

December 4, 2011

David Brooks, writing on the spirit of enterprise, graces our pages for the first time in months.

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It's because many people in these countries, as [Arthur Brooks of the American Enterprise Institute has noted](#), believe in a simple moral formula: effort should lead to reward as often as possible.

People who work hard and play by the rules should have a fair shot at prosperity. Money should go to people on the basis of merit and enterprise. Self-control should be rewarded while laziness and self-indulgence should not. Community institutions should nurture responsibility and fairness.

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Right now, this ethos is being undermined from all directions. People see lobbyists diverting money on the basis of connections; they see traders making millions off of short-term manipulations; they see governments stealing money from future generations to reward current voters.

The result is a crisis of legitimacy. The game is rigged. Social trust shrivels. Effort is no longer worth it. The prosperity machine winds down.

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Mohamed ElBaradei who headed up the UN atomic agency did his best to defeat Bush in 2004 by leaking false compromising documents to both the NY Times and 60 minutes just one week before the election. (Here's a contemporaneous account from one of National Review's blogs - [The Kerry Spot](#).) For that he was awarded the Nobel Peace Prize the following year. He also maintained for years that Iran was not seeking nuclear weapons. Now we learn, from his own agency, he was wrong.

Claudia Rosett wonders if the Nobel committee should seek a return of the prize. *Since Mohamed ElBaradei retired from leadership of the International Atomic Energy Agency, at the end of 2009, the IAEA has made great strides toward an honest assessment of an Iranian nuclear program that is obviously hell bent on developing nuclear weapons. On Nov. 8, ElBaradei's successor, Japan's Yukiya Amano, delivered a [devastating report](#) to the IAEA board of governors. It details abundant signs that for years Iran has been working not only toward a supply of enriched uranium that could fuel nuclear warheads, but also on detonators, on missiles to deliver them, and on preparations for a nuclear test — in sum, widely sourced and credible information gathered by the IAEA “indicates that Iran has carried out activities relevant to the development of a nuclear explosive device.”*

All of which ought to be mortally embarrassing to ElBaradei, who, together with the IAEA that he ran, collected a Nobel Peace Prize in 2005 for “their efforts to prevent nuclear energy from being used for military purposes and to ensure that nuclear energy for peaceful purposes is used in the safest possible way.” Even in 2005, this was a farce. In the face of alarming signs that Iran was pursuing nuclear weapons, ElBaradei down-played information he evidently had, leading to an official farewell in 2009, in which he visited Iran and –[speaking from Iran](#) — stressed that the IAEA had “no concrete proof that there is an ongoing weapons program in Iran,” and reassured Iran’s rulers that the IAEA did not view their missile program as “nuclear-related.” He added that in his post-IAEA capacity as a private citizen, he hoped to return often to Iran: “I would be very happy to come here as many times as I can.” ...

[New Editor's Tom Elia](#) posts on the life and career of Barney Frank.

All other criticisms of Rep. Barney Frank (D-MA) aside, however valid they may or may not be, Barney Frank is really a poster boy for what is wrong with our government: that is, professional lives spent in practically nothing but government.

From about 1968-1972 Frank was first an aide to the mayor of Boston and then a US congressional aide; from 1972-1980, he was a Massachusetts state representative; and from 1980 until now he has been a representative in the US House. For more than 40 years, from the time he was 28 until now, Frank has been involved in government.

How is that for a 'breadth of experience'? How does Frank's lack of a broad and varied experience -- like so, so many in our political leadership -- actually benefit this country?

No wonder the policies he advocated seemed so foreign to so many, and in the end, were frankly just so goddamned piss-poor.

More on our leader's lives from **[Al Davis' blog at WSJ](#)**.

People who say Washington should be run like a business don't realize that it is a business.

First, you pretend you're in it for the people, or America, or some nonsensical ideology. Then you get elected. Then you chase money.

Remember, you are not a lying, self-dealing scoundrel, you are a bold entrepreneur, entitled to speaker's fees, consulting contracts, and insider stock and real-estate deals. And if you end up taking a spin through the revolving door, you can be a highly paid lobbyist one minute and America's greatest hope the next.

The GOP's Newt Gingrich, now leading in the polls, denied last week that he ever lobbied for Fannie Mae and Freddie Mac. One of his Republican challengers, Michele Bachmann, called it "shilling."

Over the past decade, Mr. Gingrich reportedly bagged \$1.6 million from the government-seized mortgage giants that Mr. Gingrich would tell you contributed mightily to America's decline and its \$15 trillion worth of debt. Mr. Gingrich says the money was for his work as "a historian." ...

Andrew Malcolm peers into Joe Biden's future.

... On one level, keeping Joe makes sense. He's tall. Genial. He's prone to gaffes and calling Republicans "terrorists." But he's generally obedient and good for laughs. Seemingly harmless. Abraham Lincoln did it during the Civil War, but a modern incumbent president seeking reelection hasn't dumped his VP in 67 years. It just looks messy.

But it's a long time until next August in Charlotte. The economy's not likely to surge, regardless of this morning's jobs numbers. So, neither is approval of the O-B administration.

Come next summer the Chicago Gang could decide it needs a real game-changer on the ticket - an Hispanic, a woman, a Westerner. Someone who brings more than Delaware's whopping three electoral votes to a table that needs 270.

And Joe would be advised in a Windy City kind of way how much he wanted to spend more time with his family after four decades of Washington service.

John Steele Gordon notes India has allowed big box stores and hopes New York City will catch up.

The economic revolution in India continued this week, when [the cabinet voted to allow in big box stores](#) such as Wal-Mart and [Home Depot](#).

This is a major change, as Indian retail has long been dominated by an endless number of mom-and-pop stores. Indeed India has one of the highest densities of stores to people in the world, with one store for about every ten people. With each store doing only a tiny business, economies of scale are impossible and prices are high. The distribution network behind these stores is primitive, inefficient, and causes much spoilage, which again assures high prices.

There are, of course, restrictions. Foreign firms will need domestic partners who will have 49 percent ownership and the stores can be located only in cities with a population of at least 1 million. But India has an astonishing 51 cities with more than a million people (the U.S. has nine). ...

... Now, if only New York City [would follow India's example](#) and allow its citizens to enjoy lower prices, more choice, and higher quality, it might aspire to first-world status as well.

Andrew Ferguson reports on frauds at the intersection of journalism and the academy.

Lots of cultural writing these days, in books and magazines and newspapers, relies on the so-called Chump Effect. The Effect is defined by its discoverer, me, as the eagerness of laymen and journalists to swallow whole the claims made by social scientists. Entire journalistic enterprises, whole books from cover to cover, would simply collapse into dust if even a smidgen of skepticism were summoned whenever we read that "scientists say" or "a new study finds" or

“research shows” or “data suggest.” Most such claims of social science, we would soon find, fall into one of three categories: the trivial, the dubious, or the flatly untrue.

A rather extreme example of this third option emerged last month when an internationally renowned social psychologist, Diederik Stapel of Tilburg University in the Netherlands, was proved to be a fraud. No jokes, please: This social psychologist is a fraud in the literal, perhaps criminal, and not merely figurative, sense. An investigative committee concluded that Stapel had falsified data in at least “several dozen” of the nearly 150 papers he had published in his extremely prolific career.

Perhaps “falsified” is too mild a word. Stapel didn’t just tweak and twist numbers, he made stuff up. With his colleagues, Science Insider reported, “he would discuss in detail experimental designs, including drafting questionnaires, and would then claim to conduct the experiments at high schools and universities with which he had special arrangements. The experiments, however, never took place.” Questionnaires are the mother’s milk of social science, given (most often) to collections of students who are easily accessible to the scientist. After being rewarded with course credits or money, the students go on to serve as proxies for humanity in general, as the scientist draws from their questionnaires large conclusions about the way human nature compels us, all of us, to think and act.

The conclusions that Stapel drew were large indeed. One thing he liked to demonstrate in his studies was the exploitive nature of democratic capitalism. Last year, the New York Times reported on a typical Stapel study, called “The Self-Activation Effect of Advertisements.” It proved that advertising for cosmetics and fancy shoes “makes women feel worse about themselves,” as the Times put it. ...

... The experiments are preposterous. You’d have to be a highly trained social psychologist, or a journalist, to think otherwise. Just for starters, the experiments can never be repeated or their results tested under controlled conditions. The influence of a hundred different variables is impossible to record. The first group of passengers may have little in common with the second group. The groups were too small to yield statistically significant results. The questionnaire is hopelessly imprecise, and so are the measures of racism and homophobia. The notions of “disorder” and “stereotype” are arbitrary—and so on and so on.

Yet the allure of “science” is too strong for our journalists to resist: all those numbers, those equations, those fancy names (say it twice: the Self-Activation Effect), all those experts with Ph.D.’s!

To their credit, the Stapel scandal has moved a few social psychologists to self-reflection. They note the unhealthy relationship between social psychologists and the journalists who bring them attention—each using the other to fill a professional need. “Psychology,” one methodologist told the Chronicle of Higher Education, “has become addicted to surprising, counter-intuitive findings that catch the news media’s eye.”

That’s a scandal, all right. Stapel’s professional treachery is a scandal, too. But the biggest scandal is that the chumps took him seriously in the first place.

The best part of today's Pickings is the story of the "Migrant Mother" - the iconic depression era photograph by Dorothy Lange of a migrant woman and her children. You'll be pleased with how it all worked out. The story was in [James Altucher's](#) blog. *Last night I was on CNBC's Fast Money. Everyone seems to want to talk about the impending Great Depression: Europe fails, contagion spreads it to here, all of our banks fail, everyone loses their jobs, blah, blah, blah. The world feels like it's ending.*

But it's not. I listed my reasons why. I won't list them again here. It's not important. Innovation is happening. The economy is growing. And Europe is not going to disappear.

Look at the above photograph. That's when the world was ending. But it wasn't ending even then.

Realist photography is an interesting art form as it doesn't seek to "create" but rather to document intensity exactly as it is, without embellishment. Dorothea Lange took the above photograph called, "Migrant Mother" which became one of the most iconic photographs documenting the dustbowl era during the Great Depression. Lange's life underlines several themes that I try to cover throughout this blog:

A) you don't need a formal education to become a huge success at a field you are passionate about. Lange didn't go to college (as was more common then) and trained herself in her style of photography.

B) you don't need anyone's approval to fail or to succeed. her mother wanted her to be a teacher. When Lange tried to teach, all of the fifth graders climbed out the window and went to play in the yard. So Lange quit and became a photographer. ...

NY Times

[The Spirit of Enterprise](#)

by David Brooks

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Yet the assault on these values continues, especially in Europe.

Over the past few decades, several European nations, like Germany and the Netherlands, have played by the rules and practiced good governance. They have lived within their means, undertaken painful reforms, enhanced their competitiveness and reinforced good values. Now they are being brutally browbeaten for not wanting to bail out nations like Greece, Italy and Spain, which did not do these things, which instead borrowed huge amounts of money that they are choosing not to repay.

The estimated costs of these bailouts vary enormously and may end up being greater than the cost of German reparations after World War I. Germans are being browbeaten for not wanting to bail out Greece, where even today many people are still not willing to pay their taxes. They are being browbeaten for not wanting to bail out Italy, where future growth prospects are uncertain.

They are being asked to bail out nations with vast public sectors and horrible demographics. They are being asked to paper over fundamental economic problems with a mountain of currency.

It's true that Germans benefited enormously from the euro zone and the southern European bubble, and that German and French banks are far from blameless. It's true that the consequences for the world would be calamitous if the euro zone cracked up. It's true that, in a crisis, you do things you wouldn't otherwise do; you do things that violate your everyday values.

But our sympathy should be with the German people. They are not behaving selfishly by insisting on structural reforms in exchange for bailouts. They are not imprisoned by some rigid ideology. They are not besotted with some semi-senile Weimar superstition about rampant inflation. They are defending the values, habits and social contract upon which the entire prosperity of the West is based.

The scariest thing is that many of the people browbeating the Germans seem to have very little commitment to the effort-reward formula that undergirds capitalism. On the one hand, there are the technicians who are oblivious to values. For them anything that can't be counted and modeled is a primitive irrelevancy. On the other hand, there are people who see the European crisis through the prism of some cosmic class war. What matters is not how people conduct themselves, but whether they are a have or a have-not. The burden of proof is against the haves. The benefit of the doubt is with the have-nots. Any resistance to redistribution is greeted with outrage.

The real lesson from financial crises is that, at the pit of the crisis, you do what you have to do. You bail out the banks. You bail out the weak European governments. But, at the same time, you lock in policies that reinforce the fundamental link between effort and reward. And, as soon as the crisis passes, you move to repair the legitimacy of the system.

That didn't happen after the American financial crisis of 2008. The people who caused the crisis were never held responsible. There never was an exit strategy to unwind the gigantic debt buildup. The structural problems plaguing the economy remain unaddressed. As a result, the United States suffers from a horrible crisis of trust that is slowing growth, restricting government action and sending our politics off in strange directions.

Europe's challenge is not only to avert a financial meltdown but to do it in a way that doesn't poison the seedbed of prosperity. Which values will be rewarded and reinforced? Will it be effort, productivity and self-discipline? Or will it be bad governance, now and forever?

Rosett Report - Pajamas Media

[What To Do With EBaradei's Nobel Peace Prize?](#)

by Claudia Rosett

Since Mohamed EBaradei retired from leadership of the International Atomic Energy Agency, at the end of 2009, the IAEA has made great strides toward an honest assessment of an Iranian nuclear program that is obviously hell bent on developing nuclear weapons. On Nov. 8, EBaradei's successor, Japan's Yukiya Amano, delivered a [devastating report](#) to the IAEA board of governors. It details abundant signs that for years Iran has been working not only toward a supply of enriched uranium that could fuel nuclear warheads, but also on detonators, on missiles to deliver them, and on preparations for a nuclear test — in sum, widely sourced and credible information gathered by the IAEA “indicates that Iran has carried out activities relevant to the development of a nuclear explosive device.”

All of which ought to be mortally embarrassing to EBaradei, who, together with the IAEA that he ran, collected a Nobel Peace Prize in 2005 for “their efforts to prevent nuclear energy from being used for military purposes and to ensure that nuclear energy for peaceful purposes is used in the safest possible way.” Even in 2005, this was a farce. In the face of alarming signs that Iran was pursuing nuclear weapons, EBaradei down-played information he evidently had, leading to an official farewell in 2009, in which he visited Iran and — [speaking from Iran](#) — stressed that the IAEA had “no concrete proof that there is an ongoing weapons program in Iran,” and reassured Iran's rulers that the IAEA did not view their missile program as “nuclear-related.” He added that in his post-IAEA capacity as a private citizen, he hoped to return often to Iran: “I would be very happy to come here as many times as I can.”

Perhaps the Nobel Peace Prize Committee had its own well-meant — albeit idiotic — reasons for awarding its prize in 2005 to a man whose chief accomplishment vis-a-vis nuclear proliferation was to help cover it up. But it sure looked like the Nobel judges were seeking some way to give a boost to a United Nations beleaguered that same year by massive evidence that its Iraq Oil-for-Food had been monstrously corrupt, that its procurement department had become home to a Russian kickback scheme, and that some of its peacekeepers in Africa had

been raping children. At that stage, then-Secretary-General Kofi Annan was hardly a candidate for the prize. His 38th floor executive suite had been exposed as a nest of mismanagement, evasion, obfuscation and paper-shredding, presiding over assorted alleged bribe-takers and — to be generous — incompetents. Besides, Annan had already won a Nobel Peace Prize, in 2000. (Some of his brethren prize-winners are troubling enough to raise questions about whether the Nobel should be seen as any kind of honor at all — Yasser Arafat, Jimmy Carter, Al Gore, etc. But there have also been some good winners. Let us assume, for the moment, that a Nobel still counts as a plus on a resume).

Anyway, whatever the reasons, ElBaradei emerged with a Nobel prize that increasingly looks like a very sick joke. What might be done about this? Italian journalist Fiamma Nirenstein writes in *Il Giornale* that in light of the latest IAEA report, the Nobel Committee ought to [take back its prize from ElBaradei](#). Wishful thinking, but a great idea. And as long as we're indulging in wishful thinking, I'd add one more suggestion. Were the Norwegian Nobel Committee worth its salt, it would take back its prize from ElBaradei, and re-award it jointly to the only two actors who during ElBaradei's tenure at the IAEA made serious inroads against the proliferation of nuclear weapons: the U.S. military and the Israeli Air Force. The U.S. military for leading the force that overthrew Iraq's mass-murdering tyrant Saddam Hussein and scared Libya's mass-murdering tyrant Moammar Qaddafi in late 2003 into rendering up his A.Q. Khan nuclear kit; and the Israeli Air Force for its destruction in 2007 of a clandestine nuclear reactor which the Syrian government was building with North Korean help on the Euphrates River. Granted, that would be rough on ElBaradei. But maybe Mahmoud Ahmadinejad would be willing to give him a well-earned consolation prize, next time he makes one of his happy trips to Iran.

The New Editor

[What Barney Frank's Career Really Illustrates](#)

by Tom Elia

All other criticisms of Rep. Barney Frank (D-MA) aside, however valid they may or may not be, Barney Frank is really a poster boy for what is wrong with our government: that is, *professional lives spent in practically nothing but government*.

From about 1968-1972 Frank was first an aide to the mayor of Boston and then a US congressional aide; from 1972-1980, he was a Massachusetts state representative; and from 1980 until now he has been a representative in the US House. For more than 40 years, from the time he was 28 until now, Frank has been involved in government.

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WSJ - Blogs

Get Elected, Get Money

by Al Davis

People who say Washington should be run like a business don't realize that it is a business.

First, you pretend you're in it for the people, or America, or some nonsensical ideology. Then you get elected. Then you chase money.

Remember, you are not a lying, self-dealing scoundrel, you are a bold entrepreneur, entitled to speaker's fees, consulting contracts, and insider stock and real-estate deals. And if you end up taking a spin through the revolving door, you can be a highly paid lobbyist one minute and America's greatest hope the next.

The GOP's Newt Gingrich, now leading in the polls, denied last week that he ever lobbied for Fannie Mae and Freddie Mac. One of his Republican challengers, Michele Bachmann, called it "shilling."

Over the past decade, Mr. Gingrich reportedly bagged \$1.6 million from the government-seized mortgage giants that Mr. Gingrich would tell you contributed mightily to America's decline and its \$15 trillion worth of debt. Mr. Gingrich says the money was for his work as "a historian."

Ms. Bachmann hammered home the obvious: "He took money to influence senior Republicans to be favorable toward Fannie and Freddie."

Mr. Gingrich called his "historian" work just another example of his vast experience. He tried to deflect the inevitable criticism by bashing the ever-so-bashable President Obama: "We just tried four years of amateur ignorance and it didn't work very well. So, having someone who actually knows Washington might be a really good thing."

Yes, Mr. Gingrich knows Washington. He's the guy who once said politicians should give back any campaign donations they received from Fannie and Freddie executives. But is he handing back his loot?

A week ago, CBS show "60 Minutes" aired a report based on a new book, "Throw Them All Out: How Politicians and Their Friends Get Rich Off Insider Stock Tips," by conservative author Peter Schweizer.

The book says our leaders routinely use the connections and information they garner in their positions of power to bet on the stock market.

Democrat John Kerry traded health-care stocks as he pushed for Obamacare.

Democrat Nancy Pelosi got shares in Visa at the opening price in an initial public offering in 2008—a deal largely unavailable to the average investor with no sway over credit-card legislation.

Republican Spencer Bachus bought options to bet on America's looming economic collapse as he was briefed about it in closed-door meetings.

They all deny impropriety. And when asked about the "60 Minutes" report, Mr. Gingrich offered an illuminating response: "I don't think what is happening right now is criminal."

To be criminal, Congress would have to pass a law against it. So far, proposed legislation that would do just that routinely has gone nowhere.

Taking "historian" fees from Fannie and Freddie while pretending the housing-market collapse was mostly the result of a liberal conspiracy to put poor people into homes isn't criminal either. Nor is leaving Congress far richer than when you walked in.

There are 250 millionaires in Congress, 57 of whom have made it to the ranks of the 1%, according to a USA Today analysis published last week.

The median net worth in Congress is \$891,506—nine times greater than the typical American household. That should be plenty of cushion to get them through the global economic collapse they are still causing.

Investors.com

[Joe Biden update: VP struggles to maintain political relevance for 2012--and beyond](#)

by Andrew Malcolm



To Joe Biden, this is a big &+\#\$%@ deal.

He has to stay relevant in hopes of staying on the 2012 ticket with the Real Good Talker. Biden was crucial back in 2008. He appeared to lend the Chicago kid foreign policy creds from his Senate Foreign Relations Committee years.

But Obama's already started and ended his own little war with Libya. Joe didn't exactly ignite a wildfire overseeing the not-really-shovel-ready economic stimulus spending. His monthly predictions of hundreds of thousands of new jobs have become sad laugh lines.

Joe's liaison with Congress has worked out so well, that opportunistic Obama is now running against all of his former colleagues, regardless of party. Nothing personal, just business.

Somebody has to be at fault for everything that hasn't gotten done and at enormous cost.

BO sent JB off earlier this week to appear to shut down the Iraq war. Today the VP had a crucial breakfast meeting in Ankara with the speaker of Turkey's parliament. Everyone knows what that means, right?

It's not really his decision. But Joe long ago let it slip to reporters that he will be on the 2012 ticket for sure with Barack. Joe's got a good deal going, lots of travel, a nice salary, bulking up his federal pension, at least the appearance of Oval Office influence.

And don't forget, Joe only makes about \$230,000 a year plus a free house and \$10G's in entertainment expenses, and \$100,000+ on his own. So [he charges the Secret Service thousands](#) in annual rent for the nearby housing that agents occupy to protect Biden in Delaware.

On one level, keeping Joe makes sense. He's tall. Genial. He's prone to gaffes and calling Republicans "terrorists." But he's generally obedient and good for laughs. Seemingly harmless. Abraham Lincoln did it during the Civil War, but a modern incumbent president seeking reelection hasn't dumped his VP in 67 years. It just looks messy.

But it's a long time until next August in Charlotte. The economy's not likely to surge, regardless of this morning's jobs numbers. So, neither is approval of the O-B administration.

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Contentions

Another Blow to the “License Raj”

by John Steele Gordon

The economic revolution in India continued this week, when [the cabinet voted to allow in big box stores](#) such as Wal-Mart and Home Depot.

This is a major change, as Indian retail has long been dominated by an endless number of mom-and-pop stores. Indeed India has one of the highest densities of stores to people in the world, with one store for about every ten people. With each store doing only a tiny business, economies of scale are impossible and prices are high. The distribution network behind these stores is primitive, inefficient, and causes much spoilage, which again assures high prices.

There are, of course, restrictions. Foreign firms will need domestic partners who will have 49 percent ownership and the stores can be located only in cities with a population of at least 1 million. But India has an astonishing 51 cities with more than a million people (the U.S. has nine). Assuming the reform comes to fruition, it will raise the standard of living for nearly everyone, with lower prices and better goods. With people in the large cities benefiting, political pressure from voters in smaller cities will soon open them up as well.

[Jawaharlal Nehru](#) was the father of Indian independence, but he was also the father of Indian economic stagnation with his admiration of the Soviet planned economy. While he didn't impose tyranny, he did develop what came to be called the “license raj,” in which a businessman could hardly hang a picture in his office without a license to do so. As many as 80 agencies had to sign off before a firm could begin to produce a product, and the state decided how much could be produced, where the capital would come from, what price it would be sold for. The invitation to corruption was vast and frequently accepted. Only in about 1990, with the Indian economy in deep trouble, did the license raj begin to collapse and the Indian economy begin to grow. Its dismantlement still has a way to go, but this is a very big step in the right direction.

Now, if only New York City [would follow India's example](#) and allow its citizens to enjoy lower prices, more choice, and higher quality, it might aspire to first-world status as well.

Weekly Standard

The Chump Effect

Reporters are credulous, studies show.

by Andrew Ferguson

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A rather extreme example of this third option emerged last month when an internationally renowned social psychologist, Diederik Stapel of Tilburg University in the Netherlands, was proved to be a fraud. No jokes, please: This social psychologist is a fraud in the literal, perhaps criminal, and not merely figurative, sense. An investigative committee concluded that Stapel had falsified data in at least “several dozen” of the nearly 150 papers he had published in his extremely prolific career.



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The conclusions that Stapel drew were large indeed. One thing he liked to demonstrate in his studies was the exploitive nature of democratic capitalism. Last year, the *New York Times* reported on a typical Stapel study, called “The Self-Activation Effect of Advertisements.” It proved that advertising for cosmetics and fancy shoes “makes women feel worse about themselves,” as the *Times* put it. Another study, released at the end of the scandal-ridden year 2009, was called “Power Increases Hypocrisy.” Quite a timely little study it was. Stapel and his colleagues’ research revealed that powerful people were more likely to be “moral hypocrites.” And which powerful people did the researchers have in mind? “Politicians [who] use public funds for private benefits while calling for smaller government” and CEOs “accepting executive bonuses while simultaneously asking for government bailouts.”

Both of these studies purported to employ the usual social-psychology method: Students in psychology or marketing classes were asked to “role-play” or perform some artificial task under the observation of graduate students. Then they’d fill out those questionnaires to report their thoughts or feelings.

Sometimes, though, social psychologists move beyond the lab. A good example is a more recent study from Stapel’s corpus, released last spring to wide publicity. It touched on another of Stapel’s favorite themes: white racism.

“Disorder can encourage stereotyping, study says,” read the headline in the *Los Angeles Times*. Stapel discovered—scientifically, of course—that white heterosexuals used racism and homophobia as defense mechanisms. Confronted with disorder in their “social environment,” Stapel showed, they quickly reverted to their natural inclination to stereotype “the other” and draw comfort from their prejudice.

At this writing, investigators are not yet clear to what extent the results of these particular studies are discredited by Stapel’s fakery. And nobody knows how extreme an anomaly Stapel’s behavior will prove to be. Leslie John of Harvard Business School recently surveyed more than 2,000 social psychologists about their research methods. She found a rash of research practices she deemed “questionable.” Indeed, she wrote, in social psychology, “some questionable practices may constitute the prevailing research norm.”

But it hardly seems to matter, does it? The silliness of social psychology doesn’t lie in its questionable research practices but in the research practices that no one thinks to question. The most common working premise of social-psychology research is far-fetched all by itself: The behavior of a statistically insignificant, self-selected number of college students or high schoolers filling out questionnaires and role-playing in a psych lab can reveal scientifically valid truths about human behavior.

And when the research reaches beyond the classroom, it becomes sillier still.

Consider this recent study by Stapel, demonstrating the relationship between “disorder” and white racism and homophobia. Several news reports outlined the methodology as Stapel explained it.

The experiment began after janitors at the Utrecht railroad station went on strike. Stapel and colleagues leapt into action. As the garbage in the station piled up, they cornered 40 white passengers. One by one the travelers were asked to take a seat in a row of folding chairs. They were given a questionnaire. If they filled it out, they were told, they would get a piece of chocolate or an apple as a reward.

The questionnaire asked to what degree the travelers agreed with stereotypes about certain types of people. (Are gays “creative and sweet” or “strange and feminine” or “impatient and intelligent”?) And then came the twist! Stapel had planted a person at the end of the row of chairs—sometimes a black person, sometimes a white. Researchers measured how far away from the person each respondent chose to sit. Meanwhile, thanks to the questionnaire, they could measure the degree of racism or homophobia each was feeling. On average, the travelers sat 25 percent closer to the white man than to the black man.

In time the janitors came back to work. The station was cleaned spick-and-span. Stapel and his gang returned and performed the experiment again, on another 40 white travelers. There in the tidy environment, their questionnaires showed they were less racist and homophobic than their counterparts from the earlier experiment. And on average, they sat the same distance from the white person as the black person. Hence, as the headline read: “Messy surroundings make people stereotype others.”

But Stapel, as an internationally respected social psychologist, wasn’t satisfied. So he designed another experiment to confirm his finding. The Stapel gang went to a wealthy neighborhood.

They threw a bicycle on the ground, tore up paving stones, and, as the *L.A. Times* noted, parked Stapel's Subaru on the sidewalk. Chaos! Disorder! Forty-seven passersby were collared, given a new questionnaire to test their racism, and asked to donate money to (I'm not making this up) a charity called "Money for Minorities."

Then the bike was removed. The stones were replaced. Stapel moved his Subaru. Now it was just a nice, rich, tidy neighborhood. More passersby were collared, more questionnaires were filled out, and—here's the scientific finding—less racism and homophobia were revealed. And the passersby in the tidy neighborhood gave more money to minorities on average: to be precise, 0.65 euro more.

Social psychologists around the world gazed on these findings when they were published this spring. They gave their chins a good, firm tug. "This need for order matters a lot more than we might have thought," a Duke psychologist told the *Times*.

Did Stapel fake his research? Did he and his students really make all those people fill out forms for an apple? Did Stapel really cross-tabulate the data? Did he really park his car on the sidewalk?

Who cares? The experiments are preposterous. You'd have to be a highly trained social psychologist, or a journalist, to think otherwise. Just for starters, the experiments can never be repeated or their results tested under controlled conditions. The influence of a hundred different variables is impossible to record. The first group of passengers may have little in common with the second group. The groups were too small to yield statistically significant results. The questionnaire is hopelessly imprecise, and so are the measures of racism and homophobia. The notions of "disorder" and "stereotype" are arbitrary—and so on and so on.

Yet the allure of "science" is too strong for our journalists to resist: all those numbers, those equations, those fancy names (say it twice: the Self-Activation Effect), all those experts with Ph.D.'s!

To their credit, the Stapel scandal has moved a few social psychologists to self-reflection. They note the unhealthy relationship between social psychologists and the journalists who bring them attention—each using the other to fill a professional need. "Psychology," one methodologist told the *Chronicle of Higher Education*, "has become addicted to surprising, counter-intuitive findings that catch the news media's eye."

That's a scandal, all right. Stapel's professional treachery is a scandal, too. But the biggest scandal is that the chumps took him seriously in the first place.

The Altucher Confidential

13 Unusual Facts About the Saddest Photo in the Great Depression

by James Altucher



Last night I was on CNBC's Fast Money. Everyone seems to want to talk about the impending Great Depression: Europe fails, contagion spreads it to here, all of our banks fail, everyone loses their jobs, blah, blah, blah. The world feels like it's ending.

But it's not. I listed my reasons why. I won't list them again here. It's not important. Innovation is happening. The economy is growing. And Europe is not going to disappear.

Look at the above photograph. That's when the world was ending. But it wasn't ending even then.

Realist photography is an interesting art form as it doesn't seek to "create" but rather to document intensity exactly as it is, without embellishment. Dorothea Lange took the above photograph called, "Migrant Mother" which became one of the most iconic photographs documenting the dustbowl era during the Great Depression. Lange's life underlines several themes that I try to cover throughout this blog:

A) you don't need a formal education to become a huge success at a field you are passionate about. Lange didn't go to college (as was more common then) and trained herself in her style of photography.

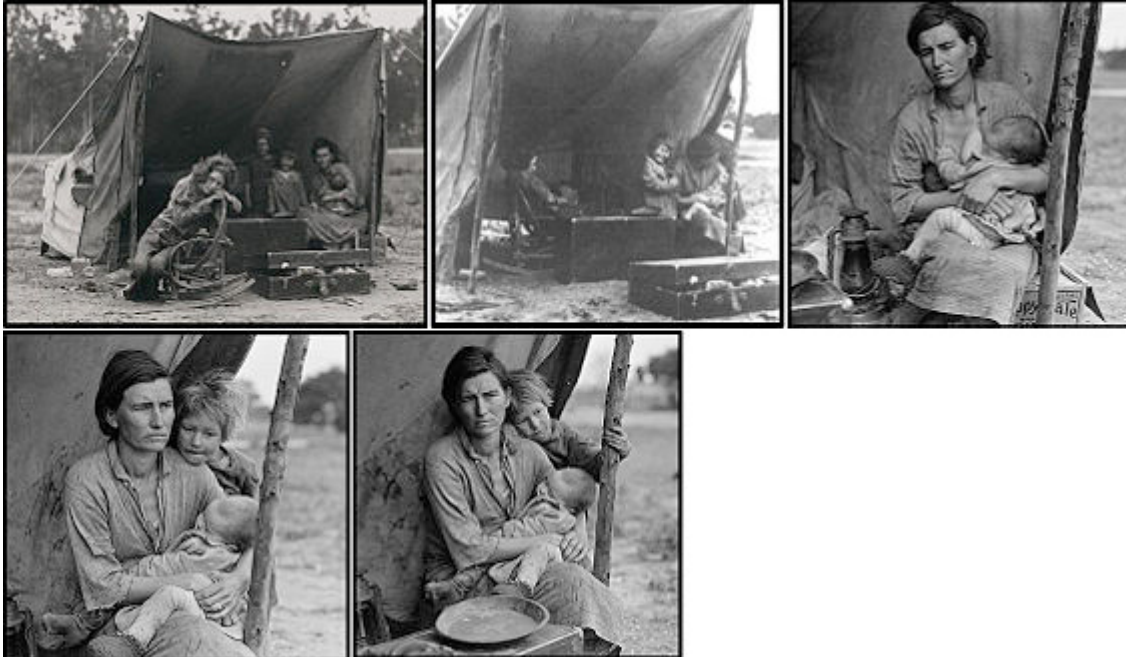
B) you don't need anyone's approval to fail or to succeed. her mother wanted her to be a teacher. When Lange tried to teach, all of the fifth graders climbed out the window and went to play in the yard. So Lange quit and became a photographer.

C) it takes suffering to recognize suffering. Lange had polio and her father deserted her at an early age.

D) Realism is often more powerful than imagination: On Lange's photography studio at the time was tacked the note: "The contemplation of things as they are / Without error or confusion / Without substitution or imposture / Is in itself a nobler thing / Than a whole harvest of invention."

More facts about this amazing photograph:

1. **The year was 1936. Unemployment was at 18%. The Dow Jones went UP 24% that year.** Misery and stocks are not often correlated. Too often the headlines in the newspaper today try to link the two but it's simply not true. Clearly there was much misery in the country. But Wall Street was trying to bounce back.
2. **Dorothy Lange took six pictures of this woman,** who is named Florence Owens Thompson. Here's the five other pictures she took. Note, this woman has seven children but Lange never took a picture with all seven because she thought that would actually reduce sympathy people would have for Florence. I guess she thought people would think, well of course this woman is stressed, she has SEVEN KIDS, rather than stressed because she was a migrant worker in the worst Depression ever.



3. The identity of the woman wasn't known for 40 years. Her daughter later stated that the fame of the photo was so embarrassing to them that they were determined to never be poor again. Here's a later photo, from 1979, with Florence in the middle and her children by her side:



4. Florence Thompson was 32 years old when the photo was taken and was raising seven children. I don't mean to intrude on her story but I'm so terrified of getting low on money – Thompson in this photo looks like she's 50 and scared. It's that fear that I never want to feel. When I was a venture capitalist I could smell that fear on everyone who came to pitch their business. It was 2001 in the middle of the dot-com bust and I know these people can't be compared with being pea-pickers (which is what Florence was) I just knew then how easy stress and depression and Depression can etch themselves across your face and body.

5. Dorothy Lange claimed that Thompson had just sold her tires to pay for food. Thompson's son claims that this was not true but that Lange must've confused Florence with someone else. This is not widely reported when people quote Dorothy's summary of the event, which is:

"I did not ask her name or her history. She told me her age, that she was 32. She said that they had been living on frozen vegetables from the surrounding fields and birds that the children killed. She had just sold the tires from her car to buy food."

That said, just like the media today, I think people exaggerate suffering in order to generate a response (selling newspapers, winning a political battle, etc). It shows that an event is never really defined by the facts but by all the angles that are examining it. People need to reflect for themselves what an event means and not on the myriad analysis of it. Clearly there is pain here, we can see it on Owens' face. We also know it from the time. And there would be another nine years of suffering as the country went from Depression to War.

Right now, I feel really bad for the people who are protesting at Occupy Wall Street. They are clearly upset. But they aren't picking peas and raising seven children. We are living in different times.

In 1936, 20% of the children in America couldn't buy clothes. Malnutrition was an epidemic. Unemployment (not shadow statistics compiled by a website but real unemployment) was at 19%.

6. A retouched image of the Lange photograph, plus her notes, were sold at Sotheby's in 1998 for \$244,000. I don't know this for sure but I'm assuming Owen's family didn't get any of that. I don't begrudge anyone that. That's how art works. But it's ironic to me that the subject

communicated so much suffering she became an icon of the Great Depression. The lines in her face is pure art by itself, yet she was not able to benefit from it.

Deep credit though, to Lange, for recognizing the art in those lines and using it to convey an image that many Americans did not see.

7. In 1978 Thompson wrote a letter to the Modesto Bee saying, “I wish she [Lange] hadn’t taken my picture. I can’t get a penny out of it. She didn’t ask my name. She said she wouldn’t sell the pictures. She said she’d send me a copy. She never did.” Although to be fair it was probably hard to find Owens, who was moving along with other migrant workers. And Owens did give her permission to be photographed. She probably didn’t realize how famous the photo would become when it was taken.

8. Kids want love more than anything. Owen’s Daughter Katherine says: “She loved music and she loved to dance. When I look at that photo of mother, it saddens me. That’s not how I like to remember her.” She also states that those times, though the toughest, were also the most fun.”

9. Lange went on to take many photographs related to the internment of Japanese Americans, an event that is horrific and seldom taught in the failing American school system. Teachers will teach about birds but not about when America began going down the road towards potential facism.

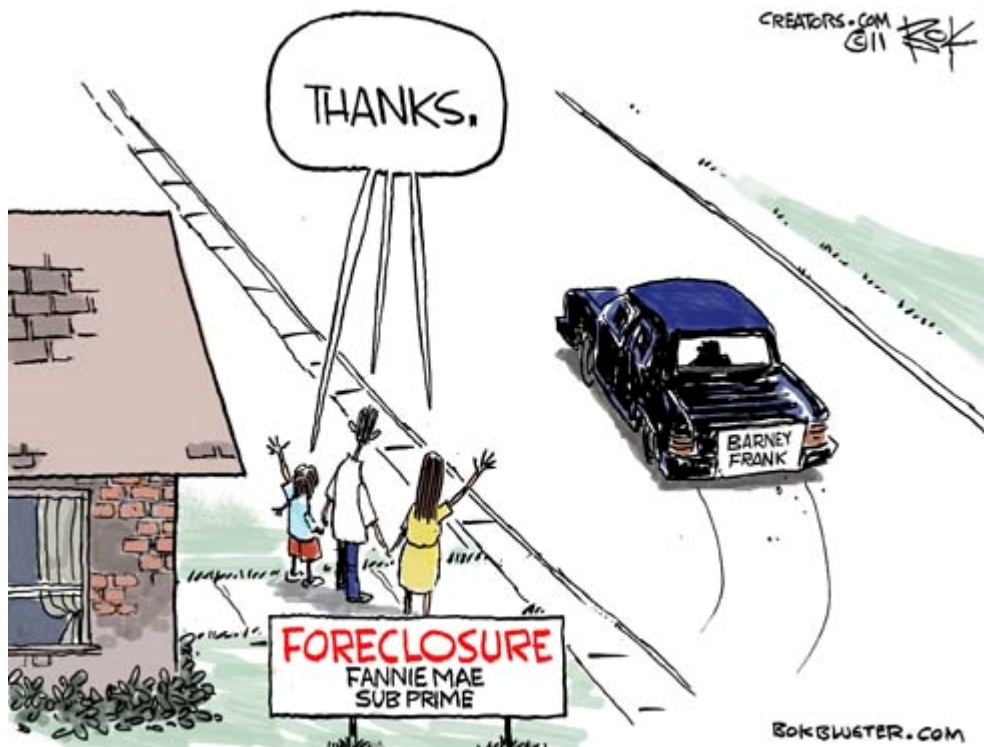


The story of the photograph gets more interesting in the Wikipedia page.
http://en.wikipedia.org/wiki/Migrant_mother



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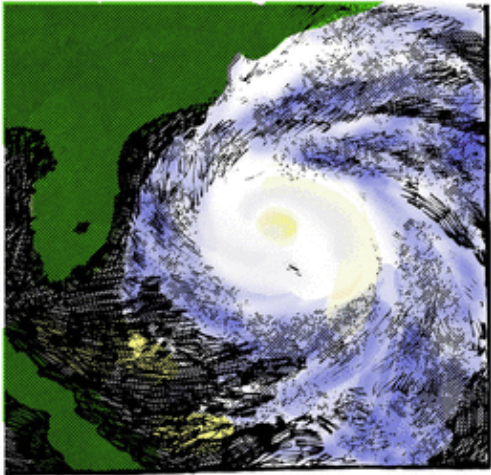
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I'M NOT PROUD OF IT,
I KNOW IT WAS WRONG,
AND I HATE TO
ADMIT IT, BUT...

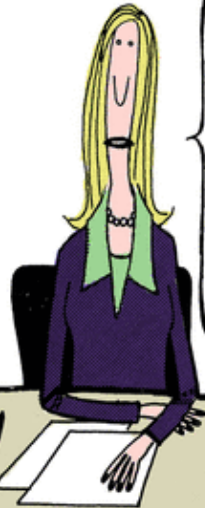


I HAD A
THIRTEEN WEEK
AFFAIR WITH
HERMAN CAIN!

THE TIMES · PICAYUNE © 2 0 1 1 SKELLY



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