingencies in fixed-price quotations.

Social programs also have considerable waste.²⁰⁴

²⁰¹ National Review, 13MAY83, p.532.

²⁰² Letters to Editor, US News and World Report, 15AUG83

²⁰³ 1983 SEC 10K Gilbert Associates p.6

²⁰⁴ Although the radicalised press, educated in the communistoid sixties, love to attack defense waste and hide it in social programs, some has leaked through.

FBI agents found that medical laboratories ...kick back up to 20 percent of their medicare or medicaid fee to physicians who do the testing ...hospital bought \$140,000 worth of supplies from a vendor, who then paid a \$100,000 kickback to a doctor who acted as a middleman. Many physicians were found to be performing unnecessary surgery or billing Washington for procedures they never did./One doctor was found charging for abortions on women who weren't even pregnant, including one who had previously had a hysterectomy...explains a Senate investigator ..."3 billion already lost because of stupid management."...five farmers found a way to borrow 1.4 million dollars at 3 percent interest and convert the cash into investments that netted a 7 percent profit...In New York City alone, about 25,000 replacement [food stamp] cards are issued each month [which costs taxpayers] 14 million dollars a year./ Because food stamps are remarkably easy to duplicate, a whole new industry has sprung up in counterfeits...cost taxpayers 500 million dollars annually...[Agriculture Department] bought nearly a million dollars' worth of laboratory equipment for which it had no space. The equipment has been stored - at \$300 a month - since its delivery more than two years ago²⁰⁵

It has been found that every black teenager could work for forty hours weekly at a total cost of less than one fourth the CETA budget. It has also been found that, for one third of the poverty budgets, every poor American could be given enough cash to take him or her above the poverty level.²⁰⁶ This is especially problematic since "Conservative politicians are politicians first and conservatives second. For some of them, 'free enterprise' means helping business and farmers instead of cities and poverty programs. They are simply liberal big spenders for different groups."

Leftist political organisations have managed to obtain public funds so that they may continue to oppose the will of the American People. Ralph Nader's anti-business Center for Auto Safety obtained \$70,958 from the Federal Trade Commission, and his Public Interest Research Groups are substantially assisted by tax-paid VISTA volunteers. Tom Hayden and wife Jane Fonda²⁰⁷ operate the Laurel Springs Institute to train for their radical Campaign for Economic Democracy, for which \$189,000 was received in 1977 to prepare VISTA volunteers for the late seventies. The abortionist and antifamily National Organisation for Women's Legal Defense and Education (propaganda?) Fund received \$275,755 in 1981

²⁰⁵ US NEWS, opere citato, 30MAR81, p.19

²⁰⁶ "Welfare State Is Ultimate In 'Trickle-Down' Economics", Thomas Sowell, in *The Wall Street Journal*, 06DEC81. Senior Fellow at Stanford University's Hoover Institution.

²⁰⁷ Both of the "Peoples Republic of Santa Monica".

from the Education Department.²⁰⁸ Cesar Chavez' United Farm Workers has been required to refund \$427,000 disallowed from 1978 grants of \$805,000 from the now defunct Community Services Administration.²⁰⁹

Rather extravagant abuses of federal funds are rampant.²¹⁰

A 41-count felony complaint has been filed against a Pasadena, California, woman for allegedly receiving more than \$377,000 in fraudulent welfare payments. Between 1971 and 1980 - using an assortment of wigs, disguises and phony birth certificates - the accused opened 12 different welfare cases in Los Angeles County using the names of 12 different adults and the names of 49 different children...In the driveway...Rolls-Royce, a Mercedes Benz, and Cadillac...

One student at Boise State University ... more than \$4,200 in federal aid while in school got a degree in social science after taking 13 physical education courses including "Coed Bowling," "Coed Billiards," "Advanced Weight Training" and "Coed Jogging." His best grades were in independent study courses on "Sexuality and the Male Athlete" and "Behavior of the Christian vs. Non-Christian Child." He got 4 Fs, 11 Ds and withdrew from eight courses; the school waived the usual standards to let him graduate...

The Department of Health and Human Services has discovered \$2.1 million in excess administrative costs in Fiscal 1981 in New Mexico's Low Income Energy Assistance Program. Also discovered was the improper purchase and stockpiling of wood rather than returning unexpended or unneeded energy assistance funds...

The cost to the federal government of Farmers Home Administration credit report fees to unsuccessful applicants in Fiscal Year 1981 was \$1.8 million...

The General Accounting Office reports ... losing at least \$1 million a month because of the system it uses to distribute billions of dollars in food stamps ... over 1,000 suspected food stamp fraud cases in Jefferson County, Alabama

Similar abuses occur in governmentally funded research.²¹¹ A medical faculty member

²⁰⁸ "175 Of The Left-Leaning Groups That Get Your Tax Dollars", in *Conservative Digest*, April, 1982, p.6.

²⁰⁹ "Cesar Chavez Ordered To Render Almost \$500,000 Back To Caesar", in "The Fedral Rathole", in *Conservative Digest*, February, 1982, p.42.

²¹⁰ "The Fedral Rathole", in *Conservative Digest*, February, 1982, p.43; May, 1982, p.42.

²¹¹ Vasos-Peter John Panagiotopoulos II, Computing Administrator and Research Assistant of Columbia University Bioengineering Institute, April, 1979 to January, 1982, personal experience. I do not indicate names because I believe, as postcitedly does von Mises, that the system and not the participants are at fault, especially since the system has the force of law. I clearly state that my employer himself did no wrong - his high personal integrity and his position in the granting agencies provided him with a responsible perspective of such waste. My employment, however, put me in a position to observe inappropriate fund utilisations, relatively common examples of which are cited here.

was convinced by a microscope salesman that he needed one of their twentyfive thousand dollar computer to digitise microscope data. Someone more technically oriented was later asked what he thought of it, to which he replied that it was good, but it cost three times more than if it was purchased in components that could be selected and assembled in a day. The medical professor responded, "It's only money", while his fellow grantholder, who reluctantly approved the acquisition, responded "I agree. But we saved a lot of time."

An engineering professor had a CRT (Cathode Ray Tube) terminal and added a printing terminal rather than just a printer. He inquired as to how to how he could procure a graphics terminal and outputer. Tektronix, the oldest firm in such devices, would charge ten thousand dollars. He was advised, however, to purchase a CRT, that can do graphics, and purchase only the plotter from Tektronix for a total of eight thousand, and thusly be able to sell his old, used CRT for a thousand dollars. He opted instead to tell the National Science Foundation he was getting both devices from Tektronix, while obtaining the less expensive devices and keeping the old CRT. He was thus able to spend the remaining two thousand dollars on other equipment. Furthermore, one of this professor's doctoral students once was seen by a fellow student taking considerable amounts of stationary from departmental stores. The student explained that his boss, being prebilled for much more than he spends, encouraged him to do this. Had there been few offenders, they would be caught sooner or later, but this is widespread, and one does not dare criticise someone else for doing the same as one does himself, or they would all be jailed. As a matter of fact, such actions are punished only if some disliked junior professor or overambitious or threateningly intelligent student does them.

Clearly such misuse disgusts every stockholder, tuitionpayer, consumer, or taxpayer that does not benefit from it. Milton Fiedman has devoted an entire tome to tell us of TINNSTAAFL, *There Is No Such Thing As A Free Lunch*, and that, thusly the costs must be absorbed by somebody. The ones misusing the funds are not the ones to blame; Rather, it is the form of the system.²¹²

²¹² von Mises, opere citato, p.9, has spoken only for government; but this is now unavoidably extendable to private business, especially since Rooseveltian socialism has wed business, labor and government.

J. Peter Grace has provided interesting analyses²¹³. He showed that 1983 federal liabilities including off budget deficit plus necessary amortisations is 21.4 times the 1950's amount. "Since the 1950's social programs and interest rose 2.8x as fast as GNP while defense rose (40)% slower" and soviets spend 15% GNP on defense. From 1948 to 1983 median family income rose 7.6 times but taxes on that income rose 246.4 times. Furthermore, proving 'soak the rich' schemes wouldn't work: "All taxable income not already taxed above \$75,000 would run the government only 10 days", and above \$35,000 only 41 days. Areas of Grace Commission recommended savings over three years include program waste (subsidy and loan collection) \$160.9B, system failure (information ga and government finances) \$151.3B, personnel mismanagement \$90.9B, and structuralmanagement deficiencies \$12.7B. Furthermore, total means tested assistance outlays are 2.5 time the poverty gap, more than two thirds going to non-poor. And finally, congressional pensions as a percentage of private sector are 213.9% for one year of retirement at age 55, 292.7% cumulative at eighty after 26 years (annual 374.9%). And the federal government owns one third of the nation's land.²¹⁴ Also, New York State Comptroller Ned Regan²¹⁵ tells us that politicians give us inflation because it is good~ for them to do so. He introduced GAAP into state politics to make politicians more accountable.²¹⁶ This was necessary because ceremonial pre-election checks are debited on post-election budgets and tax refunds are manipulated between fiscal years to hide defecits and surpluses.

6.3 SOME POSSIBLE INCENTIVES WITHIN THE CURRENT SYSTEM

²¹³ "Problem of Big Government", Columbia University Graduate Business School Public Policy Forum 03APR84.

²¹⁴ Mr. Grace told me he has recommended a budget incentive scheme such as the one Profs. Kolson and McKenzie have recommended.

²¹⁵ CUGSBPPF 08FEB84

²¹⁶ He balked at the Kolson/McKenzie incentive plan

6.3.1 The Return-from-Saved-Allocation Incentive

Last summer, I visited my relatives in Hellas. My cousin was told to get items from the grocer. When he was told he could keep the change, he spent less than when he had to return it. This was an incentive scheme, within a budget, in action.

What if we were to thusly return a portion of the saved underruns to the cost center for distribution to the salaries of the responsible parties? The incentive could be substantial. But the cost center feels it shall be allocated less the next year, it may find the incentive decreasing, since the difference between the allocation or 'price' it receives and the 'cost' it incurs, and thus the incentive which is a portion of the former, shall decrease. We could, however, spread this incentive over several years, so that the party responsible for the savings shall have been long promoted when the incentive has been reduced. Moreover, this new incentive shall seem quite large to his successor.²¹⁷

Through the grace of a fellow chemical engineer, Professor Yale Brozen,²¹⁸ contact was made with economist Robert Kolson²¹⁹ who has proposed a similar idea.²²⁰

Then announce to the employees of each agency that when the fiscal year is over, they will receive, on top of their current salary, a percentage of each dollar of the authorized budget that is not spent...five cents of every dollar not spent ... bonuses even though the amounts spent were no lower than they would have been without the incentive system. The simplest safeguard would be to give the President the power to set "reference budgets," the amounts from which bonuses are calculated for each agency, at a lower level than the budgets passed by the Congress, if he felt the authorized budgets were too high. ... problem... spending less would jeopardise the size of future appropriations. ... once reference budgets were established, they could not be reduced for, say, five years. ... [In this direction there has been proposed] the Government Cost Reduction Act ... would not have jeopardised the provision of services [especially in light of the] fierce opposition [to Reagan's modest budget cuts] The interest groups adversely affected would holler and scream all the more, especially since the cuts would be illegal, and the bureaucrats responsible would be hauled before angry members of Congressional oversight committees who would pour on

²¹⁷ Ideas developed independantly of Kolson, by Vasos-Peter John Panagiotopoulos II in conference with Professor James Kurish of the University of Hartford, 10th June, 1982.

²¹⁸ MIT'38, Professor of Business Economics of the Graduate School of Business of the University of Chicago and Adjunct Scholar of the American Enterprise Institute.

²¹⁹ Affiliated with the Graduate School of Business of Chicago, and with the Manhattan Institute for Policy Research in New York.

²²⁰ Getting Rid of Government Waste Is Easier Than You Think, Robert Kolson, February, 1982. Received 01st July, 1982--no indication of publication included.ad passitum

tar and feathers. ... if we want government employees to serve us better and cheaper, we're going to have to pay them to do it.

The concept of a reference budget is the only disagreeable idea presented here, however, since it would introduce a few more corruptible layers of bureaucracy. Spreading the returns over five years and returning twenty, rather than five, percent should be more feasible. Thus the incentive to be honest shall be greater than that to be corrupt or even just wasteful.²²¹

Prof. Richard B. McKenzie has joined Prof. Kolson and the author in supporting a congressional negative legislation-pollution tax.²²²

Environmental pollution is another way of saying that too few environmental goods have been produced, while too many other...correct the problem is to charge and, thereby, discourage inefficient use ... rational course of behavior of each individual member of Congress is to "pollute" the halls of Congress with proposed government expenditures ... as the individual polluter of the waterway can claim, with some justification, that the "pollution" is due to ... all the other ... Congress claim that achieving a balanced budget is "impossible" or "impractical" ... circularity of blame ... indigenous to the incentive system ... deficit pay schedule [\$500,000 if budget balanced, 300,000 if deficit = \$20B, 60,000 if \$80B]... [inflation & tax need incentives to] overcompensate ... pay exceeds their viable alternative pay in the private sector ... reduction in purchasing power ... disconnect ... pay of Congress from the inflation rate ... adjusted at the same time congressional seats are reapportioned [vjp2 thinks the best anti-inflationary measure would be to never adjust congressional salaries for inflation] ... tax rates imposed on the general public will translate into a more severe penalty ... currently... exempted ... adjust ... pay schedule inversely to the percentage of the nation's income going to taxes ... [but] could be construed ... social and defense goals to go unattended [however, elections take care of that]

Moreover,²²³ "The Italian experience should teach other countries that a monetary-fiscal constitution is necessary [but] also teaches another, less optimistic lesson ... far from being a sufficient ... no substitute for our constant alertness."

²²¹ Robert Molina, Biologist, Graduate Student, Bioengineering, Columbia University. Private Communication, 15th July, 1982. Last sentence footnoted only.

²²² Heritage Foundation Backgrounder #207 27AUG82 "Incentives for a Balance Budget", pp.6-12; cf: Morgan Reynolds, "Incentives vs. Bad Money: Let's Try Indexing Salaries at the Board of Governors" *Pathfinder*, JULAUG81; James M Buchanan & Richard E Wagner, *Democracy in Defecit: The Political Legacy of Lord Keynes*, NY:Basic(1978)

²²³ Antonio Martino, *Constraining Inflationary Government*, Heritage(1982), p90

Furthermore,²²⁴

Former Representative Bolling, who pointed out the short tenure of 19th-century representatives, noted that his colleagues in 1969 had been in office an average of 11.2 years, up from 5.8 years the previous century. The average in 1981 was 9.8 years. ... It was tenure that created the complex monster in the guise of "necessities of state and welfare." If this institutional reform - the one-term Congress - were combined with other basic reforms ... return Congress to the business of advancing the general welfare.

Alas, the people are revolting, a recent neighborhood paper called for²²⁵

A commission should be selected by the President constituting of a representative of the Judiciary, Legislative, Executive branches of Government plus a representative from labor, industry, education and Bar Association to decide on increases of salaries for those on the public payroll, removing the task from the individual department... not be permitted to vote their own increases ... A tax supported office holder who is convicted of a crime which involved money should be treated as a traitor instead of a common thief ... If a few politicians were treated as traitors and shot, the message would be heard by the rest of government job holders.

Furthermore, budgeters can easily deceive us with off budget programs, consultants, and "enterprises"²²⁶ by which the ever famous "accountant's magic pencil"²²⁷ can be applied. Budget Director David Stockman discovered this quite early,

Artful as it was, the Jones resolution was, according to Stockman, a series of gimmicks: economic estimates and accounting tricks. "Political numbers," he called them. But Stockman was not critical of Jones for these budget ploys, because he cheerfully conceded that the administration's own budget numbers were constructed on similar shaky premises, mixing cuts from the original 1981 budget left by Jimmy Carter with new baseline projections from the Congressional Budget Office in a way that, fundamentally, did not add up. The budget politics of 1981, which produced such clear and dramatic rhetoric from both sides, was in fact, based upon a bewildering set of numbers that confused even those, like Stockman [vjp2:and Jones, and everybody before them], who produced them.

"None of us really understands what's going on with all these numbers," Stockman confesses at one point. "You've got so many different budgets out and so many different baselines and such complexity now in the interactive parts of the budget between policy action and the economic environment and all the internal mysteries of the budget, and there are a lot of them. People are getting from A to B and it's not clear how we got there, and it's not clear how Jones is going to get there."

²²⁴ Jack Douglas, Prof. Sociology, UCSD, AUG84, Reason, p.33. Acknowledges as source of idea, conversation with legal and historical scholar Laurence Beilenson.

²²⁵ "Ten Demandments for Public Servants", Dorothy Frooms, Murray Hill News, May, 1984, editorial

²²⁶ Steve Hofman, "Why half of the deficit doesn't show", in Business Week, "Ideas and Trends", 09MAR81, p.12; US NEWS, opere citato, 30MAR81, p.19

²²⁷ Robert N. Anthony, Essentials of Accounting, Addison-Wesley: New York (1976), ad passitum.

go to the military, and five per cent for judicial, legislative, and administrative costs. Ten per cent could be optionally channeled to charities of the taxpayer's choice--to replace the current deduction scheme if the flat rate shall be implemented. Some²³⁹, however, indicate, with tongue only partially in cheek, the unlikeliness for the flat tax rate and the aforestated sequelae."... Committee perform their gritty little wonders in what amounts to total secrecy, jiggling amortization rates and depreciation allowances and mortgage deductions... Tax reform is eminently worth working for, but the concept of a flat-rate income tax goes beyond mere reform and threatens interests that struggled long..." Although its passage may be so unlikely, Professor Williams²⁴⁰ tells us of the desirability of the flat rate tax. "They may feel that *their* deduction (say mortgage interest deduction²⁴¹) is important and justified. But you must bear in mind that everybody thinks that his or her own deduction is important... [the flat rate shall] restore fiscal sanity."

6.3.2 Other Incentives

Some have received some community education grants in which they are permitted to carry budget surpluses over to the next year.²⁴² The misincentive to utilise the leftover funds so that one's budget is not reduced is thusly diminished. Perhaps reducing the budget due to unutilised overruns is wrong. Perhaps one's usage should be averaged over time. Perhaps some randomness in budget increases and decreases shall remove the misincentives.

Better yet, why not stop granting without competitive bidding. Almost every entity must have at least two ways of doing things. There obviously exist faculty of equal competence at several universities that could bid for government research grants. This

²³⁹ National Review publisher William Rusher, *Fat chance for the flat tax rate*, newspaper column, 15th July, 1982.

²⁴⁰ "Flat tax and spending limits together will bring fiscal stability", in *Heritage Features Syndicate*, 28th July, 1982. Professor Walter E. Williams is professor of Economics at Temple University in Philadelphia.

²⁴¹ VJP2: If it did not exist, people might be induced to buy their homes whenever possible, and thus avoiding the current interest crisis.

²⁴² Professor Grella, University of Hartford, Private Communication, 15th June, 1982.

would result in more efficient allocations, since rather than spreading the funds over several researchers for the same work, the most deserving, and most economical, group shall receive all the funds. It must be noted, however, that the existence of only one bidder should not be construed as monopolistic.²⁴³

It is common belief that, contrary to the aforesaid, it is detrimental if, exemplarily, two seniormost corporate vice presidents, who are of equal power, shall have to compete for the presidency. Yet both shall be better off after the victory of one. The loser may eventually attain the presidency of another firm. Elsewise, should his turn at the presidency come, he shall have used the criticisms of his competition constructively. Both have had their faults and virtues most thoroughly examined. They shall be cautious to avoid repetition of the noted faults. The competitive system produces better results than if a successor had been named uncompetitively. The market system provides the board with Hayekian information not otherwise as clear, because of the introduced competition. The same would occur with competitive bidding.²⁴⁴

And then there is PPBOS, which proposes that an organisation relates budgetary matters to objectives rather than financial classifications.²⁴⁵ Indeed, PeatMarwick analysed a town's worsening tax structure and found that departments were looking at expenditures and not the purpose of the expenditures.²⁴⁶ Prioritising a budget is thus a first step - but it can be hindered by interdepartmental differences in objectives. Indeed, bureaucrats tend to expect automatically optimal results without seeking detailed, non-ad-hoc

²⁴³ Dominick T. Armentano *Antitrust and Monopoly, Anatomy of a Policy Failure*, NY:Wiley-Interscience, 1982. *ad passim*; Is Government the Source of Monopoly? and Other Essays. Yale Brozen, Cato Institute: San Francisco (1980), pp.24-29, 44-51.

²⁴⁴ This is not to say that an entity should suffer from conflicts similar to having an equipotential Secretary of State, National Security Advisor, and Defence Secretary -- somebody from the three or elsewhere should lead the group.

²⁴⁵ J.B. Benton, *Mgt. Org. Desn. Proc.*, Lexington (1974), pp.224-236; M.D. Richards & P.S. Greenlaw, *Mgt. Desn. & Behv.* Irwin (1966), pp.453-8.

²⁴⁶ H I Steinberg "Halting Rise in a Town's Tax Structure", *Mgt. Adv.*, 11, JAN74:15

²²⁸ This is not new: there is a famous joke²²⁹ in business circles about the president who asked the accountant to teach his son to "add a column of figures", to which the accountant responded, "What do you want them to add up to?" As a matter of fact, the Comptroller General,²³⁰ seemed to like this: "There will always be a degree of waste or a percentage of loss through embezzlement or theft which is attributable to the human factor."²³¹ In fact,²³²

the shift in tax burden under a flat tax is not distinctively sharp or unappealing from an equity standpoint... equity objective of a flat-rate tax with respect to tax burden is to enhance protection of the poor under optimal free market conditions. Its proponents generally view redistribution through rate structure as counterproductive because it undermines opportunities for the poor to improve their position. While personal deductions can equitably lower the effective tax burden of the poor, a single, flat marginal rate enhances their ability to assume an upwardly mobile role for the benefit of themselves and their families

To avoid incentives of personal-over-corporate gain, M. Bich of BIC²³³ gave a fraction of pre-tax earnings to each department to be distributed as bonuses at random dates. In this way he avoided the anticooperative side effects warned against by Lawler²³⁴ One should note, therefore, that when outcomes are measured and rewarded, those outcomes occur with a high probability but they occur at the expense of unmeasured

²²⁸ William Greider, "The Education of David Stockarn", in *The Atlantic Monthly*, December, 1981, p.38.

²²⁹ Public domain, I hope!

²³⁰ with due cowardliness of a federal bureaucrat

²³¹ Elmer B. Staats, Comptroller General of the United States, "Fraud, Waste, and Abuse and The Federal Government", Speech delivered at Town Hall of California, Los Angeles, California, 13JAN81, as in *Vital Speeches*, 48, 11, 15MAR81, p.329.

²³² *Flat Rate Income Tax*, Ralph Reed, Jr., Washington Research Foundation(1982), pp.19-20.

²³³ Harvard Business School Case#374-305,p.11

²³⁴ Galbraith & Nathanson, *Strategy Implementation* p. 81+

outcomes.²³⁵ Indeed,²³⁶

cost related measures are often affected by factors over which an individual employee has little or no control. One individual's performance is often affected by the performance of others ... measures often fall short because they omit important aspects of a person's job ... lends equipment to a superintendant in another district, profits may increase for the company while costs increase for the superintendant who lent the equipment ... can encourage a results-at-all-costs mentality that can run counter to corporate ethics or policies ... difficult to formulate cost-related measures for most white-collar jobs ... fail to give the employee information about what he or she needs to do to maintain or increase productivity

An incentive scheme may also apply for Congressional procedures.²³⁷

An overall Federal Government budget figure, say \$700 billion, should be authorized for the coming fiscal year (and for succeeding years also). Then for each \$1 billion that actual spending falls below this figure, each member of Congress should receive \$1,000 on top of his current salary. ... I hope, for the sake of the economy as well as for my own tax burden, that these proposals be considered and adopted. If so, I hope that in four years, every member of Congress is a millionaire.

A fellow Columbia University Austrian Economics supporter, Biochemist Peter Trei, recommends an even bolder and more brilliant additional step.²³⁸

Unfortunately, are still assuming power flowing only in one direction... how about this:

While the government still determines how much you pay as taxes (hopefully at a reduced and fiat rate), each tax-payer gets to determine which departments receive how much of his or her taxes. No government department gets to spend more than \$10 million or 5% of their budget (whichever is lower) on advertising. This would allow the people to be truly represented in use of tax revenues.

This is not impossible since this is what is done to wrongly fund Presidential elections, where voters can have one tax dollar devoted to such funding. A policy option along Trei's lines could be as follows: Fifteen per cent of one's taxes would be required to

²³⁵ Jay R Galbraith, *Organization Design*, Reading, MA: Addison-Wesley (1977), p.305; cites V.F. Ridgeway, "Dysfunctional Consequences of Performance Measurements", *Adm Sci Q*, SEP56 143-155; cf C. Argyris "Human Problems with Budgets", *Harvard Business Review*, v31(1) JANFEB53 97-110; M Schiff & A Lewin "Impact of People on Budgets" *Accounting Review*, 1970, v45(2), 259-268

²³⁶ "Behavioral Strategies to improve productivity", G.P. Latham, L.L. Cummings, T.R. Mitchell, *OrgDyn*, Winter 1981, p6.

²³⁷ Teaching Thrift to Bureaucrats, Robert E. Kolson, *The New York Times*, Forum, 29th March, 1981.

²³⁸ Private Communication, 14 Jul 1982 0141-EDT, Peter G. Trei, via Columbia University DECSys20\60 Computer, on which this report was prepared.

information.²⁴⁷

6.4 CORRECTIVE MATHEMATICAL TECHNIQUES

There are mathematical techniques available that could permit us to better manage existing allocation methodology. They tend to lead more towards the direction of **postallocation rather than preallocation**, something potentially more consistent with Hayekian information theory²⁴⁸ since we would wish to convey minimal corruptive information to the cost center as to how the funds should be spent, while still conveying the profit incentive as a motivation for work.

6.4.1 Smoothing and Moving Average

If we were to smooth²⁴⁹ expenditures of the previous budget periods and then utilise moving averages indexed to project advances and economic conditions, we could eliminate the **noise** of end-of-period underrun-grabbing in determining future budgets.

6.4.2 Stochasticity

6.4.2.1 Random Walk Monte Carlo Methods

Professor Sowell²⁵⁰ said that he once proposed that budget underrun misutilisation be remedied by allocating twice the first six month's usage for the year, and threatening criminal prosecution for further misuse. Carrying this a step further, we could randomly chose sufficiently many sampling dates, excluding the terminal month, via a Monte Carlo

²⁴⁷ Ernest Enke, "Acctg Precond of PPE", *Mgt. Acctg*, 53, JAN72:34

²⁴⁸ Friedrich A. von Hayek, "Economics and Knowledge", and "The Use of Knowledge in Society" in *Individualism and Economic Order*, Routledge, 1948; Friedman, *Free to Choose*, opere citato, pp. 11-17; Thomas Sowell, *Knowledge and Decisions*, Basic:New York(1980), pp.7-10.

²⁴⁹ Such as the five-point variable-interval hyperbolic smoothing algorithm provided in the MLAB program: Knott, G.D., & Reece, D.K., MLAB:A Civilised Curve Fitting System, *ONLINE'72 International Conference*, 1, p. 497-526, Brunel,UK(1972); Knott, G.D., *Computer Programs in Biomedicine*, 10(1979)271-280; Knott, G.D., & Reece, D.K., *MLAB(Models LABORatory)*, interactive program in SAIL, for DEC PDP-10 systems, Laboratory of Statistical and Mathematical Methodology, DCRT, NIH, Bethesda, Md.(1980).

²⁵⁰ Private Communication, 07th June, 1982

Random Walk, and compute the average daily, and thuswise, yearly true costs. The figure shows a sample random walk algorithm.

```

Internal Procedure MonteCarlo(REFERENCE REAL ARRAY X
                             INTEGER Order, N!Step);
BEGIN "Monte Carlo Random Path"
  INTEGER N, Power10;
  x[1]:=1;
  Power10:=10^Order;
  For n:=1 step 1 until (n!step-1) do
    x[n+1]:=(x[n]*4782969) mod power10;
  return;
END "Monte Carlo Random Path";

```

Figure 6-1: A SAIL ALGOL procedure for random walk

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6.4.2.2 The Case for Randomness

If a budgeter writes a program, this program may be modeled or even duplicated by others. Yet currently, all budgetees, or cost centers, inevitably overaccount costs because they assume that what they perceive (expectations?) to be random economic and exogenous factors may reduce it.

Randomness, however, has the advantage that it cannot be predicted, and any corrupt misuse would really have to be extreme. Recapitulating: since the sampling shall be random, it would be difficult to rig the data to be sampled so that more monies may be received. Now that the budgetee would not be able to spend underruns at the end of the budget period, they would have to randomly distribute them through out the year. That their random distribution of funds would be the same as the observing programs is unlikely. Consistent with BIC's bonus policy, Skinner noted that positive reinforcement is most effective if unpredictable.²⁵⁴

Recently, a Columbia professor²⁵⁵ determined that the National Science Foundation grants research monies with considerable randomness. Perhaps this randomness may not be

²⁵³ Changing ORDER to the real constant $2.53 = \log_{10}(335)$, converting the X array to one of integer type, and making POWER10 also real would generate an array of N!STEP sampling dates.

²⁵⁴ Peters & Waterman, *In Search of Excellence*, NY:Harper&Row(1982), p.71.

²⁵⁵ Chance and Consensus in Peer Review, Stephen Cole, Jonathan R. Cole (Columbia), Gary A. Simon, *Science*, 214, 20th Novemebr, 1981, pp. 881-886.

harmful if applied to the amount granted as well.²⁵⁶

The degree of disagreement within the population of eligible reviewers is such that whether or not a proposal is funded depends in a large proportion of cases upon which reviewers happen to be selected for it. ... about 80 percent of the NSF reviewers were not selected by either of the two COSPUP [NAS Committee on Science and Public Policy--for which the authors set up reevaluation panels for 150 NSF proposals] selectors. ... If the decisions were made by flipping a coin, we would expect to obtain a 50 percent reversal [of NSF decision by COSPUP reviewers]. In fact, the reversal rate turns out to be between 24 percent and 30 percent...12 to 15 of the 50 proposals in a program [three programs, chemical dynamics, economics, and solid-state physics, were chosen] the COSPUP reviews led to a different decision from that of the NSF reviews...we may conclude that the fate of a particular grant application is roughly half determined by the characteristics of the proposal and the principal investigator, and about half by apparently random elements which might be characterised as the "luck of the reviewer draw."

In analysing the behavioral aspects of forecasting, Taylor²⁵⁷ indicates complexity, uncertainty, unstructuredness and resistance as problems. For complexity, he proposes decomposition and reorganisation at an optimal bounded rationality aggregation level. For uncertainty bias due to representativeness, availability, anchoring and overconfidence, he proposes improving assessment of subjective probabilities, bootstrapping, decomposition of status and change, indexing the level of uncertainty and the utilisation of amalgamated forecasts. For unstructuredness, he proposes innovative brainstorming. And for resistance, he proposes "participationist" techniques - as a way of getting commitment.²⁵⁸

As David Stockman discovered "I'm beginning to believe that history is a lot shakier than I ever thought it was... In other words, I think there are more random elements, less determinism and more discretion, in the course of history than I ever believed before. Because I can see it."²⁵⁹

²⁵⁶ Perhaps I may be permitted to conjecture that the introduction of randomness in government behaviour serve to reduce the adverse impact of government intervention in a theoretically free market?

²⁵⁷ R N Taylor, in *Handbook of Forecasting*, Spyros Makridakis & Steven C Wheelwright, NY:Wiley(1982),p.520

²⁵⁸ CF participationism section

²⁵⁹ opere citato, p.39.

6.5 ELUSIVE IDEAL CORRECTION

The returned savings incentive is really an adaptation of the old tried-and-true market voluntaristic method of commissions. And indeed, in terms of salaries, the market alternative to the command system is clearly the commission method.²⁶⁰ Indeed, instead of returning budget savings, as would be recommended governmentally, the private sector could return to each participant, the fraction of the profit they are responsible for. Again, these are essentially postallocation techniques which prevent the corruptive information from reaching the cost center prior to its arrival at a decision. A budget allocates future resources that are imperfectly postulated to exist {Perhaps the budget should work only with the previous period's revenues?} -- a commission, and the yet unfound alternative to budgeting, distribute resources that already exist. Therefore, possibly, cost centers should be allocated, rather than a fixed sum of money, an appropriate fraction of revenues generated by the cost center and activities derived from it. But what would they purchase equipment and other fixed assets with? This is why the recommendations of this paper cannot be considered complete.

Professor Sowell²⁶¹ tells us that decisions can never result in solutions, just tradeoffs. Perhaps we must accept the aforementioned improved policy tradeoffs and resign ourselves to the inefficiency of the budgetary process. Perhaps, however, we can devise some free market concept equivalent to the dictatorial concept of the budget. Yet this seems beyond the scope of this paper. Perhaps this paper may encourage some innovation in this field.

²⁶⁰ which has been made impossible by oppressive unionisation. The reader is encouraged to peruse: "The Terrible Cost of Union Violence" by the National Right to Work Legal Defense Foundation; YAF Flyer: "The Case for the Minimum Wage Exemption" by Dr. Walter E. Williams; Thomas Sowell, *Knowledge and Decisions*, Basic Books:NY(1982)p. 186, para. 4.

²⁶¹ Perspectives on the Theory of Public Policy, in *New Directions in Economic Policy*, University of Hartford, Connecticut, Lecture of 07th June, 1982, to be published.

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Institute for Socioeconomic Studies

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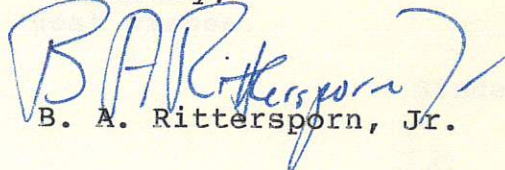
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irector

os-Peter John Panagiotopoulos II
arsons Avenue
k, New York 11357

. Panagiotopoulos:

ank you for sending along your long paper. I
umbed through it with much interest. The array
ations, in themselves, suggest the level of
ship attained. Heartiest congratulations.

Sincerely,


B. A. Rittersporn, Jr.

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W. Johnson
Assistant Secretary
for Economic Policy (Designate)

Mr. Thomas-Peter John Panagiotopoulos II
One & South Complex Bldg. N.Y.
10+34 Park Ave. N.Y.
State House, N. Y. 11357



Center for Strategic & International Studies
Georgetown University • Washington DC

October 12, 1983

Dear Mr. Panagiotopoulos:

It was nice to hear from you and I am glad to hear that my former student is thriving.

As to other articles by myself on decision making, let me draw your attention to my article entitled "Deciding Who Makes Foreign Policy" which appeared in The New York Times Magazine on Sunday, September 18.

With kind regards,

Sincerely,

A handwritten signature in dark ink, appearing to read "Zbigniew Brzezinski".

Zbigniew Brzezinski

Mr. Vasos Peter John Panagiotopoulos II
President
Samani International Enterprises
Whitestone Complex Bldg. NY1
2028 Parsons Boulevard
Whitestone, N.Y. 11357

****SPECIAL PAPER****

**"Fiscal Dictatorship & Waste:
The Misincentive of Private &
Public Budgeting"**
By Founding Director
Vasos-Peter John Panagiotopoulos II
(Some research by Salvatore J.
Giambanco) \$10.00



**Lincoln-Grant
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Columbia University in the City of New York
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Effort (SCAIE) National Headquarters
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****OUTLINE****

Budget is enforced planning not voluntarism -- like command system
von Mises: bureaucracy from socialism or feudalism; try outsmart natural law
Waste: use of govt., univ., corp. \$ for laziness, politics, fraud
e.g. CUGSB maintenance ordered, advertised, never done
researchers buy unneeded equipment "it's only money"
Incentives
Kolson, Panagiotopoulos: give govt. employe, Congress, workers \$ of what save
base on past budget averages (Moving)
Problems with "accountants magic pencil", "principle of conservatism" variations
D Stockman: "None of us really understands what's going on with all
these numbers" "Political numbers"
Accountant asked to teach CEO's son add #'s "What do you want add to"
Fertit proposal: let taxpayers choose where money goes on tax form...flat rate
Permit carry over surplus to next year so no feel must rush spend unspent
Sci/Resch. grants only by competitive bidding
Mathematical techniques
Moving Average, Hyperbolic Smoothing
Monte Carlo Random Walk to randomly pick dates from which small sample
average shall be used to compute more smoothed, less doctorable
budget from previous year's expenses
Perfect knowledge/rational expectations/postallocation vs. preallocation
compare to oil crisis when regulate, recompetition when stop-no shrige.
Cole, Cole & Simon: 1/2 of criteria for NSF grants are random
perhaps randomness natural, better govt random if govt intervenes
Stockman: more random elements, less determinism, and more discretion,
in the course of history than I ever believed before.
Because I can see it."
Ideal budgets like commissions are to salaries...alive
Sowell: Decisions can never result in solutions, just tradeoffs

FISCAL DICTATORSHIP AND WASTE

The Misincentive of Private and Public Budgeting

(with special emphasis on public policy)

15 August 1982

University of Hartford

New Directions in Economic Policy

Vasos-Peter John Panagiotopoulos II

[Graduate Student, Biomechanics, Columbia University]

ABSTRACT

Investigation of possibility of replacing command system of budgeting with a voluntary free market system. Public and personal experience with corporate and government budgets. Underruns quickly utilized prior to termination of budget period. Similarities to wasteful government preallocation of gasoline, inducing shortage, and non-shortage when returned to free market instantaneous allocation. Possibility of postallocation. Development of random walk and moving average techniques for determination of true expenditures. Clearly, such a process, should it apply, would easily eliminate the federal deficit.



ASSISTANT SECRETARY

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220
September 23, 1982

Dear Mr. Panagiotopoulos,

Thank you for your recent letter and the materials you enclosed. We appreciate your support of President Reagan's Program to revitalize the economy.

I read with interest your paper on incentives in the government. Your emphasis on the importance of such incentives is well-placed. As you realize, incentives which induce people to supply labor and to make their savings available for capital formation are the driving force behind free enterprise. The President's Program works to increase these incentives through tax cuts and other policies. Similarly this Administration is committed to bringing into government as much as possible the same kinds of incentives that make private enterprise successful. We are continually examining proposals such as those you discuss in your paper in order to increase the efficiency of government.

Thanks again for writing.

Best wishes.

Sincerely,

Manuel H. Johnson
Assistant Secretary
for Economic Policy (Designate)

Mr. Vasos-Peter John Panagiotopoulos II
White Stone Complex Bldg. NY1
20-28 Parsons Boulevard
White Stone, N. Y. 11357



PARTICIPATIVE MANAGEMENT, BEHAVIOR OR IDEOLOGY

Columbia University Lincoln Grant Institution for Laissez Faire, Manifest Destiny, and Federalism Policy Research

22 August 1983

Vasos-Peter John Panagiotopoulos II

[Portions of this paper were submitted in partial fulfillment of the requirements for the Comparative Industrial Relations course, B8405s83, taught at the Columbia University Graduate School of Business by Professor Margaret K. Chandler. LGI is registered with University Vice President Benson. Duplication of this paper by educational, conservative, or libertarian institutions is permitted gratis only if reproduced in its unmodified entirety. Copyright (C) 1983.]

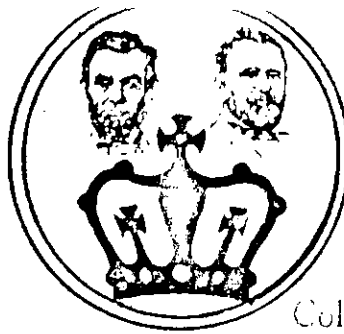
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Lincoln-Grant Institution

Columbia University in the City of New York



Energy Crisis: Reality or Fantasy

Columbia University Lincoln Grant Institution for Laissez Faire, Manifest Destiny, and Federalism Policy Research

25 August 1983

Vasos-Peter John Panagiotopoulos II

ABSTRACT

Is there really an energy crisis? or is it a mental crisis? Several attempts have been made by conservative and labor authors to prove the latter. It is sought to examine such data to determine if in fact they are accurate economic observations. It is also sought to determine the applicability of said analysis to least developed countries. [Portions of this paper have been submitted in partial fulfillment for the requirements for the Columbia courses, Industrial Economics IE6305x82 and Industrialisation IE6332y83. LGI is registered with University Vice President Benson. Duplication of this paper by educational, conservative, or libertarian institutions is permitted gratis only if reproduced in its unmodified entirety. Copyright (C) 1983.]

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