Contents

List of Figures			pa	page xi	
List	List of Tables makes and the conclusion and the con			xiii	
Ack	nowle	dgments		XV	
		PART THE WHEN TINEAU MODELS TATELT WOLLD'S			
		PART I INTRODUCTORY THEMES		1	
10	Intro	oduction notaubonal		3	
	1.1	Introduction		3	
	1.2	Discussion		7	
	1.3	Linear versus Cyclical Policy Goals		8	
		Exogenous versus Endogenous Goals		10	
		Transparency		12	
	1.6	Sympathetic Bias		14	
		Ideology		15	
	1.8	Systems Gone Wrong		16	
	1.9	Some Possible Remedies		18	
	1.10	Concluding Thoughts		24	
		Poor Forecasts: Ideology of Wooder ratingshind and garaginal			
		PART II THE DISCUSSION TRADITION		27	
2	On "	'Strongly Fortified Minds": Self-Restraint and Cooperation			
_		ne Discussion Tradition		29	
	2.1	Introduction		29	
	2.2	Discussion, the Self, and Trade: Adam Smith		30	
	2.3	Discussion and Learning: J. S. Mill		33	
	2.4	Fair Play and Language		37	
	2.5	Discussion and Cooperation: Experimental Evidence		39	
	2.6	Conclusion addust iggiested M add bus was unto		44	

viii Contents

3	The	Knightian Moment	46
	3.1	Introduction	46
	3.2	Frank Knight's Disciple, George Stigler	50
	3.3	Free-Market Experts and Ordinary People	52
	3.4	Milton Friedman's Consumption Function	56
	3.5	The Thomas Jefferson Center Proposal to	
		the Ford Foundation	61
	3.6	Conclusion	66
4	The	Rise of New Welfare Economics: An End to Discussion?	68
	4.1	Introduction	68
	4.2	Lionel Robbins and Goal Endogeneity	70
	4.3	New Welfare Economics	80
	4.4	Conclusion	84
			Ackn
		PART III WHEN LINEAR MODELS FAIL: TWO CASES	89
5	Exp	erts and Eugenics: "Science" Privileges a Social Goal	91
	5.1	Introduction noisy about 1	91
	5.2	Experts on Ends: Human Happiness versus Progress	94
	5.3	Charles Bradlaugh, Annie Besant, and Charles Darwin:	
		Competing Experts	97
	5.4	Expert Advice Cascades: Economists Change Course	103
	5.5	Experts Who Pick Results to Support the Ends	105
	5.6	Conclusion half strength of the Conclusion	107
6	Exp	ert Judgment and Soviet Growth	110
	6.1	Introduction	110
	6.2	Soviet Growth in US Economics Textbooks	114
	6.3	Poor Forecasts: Ideology or Model Failure?	128
	6.4	A Second-Best Test	132
	6.5	Conclusion	134
		PART IV AN END TO DISCUSSION: SECRECY	
		AND THE TEMPTATION TO BIAS	137
7	Exp	erts and the Philosopher's Stone: John Law's	
	-	ret Financial Alchemy	139
	7.1	Introduction Introd	139
	7.2	John Law and the Mississippi Bubble	141

Contents

ix

	7.3 T	he Hidden: Alchemy in the <i>Great Mirror of Folly</i>	144			
	7.4 U	Incovering the Fraud: Desiderius Erasmus on Alchemy in				
		ne Great Mirror of Folly	149			
	7.5 C	Conclusion noiseussion noiseussion	155			
		2 A Radical Proposal serupist				
8	The Consequence of Suppressing Discussion: Imprudence					
	with B	iased Experts	157			
		ntroduction	157			
		he Early Criticism of Rating Agencies in Regulation	161			
		Gilbert Harold's Prudent Estimator of Investment Quality	162			
		he Corporate Bond Study Responds to a Critic	167			
		he Corporate Bond Project of the National Bureau of	154			
		Economic Research	174			
	8.6	Conclusion	176			
			7.1			
		PART V GETTING THE BEST FROM EXPERTS	179			
9	A Prop	posal for a Revised Code of Ethics for Experts	182			
		ntroduction	182			
		The Expert Economist's Dilemma, Historically Considered	184			
		Experts as Truth Seekers: A First-Best Option	188			
		Toward a (Partial) Solution to the Ethical Dilemmas				
		of Expertise	190			
	9.5	Conclusion	193			
10	Mitiga	ating the Consequences of Factional Expertise	197			
	10.1	Introduction	197			
	10.2	Gordon Tullock and the "Racket"	199			
		Karl Popper on Scientific Faction	202			
	10.4	Bringing Out the Best of Expertise	204			
	10.5	Conclusion	207			
11	Induc	ring Greater Transparency	210			
		Introduction	210			
		Clients and Experts: The Statisticians' View	213			
		A Model of Sympathetic Expertise	214			
		Governance by Jury	220			
		Is Transparency Incentive Compatible?	222			
		Making Transparency Incentive Compatible	226			
		Conclusion	229			

Contents

		PART VI CONCLUSION	233
12	Vox	Populi?	235
	12.1	Returning to Discussion	235 240
	12.2	A Radical Proposal	
Bibl	iograț	2119074 D92610	243
Inde	0 1	Conclusion notizubortnI	265
mue			