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[Overview of Urgent Challenges: Eroding economic models, Monitoring world politics, The impasse of ideological ideas]

July 8, 2006

Dr. Arden L. Bement Jr., Director
Dr. Kathie L. Olsen, Deputy Director
National Science Foundation
4201 Wilson Blvd.
Arlington, VA 22230

Dear Dr. Bement and Dr. Olsen:

Concerning NSF's draft strategic plan for 2006-2011: As a nation we are in trouble in three areas where the NSF-supported social sciences have stalled. Observing these earlier results can help to strengthen NSF's strategic plan in this next cycle:

A.) Beyond our borders, we are engaged in a war and democracy building without a good background of scientific understanding of how these processes operate in foreign cultures. The intelligence budget now spends \$44 billion/year, employing 100,000 bureaucrats in search of reality, but the social sciences are not yet equipped to provide entry-level (or Ph. D. entry-level) training about these current challenges. I doubt anyone believes that rapid increases to spend \$44 billion solely for research by covert intelligence agencies - an emergency response - achieves the best long-term balance for democratic decision making. <1>

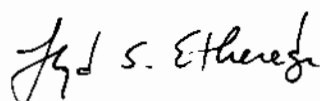
B.) Testing ideological paradigms and supporting evidence-based public discussion. Domestically, we have reached an impasse in many areas, represented in the perpetual recycling of simple ideological ideas on loud, policy argument television programs. But until the 1980s the NSF-supported social sciences were leaders for the development of science-based/evidence-based policy (and Donald Campbell's visionary "Reforms as Experiments" was assigned to undergraduates and graduate students in almost every discipline.) <2>, There is an NSF-created backlog of good ideas for a much more innovative,

intellectually-competitive, interesting, useful, and democratically-responsive social science that can get underway - for example, an initiative that has been in queue for twenty+ years, based on the Michelson-Morley experiment in physics, to provide fair and rigorous tests of ideological assumptions and arguments.

C.) Rethinking & expanding macro-economic paradigms. It is not discussed in the draft, but one of the most urgent areas for fast discovery/transformational NSF leadership concerns economics. The world has been changing and all of the 53 leading macroeconomic models, for about the last nine years, have shown an alarming (and measurable) erosion. However they cannot be improved without creative scientific leadership and new R&D to rethink standard government data systems, which were based on the industrial (and national, rather than globalized) US economy of the 1930s. There must be a cross-program (and multi-disciplinary) commitment to develop and test new theories, with new and exploratory data systems, as the older research program makes limited assumptions of rationality that exclude too many cultural and other variables.<3> True, the policy lever of Fed-adjusted interest rates and monetary policy probably still works in the traditional direction (although with changing lags) but in most other areas the erosions are becoming dangerous. If anything goes wrong and we need effective and well-targeted economic policy tools we could be in a great deal of trouble. Because of outmoded data systems and models, we probably have been missing many opportunities to accelerate innovation and support economic growth. Yes, the current "competitiveness" initiative is valuable, but there is a larger context.

The coefficients are changing, the traditional models are eroding, the alarms are sounding, and NSF should be shifting to fast-discovery mode.

Sincerely,



(Dr.) Lloyd S. Etheredge, Director
International Scientific Networks Project

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<1> I am attaching a letter to the National Science Board of January 24, 2003 based on visionary, foundation-supported work by the Yale historian Paul Kennedy and the new interdisciplinary field of political psychology, with a recommendation for 12 Centers for Comparative Foreign Policy. The letter recommends lines of science-based investigation concerning misperception and lesson-learning that would be revolutionary in international relations theory and informative for democratic decision making.

<2> Earlier, NSF social sciences did their job: Evaluations of Great Society programs saved hundreds of billions of dollars of expenditures for well-intentioned programs that were based on faulty ideas. And there also was impressive (non-ideological) scientific learning about what works and key investments that informed Democratic (e.g., welfare reform) and Republican ("No Child Left Behind") policy lessons - e.g., Daniel P. McMurrer and Isabel V. Sawhill, Getting Ahead: Economic and Social Mobility in America (Washington, DC: Urban Institute Press, 1998).

It is unlikely that all of truths of social and economic policy lie at a single point along the Left-Right dimension in recent American political disagreements. And they may not lie along this dimension at all. It is a serious mistake to allow zealots to set the terms of argument about NSF's SBE programs.

<3> I am attaching a supporting letter about these issues from Dr. Robert Reischauer, former head of CBO, and also a member of Harvard's Board of Overseers.