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Central Planning and Big Government: Kaput

Abstract

Government has been a voluntary system of mutual protection, which requires rules and administration. Unfortunately, these provide the means whereby the ambitious can impose control. Society evolved constitutions intended to curb such ambition. But over the last hundred years both the unwritten constitution of England and the written one of America have been bypassed by the greatest experiment in authoritarian government in 400 years. The last example climaxed in the early 1600s. The previous example in the third century turned Rome into a murderous police state.

Beyond state murder, the common feature has been that there was enough wealth to fund the expansion of the bureaucracy, which went unlimited until all the money was gone. It is as simple as that; unlimited government requires unlimited funding. But the purpose of this paper is to review the “banners” inspiring the intrusion as well as the “planning” that enables it.

And then there have been the popular uprisings that have reformed control freaks. The provocation has been arrogant governing classes living well and the public not living as well. In each previous example, the fascination has been the moment of discovery that the authoritarian experiment is over. Examples date back to dynastic changes in Ancient Egypt.

Follies of Central Planning

Above all, intrusion by central planners must have an appealing banner. Rome used the “Genius of the Emperor”. The next champion of intrusive government was the “Infallibility of the Pope”. On the temporal side, there was the “Divine right of kings”, which was invented by scheming theologians. Today it is the “Genius of the Fed”, which enables the belief that a committee can “manage” a national economy. This is an old tout. The most recent exercise in unlimited ambition has been to “manage” the Earth’s climate, which is the most preposterous audacity in bureaucratic history.

Presentations of grand objectives have been supported by authoritative guidance or approval.

Over the centuries, expedient citations have ranged from gods to priests as well as from oracles that used bird entrails to computer models and Fourier Transformations.

The interaction of policymakers and financial markets has and always will be rich in irony. In the huge financial bubble that climaxed in 1873, the establishment was convinced that nothing could go wrong. The US had the Treasury System, which was celebrated as superior to a mere central bank. A Great Depression followed.

The 1929 Bubble would continue because the old and bad system had been replaced by the modern and “scientific” central bank. Similarly, nothing could go wrong with the 2007 Bubble – the central bank had a “dream team” of macroeconomists.

Original backers of the Federal Reserve System boasted that it would prevent the financial setbacks that typically preceded recessions. There have been 19 recessions since the Fed opened its doors in January 1914. Until the 1960s, bankers dominated the Fed; since then it has been economists. The track record of this form of interventionist central planning has remained the same. That the Fed would not live up to expectations was known at the time, but its real utility has been as a vehicle for control freaks.

More recently the Fed has been corrupted to provide unlimited funding for the latest experiment in unlimited government. In so many words, it enhances the power and wealth of the state. Keynesian theories were selected, not because they were sound, but because they would serve the state.

Much the same holds for the theory that increasing concentrations of atmospheric carbon dioxide would force “global warming”. Millions of years of data do not support that CO₂ forces warming. Then the theory shifted to “climate change”, which covers any variable. Skepticism, normal to science is condemned as “denial”, a secular form of heresy.

The last time that always skeptical science was similarly condemned was in the early 1600s. Backed with the supreme authority of scripture, the Vatican insisted that the solar system revolved around the Earth. The clash with the advance of science was fascinating. Astronomer Tycho Brahe plotted planetary positions accurately, which provided the foundation for Kepler’s theories of planetary motion. Defying this breakthrough, the Vatican had many scribes calculating motions accorded to the old theory. It got very complicated and the beauty of science is less complication.

Elliptical orbits are elegant.

Of interest is that the state demanded that Brahe use the stars to advise on government policy decisions. The royal astrologer.

Ironically, one of Kepler’s teachers privately supported that the Earth rotated around the sun, but had to teach the government theory.

As with economic theories, the reason why the state has pushed CAGW is solely because it enhances the wealth and power of the bureaucracy.

There are other comparisons between economic and climate ambitions.

The Vatican theory was backed by the authority of scripture. CAGW is backed by “97% of scientists”, which number has been debunked.

Eventually, too much central bank credit increases the rate of CPI inflation. According to theory, the Fed easing credit does not cause inflation. The public’s “expectations” about inflation “causes” inflation. Somehow, this is not called tautology.

It gets worse. Many entitlements are tied to the rate of inflation. When these costs impair budgets a state agency changes the CPI calculation. Higher increases expenses, so the calculation lowers the actual number. The burden of entitlements is reduced and the Fed can go back to inflating credit.

Richard Feynman is one of the great physicists and his “Lectures” are well-known. Particularly, the one about no matter how beautiful the theory, if it is not confirmed in the real world “It is wrong”.

While Vatican ambition rested upon absurd orbital calculations, today’s authoritarians have been forced to alter climate history—big time. The theory is that modern industrial life causes “global warming” and “climate change”. Laws of physics are immutable and prevail for all of time. AGW theories cannot explain the Medieval Warm Period nor explain the Little Ice Age. Acting on behalf of the politicization of science, Michael Mann changed the accepted temperature history. Quite simply, his altered version, called the hockey stick, eliminated these two actual climate extremes.

His deliberate “cooking” of the books is leading to his professional infamy. That condemnation will also be earned by his disciples.

Which, sadly, continue to distort temperature data.

Climate “models” have been forecasting rising temperatures, but the satellite measure has been flat-lining for almost 20 years. The political movement has been pushing land and sea records that show a rising trend. Both are suspect due to urban heating and inconsistent ocean temperature numbers. But this is not enough distortion and in many cases, land temps from some 20 years ago have been revised down. This enhances the uptrend in the surface record.

The El Nino highs of 1998 and 2015-2016 are weather events on the satellite record. The latest El Nino is over.

The amazing thing is the ability of the movement to claim that normal temperature ranges have been abnormal. Hyped concerns about increasingly violent storms have not worked out. “The theory is wrong”.

One of the links between policy blunders in economics and in climate promotions is computer modelling.

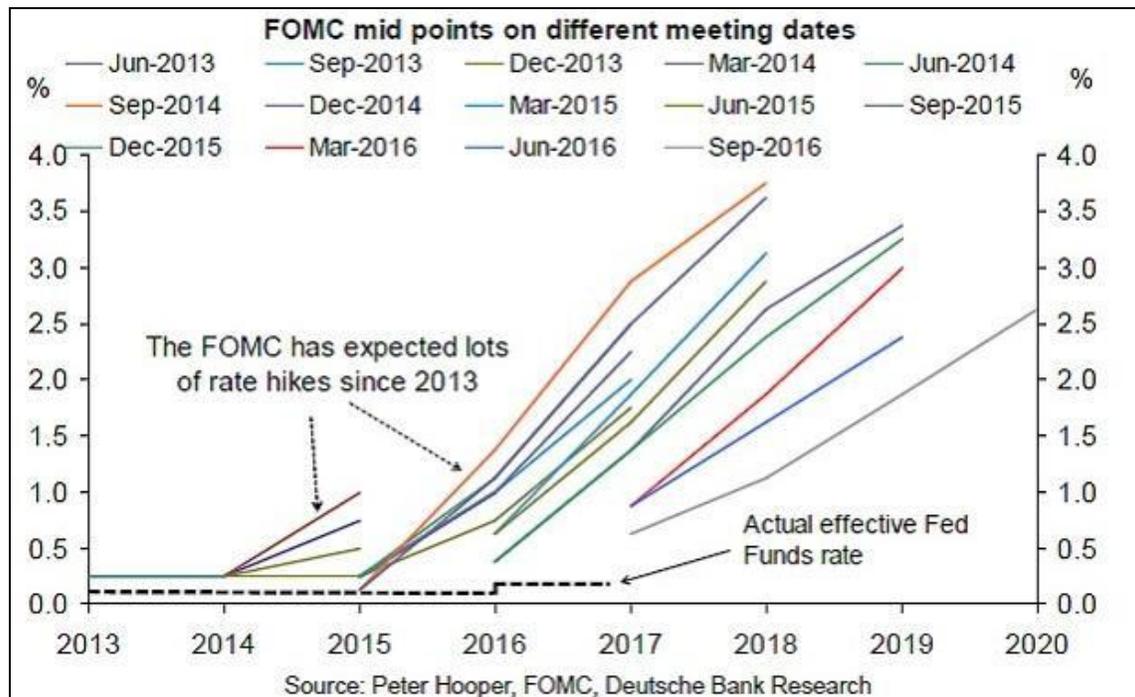
Econometric modelling has been based upon Fourier Transforms. These allow the mathematical treatment of different price series such that cause and effect possibilities can be reviewed. Modelers hope to be able to vary something like the amount of credit or interest rates and come up with GDP growth.

In the late 1970s, a big mining company in Vancouver made a serious attempt to figure out the business cycle. The Wharton econometric model was hired, the numbers for the 1920s entered, but it did not forecast the biggest financial event of the first half of the Twentieth Century. Run by geophysicists, the guys tried to improve the Wharton model, but could not make it work.

As noted above, a highly-regarded macroeconomist at Harvard predicted in 2007 that nothing could go wrong. Macroeconomic models did not work then, either.

The record of the Federal Reserve in forecasting its administered interest rate has not been reliable. The following chart by Deutsche Bank Research was published in October. It plots the time the Fed made the forecast as to where the Fed Funds rate would soon go to. The Fed uses macroeconomics to determine GDP growth. The “model” likely included the amount of Fed stimulation and projected growth rates.

As the record shows, even the Fed employing Fourier has been unable to forecast its own interest rates.



One detriment to economic forecasting has been the assumption of a national economy that can be managed. There is no such thing as a national economy, isolated from all others. Two thousand years ago, Cicero observed that when the provinces in the Middle East suffered credit distress it would soon hit Rome. The next problem is a primitive syllogism that confuses cause with correlation. That Fed credit expansion forces business activity ranks with roosters causing the sun to rise.

The issue with econometrics is that while the operators can put together a model that gets the immediate past correct, in time one of the series will change. That’s on the ordinary business cycle. One of the features of highly speculative financial markets is that growth curves become skewed. Skewed curves are virtually impossible to solve. Thus, the failure of econometrics when applied to 1929 and in real time in 2007.

Theories of economic intervention were favored because they transferred power and wealth to the state.

The fall of the Berlin Wall in late 1989 marked a popular rejection of socialism and communism. In the early 1990s, the Foundation for Economic Education documented that many socialist control freaks moved over to environmental issues. Catastrophic

Anthropogenic Global Warming became compelling and fundable. Particularly, as governments found researchers that would craft horror stories for grants.

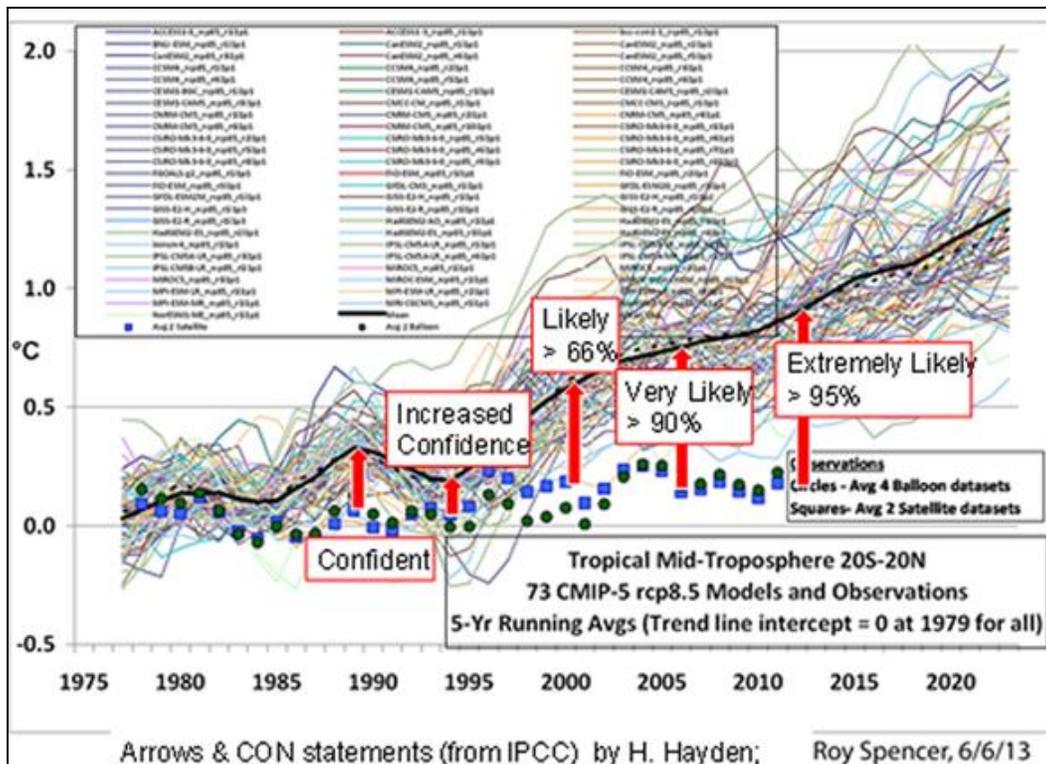
In the 1920s, H.L. Mencken observed that the purpose of “practical politics is to keep the populace alarmed”. With a threat, there would be a public demand to be “led to safety”. He went on with the part about “hobgoblins, all of them imaginary”. This is one of the best descriptions of CAGW, and the ploy has been remarkably successful.

While this was never announced as such and the promotion needed graphic presentations, which meant computer modelling.

Who did earlier programmers turn to?

Jay Forrester and his System Dynamics, which was based upon Fourier. One of the earliest uses backed the Club of Rome’s “The Limits to Growth”. In 1972, this applied computer modelling to the old Malthusian superstition, which is the concern of intellectuals that there are too many people on Earth. The Malthusian catastrophe has yet to happen. Malthus fretted that population growth would outpace the ability to expand food production. Today’s version insists that industrial exhalations of a trace gas will fry the Earth.

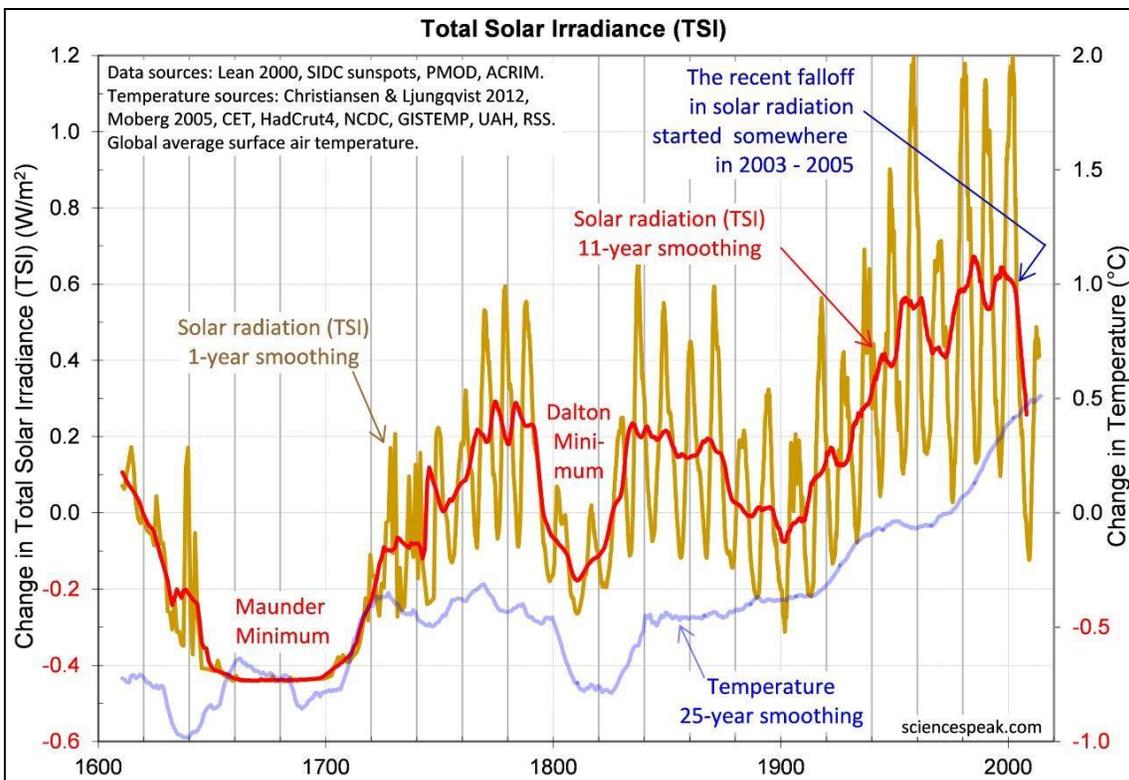
The following chart records success in the 1980s and 1990s with the “model” agreeing with the ups and downs of the temperature plot. Quite likely this was pushing the equations to fit the immediate past. Then based upon past relations that appeared to work, modelers made forecasts. Based upon an assumed causal connection to rising amounts of atmospheric CO2, the forecast (black line) was projected up. The small squares plot temperature history from balloons and satellite, which are the most reliable measures.



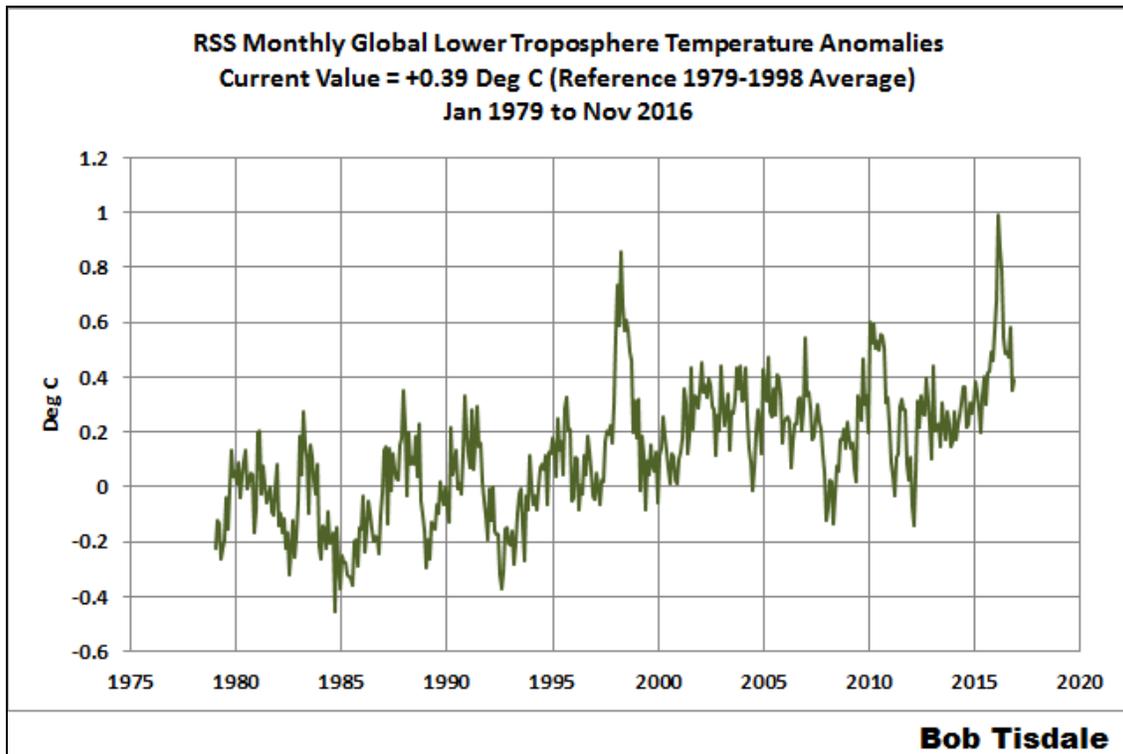
Two things are fascinating. The discrepancy between forecast and result continues, which should prompt a Feynman “The theory is wrong!”. Instead, the establishment boasts an increasing degree of confidence in the model. That’s from “Confident” to “Extremely Likely”. Ironically, in the real world the model has been an unintended forecast of the ongoing trend in CO2, which no one disputes.

However, the influence of CO2 is refuted by just reviewing the Vostock Ice Core. Over 450,000 years, a turn to warming occurred 19 times. Each has led the increase in CO2 by some 800 years.

A very persuasive way of understanding climate change is to review Total Solar Irradiance. This is the amount of energy from the sun received at the upper atmosphere. It is worth noting that the peak was the highest in thousands of years and that it is charting the most significant decline in 400 years. That is since the Little Ice Age.



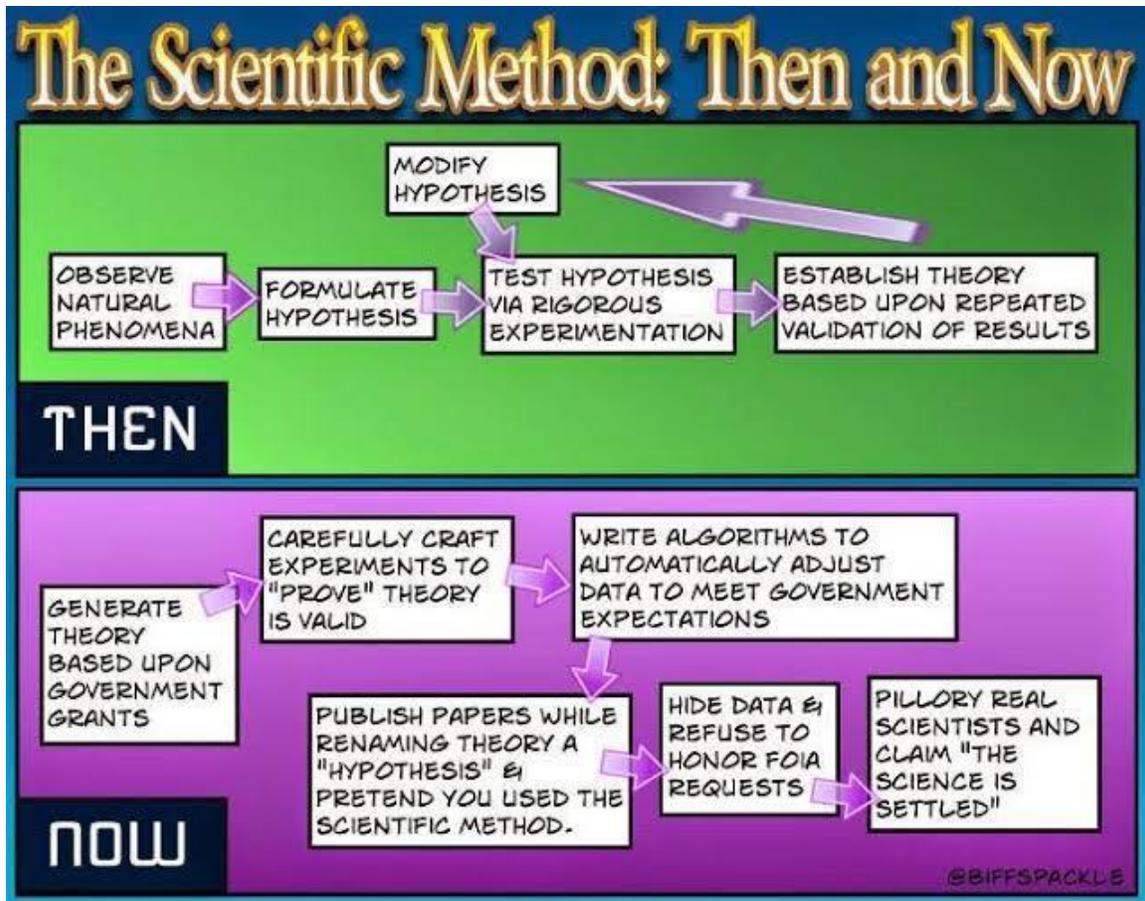
On the nearer term, the El Nino of 2015 to 2016 is over and the temperature increase has been followed by the most rapid drop on the satellite record.



The sun's behavior is no longer on a warming trend; it is on a long-term decline that is associated with cooling trends. The link is that the quiet sun allows more cosmic rays through, which in turn forces more cloud cover. More energy from the sun is reflected to outer space.

Proponents of CAGW should ask themselves a question. When did the natural forces of climate change that have prevailed for billions of years become ineffective?

Delusion has eclipsed science in the compulsion to expand bureaucratic power, and the following cartoon effectively sums it up.



Living in more tolerant times, Malthus proposed drastically reducing the numbers of the lower classes. Mass murder is no longer state policy, so the remedy is to control everyone. For a long time, control was asserted through the pitch that the economy needed to be “managed”. This would be accomplished through increased regulations, taxation and currency depreciation. That free-market economies have thrived without intrusion has not been widely discussed.

Believing that a national economy can be managed shows considerable arrogance.

Believing that the Earth’s climate can be managed has run to unaffordable excesses.

The last great experiment in authoritarian government ran to popular disapproval in the early 1600s. A Great Reformation followed and it was more successfully conducted in England than in Northern Europe.

A long and prosperous expansion climaxed in the early 1600s. Increasing unemployment and hardship prompted a massive make-work program. Experienced merchants in London likened the scheme to a sepulcher. “Attractive without, dead bones within”. In expecting it to fail, they described the intrusion into the markets as driven by “Tyrannical Duncery”.

In today’s terms “Authoritarian Stupidity”. Venezuela is the current example of unlimited central planning.

Veteran traders have long known this about economic intervention. Earth scientists who are outside of “His bread I eat: his song I sing” are driven up the wall by the notion that a committee can “manage” the climate.

Fortunately, political history shows a long record of popular uprisings. These have been against the governing classes that have become arrogant and privileged as ordinary citizens live poorly. Then in what seems like an instant, authority loses the drive to impose its will. At the same time the complacent public loses the will to submit.

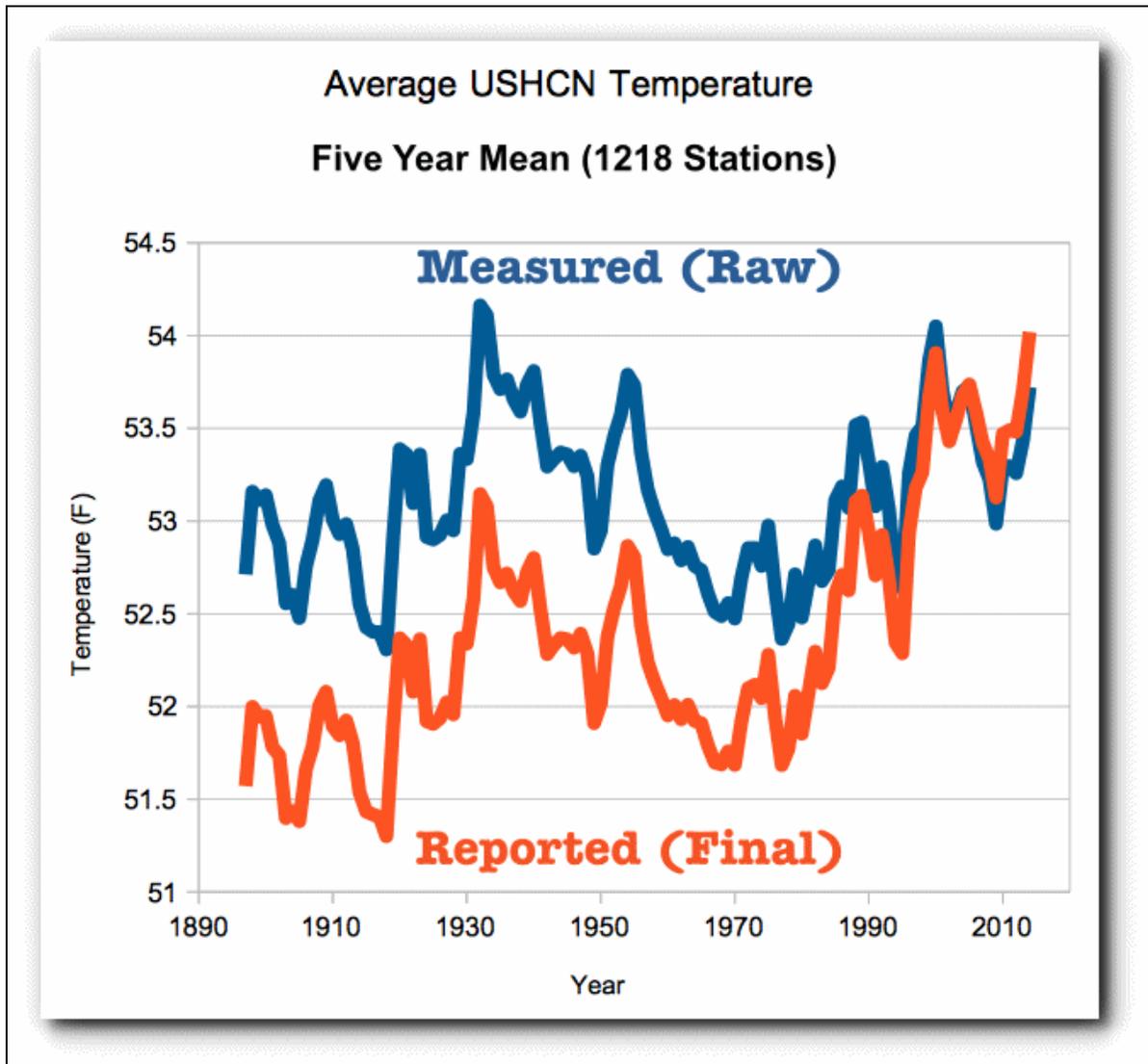
Historians have recorded such uprisings back to Egypt some 4000 years ago. The last significant one took down communism and the Berlin Wall in November 1989. This one started with Brexit in June and accomplished a major step towards an “American Spring” in November.

As with previous examples, a great experiment in authoritarian government has run to unstable excess. The function of protection has been corrupted to predation. Each previous example was followed by a Great Reformation.

Truly magnificent plans by grand bureaucracies are being increasingly seen as futile, particularly in climate issues. Also, the public is discovering that its prosperity is threatened by governments that recognizes no discipline or accountability.

Considering the methods and “banners” used, it’s about time.

NOAA Original and Adjusted Data

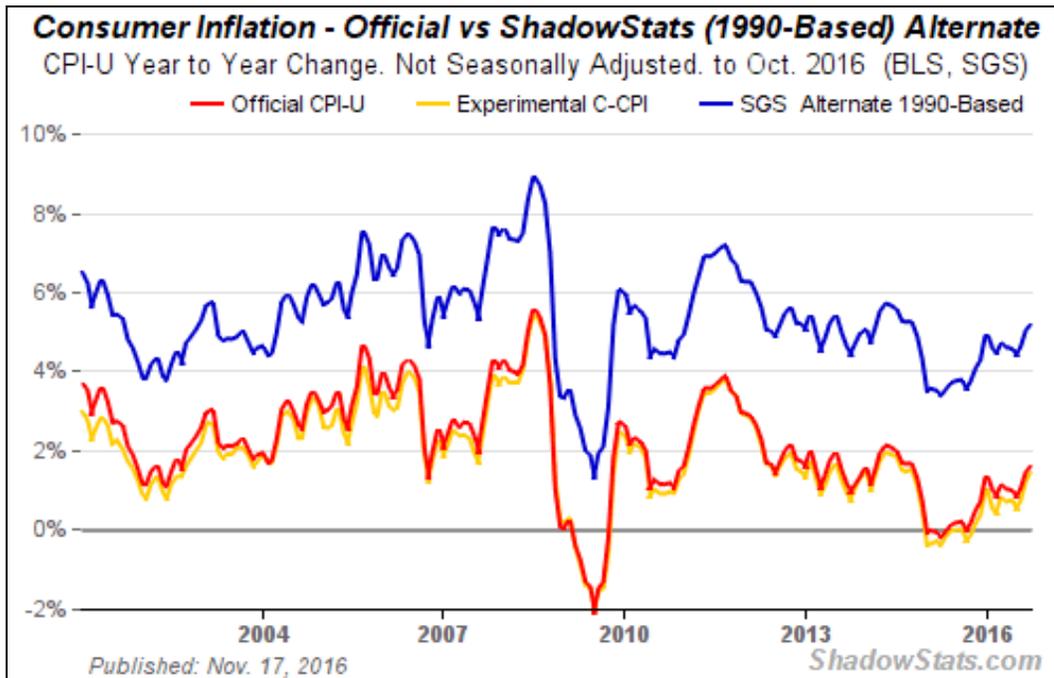


Source: Tony Heller, Real Climate Science, December 28.

Heller headlines *“100% of US Warming Is Due To NOAA Data Tampering”*

- To emphasize, the plots are of old NOAA data and adjusted data.
- The manipulators assume that no one will review the old record.

CPI: Original and Adjusted



Source: Shadow Stats.

- A high rate of CPI inflation increases the state burden of entitlements.
- It was expedient to calculate it “down”.