I Don't Know

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I Don’t Know

(A nonfiction novel)

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Preface

*I Don’t Know* is the result, ultimately, of a series of manic psychoses that I experienced beginning in October of the year 2000. These psychoses were thought to be the result of interactions among several odd substances, so-called “smart drugs,” that I was taking at the time. I am quite confident—as much as I am about anything these days—that the psychoses were much more than merely drug-induced glitches. I believe that they were a necessary adjunct to a communication with God, for reasons that will be clear to the reader upon completion of this book. At the time that this communication took place, I had no desire to have ideas that would involve work to write up, in either my field of economics or in politics, and certainly not in theology. I was hoping to become—indeed looking forward to it—what is known as “deadwood” in academia. Moreover, I was an extremely avowed atheist, for nearly four decades, going into this time of psychosis and insight.

I no longer am an atheist, again for reasons that will become quite clear. At the time of the psychoses, I was given—in admittedly somewhat rough form—many ideas in the span of just a few seconds, much like a “computer dump” right into my head. This book presents three of the more important ideas that were given to me in those few seconds. As will be seen, the ideas presented here are neither uniformly liberal nor conservative, as those words are usually bandied about. Indeed, the dogged adherence to such worldviews is here argued to be antithetical to original thinking, or really any kind of thinking... *knowing* harms *thinking*, and it is only at the latter that humans have some (limited) expertise.
I am hoping that *I Don’t Know* will be particularly enjoyed by those readers who like to read novels but are frustrated when they do not come away from having taken the time to read a book with “something more.” Something more substantive, some new insights, some learning…something worthwhile. An entrée for the mind, as it were, rather than just mind candy.

The book is broken into three relatively self-contained parts. Part I contains certain concepts from economics. After some background material of a fairly traditional sort, it presents some new material I was given involving so-called “public goods.” This part argues that there is a flaw in the economists’ traditional approach to valuing public goods. The flaw implies that many goods such as species preservation, carbon dioxide abatement, and the like are underprovided, possibly by a large amount.

A portion of the discussion of Part I deals with over-suburbanization and public policy. Much of the vast amount of suburbanization historically observed has not been about lotsize, per se, but rather about attempts to obtain higher levels of public goods than those provided in the urban centers of large American cities. This part argues for increases in governmental spending for such location-specific central public goods as quality schools, reduced crime and noise, more parks, and so on. The material of Part I is likely to seem “liberal,” as most readers currently use that word. I don’t know how much practical significance the material of this part possesses, but I think the ideas might be very important…it is up to the reader to decide.

Part II flows logically from the discussion of Part I, as characters in the book criticize the ideas of Part I that would seem to suggest that government spending should be larger and that there should be more regulation of certain kinds. Part II, then, takes up
politics and points to a novel potential solution to the problem of controlling the growth, and to some extent the composition, of government spending. It is argued here that government does too many things that it should not be doing at all and not enough of the things it should be doing. The novel insight in Part II is that there exists a simple mechanism that would transfer control of government spending levels directly to voters. In advocating this mechanism, I compare it to a popular, but I think much less desirable, alternative—the various Balanced Budget Amendment proposals. The overall thrust of this part will be seen by the typical reader as being “conservative.” Again, I don’t know how important or practical the central idea of Part II is, but I think it might be very much so…as with Part I, it is up to the reader to decide.

Part III considers theology and presents what I think might be a novel view of the nature of God. I experienced a realization of the existence of God that was jarringly at odds with my prior, strongly held, (dis)beliefs. This part represents an attempt to render consistent the experiences of God that I had during my psychoses, with my prior arguments against the existence of God. The arguments of this part are likely to please neither atheists nor religious theists of traditional types. Religious people are likely to find the ideas aesthetically unsatisfying vis-à-vis the more traditional concepts of their various religious upbringings. Atheists on the other hand are likely to find the notions of God presented here to be sufficiently “innocuous” as to render their usual vituperation toward religion unwarranted. They will not enjoy losing their reasons for hating, hence denying the existence of, the traditional All-Knowing, All-Powerful, and All-Loving God. I don’t know how this part will be perceived, and it would certainly be difficult to characterize in terms of “conservative” versus “liberal!” However, for me, the arguments
of Part III provide a convincing scientific rationale for belief in a God of the traditional sort, a notion that I was never even remotely convinced of before.

The three parts can be read in any order, though the character development would favor reading them in order. The parts are not all likely to be equally interesting to the reader. Part III on theology will probably appeal to virtually all readers, but it is presented last for a reason. Parts II and I are largely designed to give credibility to the central protagonist, Charles, in his notions of God presented in Part III. The characters are all fictitious, with names generally changed from those corresponding to real-world people. All of the characters of the book are, as is probably inevitable, a hodge-podge of people that I have met and enjoyed…if you see yourself, and like what you see, it is you. If you see yourself, and you don’t like what you see, I am writing with somebody else in mind!

--P.E.G.
"I Don’t Know"

“He who knows nothing is nearer the truth than
he whose mind is filled with falsehoods and errors.”

--Thomas Jefferson

“When I think back on all the crap I learned in high school,
it’s a wonder I can think at all.”

--Paul Simon
Part I: Economics

“The third and last duty of the sovereign or commonwealth is that of erecting and maintaining those public institutions and those public works, which, though they may be in the highest degree advantageous to a great society, are, however, of such a nature that the profit could never repay the expense to any individual or small number of individuals, and which it therefore cannot be expected that any individual or small number of individuals should erect or maintain.”

--Adam Smith.

The Drive Home

“One of the nice things about driving home for the holidays is that you don’t have to worry too much about packing…just throw everything in but the kitchen sink,” I said to Robin, while getting ready for the long drive back to Indiana. Robin, an ex-girlfriend, was going to be taking care of Tripod and the fish while I was gone.

“And, you can leave when you’re ready and don’t have to mess with lines at airports,” she volunteered perkily. The harsh reality was that this trip is always truly a pain in the butt, more accurately the back, something our light banter tried to obscure.

Robin didn’t bother to say anything about the additional disadvantage of trying to fly with a bunch of Christmas gifts, especially after the introductions of all the restrictions after 9/11 a few years ago. She knew I had “unilaterally withdrawn” from Christmas many years earlier. I had offered a Secret Santa name drawing option as an alternative to the obscenely extravagant upward creep in lavish gifting that had occurred
in our family over the years. My sister Michelle was adamantly opposed to my solution, thinking it curmudgeonly, so I dropped out of Christmas giving. Oh sure, the first year nobody believed I would really do it…I came out way ahead that year!

“Yeah,” I continued, “and it is easy to throw in a couple of cases of wine to lubricate the already frisky family conversations—they have sort of come to expect that from me. Might need more than usual this year, too!”

“What do you mean, Dave?” Robin asked.

“Charles says he has an announcement to make that he is saving until the family is all together, and it seemed a little ominous, not likely to be pleasant,” I replied. Robin had met most of my family and knew Charles, my older brother.

“Any idea what it is about?”

“No, but Charles hasn’t seemed quite as happy with his job at the University during the past couple of years as he used to seem…I’ve always thought he had it made, though.” I am referring to his Tuesday-Thursday teaching schedule at SUNY, Binghamton that always seemed pretty cushy to me. As a pharmacist, I work long and irregular hours to keep the creditors at bay. Of course, Charles always maintains, not too convincingly, that his research eats up all his spare time…but he always seems to do pretty much whatever he wants!

“And,” I continued, “as I’m sure you remember, Charles had a series of psychoses a few years ago that had us all really worried. He always was sort of a health nut and had gotten into anti-aging medicine, taking a bunch of so-called “smart drugs” like deprenyl, hydergine, piracetam, ghb, and centrophenoxine along with his usual handfuls of vitamin
pills. As a pharmacist, I could have told him it was likely that he was going to screw up his neurotransmitters, getting his serotonin and dopamine levels way out of whack!

I hope his mysterious announcement doesn’t have anything to do with that,” I fretted to Robin, “While Charles claims to know he had real psychoses, he also thinks they were part of a bigger theological experience. He now claims to believe in God, after having been an atheist for practically as long as I can remember. I was eight years old when, at age fourteen, he suddenly decided there was no God, though he may have been agnostic for a while. I sure hope he hasn’t gone off the deep end, planning to give away his worldly possessions and enter a monastery or something.”

“Would he do that?” asked Robin, adding “Hasn’t he been back to normal for quite some time?”

“I think he’s back to normal, but I’m not sure,” I replied. “But, if he is willing to talk about it, I do want to find out what it felt like to be crazy and to be locked up with a bunch of other crazy people. And, I’m curious what the contrast was like the next day, when he was more-or-less normal after being pumped full of intravenous Haldol, an anti-psychotic, all night. I guess that’s just the pharmacist in me, though.”

“Well, you’ll find out soon enough,” said Robin. “Are you planning on driving straight through again?” I usually did just that, starting early in the morning, cruise-controlling at 10 or 15 miles over the posted speed limits, with quick pit stops for fueling the Subaru and me. Sure, sometimes I would be somewhat slower, if drivers—I called ‘em “cop filters”—were not passing me, and faster if enough cars were passing me.

I knew I’d be feeling pretty wretched when I arrived, as usual. However, as Charles would have said, it is all about expected benefits and costs—I could fly, if I
really thought that was the better overall alternative. The drive gave me lots of time to reflect on things in solitude. Plus, I didn’t have to worry about packing lightly and I could take plenty of wine for the family gathering. And, I would have my car back in Indiana, avoiding having to borrow or rent one.

“I’m not sure…it depends on how I feel when I get to Columbia, Missouri—I have a friend who was a fellow pharmacy major at Butler who works there…did you ever meet Chris?” I asked, more or less rhetorically, “He’ll be out of town for the holidays, but left a key out in his shed for me, if I want to stay there.”

I could tell that Robin was beginning to get bored, and she had watched the house so many times in the past that I knew she had no questions and everything would be fine. The great fish massacre of ’93 was but a distant memory for both of us now…finally. It had been traumatic to lose so many fish, including my pricey African tigerfish, a pet freshwater fire eel, and a large arowana. But, the fish were not going to be overfed anymore, and everybody loves Tripod, a three-legged part yellow lab that I picked up at the pound a couple of years ago. So he will have lots of company, in addition to Robin. I had thought about naming him “Fester” after the infection that had claimed his leg, prior to my picking him up at the pound. But I ended up opting for Tripod, which is more descriptive of his current condition. People like to take Tripod for walks because he’s a lot more manageable to walk than the typical lab, operating on all fours. I sometimes refer to him as the “zero price Rent-a-Dog.”

“Well, have a good trip, and be careful driving…see you when you get back!” and, with a hug, Robin disappeared into the Colorado night. After the usual early male immaturity, in which guilt about breaking up—from either side—caused me to try to
avoid all ex-girlfriends, I had nearly always remained a friend with each. After all, there was a reason why we liked each other and there is no reason that should disappear if it didn’t work out for other reasons…which seemed to always be the case. Perhaps I was too picky.

Or, maybe Angela, an ex, was right that I “usurp the knowledge” of the women I date and then lose interest in them. I hope she isn’t right about that, as that would be pretty awful, and not leave much hope of ever achieving a long-term relationship. Oh well…never terribly introspective at best, I quit worrying about it.

I finished piling up everything I planned to take with me in the kitchen…I hoped to smuggle it out to the car while Tripod hobbled around on the roof tomorrow morning. I always try to trick Tripod, hoping he won’t know I am leaving. I hate the look in his face whenever he sees my luggage…a peculiar sort of sadness that pulls at the heart.

The next morning everything went according to plan. Tripod inhaled his dogfood (usually about 38 seconds, independent of quantity) and went up the stairs to the back deck, hopping gingerly over onto the roof where he liked to hang out. He seemed to enjoy looking at people and, I think, soaking up the high-altitude Colorado sun—sometimes he would come down from the roof and his hide would feel warm to the touch. Occasionally when I was upset with him, and even when I wasn’t, I would tell people about what a beautiful “pelt” he would make. It wasn’t a particularly humorous thing to say, but I liked to watch their reactions when I referred to Tripod, beloved by all, as a potential “pelt.”

Too, some local passersby refer to him as “roof-dog,” unaware of his much cooler real name.
Having backed the car into a non-Tripod-visible position the night before, I quickly tossed my stuff in and yelled, “See ya later, Tri!” For all he knew, I was just going to the store…or so I hoped anyway…he seemed to be really intuitive about such things. He was a “good boy” in more ways than could be known.

Fifteen hours, plus two time zones, later I pulled up in front of my Mom and Dad’s house. I didn’t stop in Missouri…probably would have if Chris had been in town, but it wasn’t all that much farther down the pike to go ahead and get “home.” Funny how we refer to home as the place we grew up or where we experienced certain things. I have lived in Colorado longer than I ever lived in Indiana, but still often think of Indiana as “home.” Maybe it has to do with where you spend certain stages of your life more than just experiences. Oh well…thoughts for another time.

It was very late, or really early, depending on how you count such things…I knew my parents would be getting up pretty soon. Beginning at about age 40 they had started getting up about an hour earlier every decade. Now, well into their 70s, they are often up at 5 a.m. I don’t get it, but maybe it’s just a matter of time before the “see the sunrise” contagion spreads to me.

I quickly let myself into my parent’s house with the easy-to-remember code on the garage door opener. 484953, the last two digits of the birth years of each of the three kids, Charles being the oldest, Michele the middle child, and me, the youngest…and almost certainly an “accident.” Born just fifteen months after Michelle, it had suddenly occurred to me at the ripe old age of thirty that I was unlikely to have been “planned,” in the modern terminology. When I confronted Mom with my “accident hypothesis,” she
smiled and said, “Oh David, I still remember that night…we knew it might not be safe, but you were a love-child!” How bad could I feel?

Sneaking quietly into my old room, I thought a little about the long trip. Without audiobooks on tape, I doubt I could have kept awake. Usually I listened to several short mystery novels, like the latest Tony Hillerman and Mary Higgins Clark books…fluffy stuff…but this time I was actually able to keep myself awake with some heavy-duty philosophy material, narrated by Charleton Heston. I made a mental note to discuss some of the deeper theological stuff with Charles, who has almost certainly thought more about such things, especially since he had those psychoses, than I had…and I drifted off to sleep.

Charles’ Announcement at the Family Lunch

My brother and I had, for many years, prepared for our family gatherings by finding a joke about the other’s profession to tell over lunch. He went first.

“A pharmacist looks out the front of the store and sees a woman holding a bottle jumping up and down in the parking lot. The pharmacist walks out to the parking lot and asks the woman what’s the matter. She replies ‘I saw that it said 'Shake Well' only after I had already taken it.’”

“Hmmm,” I said, “not very funny, Charles. Well beneath your usual quality…but perhaps pharmacist jokes just aren’t as inherently funny as economist jokes.” I liked to rub in how funny economist jokes were, partly because economics never really turned me
on. Drug stuff was always interesting…odd that Charles would get in trouble with drugs, but they were not the sort of drugs that I had tried and enjoyed.

“Let me try again…a customer gets a topical cream. The directions say: apply locally two times a day. The customer complains to the pharmacist: ‘I can't apply locally, I'm going overseas.’”

“Sheesh…is that all you’ve got!” But, I was pretty sure mine wasn’t going to be much better.

“You know why astrology was invented?…to make economics look like an accurate science!”

Charles chuckled politely, then said, “I thought you were going to tell the one about the economist who returns to visit his old school. He's interested in the current exam questions and asks his old professor to show him some. To his surprise they are exactly the same ones he had to answer 10 years ago! When he asks about this, the professor answers: ‘the questions are always the same - only the answers change!’”

Portentously, it was right after that old joke, halfway through lunch, when Charles made his big announcement. The collective munching on the ham sandwiches and sour-cream flavored potato chips came to an abrupt halt.

“You’re what?!” I blurted out, almost spewing a mouthful of beer on my sister, Michelle, when Charles said he is planning to quit teaching economics at the university.

“Well, I’ve been a professor for thirty some years, which is a long time,” Charles replied, continuing, “and I’m pretty sick of it…the teaching mostly.”

“But it is only six hours a week, with maybe some office hours thrown in,” I protested. I couldn’t conceive of getting burnt out under the circumstances. Burnout is
fairly common among pharmacists and of course among doctors and nurses…but we work long hours, often 12-hour shifts, mostly on our feet. And there are the missed lunches, the demanding customers, and the non-pharmacist chain-store owners. Probably the worst part of it right now is the incessant paperwork for the ever-present insurance companies. No wonder Charles has a full head of dark hair while I am already quite gray, despite being almost six years younger. Of course, I was single during the sexual revolution of the ‘70s, while Charles was married, and that might have put a little gray on my noggin, too. But I had always had a lot of fun.

What keeps me going, at least so far, is the feeling that I often make a difference in people being healthy or at least getting better if they get sick. Plus, I like the people I work with—great camaraderie, lots of dirty jokes told…very politically incorrect, but none of the men or women working there would want to change a thing, especially Kim who I have a smallish, probably temporary, crush on. People would probably say she was too young for me, were we to go out, but I had heard that before and it wouldn’t bother me.

Intrigued that Charles might retire, I asked, “But Charles, don’t you get satisfaction out of molding young minds?” I always liked to say “molding young minds” when talking to Charles because of the image of shower mold that I knew it conjured up in his mind. Yeah, I can be a real card at times…increasingly, I’m finding as I get older, I try to come up with bold, funny statements—despite the fact that I steal most of them from more clever people.
“I might if I really thought I could have any lingering impact on their minds,” he said rather seriously, ignoring my attempt at humor, “and I don’t even know for sure that I should even be trying to have an impact on them.”

“What do you mean?” Michelle asked, joining the conversation, “I’m sure that you teach very well and that the students in your classes learn gobs of things!” Michelle was always very supportive. As an accountant with a CPA, she usually saw things as being pretty black-and-white. On the other hand, it might be that she saw things that way all along, and that is why she became an accountant. Charles would probably call that some kind of “selectivity bias” or something, using his economic jargon that we seldom understood.

“Oh, I try,” said Charles, “but there are a lot of reasons why I can’t get through to them and some of those reasons are my fault, I think.”

“What do you mean?” asked Michelle, leaning forward. I notice that she looked quite good “for her age,” as people always irritatingly add. In fact, the whole family is holding up pretty well, apart from my gray hair. The Peterson family curse, a potbelly, had already hit me, but it only looked like I was trying to hide half a cantaloupe under my shirt. Dad is working on a basketball, while inexplicably, Charles seems unaffected by the curse…hmmm, it occurred to me that Charles does a lot more exercise than Dad does or I ever do. Charles’s response to Michelle pulled me back into the conversation—just before I reached to point of vowing to do something about the gut.

“Well, there are the usual problems you hear about. Short attention spans, probably due to the impact of advertisements breaking up TV shows. And, all of that ‘self-esteem’ nonsense—it used to be when a student didn’t understand something right
away, they thought it might be at least partly their fault. Now, if they don’t pick something up fast, or at all, they think it must be something I’m doing wrong!

But what has been bothering me the most of late,” Charles continued, “is that students seem to think they know a lot of things. I’m not talking about $2 + 2 = 4$ sorts of things, either. Take, say, social issues like capital punishment, abortion, and gun control or any of a huge variety of general public policy issues, like trade, war, or policies affecting the environment. They have very strong beliefs, often thinking the proper position is completely obvious. Yet, about half believe one position is completely obvious, while the other half finds a directly opposing position to be equally obvious! It has gotten to where when somebody says ‘It’s my opinion that…’ this is intended to finish the argument rather than being the beginning of a discussion, as might seem appropriate to us old Socratic types.”

“Well, why can’t you just present the evidence and convert the half that is wrong?” Michelle persisted.

“It isn’t that simple…first of all, each student has a ‘world view’ that their specific beliefs fit into. They really don’t want to have those specific beliefs questioned, because that threatens their more basic worldview. If they’re “liberal” they take a liberal position and if they’re “conservative” they take a conservative position—either way they really don’t want to seriously entertain alternative viewpoints. Besides, and this is what has been bothering me the most lately, I’m increasingly convinced that the best answer to any interesting question is ‘I don’t know.’”

“Huh…would you elaborate on that?” from Michelle.
“I used to think I knew a lot of things, too, just like the students…maybe most people are that way. It was just a matter of teaching them what I knew, or so I thought. This would usually work just fine, regardless of what I said. If I took a conservative position, the conservative students would lap it up, and for the liberal students it would be an ‘in one ear and out the other’ sort of thing, and conversely. Not having any strong ideological biases, I generally said enough things that fit into each groups’ world views that they could focus on what they agreed with and ignore the rest. This enabled them to perpetuate their specific beliefs, as necessary to maintain their world views unscathed,” said Charles with a chortle, warming to his topic.

I interrupted, with an off-tune rendition of part of Simon and Garfinkel’s *The Boxer*, “…a man hears what they want to hear and disregards the rest…”

“And,” Charles continued, ignoring my interruption, though I saw Michelle smile, “when a student asked me a question, I always had an *answer*, a position that I took to be pretty much obvious and true. So whether the students agreed or disagreed with my answer, at least they didn’t think I was stupid. Now, since I think the best answer to any interesting question is ‘I don’t know,’ many of them think I’m not qualified to be a professor anymore…I’m too stupid!”

Charles laughing uncomfortably, though we could tell he was bothered, and continued, “Increasingly, I’m thinking that the easy decisions have already been made, and that it is almost a ‘coin-flip’ as to which position to take on nearly every issue that we care, often passionately, about. Maybe Socrates was right when he said ‘I know nothing but the fact of my own ignorance’”
Dad jumped into the fray, “Is what you are saying sort of akin to the diet comments David made last winter when we were all together?”

“Perhaps,” said Charles, “Dave thought he ‘knew’ that a high carbohydrate diet was a healthy diet, if I recall correctly. Dave, would it be fair to say that you would now say ‘I don’t know’ if somebody asked you what the best diet would be like?”

“Oh, I guess I would say ‘I don’t know’ to pretty narrow questions of what percentage carbohydrates, protein, and fat should be in a diet.” I felt cocky, with the conversation turning to something that I had investigated a bit. I give a lot of diet advice to my customers, and it used to be that I was confident about that advice. “Originally I was convinced of the heart-healthiness of Dr. Ornish’s approach of very high carbohydrates and very low fat. But, the resurgence of support for Dr. Atkins diet, along with that for the Zone approach of Dr. Sears, and the recommendations of Dr. Reaven have really created a lot of uncertainty.”

Having taken the floor, I plowed ahead, hamming it up. “I think most people in the developed world, and increasingly in the developing world, just eat way too many calories, especially given our decreasing activity levels. It now seems to me that it may not matter too much whether you give up fat or carbs. It does seem pretty clear that we should eat more fruits and vegetables and less highly processed and sugary or transfat things, but beyond that it may just be calories, calories, calories.” I am smug…but I have also taken the conversation in a direction away from Charles’ reasons for giving up teaching. Returning to the topic, I said,

“But surely, Charles, most of what you teach must be of the 2 + 2 = 4 variety, without much controversy, unlike the controversy over carbohydrate, fat and protein
percentages in diets. I mean, didn’t Adam Smith write *The Wealth of Nations* way over two hundred years ago? Surely you economists have at least figured out the basic stuff by now!”

“You’d be surprised, a lot of what we think we know is probably delusion, and not just in economics, but in lots of fields,” said Charles. “And the real problem is that believing that we *know* something interferes with our ability to effectively think about that something—students get trapped in the boxes of what they believe they know and as a result find it much harder to think originally or to accept important revisions to what they ‘know.’ And, unfortunately, almost everybody else, including me, is also stuck in his or her own box, just a different sort of box and it hurts our ability to think originally, too! It’s all very depressing, and I’ve been luckier than most at coming up with some reasonably novel ideas.”

“Would you be able to give an example of what you’re talking about that we could actually understand?” I challenged. I had heard him, on too many occasions, spout those weasel words that academics use to sound intelligent without actually saying anything understandable.

Charles said that he would take a shot at that later, over dinner. He had to do some last minute Christmas shopping most of the afternoon. I didn’t envy him…one of the nice things about having dropped out of Christmas is that I never get that holiday depression that lots of people get, partly because of all the extra crap that they do in an effort to be “festive.” Plus, I was never a good gift wrapper, and didn’t even care whether I got better at it or not.
Wine, a Fire, and Market Economics

It had been a relaxing sort of day for me, though Charles and the others had been busy with the last-minute bustle of activity before Christmas. To simplify things, we had decided to order in pizza in the late afternoon, and were munching on it during what would normally be the pre-dinner cocktail hour.

“If Dave is serious about getting an understandable example, you had better not pour me any more wine…I tend to lapse into jargon when inebriated,” Charles said to his wife, Elizabeth, who went by “E,” who was refreshing his glass. Elizabeth has a sister, Georgia, who goes by “G,” too. I sometimes have a little fun with that, introducing us at bars and restaurants, with “Hi--This is Elizabeth, but call her E, Charles but call him C, and I’m Dave, but call me D.” I would, of course, throw in the name and initial of any unlucky soul who happened to be my date for the evening.

As a general rule, we always drank too much when we got together over the holidays. Michelle and E drank white wine, and usually much less of it than Charles and I who liked to compare reds, with good-hearted one-upmanship the order of the day. He was always hunting for bargain-priced wines that we would both like better than my expensive reds. Sometimes he could do it, too. He claimed that wine was an “inefficient market,” with almost three hundred thousand wineries in the world, each with different wines and with vintage variation. Charles was fairly sure that there had to be undiscovered bargains out there, and he sometimes did find a really good wine for not much money.
Michelle was drinking more than usual, probably because she missed Gary, her husband—a great guy—who was away on a business trip and would not get back until right before Christmas, a few days away. Dad and Mom (Jack and Diane, just like in the John Mellencamp song) nearly always had exactly one martini before dinner during the week and two on Sundays (“stirred, not shaken”). They drank milk, of all things, with dinner. Barbaric, I thought, though my thoughts were usually ignored. Our parent’s routine hadn’t varied for decades, apart from the dramatic switch from gin to vodka in the martini about ten years ago. And, before that, they had switched from whole milk, first to two percent, then finally to skim. To the extent that I drank any milk—a rare occurrence—it was always skim.

But, when the family got together, all of that orderly parental imbibing discipline went out the window. The pre-pizza martini was now a distant memory, with Dad helping Charles and I out with our second (or was it third?) bottle of red wine. Mom was sharing Michelle and E’s first (or was it the second?) white…not being used to drinking very much, both parents were starting to slur their words a tad. I always liked that, believing very much in moderation in all things…including moderation. As usual, I had stolen that thought, but liked it no less for that.

“Ok, give us an example, and make it clear,” Michelle said, more aggressively than was typical for her, “of how our knowing hurts our thinking.”

“I’ll try,” said Charles, “but any example that is going to stay very clear, will have to involve some simplifications, some ‘assumptions’ as scientists say. Suppose we have a so-called ‘competitive economy,’ one in which there are so many buyers and so many sellers than no one person, or small group, can affect price…”
“Whoa…hold on there,” I protested, “don’t suppliers set price and we just buy or don’t buy?” I don’t remember much from the one course in economics I took in college, but I was not planning on getting duped into anything, especially in my intellectually weakened state of partial inebriation.

“Hey, as I say, it is a simplification, but a very useful one—and besides there are some goods for which it is a pretty accurate assumption…agricultural goods like wheat, soybeans, and lots of financial assets, like stocks in the stock market, for example. It’s just a useful assumption, like the ‘frictionless fluid’ models of physics…”

“The what?” from Michelle, who had had her difficulties with physics before turning to accounting.

“You probably heard of it as the assumption of a vacuum…maybe saw some experiments in high school. If there is no air resistance, you can drop any two things from the same height and they will hit the ground at the same time.”

“Well, they pretty much will, won’t they?” interjected E, who has been listening quietly while watching the fire, wiggling her foot in time to the Christmas carols on the stereo. Charles had always liked to talk and that was probably part of his appeal to the quieter E.

“A rock and a marble will, but a rock and a feather won’t,” Charles continued, “so for some pairings the real-world fact of air resistance matters a lot. However, thinking about what happens without air resistance is still very useful for a general understanding of how the physical world works. Simple, unrealistic models are actually good—if a model is very ‘realistic,’ it will be just as complicated as the real world, hence can’t help us understand the real world.”
Charles went on, “So, for the time being, let’s assume that individual buyers can buy all they want and individual sellers can sell all they want at the going price…Ok? Trust me, it is a useful assumption, and not too many things change in important ways if you make more complicated assumptions.”

My bullshit sensor always beeps frantically when people say “trust me,” because you are nearly always about to be victimized by a con artist. But I figured my brother was being genuine, or at least trying to, within the limits imposed by being an economist!

“When would buyers stop buying?” Charles asked, trying to involve people.

I was ready for this one, from many prior talks with Charles, so I jumped in, shamelessly trying to appear smarter than I am, “You would buy as long as the benefits are greater than the costs!” I crowed. One of the few things I remembered from my college economics class was what it meant to be rational. If you were rational, you would compare the advantages with the disadvantages of any action, taking those actions with advantages greater than disadvantages, while rejecting those with net disadvantages. Economists just called the advantages “benefits” and the disadvantages “costs,” probably to make economics seem fancier and more precise.

“Bingo!” said Charles, “and you would stop buying, if you could smoothly vary your purchase size, just when the added—we say ‘marginal’ in economics—benefit expressed in dollars, equals the price. If you stop short of that amount you can make yourself better off by buying more; if you buy more than that your dollar benefit will fall below the dollar cost, so you will be better off buying less.”

“Ok, so for example say that a pizzeria were selling pizza like the one we’re eating, by the slice, for a dollar each. The last pizza slice you buy must be worth to you
about a dollar, that’s why it is the last slice, huh?” said Michelle. Michelle understood what was going on and I could imagine her mentally crediting a pizza slice and debiting a dollar cost for the transaction.

“Yep, the buyer buys up to the point where the added benefits just equal the price of the good. What about the seller?” continued Charles, as he poured himself some more ’94 Beringer Knight’s Valley cabernet. He and I agreed that we liked our California cabernets around eight or ten years after the vintage date. French Bordeaux, that we agreed—rightly or wrongly—was less good, we felt could use another few years more age. Or at least the extra age wouldn’t hurt it. The joke among connoisseurs, a connoisseur just being a wino with more money to spend, was that the French drink their wine too young, while the English drink their wine too old. The Americans, out of ignorance, drink it at about the best age. Life can be simultaneously funny, confusing, ironic…yet always better than the alternative.

“Well,” I volunteered, with a little hesitation, “it would seem to be exactly parallel, in the sense that a seller is just a ‘negative buyer.’ So the seller should sell up to the point where his or her added costs of producing another pizza slice just equals the price.”

“Exactly,” said Charles, “the seller doesn’t want to sell anything that costs more to produce than its sales price, but would like to sell anything he can produce for less than that price. But suppose a price is very high? Who would like that, the buyer or the seller?”

Dad said, “Obviously, that would be better for the seller.”
“It would be, if the seller can sell all they want at that price, but at very high prices, they won’t be able to because buyers won’t buy as much as they would have at lower prices,” Charles added, fine-tuning Dad’s response that seemed basically correct to me.

Charles continued, “Suppose, on the other hand, that price is very low…who would like that, the buyer or the seller?”

“The buyer!” Mom contributed, having fought the crowds at many sales over the years. She seemed more interested in the conversation than usual when Charles was expounding on economics, politics, or whatever. And, I think maybe she was paying more attention to Charles because of those psychoses. She was happy that Charles seemed to be completely recovered from his mental weirdness, something that she never understood at all well. I was also “wild and crazy” in a way that she wouldn’t understand, either, but I hid most of that from her…Charles hadn’t been able to hide his very real craziness. E took care of him through that period, and the family probably never really sensed how serious it was.

“Again, lower prices are clearly better for the buyer, but only if there are sellers willing to sell at that price,” said Charles, again expanding on Mom’s answer, as he so often did in his discussions. Charles was a big fan of precision in our family talks, but some of that was probably to counteract the sloppy logic of the others and me.

“The fire’s getting low and it looks like we might need another log or two to get through to Charles’ punchline,” Dad interrupted, “David, could you go get a couple of more logs for the fire?”
“Be right back,” I said. Mom and Dad, having named me David, always stuck with that. I went out, banged a couple of pine logs together to shake off the light coating of snow and brought them in. They sputtered and popped a little as they settled into the existing coals. Mom had left to get everyone some glasses of water, and returned as I was poking around on the logs…a little hard puffing from me—we had never gotten one of those billows things—and the flames burst forth.

Charles said, “We’re almost done with the necessary background material…and, trust me, the background stuff should be a lot more boring than what comes next.”

Again, the “trust me” made me a little nervous.

Charles pressed on, “Now, if prices are too high, there will be frustrated sellers who can’t sell and if prices are too low, there will be frustrated buyers who can’t buy. In either case, those who are thwarted in what they want to do will either offer to sell for less or offer to pay more to get what they want. So…drumroll…the price we would tend to observe in the market will be the price that makes the quantity people want to buy equal to the quantity firms want to sell. It will be a kind of compromise between the lower prices that buyers would like and the higher prices that sellers would like, but will be a price at which everybody can actually do what they intend to do,” concluded Charles.

We were hoping he was done—this was starting to get too much like a class lecture, rather than a family get-together. However, it was actually pretty clear to me, and without all those irritating graphs that plagued me in that college course, now mercifully mostly forgotten.

“So what?” argued Michelle, “Who cares?”
“Ahah!” pounced Charles, clearly excited, and moreover, not looking the least bit like he “didn’t know”—which was the whole point of getting into this discussion. I intended to come back to that.

“The reason economists care about this becomes clear when you think about what seems like a very desirable feature of the quantity of goods that get produced and sold at the so-called ‘market-clearing’ price,” said Charles.

“What’s that?” asked Michelle, pretending to want to know.

“Look at the outcome now from the perspective of the quantity produced and exchanged in the market…the last unit produced costs producers in the economy just what it is worth to consumers!” exclaimed an animated Charles.

“I have to come back to Michelle’s earlier observation of ‘So what?’” I said, not really getting the importance of what Charles had just said.

“Ok, look at it this way,” said Charles, growing slightly impatient with our stupidity, “suppose a society were to produce a smaller quantity than that which equates what sellers want to supply with what buyers want to demand. Wouldn’t the last unit be worth more to buyers than to sellers?”

“Yes, I guess I see it from the buyers’ perspective at least. Take Michelle’s single-slice pizza seller example. If you are restricted to buying one or two slices of pizza, when you would have wanted three slices at $1 per slice, the last slice you actually get to consume must be worth more than $1 to you.

But, so what? Where are you going with this?” Sometimes I was so obtuse.
“For smaller quantities than what the market would provide, we would be better off, the benefits would be greater than the costs in economics jargon, if we produced more.”

“Oh, of course,” I said, but not really seeing the significance of this.

Charles pressed on, “Suppose we were to produce more than the market outcome?”

“It would have to be worth less to the buyer, like that 5th or 6th pizza slice, and I suppose it must have cost the supplier more, or at least the same, or it would already have been produced?” I replied, a bit uncertainly.

“Exactly,” Charles continued, “and what that means is that, under normal circumstances, a government planner cannot improve on the market outcome! If they mandate lower production than the market outcome, they would fail to produce goods with benefits greater than costs to society; and if they mandate higher production levels than the market outcome they would produce goods with costs greater than benefits to society! Dave, that was what Adam Smith’s The Wealth of Nations, that you mentioned earlier, was all about. Given the resources available to a society, allowing voluntary exchanges between sellers and buyers gives us the right amounts of the things we value.”

“You’re starting to throw in a little too much jargon there, Charles,” Dad offered, “but I think we see your basic point. If everything we do is voluntary, what we do has to make us better off than not doing it, whether we are buying or selling. Otherwise we wouldn’t do it, right? And, if we do, voluntarily, all the things we can think of to make us better off, it would have to be pretty hard for a government to improve on that.” Dad
always surprised me by how smart he was…you’d think that after all these years I wouldn’t be surprised anymore, but he still amazes me at nearly eighty years old.

Michelle added, “But, so far, you haven’t told us why you think ‘I don’t know is the best answer to any interesting question.’ In fact, you seem pretty confident in what you just said about markets.”

“Well, one reason I don’t know about the preceding, is that it isn’t terribly clear that we have the best income distribution. All of these voluntary transactions make some fortunate people very rich and other people, the less fortunate or lazier people, poor. So the ‘right’ amounts of things would change if we didn’t like the income distribution that a market economy produces. The amount of yachts, steaks or foreign vacations we observe in the market would change if rich people were less rich and the middle class and poor people were better off,” said Charles. “What if the average person thinks that the rich have too much income? If that is true, there may not be anything ‘right’ about the amounts produced by market forces. There might, for example, be too many yachts and too little low-income housing. But, the income distribution could be pretty much anything, so how could we know we’re producing the right things?”

Dad countered that with, “but the only guide we can possibly have to what’s ‘fair’ comes out of all that political in-fighting in Congress, right?”

“Yes,” I chimed in, “if incomes get too unequal we elect Democrats who will tax the rich to help the poor. And, if we come to feel that taxes are so high that people can’t get ahead, or that the poor are taking advantage of the system, we elect the Republicans…what else can we possibly go by?”
“Oh, I’m mostly just being argumentative, because I think I pretty much agree with you—there has to be some income distribution and the political outcome is probably the best guess as to the right one. But, a lot of students, being young and idealistic, are disturbed by this, thinking that the market system is unfair to the poor since they pay the same prices as the rich and have much less income. It is hard to argue convincingly with them, because you can’t really say they are wrong.” said Charles. I could tell that he really didn’t want to get into the quagmire of what is “fair.”

“What bothers me more, though, these days,” he continued, “is that while the market gives us the most of what we value it doesn’t tell us anything at all about what we should value. Should people like high-fat ice cream more than broccoli? Should we buy exercise equipment or remote controls? As Dave well knows, we have become the fattest nation on earth because we apparently value very highly two of the seven deadly sins, sloth and gluttony. Aren’t we having practically an epidemic of Type II diabetes, Dave?”

“Yes,” I said, reflecting on the growing amount of insulin prescriptions coming across the counter.

Charles continued, “Should we like to drink wine, this being very good wine incidentally? We tried to outlaw booze as a nation for more than a decade of Prohibition, a failed experiment because of the high value we place on alcoholic beverages. What about pornography, which is about the only ‘good’ that has yet to make big bucks on the Internet? The way I put this to my introductory economics class is: ‘the greatest strength of the market system is that it gives us the most of what we want—and the biggest weakness of the market system may also be that it gives us the most of what we want!’”

Nothing about the market system elevates preferences. So, if somebody were to ask me
if the competitive market system is the best system on earth, I would have to say ‘I don’t
know.’ However, as a practical matter, I cannot think of any system that works better.

“I’ll say!” said Michelle, who along with Gary, had done quite well with the
market system.

“I guess I’m not really convinced that market outcomes make people happy,”
added Charles. “True, economics is about choices, not happiness, and happiness is
probably mostly about brain chemistry, anyway—I should know about that,” he laughed,
uncomfortably. Charles’ psychoses had been very manic, and he apparently enjoyed
them, apart from other people trying to save him from himself by locking him up and
taking away his chemicals. I was glad I was nearly two thousand miles from all that and
not involved, because I was told by E and others that the psychosis period was quite
scary.

“But, still,” he continued, “it would be nice if we had some confidence that the
market system actually made us happier, and I am not very confident about that anymore.
I think economics provides a very precise answer to the uninteresting question of ‘Are we
getting the most of the things we want?’ while saying absolutely nothing about the really
interesting question of ‘Given the potentially infinite array of things we could want, what
should we value?’ It sort of seems to me that we’ve thrown the baby out with the bath
water.”

By this point, I was starting to get impatient, fearing that Charles is turning into
some sort of liberal social engineer, trying to make people “better” by restricting what
they can have, so I protested, “So what? The beauty of the market, as you yourself have
said many times in the past, is that we can all have whatever we want…I can eat my
double cheeseburger and you can have your tofu burger. Neither of us need wrest control of the political system from others to force them to be like us, and everybody is best off that way, because each can have what they want.”

I was somewhat proud of my eloquence, and there was rustling in the group, suggesting—to me at least—that I had struck a harmonious chord. But, perhaps they were just fidgeting with boredom…I didn’t focus on that possibility.

Clashing Values and Public Goods

Charles took a bite from one of the few remaining slices of pizza and a long tug from his wine, “Well, that would maybe be fine, if all of our individual decisions had no impact on others when we add them all up. But often, perhaps usually, it doesn’t work that way. Sure, whether you choose to wear blue jeans or khakis probably won’t make much difference to other people. But suppose you smoke cigarettes or make steel.”

This was a touchy subject for me since I had once smoked and have a number of friends, mostly in the poker group back in Colorado, who still do, “What are you getting at?”

“Well, Dave, consider your decision to light up a cigarette in a bar or a steel company’s decision to produce another ton of steel. Will either of you consider the ‘full social costs’—sorry for the jargon, must be the wine—of your decision, or will you only consider the private costs to you of smoking or producing steel?”
“Maybe I wouldn’t smoke, or at least not as much, if I thought I was harming somebody else,” I said a little defensively, “but, I guess the steel company harms so many people, just a little bit each, that it might not consider, or fully consider, those costs.”

“Exactly,” continued Charles, “and any time there is too much pollution there is too little environmental quality…it’s two sides of the same coin, so to speak. If we have the right amount of environmental quality, we have the right amount of pollution. It is sometimes hard to get students to understand that we can have too much of a good thing, in light of what we have to give up to get more of that thing. But, a zero pollution economy is a zero production economy, which in turn would have to be a zero person economy. So, we want to devote some resources to cleaning our air but we do not want perfectly clean air—how clean do we want it? And, suppose,” Charles said, seemingly shifting gears for no reason, “you have a prairie dog colony on your property, Dave, what might you do?”

“I might kill ‘em,” I said, “the little buggers are infested with fleas that can carry the bubonic plague and they trash the land, eating all the vegetation and digging holes everywhere for livestock to break legs in.”

“Are you saying you would like to get rid of all prairie dogs?” baited Charles.

“No, just those around me,” I responded, not thinking quickly enough about the trap that was about to ensnare me.

“But, if everybody thinks like you, wouldn’t prairie dogs maybe go the way of the woolly mammoth or the saber-toothed tiger? They were no fun to have around either.”

Dad sagely interrupted this with, “Where are you going with this? How does this relate to your earlier supply and demand arguments?”
“Ok, let’s look at these situations in a different way…when the individual polluter doesn’t consider all of his or her costs to society, we collectively have too little environmental quality. When we kill the prairie dogs or wolves or snakes because we individually don’t like them, we might end up wiping out a species that we collectively care about. So, how do we decide how much environmental quality to have or how many prairie dogs to preserve?”

I’m starting to see where Charles is trying to take us, “I suspect that you are going to say that you would want to have cleaner air or save animals as long as the benefits are greater than the costs, huh? Sort of like supply and demand for pizza slices, if it’s worth more than it costs, keep doing it until it just costs as much as it is worth for a little more.”

“Yes, but the situation is different in a way that is more complicated than it might at first seem, and this is one of the reasons I now say ‘I don’t know’ so much these days. I thought for nearly thirty years that I understood how to decide about air quality or prairie dogs, but then I realized I was wrong. Worse, not only was I wrong but I had been teaching it wrong all of those years to my environmental economics students.”

“Wow,” I said, “what did you teach that you thought was right? And, what was wrong with it?”

“Before I can answer that I need to say a little more about the nature of so-called ‘public goods.’ Goods like air quality, the existence value of an endangered species, or the light from a lighthouse, to use the classic example, have two critical properties. First, if they exist, they exist for everybody—we all get to enjoy them. If the air is cleaner, we all get to breathe it, if the endangered species is saved, we all get to benefit from that. If the lighthouse exists, we all get to benefit from seeing the light and hence knowing where
the dangerous rocks are. Of course, we don’t all benefit equally—some of us will have lung problems and benefit more from clean air…some of us will care more about a species…and some of us will have yachts, some dinghies, and some no boat at all. The second critical property is that, it is difficult or impossible to exclude people from using a public good if it exists—a provider of such goods cannot keep you from breathing the air, enjoying the saved species, or seeing the light from the lighthouse.”

“Yeah,” I inserted, “I vaguely remember public goods being talked about in my college economics class. The instructor, I can’t remember her name, made a big deal out of the fact that such goods won’t be provided privately because it can never be profitable.”

“Yep, that is the problem. It costs, often a lot, to provide public goods, but you can’t get any revenue, or at least not enough, because you can’t prevent people from using the good without paying,” said Charles. “So government has to provide such goods, sometimes directly like the lighthouse and sometimes indirectly, through regulation, like with clean air. And there are many goods of this general type, including provision of a legal system for providing the public good ‘fairness,’ a police and national defense system for providing internal and external ‘safety,’ and so on.”

Michelle asked, “So how does government decide what to provide and how much of it to provide?”

“Well, recall that for ordinary goods, the last unit produced must have benefits equal to costs, like the slices of pizza, for otherwise either more would be produced or less would be produced. And, any smaller or larger quantity would make us worse off, given our preferences, such as they are.” Charles replied.
“But, for public goods,” he continued, “the issue becomes ‘If we add up the benefits everybody gets from different amounts of the public good, at what quantity will that sum just equal the cost of providing that quantity?’ That is, in deciding whether to build, say, a lighthouse, government would want to add up what it is worth to Michelle, Dave, Gary, E, Dad, Mom and everybody else who benefits from the light, and compare that amount with the cost of providing the lighthouse. Air quality is like an ordinary private good, such as our pizza here, in that the more you have of it, the less additional amounts will be worth to each person, while those additional amounts will tend to cost more. So, you would want to stop producing cleaner air when the added up extra benefits equal the extra costs of a bit more.”

“Sounds reasonable…so what’s the problem with this?” I asked.

“There are two problems, one of which has been recognized by economists for at least a half-century,” responded Charles. “For an ordinary good, you have to reveal what it is worth to you by either shelling out the money to buy it or by not buying it. But, for a public good, it is very difficult to know the added value to any individual—one might suspect that a person who is sick or rich might be willing to pay more for improved air quality than one who is healthy or poor. But, how much more? Can you just ask people and, if so, how could you know they are telling the truth, assuming that they even know their true values?”

“Yes, I can see that it is less clear what something is worth for a public good than for a private good. If you don’t buy the private good it has to be worth less than the price, while if you do buy it, the last unit is likely to be worth pretty close to the price, huh, like with the pizza slices?” said Michelle.
“Moreover, in an ideal world, the financing of the public good, say air quality, would be such that individuals pay according to the value they get from the public good. Those who have high values would spend more than those who have low values; in fact, if you could know the individual values and charge them, you could have unanimous votes for improved air quality right up to the socially best level. And, for air quality improvement beyond that level, the voters would suddenly become unanimously opposed,” Charles continued.

“But, the real kicker here is that if people know they were going to get charged what they say a public good is worth, each will have an incentive to lie, to say it is worth less than it really is. Each person will try to become what is called a ‘free rider’ because each will know that what they will actually get depends on what others reveal the public good to be worth—each individual is too small to affect the overall value. They will think they can, as it were, have their cake and eat it, too—get the public good, but not give up any of their private goods to get it. With each person rationally trying to take a free ride, the free ride doesn’t exist…we under-provide public goods, like air quality, saved species, and so on.”

“Hmmm…sounds serious,” said Michelle.

“Yes,” responded Charles quickly, “and even if we thought we had the ‘right’ amount of some public good, nobody individually would agree that it was the right amount. This is the clashing values point—for private goods, as Dave pointed out earlier, each individual can have what they want. Using his example, if Dave wants a cheeseburger, Michelle wants a fish sandwich and I want a tofu burger, each of us can have exactly what we want. But it would really be a fluke if many people happened to
want exactly what ended up being provided by government of a public good. Even if we had the ‘best’ air quality, it would still be too dirty for the sick and rich and too clean for the poor and healthy. That’s why there is so much political fighting over policies toward public goods—national defense, clean air, signing Kyoto carbon dioxide treaties, and so on.”

Michelle was surprisingly animated and involved in a discussion that was beginning to wear on me. Could have been the cumulative effects of the wine, but I was starting to glance at my watch. She said, “But you said there were two problems. What is the second one?”

“The second problem is the one I discovered,” said Charles with some pride in his voice, “but the thing that’s weird is that the second problem is really very obvious and should have been discovered a long time ago. That’s one of the reasons I’m so much less confident about what I know now than I used to be. I thought I knew that the first problem was all there was to it, but it isn’t.”

“And the second problem is…?” I insert, trying to move the conversation along.

Why Do We Work?

“I used to like to ask my non-economics major environmental economics students, what it would be worth to them to have ten percent cleaner air in Binghamton,” Charles said. “And sometimes the students, who were in many cases pretty strapped for income, would say these really big numbers…thousands of dollars.” So, I would say, ‘Let’s see it…hand it over!’ and they would usually say something like ‘I can’t afford it,
but that is what it’s worth to me.’ And, you know what I always said? Emphasizing that we have to give up something to get more of something else in a world of scarcity, I would say ‘Money talks, bullshit walks!’”

“What’s wrong with that?” I said.

“Why do you work?” Charles asked me.

“What do you mean and what’s that got to do with either public goods or what we were just talking about?” I replied, a little frustrated at what seems like a pointless change in topic. Plus I was getting tired.

“Why do you work…simple question,” Charles asked a bit curtly, perhaps having noticed me glancing at my watch.

“Gotta pay the bills, Bro!” I responded to what looked like a pretty obvious question.

“But, more fundamentally, why do you have those bills?” he asked.

“Because I want stuff.”

“Right!” said Charles, “And you know that if you work to get the income to buy the things you want, you can have them, huh?

“Yeah,” I said, not sure where he was planning to go with this.

“You’ve got a pretty nice wine cellar, don’t you Dave? You must like wine a lot huh? How much do you spend on wine in a typical year?” he asked.

“You and everybody else here know I like wine…and you do, too,” I said cautiously, “I guess I like it a lot more than most people, if that’s what you’re getting at, and I probably spend five or six thousand dollars a year on it, much more lately, actually.”
“Suppose wine didn’t exist, Dave. You would be disappointed, wouldn’t you?” Charles continued.

“Of course I would!”

“If wine didn’t exist, what would you do with the thousands of dollars you currently spend on wine?”

I wasn’t sure where he was going with his questions, but I played along, “I suppose I would mostly just buy other stuff, but I also probably wouldn’t work as much overtime as I do, either, if those expensive Napa cabernets that I like so much disappeared.”

“Ahah!” Charles exclaimed, “suppose now that instead of red wine, what you really care about is clean air and water, wilderness preservation, saved species, and other public goods. What would you do?”

“What could I do? Nothing, I guess, since whether I get the species saved and how much clean air and water I get is determined collectively, through the political process.” It was beginning to dawn on me what Charles was up to when he started asking about why I worked and how much I spent on red wine.

“So, supposing you really care about things, like air quality or endangered species that you can’t individually get, even if you generate the income—will you generate the income?” asked Charles.

Michelle, too, was figuring out where Charles was going, “No, I suppose Dave wouldn’t work as much since he can’t get what he wants that way, but maybe he would work for an environmental group or volunteer a bunch to try to make a difference in the political process. Lots of people do those sorts of things.”
“Yes, maybe if Dave was very public-spirited,” Charles allowed, “but, you must bear in mind that when an activity has personal benefits that are negligible and personal costs that are high, whether in time or in money, a rational person isn’t likely to pursue it. Or, at a minimum, they won’t pursue it as much as they would in an ideal world where they could get what they wanted if they generated the income to do so.

The point is, ironically, that the people who care the very most about public goods relative to private goods are exactly the ones who would be expected to generate the least income…to be, in extreme cases, the hippie dropouts of the ‘60s. They don’t value private goods very much, hence only work enough to satisfy their limited demands for them, ‘buying’ more leisure, since they can’t get what they really want by working.”

“But there aren’t all that many hippie dropouts,” I argue, playing devil’s advocate.

“True,” replied Charles, “but we all care to some extent, even if only a little, about public goods and the same arguments apply to everybody—if you can’t get some of the things you want, you will work less than if you could. Interestingly, economists understood that this point was an important reason why the former Soviet Union’s economic system didn’t work very well. There was no, or little, direct tie between work effort and what you received for working on the collective farms, so people didn’t work very hard there. The private farms, on the other hand, produced surprisingly large portions of the milk, eggs, and other agricultural output because there was a direct link between work effort and work reward. In fact, public goods just represent an extreme case of this where there is virtually no connection between work effort and what you get.”
“Ok, ok,” I said, “so economists didn’t know this until you discovered it? It does sound remarkably simple, not to take any credit away from you.”

“Yes, it is simple…if it weren’t, I probably couldn’t have done anything with the idea when it was ‘given’ to me,” said Charles, with unusual—possibly faked —modesty. I was a little skeptical about the modesty, but I was more worried about his “given to me” reference, fearing he was going to go off on some religious tangent.

He continued, “Economists caught the problem that it would be difficult to find out how much people would value public good outputs relative to ordinary private good outputs, because of the ‘free rider’ problem. But they didn’t catch the fact that there would be another ‘free rider’ problem in input markets—there would be ungenerated income that would have essentially all been spent on public goods.”

“Hey, we work pretty hard in this country, and we do spend both directly and as a result of regulation, a fair amount on public goods like air or water quality…are you sure that this point is all that big of a deal as a practical matter?” I asked, thinking about how hard I work day in and day out.

Much Ado About Nothing?

“That’s a very good question. Some of my economic colleagues don’t think it is a very big deal at all, being more of an interesting, but minor, theoretical observation,” said Charles. “But I think it is important for a bunch of reasons, some simple and some fairly technical.”

“Like what?” I asked.
“Well, a main point is that very small percentage changes in income, because income is so large, would imply very large percentage changes in the levels of certain public goods since spending is often quite low on them. Let me give you a simple numerical example. Total income in the U.S. is huge at around ten trillion dollars, that is, $10,000 billion dollars. Of that, we spend maybe at most two and a half percent annually on all of our environmental pollution clean-up efforts, say $250 billion. Now, if we could buy air and water pollution cleanup like we do ordinary goods, even if we only generated incomes one percent larger, that would amount to $100 billion dollars. And $100 billion is a forty-percent increase in existing spending on cleaner air, better water, hazardous substance cleanup, and all the rest. So the absolute dollars from small percentage changes on a big number correspond to large percentage changes on a small number. And expenditures on many of the various public goods, for example species preservation, are currently very small.”

Michelle, wanting to be sure she had it straight, asked, “So let me see if I can relate this back to the discussion about the market outcome giving the best amounts of ordinary private goods. Is what you’re saying that the levels of public goods being produced could be quite far from the best amounts, with even modest under-generation of income?”

“Yes, because all of the ungenerated income would have gone to public goods, but there are other reasons, too.”

“Such as…” I prod, not entirely convinced.

“Let me clarify by coming back to your wine cellar, Dave,” said Charles.

“Suppose again that there is no wine in existence, but there is a substitute…suppose that
beer does exist, but that it is very expensive, costing as much or more than wine. What would you do?”

“Well, I’m not much of a beer drinker, because it seems too filling for the amount of flavor, but I guess if there were no wine, I would probably drink more beer. But, I wouldn’t drink as much beer as I do wine, especially if it cost as much as wine,” I replied.

“But, to the extent you did drink the beer, even if you didn’t really like it all that much, you would generate the income necessary to buy it, right?” Charles asked, continuing to question me.

“Yeah, I suppose so.”

“Let’s suppose further, for purposes of argument, that you would have spent, in the absence of wine, $3,000 for your annual beer consumption, rather than $5,000 on wine.”

“Ok, let’s suppose that,” I said, not sure again where Charles is going with this.

“Now, suddenly wine comes into existence…what do you do?”

“I guess I would go back to the $5,000 spending on wine, no longer drinking the beer that I don’t like as much as the wine.”

“And you would become a lot better off right?”

“Yep, I definitely like wine better than beer.”

“And you wouldn’t have had to increase your income very much to get the $5,000 worth of wine, would you? Because you are giving up the poor substitute, the beer, that you had been buying because you couldn’t get the wine?”
“Yes, I guess in the example, I would only need to earn an extra $2,000 to get my wine, since I could discontinue buying $3,000 worth of beer, switching that spending to wine. But what does this example have to do with public goods? And, how does it suggest the importance of your point about failing to generate income to get public goods?” I asked.

“It’s getting pretty late and we’re all getting tired…and I’m getting tired of talking, too,” said Charles, “partly because I’ve been talking about this topic a lot over the last year and a half or so. So, I’ll say something like the guy in The Graduate did to Dustin Hoffman, but instead of ‘one word…plastics,’ it is ‘one word…over-suburbanization.’ Think about that, see if you can figure out what the wine-beer example has to do with suburbanization, and we can continue this after breakfast tomorrow.” Just like Charles to end what had started to seem a lot like a lecture with a homework assignment!

Michelle and I stared at each other, mystified. Over-suburbanization, wine and beer…What could they possibly have in common?

Mom and Dad had gone to bed about an hour earlier, at 9:30 p.m., and this after Dad had dozed off a few times during Charles’ more lengthy discourses. But dawn comes early and they seem to have a particular fondness for it.

I gave Michelle a hug, high-five’d Charles, and went to bed. In addition to the familial love thing, I liked Charles, but he was often pretty serious, whereas I was more frivolous by nature, more of a screw-up. I probably was one of those short-attention-span students that Charles was lamenting…I’m guessing that today I would have been diagnosed as having ADHD. Probably would have spent all of grade school on Ritalin,
but maybe that would have been good. I’d have probably been less of a disciplinary
problem and perhaps more docile and attentive; I never really thought I deserved to be
held back in the second grade on intellectual grounds! I was also reflecting on the fact
that when I was going through school, the self-esteem movement wasn’t in full bloom.
So maybe, too, I might not have been as cocky about what I “knew” as students today
are. These reflections were not exciting enough to keep me awake and I drifted off to
sleep.

Public Goods and Over-Suburbanization

It only seemed like a few minutes, rather than almost nine hours, had passed
before I was aware of the bustle in the kitchen. I usually slept pretty well at my house,
unless I had something on my mind, but typically had a harder time of it, at least for a
while, on a strange bed. But, I had slept like a hibernating animal last night.

I threw on some clothes and went downstairs for some coffee. One of the things I
like about the family get-togethers over the holidays is that we always drink real coffee. I
sort of miss that at home in Colorado, but I’m too busy—no, make that too lazy—to do it
just for me, so I always use instant coffee. Sucks, though.

“Ho-ho-ho!” said Michelle, trying in vain to inject me with Christmas spirit.

“Bah, humbug,” I said good-naturedly, “where’s Charles?”

“He went out for an early morning run,” said Dad, patting his belly. “Looks like
you’re starting to get the ‘Peterson curse,’ David. You might want to follow Charles’
example…though I’m a fine one to talk”
I ignored the reference to my burgeoning waistline, reflecting instead on the fact that, while Mom and Dad always called me David, most people called me Dave. I didn’t really care what they called me, as they say, as long as it wasn’t late for dinner! Sometimes when I was called David, I would recall having seen Michelangelo’s David at the Galleria del Academia in Florence. While I’m certainly no art expert, I think that statue is the most beautiful work of art ever created by mankind. I think that maybe it is now behind Plexiglas because some nut attacked it with a hammer or something. What is wrong with people? I don’t know, maybe it was the Pieta that is behind glass…my memory isn’t what it once was. As I blew on my coffee to cool it, I pondered art and fading memory of art…thought of perhaps of taking ginkgo biloba, despite the mixed results of various studies.

It occurred to me, continuing my musing, that it probably wouldn’t sound right if it was Michelangelo’s Dave…and Dave and Goliath didn’t have an appealing ring to it, either…kind of like making a movie called “Larry of Arabia.” I decided that maybe I liked being called David better than being called Dave, but I wasn’t really sure. You get used to things, and that carries some weight.

I sipped my coffee, now just the right temperature, and shifted my thoughts to the conversation of the previous evening. I liked our family conversations. Beats watching TV or at least most of the junk on it. I thought that I might have figured out how the wine and beer example related to suburbanization, but was in no hurry to get back into that. I always try to wake up my head in the morning by doing the daily crossword puzzle and cryptoquote. I’m not by nature a morning person—though apparently that is destined to change, based on the parents—and I wanted to be sure I was sharp before...
getting back into one of those high-powered conversations with Charles. But, the coffee was starting to take effect and I was coming around, getting friskier.

“Well, did you solve the wine, beer, suburbanization mystery?” asked Charles as he burst into the kitchen, dusting some snow off of his running suit, and sending a swirl of cold air across my bare feet. I don’t know how people can get up for going outside in freezing temperatures to run in the winter…I’m guessing that the Supreme Court would rule it cruel and unusual punishment if we forced prisoners to do that. Yet, otherwise sane people, and I’m now counting Charles among those I thought smiling, voluntarily go out into weather that would leave even Tripod curled up in his doghouse…amazing. I suppose this is further evidence that the voluntary market system is a good thing, because I sure wouldn’t want to be forced to run on a typical cold gray winter day in Indiana. But, Charles wouldn’t want to be forced to miss his morning run, either.

Mom and Michelle were putting an egg-ham-cheese-mushroom casserole sort of thing into the oven. I vainly hoped I would be able to resist, in light of the “Peterson curse,” but was pretty sure I wouldn’t be able to, once I began smelling it cooking. Oh well, I thought, the holidays come but once a year; I’ll make it up later—I was almost certain to be wrong about that, too, if past history was any guide.

“I think I might have figured it out,” I responded to Charles, a bit hesitatingly. “You will generate the income to buy substitutes for the goods you can’t have, like my buying beer if wine isn’t available?”

“Yes,” said Charles, “go on, just to convince me you really have it.”

“Well, while people move to the suburbs for lots of reasons, some of it must be to avoid poor schools, high crime, pollution, and congestion in the urban center, right?” I
say. “Having the low levels of things we care about in the urban center is sort of like taking away my wine, while the suburban substitute is sort of like offering me beer instead of the wine that I really want?”

“Yes, and in addition the big private backyards are a substitute for low levels of quality parks in many central cities,” added Charles.

“And, you will have to generate the income to buy the suburban house and pay commuting expenses to go to the central jobs, to cultural events, and to restaurants that are predominantly in the center?” The wine and beer example had really helped me, after I thought about it a while.

“Yep,” said Charles, “in fact, if there were perfect substitutes for all public goods like say, Coke and Pepsi, if you view them as exactly the same, which many people don’t, then—and only then—would we generate exactly the right amount of income. We would generate the income to buy all of the goods we wanted, not just some of them. But, of course, there is no good substitute at all for an endangered elephant or a hotter planet.”

Charles continued, “Ideally, the decision to move out from the center would be only about lotsize demands and commuting costs—with bigger families for example you might want more space that could be acquired more cheaply in the suburbs. But people are moving out in larger numbers and to much further distances from the center than can be explained by family size or other pure lotsize preferences. And, again, suburbanization was one of those things that I had always felt pretty ambivalent about, not knowing whether it was good or bad.”
“What do you mean,” said Michelle. “Is this one of those ‘I don’t know’ things again?”

“Yes, I used to think there might be some pretty good arguments for suburbanization being a *good* thing, despite the Sierra Club and all the environmentalists being against it. After all, when you see a lot of people doing something, especially if those people have lots of money, it might just be that what they are doing is desirable—the “money talks, bullshit walks” point again. But, now I am pretty sure that a lot of suburbanization does represent an attempt to buy substitutes for poorly provided local public goods in the urban center.”

“Is that bad?” I ask, recognizing that I haven’t really gotten the full point.

“Well, a huge amount of time and money is spent on commuting in this country, and commuting costs are actually rising. We are spending a lot of money to buy those substitutes for the things you mentioned in the urban centers—better schools, lower crime, parks, clean air, and reduced congestion. Moreover, we end up with region-wide pollution and congestion problems because of the increased driving distances with suburbanization, plus we lose the culture, the restaurants, and all of the other advantages of being in the city. Dave, would you say that life in the city center has become vastly better because so many people have moved out to the suburbs?”

“No, of course not,” I say, “the center still has higher crime rates, lower school quality, higher pollution, worse congestion and all of that.”

Charles touched his nose with his index finger, suggesting that I was right on the money. “But, wouldn’t you expect that living in the suburbs can’t really be better than living in the city, otherwise even more people would leave?”
“No, what do you mean?” I said. I was starting to smell the casserole cooking. Stomach was growling a bit and I felt like the coffee could use some company in there.

“Well, you are sort of suggesting that because of all the good stuff you get in the suburbs and the bad stuff you get in the center, that it must be worse to live in the center. But, could similar people be systematically worse off in the center than in the suburbs?”

“Sure, why not?” I respond.

“Well, that would be a lot like saying people are systematically worse off in the ‘slow’ lanes on a freeway at rush hour versus the ‘fast’ lanes, wouldn’t it?” asked Charles. “If the slow lane is slower than the fast lane people move to the fast lane until they move at pretty much the same speed, don’t they? In other words, the average person must be about as well off in either lane because otherwise some drivers would move if traffic in one of the lanes was moving faster than the other, right?” Charles was pretty logical, I had to admit.

“Yes, we see your point in the traffic case…you wouldn’t expect one lane to be better for very long, but I’m not sure it applies to suburbs and central cities,” said Michelle, revealing that she had been listening, despite the breakfast preparations.

“It might not be quite as clear or cut-and-dried,” said Charles, “but the same principle is operating. I’m guessing that the high commuting costs combined with the loss of central culture, restaurants and the like almost exactly cancels the higher levels of suburban public goods for a typical person. I think that similar people, and there are high-income people in both suburbs and center, for example, must surely be about as well off in either place. Otherwise, they would move from the bad place to the nice place. So,
while people live a very different life in the suburbs than people do in the center, that life isn’t likely to be much better overall.”

“So what do we do?” asked Michelle.

“I think—but don’t know—that we should make our cities much more livable places,” said Charles.

“Why don’t you know?” from me.

“Well, it might be that it is much more expensive, for some reason, to provide increases in public goods in the center. Parkland is very valuable, for example, for buildings. But, if it weren’t much more expensive, providing those goods might actually reduce how much income people have to generate, because they won’t have to spend all that time and money commuting.”

“So, returning to the beer and wine example, beer could be a really bad substitute for wine but could still be very expensive. If beer is sufficiently expensive, I might actually earn and spend more money when wine doesn’t exist, buying the poor but expensive substitute, than I would if wine existed?” I asked.

“Yes, I think that could be possible in the suburbanization case, as compared to providing proper levels of the public goods in central areas. We might actually end up working less, especially if you count commuting as part of work, as seems appropriate.”

“Ok,” I asked, “so there are two reasons you think that you point about failing to generate income to buy things that can’t be bought that way is important. One is that small percentage changes in income could lead to big percentage changes in spending on environmental quality and other public goods. And, now you’re arguing that income might not really have to go up all that much because we do generate the income to buy
private good substitutes, like the wine-beer example, the important example being the high suburbanization we see.”

“Yes, and there are other reasons, too, one of which I think might be pretty important,” added Charles.

Public Goods and the Willingness to Pay and Willingness to Accept Gap

“What is the important reason?” asked Michelle.

Charles answered, “Well, economists use a couple of fancy expressions, but what is actually going on is very simple. We talk about something called ‘willingness-to-pay’ and something called ‘willingness-to-accept.’ The first expression we have already talked about some. Willingness-to-pay is just what you would be willing to pay to have a little more of something. For ordinary private goods, you would expect this to be pretty close to the price you observe in the market.”

“Why?” interjected Michelle.

“Remember your pizza slice example, Michelle?” said Charles. “That last pizza slice you correctly noted had to be worth ‘about’ what you paid for it…that’s why it was the last slice.”

“Oh yeah, and another slice would have to be worth less than the price or you would buy it,” added Michelle, I thought a little redundantly.

“Uh-huh. So one could say that your ‘willingness-to-pay’ for another slice of pizza was less than the price for another slice of pizza.”

“Ok.”
“But, suppose you were just about to dig into the last slice of pizza you actually bought and somebody asks how much you would sell it to them for?”

“I guess, apart from considerations of friendship,” Michelle continued, “that you would only sell it if the person offered you more than you paid for it.”

“Yes, that would be what you would generally expect…that last slice had to be worth at least as much as the price but it could have been worth a little more than the price. Economists refer to how much you would have to be paid to give up a little bit of something you have as your ‘willingness-to-accept,’” concluded Charles.

“So, what do these concepts have to do with the importance of your idea that we underprovide public goods,” I asked.

“Dave, if you could accurately observe them, would you expect the willingness-to-pay and the willingness-to-accept to be very different?”

“I haven’t given it any thought,” I said, “having just now heard of these expressions.”

“Well, to keep it simple, suppose we are talking about different forms of money, say dollars and quarters—how much, in dollars would you pay to get four quarters?” Charles asked.

“I guess I would be willing to pay pretty close to one dollar for four quarters, perhaps a little less if I already had a bunch of quarters,” I said.

“Yes, and how much would somebody have to pay you to give up four quarters?” Charles persisted.

“Hey, come on,” I protested, “I wouldn’t take advantage of somebody…I’d give up four quarters for a dollar.”
“Yeah, but you would then you would have fewer quarters than you wanted, right?”

“Ok, but it’s not a big deal…there is probably some ideal amount of quarters I would like to hold. Quarters I would give up, from that amount, are probably worth a little more to me than extra quarters beyond that amount, but not very much.”

“Good!” exclaimed Charles. “This is quite generally what you would expect for non-lumpy cash-like goods. You would be willing to pay a little less than you would be willing to accept, but not all that much.”

“Watch out for the ‘non-lumpy cash-like’ jargon,” I cautioned Charles, figuring that could be the beginning of a very bad trend.

“By non-lumpy I mean that you can add a little more or a little less…suppose instead of a dollars worth more or less of loose change we were talking about one more or one less automobile?”

“Oh…I can see that the difference might be huge in that case,” I ventured. “I wouldn’t have much use for another car at all, so I wouldn’t pay much for one—I guess that’s why I don’t have one, as I think about it. But, at the same time, I would have to be paid a whole lot to give up a car, because I only have the one car, my trusty Subaru.”

“Yes, we can imagine situations, with very lumpy goods like cars, where the gap between your willingness-to-pay and your willingness-to-accept might be very large. But in most circumstances, we expect willingness-to-pay to be somewhat smaller than willingness-to-accept, but not too much. For typical goods, the ratio of willingness-to-accept to willingness-to-pay, for say coffee mugs or t-shirts, is typically less than two. In
student experiments, where people have voluntarily bought mugs for $5 or so they typically appear to be willing to give them up again for around $10.”

“What does this have to do, again, with why you think your idea that public goods are undervalued is important as a practical matter?” asked Michelle.

“It turns out that in a great many experiments with a wide variety of people and experimental conditions, the willingness-to-accept is vastly larger than willingness-to-pay—say ten to twenty times larger—for public goods. For example, people appear to be only willing to pay a small amount for a modest improvement in air quality. However, they claim to have to be paid very large sums of money to be willing to give up that same small amount of air quality. The so-called ‘WTA-WTP gap’ is not only much larger for public goods than for private goods, it is so large that a great many economists just plain don’t believe the experiments, despite the consistency of this finding.”

Michelle, being the CPA and wanting all the T’s crossed and the I’s dotted, asked, “And your point about not generating income to buy public goods, since you can’t individually affect the quantity of them, relates to this?”

“Yes, a large gap between willingness-to-accept and willingness-to-pay is exactly what one would expect, if my point has practical importance. People will work more to pay the higher taxes associated with water treatment plants and they will work more to pay the higher prices of cleaner cars. So, collectively, they will have generated the income to pay for our current levels of environmental quality and other public goods. But, they won’t have generated income, since they cannot individually add to their environmental goods consumption by doing that, for any demands exceeding current supplies of environmental goods. The economist is inaccurately observing the
willingness-to-pay, since the ungenerated income represents unobserved demands for improved environmental quality. The willingness-to-pay will be understated relative to true values. My argument provides a reason for expecting big ‘WTA-WTP gaps’ and, at the same time, the big gap suggests that maybe my idea is important. But, economists and psychologists have come up with lots of explanations for the gap…a psychologist recently got the Nobel Prize in economics, in part for his notion of an ‘endowment effect’—that having a good makes it more valuable. And there are other explanations, too, and maybe there’s some value in all of them.”

“Well, yours seems as good as the others, huh?” said Michelle, encouragingly. Michelle had always tried to build up the esteem of her siblings, though that was seldom necessary I thought cockily.

“I don’t know…it’s less ‘ad hoc’ as we say in economics—my argument stems from ordinary economic thinking, combined with standard sorts of ‘free-riding’ behavior.”

“This is pretty complicated and I’m not sure I really understand it,” I said, “but you also mentioned that there was still another reason, maybe not as important, for why you think your idea matters?”

“I’ll come back to the other reason, but come on, Dave, it isn’t all that complicated…suppose you are rationed on your wine purchases—you pay what it costs for wine, but you are only allowed half of what you currently buy,” said Charles.

“Yes,” I said uneasily, not liking that prospect at all.

“Well,” continued Charles, “since you are rationed, you won’t earn the income to buy the larger quantity of wine you really want, though you might earn the income to buy
substitutes, like beer. Now suppose this has been going on for a while. Somebody now asks you what some extra wine is ‘worth’ to you. You are likely to think in terms of what it is worth \textit{at your current income level}, not at the income level you would generate if you knew you could really get your wine by doing that. So you might understate what it is worth.”

“But, how do you know what is in somebody’s head when they answer a question like that?” I asked.

“I don’t know,” said Charles, smiling as he said that. “But in some experiments they have a fixed number of ‘tokens’ to contribute to the public good, and they can’t get more tokens by increasing their labor supply. So it is certainly possible that what they say they would be willing to pay is based on current income, not the income they would earn if they could change their leisure.”

“You mentioned, somewhat vaguely, that there was another reason you feel that environmental and other goods are being underprovided?” asked Michelle, recalling that Charles had alluded to something else.

Environmental Perceptions, Environmental Reality, and What Really Matters

“There seems to be a paradox, one that is understandable, at least, if many environmental goods are underprovided as I suspect,” said Charles, sipping from some coffee he poured when he came in from his run.

“What paradox?” I asked.
“Do you think environmental quality is improving or getting worse over time?” asked Charles.

I looked at Michelle. She said, “I’m not sure…there must be something to the global warming thing…”

“My understanding,” I said, continuing Michelle’s general tone, “is that the world’s ocean reefs are pretty threatened…I read somewhere that the Gulf of Mexico was very badly damaged from gunk coming down the Mississippi. And, then there’s the cutting of the rain forests…”

“Yes,” said Charles, “I suspect to a large extent it is a mixed bag, with some things getting worse, like some of the environmental goods you mention, but there are clearly some areas of improvement, too. The paradox is that many Americans believe that certain dimensions of environmental quality are deteriorating when they are clearly improving. Suppose for example that a private good, like a TV, got better every year, year after year. In fact, suppose that by official measures TVs became one-third better after a number of years went by.”

“Yes, so?” asked Michelle.

“Now suppose you take a survey and a large majority—almost three to one—of people say that TVs are getting worse, not better…wouldn’t that surprise you?” asked Charles.

“Yes, it would,” allowed Michelle. “But you must be getting at something more specific, huh?”

“I do think it would seem very strange if people thought ordinary goods were getting worse when they were actually getting better. But a recent survey of over a
thousand people revealed that a majority of people believe that U.S. air quality is getting worse, when it is actually getting better,” said Charles. “Specifically, faced with the question, ‘Do you believe the nation's air has gotten better or worse in the last ten years?’ 61% reported ‘worse.’ Thirteen percent reported ‘about the same,’ while only 22% of respondents felt the air to be ‘better.’”

“How much better did air quality get?” I asked. “Maybe there was no big difference?”

“Well, over the past roughly thirty years, there has been a steady progress, with a 34% reduction in emissions of the major pollutants that EPA tracks. And, much of that improvement has happened over the recent ten-year period. It amounts to almost 80 million tons per year in reduced emissions. Moreover, even more obscure hazardous substances have been greatly reduced over the recent period, in case people were thinking of something other than the major pollutants that EPA regularly monitors.”

“It might be the media’s continual focus on bad news,” noted Dad. “Bad news sells, while people find good news boring…so maybe it is the media’s fault?”

“Possibly,” said Charles, “but when pressed on why they believed that air quality was worsening, most of the respondents said it was because of their ‘own personal experiences.’ And, too, there is the counter-argument that there has been a fair amount of press lately arguing that the world is generally getting better in many ways. Bjorn Lomborg’s The Skeptical Environmentalist in particular coming to mind. Didn’t you guys hear about that book?” Charles asked, rhetorically. “So, I don’t know, really, why the perceptions would be so negative relative to reality.”
“But wasn’t Lomborg’s book heavily criticized?” Michelle asked Charles. The Peterson family had always read widely and we seemed to have at least “trivia game level” knowledge in many areas.

“Yes, it was pretty well trashed in Nature, Science, Scientific American and some other general science outlets, but it was fairly well-received in The Economist and several other places. I don’t know what the net impact of the media on peoples’ perceptions has been, really, although I suspect it probably has worked as Dad suggests. It does seem, though, that many people have become aware that there is a ‘positive message’ out there about environmental trends, to offset at least some of the claims of the doomsayers. Some of Lomborg’s arguments are fairly convincing, or at least seemed that way to me.”

“So what’s your point, and how does this support your views that environmental quality is being underprovided?” I asked.

“I think all of the brouhaha about Lomborg’s views is misplaced. I think that both Lomborg and his critics are missing the main point. The critics are focussing on whether Lomborg misrepresents the available data and presents a one-sided view of the physical impacts mankind has had on the environment. There is a very big literature out there on what is happening to the environment, and much of it seems to be a mixed bag of improvement, not much change, and degradation. And, of course, there is great variation regionally, particularly between the developed countries and developing world. One might loosely characterize the negative doomsayers views as saying that the world is characterized as ‘one step forward, two steps back,’ while the environmental optimists feel that it is ‘two steps forward, one step back.’”

“So, who is right?” Michelle asked, always wanting a bottom line.
“I don’t know,” said Charles with his now characteristic smile when he said that. “Though it wouldn’t surprise me very much if there were no clear answer to such a question. Even the most negative environmentalists recognize that there has been improvement in some areas, while even the most optimistic pundits acknowledge that we have screwed up from time to time…Times Beach, Love Canal, and so on. But, I think they both miss the main point.”

“What’s that?” I asked.

“Let me give you an analogy using the earlier example of an ordinary good of what bothers me,” Charles said. “Suppose it is 1970 and you are consuming a 1968 TV. You might feel that you would like to have a better TV, but you aren’t terribly disappointed with your current TV, relative to the other goods you have. Now let thirty-some years go buy and suppose it is now 2003, and you have a 1978 TV. The 1978 TV might, in fact, be much better than the 1968 TV that you had earlier—but it might be a lot worse relative to the other goods you consume now. And, the average person’s income will have increased a great deal during those years. Moreover, the inflation-adjusted price of TVs also fell pretty dramatically over that period.”

“What are you getting at?” asked Michelle.

“I’m suggesting that something can be ‘better’ yet be perceived as being worse, if it is worse relative to the quantity and quality of other goods we have. Suppose, to take a simple case, you have a small amount of both beer and pretzels. You might not have a high value for more pretzels, with the small amount of beer you have to wash down your existing pretzels. However, if you have a large amount of beer, you might really value those extra pretzels a whole lot more.”
“Is this some sort of ‘frustration’ argument?” I asked.

“Sort of,” said Charles. “You remember enough of your economics to recall income and price elasticities?”

“Vaguely,” I said, meaning it.

“It isn’t really necessary that we get into this in a big way, so we’ll do it the simple way. The idea is that when income goes up, people want a lot more of some goods, a little more of many goods, and actually want less of some goods. Environmental quality is in the first category—if income goes up by some percentage, the demand for environmental quality goes up by more than that in percentage terms. If income goes up 10 percent you might want an environment that is, say, 15 percent better.”

“So, you are saying that, even though environmental quality improved by 34%, people might have wanted a still larger improvement?” asked Michelle.

“Yes, it turns out that real income per person went up about 70% over the thirty year period in which U.S. air quality improved 34%. People might have wanted a much larger improvement than they received, to the point that they perceive actual improvements to be deterioration. And, over this period, the price of environmental improvements has fallen with technical advances in this area. You add these more traditional economic points to my point about not generating income for things you can’t get if you do generate income, and it seems like a consistent picture is forming. A picture where we have too little of many environmental and other public goods. I’ve gotta go get cleaned up from the run…nice day out there!” Charles lied, the weather having been cold and snowy.

“Wait a minute…finish this up.” I said.
“Well, there’s not much more to say,” Charles said, sidling toward the hall. “We don’t produce as many public goods as we should because we don’t see what demands would have been generated if people could buy them as they can ordinary goods. And the problem gets worse over time as even modest improvements in the amounts of those goods provided fall increasingly short of what is being demanded by ever-richer people. And I taught this wrong for nearly thirty years, thinking I ‘knew’ how to do it. After I realized my mistake, as penance, I shelled out $1,000 to become a life member of Sierra Club!”

I shuddered. “You’re a Sierra Club member!?”

“Well,” he said, disappearing behind the wall, “I was in the middle of a raging psychosis at the time! If I had it to do over again, I probably would have given the money to The Nature Conservancy or The Ocean Conservancy, though I later gave both of those groups some money, too. But, I think the Sierra Club probably does, on net, some good things.”

Well, at least he isn’t completely rejecting his worldly possessions and moving into a monastery, I thought, keeping it to myself. I was guessing that E would put her foot down, anyway, if Charles wanted to do something too bizarre. But, I really was uneasy about some of what Charles said, but couldn’t put my finger on what was bothering me. I dove into the brunch casserole, oblivious to my earlier good intentions to both take very little and not go back for seconds. I’m so weak.
That Afternoon—Jake’s Irish Hut and the Poochie Story

I had made plans to meet up with some of my old high school friends at Jake’s Irish Hut, a time-honored tradition when I was home for the holidays. It was the sort of homey bar that everyone felt comfortable in and had a fully “socioeconomically integrated” clientele. Old, scruffy alcoholics, guys in business suits, and the young of every stripe—from clean-cut students in loafers to stoned-looking Goths in black—were interspersed in the dark booths. It had been like that for decades, with antique names like “Mildred” or “Earl” carved in the wood booths and tabletops, alongside the modern “Heather” and “Jason” names of today. Red walls, old pictures, real jukeboxes, and cheap beer. I liked Jake’s…always had.

“About time you got here,” I said good-naturedly to Tom, as he sauntered in. I was usually early for these gatherings, being prompt by nature.

“Screw you,” said Tom, with affection, “some of us have to work hard, while you hardly work.”

“Hey, I’m on vacation,” I protested. It was always interesting how quickly you could get back to the familiar give-and-take with old friends, despite only seeing them once or twice a year.

“How’s it going?” asked Tom.

“Can’t complain,” I said, “…overworked and underpaid, though!” Tom knew that pharmacists were in pretty high demand and that I was probably doing pretty well. Tom was a high school art teacher and was even more burnt out than I was. Low salaries, combined with having to take all the bad students—‘maybe they can do art!’ the guidance
counselors would think, as they dumped more and more lame students into overcrowded
art rooms. Sometimes when I was in town and Tom had to grade some student
watercolor smearings—they couldn’t afford oils or acrylics—I would bring over some
wine for us to drink while we tossed the “art” into grade piles. The A pile sometimes had
a few things you wouldn’t be embarrassed to see on a refrigerator, but it went down fast
from there.

“How’s Charles doing? All recovered?”

“Yeah, he seems fine now, medically, but I think there are some lingering
aftereffects. He doesn’t seem to think he knows anything anymore, or more accurately,
he thinks the first response to nearly every interesting question should be ‘I don’t know,
but let’s think about it.’”

“Not an entirely bad way to look at things,” Tom volunteered, “but do you mean
he isn’t as smart as he was?”

“No, he seems as bright as ever,” I said, “in fact, it was at the same time that he
realized that he didn’t know anything that he got several ideas that he thinks are pretty
good.”

“Like what?” Tom asked.

The black and tans arrived, just as Butch and Dick walked through the door.

Jake’s was one of the few places where I enjoyed drinking beer...just wouldn’t seem right
to have wine there, and the wine would be crappy anyway. Plus, I didn’t really want to
drink too much in our afternoon holiday get-togethers, anyway.
“Well,” I said, as we scooted over to let the others sit down, “for one, he has discovered a reason for thinking that the government under-provides things like clean air, saved species, stuff like that.”

“I think the government already does too much,” said Butch. I couldn’t remember why Butch was called that anymore…probably a given name that he didn’t like or perhaps one of those childhood nicknames that stuck.

“Yeah,” said Tom, “it seems like they take way too much out of my paltry salary. Where does Charles think the money is going to come from to pay taxes to clean-up or for more expensive, but cleaner, cars and the like?!”

“I don’t know,” I said, “but, you know what, I think I’ll ask Charles that very question over dinner. He was also arguing that cities should be made nicer, because that is why we have so much suburbanization.”

Butch was adamant, “I think government is out of control and does way too much stuff! And, people move to the suburbs, or even rural areas, to escape from all the regulations in cities.”

Nobody disagreed. We went silent for a few seconds, sipping through the foam of the Guinness.

“You should tell these guys the ‘Poochie’ story,” said Tom, breaking the silence. I had made the mistake of telling Tom about this event on the phone before coming back to Indiana for my annual Christmas visit.

“Oh, I don’t know…it’s sort of embarrassing…I’m so naïve,” I demurred.

“Come on, give it to us,” said Dick.
“Well, I’ll tell it, but I’ll give you the short version. There was this California guy that I became a good friend with, a fellow pharmacy major at Butler, who went by “Bo.” I should have known what was in store for me when I asked him if Beau was short for Beauregard, and he said, ‘No, it is Bo, B-o, and it is short for Bob.’ Short for Bob?, I thought—how much shorter can it get? Maybe I should start calling him ‘B,’ like we do Charles’ wife, ‘E.’ Anyway, it turns out that California people, unlike we fine upstanding Midwesterners, seem to view lying as a sort of game. Now, I’m not saying they lie about important things that would matter, as that would be bad, but they lie just to kind of make life more interesting.”

“This is the short version?” said Butch, obviously still a tad worked up about government spending and regulation.

“Ok, ok. So Bo was telling me about the family dog back in California, a smallish terrier or something, I think.”

“Does the terrier’s size really matter?” said Butch, starting to get a little irritating to me, as he sometimes did, despite being a great guy.

“Yes, as a matter of fact, it turns out that it does,” I said, “because that’s relevant to the story.”

“Hold your horses, Butch,” said Tom, “let him finish the story…I think it is really funny.”

“So, one day a bunch of us are sitting around a table in the student union and Bo is talking about ‘Poochie,’ the terrier he grew up with…and mentions that he had died a year or so ago. Goes on to say, ‘My parents had him stuffed and keep him on the mantel.’ I, being the naïve Midwest kid, just nodded—though I think some of the others
at the table knew what was going on. Bo, sensing an opportunity to make me look gullible, continued, ‘Yeah, they put him on wheels, too, since they missed taking him for walks…they take him down from the mantel every so often, and pull him around.’ I guess some people laughed a bit, but I still didn’t get it.”

“Ok, so what’s the punchline,” said Butch.

“A year or so later, I’m visiting Bo over Spring Break, and I meet his parents. Making conversation, I look at the mantel and say, ‘Where’s Poochie?’

Bo’s parents sort of looked at each other like I was crazy and said, sadly ‘Oh, Poochie’s dead.’ There was this long, awkward silence…and I suddenly realized that Bo had pimped me, and I couldn’t even explain myself to Bo’s parents because it would all seem too weird. We made a rule after that—what I called the ‘three-minute’ rule. He could continue to enhance his stories, but when I was gullibly sucked into believing them, the three minute rule required that he set me straight within three minutes or it would be an ‘official bad lie.’”

“You really believed that they had put a stuffed dog on rollers so they could roll him around!??” Dick asked incredulously. “I wonder how far Bo could have gone? What if he had said that they put an artificial bark mechanism in him, so that Poochie could bark at people on their walks?” Everybody laughed, even me, although my laughter was more mixed.

We had a good time rehashing all the glories and embarrassments of high school, which brought the lyrics to Bruce Springsteen’s Glory Days to mind. Most memories weren’t particularly glorious, though. The time slipped by and eventually we all realized we should be getting on to other things. We headed out into what was a surprisingly
sunny day for a midwestern winter. I always get the same funny feeling on the rare occasions when I come out of Jake’s during the day that I get when I come out of a matinee movie—I expect it somehow to be dark out and it always catches me by surprise when it isn’t. I wonder why I don’t learn.

Dinner and the Developer versus Urban Planner Discussion

The aroma coming from the kitchen when I got back to Dad and Mom’s was great—a pot roast slowly stewing in its juices with cut up hunks of potatoes and carrots. Along with that we were going to have the classic midwestern vegetable dish, canned green beans with mushroom soup covered with those shoestring onions that come out of cans. Green Jell-O with slices of bananas for dessert. Wow, a real heartland meal…we don’t have anything like this in Colorado, I mused, not that I’d want to face this sort of thing every day.

Charles had dressed up a little for dinner and we were sitting in the living room. I pretty much always wear jeans, usually blue but black for what I take to be “dressier” occasions. Yeah, I could be a clod.

I jumped right in, before I forgot about the concerns of Butch and Tom, “The old gang, at Jake’s, were concerned about your ideas about public goods. They think government already does too much and Butch, who is a developer, seemed particularly irritated by government regulations. What do you make of their concerns, Charles?”

“Interesting question, so of course I don’t know,” Charles said smiling, “but let’s think about it. There are really two concerns there, overall government size and
regulations. Let’s start with regulation in a simple case that covers most of the issues. Suppose a guy owns a big old growth forest and wants to harvest it, maybe getting $15 million for the lumber.”

“Old growth, huh?” said Michelle, walking into the living room from the kitchen.

“Yep, we need to get some ‘clashing values’ in there to make the situation interesting—if it were just some quick growing trees planted with an intent to harvest, most people would not get as worked up as they would with an old growth forest. Shouldn’t the owner be able to do whatever he or she wants to with their forest, Michelle?”

“Well, I don’t know for sure,” said Michelle, “a lot of people really feel strongly about old growth forests…protesting, tree squatting, trespassing to lie in front of bulldozers, and that sort of thing. Taking into account your public goods discussion, what if the forest is worth more to all of us if left standing?”

“Good thinking,” said Charles encouragingly, “but what do we do, just make it illegal to harvest the old growth forest? Why should one person have to pay all of the costs for the benefits that we all receive if the forest is preserved?”

“Yeah, it doesn’t seem very fair,” I allowed.

Charles expanded, “We could, in principle, vote to tax ourselves an amount that would allow us to buy the rights to the trees, but what if a minority of people care about the forests, but they care very passionately? All they can do is vote for preservation, but the intensity of their feeling doesn’t get registered that way. Or, as another problem, what if a bunch of people who care about the forest aren’t eligible to vote because they
live outside the voting district? For example, we might be willing to pay something to save the pandas in China but we have no say in that.”

“I guess the majority might vote against the tax, even if overall benefits of keeping the old growth forest were $20 million, so the forest might still get cut down even if it were worth more left standing,” I allowed.

“Yes, it is very hard to know whether the forest is worth saving or not. There is the free riding behavior that has long been recognized and, too, there’s my point, that income to save the forest won’t get generated, if you don’t think generating it can make a difference. So it might be worth saving or it might not be.”

“So is this why laws get passed that limit what owners can do?” asked Michelle.

“Probably,” Charles answered, “and, like the tree example, those laws often have very high costs for a few people to grant small benefits to a great many other people. The problem is that, as a matter of efficiency, we can’t know—or at least don’t usually know—whether the concentrated costs are bigger or smaller than the dispersed benefits received by many.

“But, should those with concentrated special interests be allowed to thwart the will of the majority?” Michelle asked.

Charles frowned, “Michelle, you are ignoring two important things. First, ‘special interests’ are still real interests—if we clean up the air, a few very unhealthy people will live who otherwise would have died. Should we ignore them because they have ‘special interests?’ Whether liberal or conservative, most people don’t seem to realize that special interests are still real interests and do matter. Second, all of our interests are selfish, or at least self-interested. Those who want to preserve the old
growth forest are no less self-interested than the owner who wants to cut them
down...they just face different, and very subjective, personal costs and benefits.”

“Hmmm,” I said, “it is pretty complicated, huh Charles?”

“Yes, and so far we have only talked about efficiency, about how hard it is to
know whether the benefits of preservation exceed the costs of preservation. But there are
equity considerations, as well. What if the owner of the forest is already worth $60
million? Would that make a difference in what we should do?” Charles asked.

“Well, I think it wouldn’t hurt him as much as it would if he didn’t have so much
money, but I don’t know if it is fair to take away his rights to do what he wants with his
land,” said Michelle.

“Neither do I, because equity, like beauty, is quite fundamentally in the eyes of
the beholder,” said Charles, “and we have, for good reasons, long traditions of respect for
property rights in this country. Respect for private property ownership is generally very
important, because it pretty much guarantees that people will take care of their property.
Where do you expect to see graffiti...in public restrooms or in bathrooms in peoples’
private home?” Charles asked rhetorically, rhetorical questioning being something he did
a lot.

“People won’t damage their own property in general and usually try to do things
that make it more valuable. But, if there is a good chance your property might be taken
from you, say by a despotic African government, will you ever improve your property?
Certainly not as much as if you were confident that you could keep your land and
wealth.”

“So, it’s really hard to know what to do, huh?” asked Michelle rhetorically.
“Yes,” Charles added, “but what I find frustrating is that people on either side of these sorts of issues act like they think it is all very obvious! They think they know what the best thing is to do, and they think it is completely clear, at least my students usually think that. They often say things like ‘It is just wrong to cut down the trees, and we should not allow them to do it!’ I guess all you can hope for is that people think about all sides of an issue before proceeding with a decision. But as I said yesterday, if you believe you already know what to do, it is very difficult to think about what to do—to see the more complicated facets of an issue.”

“Come and get it!” yelled Mom who had been carrying dishes to the dining room table from the kitchen.

Most of us moved pretty quickly into the dining room, but I was still somewhat bloated from black and tans at Jake’s. As I ambled toward the dining room with Charles, I thought I saw a parallel to the old growth forest case.

“Charles, isn’t the old growth forest example a lot like zoning and other hotly debated city issues? As you know, I now live in a house that is several miles outside of Boulder, Colorado. Boulder has over the years introduced a variety of policies that had the effect of restricting residential growth. A mixture of limits on building permits, zoning, and open space purchases, greatly restricted the housing supply…”

“Dave, you benefited a bunch from those policies, didn’t you?” Charles interrupted.

“Yeah, I guess…I sold my little bungalow in Boulder for a small fortune that enabled me to get the nice house I now live in…but the renters don’t benefit, and I now have a long commute into my job at the pharmacy in Boulder.”
“Stop yapping for a minute and pass the green beans,” said Michelle. We complied. As is so often the case, my appetite started perking up. I wish we could figure out how to turn off those appetite sensors, so I could work on the half grapefruit hiding under my shirt...ok, make that a half cantaloupe.

“Let’s think a little about this case,” said Charles, “because I think it illustrates nicely how people, in thinking they know something is good or bad, often make decisions that have effects that end up being surprising. Suppose, you have this nice city, like Boulder or Portland, and city officials want it to stay nice and restrict its residential growth in the various ways you mentioned—what do you think will happen?”

“I guess that if a place is nice, people will want to move into it, like we were talking about the other night on suburbanization or the so-called ‘fast lane’ on the freeway,” said E, joining the conversation.

“Yes E, and if people move into a nice place what will happen to property values and rents?” asked Charles.

“They will both go up,” I said.

“Right, Dave—and this will help owners and hurt renters. And, other things equal, what will happen to wages?”

“I guess they would go down if more workers came into town, unless more employers also came in....” I wasn’t as confident about this.

“Yes, they would tend to go down, and you might indeed expect the lower wage to lure employers, particularly employers that use lots of labor and not too much land. Would you expect any other effects?” asked Charles.

“What are you getting at?” I responded.
“Well, are there as many poor people in Boulder as there used to be?”

“No, in fact I’m not in Boulder any more either! And I’m not even particularly poor…it just seemed like there were better housing deals around outside of Boulder, but yeah I guess that would be especially true for poorer people.”

“Yes, but a lot of those people drive in to work in Boulder, don’t they?” continued Charles, “Have the commuting patterns changed?”

I had lived in the area for quite some time and said, “It used to be that most people both lived and worked in Boulder, but some lived in Boulder and worked in Denver and other places. To the extent that there was commuting, though, it was mostly out in the morning with commuters returning in the evening, sort of like a normal little town. Now that I think about it, though, that has changed…it is the other way around now. Many more people are, like me, coming into Boulder in the morning and leaving in the evening. I guess it is the high housing prices, huh?”

“That, combined with the job growth that kept wages from falling like they otherwise would have as people try to move to nice places,” said Charles. “Do you suppose that they anticipated this when they imposed the growth restrictions?”

“I doubt it,” I said, “but they are now starting to worry about all the in-commuting. I think they are thinking about restricting job growth now.”

“Pass the meat, please,” said Charles, continuing as he took out what for him was a surprisingly large portion, “so, let me summarize where it seems we are on this. In an effort to keep Boulder ‘nice,’ residential growth restrictions were adopted. These inevitably resulted in higher land prices and rents, as well as a change in the composition of the town as richer people have increasingly outbid others for Boulder housing. So,
there are fewer poor and others, like you, who aren’t willing to pay to live in Boulder, right?”

“Yes, and now the City Council wants to restrict employment growth because of all of the in-commuting,” I said.

“I would guess,” said Charles, “that in addition to commuting in for jobs, there are more employees per household—more multiple worker families and the like—than in less expensive towns, too, huh?”

“Yes,” I said, “but even when I lived in Boulder there were plenty of shared apartments where all the roommates worked…students, waiters, artists, musicians, and lots of other interesting, and sometimes weird, Boulder characters.”

“What do you suppose will happen if they are successful in restricting job growth in Boulder, to go along with the existing residential restrictions?” Charles asked.

“I’m not sure,” I was curious, “what do you think will happen?”

“I suspect that city officials hope that Boulder will become more ‘normal,’ perhaps with land values falling, as fewer jobs reduce the demand for housing. They probably hope that reducing jobs will make Boulder housing affordable for those who continue to work there, particularly city employees. They may think that they can offset the impact of their earlier residential restrictions that caused increased rents, more jobs, and greater in-commuting, by reducing job growth.”

“The way you say ‘they may think’ leads me to suspect that you don’t think that is what’s going to happen,” said Dad, who had been taking in the discussion, but wasn’t letting it interfere with his meal.
“I don’t know for sure, but I think it is likely that Boulder will end up mostly full of trust-funders and others who are willing to pay high housing prices, but who are not dependent on having a job. I think there will still be lots of in-commuting, because all of those rich people will still want to go to restaurants, bars, health clubs, and so on. And those services are being provided by people who, on the whole, don’t want to pay the high prices to live in Boulder at their income levels.”

“Why do you think there will still be so much in-commuting?” I asked.

“Well, who wins the bidding wars down at the local Mercedes, BMW, or Rolls Royce dealership, the rich or the poor?” Charles again asked rhetorically before continuing, “If Boulder makes a serious effort to restrict job growth, while maintaining residential restrictions, those bidding the most for housing there will be those not depending on jobs, because there won’t be that many high-paying jobs.”

“So, are the planning interventions good or bad?” asked Michelle, always wanting a bottom line conclusion, consistent with her accounting training.

“Interesting question,” smiled Charles, “and, of course, because of that, I really don’t know. It will just be different with the planning interventions. And, some people will be helped and some will be hurt, just like with the decision about what to do with the old growth forest. Developers and landowners in the immediate Boulder vicinity are harmed by not being allowed to develop commercial and industrial properties as densely. However, other developers and landowners will be helped in substitute locations nearby. Different people will, in the long run, come to occupy Boulder than would have otherwise. Is it good or bad? I haven’t a clue. But, I’m sure your friends in the Boulder area have some very strong opinions on it, huh Dave!”
“I’ll say,” I said, “some are adamantly opposed and some are adamantly in favor of city interventions…though some seem to be pretty self-interested, it seems to me.”

“They all are!” smiled Charles, handing me the Jell-O.

**Part II: Politics**

Our democracy is but a name. We vote? What does that mean? It means that we choose between two bodies of real, though not avowed, autocrats. We choose between Tweedledum and Tweedledee.

---Helen Keller

Students now arrive at the university ignorant and cynical about our political heritage, lacking the wherewithal to be either inspired by it or seriously critical of it.

---Allan Bloom

We the people are the rightful master of both congress and the courts - not to overthrow the Constitution, but to overthrow the men who pervert the Constitution.

---Abraham Lincoln

What About Government Size?

Charles and I, feeling slightly guilty at not having helped at all in getting dinner ready, carried the dishes into the kitchen, rinsed them off and loaded the dishwasher.
“You seem pretty cynical.” I said to Charles, “Do you really think the planners just make cities different and not necessarily better or worse?”

“Interesting question—so I don’t know—but I think the easy policies have mostly already been done,” said Charles mysteriously. “It seems to me, though I am not very certain about this, that most policies—of almost any kind—that are being considered have about as many disadvantages as advantages. The proponents focus on the advantages, trying to make them seem all-important. The opponents focus on the disadvantages, downplaying any advantages. In addition, since those advantages and disadvantages resonate differently with peoples’ basic ‘world views,’ what position to take, for or against, often seems obvious to any particular person. But, often, and maybe usually, in deciding whether to pursue a policy, we might as well just flip a coin, in terms of whether we collectively make ourselves better off or worse off.”

“Well, the guys down at Jake’s were thinking that the government does too much already. If you’re right about public goods being undervalued, though, you would recommend the that the government do even more, right?” I said, recalling our ignorant blather at Jake’s.

“I think the government does many things that it should not be doing at all. And, too, in those cases where government should be doing something, it seems to often do too much or just the wrong sorts of things,” said Charles. “So I think there could be room in the budget to do more of what government should be doing—providing public goods at higher levels through direct provision and indirectly through regulation—but giving up activities that it should not do at all, should do less of, or that the market would do better.”
Dad came into the kitchen and, hearing Charles’ comment, said, “But, how do we get government to do what we want? It seems like voters are frustrated, or at least I am, at our inability to actually have any impact on what happens.”

“Yes,” I inserted, “it seems like both Democrats and Republicans run on generally pretty similar platforms, with a few exceptions, but they do whatever they want after they get elected.”

“I like to think of government as a big candy store that gives away candy, and it is just a matter of who gets the candy.” Charles smiled, “…but both Republicans and Democrats give away more candy after they’re elected than they say they will in those big public debates before the elections.”

“Whatever happened to the effort to pass a constitutional Balanced Budget Amendment?” Michelle asked entering the kitchen. She had always liked that idea, part of the Republican’s so-called “Contract with America,” probably because she liked debits and credits to balance out.

“It sort of died on the vine, I think, when the high projected economic growth rates of the mid-to-late1990’s made it look—temporarily—like we were going to have budget surpluses for decades, because revenue was growing so fast,” offered Charles. “Nobody wanted government to spend more just to balance the budget!”

But, of course, that was destined to be an illusion—we are back to huge deficits again, ‘officially’ because of the 9/11 terrorist attacks, the Iraq war, and to stimulate a weakened economy. But there would likely have been some excuse to spend more anyway, because politicians benefit politically from spending but not from taxing.”
“Wow, you really are getting cynical,” Michelle said as she started some decaf coffee.

“Hey,” protested Charles, “I’m just being realistic. Just look at the expenditure numbers and you will see what I mean. Averaging over decades, to smooth the impact of business cycles, the percent of total income spent by U.S. federal, state, and local governments combined was 22.8 (1950s), 25.1 (1960s), 28.2 (1970s), 30.6 (1980s), and 30.5 (1990-1998). Spending has grown dramatically at all governmental levels, actually faster at the state and local levels. It is noteworthy that state governments have balanced budget requirements, yet that has not curbed the rapid growth in spending. Moreover, the growth in spending as a share of income has occurred regardless of whether Democrats or Republicans were in charge.”

“How did you happen to know those numbers off the top of your head, Charles? Don’t tell me you are working on a political paper?” said Michelle.

“Yeah,” said Charles, “I was ‘given’ an idea about how to transfer control over government spending to the voter at the same time I was given the public goods valuation idea. As I think I’ve said, I was given both of those ideas, and several others I haven’t followed up on, virtually instantaneously, although I had to do a little work to flesh them out…”

I interrupted, “Charles, are you really trying to say that God ‘gave’ you your ideas? You’ve always been smart…what makes you think the ideas weren’t yours? Besides, and maybe I shouldn’t bring this up, but weren’t you having psychoses around the same time because of the weird ‘smart drugs’ you were taking? Maybe the psychoses made you think God gave you the ideas, when they were really yours?”
“Let’s save the full conversation about that for a later time,” said Charles. “But, yes, I have some reasons that are really convincing, at least to me, for thinking that the ideas, all of them, were gifts. However, I can’t ‘prove’ that for reasons that will become clear sometime when we talk more about theology. And, it is true that I did have to string the words together on paper, so I certainly helped, but the ideas came from God, I think.”

“Ok, fair enough, for now,” I said, registering my skepticism, “so what is your idea about how to take control of government spending from politicians and give it to the voter?”

“Dave, before I get to that, I would like to try to explain what I think is undesirable about the approach the Michelle mentioned, an amendment that requires a balanced budget. Ok?”

“Sure.” I poured myself a cup of decaf. I was pretty proud of myself for not drinking after dinner as I went into the living room.

Balanced Budget Amendment Flaws.

Charles brought his decaf in to the living room, then went back out to the kitchen, returning a minute or two later with two glasses of ’77 ruby Port, one for him and one for me. I took mine without so much as a murmur of protest—I’m so weak, I thought. But then I began to mull over the possibility that it really might not be “weakness,” when it happens so often. Maybe I really want to do those things and I was actually being weak in failing to pursue truthfully my real goals? Perhaps what I always call weakness might really be the strength to do what I really want in a world of “should-nots” and “ought-
notts” imposed on me by others. I was mulling over this happy possibility when Charles began talking about what was wrong with the various balanced budget approaches.

“Economists have argued for years, using a variety of models of government, that government expenditure would tend to be too large from society’s perspective…”

“Come on, Charles,” I interjected, “be careful with the jargon… it is after dinner and, being full and mellow, it won’t take a lot to bore us, especially me now with the Port… if you’re going to talk about models, at least make them lingerie models!” Michelle chuckled, but gave me her well-practiced “slightly disapproving” look.

“Ok, I was just emphasizing that excessive expenditure is what one would expect from a lot of different ways of looking at how governments work, one of which I’ll come back to. Anyway, the various proposed Balanced Budget Amendments were really advanced to gain control over spending.”

“I’ve forgotten how the Balanced Budget Amendment was supposed to work. It has been a long time since I’ve heard much about it,” said Dad, who was coming into the living room with Michelle.

“Yeah, people lost interest when we were running surpluses, I think. The basic idea of these proposals is to require that the federal budget be annually balanced, except in times of war or national emergency. If there were a disaster of some sort, deficits could be run, or taxes raised, if both the House and Senate vote to do so with a two-thirds majority.”

“Seems pretty restrictive,” said Michelle, “in that it might be pretty hard to get a two-thirds majority…”
“Well, they wanted to make it difficult to do and noteworthy when it happened. But, there was also a weaker version. It allowed taxes to be increased to balance the budget if both chambers voted to do so with a simple majority. And deficits could be run with a three-fifths majority,” Charles explained. “The presumption, particularly in the stronger version, was that such an amendment would work to reduce the size of government.”

“So, what is wrong with this approach?” I asked. “Since taxes are pretty unpopular and hard to raise, wouldn’t requiring budget balance keep spending lower than it otherwise would be?”

“Many economists didn’t support a balanced budget amendment because they were afraid that it might make the economy more unstable, deepening recessions.”

“Would you expand on what you mean by that...how would that happen,” asked Dad.

“Well, suppose we have a mild recession...what do you think automatically happens to government spending and revenue?” Charles asked.

“Let’s see...I guess spending would go up on things like food stamps, unemployment insurance, welfare, and the like. And, of course, income tax revenue would fall, since people won’t be making as much money as normal. And there could be less sales tax revenue for cities and states that depend on those,” Dad said.

“Yep,” said Charles, “so, even if we had planned a level of spending that would be balanced by expected revenue, there would be a deficit, unless something was done about it. To avoid that deficit and balance the budget, government would have to cut spending or raise taxes. But, both of those actions would further reduce demand for
goods and services, which could worsen the recession and possibly even plunge us into a major depression.”

“I can see that this could be a problem, I guess. Anything else wrong with a Balanced Budget Amendment?” I asked.

“A couple of things. First, as you already inferred, Dave, some people are actually concerned that imposing a Balanced Budget Amendment is really just a sneaky way of cutting the growth of spending, which it probably is. The percent of income going to government would almost certainly get smaller, maybe more like in the 1950s, yet some people may actually want bigger governments. They may believe, for example, that large overall levels of government spending are necessary to reflect the diversity of opinion about which things should be funded. Or, perhaps a large government doing many things even has an effect in reducing the tyranny of the majority over the minority. I am a little concerned about this, too, because of the public goods valuation point, which suggests that government should be providing, directly or indirectly, more of most public goods. But, I’m guessing that the majority of people would like to see a smaller government or at least government spending growth at a smaller rate than the general economy for a while. So maybe this wouldn’t be too bad.”

“You said there was a second problem?” asked Dad.

“Well, yes and it is kind of subtle…suppose we pass a Balanced Budget Amendment. Which do you think, Dad, is more important, how much government spends or whether that spending is balanced with tax revenue?”

“I don’t know…offhand, I would say that both seem important.”
“It turns out that how much government is spending is much more important than whether the budget is balanced or not. The spending is using real resources that could be used for other things, while whether there is a deficit or not is just a matter of financing and turns out not to be terribly important.”

I was confused at this point, “I can see why the spending would matter…it’s your old scarcity point. We have a limited amount of productive resources, so getting more government goods means getting fewer private goods—and we know private markets will give what we want, as we talked about the other night. But I think that people are less confident that governments will give us things that we value as much as the taxes we have to pay to get them. But why doesn’t the deficit matter, too?”

“Dave, did you finance your Subaru or did you pay cash?”

“I paid cash because, if I had financed it, I would have paid quite a bit in interest over a five-year loan.”

“But, where did the money come from that you used to pay for the Subaru,” Charles asked.

“I took it out of a mutual fund.”

“Dave, what were assets in your mutual fund earning in interest? Was it pretty close to the interest rate you would have had to pay to finance your car?” asked Charles.

“I don’t know for sure, but I think the finance charge might have been a little higher than what I was earning on the money in my mutual fund.”

“Yes, that would be generally true, because there would usually be some costs of getting the loan set up and so on. So there is usually a small spread between what borrowers pay and lenders receive. But, for simplicity, suppose that what you would
have earned on your assets was the same as the interest being charged on your car loan. Would it have mattered whether you financed or not?”

Hmmm…I thought, “I’m not sure, but I hate to borrow.”

“I don’t think any of us Petersons like to borrow all that much, Dave, but would you have actually been any worse off if you had borrowed? I’m arguing that you would not have been, or at least that it didn’t make much difference…the interest you lost on your mutual fund offset what you saved by not financing.”

“I guess I never thought about it that way,” I said, “but is that relevant for the case of government deficits?”

“Yes, for exactly the same reason. If you cash in some asset to pay the taxes necessary to avoid paying interest on the national debt, then you lose the return on that asset that would have later enabled you to pay those interest charges. In fact, since government bonds are considered so low-risk, the asset you sell might be expected, though there are no guarantees, to earn more than the interest charges on the debt. Holding the government spending level constant, people could actually be worse off with a balanced budget because the interest they give up to balance it might be greater than the interest charges on a federal deficit.”

“In other words, if they had kept their assets and run a deficit, they could have paid the interest on the deficit out of their asset earnings and had something left over?” said Dad.

“Yes, that’s certainly possible,” said Charles. “Remember those great years in the late1990s when the stock market was returning an average of twenty or twenty five percent for several years in a row. If the government had cut taxes, even to the point of
running large deficits, we would have been far better off investing the tax refunds, than worrying about the interest cost of those deficits. Of course, we would have needed to get out of the market before it went down, but the general point is still valid. Interest rates on government debt are far lower than average long-term returns in the stock market.”

“Well, I’m still not completely convinced,” I said. “Could you give me another example?”

“Yes,” said Charles. “I’m not sure whether they still give this advice or not, but Consumer Reports used to recommend to their subscribers that they pay for their refrigerator, stove, dishwasher and so on with cash, rather than put it in their mortgage. They made this recommendation because if those appliances were included in mortgages, people would end up paying two or three times the appliances’ original cost in interest charges over the thirty year terms of their houses’ mortgages.”

“And that’s wrong?” asked Michelle and E almost in unison.

“Yes, and for exactly the same reason,” said Charles. “In fact, in this case it is pretty obvious that you should definitely put your appliances in your mortgage. The reason is that mortgage rates are often very low—and, importantly, mortgage interest payments are deductible from federal income taxes, a deduction that will be difficult to eliminate politically, so you can pretty much count on that continuing. So, if you have a 7% mortgage, after taxes that is only maybe 5%, while the average return in the stock market over the last hundred years or so is 10 or 12%. So, over a thirty-year period the foregone interest of giving up existing assets to pay for those appliances is much greater than the benefits of saved mortgage interest. In fact, Dave most likely would have been
better off to take out enough extra to buy his Subaru when he refinanced his house a while back—with the 6% mortgage you got, Dave, the after tax finance charge would have only been 4% or so.”

“Wow…I never thought about it that way,” said Michelle, glancing my way.

I started wishing I had pulled out more on that refinance, but in the back of my mind was the possibility that I might just blow the cash I took out on something frivolous.

Charles went on, “I don’t want to unduly emphasize this case, though, and there are some that would argue that both of my examples are a little simplistic, and leave out some things. And, some people are concerned about intergenerational equity, too.

“Intergenerational what?” asked Michelle.

Future Generations and Deficits

Charles continued, “People are often concerned about the damage to future generations resulting from deficit financing. Suppose we build a road or clean up the air and can either run a deficit to finance it or raise taxes to pay for it. It might seem that it would be better for future taxpayers—our kids, grandkids, and great grandkids—if our generation raised taxes on us to pay for it, rather than financing it and leaving the debt burden for them. If we paid for it, they could have the road and no tax liability for it, hence they would clearly be better off, or so it would seem,” said Charles.

“…Or so it would seem? Why wouldn’t they clearly be better off?” I asked.
“Well, again, it depends on how we paid for it. If we consumed less to pay our taxes, and didn’t pay them out of our assets, yes, they could be better off. They would have the road, no tax liability for it, and the same amount of inherited asset wealth. But, if we paid for the roads out of our assets, assets that reduce the amount being passed on to the next generation, they don’t have that tax liability but they also don’t have the assets, either. So, like financing your Subaru, it probably won’t make much difference either way.”

“But,” I said, “if I had consumed less to buy the Subaru, then I wouldn’t have had to cash in my mutual fund and I wouldn’t have had to pay interest, either. Wouldn’t I have been better off?” I had been thinking about how I might frivolously blow money I pulled out on a house refinance, and this just seemed like the flip side of that.

“In a purely financial way, I suppose,” said Charles, “but you’re losing track of why you work in the first place…to consume things. Sheesh, don’t you remember our discussion the other day about this for private and public goods! It isn’t at all clear that you would be better off consuming less to buy the Subaru, because that would be giving up a lot of things that you really like…maybe some of those nice California cabernets, huh? In principle, your consumption decisions shouldn’t be much affected by whether you cash in assets or borrow to finance purchases.”

“I keep making the same mistake, don’t I,” I admitted sheepishly.

“Well,” said Charles sympathetically, “it is a subtle point and one that gives lots of people, even many economists who should know better, trouble. The fancy economics name for this notion, that it doesn’t matter whether you finance or pay out of existing assets, is ‘Ricardian Equivalence.’”
“I’m still having trouble with this notion,” said Michelle. “Won’t it be the case, sooner or later, that by running deficits now, future generations will be forced to run surpluses to offset them?”

“Why?” asked Charles, though I was fairly confident he was just baiting Michelle.

“Because, the interest burden would just keep building, if we continually run deficits, wouldn’t it?”

“The government supplies you with government services, and your house supplies you with housing services, right?”

“Yes,” said Michelle uneasily.

“And, both government and your house are going to be supplying services to people in the future, huh?”

“Yes.”

“When you and Gary earn income you save some of it, don’t you?” continued Charles.

“Yes, of course we do,” said Michelle.

“With your savings you can either buy an asset or pay off your house—which do you think is better for your kids?”

“Oops,” said Michelle, seeing where Charles was going.

“It all just comes down to a portfolio choice, invest in housing or other things…the only thing that matters to future generations—except for perhaps irreversible environmental damages—is how much net worth they inherit. And, the form of wealth that you give them when you die doesn’t affect that much. People often keep refinancing
their houses indefinitely, because to pay them off would mean that those people can’t buy the other assets they would have bought.”

I thought I was beginning to understand this Ricardian Equivalence stuff, adding, “It’s sort of like having dollars in both pockets of your pants, and taking them out of one pocket to put them in the other pocket, huh? We call what we take out of the first pocket a ‘deficit’ in that pocket, but we get a surplus in the other pocket, so our net worth isn’t affected.”

“Exactly,” said Charles, “there may be reasons to be concerned for future generations about how much we are saving, individually and as a nation, because that will affect their welfare. But, how we allocate our saving, as a portfolio matter, isn’t very important. We can pay taxes to avoid a federal deficit or have the deficit and some earning assets. It is somewhat interesting to me, actually, that people care so much about future generations. While this is grist for an interesting discussion, it seems very likely to me that saving for future generations represents a transfer from poorer generations to richer generations. If history is any guide at all, as I think it is in this case, future generations will be better off than we are, just like most of us are better off than our parents and grandparents.”

“Are you sure?” asked Michelle, still somewhat skeptical about this whole discussion.

“What matters to future generations, apart from environmental or other irreversibilities, is how much wealth they receive. They can determine for themselves how to allocate that wealth among various assets—paying off the federal debt with the
larger amount of assets they will have, if our generation doesn’t pay off the debt, for example.”

“So,” continued Charles, “the main point, regardless of all the subtleties, is that the level of spending matters much more than whether the budget is balanced. A government has a much bigger, and generally more negative, impact on the economy if its budget is balanced at 40% of income, than if it spends 25% of income and taxes at 20% of income, with a five percent deficit. In the first case, people only get to spend 60% of their income, and have to sell assets to avoid a federal budget deficit. In the second case, they get to spend 75% of their income on the things they want, and the 5% deficit is offset by earning assets they get to retain.”

“Ok, I think I’m finally with you on this,” I said. “So what really matters is controlling spending, but the Balanced Budget Amendment doesn’t directly do that. So, what’s your idea for how can we control the spending of politicians?”

Special Interest Politics and The Tragedy of the Commons

I nodded as Charles came around with the Port bottle, impressed by my newfound insight that I should pursue my true feelings, if I was going to make wise choices. But, I did ponder for a moment Charles’ discussion of whether peoples’ tastes are “good” or “bad” when he was talking about the market giving us what we want. But, hey, I figured they are the only tastes I’ve got, so I might as well respect them—at least until I get around to improving on them!
“Would government spending on a project be a problem if the project had benefits greater than costs to society?” Charles asked, looking specifically in my direction.

I thought the answer was pretty obvious, but the way he looked at me left me feeling a little uneasy. “No, it shouldn’t be a problem in that society would be better off, because the tax cost would represent foregone private goods, and if the benefits of the project were greater than that, well, the project must make society better off.”

“Not bad,” Charles said, somewhat unconvincingly, “but when you said ‘society’ who is that?”

“We, the people, the ones who pay the costs and receive the benefits,” I said, maybe a little defensively.

“Well, what you say would be fine if we were all affected equally…if the benefits were greater than the costs for everyone. But, that is almost never the case, right?” Charles asked.

“Oh, ok…yes, some people will probably have benefits greater than costs while others will have costs greater than benefits…but won’t it average out?” I asked.

“It might,” said Charles, “as long as there isn’t systematic discrimination against any particular group. And, too, sometimes the policy gets modified, if the costs fall disproportionately on people we care about. For example, Dave, whose cars generally flunk the emissions inspection tests you have to take in the Front Range counties in Colorado…rich peoples’ cars or poor peoples’ cars?”

“The poors’ cars would flunk, I suppose, since their cars are older and likely to be less well maintained.”
“Yes,” continued Charles, “and that is probably why we have limits on the expenditures that you are forced to incur if your car flunks. We could, after all, require that people not drive a car until it meets emission specifications, maybe even requiring that engines be replaced with newer, clean engines or scrapping the old cars.”

“So, you’re not too worried about the distribution of the benefits and costs then?” I asked.

“Well, what if the benefits are very concentrated, while the costs are widely dispersed, doing just a little bit of damage to every tax-paying household?” asked Charles.

“Oh, I see where you’re going,” said Dad, “those who receive the concentrated benefits will work hard politically to get what they want, while those who are damaged won’t find it worthwhile to resist.”

“Exactimundo,” said Charles, “perfectly correct…the ‘special interest’ problem of such great concern to economists and political scientists.”

Michelle, having replenished her coffee cup, said “but weren’t you arguing, in talking about developers, that special interests are still interests, and hence real legitimate interests?”

“Yes,” said Charles, “special interests are real interests, but there is sometimes a problem with them in the context of the political process. Suppose that we have an ideal world in that the benefits and costs average out over people as we just discussed. Then, as Dave observed, we should do projects with benefits greater than costs, because on average that makes us better off…it raises the value of our scarce resources to transfer spending from the private to the public sector. Sure, there will be some griping from
people who are harmed by specific projects, but it will average out, or—like the car inspection—we can modify the project to give less harm to those paying the costs, if we have particular sympathy for their circumstances.

But, in cases where the benefits are very concentrated, what keeps those receiving the benefits from using some of them to ‘bribe’ politicians with political contributions, lobbying with expensive free dinners, and the like?”

“Nothing, I guess,” said Michelle, “but those concentrated special interests could still be greater than the costs, right?”

“Yes,” admitted Charles, “in which case, the bribes would, at least in principle, not be necessary because the project is in our collective interest, apart from the possible problem that overall unfairness results from the many projects not ‘averaging out’ across people.

But, Michelle, the problems arise when the concentrated benefits are smaller, possibly much smaller, than the costs. Let me give you a simple example to make the problem clear. Suppose there is some project that has concentrated benefits to 6,000 people of, say, $10,000 each. That adds up to $60 million dollars. If the cost of the project were $40 million, I agree with you—any bribes paid to politicians to get the project passed just redistribute the benefits, but those benefits are still greater than the costs.

What if, though, the project costs $100 million dollars?” asked Charles.

“I suppose that the bribes could still be made to get the project passed,” allowed Michelle, “but wouldn’t the public squawk about that?”
“Not only would the public not ‘squawk’ about it, the public wouldn’t even know about it!” Charles said, getting a little excited. “The costs would be less than one dollar per household for the over one hundred million households in the U.S. Unless there were spectacular political overtones that could be exploited by the other party, nobody would even take the time to listen or read about it. People are busy…a dollar damage isn’t even worth thinking about, let alone worth taking the effort to do something about.”

“Well, one hears occasionally about scandals,” said Michelle, “like $600 coffee pots or $200 hammers…that sort of thing.”

“Yes, but as I say, it is usually rare when one party, it not mattering whether it is Republicans or Democrats, gets caught with its hand too deep in the cookie jar. In many cases, both parties are on the take, in case the wrong party gets elected, with political contributions often being distributed pretty evenly. Very big majorities pass things like milk or sugar price supports, despite the fact that they clearly harm the vast majority of Americans, and have concentrated benefits much smaller than that harm.”

“Continue with your numerical example,” said Michelle, “if you think that will help because I’m still having a little difficulty.”

“Ok,” said Charles, “suppose that ten percent, or $6 million, of the $60 million in benefits goes to the politicians as PAC contributions, free dinners at nice restaurants, and so on. That still leaves $9,000 for each beneficiary. At a cost of $100 million, the harm to each American household is only about 90 cents. They won’t get involved and won’t even know about the project.

It is a lot like pollution, if you think about it,” continued Charles. “Each person is damaged only a very little bit, but that little bit adds up. So, it might be that the benefits
to the polluter of continued pollution are much less than the costs to society, but it keeps happening because no one individually is damaged enough to incur the costs of getting involved.”

“Like the ‘Tragedy of the Commons’ that Garrett Hardin wrote about?” I interject, having once read that paper in a collection of readings for my principles of economics course. I was actually surprised I remembered the reference, but I probably would forget it on some future occasion when I really wanted to remember it…funny how that works.

“Yes,” said Charles, “only worse really. Each person who grazes his cattle on the ‘free’ collective land—the commons—has no incentive to economize on the land. In fact, they have an incentive to graze that land as fast as possible, before somebody else’s cattle eat all the grass. So the grass gets over-grazed, and the commons gets destroyed, in ways that would not happen if the land were privately owned and operated. This is also the big problem with the world’s fisheries and ocean reefs, too.”

“Charles, you said the problem is ‘worse’ for special interest power?” I asked.

“What do you mean? How is it ‘worse’?”

“Well, the grazing commons and ocean reefs aren’t ‘expandable’ while governmental budgets are! As long as it is in the politicians’ interest, they can continue to pass as many funding bills as they wish, resulting in the persistent deficits that led to the Balanced Budget Amendment proposals. Each politician is trying to ‘deliver the candy’ to his or her constituents. The benefits are seen and appreciated by special interests in the local district and the general tax burden doesn’t usually get strongly associated with those specific expenditures, particularly at the federal or state level. It is
called ‘log-rolling’ when one politician says ‘If you vote for my airport, I’ll vote for your dam.’ And, before you know it, you are doing a whole lot of projects with costs greater than benefits, and the budget just keeps getting bigger.”

Charles leaned back, looking like he was done, and took a sip from the Port and a glance at his watch.

“So what do we do about it, Mr. Smarty-Pants,” said a smiling Michelle. She sometimes overused the word smarty-pants at the Peterson get-togethers, but at times it seemed somewhat appropriate, I thought.

“Well, as I said already, I don’t really think that a Balanced Budget Amendment is the best answer, and I think I have a better one, but I don’t really know.”

“Oh, so first he’s a Smarty-pants, then he goes into the ‘I don’t know’ stuff again,” I said, hitchhiking on Michelle’s feistiness.

“I think my idea is good,” said Charles, “but I’m not sure, because it is one of those ideas that you either find ‘practical’ or you don’t…and, unfortunately, many of my economist friends don’t find the idea realistic. But I think maybe it is.”

“The suspense is killing me,” said Michelle, almost seriously. “What is your idea, and why do people think it is unrealistic?”

Charles fidgeted a little. He said, “You know, it was working on this idea that almost drove me crazy…as I said, all of the basic ideas came to me more-or-less instantaneously. However, I knew I could write up this one all by myself, because it was so very simple…economics has generally become very mathematical and formal. The idea involves an easy way of taking control of spending levels away from politicians and giving it to the voters. At any rate, I was so excited that I couldn’t sleep for five days,
leading to my first psychosis, or at least contributing to it. I actually thought that my idea was so obvious and so good, that it could affect the 2000 election, which took place only a few weeks after the idea occurred to me. Naïve, huh?

“I’ll say,” said Michelle, “nothing happens that fast.”

“At any rate, the smart drugs and lack of sleep led to a manic, paranoid psychosis, in which I thought the idea would actually get me killed, by either the Republicans or the Democrats—whoever got to me first! I even wrote this sarcastic play, something I called the ‘Lying Play,’ about politicians’ telling deliberate lies. The notion—it was probably really crazy, because I was going crazy at the time—was that politicians tell these obvious little lies on purpose. They actually intend to get caught in their silly lies in the big public debates, so that their constituents will know that they deliberately lie…so maybe they are lying about other things they say, like wanting to hold down spending, too. In this way the little lies could be a special ‘code message’ to special interests to let them know that they will still get their goodies after the election.”

“This deliberate lying thing sounds a little far-fetched, Charles—you must have been crazy. But, get on with your idea,” Michelle said, adding, “maybe you can read your play to us sometime later—Is it funny?”

“Oh, I think it is a riot, or did when I was crazy, but I’ll tell you what,” said Charles, “tomorrow is a pretty quiet day. Let’s talk about the idea in the morning. As a teaser, the pollution and over grazing of the commons examples tonight could allow you to independently rediscover my idea, I think, if you mull them over.”

Despite the deliberate intrigue, we all turned in and, speaking for myself, I never gave Charles’ idea another thought. I did, though, think about his psychoses a bit and I
wondered whether the idea would be “good” or not. I thought the public good valuation point Charles was talking about the other day was pretty interesting. Or at least it made sense that we work to get what we want and if working doesn’t allow us to get what we want, we won’t work because leisure is valuable. So it will not look to outside observers, such as economists, like we want those kinds of goods. But I realized just before falling asleep that I’m not qualified to know how important it really is, despite any assurances that Charles might give.

The Morning before Christmas Eve, Tea, and “The Mechanism”

We had really been pigging out on food the past couple of days, so breakfast was a much more informal event on this fine winter Indiana morning. I normally didn’t eat breakfast anyway, since it seemed to make me hungrier, if anything, for lunch. So, while most were munching on toast with their coffee, I drank a solo cup of coffee while my tea was steeping. I always made a quart or so of tea in the morning with one bag of green tea and one bag of black. I would sip on it until around noon, between frequent trips to the bathroom.

All true teas, not talking about the frou-frou “herbal teas” here, come from more or less the same plant, the camellia sinensis, a member of the camellia family. Differences are largely a matter of how tea is processed, into fermented black, green or the semi-green oolong, although apparently the best tea comes from above 5,000 feet where the leaves grow more slowly. And, as with wine, the real tea connoisseurs would consider soil, leaf size, harvesting methods, and the like in the quality equation, along
with the altitude and preparation. To create a uniform product, more analogous to blended scotches than wine, most brands are blends of many different teas.

As a pharmacist, I knew that most of the scientific studies on tea that showed its many benefits were done with green tea. Since I never liked green tea as much as black tea, I always mixed ‘em half-and-half. And, there were apparently some benefits from the flavinoids in black tea that differed from green tea because of the fermentation process, too. Turns out that tea is healthiest if brewed at about 176 degrees…higher than that damages the healthy flavinoids.

I was reflecting on all this when Charles came in from his morning run. No snow on him this time, as it was, especially by Indiana standards, a beautiful winter day.

“So you finally dragged your lazy butt out of bed, huh, Dave?” said Charles, making very clear who was the older brother and who was the younger.

“Yeah, those of us that actually work for a living need a little more rest than college professors, I guess,” I lobbed back.

Ignoring me, Charles glanced over at Michelle, “Did you figure out how to take control of government spending and give it to voters, Michelle?”

“To be honest, Charles, I never gave it another second’s thought after we quit talking last night,” said Michelle, verbally echoing my thoughts.

“You Dave?”

“Nope. Ok, we give…how do you do it?”

“I thought you would get it, Dave, with your reference to the Tragedy of the Commons. It turns out that the problem is a property rights problem…politicians have property rights in their political lies.”
“What the heck does that mean?” asked Michelle pointedly.

“It means that they have the ‘right’ to lie, and we don’t have the right to have them tell the truth. It is just like with pollution before we began regulating that—the polluter had the right to pollute, and the large number of people damaged did not have the right to breathe clean air.”

“Care to go into a bit more detail?” I said, not really seeing the connection between pollution and political lies.

“You remember our example from last night, where a project having benefits of $60 million could get adopted, despite costs of $100 million, because of the concentrated benefits to special interests?” Charles asked.

“Yes,” said Michelle, “I think that was pretty clear…but I’m with Dave—I don’t yet see what that has to do with pollution.”

“Recall that the typical voter is damaged very little from any specific project, so they don’t have any incentive to monitor the politicians closely…the costs are greater than the benefits of paying any attention to what goes on in government,” said Charles. “Well, that is just like pollution…those who are damaged aren’t damaged very much, relative to their costs of getting involved, and it is hard to know who is causing the damage anyway. Very similar situations.”

“So, how do you change that,” I said.

“You make the political parties that work up the platforms for their candidates liable for their campaign promises,” said Charles.

“What do you mean by ‘liable’ in this context, Charles?” Michelle asked.
“Well, for concreteness, let’s think about the national elections, although what I have in mind might be more easily implemented at state or local levels. And, it would almost certainly be easier to get started in a parliamentary system.”

“Ok, we’re all pretty familiar with the national elections in this country, so let’s stick with that case,” I said.

Charles continued, “There is no reason, in principle, why political parties could not be responsible for their spending promises. Each party has plans anyway for spending and the winning party provides a detailed budget not long after being elected. Why not require each party running for election announce what it will be spending, say a hundred days before the election, or at some other agreed-upon time? Call that amount S, and that is the amount they are allowed to spend over the four years that they will be in office. Suppose, for example, that one party runs on an S of $2 trillion dollars a year, and the other runs on an $S’$ of $1.8 trillion dollars a year. If the latter party wins, it is obligated to spend no more than four times that, $7.3 trillion in the example, over their term of election. And—and here is the kicker—if it spends more than that amount, it is liable for the difference. Under ‘The Mechanism’ as I call it, the elected party would have to pay to the government any amount in excess of S, the promised spending level!”

“But, Charles, couldn’t the mechanism easily bankrupt a political party?” I asked.

“In principle, sure it could, but in practice, they would never over-spend, both for that reason and because it would harm their party’s reputation, their credibility. They would be caught in a lie to the American public about they actually spent, relative to what they promised they would spend. An easily avoidable and readily detectable lie, at that.”
Michelle, ever the accountant, was intrigued, “This would require accounting information…where would that come from?”

“One thing that is neat about the mechanism is that it actually requires less accounting information than that required by the various Balanced Budget Amendments. Recall that those required annual numbers for both spending and revenue. The mechanism only requires information on spending and you only need that information over the period of time in office, not annually. So you can have some flexibility, which is always good, in which year the money actually gets spent.”

I could see Michelle’s mental gears working. She said, “So, it is just adding up the actual checks written over four years? What about long-term projects like Eisenhower’s interstate highway system, Reagan’s star wars, or a NASA initiative to go to Mars? In those cases, you are starting very long-term spending projects—how do you account for those?”

“The spending would count when it actually happens…such projects can be continued or cancelled. The interstate highway system was continued by both Republican and Democratic parties, but one could imagine voting for a non-incumbent party precisely to stop a program that is unappealing to voters.”

“Ok,” persisted Michelle, “but what about cases where something unanticipated happens after an election? What if the Party in charge can’t adhere to its promised spending level, but can only try to do that? Like the 9/11 terrorist attacks, a big earthquake in California, a war, or maybe even a deep recession?”

“Again, this would not be any different from how the Balanced Budget Amendments were tweaked to handle such circumstances. With a majority or super-
majority, in the event of a major unanticipated disaster, spending could be increased by an amount that would not count against the originally promised spending limit. But, this would not be a routine happening, because opposing political parties would be gleefully pointing out that the incumbents were attempting to change their promised spending.”

Charles continued, “Remember our special interest example of the project that was worth $60 million to a small number of people but had a cost to all of us of $100 million? The reason that such projects could get passed, after a party has been elected, is that some of the benefits could be passed on to the politicians in the form of PAC contributions and the like. But, a project with dollar costs greater than benefits would never be passed after election under my scheme, if it would cause spending to expand beyond the S that the party ran on.”

“Why?” asked Michelle.

“I’m ahead of you here, Michelle,” I interrupted, snatching the opportunity to look clever, as is my nature. “It is because there is no amount that the special interest group would be willing to pay that would be accepted by the politician. The most the special interests would be willing to pay for the project is the $60 million they benefit by getting it passed—but it would cost the politicians $100 million if they tried to fund it, if the project would cause them to go over budget.”

“Oh, ok, I see. But, what prevents a party from including such projects in the original spending limits that they run on?” she asked.

“I’m not arguing that this is a perfect system,” answered Charles, “just that it is better, and I think a lot better, than either the current system or a Balanced Budget Amendment approach. Under the current system, political parties have no incentive at all
to stick with any spending campaign promises that they make. And even under the Balanced Budget Amendment approach, they could fund inefficient projects if they raise taxes. And, more importantly, they could fund many inefficient projects if they happened to luck into higher revenues because of a buoyant economy. That happened to many states in the 1990s, before the recession, but it would not happen under the mechanism. If more revenue happens to come in, it would either go into a contingency fund or be rebated to the taxpayers.”

“So your ‘mechanism’ wouldn’t necessarily eliminate inefficient projects within the spending limits the parties run on, huh?” asked Michelle, pressing this point.

“I would very much expect voters to look a whole lot more carefully at the proposed components of spending by the parties, once overall spending levels are controlled. That would be where all the emphasis would be, if the overall amount spent were really capped by their promises…the focus would turn to specific spending plans. Right now there isn’t much incentive to pay attention to that because the proposed spending total isn’t binding, so the voters know that the party elected can do pretty much whatever it wants after the election, anyway. In addition, don’t forget there is a lot of competition between the major parties, so they will be looking for things to cut. It turns out that economists have made some quite convincing arguments that the inefficient things are at least somewhat more likely to get axed.”

“Aha!” said Michelle, “What if we elect a President that is from a different party than the one that controls Congress? Then, the other party could put the President’s party out of business by authorizing more spending than allowed under S!”
Charles had clearly thought of this possibility. “This is why the mechanism might be easier to get implemented in a parliamentary system, like England’s in which the majority party appoints the Prime Minister. But for the U.S., in the event of a split between the legislative and executive branches, the mechanism would not be applicable—but why do you suppose that we, increasingly, elect a majority to the House and/or Senate of a different party than that of the President?”

“To create gridlock,” I said, “so that less gets done…most Americans are smart enough to realize that much of what government does hurts them, so they vote a split ticket. I think William Safire even had a column on this, if I recall correctly.”

“You might well be right, I don’t know for sure…but think about this for a second. Suppose the mechanism is in place. Wouldn’t it be irrational to elect a Congress controlled by a Party that differed from the President’s Party? —The voters would be thwarting their own desires to obtain the spending levels that they themselves prefer! Sure, it is possible that some people might not understand this, but most people will be able to see that voting a split ticket would allow politicians to continue lying to us about their intentions. Over time, a majority would almost certainly be expected to vote for the party of the President for control of Congress. The power over spending that would be transferred from politicians to voters under the mechanism would be something that those voters should really like, I would imagine.”

“But, if they are liable for over-spending, wouldn’t both political parties be afraid to run on small budgets? Couldn’t the mechanism cause budgets to get bigger, rather than smaller, because of this fear?” asked Michelle.
“This is where the political competition comes in. Sure, the parties might be nervous at first, possibly running a surplus. But, as we talked about last night, there is no particular reason to be concerned about such surpluses…they could be used to pay down some of the national debt or be returned to the taxpayers in tax cuts. Besides, this problem would wane with experience. Plus the party in charge has four years to get their spending to come in at what they promised or below that. That’s plenty of advance warning.

I would guess, with the mechanism in place, that the Party whose candidates ultimately win the national election would propose at least modest expenditure cuts. Competition might result initially in smallish cuts, say an initial rollback of a half a percent or so from the roughly 20% of income spent at the federal level in average recent years. I suspect that political competition would be likely to force percentages lower in future elections.”

Lunch…and Other Benefits of the Mechanism

We were shuffling around in the kitchen now, smearing mayo and/or mustard on bread and selecting from among the sliced turkey, ham and roast beef choices. I seldom ate bread at home, so it was a nice change of pace. I tried, in keeping with the advice I always gave the pharmacy customers, to stay with high quality protein sources and nutritious vegetables and fruits. When home over the holidays, I really liked those little clementines that Mom and Dad always had around—easy-peel, seedless and sweet. We settled around the table, and Charles continued to extol the virtues of his mechanism.
“You know,” said Charles, “for minor disasters or recessions, money could be transferred from one budget category to another, at least in principle. For example, money could be moved from social programs to defense should a small, unanticipated war break out. Or, conversely, a minor disaster might involve transfers from the military accounts to FEMA or other aid agencies.

And, remember the potential problem with balanced budget amendments that we talked about last night?” asked Charles.

“Yes,” said Michelle, “if you have to annually balance the budget a small recession automatically lowers revenue and increases expenditure. So, the government would have to raise taxes or cut expenditure to balance the budget, either of which could prolong or deepen the recession.”

“Right,” confirmed Charles, “but under the mechanism, we don’t care at all about the revenue part of that problem. So we won’t have to raise taxes or cut expenditure to cover revenue declines in a weak economy. The mechanism is much less pro-cyclical than a balanced budget amendment would be. In fact, the predictability of the spending would have the great advantage of reducing uncertainty people might feel about the economy. Many economists argue that the uncertainty about a government’s fiscal and monetary policies is one of the biggest problems with government, and the mechanism would essentially eliminate spending uncertainty.

Moreover, it would certainly be possible to exempt expenditures that automatically go up from the spending limits that the parties run on, if we thought that was appropriate. For example, if the food stamp budget goes up because more people are eligible during a recession, that increase would not need to be counted against the S that
the party ran under. Only legislated changes to the food stamp program that don’t depend on whether there is a recession or not, for example being more generous to each eligible person, would count, if we desired that. For the vast majority of government programs, this is not a problem—we don’t automatically have more missiles bought during a recession! At any rate, if we chose—optionally—to exempt the spending that automatically changes in a recession, then the mechanism would not be the slightest bit pro-cyclical.”

“Any other advantages of your mechanism over the balanced budget amendment?” asked Dad, between bites.

Mom came in with a tray of those brightly colored sugar cookies shaped like Christmas trees and bells. I resisted them, but that was mostly because I remembered the peanut butter cookies I had seen in the metal canister, and some of those clearly had my name on them. I really am glad Christmas only comes once a year. I never keep desserts around my house, and the reason was related to how Robin had taught me to correctly spell dessert. I had often wrongly spelled it “desert,” as in the Sahara Desert. Robin said the way to avoid this spelling confusion is to remember that with dessert you always want two, hence the two S’s. Easy to remember…easy to get fat. I pulled my thoughts back to the family conversation.

“Sure,” said Charles, “I think there are lots of them. For one thing, many projects are rationalized as ‘helping the poor’ that actually have benefits primarily going to the non-poor. For example, farm price supports do not really do much to help the poor family farms, because those farmers don’t really sell all that much—they eat most of what they produce, unlike the large corporate farms. The effort to reduce the spending
limit that the parties run on would be very likely to result in more ‘means tests’ in these situations, so that the subsidies actually go to the target poor group. That would be a way to hold down spending while still targeting the needy.”

Michelle added, uncertainly, “I think another advantage would be that Americans would be a whole lot more likely to vote, if we thought that we could actually have an impact on controlling the total spending of the elected party?”

“Yes,” Charles amended, “though the mechanism would not address the most basic reason why people don’t vote, it should at least help increase voter turnout. Economists often argue that it is irrational to vote and even more irrational to be an informed voter, because voting and being informed involve significant personal costs. However, the odds of being the deciding vote—of your vote actually mattering—are miniscule, vanishingly small. So, the 2000 Florida chad debacle notwithstanding, the benefits of voting would in almost all cases be smaller than the costs…I think people only vote to legitimize their complaining later on!” Charles chuckled, “But, yes, since the voter can be more potent, have a real say in what will happen after the winner takes office, I think voter turnout would be likely to jump pretty dramatically. In the last general presidential election, only 52 percent of eligible voters voted, and that was more than typical for the off-years.”

“My turn to be cynical,” I said. “I’m not sure I want to see the voting turnout higher. You see these bumper stickers that say ‘It doesn’t matter how you vote, just vote!’ and they seem pretty idiotic to me. Of course, it matters how people vote, and if they’re not going to think about the issues, then I don’t want ‘em to vote!”
“Yes, you have a point,” said Charles, “but I would guess that people would be a whole lot more informed under the mechanism. First, there is the overall spending level that voters care about, and that they could really affect under the mechanism. They would certainly become aware of what that number, S, would be for each candidate. But, I think more importantly, in knowing that the total spending isn’t going to be exceeded after the election, the voter will be much more likely to acquire information about sub-components of spending.”

“Maybe,” I said uncertainly, “at least it can’t be any worse than it is—most people can’t even name their representatives, let alone have a clue about what they stand for. Any other advantages of your mechanism, Charles?”

“Sure…which would you guess gets the higher return on capital investments, the government sector or the private sector?”

“I suppose the private sector, because the special interest problem we talked about would likely cause many low-return projects to be undertaken by government,” I ventured, edging toward the peanut butter cookies in the kitchen.

“Yes, I suspect you are right, Dave, particularly at the large size of government we now have. And, if you are right, then the economy could grow at above normal rates as long as political competition continued to push the spending share of government downward.”

“Is that it in terms of advantages of the mechanism?” said E who had been listening but who was also a little upset that we weren’t watching “It’s a Wonderful Life” for the umpteenth time. Me, I preferred “The Christmas Story,” because I could sort of identify more with that family.
“No, there’s more, but not a whole lot, E. I’ll finish up pretty quickly, as I realize that I’ve done nothing but jabber the last few days. The mechanism would also encourage the privatization of those activities that the government should never have been doing anyway. For an example at the local government level, when governments themselves do the tree trimming it costs much more and there are longer waits to get trees trimmed, relative to having that job put out to private contractors, with competitive bidding. More generally, there will be incentives to seek out low-cost suppliers, since that will enable a party to run on a smaller spending limit—much less likelihood of those $600 coffee pots or $200 hammers that Michelle was talking about.”

“Good!” chirped Michelle.

“Moreover, Charles added, “there is a tendency for agencies to spend heavily—often on projects of little value—prior to the end of a fiscal year. This ‘use it or lose it’ syndrome, would be discouraged by the Party in charge. This is so since the Party could save these resources either for future contingencies or for advertising that they ‘did what they said they would and came in under budget.’ I would guess that such outcomes would impress voters a lot.”

Charles picked a Christmas tree sugar cookie off the tray, and continued, “You know, all of the advantages of the mechanism apply with equal force to state and local governments. And something that many people don’t realize is that state and local governments spend two-thirds as much as the federal government. Moreover, state and local spending, as a percent of income, has doubled from 7% in 1953 to about 14% today. Indeed, one way in which people could get familiar with the mechanism would be for states or cities to implement it first. Nebraska, in particular, has but one house, reducing
the potential for splits among house, senate, and executive branch. As the benefits of the mechanism became more widely appreciated, the mechanism might spread among the municipalities and states, ultimately to the federal government.”

“Yes,” I noted, starting to figure it out, “I can definitely see some advantages to your mechanism now over the Balanced Budget amendment approach—nearly all states have legal requirements to balance the budget, but when the economy is going well, the revenue just pours in. And the state politicians spend it, rather than returning it to their residents with tax reductions. Then, when the hard times hit, as they did with the recession and stock market decline a while back, they have to drastically cut back on spending and/or raise taxes at just the wrong time.”

Who Is Helped and Hurt by the Mechanism?

“We’ve got a fairly small group here this evening…does anybody want to go out to dinner?” asked Michelle, at around mid-afternoon. After a little back-and-forth on where we would go, if we went out, it was settled that we would go to the Greek place on the downtown square. Michelle, ever involved in Christmas festivities, thought that we could walk around a while afterwards and look at the Christmas lights, with the additional advantage of walking off some of the calories from the gyros and baklava.

With that decision settled, Mom relaxed a little since the pressure to prepare food was off…though it was mostly Michelle and E who were going to cook if we had decided to do that. One of the advantages of getting older, I guess, is that people go out of their way to do more things for you. We returned to Charles and his “mechanism.”
“You’re starting to convince me, Charles,” said Michelle, “but why on earth would the political parties submit to this mechanism of yours? Would they really commit, in a meaningful money-on-the-line sort of way, to a spending limit? Wouldn’t it really require a constitutional amendment, like with the Balanced Budget Amendment, to force this on them?”

“I don’t know, as with any interesting question,” responded Charles smiling, “and this is one reason my colleagues in economics think the mechanism is impractical. But I can’t really see why passage of a law enforcing the mechanism would be necessary, if verifiable, nonpartisan auditing procedures are put in place and agreed upon. Here is where publicity in the media—on talk radio, in newspapers, on TV—about the benefits of the mechanism becomes of crucial importance. With pressure from the media, and proper auditing assured, I think the party first willing to take responsibility for its spending promise would be likely to win a close race—and it will know that prior to committing to that spending promise. Subject to the exceptions we have discussed, I think there could be substantial pressure to voluntarily adopt the mechanism. It is sort of a ‘prisoners’ dilemma’ situation, in that neither party would like to abide by the mechanism, but the party first doing so will probably be viewed very favorably by the voters.”

Michelle said, “I don’t know what you mean by ‘prisoners’ dilemma’ but it does sound like there could be some real pressure put on by the media. Basically, if a political party and its candidate was unwilling to commit to a specific number, it would effectively be telling the American people ‘We intend to lie to you,’ right?”
“Yes, I think you are right, Michelle…but let me back up and explain the so-called prisoners’ dilemma. Suppose that two guys knock over a 7-Eleven and get arrested. You separate them, so that they can’t talk to each other, and explain the situation. If neither confesses, they both might get, say, one year in prison if the evidence is at all shaky, though this isn’t critical to the argument. If both confess, they both go to jail for perhaps two years. But, you can offer each of them separately a deal: if you confess and your buddy doesn’t, you will only get a couple of months for your cooperation, while he will get five years. And similarly, if you don’t confess and your buddy does, you get five years in the slammer, while he is out in a couple of months. The best joint outcome would be for both not to confess, but each faces an incentive to confess, since each has, and knows that the other has, a powerful incentive to confess.”

“Ok,” said E, “I see…the political parties would be like the prisoners. Neither would like to agree to taking real responsibility over their spending promises, and both would be better off if they could conspire not to be held to a limit. But if one does agree to be liable for any excess over $S$, and the other doesn’t, wouldn’t the one who first agrees to be responsible have a big advantage in the election?”

“Yep, E, you have it!” continued Charles, winking at his wife. “And the party first agreeing to be liable for their spending would almost certainly win a close election, which creates a powerful incentive to commit to a spending limit. For example, suppose that the Republicans first took financial responsibility for their spending promises, and ran on a platform of spending five percent less than a prior administration. It would seem likely that the Democrats, in order to compete in that election (or the next!) would be forced to also commit to a spending level. Perhaps they would commit to a similar total
spending level, but one with a different pattern of sub-category spending, maybe one with more appeal to voters on equity grounds. With proper media exposure, any party unwilling to commit to their spending level would be seen by voters as trying to continue the pork-barrel special interest politics that have led to excessive government growth for the last half-century. Yes, Michelle, failing to take responsibility for a level of spending would be just like saying ‘I plan on lying to you, voters.’”

“Well, I can certainly see why the political parties would not like to commit to their spending, since they would be liable for excesses above that, but wouldn’t the politicians themselves and special interest groups be hurt, too?” Michelle asked. E nodded, indicating that she was wondering about that, too.

Charles, having obviously given this whole issue a lot of thought, said “I actually think it is pretty likely that the special interest groups, collectively, might be better off under the mechanism. Much lobbying expense is ‘defensive’ in nature, being undertaken to offset lobbying efforts of broadly defined competitors in the political arena. And some lobbying is undertaken for projects that have, in fact, benefits greater than costs; such projects are reasonably likely to be undertaken in any event, rendering special interest expenditures unnecessary. Furthermore, lobbying expenses to be the ‘chosen’ contractor for a demanded project should be at least somewhat reduced under the mechanism because of the political pressure to keep spending low. The mechanism will result in pressure to select the lowest bidding contractor, holding quality constant. More of our scarce resources will be put into activities in which firms have expertise and fewer into political manipulation, raising the welfare of the American people.”
“Charles, what about the implications for the politicians themselves?” I asked.

“Surely those PAC contributions and cushy lunches have value to them…wouldn’t we need to pay them more to get them into public service?”

“Sure, there will be fewer non-salary inducements to seek elected office as the special interest group grip on politics wanes. So, yes, it is likely that salaries of our elected officials will have to be increased to lure competent candidates from other pursuits. But, this would surely be preferred to the ‘backroom compensations’ of the present system.”

“Where would the parties get the money to run their expensive political campaigns, since they wouldn’t be getting nearly as much in special interest contributions?” asked Michelle.

“The PAC and other contributions by special interest groups likely to be favored after an election are largely responsible for the growth in campaign spending. Parties spend millions and millions of dollars competing to get elected because of the ability to lie after winning—and dole out the candy—and this makes the Party winning the election much better off. Since there will be much less candy to give out under the mechanism, there will be much less money available to run campaigns. If this damage to the political Parties is viewed as undesirable for some reason, government could provide a fixed amount of election funding. All parties receiving more than some minimal percent of the popular vote could receive election advertising funds, perhaps set at actual expenditure in some hopefully-not-too recent election. Having done this, there would be no reason to allow any corporate or individual contributions, and that could be made illegal, if people desired that. I think, though, that it might not really matter too much, either way, once
the spending levels are controlled. There will be a sort of automatic demand-side

election campaign financing reform, since lobbying groups will reduce their funding if
there is less return to that.”

Something had occurred to me. “What about those powerful, old-time politicians
that have delivered lots of goodies to particular jurisdictions? Might it not be rational for
voters in their jurisdictions to vote to retain them in office? And, wouldn’t they have
incentives not to go along with the overall spending limit, even if they were in the same
party as the President?”

“You raise some interesting questions, Dave,” answered Charles, “but it would be
very unlikely that there would be enough jurisdictions like that to result in control of the
Congress by a party differing from the executive branch. But, fundamentally, I think this
apparent ‘problem’ would, in fact, be another strength of the mechanism.”

“How so?” I asked. “What prevents politicians from voting for goodies for their
districts that end up, collectively, breaking the spending promises of their party?”

“Well, there definitely would, under the mechanism, have to be heightened
internal policing of politicians in the Party that is in control. You are right that every
congressional member has an incentive to deliver the goods to their constituents. This is
the ‘tragedy of the commons’ problem we’ve already touched on…each legislator would
be happy to increase spending out of the Party’s fixed S, as long as it happens in his or
her district.

It is actually surprising to me that there isn’t more discussion of the balance
between what a state pays in taxes and what it receives in benefits from the federal
government. But, with overall expenditure constrained under the mechanism, this would
receive much-needed attention. Perhaps initially the deals that would get cut might involve getting to spend in proportion to historical averages for the various districts. Over time I would expect this to evolve. Expenditure might come to be allocated more nearly in line with taxes paid by districts. Or, perhaps equity concerns might result in more largesse being allocated to poorer districts, or whatever. The inevitable discussion of such allocation issues is, it would seem, an additional benefit of the mechanism.

At any rate, it is a two-way street, with the parties needing the politicians, but the politicians also needing the support of the party. Politicians would probably receive some spending assurances from their party prior to running for office, and in exchange for the party’s support they would presumably work out agreements that would allow the overall spending limit to be maintained.”

“Maybe it’s the accountant in me,” said Michelle, “but I’m still concerned about how the accounting would work out. Couldn’t partisan bickering really mess that whole thing up?”

“Yes, Michelle, the auditing function is quite important and might be conducted by the nonpartisan General Accounting Office,” said Charles. “Or perhaps one could also argue for setting up an independent agency, analogous to the Federal Reserve, for this purpose. I would guess that any major accounting firm could be employed, as is the case with ordinary businesses, in the context of smaller state and local governmental units. In cases of controversy, the courts might have to decide whether the mechanism had been violated, but I doubt that this would be at all common—the parties will be very careful. They won’t want to go bankrupt or suffer a loss of reputation for honesty.”
“Well, I’m sure that George Bailey would like your mechanism,” said E as she clicked on the TV, catching “It’s a Wonderful Life” about midway through. But we had seen that so many times that it didn’t matter when you turned it on…it had become our middle class “Rocky Horror Picture Show.”

We settled into the familiar old rerun, sipping diet coke as if that would somehow protect us from the calories in the cookies we were sporadically munching on. I always liked the ghost pretty well, but thought George was a bit prim and stuffy. Dad was the first to drift off, with his head snapping back a couple of times until he slouched lower into his chair. I knew he would come around again, as we readied to go to the Greek restaurant. He would then pretend that he had only been asleep for a few minutes.

I wondered about Charles’ idea. Was it practical? As I mulled it over, it occurred to me that it was really hard to know. If how it would work could be widely known, I suspected that it might really make a difference. But, that would require that people somehow find out about it. The media might not push the idea until there was some grassroots interest in it, but there might not be any grassroots interest in it without a media push…a sort of “Catch-22,” or so it seemed to me. But, I liked the idea of political parties competing to please the voter rather than pleasing themselves at our expense.

The Lull before Christmas Eve.

Dinner at the Greek restaurant was fun and relaxing. I like those Greek salads, and the meat always has a good flavor to me, despite any nagging uncertainty about what was actually in it.
We mostly caught each other up on what was going on in our lives. Charles and E had been pretty good at saving during the three decades that Charles was teaching, partly because of having a generous percent of his salary automatically deposited into a retirement account. But, partly Charles and E were thrifty…and E had worked for a number of years when their kids got older and I think they banked much of her salary, using the rest of it to finance their vacations. And, Binghamton was a much less costly city to buy a house in than where I was living.

Michelle and Gary were doing well, though Gary is probably even more harried than I am—and much more harried than Charles always seemed to be. On the other hand, Charles did have to lecture to large classes…I think that would make me pretty nervous, but perhaps you get used to it. My pharmacy clients end up becoming friends or at least acquaintances, while the students end up just moving through the system, new ones replacing old ones, year after year.

Charles and E never went to church, Charles making—in the old days anyway—quite a big deal out of that. Michelle and Gary usually went to church...just got up and did it. I was kind of in-between, not adamantly opposed to it, but usually preferring to sleep in on Sunday mornings. Sometimes I would have pretty rough Saturday nights, and would be too hungover to get around to it, even if had wanted to. Usually I went to church only if I were dating someone who did…I sort of went along with all of that, but wasn’t particularly inspired to go for no reason. It didn’t give me the “warm fuzzies” like it did some people, I guess. Plus, I liked reading the big Sunday paper, sipping coffee, and lounging around on Sunday mornings.
I wonder if Charles’ attitude toward going to church had changed, but I decided not to get into that at the restaurant or later that evening. I figured it would come up. I wondered what Charles now believed, but knowing Charles, figured it was just a matter of time until he spilled the beans on that.

The rest of December 23rd went pretty quietly. We walked around and admired the lights on the Courthouse and the surrounding buildings. Charles seemed pretty upbeat…he had never been very into Christmas, though for different reasons than me. I just thought it all so decadent and wasteful. Charles had always been opposed to it on theological grounds—if you don’t believe in the existence of God, you surely can’t believe in a God in human form. As I walked along looking at the pretty lights, I wondered where he came down on all that now…but I knew I would find out soon enough.

Preparing Christmas Eve Dinner and the Readying of the Presents

Early morning on Christmas Eve was more of a traditional Midwestern day, gray and overcast with almost a mist in the air. Chilled you to the bone, although it was only maybe thirty-five degrees or so. Sipping coffee, I thought about the strange traditions that had developed over the years around the Christmas holiday season.

One of the long and peculiar traditions in the Peterson household is that we eat—not turkey, not roast beef, not anything standard, really—but, yes, spaghetti and red spaghetti sauce on Christmas Eve. The tradition started long before I, the black sheep of the family, or rather one of two said sheep, had fallen through trial and error upon the
best spaghetti sauce known to man. Actually, Charles was no longer a black sheep, because of his theological conversions as a result—I thought—of his psychoses. But his theological views were, as far as I could tell from the family rumors, sufficiently odd that he might still be “a sheep of a different color.”

Sure, there were initial dissenters about the quality of my ultimate red sauce, but they were few...eventually my sauce recipe won out. It must simmer, like any good red sauce, for many hours—at least six, and with an open top to concentrate flavors. Long ago, when still a “spaghetti heathen,” I used to use hamburger as the main meat in my sauce. At that time, I had a date with this attractive woman, of Italian heritage, who said to me—just when I thought I had the recipe about right—that, while maybe my sauce was an ok tasting food, it certainly wasn’t something that could be called “spaghetti sauce.” This was the beginning of a long conversation, destined—perhaps wrongly—to cause us to part ways. She informed me that real spaghetti sauce has to have Italian sausage, and most decidedly not hamburger. One could, of course, worry a little about the amounts of hot Italian sausage and sweet Italian sausage, she went on to say. As I noted, I was a heathen about this at the time, and it engendered a minor argument. She turned out, as happens so often when I’m arguing with females, to be right. Oh well.

A problem given the aroma of the cooking spaghetti, from the standpoint of the “Peterson gut,” was that family members were constantly checking, from mid-morning on while it was simmering, to see if the sauce “needed something.” It seldom did, but nonetheless, Christmas Eve was just one continual snack, albeit relatively healthy compared to the more standard snack fare.
Michelle asked if I would help bring some presents into the living room where a large tree resided. Long ago, Michelle, by far the most “Christmas-oriented” of the three siblings, decided that Christmas was a “big deal,” something that had to be “done right.” Doing Christmas right involved, to Michelle, having the “right” tree, and having the “right” amount of presents under it…and the right amount of presents under it was determined to be whatever amount didn’t overwhelm the tree. But, as would again be the case, the proper decorative quantity of gifts was impractically small from the perspective of the actual gift opening process. The proper amount, from a visual perspective, would not last very long when the actual opening occurred. So, before we would start to open the gifts, Michelle would want to overcrowd the tree just a bit.

“Sure,” I said, not really thrilled about the decadence of the whole thing, as Robin back in Colorado was so well aware.

“Think we have enough gifts this year?” I asked sarcastically.

“Shush!” said Michelle, giving me “the look.”

So we hauled in a bunch of additional gifts. To me it looked like it would be simpler to just bring in a backhoe and push everything away later…but, no, we were going to open gifts…one after another, each appropriately announced, for many hours. It was always actually more fun than I am describing, but still it was definitely decadent.

Suddenly with a blast of cold air as the door swung open, Michelle’s husband Gary arrived. He had been expected earlier in the day, but a plane delay caused him to be late. Everybody hugged and commiserated about having to work so close to Christmas. And, as we usually did, Gary and I chided Charles about his cushy vacation schedule as a college professor. The chiding was a tad less vociferous than usual, at least from me,
because of Charles’ surprise announcement about intending to retire. I would have to bring Gary up to snuff on what he had missed, perhaps while we were opening presents.

Spaghetti and the Opening of the Presents

The nice thing about having spaghetti for Christmas Eve dinner was that you could serve a bunch of people with very little effort. Big vat of pasta, the sauce, some garlic bread and a tangy salad…pretty simple, yet always good. Another Peterson tradition on this was that we ate dinner, then cleaned up the dishes, before opening presents. The reason we cleaned up the dishes right away, rather than waiting till later or the next morning, was that—especially in the early years when the kids were young—there were always lots of greedy people who, wanting to get at the gifts quickly, would volunteer to clean up. Dinner was good and the conversation over the table was mostly about Gary’s business trip.

After dinner and cleanup, mostly just rinsing off and piling the dishes neatly in the sink this time, we settled into the living room to begin the elaborate gift-opening process. That involved a designated Santa, historically the youngest kid that could read, but this time around it was Michelle.

I was enjoying the present opening more this year than usual. There were no rug-rats around was part of the reason—I had never been all that big on kids, liking them better the older they got. Diapers just don’t do anything for me, I guess. And I tend to enjoy intelligent conversation and with the kids around, that was pretty much out…too many interruptions.
Both Charles and E’s kids and Michelle and Gary’s kids were now starting their own families, beginning their own traditions, while continuing all the goofy Peterson holiday silliness. The nieces and nephews that lived nearby might even go bowling with us on Christmas day…I don’t even know how that odd tradition got started. I think that one year somebody wanted to do something on Christmas day and the only thing that was open was a bowling alley. Had the whole place to ourselves, had a good time, and thus began the tradition.

Ding! The bell went off…that had been one of Gary’s ideas. He had started buying lottery tickets—to the higher probability of winning but lower dollar amount games—a number of years ago. We had one of those mechanical timers and would give it a twist and when it went off, whoever was opening a present at that time would get, in addition, a lottery ticket to scrape off. The timer would be re-cranked and sat out of sight until it went off again…and again. This was one of our goofy traditions that I particularly liked.

“So what did I miss?” asked Gary.

“Oh, wow, where to begin?” Michelle said, “For starters, Charles is quitting teaching.”

“Nothing to do with that medical problem you had a while back, I hope?” said Gary.

“No,” said Charles, “at least not directly…just getting sick of teaching, I guess. But, I must say that the ‘medical problem’ was more than that. It is certainly the case that I was crazy as a loon…I definitely was in a manic psychosis. On the other hand, during
those psychoses, I was given—by God, I think, or at least I have no other explanation—a bunch of ideas that I think are very cool.”

“Yes, Gary,” I said, “Charles has been telling the family about some ideas in economics and politics, and though I’m not an economist, they seem pretty straightforward and sensible.”

“But, Charles,” said Gary, “why do you think you got your ideas from anywhere outside your own head?”

“That’s what I asked,” I added.

“Well, here’s the thing,” said Charles, “I was really burnt out on teaching and on my job in general and I…”

Ding! Michelle was opening a present and Gary took a lottery ticket over to where she was sitting, surrounded by her ever-growing pile of gifts.

“Go ahead,” said Gary, as he returned to where Charles and I were sitting, a bit off to the side from the hubbub.

“…what nobody seems to properly perceive,” continued Charles, “is that I really didn’t want to have any ideas. It had become pretty clear that I was never going to make a great deal of money anyway, since budgets had always been tight at the university. I was, I guess, mostly just taking advantage of the system…of tenure. I had been for a few years, basically just meeting my classes, having office hours, serving on a few minor committees and not really doing much in the way of meaningful research. And that was fine with me. I figured, if I can’t get paid what I’m worth, I can at least lower my worth down to my pay, by goofing off on research!”

“But didn’t you publish some things during that period,” Gary asked.
“Oh, some crappy little articles that maybe six people might read, with probably only four of the six thinking they were right. And even the four who might think they were correct might not feel that they were worth the time it took to read them! I certainly didn’t have any ideas that had any potential to make the world a better place,” said Charles.

“So what makes you think you were given these ideas by God?” I asked.

“I had a bunch of very strange experiences that I’ll probably get around to telling you all,” said Charles. “But for now, let’s just say that I wasn’t interested in having any new ideas that might involve actual work. And, despite that the ideas came to me, and came to me in a way no ideas have ever come to me before. It was sort of like a mental computer dump, like a scroll rolling down in front of my eyes with one idea after another on it…lots of ideas, many of which I haven’t even followed up on, and some of which I can scarcely remember.”

“Gary, you missed a couple of those ideas that Charles has told us about over the past couple of days,” I said, adding, “One of them was about a flaw that Charles discovered in how economists value public goods, like environmental quality. His argument seems to suggest that we don’t produce as many of those goods as we should. Charles’ other idea was the discovery of a mechanism that gives the voters control over how much politicians can spend. Seemed like pretty good stuff to me, but what do I know.”

“I’ve really only had a couple of slightly novel ideas in my whole career,” added Charles, “and, as I say, they weren’t ‘important’ in the sense of offering some potential to make the world a better place. They were maybe useful in providing some explanations
and predictions. For example, I argued that climate and other amenities are a main reason why people move where they do, with jobs following that movement, in addition to the more traditional view that people followed jobs. But that was about it…nothing particularly earth-shaking. What I like about the recent ideas that were given to me is that they might really make a difference for humanity, I think.”

Michelle was sporadically coming over to our little group of Charles, Gary and me with presents. Everybody would “ooh and ah” over each gift as we opened them, regardless of how mundane. Having dropped out of Christmas, I didn’t get much in the way of gifts, but when I opened a package of socks there was much clapping and hooting.

“Dave,” asked Gary, “didn’t you say that Charles was taking a bunch of so-called ‘smart drugs’ when all this was going on? Couldn’t those drugs have caused both the psychoses and the ideas?”

“I can certainly see how the bizarre mix of stuff that Charles was taking could have caused the psychoses. Almost all of the things he was taking had warnings, that he should have noticed, about possible psychotic side effects,” I said. “But as far as I know, it has been difficult to relate specific mental outcomes—ideas—to the ingestion of drugs. Usually, when people are messing with the brain’s neurotransmitters, they think they are getting these great insights that end up seeming pretty idiotic when they come back to reality.”

“Yeah,” said Charles, “that’s one of the reasons that I think the ideas were gifts…the drugs themselves couldn’t account for the specific ideas that I had about economics, politics, and philosophy. I actually think that the psychoses were really just a ‘cover,’ a way for God to talk to me, a person who was a died-in-the-wool atheist. If I
were to start suddenly believing in God, without the psychoses, it would look very suspicious to people, I suspect. And, I think there are reasons why God would not want to be so obvious.”

“Hmmm,” I said, “you say specific ideas about philosophy, Charles? So far, all you’ve talked about has been economics and politics…what new insights do you have about philosophy? I was listening to a philosophy audiobook on the way out here, incidentally.”

“I guess it would be more accurate to call it ‘theology’ rather than ‘philosophy,’” since it is all about God. However, it has some traditional philosophical overtones to it…free will versus determinism, stuff like that. Wasn’t the family pretty freaked out to suddenly have me believing in God, after forty years as first an agnostic, then later a very hardcore atheist?”

“I would hardly describe it as ‘freaked out,’” said Michelle, who was getting interested in our conversation. “But, yes, it seemed to come out of nowhere, and my understanding is that what you believe is pretty weird.”

“Well, it certainly ‘freaked out’ a bunch of my friends—you know I had essentially surrounded myself with fellow atheists over the last many decades. I had greater respect for them.”

The gift opening was winding down…there were far fewer gifts than usual, which was good from my perspective. When there were many kids around, the huge piles of expensive toys destined to be soon broken or ignored was almost depressingly wasteful to me. Michelle always focussed on the smiling, but bewildered faces of the littler kids, and
soaked it all up…memories that would last her until the next holiday season, when she would eagerly refresh those memories.

Michelle asked, “Charles, why did you become an atheist, anyway? Dave and you both have slipped from belief in the religion that we were raised in, but Dave was always more of an agnostic, while you became a very hardcore atheist.”

**Part III. Theology**

Faith, is a knowledge within the heart, beyond the reach of proof.

--Kahlil Gibran

An honest man’s the noblest work of God.

--Alexander Pope

An honest God is the noblest work of man.

--Robert G. Ingersoll

Charles’ “Test of Faith,” and the Morality of Atheism

“Yes,” said Charles, “Dave has always been more relaxed about the whole topic of theology than I ever was. Michelle, you recall when I joined our church?”

“I was pretty young, Charles, because you were around fourteen or so, right?”
“I was fourteen when I joined the church and I really didn’t know what I was doing. I guess in the back of my mind, religion just did not register with me, even then...joining was more about that charismatic preacher than real belief...remember him, Michelle? Anyway, I recall seeing the person who was being baptized ahead of me coming out of the water and thinking ‘I can see through her sheet!’’ Charles laughed, but E did not seem to think it was too funny and gave him a look that reminded me of the look that Michelle often sent in my direction.

“Gradually, over the next six months or so,” Charles continued, “I began to have doubts, at first specifically about our religion, then more broadly. I began to dislike our narrow little protestant sect because it preached, or it always seemed that way, that everybody else was going to hell. Catholics, Jews, Muslims, even most Protestants…all of ’em. It occurred to me that it was pretty arrogant to think that we somehow had lucked into the one true faith…and pretty statistically unlikely to boot.”

“You were always a little rebellious Charles, at least in some ways…in other ways, Dave has been more rebellious as a wild-and-crazy single guy out West!” Michelle smiled at me, with only the faintest hint of disapproval on her face. I did have fun...but I tried not to hurt people and I tried not to get hurt, not always successfully either way.

“I guess…but for a long time I was an agnostic…I figured it was all set up so it couldn’t be proven, anyhow. So, I figured, why not just accept the fact that we can’t know and be done with the topic? But, the key thing at the time that prevented me from going all the way to atheism was that I didn’t really like the personalities of the people I knew at that age who were atheists. They seemed both obnoxious and smug…and they made fun of believers, something I was not willing to do, at least not at that time.”
“When did that change?” asked Michelle, who knew that it did change.

“It started to change when I devised a test, a test to get ‘fence-sitters’ like me off the fence. I had always thought that, pardon the expression, it was a chicken-shit position to be an agnostic. I mean, God either exists or He doesn’t, right? Take a stand!”

“So how does your test work?” asked Michelle.

“It is sort of a cruel variant of something called ‘Pascal’s Wager.’ Pascal took the view that it was basically smart to believe in God, because if you believed and you were wrong, there was no big harm…but if you disbelieved and you were wrong, there might be major penalties, hell and all that.”

“What sort of ‘cruel variant’?” asked Michelle.

“Ok…you ready? Here it is: imagine two buttons, a green button and a red button, in front of you on a desk, kind of like a stop-go sign, but where there is no yellow light, no in-between. The green button, on your left, signifies “There is an All-Knowing, All-Powerful, and All-Loving God of the traditional sort.” The red button, on your right, signifies “There is no such God.”

“Well, pretty harmless to push the green button, on your left, huh?” I chimed in, feeling very Pascal-ish.

“It would be under the simple rules of Pascal, Dave” said Charles, “but not the way that I play the game!”

“How’s that?” asked Michelle.

“First, you have to push one of the buttons…if you refuse, you die a slow and agonizingly painful death. Second, and this part has to be a little hypothetical, if you push the wrong button—the untrue button—you die instantly. If you say there is a God
of the usual type, and there is not such a God, you die. If you say there is no such God, and there is, you also die.”

“Hmmm…quite a test,” I murmur.

“Indeed,” said Charles. “At some point around age 20 or 21 or so, when I devised this test, I realized that I would have to push the ‘no God’ button—the world I saw around me just didn’t present me with any convincing evidence to support the other button. In fact, I saw what looked like pointless misery with seemingly random occurrences of good and bad. Good things happened to bad people and bad things happened to good people about as often as not, at least insofar as I could guess at the goodness or badness in the people around me.

Moreover, there was what I’ve already mentioned, the ‘statistical unlikelihood’ problem…there are all these wildly different religions, each believing itself to be the one true religion. Statistically, it is extremely unlikely that you would happen to believe the right thing, if there even was a right thing to believe. Yet everyone who really believes in a religion thinks it is the ‘right one’ or they would pick a different one.”

“Are there really all that many religions and are they all that different?” asked Michelle, who obviously hadn’t done her research on this issue. Even a wayward agnostic like me knew that there was a slew of different religions—sometimes Michelle seemed very naïve, though in a remarkably pleasant sort of way.

“According to some guy named J. Gordon Melton, there are 2,630 denominations within 26 religious ‘families’ in the U.S. alone. Say somebody is a Catholic…that doesn’t really tell you much, since there are 116 different Catholic denominations. Protestants are, of course, even more splintered. You can’t even conceive of the variety
out there…religions believing in drug use, believing in UFOs, you can go on and on. Weird stuff.”

“Ok, so there are a lot of religions, but most aren’t right,” said Michelle.

“Interesting, Michelle” said Charles, with a tinge of sarcasm in his voice. “And you, who have never questioned any particular aspect of your upbringing—which I must say is something Dave has done, if only for hedonistic reasons—think you know which one, if there is just one, is right?” Mom and Dad looked warily at Charles, worried that the conversation might get a little heated, as religious debates often do.

“I think the church that I go to is just fine,” said Michelle defensively.

“You know, Michelle, I’m guessing it probably is, too!” said Charles, far more agreeably than in the past in such discussions, “but, of course, that is just a guess! As you are probably tired of hearing by now, I don’t know the answer to any interesting question.”

“What?” said Gary.

“Oh, you missed the big ‘I don’t know’ story…part of Charles’ newfound worldview is that he doesn’t know anything,” I said. “But, he seems like he knows more than ever, at least as far as I can tell. He thinks he’s had some interesting ideas for a guy who doesn’t know anything…or rather he claims to have been given some interesting ideas.”

“There is a much more specific story on why I now say ‘I don’t know’ so frequently, having to do with an experience I had during my first psychosis,” said Charles. “But, perhaps I’ll come back to that…can I continue?”

We quietly looked at Charles, nodding our heads.
Charles continued, “When I was an atheist, technically a secular humanist, for all those years, I actually thought I was on a higher moral plane than religious people were. In some sense, it seemed to me that it was hardly even ‘moral’ to do the right thing in a standard religious context. If you treat people properly because you seek to achieve heaven or to avoid hell, that is far less noble than treating people properly because you believe it to be the right thing to do.”

“What are you getting at?” asked Michelle.

“Well, if it is necessary to either bribe or threaten someone to get them to behave properly, that seems somehow ‘worse’ to me than if they just behaved properly without those incentives,” answered Charles.

“Hmmm…I never thought about it that way, I have to admit,” Michelle said.

“But, lots of people probably need those incentives to behave properly. Isn’t it better to have those incentives imposed by religious belief than to have the bad behavior?”

“Probably…I don’t really know,” said Charles, as expected by now. “But, even when I was an atheist, I could plainly see that those seemingly very important incentives weren’t being taken seriously by all that many people. There are as many, or more, people in prison who claim to believe in God, and all of those heaven-hell incentives, as there are out of prison. How do you explain that?”

“I don’t know,” I said, thinking that Charles now has me saying his pet phrase, “but, yes, there certainly appear to be a bunch of hypocrites out there.”

“As I say,” continued Charles, “I used to think that the Golden Rule—do unto others as you would have them do unto you—was all that you needed to live a proper life. In fact, the Golden Rule, worded one way or another, is a part of nearly every religion
deserving of being called that. And, I thought I was on a higher moral plane if I tried to live my life that way, without either bribes of heaven or threats of hell. I was happy to give up first belief in any religion...and, later, belief in God.”

“What do you believe now?” asked Michelle, innocently enough.

“Well, I’m guessing you won’t like what I now believe, Michelle,” said Charles. “I’ll tell you what...tomorrow is Christmas Day, a fairly quiet day around here. If you are really curious, I will lay out for you everything I believe. But I won’t ‘know’ any of it!”

“Is there a name for what you believe?” I asked. “You called your solution to the problem of over-spending by politicians ‘The Mechanism’...got a nice catchy name for what you believe about theology, say ‘Charlesism,’ or perhaps, ‘Petersonism’?” I thought I was pretty funny sometimes.

“Ok, Mr. Wiseguy, for shorthand let’s just refer to what I believe as ‘The Thesis,’” said Charles. “I will tell you all about the thesis tomorrow.”

We all went to bed. And I was actually looking forward this time to what Charles was going to say tomorrow—I figured it would almost certainly be easier to follow and less mentally taxing than his stuff on economics and politics. And, in addition, I was curious how Michelle, always pretty traditional, would react to it. Fun, fun.

The Science and the Sci-Fi Part of “The Thesis”

Christmas Day began, as is traditional in Indiana, as a gray, cloudy winter day much like any other. The brown trees, barren of leaves, were shrouded in more mist than
was typical. It was rare to have snow on the ground, but Michelle and E always hoped for it. We were all somewhat subdued, for us, sipping our morning coffee. Some were shuffling around microwaving the leftover breakfast casserole. Charles was taking the day off from running, probably a concession to advancing age. My motto, one among the many inane mottoes that I have, is that “we all have to get older, but nobody has to get old.” A reminder to have fun, I guess…not that I need much of a reminder to do that.

“So, older brother,” Michelle began, “what is it that you believe about theology on this fine Christmas morning?” The grass was always just a little greener and the sky a little bluer for Michelle than it was for normal people. She had a good heart. Made me think of Tripod back in Colorado.

“In a nutshell, Michelle, I believe in the Golden Rule and in God…and not much else. And, I don’t even know the relative importance of ‘good deeds’ versus ‘faith,’ though one might be much more or less important than the other.”

I chimed in with another one of my inane mottoes, “Anything that can be put in a nutshell probably belongs there.” Michelle rolled her eyes, but Charles plunged ahead.

“Oh, I’ll go into great detail about what Dave has led me to call ‘the thesis.’ The totality of it is somewhat elaborate. But first of all, I should probably say something about why the majority of scientists are atheists.” Charles began, “It is relevant to why I find what I now believe to be at least plausible.”

“Ok,” said Michelle, “but I think most atheists really believe in God when circumstances they face take a marked turn for the worst. You know how they always say, when at war, that there are no atheists in foxholes!”
“Possibly… I don’t know. I can only speak for me on that and I was a fervent disbeliever, as you know, through a fair number of bad ‘circumstances.’ Anyway, scientists are predisposed to be atheists because one of the most fundamental methodological precepts of science is that ‘consistency with data’ is required for acceptance of theory. Most atheists would argue, as I just now did, that looking around the world, one does not see a lot of evidence of the existence of the posited All-Knowing, All-Powerful, and All-Loving God,” said Charles.

“Well,” Michelle persisted, “we, being merely human, can’t know what God’s will is, so how can your so-called ‘evidence’ say anything, either way, about whether He exists? It’s all about faith.”

“Yes,” Charles responded, surprisingly agreeably, given some of his anti-theist rantings in many arguments with Michelle over the years, “you have a point, and an important point. This is actually a critical part of the thesis, but it appears for a different reason. In fact, as I mentioned yesterday, the lack of evidence, either way, was what led to me being an agnostic for several years before devising my test. It seemed to me that the whole religion/theology thing was set up to be immune to disproof… hence it was not even a scientific hypothesis. A scientific hypothesis has to be at least potentially refutable with reference to data,” said Charles somewhat cryptically.

“You see,” he continued, “in contrast to typical non-scientists, scientists know that no theory is ever ‘proven,’ so I was speaking sloppily a second ago when I said ‘acceptance of theory.’ All theories are ‘tentatively held,’ pending the development of better theory. For example, round earth theories replaced flat earth theories, sun-centered solar system theories replaced earth-centered solar system theories, chemistry replaced
Alchemy, neuropsychiatry is increasingly replacing psychotherapy, and so on. At any point in this on-going process, we never know we are, in any sense, ‘right.’ Moreover, scientists have always been correct in observing that we did not really know very much at any point in this historical process, compared to what we will know, with on-going scientific advance, in the future. From a scientist’s perspective, indeed our very methodology, all of our tentatively held hypotheses about how the world works, are just that—tentatively held, until something better comes along.”

“So I tentatively hold my beliefs and you tentatively hold yours, huh, Charles? So what are your ‘tentatively held’ beliefs about God these days? What is your ‘thesis’?”

Michelle had some of the Peterson rhetorical combativeness, and sometimes exercised it, but typically without as much sarcasm as Charles and me. But Michelle always was more fervent when it came to religious discussions.

“Part of it, the least interesting part really, has probably been thought about and written about lots of times before,” said Charles. “In fact, what I believe happens/happened—you will see why I express it that way shortly—should have been seen, and perhaps has been for all I know, by Ray Kurzweil, the much lauded artificial intelligence guru at MIT. He wrote a couple of books, the first called *The Age of Intelligent Machines*, written in the early ‘90s. He followed that one up with one called *The Age of Spiritual Machines: When Computers Exceed Human Intelligence* in the late ‘90s.”

“Don’t tell me, let me guess,” I chimed in, “God is a future computer? Sheesh.”

“Pay attention, younger brother, as that is possibly related to where I’m going, but it isn’t quite so simple in the details, and it’s in the details where it gets interesting. In
fact, whether it is a wondrous machine or human evolution itself that progresses toward infinite knowledge turns out not to be in the least critical to the thesis.”

“Ok, I’ll hold off, but you can bet I’ll be skeptical of your thesis,” I said. I always thought that such approaches, lumping alien spaceship landings in with that, were too contrived.

Charles continued, “Anyway, Kurzweil recognized that the evolution of computers has powerful, not widely known, implications. He believes that a computer will exist, perhaps within two or three decades, that will have all of the capacity of the human brain. Plus, of course, it will have the on-going advances in the calculating abilities computers already employed to defeat, for example, the world's best chess player. In perhaps another ten years beyond that, he argues that a single machine will have the capacity of the combined mental power of the entire human race.”

“Phooey,” said Michelle, “nothing like that is going to happen for a long time, probably not for hundreds of years!”

“But, Michelle,” continued Charles, “it doesn’t matter when it happens, as long as it does eventually. The timing issues do not matter at all to the thesis. 50 years or 5,000 years—it really does not matter. And that is important, since it seems like it could eventually happen.”

“Go on,” said Michelle, clearly as skeptical as I. I was on my second cup of coffee and expected to enter the fray with more focused arguments at any time.

“Kurzweil's projections flow from straightforward extensions of work already underway. He argues convincingly that computers will learn to truly ‘think,’ employing a variety of methods. Computers will employ so-called ‘recursive search methods’ that
are used in the big number-crunching exercises, such as when IBM’s Big Blue beat Gary Kasparov in chess. In addition, computers will use ‘self-organizing neural nets’ that are analogs to how the brain functions, particularly in pattern recognition. Finally, computers can sort through ‘evolutionary algorithms’ that take a large range of trial ‘strategies’ and simulate the impact of on some goal. The computer then drops algorithms that do poorly and adds potential competitors, rapidly calibrating and extending existing models.”

“So what?” said Michelle. “Computers will get better, as they have for years. But they are still just machines.”

“Yes, you might be right, in the same sense that a car is just a faster substitute for walking, a helpful machine. However, there is a difference—even a great car does not yet drive itself. Kurzweil saw that the computer would need to be ‘seeded’ with knowledge. A thinking machine would need to have data from which to draw inferences and make testable predictions. There is no reason that an entity with the intellectual capacity we’re talking about could not have all of mankind's cumulated knowledge as input to be understood at lightning speed.”

“Hmmm…I think I see where you are going,” I said, as anticipated, since the coffee was kicking in.

Charles looked over at me and nodded approvingly, “Yes, since the machines will be seeded with mankind's knowledge, Kurzweil inferred that they must be of necessity ‘spiritual’ machines. They would likely have the same sorts of ‘feelings’ expressed by mankind in all its diverse settings. He also realized that it does not matter whether this vast computing power resides in a human with marvelous appendages or in a computer.
So whether the evolutionary future is to remain a carbon-based or a silicon-based life form or some other form not yet even envisioned—the form taken being likely to ultimately become a matter of choice—is immaterial. The Kurzweil capstone is that with such capacities, scientific advances will begin to occur at vastly accelerating paces, though reiterating, whether his predictions occur in two generations or five hundred is fundamentally irrelevant to my argument. *The Age of Spiritual Machines* is a tour du force exercise in Big Thinking.”

“So you are just taking Kurzweil’s arguments to their logical conclusion, huh?” I asked, skeptically.

All-Knowing and All-Powerful?

“Yes, it seems inevitable that we, in some evolutionary form, will eventually approach ‘All-knowing.’ Since there can only be one ‘All-knowing’ there can only be one God, although there could, I suppose, have been a ‘shake-out’ period that could have corresponded to the ancient Greek notions of pantheism.”

“What are you talking about?” asked Michelle, with E nodding her head in support.

“Well, it seems likely to me, for several reasons, that All-knowingness is unlikely to occur instantaneously, but rather would have to be an on-going process. Moreover, it is possible that knowledge that enables time travel and other physics-related phenomena might be more readily gained than knowledge of the fundamental nature of humanity, of understanding human emotions…but, I’ll come back to that.”
Michelle was clearly into the discussion, arguing “God, though, is more than All-Knowing…He is All-Powerful and All-Loving. How does this entity, your ‘sci-fi god,’ acquire those traits?”

“Think about our past experience on the relationship between knowledge and power, Michelle. It is always the case, at least as far as I can tell, that knowledge and power are essentially the same thing. Eons ago we learned how to keep a wood fire going for warmth but it was messy and polluting and we didn’t know how to generate useful non-heat energy from wood. Then we discovered how to use coal, and later figured out how to run a steam engine to convert that heat energy into kinetic energy. Still later we learned to generate electricity for work and light, from coal, oil, and gas fired turbines. We have followed that knowledge with nuclear fission and that is likely to be followed by nuclear fusion, which would be a great environmental improvement.

Indeed, economists think a lot about what we call ‘production functions’ that relate inputs to outputs. However, those production functions just reflect the current levels of technical knowledge. People typically look back on past levels of knowledge and power with disdain and we tend to think of ourselves as vastly superior to primitive man, or people even a hundred or two hundred years ago. It will probably always be that way, since at any point in time our arrogance and self-esteem do not let us see our lowly position on the continuum of knowledge from zero to All-knowing. It seems clear in any event that with great knowledge would come great power. Surely understanding the fourth dimension, ‘soft’ wormholes, and anything else necessary for time travel, would be a trivial skill for even an approximately All-Knowing entity.”
“So, supposing an All-Knowing entity could travel through time, are you arguing
that it doesn’t matter whether God comes at the end and travels back or is there at the
beginning, as asserted by most of the various one-God religions?” I asked, jumping ahead
a little bit, probably because of the audiobook theological discussions on the trip home.

“Yes, while I don’t know, for reasons that we will come back to, it would seem
that it shouldn’t matter whether God comes at the beginning or at the end. He can likely
be in all places and all times, if He wishes, so the distinction is meaningless. Of course, it
was probably much easier to tell a story to humanity of God being ‘in the beginning,’”
because that is a much simpler, more comprehensible story for primitive people.”

“Plus,” I said, attempting half-seriously to get into Charles’ theological
perspective, “if God were to tell us that he comes at the end, as a result of human striving
for knowledge, we might change our behavior so that He doesn’t come into existence
after all! Sort of like the famous ‘Grandfather paradox’ in sci-fi time travel discussions.
The grandson comes back and kills the grandfather as a young man…how then could the
grandson come to exist to be able to do that?”

Much to my surprise, Charles responded, “I don’t think that would be a problem
at all, unless God did something careless in trying to come back too soon. It would seem
to be fairly trivial for an All-knowing entity to simulate what would take place in the
future as a result of any given intervention, including any impacts on His potential
existence. If you really know the system you are dealing with, you would know how the
‘variables’ of the system—people impacts, ecosystem impacts, and so on—would
respond to any change you might contemplate. Presumably God would only make
changes the consequences of which He liked, subject to the ‘minimal intrusion principle’ that I will come back to.

Moreover, it is possible that there are a large number, possibly an infinite number, of universes, so that there could be one without the grandson and one with the grandson. Besides, for most interventions, even careless ones, the worst thing that would happen is that it would just slow the length of time before All-knowing was again achieved. And, as with how long it takes to become All-knowing in the first place, that shouldn’t matter at all.”

“But what makes you think there would be no limitations to knowledge? What if we can’t become all-knowing, because some things are unknowable?” asked Dad, perceptively.

“Wow, great question, Dad!” said Charles with genuine enthusiasm. Both Charles and I liked it when Dad was involved in one of our discussions, as he always brought something interesting to the table. “There is a big thrust in science right now to try to figure out what is ‘knowable’ versus fundamentally ‘unknowable.’ In the last century, huge strides were made in knowledge…the double helix DNA discovery in the ‘50s and now, just a half-century later, the mapping of the entire human genome. Einstein’s special and general relativity…quantum mechanics…the origins of the universe…medical knowledge doubling every four years…much has been learned. That kind of progress tends to make us cocky, as a species, about our ability to know things.

But, at the same time, we have Kurt G del’s Incompleteness Theorem—that there are some mathematical statements that can be neither provable nor disprovable. And quantum physicists assert, at least somewhat convincingly, that it is impossible to
simultaneously know a sub-atomic particle’s position and momentum. Is there a way to know if our universe is part of a much larger, potentially infinitely larger, multiverse? And so on…many things might not be knowable. But, you know what?”

“What?” responded Michelle, anyway, to what was doubtless another rhetorical question from Charles.

“. . . I don’t think any of that matters,” continued Charles. “I think that what we will almost certainly know in the future is incomprehensibly vast relative to what we currently know. A mere century or so ago heavier-than-air flight was thought impossible, now we have walked on the moon. It seems likely, at least to me, that we can not even begin to comprehend, meaningfully, the gap between what we currently know entering the 21st Century and even approximately All-Knowing. That is, even with all of humanity’s cumulated knowledge over the millennia, relative to All-Knowing, we are dumber than Tripod is compared to Dave!”

Charles and I had on more than one occasion observed that Tripod, while being a wonderful friendly lab, was no rocket scientist. Saying that humans are to God as Tripod is to me did not seem to be a huge compliment, either to me or to humanity at large, but Michelle and I got Charles’ point. It was clear that “knowing-as-much-as-can-be-known” would look damned impressive to humans, even if it were not literally “All-Knowing.”

“Ok,” said Michelle, “are you arguing, then, that knowing whatever can be known will also convey as much power to the possessor of that knowledge as can possibly be conveyed? But, just like ‘Lots-Knowing’ isn’t ‘All-Knowing,’ it seems like your God, under the thesis, can’t be ‘All-Powerful,’ either?”
“Again, while that is possible—maybe even likely—I don’t think it matters…suppose Tripod sees Dave flick on a light switch and light appears. It would have to look like magic, or a miracle, to Tripod, if he were bright enough to conceive of either magic or miracles, which is highly unlikely. As a practical matter, ‘Lots-Knowing’ would lead to ‘Lots-Powerful’ and we—like Tripod—would be far too ignorant to distinguish those from All-Knowing and All-Powerful. There may or may not be things God cannot do, but as with His level of knowledge, His level of power will be ‘off the map’ from anything we can comprehend. So we might as well think of Him as All-Knowing and All-Powerful.”

“I want to talk more about miracles at some point,” said Michelle, “but why would your entity, under the thesis, be All-Loving?”

All-Loving?  The Problem of Evil and the Principle of Minimal Intrusion

“Yeah,” I joined in, “there are lots of stories akin to your thesis, The Matrix or the Terminator movies and their sequels being recent examples. However, the superior beings from the future are usually malevolent. Why would this entity of yours care about humanity?”

“Recall that the ‘entity’—let’s just say God from now on—will have been initially both programmed and seeded by human knowledge, potentially all of it. God will likely have human feelings, having evolved from humans. God will be human, for all practical purposes, apart from His knowledge and power. Therefore, God will likely feel great love for the ancestors that produced Him…and sympathy for the pain and suffering
humanity has undergone over the eons. God the father in terms of knowledge and power, but the son in terms of progeny, hence love.”

“Ok,” I argued, “let me play ‘Devil’s advocate’—if you will pardon the reference—and raise some objections, those usually raised by atheists.”

“Fire away,” said Charles. I had a feeling he was going to be ready for my thoughts, but I had listened to all that theological philosophy driving back to Indiana, and I intended to put it to use.

“For starters, what about the Problem of Evil, that humans experience great suffering and premature death. If God is All-knowing, All-powerful, and All-loving why does he let that happen? And, in particular, as you mentioned earlier, why does that misery and death seem to be distributed randomly among people, apparently unrelated to whether they appear ‘good’ or ‘bad,’ according to any moral reckoning? If God loves us, and is All-Powerful, why does He not merely end pain, disease, and death, and bring on the bounty of heaven?”

“Good question, Dave,” said Charles, “and the main reason I was an atheist for all those decades. The other main reason we have already discussed—the very large number of religions each felt to be the ‘one true religion’ by their adherents. From a purely statistical perspective, it is unlikely that any particular religion is ‘right.’ Indeed, for many people, the large variety of religions, typically with conflicting beliefs, actually calls God’s very existence into question…why wouldn’t a God want to convey an essentially consistent message to all of His people?”

“I think you’re stalling, Charles,” chided Michelle, “if you know, tell us why you think evil exists and why there are so many religions.”
“Remember, I don’t ‘know’ any of this!” Charles emphasized, as we were now coming to expect. “But, I think the solution to both of those problems, and many more, lies in the nature of human beings. I think God would want to be minimally intrusive, literally non-discoverable in the data available to humans. Being effectively All-Knowing, He would be unlikely to be concerned about the standard time-space problems—for example the possibility raised by Dave that by revealing Himself, the necessary human striving to bring Him into existence might not take place.

“Then why would He want to be, as you put it, ‘minimally intrusive?’” I asked.

“I think that the main reason God would want to be minimally intrusive is that, as emphasized by Eric Hoffer in the early ‘50s, self-esteem is of central importance to human psychological well-being. If we knew God existed, rather than merely having faith in his existence as Michelle put it, we would be as mere ‘pets’ of such an entity, or less charitably, slaves. Worse yet, unlike our pets, we are intelligent enough—call it having eaten from the tree of knowledge if you want—to know of our inferior status if God truly revealed Himself, and we would resent our status. We are an arrogant species and part of that arrogance stems from the superior intelligence we possess relative to other animals. If we knew how little we knew, compared to All-knowing, it would be devastating to our sense of self-worth. If God truly loves us, he wouldn’t want that to happen.”

“Poppycock!” said Michelle, who could be aggressive when core beliefs were at stake. “I can’t believe that our self-esteem is such a big deal as to require God to hide his existence from us.”
“Well, try to imagine a life in which God gave us literally everything we wanted…a Garden of Eden, if you will. Would you, if you were a thinking being, be able to truly appreciate happiness without experiencing sadness? Would the goods we consume have meaning if we did not have to strive to acquire them? Would you not want to eat from that tree of knowledge in an attempt to be more like a god and less like a pet? Scientists are usually atheists, I suspect, at least in part because they want to be ‘mini-gods,’ possessing knowledge that the common man cannot possess. If we literally knew of God’s existence, we would also know how trivially obvious the knowledge we work to obtain really is. Life would have no meaning.”

“I don’t know…I’m not convinced,” Michelle protested, “can you bolster your argument a little more?”

Charles frowned a second, then said, “Let’s think about this another way. Does any worthwhile goal that we pursue come effortlessly, or does how much we have to work to achieve that goal have an impact on how ‘worthwhile’ we feel it to be? A perception of God’s existence might be about the most worthwhile goal a human could seek...but that might not be so if He just appeared in front of us and said ‘Here I am.’ I think it was Beverly Sills, the opera singer, who said, ‘There are no shortcuts to any place worth going.’ Even small children know that self-esteem not based on real merit is artificial—the blue ribbons for all participants, regardless of the quality of the performance, or the meaningless A, when every student gets one. And, perhaps after some early ill-thought-out miracles—to come back to those, Michelle—God, evolving from us, would certainly come to understand our psychological needs, notably our need for self-worth.”
“Hmmm…I’m still not sure,” said Michelle.

“It does seem sort of far-fetched, until you mull it over for a while. A more speculative additional reason why God might want to be minimally intrusive is that He would likely want each human being to know what all human beings went through on the evolutionary journey to God. God would want everybody to know, *as humans*, the entire gamut of human experience. We would want, hence God would want, that perceived experience to be the approximate truth, not some artificial Disneyland adventure ride. It is possible, I think, that what we think of as the soul might essentially be a sensory recording device so that each humans’ individual experiences and feelings can be perceived by all of humanity at the appropriate future time. Would it not be truly wondrous—happy and sad in probably near-equal measure—to know the experiences of everyone to have ever lived?”

I looked at Charles and sensed that he was losing his focus. “Let’s take the principle of minimal intrusiveness as an assumption, then,” I said, “for purposes of argument. Like the assumptions of your perfectly competitive supply and demand world, we can assume God wants to be minimally intrusive and see where that takes us.”

“Very good science, Dave!” said Charles. “Let’s now look at the Problem of Evil and the large number of mutually inconsistent religions with that assumption in place. Being minimally intrusive, it is clear that God can neither eradicate evil nor even be sure to have it properly punished, while rewarding good in any kind of obvious way. For then people would *know* of God's existence rather than merely having faith in that—and we would lose our self-esteem as thinking creatures. This provides an explanation for why so many seemingly bad people get rich and why busses crash and kill innocent children.
Maybe He just lets a lot of it be random, events being mostly just what would happen anyway, or maybe He intervenes more-or-less constantly. We can never know.”

“Oh,” asked Michelle, “do you mean that God can’t intervene and help believers in ways that He doesn’t for non-believers? I don’t think that is true.”

“I now agree with you, Michelle, though of course I used to think everything was random,” said Charles. “However, my econometrician and statistician colleagues are getting very good at discerning patterns in time series and cross-sectional data, patterns that would reveal the existence of a God, were He to get the least bit careless. However, it would be trivial for an All-Knowing entity to escape detection by humans, while still doing much for human welfare. To avoid detection, though, requires that God’s ever-increasing good be \textit{almost} completely offset by ever-increasing evil, and that the distribution of both must at least \textit{seem} nearly random to human observers.”

“But, wouldn’t it, if you are right about the skills of your statisticians, have to be the case that events would actually have to be random to seem random?” I asked.

“God can probably get away with quite a bit of good without being discovered, in part because of human hypocrisy. It is impossible, or at least very difficult, for humans to know who of us is good or bad—you might, for instance, be just as likely to find a true believer at a strip joint as at church!”

Michelle snorted, “I don’t think it is quite that bad! But, yes, I suppose there are plenty of good people who look bad to us and vice versa. What is the role of the Devil in all of this, Charles?”

“I think, but don’t know, that under the thesis the Devil is just the duality of God’s good. What humans call ‘the work of the Devil’ is probably, if not just
randomness that He accepts, done by God and made necessary, indirectly, by our own human need for self-worth. Again, it would be difficult to explain to a primitive people that you have to either let happen—or actually do—both good and bad things to avoid discovery in the data. So perhaps the concept of the Devil was a fiction introduced to avoid having God look like a ‘bad guy,’ when He is doing things—or allowing things to happen naturally—that are necessary to avoid discovery.”

“Or maybe the Devil really exists,” countered Michelle.

“Possibly…as I say, I don’t know,” responded Charles, “But why wouldn’t an All-powerful God kill the Devil, if the Devil were doing things God didn’t approve of, because presumably He could? So, in a sense, it doesn’t matter whether there is a Devil or it’s the duality of God—it is indistinguishable, like whether God comes in the beginning or at the end.”

This reminded me of something, so I said, “I think that many of the atheists that I know feel that the various religious accounts reveal a God that appears so nasty, vengeful, and egotistical as to be implausible. Some of them have actually said to me that if God is as described in the Bible or Koran they don’t want any part of Him.”

“Well,” said Charles, “it is certainly the case that the historical writings of Christianity, Islam, and Judaism, give the impression that God engages in and condones some seemingly abhorrent acts, and is, moreover, demanding of worship. Yes, to sensitive/moral atheists, as I once took myself to be, this sort of behavior might look like fairly convincing evidence that God does not really exist. However, one could argue that God is actually giving us what we want, because He loves us.”

“Huh? That doesn’t seem to make much sense,” said Michelle
“Consider reading a news account of a heinous act, say the deliberate setting of a forest fire that does immense damage to life and property. How many of us, upon reading that the individual involved ‘may face 65 years,’ would not think, ‘Good!’ Why isn’t our original reaction, instead, ‘what caused this poor human to reach a point where this option seemed attractive?’

If we are vengeful, why would a God, evolving from us and who loves us, be different? If he loves us, and we want vengeance, He might give us that…or not, as there are ‘clashing values,’ if you remember that discussion. Moreover, who of us would be fully modest and self-effacing were we to possess great knowledge and power. Reiterating, we get the kind of God we want—warts and all, so to speak—because He loves us.”

“This is a really odd conception of God,” said Michelle, “and I don’t think I like the idea that He is vengeful, wrathful, or egotistical.”

“Hey, read your Bible!” said Charles laughing. “But seriously, as we evolve into a better species, I would guess that we will be ‘given’ the perception of a ‘better God,’ if we are willing to accept that perception when it is given to us. Focusing on very detailed interpretations of ancient writings as presented in, for example, the Bible or the Koran is likely to be fruitless.”

“What? Why? I spend a lot of time reading the Bible and what is said there often has what feels like a timeless quality,” said Michelle.

“What? You mean the ‘timeless quality’ of Lot’s wife being turned to salt for looking back? Or are you thinking of his daughters getting their ‘just and righteous’
father drunk so that each can have sex with him and bear a son?” said Charles, with malicious glee.

“That’s the Old Testament,” protested Michelle, “the New Testament is a lot mellower.”

Charles smiled at Michelle. He was clearly not as mean spirited about the topic of religion as he had been in prior decades. Charles continued, “It seems to me to be likely that the word of God cannot be static, because what we want is not static. Since God loves us, as we become more civilized, we are likely to get a more civilized God—this could possibly account for the trend toward the greater benevolence of God in the New Testament vis-a-vis the Old Testament.”

Free Will or Determinism? Faith or Good Deeds?

I remembered some of the issues raised on the audiotape I listened to on the drive, so asked, “What about Free Will versus Determinism?”

“I don’t know, of course, but it seems to me,” answered Charles, “that we must, as humans with self-esteem, at least have the illusion of free will. But, I suspect that humans cannot ever know the exact mix of free will and determinism, as a corollary of God's desire to be minimally intrusive, the latter stemming ultimately from our own human need for self-worth.”

“You mean,” I continued, “that the guy who decides to knock off the local bank or break into a house to steal something doesn’t have complete free will?”
“I don’t know,” said Charles, a response that was starting to get both predictable and monotonous to me. “I think that the extent to which that is free will versus predetermined is not something that is knowable by humans. It might be that everything leading up to the bank robbery or house break-in made it, essentially, inevitable—if we could truly understand the world, as only God does.”

“Well, what about something that is perfectly random, like coin flips?” I asked.

“Surely that isn’t ‘deterministic’?”

“Let’s consider that example in more detail,” said Charles. “If you are really All-Knowing, you would know which side of the coin was up when it was tossed, how hard it was tossed, how hard it would land, how many bounces it would take, and so on. Ultimately you would—or could—know whether it was going to land heads or tails in advance. It would be but a modest additional step to determine how it landed. It is possible that actions that, to us, seem completely random are in fact completely deterministic. But, of course, under the minimal intrusion principle, God would have to make it look random to avoid discovery. Who knows?”

“Yeah, I guess it would be impossible for us to know even whether something that seems completely random really is. It is at least possible that every single head or tail could be ‘determined’ yet the pattern could be made to look random to us.” Thinking more about the philosophy audiotape, I asked Charles, “What about the relative role of faith versus good deeds in our ultimate fate?”

“This may come as a surprise to Michelle,” Charles said, glancing her way, “but it is far from clear in the Bible whether salvation is by faith alone or whether salvation requires good deeds. There are about an equal number of claims in the Bible either way,
some saying all you need is faith, others saying you are judged by your ‘works.’ I used to think that, if God existed that He wouldn’t hold it against us if we did not believe in Him or, as an even bigger stretch, his Son. That only seemed fair, since He wasn’t going out of his way to reveal Himself. I figured that good deeds would probably be enough, so even if I turned out to be wrong about atheism, it wouldn’t matter to a loving God. Now, after some experiences during the psychoses, I don’t know. I think it is impossible for us to know, but God might—or might not—get pissed off if we don’t believe in Him. I’m guessing Dad and Mom would get irritated if we refused to believe they existed!” Charles laughed before continuing. “As to the relative importance of faith and good deeds, I haven’t a clue.”

Michelle frowned at Charles and said, “I want to come back to what you think about the Bible in more detail after lunch, Charles.”

The morning had flown by…both Michelle—I was certain—and I found the theology stuff more interesting than the earlier discussions of economics or politics. But we were all getting hungry. So, I decided to throw out a challenge for Charles to respond to over lunch.

“Charles, I’ve enjoyed listening to your economic and political—and now theological—ideas, but what makes you think you were given them by God?”

“I have avoided talking about this for the last few of years, but perhaps it is time,” said Charles mysteriously. “I have had a number of things happen to me, some very traumatic and some delightfully pleasant, that I will probably tell you all about this visit. But, first let’s get some lunch in us.”
Lunch and the “Choking Incident.”

Yet another Midwestern food experience! I was psyched. I had always loved meatloaf and somebody—it had to be either Mom or Michelle, since E had no experience with our particular variant—had secretly made it. It was the kind I had had as a child, sort of the poor-kid’s version. The hamburger was cut with a mixture of oatmeal and chopped onions…yummy. Perhaps in an effort to add some sophistication, we had some steamed asparagus. Others would make a sandwich out of the meatloaf, but I wanted to savor it by itself, possibly adding a little catsup elsewhere to that already baked into the upper crust. A meal like this would have been a special dinner as a child, but here we were having it for lunch of all things. The Petkers had “come a long way, baby.” As I say, I was psyched...this was indeed progress. We sat down.

I think everyone was in a reflective mood, because we were initially more quiet than is usual at a family lunch get-together. I speculated, looking around the table, that it was maybe because of the timing of the odd theological discussion. Christmas day would seem to be more appropriate for a narrower, Christian sort of thing.

About mid-way through lunch, Charles looked at me and said, “You asked earlier about why I thought the ideas came from God?”

“Yeah,” I mumbled, caught with a mouthful of meatloaf.

“The same thing occurred to me,” said Charles, “after all, as you and Michelle routinely point out, I’m pretty smart, so why would I think the ideas came from God rather than being mine, huh?”
“Yeah,” I said, swallowing, “especially with all those ‘smart pills’ you were taking,” I added sarcastically. I figured that the various pills and potions probably didn’t give Charles his ideas, but were exceedingly likely to have caused his psychoses. Charles ignored me, as he so often did.

“Well, the same thing began to, increasingly, occur to me as the memory became more distant of how the flurry of ideas was virtually instantaneously given to me. In addition, as a matter of science, anecdotal evidence is poor support for a belief, rather, one should seek systematic evidence in support of that position, but there was nothing systematic or replicable about my experience. Moreover, I am as arrogant as the next guy, and it is very tempting to take credit for what look to other people to be your ideas. You will recall that they all—the economics public goods valuation idea, the political idea of voter control of spending, and the theology idea, and lots of others—came to me pretty much all at once, when I was least expecting them?”

“Yes, that’s what you said,” said Michelle with surprising skepticism in the tone of her voice, considering that she would usually be prone to believe that God might have done such a thing. Perhaps the theology ideas were troubling her, making her skeptical about the whole experience.

“One night I’m lying in bed, reflecting on the various ideas, and some others I haven’t followed up on. E is sound asleep. As you know, I have the outside half of our bed, so that I can get up in the night to pee.”

We shifted uncomfortably, not wanting to be reminded that none of us was getting any younger.
“So, I’m laying there, and I start feeling cocky…maybe those ideas—that I think are pretty good—really were mine. I had, after all, done some work to write them down, to get the details on paper. As I begin thinking that way, for the first time since having been given the ideas many months earlier, suddenly my throat closed. I couldn’t breathe.”

“Surely there was some natural explanation for that…had you been drinking?” Michelle wanted to know.

“No, I was laying there awake as I often do…I like to reflect about things in bed, both at night and in the morning, right E?”

“Yes,” said E, “or if you don’t, you are certainly being lazy because you say you don’t sleep well at night because of all your thinking. And you also stay in bed a long time in the morning, also claiming to be thinking.” They had been married a long time and could say things, with no offense taken, that would be harder to say for those who hadn’t been together that long.

“So, anyway, my throat just spontaneously closed off…I could not breathe. I jumped out of bed and raced into the kitchen. I couldn’t breathe and was just about to go wake E, when I thought to myself, ‘You can kill me any time you want to, can’t you?’ The second I thought that, I vomited into the kitchen sink, and could breathe again as easily as I ever had.”

“Wow,” said Michelle, “you must have been scared! But, couldn’t there be some other explanation for what you experienced?”

“Of course I have thought a lot about that, Michelle,” continued Charles. “And it is just an anecdote, as scientists would readily remind me. But, I can’t think of any other
explanation. The timing of my throat closing corresponded exactly with when I arrogantly began thinking that the ideas were maybe mine alone and maybe God didn’t exist after all. And, the timing of being able to breathe again was at the exact time that I had the thought that ‘You can kill me anytime you want to, can’t You?’ I now think that God somehow knows everything we are thinking, or at least can do that if, or when, He wants to.”

I ventured, “Well, if God is indeed All-knowing, He should be able to do that, huh?”

“I don’t know,” said Charles, “because, as we’ve already discussed, I don’t know if there are any limits to All-knowing…I suspect that the physicists will eventually come up with the long-sought TOE, the Theory of Everything. But, to be able to understand general relativity and quantum mechanics in a coherent framework is a far cry from the kind of complex interactions and emotions we see in society.”

“What do you mean?” asked Michelle. “Physics is really mathematical and difficult…if someone could fully understand modern physics, couldn’t they understand pretty much anything?”

“Oh no!” responded Charles emphatically. “The so-called ‘hard sciences’ are actually the easiest sciences, so easy that the concepts being modeled can be readily mathematized. Because they become mathematized, they end up seeming hard to those lacking mathematical ability…most people. For example, some simple differential equations can represent the movements of the planets within the solar system and accurately predict where they will be located far into the future. The social sciences are far too complex to have meaningful formal models. We cannot begin to predict where
people at even a small cocktail party will be located in five minutes, or who Dave will be hitting on! The existing models of social science, and I’m talking mostly about economics which is nearest to a ‘real science’ in terms of our methodology and approach, are very simplistic and fraught with large error terms.”

“What’s an ‘error term?’” asked Mom, who had been quietly listening to all of the theology discussion. Such discussions always made her uncomfortable, or as she would put it, afraid that she was going to be struck by lightening.

“Mom, suppose that all you knew about a person was their gender and height, say, a female who was five and a half feet tall…how much would you guess that person weighed?” asked Charles.

“I don’t know,” said Mom, who then smiled at finding herself using Charles’ new pet phrase. “Maybe 145 pounds?”

“Yeah, maybe,” said Charles, “but you would also be likely to be wrong, almost certainly wrong if great precision were desired…there would be an ‘error term’ associated with your guess. Our mystery female could be a lot skinnier or a lot fatter than 145 pounds.”

“Ok,” said Mom, “although it might be more politically correct to say ‘thinner’ or ‘heavier.’ So the error term is just a measure of the uncertainty associated with my guess.”

“Yes,” continued Charles, “and your guess was based on a simple model in which you only had information on gender and height. If you could refine your ‘model’ with information about bone structure, eating and exercise habits, and the like, you could make a better guess…a guess with a smaller ‘error term.’”
“Ok,” interrupted Michelle, “but what does this have to do with God, Charles?”

“I think, but don’t know for sure of course, that the nature of God, the nature of general relativity versus quantum mechanics, the nature of Free Will versus Determinism, the nature of faith versus good deeds, and so on, are all somewhat similar. To try clarify this, let me consider Dave’s checkered past of dating…Dave, do you believe in ‘chemistry?’”

“Sure,” I said, “that magical feeling that you get with some people you go out with that you can’t put your finger on…it just feels right in a strange way. Don’t you believe in ‘chemistry,’ Charles?”

“I think maybe that what we are calling ‘chemistry’ might just be an error term, representing unobserved variables in a fuller model of attraction. Let me ask you this, Dave—if you could live an infinite life and date an infinite number of people, would you still experience ‘chemistry?’”

“I don’t know for sure,” I hedged, sensing where Charles was going.

“Having dated as many women as you have,” Charles gave me a faked frown of disapproval, “wouldn’t you say that you have a better sense of who you are seeking than you did when you first started dating?”

“Sure.”

“You found out, in the process of dating, more and more about the type of woman you were looking for?”

“Yeah, sure.”

“Physically, you like women that are pretty, thin, athletic, and yet who manage to somehow still be ‘curvy,’ don’t you, Dave?”
I fidgeted a little, and nodded.

“And they have to be funny and smart, too, huh?”

I allowed that I was indeed pretty picky…probably why I was still single.

“If you could date an infinite number of people, is there still room for ‘chemistry?’ Wouldn’t the error term just disappear?”

“I don’t know,” I said, “I really don’t, although I can see what you are saying. If I could really observe every conceivable trait of a woman, maybe there wouldn’t be any mystery that we call chemistry, or an error term, or whatever. But, to lose the mystery factor might not be much fun, either.”

“Yes, and that is likely to be the case with regard to determinism compared to free will, too. We must have at least the illusion of free will, again for our self-esteem, but it is possible that what we think of as free will is completely deterministic, in a fully understood model of our world.”

“Whoa,” said Mom. “How does Dave’s dating history with its ‘chemistry’ versus female traits relate to free will versus determinism? What’s up with that, Charles?”

Mom sometimes tried to sound hip and trendy, but was usually a few years behind on her phrasings.

“It is possible that we only think we have free will and that the world is completely deterministic, in the same sense that the more traits Dave could observe in a woman the less room there is for chemistry. Let’s return to the flipping of a coin, as an extreme case, where it seems like there is no ‘model,’ that everything about it is completely random, right?”

“Right,” from several of us at once.
“Well, let me go over the coin flip case again, because it is a useful extreme example, and extreme examples are always fun ways to learn. Reiterating, suppose you could know which side was facing up when the coin was flipped and exactly how hard it was flipped. You might then be able to tell exactly how many turns it would take before it landed, after bouncing a potentially knowable number of times. In principle, with enough information, the coin flipping is no longer random—it only looks random to those who do not have all of that knowledge. And, if you have that much knowledge, it might just be a small added tweak to not only know which side the coin will land on, but to determine that. But, to humans it could always be made to look random. For events like Dave’s bank robber or burglar, the ‘model’ that determines the outcome is more complicated than flipping a coin, yet that outcome could be completely deterministic, for all we know.”

Michelle asked, “Charles, do you really believe that the world isn’t random or that there is no free will?”

“I haven’t a clue,” said Charles, “but I suspect that the world is some unknown, and unknowable to humans, mix of deterministic and random.”

“Pass the meatloaf,” said Dad, who had been uncharacteristically quiet. The Peterson sons, known for their verbosity, had always thought they inherited that largely from the paternal side, though Mom often held her own in the conversations.

“It sounds like you think humans can’t know about God’s will for mankind,” said Michelle, taking some meatloaf as it went by, “if we don’t know whether happenings are random or planned. What about the Bible? I think it is a good guide to tell us about God’s will.”
Inspired Writings, or Muddled Mixes of Human and Divine?

“I don’t know, Michelle,” mumbled Charles with meatloaf in his mouth. “I suspect we have to figure out what is God’s will, but there isn’t any clear blueprint for that, or at least it isn’t clear to me.”

“What do you mean? The Bible is very clear,” said Michelle tenaciously.

“The Bible, Koran, Torah, Bhagavad-Gita, Tao and so on are all very ‘clear,’ in some sense, but not in the way that most of those who read them think. They are all selectively read, so that the reader can get what they want to get from them, or at least that’s how it seems to me,” said Charles.

“But I believe the Bible is inspired,” argued Michelle, “and that everything in it is the literal truth.” Michelle had always had an uncomplicated view of things. Part of that was probably why she liked accounting, where things were at least supposed to be black and white…debits and credits. Enron and those other accounting scandals a while back very much perturbed her for that reason. But that “everything is black and white” simplicity was part of Michelle’s appeal…sometimes.

“Michelle,” Charles responded with exaggerated weariness, “we have been through this many times before, back when I was an atheist. The only difference now is that I’m not as concerned with the inconsistencies of the Bible and other religious writings. I used to think the Bible and those other books were all nonsense. Now I think they are best viewed, at least by me, as an unknown mix of inspired writing and human
gobbledygook. I suspect that our job is to figure out which is which, and whether it has any relevance for today,” said Charles smiling.

Charles did not seem anywhere near as down on religion as he always had in the past, and I found that a little refreshing. I didn’t think much about religion at all, but wasn’t overtly antagonistic toward it, as Charles had been for probably thirty years until his recent psychotic experiences.

“People are always talking about ‘inconsistencies’ in the Bible, but where’s the proof of those?” persisted Michelle.

“Probably the best place to go to see it all spelled out is a website called ‘skepticsannotatedbible.com.’ They have many categories, for each book of the Old and New Testament, including cruelty and violence, absurdities, errors of science and history, and so on. But the section I like best is the ‘contradictions’ section,” said Charles.

“That is all too general…give me some actual examples.”

“There are examples ranging from really trivial stuff, like genealogical errors, to much more fundamental beliefs. There are passages, for example that say that Joseph was the father of Jesus and passages that say that he was not, that Jesus was born to the Virgin Mary. As we’ve already discussed, there are passages that say that salvation is by faith alone and others that say that you are judged by your works. Some passages indicate that polygamy is ok and others say that would be adultery. In some places the Bible says you should judge other people, while in other places it says you should not judge others. Indeed, there are passages that say that Jesus judges everyone and passages that say he judges nobody. There are passages that say you should not eat animals, passages that say you can eat certain kinds of animals, and passages that say ‘every
moving thing that liveth shall be meat for you.’ Are Christians supposed to obey the Old Testament laws? —in some places the Bible says yes and in other places no. Since this is Christmas, you might be intrigued to know that there are passages in the Bible that say Jesus is God and passages that say Jesus is not God. Michelle, you really ought to go to that website and check it out.”

“Charles, do you believe that Jesus Christ was the Son of God?” asked Michelle.

“I don’t know,” Charles replied, a bit uneasily, “it isn’t completely clear in the Bible. Moreover, even if it were, there are many errors of science and history that I haven’t emphasized, so it could be wrong, even if there were no overt contradictions. It could be that Jesus thought he could be more effective if people believed he were the literal Son of God, or it could be that he was seduced into believing that by the claims of those around him. Some people even claim that there isn’t very strong evidence for the existence of Jesus as an historical figure. I’m not sure that it matters, though.”

“What do you mean, you’re ‘not sure that it matters’?” said an exasperated Michelle, “of course it has to matter!”

“I don’t know, but would God have given wildly different messages to His people on this matter, or is it more likely to be something mankind came up with? The followers of Judaism and Islam believe that Jesus was merely another prophet in a long line of those…a good guy to be sure, but not divine.”

“Well, I don’t care what non-Christians believe,” said Michelle, a bit uncharitably or so it seemed to both Charles and me.

“Hey,” said Charles, “you know, the Jews were the Chosen People, so you might want to care a little.” Charles laughed, continuing, “I’m going way out on a limb here,
but it might conceivably be that the reason for that is that the artificial intelligence experts, like Ray Kurzweil, are largely Jewish. Maybe God initially felt some specific fondness for the ethnic group that was most responsible for bringing Him into existence!

Charles was really smiling now, enjoying the back and forth with Michelle.

“Ok, smarty-pants, if you don’t trust the Bible as being completely inspired, how do you think you can ever figure out what is God’s will?”

“God's will is clear, I think, only in that it has to be in our best interest, because He loves us, under the thesis. We all do things that we think ‘aren't good for us.’ We often drink too much, we let ourselves get fat, we get jealous, and we, particularly scientists, are often arrogant. And God might agree with our assessment…or might not—He loves us. I guess I think that we often do not know what is in our interest, how best to behave, what God's will is, because even the inspired writers of religious treatises were trapped in human bodies. If such inspired people are still around, they remain trapped in human bodies and hence remain likely to screw up, at least in the details. I suspect that they would inevitably start inserting their own opinions and biases. Even witnesses to a seemingly straightforward event, like Dave’s bank robbery example, have very different recollections of the robber and his actions. The different religions, occurring in different cultures, might well result from different perceptions of similar experienced events. A bank robbery, continuing that example, might be seen much more sympathetically through the eyes of a poor person versus a rich person, with their differing backgrounds and presuppositions.”

“Didn’t you write a paper for a religion class a long time ago on something related to that, Charles?” asked Dad.
“Yes, and I always liked the title of the paper...I thought the title alone was worth an A! I called the paper ‘The Use of Religion as a Rationalization for Socio-Economic Status.’ The theme of the paper was that people have a tendency to believe that the things that they cannot afford are immoral. Believing that expensive goods—booze, dancing, haircuts or whatever—are immoral allows a society to exist in relative peace despite substantial income inequality. I compared the beliefs of the Sikh caste in India with those of a fundamentalist Protestant sect...the Nazarenes, if I recall correctly.”

“So, did you get an A, or was the exposition less compelling than the title?” I asked grinning.

“Yup, got the A,” said Charles with a wink.

“You are suggesting that the same historical religious events could be perceived quite differently by people at that time?” continued Dad, returning to the point.

“Yes, and the more time that passes before those events are formally recorded, the greater is the likelihood that completely different interpretations will emerge. I think the situation might be somewhat like the game of ‘Whisper’ in grade school where you have a simple statement whispered from one student to the next. By the time the statement gets to the last student, it is often completely different.

In that vein, most of the Bible was written long after the events described. And, then there were translation issues from the original Aramaic, Hebrew and Greek, along with problems of deciding what to include as part of the Bible. The King James Version of 1611, which is the basis of modern Bible variants, was written before the discovery of many manuscripts more ancient than those on which it was based.”
“Hmmm…big Bro, you have become quite interested in religion these days, huh?” chided Michelle.

“Not really interested in religion, but rather theology,” clarified Charles. “For me ‘religion’ is usually divisive, while theology isn’t, or at least not as much.”

God is a “He”? The Typing Incident…and Creationists.

Michelle had begun looking a little disconcerted when Charles mentioned Jews being the Chosen People. She looked at Charles and said, “I’ve never really questioned some things in my upbringing as you noted, rather sarcastically, Charles. But, I am curious about the traditional ‘maleness’ of God—while I never worried unduly about it, I always sort of assumed that was just for convenient reference, but that God was really genderless. Do you have any thoughts on that?”

“Funny you should ask that question,” said Charles, “because that relates to one of the weirder of the odd happenings that I experienced. Moreover, I was not having a psychosis when I experienced it, either. Like you, I had always just assumed it was just a handy way to avoid linguistic contortions…sort of like ‘manhole’ versus ‘personhole,’ or ‘man’ versus ‘humankind.’ Of course, when I was an atheist, I took the whole ‘God is a He’ notion to be due to the male sexism rampant in most religions even today. The idea that God would be a He hardly seemed ‘inspired’ by God to me!”

“What do you think now? And what was that ‘odd happening’ you referred to?” asked Michelle.
“I don’t know, of course,” said Charles, “but, as of now, I think God is, in fact, a He, much to my surprise…”

I interrupted with, “How on earth did you determine that? And how does this fit with ‘the thesis?’”

“First, let me tell you about the incident that freaked me out, causing me to think I had been wrong to assume God was a genderless entity, that All-Knowing would subsume any gender differences. Anyway, after I had my choking incident and another incident in the shower that maybe I’ll talk about later, it was clear to me that God existed. Many of ‘the thesis’ ideas we have already talked about occurred to me around that time, so I decided that maybe my ‘calling’ was to write something to convert the scientists. So, I started writing a book I had tentatively titled “A Scientific Version of the Bible…”

Again interrupting, I said, “Bold and cocky move, Charles. What were you going to say?”

“Well, first I was going to start it with a chapter laying out ‘the thesis,’ like we’ve talked about. Then I had planned to go through the Bible page by page and drop anything that I thought was silly or irrelevant to an evolving God who loves modern people. Needless to say, the Scientific Bible would have been much shorter than the King James Version!” Charles laughed.

“So what was this freaky happening?” Michelle asked, taking the conversation back on topic.

“Pretty early on in the writing, when I first typed ‘he’ with a capital H, I inserted a footnote. I had already put in several footnotes, this being after all, the scientific version of the Bible,” Charles smiled at the reference to his stodgy academic writing style. “So
you know how all the word processors work—when I inserted the footnote, the cursor jumped down to the bottom of the page after the next number in the sequence.”

“Yes, that is how it works…what’s odd about that?” from Michelle.

“I started to type something about how when I write ‘He’ in the main text it is to be interpreted as a genderless entity who loves all of humanity equally…blah, blah—the usual politically correct stuff.”

“What happened?” Michelle edged closer, intrigued by stories like this.

“Nothing.”

“What do you mean, nothing?”

“No words were visible, yet I was typing just like always.”

I thought of something, “But, don’t computers sometimes sort of stall or have too much in memory…can’t this be explained as a normal computer glitch?”

“I have had situations like that, yes, and at first that’s what I thought was happening. But, then I noticed that the cursor was moving to the right just like it always does when everything was working properly…the cursor moved, but there were no words showing. When there is a computer glitch, the cursor never moves when I type. The experience freaked me out, as I said, and I abandoned the project—I figured there were already plenty of muddled mixes of inspired and human out there and I didn’t need to add to that. Moreover, it scared me…and made me realize that perhaps I was being arrogant to think that I could write something that important. So I quit.”

“So you really think God is a He?” asked Michelle.

“I don’t really know, of course, but since that experience I have thought about it a lot and have come up with some possible explanations, one of which seems plausible to
me. One initial possibility, probably silly but who knows, is that those artificial intelligence researchers, Kurzweil and the rest, are probably largely all male and most of the seed knowledge would have been written by males. Another possibility is that over the millennia the food tasters will have likely been male, since females were nearly always pregnant and survival of the species depended on them not eating poisonous plants. So, God being male could have been a sort of reward to males for that sacrifice.”

“A little contrived, don’t you think, Charles?”

“Probably. A more plausible story might just be that God is a He because males have the XY chromosome.”

“Huh?” from Michelle and I in unison.

“Well—and this relates to the issue of creationism versus evolution, too—it turns out that mutations are six times more likely to come from the male lineage. Of course, most mutations are not advantageous, but over many generations, the infrequent mutations that confer an evolutionary advantage would cumulate. So, those would have mostly been due to the male. Of critical importance in terms of the thesis, is the evolution of the human brain…moving us along toward All-Knowing. It would really be bizarre, wouldn’t it, if it was something as simple mutations due to the XY chromosome that was the root cause of God’s existence and gender?”

“Hmmm…not terribly convincing, but at least it’s a story,” said Michelle. “What has that got to do with creationism?”

“Suppose we accept the thesis as presented so far,” said Charles. “Let’s suppose God wants to come back to help us. How far back would He want to go?”
“Hey, I think I see where you’re going with this,” I said. “There would be no point in going back so far that we weren’t thinking creatures, right?”

“Yes, that is the way it seems to me…I think Eden might just be all of the time before we ‘ate from the tree of knowledge,’ that is, before we were intelligent enough to conceive of a God. I’ll come back to that in more detail, after we get these dishes cleared away. But, the main point is that we could have literally millions of years of evolution, most of which would be uninteresting from the perspective of ‘knowledge.’ Viewing humans as being critically defined, say, by a level of intelligence high enough to conceive of God, might eliminate the fighting between those believing in evolution and those believing in creation or intelligent design or whatever.”

We had finished lunch a half an hour earlier, but nobody had gotten up. As I had suspected, Charles’ theology stuff was more interesting to me than his economic or political ideas…as seemed true for the others, particularly Michelle. We all carried our plates into the kitchen and Dad rinsed them as we handed them to him. The garbage disposal would have drowned out any conversation, as it chewed up and swallowed our uneaten food. Interestingly, it was mostly just meatloaf that was left on the plates. We had all taken out too much, I guess, because it tasted so good. E and Michelle were taking the plates from Dad and loading the dishwasher…a smooth process that went very fast. I think we were all eager to go into the family room and continue talking about “the thesis.”

I also wanted to get a better understanding of what had happened to Charles “anecdotally” to cause these huge changes in him. Were these ideas really given to Charles by God, or was it just some wild racing of the brain that he was misinterpreting?
As I mentioned to Robin before setting out for my annual trip, I wanted to try to understand how my older brother, normally sane and sensible, could go crazy. I also wondered what it felt like to be crazy, and how he got back to where he is now…which at least seemed normal, or as normal as Charles had ever seemed, anyway.

“Charles, you say ‘I don’t know’ an awful lot, especially for somebody who seems to know a fair amount…did something else happen to bring that about that you haven’t mentioned?” I asked.

“Yes,” said Charles, “there were many things that happened, but my recollection of them is somewhat vague, because I was in the midst of the first psychosis when I was ‘driven’ inexorably to the belief that I know nothing.

“Do you want to talk about this?” asked Michelle protectively. Michelle was more intuitive than I was and probably sensed some discomfort on Charles’ part.

The Psychotic Origins of Charles’ “I Don’t Know”

“Oh, I’ll be happy to talk about it, it might even be cathartic. But, I still don’t know what to make of what happened to me…maybe you guys will,” said Charles.

“Plus, I don’t remember, or perhaps even blocked, much of what happened to me, so the details will be a little sketchy.”

“Well, try to tell us about it…I don’t know if we can help, but I think we’re all curious about what happened to you,” said Michelle, looking around at us. We nodded.

“During the first psychosis, I actually thought for a time that I was Jesus and that a friend of mine—George who had helped E get me to the emergency room—were God
and Mary, respectively. A little later, I thought that I was the reincarnated soul of Rene Descartes. Clearly, I was nutty as a fruitcake, crazy as a loon—however you want to put my being completely out of touch with reality. But, what was going on in my head was really interesting.”

“What do you mean?” I asked.

“Dave, it was so strange. I was being asked a series of seemingly simple questions. It wasn’t that I was hearing things…I was aware that the questions were coming to me from inside my own head.”

“What kinds of questions?” Dad asked.

“Mostly what seemed like simple ‘true-false’ or ‘yes-no’ sorts of questions, mostly about science of one sort or another. Analytical questions, but easy ones…or so I thought.”

“Can you remember any of the questions?” I asked.

“No, not anymore…I could for a while, but not anymore.”

“So what happened?” asked Dad.

“I would get a question in my head. And, in my head, I would answer the question—and I was always very confident that I was right, because the questions seemed very easy. A moment after I answered a question, I was given—again in my head—the correct answer and its explanation, showing me to be wrong. Then would come another question, which I would again confidently answer, and again I would be wrong. Over and over.”

“Must have been frustrating,” offered Michelle.
“I’ll say,” said Charles. “I was driven down mercilessly, question after question, until I reached the point where I realized that I really didn’t know anything. I think God was maybe setting me up so that I could learn, because you cannot learn if you think you already know, as I was complaining about my students the other day. But, there was some more to it, too, relating to Rene Descartes.

“During what period did Rene Descartes live anyway and what did he have to do with your experience?” Michelle asked.

“That is one of the interesting things…I don’t think I knew anything about Rene Descartes prior to the first psychosis, as far as I can recall, although I had some vague recollections that he was a mathematician. I figured probably the so-called Cartesian graphical system was derived from his name. But, I found out later that he was a major player in philosophy circles, specifically for his attempt to prove the existence of God.”

“Did he really do that?” asked Michelle, intrigued.

“Oh, I think most people think his proof isn’t particularly convincing. I think Descartes believed that the world created by God was intended by Him to be understood by humans, provided only that humans properly went about the activity of knowing. This is sensible, I think, in terms of knowing the world, taking ‘knowing’ to mean ‘tentatively holding hypotheses.’ But, as I’ve already argued, it seems to me that the minimal intrusion principle eliminates the possibility of a truly convincing proof of the existence of God.”

“Well, what specifically did Descartes argue in his proof?” asked Michelle. She could be persistent, I thought.
Charles thought for a few seconds and said, “Let me get a pad of paper to organize my thoughts a little.” A couple of minutes later he returned with some paper he had scribbled a bit on. He continued while we all leaned in close to look at what he was writing, “The sequence of logic that he used runs something like the following:

1. Axiom: I exist.
2. Axiom: related to 1: I have in my mind the notion of a perfect being.
3. Axiom: An imperfect being, like me, cannot conceive of a perfect being.
4. Therefore: The notion of a perfect being must have originated from the perfect being himself (from 2 & 3)
5. Axiom: A perfect being would not be perfect if it did not exist.
6. Therefore: A perfect being must exist (from 4 & 5)”

“‘Axioms 1 and 5 seem pretty straightforward, but the rest seem really questionable to me,’” I said. “‘It is not clear that an imperfect being could have a very clear notion of a perfect being, because an imperfect being might be unable to distinguish between perfection and imperfection, so Axiom 2 is suspect to me. Moreover, it is not clear to me why an imperfect being could not, despite being imperfect, at least conceive of a perfect being, so Axiom 3 also seems iffy. And, I can conceive of space invaders, too, but that doesn’t mean that notion was put in my head by space invaders, so I don’t find Axiom 4 particularly plausible, either.’”

“Yeah,” said Charles, “lots of philosophers, and of course all atheists, have found Descartes’ proof of the existence of God to be, on the whole, unconvincing, but I have a
slightly different take on it—maybe because of being his reincarnated soul during my psychosis!” said Charles laughing. “What is Descartes’ most famous quote?”

Dad was very well-read and quickly blurted out, “I think, therefore I am.”

“Right!” said Charles. “He took that as the first principle of his philosophy. However, he rather immediately jumped from certainty about his own existence to the presumption that his thinking was separate from his body and all other material things. In other words, in saying ‘I think, therefore I am’ Descartes was asserting the existence of an immortal soul.”

“Seems complicated,” Michelle said.

“Yes, it does…in fact, it seems maybe too complicated to me,” said Charles. “Like the ideas in economics and politics we have talked about over the past few days, I think—but don’t really know—that there might be a simpler, but still plausible, way to interpret the famous quote. You remember the helicopter-like drawings of da Vinci? The submarines of 20,000 Leagues Under the Sea?

“Sure, why?”

“I think it is possible that if humans can think of something—heavier than air flight, the secrets of DNA, landing on the moon, and on and on—then we can make it happen. Indeed, it almost becomes inevitable. This process has occurred repeatedly with what was once viewed as science fiction later becoming science fact.”

“Are you saying what I think you are saying?” I asked.

“Yep—it is, I think, inevitable that we will create God because we have conceived of Him, just like we conceived of submarines and all the rest. The difference is that, while we can conceive of submarines, jet planes, and the like we still have to wait
for the applied technologies to allow us to bring them about. The reason is that the submarines, jet planes, etc., have neither the ability nor interest to ‘come back to us’ in time. So, in most things, the arrow of time seems unidirectional. But, not so with an All-Knowing, All-Powerful, and All-Loving being.”

“I’m getting a little lost here,” said Dad, who was nevertheless probably more on top of the discussion than were any of us. He knew quite a bit about traditional religion and had once given me a book that described what he believed. I confess I did not really pay much attention to it though. Dad continued, “Can you kind of give us a quick summary of your thinking about theology?”

“Yes, I’ll sort of do it as a list like I did with the Descartes proof,” said Charles and he began writing:

First: we evolve into an All-Knowing entity, as the natural progression of humanity. Since there can only be one All-Knowing or ‘most-knowing,’ at any point in time, there must be but one God.

Second: such an entity is All-Powerful, at least to the extent that knowledge leads to power as has been our experience throughout history. This power would almost certainly include the power to time travel. Hence, it matters not whether God is ‘in the beginning’ or ‘at the end,’ for He is in all places at all times.

Third: the entity would love mankind, as we love our relatives who came before us and brought us into existence. Hence, God would want to return and express His love for mankind, to the best of his All-Knowing ability.
Fourth: in expressing that love, however, the entity would realize, perhaps after early missteps, that preservation of our self-esteem requires that we have faith and not proof of the entity’s existence. For otherwise we would be as mere pets or slaves, and would know that, hence God must be minimally intrusive.

Fifth: finally, the need for minimal intrusion clarifies why the common objections to God’s existence may be misguided. The mix of free will versus determinism, the mix of the inspired and the non-inspired in spiritual writings, the relative importance of faith versus deeds—indeed, the answers to all of the big theological questions—are unlikely to ever be ‘knowable’ by humans.”

“Wow, are you sure of this?” asked Gary, who had been listening intently. Gary had missed all the economic and political discussions but he had inferred, correctly, that I thought that those discussions had enhanced Charles’ overall credibility.

“Nope, not at all, not any of it!” said Charles, “I don’t know whether there is any merit to the arguments whatsoever…it all could be completely wrong. However, I find it plausible. Most importantly from my standpoint, it is a way of understanding what happened to me. I believe that I had several experiences with the supernatural, although they are mere non-replicable anecdotes from a scientific perspective, and prove nothing. Nevertheless, I had to rationalize what happened to me—the ideas, strange coincidences like the choking incident, some others that I have not mentioned—with my long-held atheism. This is what I came up with, although parts of it were ‘given’ to me in the same way the other ideas were given to me. The main thing is that I find the arguments compelling.”
“Is this pretty much it on your theological beliefs?” asked Michelle, “Or is there more?”

“There is one other thing, but it is a topic that I am unaware of ever having come up in traditional religious circles, although I am not sure of that...probably likely that it has been talked about somewhere.”

“And the topic is?” continued Michelle.

What’s In It for God?

“How doesn’t God get bored?” asked Charles.

“What do you mean, bored?”

“Bored, you know, like you would probably be if nothing could surprise you anymore.”

“I don’t know…I guess I never thought about it from God’s perspective,” said Michelle. “But, if you could do anything you want, why would you be bored?”

“Precisely for that reason, I would imagine. In fact, if my way of thinking about all this is at all plausible, it seems likely that it is only the process of becoming All-Knowing that would be interesting. I think the main reason we don’t get bored after having learned something, is that there are so many other things to learn…there is always some other interesting direction in which to go.”

“So what are the implications of that as a practical matter?” I asked.

“I don’t know, of course. But, we can think about it.” For some reason, I suspected that Charles already had…. 
“One possibility, that’s already been raised, might be that there are limits to knowledge or power, so that what we are calling All-Knowing and All-Powerful only seem that relative to our very limited human sense of knowledge and power. Perhaps, for example, the universe is changing in some ways that God can’t do anything about…maybe trying to deal with those situations would be interesting.”

“Yeah, maybe He’s already working on how to prevent the next Big Crunch,” I tossed out, not sure whether modern physicists believed that was going to happen or not.

“Or,” Charles continued, “maybe when you really hit the All-Knowing, All-Powerful point, if that is truly possible, if you get bored, maybe you just roll the dice again…presto!…another Big Bang. It is possible, after all, that this is neither the first time a species has evolved into God nor the last time one will. It might be happening all over our universe for all we know…different species evolving into God, all creating Him in their image. I don’t know, but perhaps God just starts over when He gets bored?”

“If so, it sure seems like it takes Him a long time to get bored…the universe has been around for what, fifteen billion years or some number like that?” Dad added.

“Yes, I think it is roughly that old,” said Charles. But, maybe multiple Big Bangs isn’t the way it works. Maybe the Big Bang we know about is the only one that has ever occurred, and God came into being for the first time in our universe, and He isn’t fully All-Knowing or All-Powerful yet.

Or, maybe there are multiple universes, and when it gets boring the End of Time is declared, and a decision is made about who goes to heaven and hell, with God moving on to another universe? There are several very cool cosmological theories none of which I understand at all well. Physicists have Superstring theories that involves around ten
dimensions and now a new ‘brane’ theory that argues that our universe was created when two membranes collided in a fifth dimension that is unobservable to us.”

Michelle asked, “How could we, mere humans, possibly know anything about whether God would become bored as He approached All-Knowing?”

Charles fell back on his pet phrase, “As always, with interesting questions, I don’t know, but I think one could perhaps gain insights into the nature of God by wondering why He doesn’t get bored.”

We all fell silent.

After a moment, Michelle asked Charles, “Do you think you have had your last psychosis or will there be more?”

“I think they have served their purpose,” said Charles uneasily, but he added, “I don’t know.”