Making the Most of Mess

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Published by Duke University Press

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It is the purpose of this dissertation to demonstrate that sufficiently accurate information about the timing of the impact on economic output of defense procurement activity did not exist during the Vietnam buildup. As a result, national stabilization policies were inadequately restrictive to compensate for the increases in defense production and, hence, contributed to the unstable economic conditions of the late 1960’s. The model which is developed in this dissertation would have provided more accurate information about the timing of this impact and would have improved national stabilization policies. (1970, 2–3)

Unfortunately, models that show how to improve economic stability through better information can be flipped into a road map to create more instability and market power by withholding that information. This economist was Ken Lay, later head of Enron.

If economic theory tells us that monopoly power, asymmetric information, public goods, and negative externalities reflect market failure, what more do we need to know by way of a starting point if we want markets to fail our way? Their mess is our profit. Yes, those novel financial models and instruments that Enron pioneered led to its collapse. But matters didn’t stop there. The same innovations resurfaced as major causes of the 2008 financial meltdown, as if Enron had not happened. We will see that the very same innovations are involved as well in some of the more dangerous messes we are in today. “It’s not the tragedies that kill us,” the American wit Dorothy Parker insisted, “it’s the messes” (quoted in Miller 2004).

But that’s not quite right, is it? Not all messes are bad, be they in our personal or our professional lives. Even in policy, some messes are good from the start. There are some that can be managed for the better, and it is clear that others are made much worse from mis-
management. This book is about how to manage messes in policy more reliably and avoid managing them less reliably. Nothing induces mess quite like Theory on its own, but small-c concepts and small-a approaches for mess management, I hope to show, have their practical uses.

A book about mess risks becoming a mess. My book turned into a decade-long project, during which it felt as if I talked to a small town of people at conferences, workshops, panels, seminars, courses, classes, and more gemütliche occasions. To each person, I am grateful. If I have succeeded in keeping this work on point, it is through the good offices of Anitra Grisales, Evert Lindquist, Lloyd Linford, Paul ‘t Hart, and the reviewers. Arjen Boin wrestled to the mat several of the book’s incarnations, not always winning but always scoring points. I am grateful to Valerie Millholland, Gisela Fosado, Jeanne Ferris, Eileen Quam, and Christine Dahlin with Duke University Press. My special thanks go to my friend and research colleague Paul R. Schulman. Only when I started working with Paul did I realize I had a book in the making. He witnessed its evolution and references throughout signify my debt to him. None of these individuals are responsible for any errors that remain. Finally, I’d like to express my gratitude to those presses, publishers, and journals that gave me the opportunity to publish initial versions of material that have been substantially reworked here: Oxford University Press (van Eeten and Roe 2002), CRC Press/Taylor and Francis (Roe 2007), Stanford University Press (Roe and Schulman 2008), and the Policy Studies Organization/Wiley (Roe 2009). Professional policy analysts, myself included, would be hobbled in long-term projects if we didn’t have these early opportunities to formulate positions that later on mutate along different lines of argument.