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Fewer Than Sinatra: Three Quasi-Regrets

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When invited to participate in this issue of *Econ Journal Watch*, devoted to the subject “My Most Regretted Statements,” my initial impulse was to decline. First, even in the latter stages of my career, I try to look forward, not backward. Second, as Frank Sinatra croons in “My Way,” “Regrets, I’ve had a few, but then again, too few to mention.” Of the three items that fall even remotely into that category, two involve things I never actually said or wrote, but still may provide useful perspective for others.

First, in one of the unusual Washington rituals where your opponents put words in your mouth, I was alleged to have opined that it doesn’t matter whether the U.S. economy produces computer chips or potato chips. A clever quip, but I never said it. Indeed, after being misquoted a few times, including by some Silicon Valley friends and in several business magazines, I wrote a correction that was published in *Fortune* magazine (Boskin 1991). But that didn’t stop people from continuing to ‘quote’ me, putting the alleged quotation on Wikipedia, and the like.

It is likely the quip came from someone objecting to my strong resistance to the government picking winners and losers among technologies and firms by the granting of special subsidies. I was an opponent of industrial policy throughout my CEA Chairmanship for President George H. W. Bush, and was glad to see it also mostly rejected by the Clinton Administration. And I remained opposed

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to industrial policy thereafter, including to its extensive use by the Obama Administration, which—despite internal doubts, including those of Larry Summers (see Lipton and Wald 2011)—produced such marvels as a bankrupt Solyndra and a multibillion-dollar subsidy that was used as the excuse to launch California’s (no longer fast enough to be called a) ‘bullet train,’ which will be the biggest white elephant in the state’s history.

If my first ‘regret’ above is over something I never said, the second one is over something I never wrote. Later in my career, I have taken more to writing op-eds. I have written frequently for the *Wall Street Journal*, which reserves authority over the published title of an op-ed, and the author only sees the title upon publication. While the *Journal* usually does an excellent job of providing a catchy title that nevertheless conveys the essence of what is said, I am sure I am not alone among its authors who on rare occasions wince at the chosen title. One of the very few, in many years of writing, was “Obama’s Radicalism Is Killing the Dow” (Boskin 2009). Several on the left have used the title to argue that I and others who disagreed with President Obama’s economic policies didn’t know what we were talking about. I certainly don’t mind being held accountable for what I write, and in fact what I wrote in this op-ed had exactly one-half of one sentence about the stock market. The other 99.5 percent was what I saw as the likelihood that President Obama’s attempts to radically re-engineer large swaths of the American economy, using regulation, tax subsidies, and industrial policy, would slow the recovery.

While I certainly did not foresee that the stock market’s rebound would be as large as it was (though I did predict a rebound), I believe that the extent of the rebound mostly reflected natural economic forces, plus the Federal Reserve’s monetary policy of zero interest rates—year after year—with the explicit goal of pushing people into the stock market to ‘reach for yield.’ Also, recall the 2010 Republican election sweep and subsequent fiscal compromises. But I’m very leery of using the stock market as a reliable forecasting instrument. As Paul Samuelson (1966) famously quipped, “Wall Street indexes predicted nine out of the last five recessions.” It’s one noisy input. But after the 2009 trough, the stock market certainly did rebound quite strongly.

The stock market aside, the economy recovered only slowly. There is substantial research evidence that the Obama-era regulation and uncertainty were two of the prime causes of the abnormally slow recovery. My only discussion of forecasts in the article was to excoriate the Obama Administration for its optimistic economic growth forecasts. Despite all the government micromanagement, President Obama’s team projected a much shallower recession and much stronger recovery than what transpired and what made sense to me. In fact, the Obama Administration was wildly optimistic *year after year*, projecting 4 percent growth in the following two or three years that never got much above half that. So I think

what I wrote holds up well, despite the easily caricatured title the *Journal* gave the piece.

These two episodes of things I neither said nor wrote are not quite personal regrets, but are more regrets over how the dominant style of policy discussion has evolved away from substantive debate into social-media attacks and counterattacks. I learned from these two episodes that in the highly politicized, instant-communication Internet age, you need to develop a thick skin. Otherwise you can spend a lot of time just adding to the continual barrage of tweets and posts.

My one real regret stems from an early draft of a paper I wrote that not only was never published, but was never even put out as a working paper. I developed a simple accounting model of the effects of deferred taxes such as 401(k)s and IRAs and how these effects depended upon numerous economic parameters, such as: how much of the saving flowing into such programs was new saving and how much was diverted from other saving, expectations of rates of return, inflation and future tax rates, eventual consumption propensities, and so on. I wrote out a simple eight- or ten-equation model, calibrated it to the data, and had an extremely capable research assistant run alternative scenarios. When the results came back with effects quite a bit larger than I'd originally anticipated, I told the RA to give the model to another one of my research assistants to run independently, from scratch. The results came back the same and so, after including much sensitivity analysis, I wrote it up and sent a draft around for comment to some scholars who I thought would have useful advice.

This occurred just as academic economists started to circulate work electronically, and it was the first thing I had written after returning to work following a near-fatal accident. It was certainly a lesson for me, for one of the equations had inadvertently been dropped when my admin typed it up for my RA from my handwritten model, and thus it was dropped also in the coding. The error wound up compounding the effects to a large overestimate. I started getting calls and messages that something was wrong, and I went back and did things from scratch again, when I discovered, painfully, that the equation had been inadvertently dropped. So I immediately sent out a note to everyone that, while the part of the paper that dealt with the size and implications of the current deferred taxes was fine, there was an error in the simulations, they should be disregarded, and I was withdrawing the paper. Even in the world of 2002, it became politicized fodder for a short period.

There are two lessons there. First, don't just double-check results, especially those that look unusual; triple-check them. If necessary, do it yourself. That means going over every step in the chain of evidence. While my assistants were embarrassed and deeply upset, I would not let them blame themselves. This was all on me. It was my responsibility; I very publicly said so, and it was the right thing to do.

A number of people subsequently told me that they thought that such screw-ups were less uncommon in academe than generally supposed and that they suspected many people just cover up their mistakes and bury them with their data. I urge any reader who might be looking for some career guidance on this never to do anything other than get the truth out, whatever the consequences. This was a mistake, not a calamity.

Second, and this is a lesson common to all three regrets, is to accept accountability for your words and actions. Clarify others' mistakes about things you've said or written (note: this does not include legitimate criticism) and realize that, unfortunately, any serious piece of research, let alone an op-ed, pertaining to any aspect of economic policy, is now highly politicized in the mosh pit of instant Internet communications and social media.

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My Biggest Regret

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I define regret as not necessarily implied by error. Regret is the sentiment that, ex ante, I should have been more careful, given what I either knew or should have known at the time. Not thinking Donald Trump would be elected president

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