

# “Independent” analysis; class warfare (think tanks)

By William Eaton

*A follow-up to a [previous discussion](#) of how experts, and the media that aids and abets them, and the class interests that pay these experts' salaries—they're in the mask-making business.*

A January 26 *New York Times* story reported that “according to an independent analysis” the proposed trade pact between North American countries, the United States in particular, and Pacific rim nations “would increase incomes, exports and growth in the United States . . . and would not cost overall employment either.”<sup>1</sup> This analysis may or may not prove to be correct, and it may be noted that “not cost overall employment” is a rather vague phrase. If the pact, if approved and implemented, seems not to increase the unemployment rate and yet does seem to keep average wages from keeping pace with inflation, has the pact “cost” or not cost overall employment?

In any case, my interest here is in the word “independent.” This word and similar words and phrases are often used when the *Times* and other media outlets disseminate the conclusions and commentary of various kinds of think tanks, their employees, and hired consultants. Sometimes the word “independent” is skipped and news consumers are simply told the location of the think tank or of the specific expert. An op-ed piece, for example, might come with a sentence in italics identifying the author as a senior employee of (or as a professor under contract to) the Very Wise Institute, which is based in Washington, DC, Palo Alto, or wherever. What consumers are never told is who—what businesses, government agencies, or other organizations or individuals—have been funding the think tank or its workers (“experts”).

So what does this word “independent” mean? Or what is hidden behind this word? On one level, it could be quite simple, “independent” means not aligned with a political

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<sup>1</sup> [Trans-Pacific Trade Pact Would Lift U.S. Incomes, but Not Jobs Overall, Study Says](#), by Jackie Calmes, *New York Times*, January 25, 2016.

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party. OK, we can understand this, but is the fact of not being aligned with a political party a guarantee of independence?

As regards the “independent analysis” that the *Times* duly converted into a news story, it was produced by the Peterson Institute for International Economics. At least on the surface, this is not an organization that tries to hide its sources of funding. If, say, the CIA is giving the Peterson Institute money, this funding does not appear to be a large part of the Institute’s budget. A half an hour of Web research left me with the following factoids:

- Roughly 80 percent of the Institute’s income comes from large corporations and from an endowment that came from such corporations. For example, among recent major contributors: Chevron, Dow Chemical, HSBC, and Toyota. Most of the rest of the income came from foundations whose wealth has come from large corporations.
- The organization was founded by Peter G. Peterson (b. 1926), co-founder and chairman emeritus of the Blackstone Group.<sup>2</sup> Peterson is (appropriately!) the chairman of the Institute’s board of directors. Under President Richard Nixon, he served as US Secretary of Commerce. A billionaire, as of 2015 he was, according to *Forbes*, the 373<sup>rd</sup> richest person in the world. Wikipedia currently describes him as “an American businessman, investment banker, fiscal conservative, philanthropist, and author.”
- The other top leaders of the Peterson Institute board are George David, former chairman and chief executive officer of the United Technologies Corporation, and James W. Owens, chairman and chief executive officer emeritus of Caterpillar Inc.

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<sup>2</sup> The Blackstone Group has recently, *inter alia*, become my landlord. Mine and thousands of other people’s. On one level, the short-term business model is quite simple: charge my neighbors and me more rent than Blackstone—in providing the housing, heat, and hot water—pays for labor, for materials, and for interest on the loans it used to purchase the property. Additionally, Blackstone may say that it deserves some premium for taking a risk. Should the New York housing market turn down sharply, Blackstone and its investors could lose money. The billions in profits that Blackstone, and Peterson himself, have been able to accumulate over the years suggest, however, that the risks are not great.

While noting that I am simplifying here, in order to make a simple point, I would observe that the business model comes down to overcharging my neighbors and me; substantially overcharging us. And again, this is short term; longer term what’s going on is that my neighbors and I are paying Blackstone’s costs of acquiring the portion of Manhattan on which our apartment buildings happen to sit. The true spoils are the land and its “air rights,” and the vast profits that may, some day, be made off of them.

We might contrast this model to an ideal (perhaps never yet realized) government service that would provide something—e.g. housing, transportation, water—while charging the users of the service the full costs of providing it. Of course “full costs” would not be easy to define. What level of wages should Blackstone or my hypothetical government agency pay the maintenance workers, accountants, security guards, senior managers, and so forth who are needed to keep my housing project in good shape? The more these people are paid, the fuller the costs become. Long ago, when I was working for the New York City Transportation Agency (the subway and bus service), one of my sisters asked if the primary objective of this agency (subsequently renamed) was to provide transportation or good jobs. A good question. The point remains about business models based in overcharging.

We are not engaged here in cooking up conspiracy theories. We are trying to see more clearly the forces at work in our society and what work they are doing and how. From this perspective, the Peterson Institute for International Economics is not “independent.” It represents a certain sector of American or global society: large corporations and, most particularly, the leadership of large corporations. These people may well think that they are advancing not only their own immediate interests, but indeed the interests of the United States or the world, as a whole. But it remains the fact that what these leaders are attached to are *their* views and getting them converted into government policies. Case in point: the “Trans-Pacific Partnership” (TPP) under discussion here.

Given these facts, the *Times* might have reported that a think tank funded by large corporations and directed by former ceo’s of large corporations had released a report saying that the “Partnership” would do more good than bad for the U.S. economy. This would hardly have been radical journalism. Or perhaps it would have been, since the *New York Times* (itself a large corporation), along with the *Washington Post*, the *LA Times*, the television networks, CNN, the BBC . . . they do not report on think-tank activities in such a way. No, they summarize the findings of think tanks, or publish op-eds by think-tank employees and consultants, and identify these summaries and op-eds y as “independent” (or variations thereon).<sup>3</sup>

American journalism is sometimes criticized for its “both sides of the story” approach. So if a Republican congressperson is quoted saying he likes guns, an equivalent Democrat has to be quoted saying that she doesn’t like guns. The question of whether guns are likable or not is set aside in the interest of “objective,” “balanced,” “fair” approaches. But in the case of this *Times* story on the Pacific pact—and this story is just one example among thousands upon thousands—where is the “balance,” say? A report of a think-tank representing the points of view of ceo’s of large corporations is given 1,000 words, and there is nary a sentence given to the opposing views of labor unions or, say, of the vast mass of unorganized workers. We are not inventing straw men and women here: the dominance of large corporations and of the very rich over American life notwithstanding, there is plenty of opposition to the proposed “Partnership.” For example, it may not be approved by Congress.

Indeed, this may be said to be the reason why the Peterson Institute had the study done and urged the *Times* to report its findings. Class warfare is not sinister, but it is a kind of warfare. There has been a groundswell of opposition to the pact from representatives of the great mass of Americans who have never been ceo’s or billionaires and who might feel,

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<sup>3</sup> See *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*, the bestselling book by University of Chicago economist Steven Levitt and *New York Times* journalist Stephen J. Dubner. From page 87 of the 2009 edition: “Journalists need experts as badly as experts need journalists. Everyday there are newspaper pages and television newscasts to be filled.” See also pages 65-74 on experts’ involvement in “information crime”: disseminating misleading information or withholding useful information in order to profit from people’s ignorance and confusion.

for example, that the Pacific-rim pact's predecessor, the North American Free Trade Agreement (NAFTA), had not been good for most of the rest of us. For example, an economist with the Economic Policy Institute (EPI), an "independent" think tank associated with the labor movement, has estimated that some 682,900 U.S. jobs have been "lost or displaced" as a result of NAFTA.<sup>4</sup> Thus the value of this "independent" report, which the former ceo's and their corporate funders paid two professors to write, and which trumpets that the TPP will "not cost overall employment" (as the *Times* has phrased it).

NAFTA was fast-tracked by President George Bush (senior) and implemented by the administration of President William Clinton. The *Times* story qualified the TPP as the "biggest economic priority" of Obama's last year in office. And thus we are not surprised to read: "The Obama administration quickly endorsed the analysis from the Washington-based Peterson Institute for International Economics".

Again, the present short text has sought to bring into focus forces at work in our society and what work they are doing and how. I am also pleased to be able to offer a concrete example of some of what I was discussing in the longer piece on [Inequality, Experts, Krugman, Masks.](#)

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<sup>4</sup> [\*\*U.S. Economy Lost Nearly 700,000 Jobs Because Of NAFTA, EPI Says\*\*](#), by Maxwell Strachan, *The Huffington Post*, July 12, 2011. The EPI economist is Robert E. Scott. For a copy of his report, see [\*\*Heading South: U.S.-Mexico trade and job displacement after NAFTA\*\*](#), EPI Briefing Paper #308, May 3, 2011.