

Date: Sun, 14 Mar 2010 16:00:43 -0400

To: "Dr. Baruch Fischhoff - Chair, National Academy Committee on Improving Intelligence" baruch@cmu.edu

From: Lloyd Etheredge lloyd.etheredge@policyscience.net

**Subject: Admiral Dennis Blair is on his own. Andrew Lo's advice.
Continuing stagnation of academic social science & the
Republican era**

Dear Dr. Fischhoff & colleagues:

You should warn Admiral Blair that breakthroughs and major advances in data-based analysis of the world beyond America's borders are - at the moment - unlikely to occur via the US academic world. There are huge institutional problems, many of which continue - unresolved - from the Republican era.

A High Profile Example: NSF's Catastrophic Failure of macroeconomic data systems, analysis tools, and forecasting methods. For example, re the current economic crisis, there has been an absence of scientific accountability and responsible, competent leadership at the National Science Foundation. NSF was generously funded, for decades, for the basic R&D and to produce and sustain reality-connected scientific models and data systems. They failed. The leaders have not been held accountable - and the current NSF Director will retire this summer without leadership to rethink the assumptions, discipline-limited modeling limitations, and data systems. His earlier Assistant NSF Director for the social, behavioral, and economic sciences was a linguist. His current inappropriate (legacy) choice - at a time of economic crisis and during wartime - is an historian with an interest in demographics. It's a "let's pretend that we were (& are) not responsible"/"Mistakes were made but not by us" system.

By contrast, in the Navy, when a ship runs aground, the Captain is relieved of command. And in the physical sciences, the NSF bureaucracy and National Science Board would have activated fast discovery learning systems if the assumed coefficients of the physical universe and reigning theories

were observed to have changed. There are deep problems with the NSF/academic system: the government's system for R&D and fresh thinking is **not** to be trusted and the institutional problems begin at the top.

Robert Schiller (Yale), who saw the growing housing bubble, predicts that it "will take a decade or more" to learn the important lessons (based on the experience of learning after the Great Depression). The Fed and Treasury Departments are doing Emergency Room operations with older models and guesswork. Much of the Recovery money being spent and trillions of dollars of debt to be repaid may - to judge from the Depression Era lessons - be useless, wasted, or counterproductive. However, the National Science Board has no plan to recapitalize academic social science and begin a fast-discovery system to discover how, in a changing world, we ought to connect the dots in new ways. Admiral Blair needs to be warned. <1>

Andrew Lo (Director of MIT's Laboratory for Financial Engineering) appeared on the PBS Newshour last week to add his voice to what other leading academic scientists have been saying since the emergency began: We need the equivalent independent investigations and learning systems that we use for airline accidents (or the space shuttle Challenger).

Economics was the Strong Suit of Republican-Era Social Science

Also, economics was the strong suit of Republican-era social science. It was the best capitalized and supported, with large investments in data systems and analysis tools and political support. And its practitioners are among the most mathematically-oriented and capable in the social sciences.

By this reasoning - a hypothesis that you might want to evaluate for Admiral Dennis Blair - the other academic social sciences may be even less reality-connected and less reliable for understanding and forecasting the changing world beyond the water's edge. And [a legacy of Republican-era institutions and neutralized cultures and leadership] I am not aware of any NSB/NSF recapitalization plans to produce new data systems and analysis tools for these other social sciences, either. <2>

I don't perceive that much more - re fresh thinking, new data systems, and new analysis tools - will be coming through the older institutional pipelines. Admiral Blair should be warned, so that he can make plans and brief

President Obama in this light. And, in light of the legacy of these Republican-era institutional failures, any strong recommendations that you make for new databases and fast learning systems, will be unusually important.

Lloyd Etheredge

<1> As Andrew Lo implies, there also are critical problems of economic enrichment and (probably) law enforcement. After the earlier S&L crisis more than 1,000 bank Trustees and officers in the US went to jail. In this new era of global economics, one of the compelling challenges for the DNI is to evaluate the need for better law enforcement beyond the water's edge.

<2> Even at best, there are not enough people to do most of the work that needs to be done.

Dr. Lloyd S. Etheredge - Director, Government Learning Project
Fellow - World Academy of Art & Science
Policy Sciences Center Inc.
127 Wall St., Room 322 - Box 208215
New Haven, CT 06520-8215
URL: www.policyscience.net
301-365-5241 (v); lloyd.etheredge@policyscience.net (email)