

Chapter 1

Spotting the Spoof

The Value of Telling Stories Out of (and in) School

This book creates a dialogue between two fields that rarely have anything to say to each other: economics and the humanities. We mean to show how that dialogue could be conducted and why it has a great deal to contribute.

The best dialogues take place when each interlocutor speaks from her best self, without pretending to be something she is not. In their recent book *Phishing for Phools: The Economics of Manipulation and Deception*, Nobel Prize-winning economists George Akerlof and Robert Shiller expand the standard definition of “phishing.”¹ In their usage, it goes beyond committing fraud on the Internet to indicate something older and more general: “getting people to do things that are in the interest of the phisherman” rather than their own.² In much the same spirit, we would like to expand the meaning of another recent computer term, “spoofing,” which normally means impersonating someone else’s email name and address to deceive the recipient—a friend or family member of the person whose name is stolen—into doing something no one would do at the behest of a stranger. Spoofing in our usage also means something more

1. George A. Akerlof and Robert J. Shiller, *Phishing for Phools: The Economics of Manipulation and Deception* (Princeton University Press, 2015).

2. Akerlof and Shiller, p. xi.

general: pretending to represent one discipline or school when actually acting according to the norms of another. Like phishing, spoofing is meant to deceive, and so it is always useful to spot the spoof.

Students who take an English course under the impression they will be taught literature, and wind up being given lessons in politics that a political scientist would scoff at or in sociology that would mystify a sociologist, are being spoofed. Other forms of the humanities—or dehumanities, as we prefer to call them—spoof various scientific disciplines, from computer science to evolutionary biology and neurology. The longer the spoof deceives, the more disillusioned the student will be with what she takes to be the “humanities.”

By the same token, when economists pretend to solve problems in ethics, culture, and social values in purely economic terms, they are spoofing other disciplines, although in this case the people most readily deceived are the economists themselves. We will examine various ways in which this happens and how, understandably enough, it earns economists a bad name among those who spot the spoof.

But many do not spot it. Gary Becker won a Nobel Prize largely for extending economics to the furthest reaches of human behavior, and the best-selling *Freakonomics* series popularizes this approach.³ What seems to many an economist to be a sincere effort to reach out to other disciplines strikes many practitioners of those fields as nothing short of imperialism, since economists expropriate topics rather than treat existing literatures and methods with the respect they deserve. Too often the economic approach to interdisciplinary

3. Steven D. Levitt and Stephen J. Dubner, *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything* (HarperCollins, 2005); *SuperFreakonomics: Global Cooling, Patriotic Prostitutes, and Why Suicide Bombers Should Buy Life Insurance* (HarperCollins, 2009); *Think Like a Freak: The Authors of Freakonomics Offer to Retrain Your Brain* (HarperCollins, 2014); and *When to Rob a Bank . . . and 131 More Warped Suggestions and Well-Intended Rants* (HarperCollins, 2015).

work is that other fields have the questions and economics has the answers.

As with the dehumanities, these efforts are not valueless. There is, after all, an economic aspect to many activities, including those we don't usually think of in economic terms. People make choices about many things, and the rational choice model presumed by economists can help us understand how they do so, at least when they behave rationally—and even the worst curmudgeon acknowledges that people are sometimes rational! We have never seen anyone deliberately get into a longer line at a bank.

Even regarding ethics, economic models can help in one way, by indicating what is the most efficient allocation of resources. To be sure, one can question the usual economic definition of efficiency—in terms of maximizing the “economic surplus”—and one can question the establishment of goals in purely economic terms, but regardless of which goals one chooses, it pays to choose an efficient way, one that expends the least resources, to reach them.⁴ Wasting resources is never a good thing to do, because the resources wasted could have been put to some ethical purpose. The problem is that efficiency does not exhaust ethical questions, and the economic aspect of many problems is not the most important one. By pretending to solve ethical questions, economists wind up spoofing philosophers, theologians, and other ethicists. Economic rationality is indeed part of human nature, but by no means all of it.

For the rest of human nature, we need the humanities (and the humanistic social sciences). In our view, numerous aspects of life are best understood in terms of a dialogue between economics and the humanities—not the spoofs, but real economics and real humanities.

4. For an insightful critique of the purely economic approach to efficiency, see Jonathan B. Wight, *Ethics in Economics: An Introduction to Moral Frameworks* (Stanford University Press, 2015).

Twin Crises

Economics and the humanities are both in trouble, though not for the same reason.

Economists wield a lot of power and take a lot of criticism. Sometimes it even seems as if they have two functions: to formulate policies and to take the blame when things go wrong. Should a stimulus fail to stimulate, or very high interest rates prove powerless to dampen inflation, economists are often quick to explain away the facts while newspapers are even readier to skewer them. When a real estate bubble bursts, journalists eagerly point to the economic theory that bubbles are not supposed to exist at all. For many in the public, the face of economics has turned out to be MIT economist Jonathan Gruber telling his colleagues that the health care law was deliberately written “in a tortured way” so that, given “the stupidity of the American voter,” its core provisions would be invisible. For others, it is Paul Krugman responding to his failed predictions regarding the timing of the US recovery from the last recession, the future of the eurozone, and the onset of deflation by declaring that he has seldom, if ever, been wrong.

Economists can always tweak their models to account for what has already happened. Their critics, in turn, have the easy job of not taking any risks at all, just looking for inevitable mistakes. As Alexander Pope wrote three centuries ago, it is always easy to poke holes in someone else’s paper.

And you my Critics! in the chequered shade,
Admire new light through holes yourselves have made.⁵

Can nothing be done? Over the past few decades, economists and social psychologists have announced the supposedly startling discovery that, contrary to economic theory, people do not always behave rationally! They are not mechanisms for optimizing, their choices are not always consistent, and they

5. Alexander Pope, *The Dunciad* (Book IV, ll. pp. 125–126) in *Alexander Pope: Selected Poetry and Prose*, ed. William K. Wimsatt (Holt, Rinehart, 1965), p. 430.

often do not act according to their best interests. Inside economics, the result has been heated controversy, but from an outside perspective, it has been wonder. Surely no one in his right mind ever thought people are rational to begin with? Why, the whole heritage of Western literature has described people as irrational, and the social sciences point to many factors other than reason that shape behavior. Why would philosophers since Socrates have been urging people to act rationally, if they always did so anyway? And why would intellectual historians have spent so much time describing how the very idea of rationality in the modern Western sense arose in the first place? And then there is everyday life, where surely no one was ever moved to reflect on the absence of folly!

With this discovery in mind, traditional rational choice theory has generated, like yin answering yang, an irrational choice theory. Behavioral economics, as this flourishing movement is called, has in its own turn generated new policies and new critics. It purports to come closer to adding the human dimension to economic models, but as we will show, although it has made some advances, it does nothing of the kind. The human beings it imagines behave just as mechanically, only less efficiently (judged by the same criteria as traditional economists use). They are still abstract monads shaped by no particular culture. You still don't need stories to understand them. In short, they bear as much resemblance to real people as stick figures do to the heroines of George Eliot or Leo Tolstoy.

Adding the human dimension to economics in this and similar ways is like deciding that we need air as well as food and so prescribing a diet of airy food. (Dairy Queen, anyone?) Might there be a better way to integrate humanistic insights? But here we come to another problem: the state of the humanities.

The Dehumanities

Go to almost any issue of the *Chronicle of Higher Education*, consult recent issues of national publications from the *Wall*

Street Journal to the *New York Times*, read reports from Harvard University and the American Academy of Arts and Sciences, and you will discover that the humanities are in crisis. No one seems to value them anymore. Enrollments in humanities courses plummet, and majors in humanistic disciplines diminish. If it were not for the recent phenomenon of double majoring—fulfilling requirements in two disciplines as a sort of employment insurance—figures for humanistic disciplines would doubtless look still worse.

Like a delicatessen owner who sells rancid meat and then blames his business failure on the vulgarization of customer taste, humanities professors account for their plight by faulting their students. “All they care about is money.” “Twitter has reduced their attention span to that of a pithed frog.” Critics of literature professors respond that for at least a quarter century, they have themselves argued that there is no such thing as great literature but only things *called* great literature because hegemonic forces of oppression have mystified us into believing in objective greatness. If this idea was once bravura, it is now just boring. The most commonly taught anthology among literature professors, *The Norton Anthology of Theory and Criticism*, paraphrases a key tenet of the dominant movement called “cultural studies”: “Literary texts, like other artworks, are neither more nor less important than any other cultural artifact or practice. Keeping the emphasis on how cultural meanings are produced, circulated, and consumed, the investigator will focus on art or literature insofar as such works connect with broader social factors, not because they possess some intrinsic interest or special aesthetic values.”⁶ We

6. *The Norton Anthology of Theory and Criticism*, 2nd edition, ed. Vincent B. Leitch et al. (Norton, 2011), p. 2478. For a recent, spirited critique of this volume and similar thinking, see James Seaton, *Literary Criticism from Plato to Postmodernism: A Humanistic Alternative* (Cambridge University Press, 2016). See also Mark Edmundson, *Self and Soul: A Defense of Ideals* (Harvard University Press, 2015) and Edmundson, *Why Read?* (Bloomsbury, 2004).

shall have more to say about this passage later, but it is worth noting that cultural studies did not invent, but adapted, an already established orthodoxy denying any sort of intrinsic literary value.⁷ If Shakespeare and Milton are no more important than any other “cultural artifact or practice,” and if they are to be studied only “insofar as” they connect with other social factors and not because of “some intrinsic interest or special aesthetic values,” then why invest the considerable effort to read them at all? Reading *Paradise Lost* is not like strolling through a field! Could it be that students don’t take literature courses because they are responding rationally to what their teachers have been telling them?

The language about “how cultural meanings are produced, circulated, and consumed” gropes for the prestige of something hard, unsentimental, materialistic—in short, for economics, as a literature professor might imagine it. It appears that humanists’ key strategy for saving their disciplines has been to dehumanize them. And so we have a host of new movements, announced with the breathless enthusiasm appropriate for discovering the double helix. Sociobiological criticism has shown us how emotions and behaviors described in literary works arose to serve an evolutionary purpose. What’s more, you can now recognize why you love Dante (or Danielle Steele) by turning to neuroaesthetics. And at the Modern Language Conference of 2009 it was discovered that “the next big thing” was the digital humanities. Before anyone else thinks of it, we hereby coin the term, and claim to have founded the discipline of, “the nano-humanities.” We don’t yet know what this

7. See Barbara Herrnstein Smith, *Contingencies of Value: Alternative Perspectives for Critical Theory* (Harvard University Press, 1988). Smith argues: “All value is radically contingent, being neither a fixed attribute, an inherent quality, or an objective property of things but, rather, an effect of multiple, continuously changing, and continuously interacting variables or, to put this another way, the product of the dynamics of a system, specifically an *economic* system” (p. 30). It is crucial, she argues, to avoid reinforcing “dubious concepts of noncontingency: that is, concepts such as ‘intrinsic,’ ‘objective,’ ‘absolute,’ ‘universal,’ and ‘transcendent’” (p. 31).

cutting-edge criticism will do, but we are sure that it will *not* involve real engagement with major literary works or a deep appreciation of what makes them great.

Each of these dehumanities offers something of value. Undoubtedly, the digital humanists have contributed to making good texts available and easy to comment on. It is interesting to learn how the human capacity to make and appreciate art evolved, and it would be curious to know “what happens in the brain when we laugh at Mark Twain.”⁸ For that matter, the economics of novel publishing could be informative, and so could the chemistry of papermaking, the physics of book-binding, and the physiology of reading poems aloud. But each of these contributions would matter only if we already had an appreciation of great art and literature, which you can’t get by de-aestheticizing, de-literizing, or dehumanizing them.

Humanomics

All attempts to overcome the dualism of cognition and life, of thought and singular concrete reality *from inside theoretical cognition* are absolutely hopeless ... like trying to lift oneself up by one’s own hair. —MIKHAIL BAKHTIN⁹

Rather than attempt to save the humanities by dehumanizing them, why not see what great literature genuinely has to offer

8. For an important collection of articles from this school, see *The Literary Animal: Evolution and the Nature of Narrative* (Northwestern University Press, 2005). Despite some important contributions by sociobiological critics, a key problem remains: whatever evolutionary process made literature possible applies generally, but great literature is important precisely when it is *not* general but different in a way that makes it great. It is hard to see how evolution or neurology could reveal what makes Shakespeare’s seventy-third sonnet a truly great poem, not just a poem that he evidently evolved to be able to write in a way that provokes some pattern of neurons firing in some people.

9. M. M. Bakhtin, “K filosofii postupka,” in *Filosofia i sotsiologiya nauki i tekhniki: Ezhegodnik 1984–85* (Moscow: Nauka, 1986), p. 86; trans. Gary Saul Morson, “Prosaic Bakhtin: Landmarks, Anti-Intelligentsialism, and the Russian Countertradition,” in Amy Mandelker, *Bakhtin in Contexts: Across the Disciplines* (Northwestern University Press, 1995), p. 63 (italics in the original).

other disciplines? We have written this book to illustrate one way this can be done.

We believe that economics can benefit by considering key ways of thinking, cultivated by reading great cultural artifacts. To anticipate our conclusions, let us say that economics could benefit from understanding people better. We have three distinct ways the humanities could help in economic thinking.

First, people are not organisms that are made and then dipped in some culture, like Achilles in the river Styx. They are cultural from the outset. A person before culture is not a person at all. This idea of a person before culture resembles a Zen koan, like the sound of one hand clapping. To be sure, economists are not the only thinkers who typically treat culture as an add-on rather than as essential—some political philosophy does the same.¹⁰ But whether we are speaking of mainstream economics or (as we shall see) behavioral economics, the temptation of claims aspiring to universality, and of models reducible to equations, makes the idea of acultural humanness especially appealing.¹¹

Second, to understand people one must tell stories about them. There is no way to grasp most of what individuals and groups do by deductive logic. Understanding Robespierre or the French Revolution is not at all like proving the Pythagorean theorem or calculating the orbit of Mars. Human lives do not just unfold in a purely predictable fashion the way Mars orbits the sun. Contingency, idiosyncrasy, and choices—all of which

10. Social contract theories by their very nature involve this kind of thinking, which is present in Hobbes, Rousseau, and, in our time, Rawls. We return to Rawls later in the book.

11. Over the past few decades, a number of scholars have instead turned to culture's importance in economic issues, especially with regard to economic development. We discuss some of our favorites later. But to our knowledge, none of these thinkers has recommended the study of literature, or the humanities generally, to economists. In chapter 7, we argue that including the insights of great novels would help complete Adam Smith's project as he understood it.

allow for alternatives—play an indispensable role. That is why, as the great novelists recognized, personhood and sociality demand biography and history. Novels are a distinct way of knowing; and the very shape of the stories they tell—what sorts of events are represented as plausible, effective, or important—conveys vital, if elusive, information.¹²

Third, economics inevitably involves ethical questions, not reducible to economics itself or, for that matter, to any other social science. Economists often smuggle ethical concerns into their models with concepts like “fair market price” in which unacknowledged ethical questions are treated as unavoidable givens. As we shall see, there are many ways to make these covert issues overt and argue about them explicitly. And as several recent thinkers have pointed out, these questions can be addressed in terms of different ethical theories.

As we conceive them, these questions often invite a distinct perspective best learned from the great realist novels. The works of Tolstoy, Dostoevsky, Turgenev, Chekhov, George Eliot, Jane Austen, Charlotte Brontë, Edith Wharton, Henry James, and other great psychological realists share a sense that ethical questions are often too complex and too important to be safely handed over to any theory, existing or to come. It requires real, but ultimately unformalizable, sensitivity and the ability to express what is sensitively perceived. As we explain in chapter six, this distinctly *literary*

12. See Bakhtin's famous study, “Forms of Time and of the Chromotope in the Novel” in M. M. Bakhtin, *The Dialogic Imagination: Four Essays*, ed. Michael Holquist, trans. Caryl Emerson and Michael Holquist (University of Texas Press, 1981), pp. 84–258. He develops the idea that each narrative genre conveys, by the sort of plot it favors, a sense of how events happen, the role that social conditions play in shaping individual action and vice versa, and the nature of human initiative, in his uncompleted study of Goethe and others, translated as “*The Bildungsroman and Its Significance in the History of Realism (toward a Historical Typology of the Novel)*” in M. M. Bakhtin, *Speech Genres and Other Late Essays*, ed. Caryl Emerson and Michael Holquist, trans. Vern McGee (University of Texas Press, 1986), pp. 10–59.

and *novelistic* approach to ethics may itself be regarded as a sort of theory, of course, and if one does so one can find theorists, like the Russian philosopher Mikhail Bakhtin, who have endeavored to articulate it.¹³ But it is not a theory in the sense of a comprehensive system somehow extracted from the great novels that one can learn apart from reading them. That is because the very experience of reading these works is part of what one has to have in order to think ethically in the novelistic way.

As novels understand ethical decisions, they require good judgment, which, by definition, cannot be reduced to any theory or set of rules.¹⁴ Sometimes familiarity with multiple theories—ethical pluralism, as Jonathan Wight has persuasively argued—helps.¹⁵ Such pluralism above all inculcates a sense of modesty about the ability of theoretical reasoning to address the most important questions. As Stephen Toulmin, whose favorite book was Tolstoy's *Anna Karenina*, has argued, good moral judgment is a matter not of theoretical reasoning (what Aristotle calls *episteme*) but of practical reasoning (*phronesis*), which comes from sensitive reflection on a great deal of experience and close attention to the unforeseeable and unrepeatable particularities of many individual cases.¹⁶ As

13. The prominence of so many women writers in this list of authors favoring sensitivity to particulars over theory in ethics was widely remarked upon at the time. It also led some male writers—like Tolstoy—to make his ethically wisest characters women whom men overlook because their thought is insufficiently theoretical and too grounded in particulars.

14. On judgment, see Philip E. Tetlock, *Expert Political Judgment: How Good Is It? How Can We Know?* (Princeton University Press, 2005). We discuss Tetlock's fascinating book in detail in the next chapter.

15. Wight, *Ethics in Economics*, pp. 17–19 and 210–230.

16. See Albert R. Jonsen and Stephen Toulmin, *The Abuse of Casuistry: A History of Moral Reasoning* (University of California Press, 1988); and Stephen Toulmin, *Cosmopolis: The Hidden Agenda of Modernity* (Free Press, 1990). On two occasions, Toulmin and Morson cotaught a course on *Anna Karenina*. Toulmin traces the importance of *Anna Karenina* and other works of Tolstoy for his teacher, Ludwig Wittgenstein, in Allan Janik and Stephen Toulmin, *Wittgenstein's Vienna* (Simon and Schuster, 1973), pp. 161–166.

we shall see in chapters 6 and 7, Toulmin regards his call for this sort of thinking as a summons to revive the tradition of casuistry, that is, case-based reasoning, shorn of the abuses to which casuistry was often put. And as both Toulmin and G. A. Starr have argued, the realist novel developed from casuistry by offering particularly rich cases for ethical reflection.¹⁷

What's more, reading great literature is unlike any other university-taught discipline, in that it involves constant practice in empathy. Theories of ethics may or may not recommend empathy, but learning those theories does not require *practice* in empathy, as reading great novels necessarily does. If one has not identified with Anna Karenina, one has not really read *Anna Karenina*.

When you read a great novel and identify with its characters, you spend hundreds of hours engaging with them—feeling from within what it is like to be someone else. You see the world from the perspective of someone of a different social class, gender, religion, culture, sexuality, moral understanding, or countless other factors that differentiate people and human experience. And as characters interact, and you identify with each in turn, you see how each perspective may look to those with another. You even learn to understand misunderstanding.¹⁸ Tracing the heroine's thoughts as she thinks them, you get inside her head, which you cannot do with people in real life. If she makes a foolish decision, you wince. You live her life vicariously, and in doing so you not only feel what she feels but also reflect on those feelings, consider the morality of the

17. See G. A. Starr, *Defoe and Casuistry* (Princeton University Press, 1971). Defoe is often considered the founder of the English realist novel; as Jonsen and Toulmin note, "Defoe's stories, notably *Robinson Crusoe*, *Moll Flanders*, and *Roxana*, are filled with 'cases of conscience,' fleshed out in the characters and plots of eighteenth-century English life. For a while the conception of a novel as a case, or series of cases, dominated English literature" (Jonsen and Toulmin, p. 164).

18. This was Chekhov's great theme—see, as a brilliant example, his story *Enemies*—but it is present in realist novels generally.

actions to which they lead, and, with practice, acquire the wisdom to appreciate real people in all their complexity.¹⁹

Theoretism and Literature

Here then are three areas where the humanities could supplement economics: with stories, a better understanding of the role of culture, and a healthy respect for ethics in all its complexity.

By using stories, we don't mean that they should be employed simply to illustrate the results of behavioral models, but instead that they be used to inform the creation of the models themselves. We discuss the importance of stories, and when they are a required form of explanation, when we consider narrative and narrativeness later in this chapter.

Economics has a hard time dealing with culture because it cannot be mathematized. And it tends to replace ethical questions involving noneconomic ways of thinking by substituting other questions easier to handle in economic terms.

The neglect of culture has inspired Richard Bronk's critique *The Romantic Economist*.²⁰ Bronk's idea of supplementing economics as presently practiced with insights from Romanticism, a movement so heavily invested in nations and particular cultures, brings with it a sense that "national institutions and history matter to economic performance, and that there is no

19. In her book *Particularities: Readings in George Eliot* (Ohio University Press, 1982), Barbara Hardy observes: "The novelist invents characters in order to produce what the Victorian realistic novel is expected to produce: characters who are made to seem complex and changeable, to interact with each other, to be determined by environment, to possess bodies, minds, passions, and to speak an appropriate language.... She is like a natural scientist who judges and loves her specimens, and finds her cases hard to classify and impossible to stereotype. George Eliot's classifications and generalizations are dynamic and tentative, and her cases are used to investigate a number of problems simultaneously" (pp. 12–13).

20. Richard Bronk, *The Romantic Economist: Imagination in Economics* (Cambridge University Press, 2009). Bronk offers a critique of rational choice economics and a suggestion for how to remedy it. Chapter 6, Economics and the Nation State, begins: "Most Romantics were sceptical of any attempt to reduce human thought and social behaviour to a set of universal laws" (p. 149).

such thing as a universal template for economic competitiveness or economic growth” because “history matters.”²¹ Our difference from Bronk, with whom we are also quite sympathetic, derives from his stress on Romantic poetry and ours on realist novels, which, of course, express different senses of experience. But both literary schools stress *particularity*, along with the need for multiple perspectives and the irreducibility of human experience to any single theory.

The third area—ethics—has attracted the attention of a number of interesting recent thinkers. We are particularly impressed with ideas long promoted by Deirdre McCloskey, who argues for an ethics based on the virtues, a way of thinking newly important among philosophers. We also appreciate Wight’s defense of a pluralist perspective, including consideration of virtue-based, duty- or rule-based, and consequentialist approaches. Our own approach is closest to Wight’s, as one might suspect from the fact that both he and we develop ideas of Isaiah Berlin.²²

Nevertheless, there is a difference, or perhaps an extension, based on an interpretation of Berlin. Berlin’s idea of “foxy” pluralism was originally developed in his book *The Hedgehog and the Fox: An Essay on Tolstoy’s View of History*—that is, in a commentary on what is arguably the world’s greatest novel, *War and Peace*, by the world’s greatest novelist, Leo Tolstoy.²³ The focus on a novel is important. Throughout this study, when we speak of “the humanities,” we think, first of all, of great literature, understood as a repository of wisdom. Philosophers and social scientists sometimes imagine literature as sugar-

21. Bronk, pp. xii and 2.

22. Berlin’s pluralism and appreciation of romanticism, with its sense that no single scale of values is possible, also inform Bronk’s *The Romantic Economist* as well as Tetlock’s *Expert Political Judgment*.

23. Isaiah Berlin, *The Hedgehog and the Fox: An Essay on Tolstoy’s View of History*, 2nd edition, ed. Henry Hardy (Princeton University Press, 2013). This famous essay was originally copyrighted in 1951 and is now most easily available in Isaiah Berlin, *Russian Thinkers*, ed. Henry Hardy and Aileen Kelly (Penguin, 1978). We discuss Berlin’s distinction throughout this book.

coated philosophy, as if Proust were just Bergson made into a story, with the real ideas to be discovered in the philosophers. No great writer has ever thought that way. Quite the contrary, the best that philosophers can do when paraphrasing great literature is to create some inadequate representation, not entirely useless but much cruder and less nuanced than the original. In a letter about *Anna Karenina* written to the critic Nikolai Strakhov, Tolstoy explained, as any great writer might:

If I wanted to say [directly] in words all that I had in mind to express by my novel, I should have to write the same novel which I wrote all over again ... In everything, in almost everything that I have written, I was guided by the need to bring together ideas linked among themselves.... But every idea expressed by itself in words loses its meaning, becomes terribly debased when it is taken alone, out of the linking in which it is found. This linking is based not on an idea, I think, but on something else, and to express the essence of that linking in any way directly by words is impossible, but it is possible indirectly, with words describing images, actions, situations.²⁴

Or as Bakhtin argues, the critic and philosopher seek to “transcribe” some of the inexhaustible wisdom of the great work, a task ultimately impossible to accomplish but nevertheless supremely useful so far as it goes. The good critic or philosopher who enters into dialogue with a work can articulate some of its potential meanings.

Bakhtin saw great literature, and especially great realist novels, as shaped by the sense that people and moral questions are too complex to be captured by any theory. Rather, they require a deep appreciation of all those particularities that no theory could ever capture but that can make all the

24. Leo Tolstoy, letter to N. N. Strakhov, around April 23, 1876, in the Norton Critical Edition of Tolstoy, *Anna Karenina*, 2nd edition, ed. George Gibian (Norton, 1995), p. 750.

difference—whether in understanding a specific person or in coming to a wise decision about a difficult ethical situation.

Bakhtin referred to the opposite assumption, that literature exists to provide vague stories for critics and philosophers to elevate with a rigorous theoretical formulation, as “theoreticism.” To be sure, some literary works can be adequately paraphrased, but that is precisely what makes them third rate. There is little difficulty in paraphrasing Ayn Rand or the sort of heavy-handed didactic works favored by many journalists and politicians. Some high school English teachers (or college ones who want to use literature to convey a simple lesson known from theoretical works) often assign such books. They are easy to teach precisely because they have a simple “message.” But if that is all they have, who needs them? Why not just teach the message? It is usually a lot briefer than *War and Peace* and a lot easier to read than *Remembrance of Things Past*.

Like Tolstoy, Berlin, and Bakhtin, we approach literature as a source of wisdom that cannot be obtained, or obtained so well, elsewhere. There is an obvious proof that the great novelists understand people better than any social scientist who has ever lived. If social scientists understood people as well as Tolstoy or George Eliot, they would have been able to describe people as believable as Anna Karenina or Dorothea Brooke. But not even Freud’s case studies come close. Surely the writers must know something! For reasons we will see, the same may be said about how the great novelists present ethical questions: with a richness and depth that make other treatments look schematic and simplistic.

When we speak of bringing economics and literature together, therefore, we emphatically do not have in mind the way it is done when economists use literature to illustrate economic lessons. Not that this approach is without value, but in no sense does it take seriously the notion that stories could actually *improve* economic analyses rather than merely clarify what traditional economics teaches. Consider the well-known anthol-

ogy edited by Michael Watts, *The Literary Book of Economics*.²⁵ Watts treats “literary authors,” as he calls them, as people who “write so well” that they can conveniently illustrate truths economists already know (Watts, pp. xxi–xxiii). They can be useful “both because they are well written and memorable and because they introduce variety into the economics classroom, compared to the typical steady diet of textbook prose, graphs, tables of numbers, and math” (Watts, p. xxii). And so, Robert Frost’s “The Road Not Taken” illustrates “choice and opportunity cost,” while his “Mending Wall” teaches—God help us!—about “property rights and incentives.” Shakespeare’s *Merchant of Venice* can provide a memorable illustration of “government regulation and the legal and social framework for markets.” Anyone who knows these works in their complexity will wince. What’s next, a course on international affairs making similar use of the Sermon on the Mount (“if a hostile power take one of thy provinces, yield to him also another”)?

Nowhere does Watts entertain the possibility that great writers may teach economists something valuable that they do not already know.

Dialogue, Not Fusion

What have I to gain if another were to fuse with me? He would see and know only what I already see and know, he would only repeat in himself the inescapable closed circle of my own life. Let him rather remain outside me. —MIKHAIL BAKHTIN²⁶

Economists could benefit from drawing on all three of these humanistic capabilities: an appreciation of people as inherently cultural, of stories as essential forms of explanation, and of ethics in all its irreducible complexity. To do so,

25. Michael Watts, ed., *The Literary Book of Economics: Including Readings from Literature and Drama on Economic Concepts, Issues, and Themes* (ISI Books, 2003).

26. M. M. Bakhtin, *Estetika slovesnogo tvorechesva*, ed. S. G. Bocharov (Moscow: Iskuststvo, 1979), p. 78.

economics does not need to abandon all its great achievements, any more than the humanities should dehumanize themselves. Economists don't need to spoof anyone. They should not hanker after some sort of fused discipline analogous to "behavioral economics." Instead, they need what we call a "humanomics," which allows each discipline to keep its own distinctive qualities.

Rather than fuse economics and the humanities, humanomics creates a *dialogue* between them. What we are after is not a set of theoretical propositions but an ongoing conversation.

To preclude any misunderstanding: the dialogue we have in mind is not between the two of us. After numerous conversations, and teaching a class together several times, we have arrived, more or less, at substantial agreement. Rather, we have in mind a dialogue between the two *disciplines* understood as distinct approaches to knowledge.

A Return to the "Real" Adam Smith

In creating a dialogue between economics and the humanities, we think of ourselves as going back to the most important source of economic thought, Adam Smith. Smith's wisest commentators have remembered that he was also a moralist. That double identity makes all the difference. The way in which economics textbooks typically represent *The Wealth of Nations* bears little resemblance to its overall spirit. Far from thinking that it is desirable or possible to describe economic activity by formulas or other ahistorical ideas, Smith devotes a substantial portion of the book to purely narrative explanations.

Rather than imagine human behavior can be modeled in terms of rational choices, Smith refers time and again to rationality as exceptional. More often people are guided by mere folly. Speaking of the pernicious influence of "the constitution of the Roman church," for instance, Smith observes that it was "in no danger from the assault of human reason.... Had this

constitution been attacked by no other enemies but the feeble efforts of human reason, it must have endured forever.”²⁷ In this case, as in so many others, purely contingent historical factors, which must be narrated to be understood, accomplished what no principle of reason ever could.

Above all, Smith is far from reducing ethical questions to those modeled by today’s economists. As those who have promoted the importance of asking ethical questions have stressed, Smith was the author not only of *The Wealth of Nations* but also of *The Theory of Moral Sentiments*.²⁸ Indeed, moral argument occurs frequently in *The Wealth of Nations* itself. Not only does Smith reject the idea that all human action is guided by perceived self-interest—an idea that in his time was represented by Hobbes—he argues quite the opposite, that a concern for others, as well as for ourselves, lies at the core of human nature. *The Theory of Moral Sentiments* famously begins: “How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. Of this kind is pity or compassion, the emotion which we feel for the misery of others, when we either see it, or are made to conceive it in a very lively manner.”²⁹ And Smith is clear that our inclination to pity and compassion cannot be reduced to an indirect kind of self-love or self-interest, as a rational choice theorist might suppose.

Smith evidently regarded the sort of thinking that laid the foundation for modern economic theory as necessary but not sufficient, either to understand how people do behave or

27. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, vol. 2, ed. R. H. Campbell and A. S. Skinner (Liberty, 1981), p. 803. Originally published in 1776.

28. See Wight, pp. 5–8, 134, and 153–157.

29. Adam Smith, *The Theory of Moral Sentiments*, ed. D. D. Raphael and A. L. Macfie (Liberty, 1982), p. 9. Originally published in 1759.

to recommend how they should. One needs economics and more. We heartily agree, and hope to show just how two kinds of thinking can work together.

We discuss Smith at considerable length later, but here it is worth observing that in chapter 7 we will argue that the realist novel in effect extends and deepens Smith's ideas, with regard to both ethics and psychology, as outlined in *The Theory of Moral Sentiments*. The psychological realist novel is, in effect, a distinct approach to moral sentiments, and it, like Smith's treatise, places special value on sympathy. If philosophers have not regarded realist novelists like Jane Austen and George Eliot in this light, perhaps it is because they tend to turn to philosophy proper and are not used to reading novels as philosophy of a special sort.

The Value of Telling Stories Out of (and in) School

Humanists love to read and to write stories; economists do not. In the humanities, stories inspire, they explain, they teach us empathy. In economics, they distract from the impartiality expressed in mathematical models and interfere with the disinterested analysis of data. They are disparaged as mere anecdotes.³⁰

Of course, there is some rationale behind this difference in disciplinary approach. Economists are trained to trust not what people say, but to observe what they do. Someone might purport to love opera above all but, despite an increase in income or a change in relative prices making opera less expensive than rival consumption goods, never choose to attend a

30. There are some economists, however, who believe that stories might help us understand human behavior. Robert Shiller, "How Stories Drive the Stock Market," *New York Times*, January 22, 2016, extolls the virtues of narrative psychology in arguing that popular narratives drive motivation. In his words, "Most economists generally do not refer to such popular stories or assess their emotional appeal." Yet, "such popular stories are serious matters. They can lead to revolutions, or to market collapses."

performance. Does that person truly gain satisfaction from opera, or are his preferences best revealed through his behavior? An economist would say that this person's actions bring his statements into question. A humanist, on the other hand, might say that while this person perhaps does not love opera in the sense that he wants to attend one, he loves to think he loves opera. He gets pleasure not from attending a performance but from thinking, or talking, about attending. And indeed there are many activities we fantasize about but would not really choose to do. Or what's a library for?

If a person sincerely professes one belief but acts as if he believes something else, what does he really believe? For a humanist, this is an interesting philosophical question, and he might turn to the stories in great literature for insight. For an economist, the answer would be to rely on what people actually do.

To an economist who succeeds in teasing out a person's preference structure—understanding whether the satisfaction gained from consuming one good is greater than that of another—explaining behavior in terms of changes in underlying likes and dislikes is usually highly problematic. To argue, for instance, that the baby boom and then the baby bust resulted from an increase and then a decrease in the public's inherent taste for children, rather than a change in relative prices against a background of stable preferences, places a social scientist on slippery ground. As Gary Becker put it, that would be equivalent to saying that a rise in mortality, followed by a fall, could be attributed to an increase in the inherent desire for death followed by a decline. For an economist, birth rates rise and fall due to changes in income and prices rather than changes in tastes. When income rises, for example, people want more children (or, as you will see later, more satisfaction derived from children), even if their inherent desire for children stayed the same.

But might stories inform an economist's models, allowing her to better anticipate the results of policies? Could stories, and associated theoretical and methodological approaches, help us better understand our data, without biasing our results? Could they help us see issues or understand moral implications we might otherwise overlook? We believe they can, and argue that incorporating not just narratives but a variety of techniques and methods from the humanities and other disciplines will make the "Jewel of the Social Sciences"³¹ more relevant in addressing the world in which we live and better able to predict the future that awaits us.

We began to think about this topic in the context of an undergraduate course we have cotaught for several years: *Alternatives: Modeling Choice across the Disciplines*.³² After examining material from a wide variety of subjects—economics, literature, philosophy, history, psychology, sociology, theology, evolutionary theory, and urban planning—it has become very clear to us that economics has much to learn from its sister fields. While we do not question the significance of economics as a discipline, neither do we question the payoff from a dialogue with other approaches.

Of course, we are not the first to critique the often narrow and imperialistic nature of "economic science" (that term speaks for itself), but we hope our readers—economists and others—will be inspired to think more broadly about the field. Are we sure this is needed? Some might point to the advances made over the years aimed at creating a more nuanced, and perhaps more humble, version of traditional economics. In fact, in the chapters that follow we celebrate numerous contributions in that direction. But take a look at any of the top economics jour-

31. A label, while rarely used, that is favored (by economists) over a much more popular one, the "Dismal Science."

32. This course inspired us to coedit *The Fabulous Future? America and the World in 2040* (Northwestern University Press, 2015).

nals. Even when the topics explored seem interdisciplinary, how often are other fields actually taken seriously? There might be occasional references in bibliographies to the literature in psychology, sociology, political science, anthropology, philosophy, and even the humanities, but they are typically notable by their absence. The norm is economists writing for other economists, using the usual tools of economics. If the article focuses on theory and mathematical modeling, that isn't all that unexpected. But many articles conclude with a policy section, and that raises the stakes. Is a narrow economic view really going to get it right? The world is complex, and so are its actors. Effective policies demand more than a limited approach can produce. We give examples of this in the chapters to follow and discuss next how we came to this belief.

Two Stories

In line with our emphasis on the human, we would like to tell our own stories about how we came to appreciate the importance of dialogue between two very different kinds of thinking. We think it would be helpful to explain how we were driven to write about incorporating the humanities into economics, making its analyses both more realistic and more useful. We will then set out our goals for the chapters that follow.

Morton Schapiro

By the time I left graduate school in 1979, I had completely bought in to the view that “getting the prices right” was almost always the best economic policy. While my focus was on micro- rather than macroeconomics, I had little doubt that governments generally undermined the optimal functioning of the free-market system. But my experiences in the developing world in the 1980s gave me pause, leading me to question the appropriateness of some market solutions. The first instance was in Cairo in 1981. A few years earlier the

government had succumbed to the pressures of international agencies and agreed to reduce subsidies that had long led to the cost of bread being well below its market clearing price. I sat with a group of economists who were thrilled that the government had agreed to get that key price “right” and were hopeful that this was the start of an era of reduced Egyptian government interference in domestic markets, even though the government had already reinstituted some of the subsidies. It seemed like a convincing story until someone mentioned the number of people who had died in the riots that had ensued and another talked of the prospects for widespread malnutrition.³³ The argument was resolved with the overriding feeling that the policy was nonetheless for the greater good. But it stayed with me.

How do you properly weigh the cost of death? Would we have been so quick to justify those actions if we had actually known some of those casualties (collateral damage, one might say) or their families? Might other considerations have been relevant in determining whether those policies had indeed been optimal? I suppose those were the dark days of IMF/World Bank arrogance, but some have argued that development policy hasn’t evolved all that much over the subsequent decades.³⁴ A problem, of course, is that the narrowly defined economic cost associated with the loss of life, or with ill health, does not amount to all that much in a society with short life expectancy, low education, and high unemployment.

Why is this the case? The economic value of life is most easily measured by the sum of future earnings, discounted back into today’s dollars (with the higher the discount rate, the less

33. Many large cities in Egypt experienced the “bread riots” of 1977. Seventy-nine people died, over 550 were injured, and more than 1,000 were arrested.

34. See, for example, Joseph E. Stiglitz, *Globalization and Its Discontents* (W. W. Norton, 2002), William Easterly, *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor* (Basic Books, 2014), and Angus Deaton, *The Great Escape: Health, Wealth, and the Origins of Inequality* (Princeton University Press, 2013).

valuable the money earned in the distant future). A thirty-year-old investment banker with an MBA can expect much greater future earnings than a fifty-year-old waiter who never attended college. For this reason, settlement offers made as part of the September 11th Compensation Fund—a loss-of-life case that not surprisingly attracted widespread popular scrutiny—varied widely based on age, education, and job category. While there was some public outcry about the range of offers, there was nothing there that would surprise an economist. Still, there is the more difficult question of the consumption value of life. What is the value of a year of healthy living, independent of any money earned in the workplace? When there is a market for certain health improvements (for example, one might ask what people pay to improve their eyesight or their mobility), at least we have some notion of how to price this out. But it is far from perfect and often moves economists well outside their comfort zones, leaving them with a traditional economic loss calculation based simply on the present discounted value of the forgone earnings stream.

That reality hit the public eye a decade later in the context of the infamous World Bank/Lawrence Summers memo.³⁵ Summers, at the time the chief economist for the World Bank, signed a memo arguing that there were a number of reasons why the Bank should encourage greater migration of dirty industries to the developing world. One of those reasons reminded me of that conversation in Cairo: relocating toxic waste to areas with already high morbidity and mortality and with low wages implies a minimal economic cost. A second rea-

35. For several accounts and commentary, see “The Memo,” December 12, 1991, as published by the Whirled Bank Group, 2001; “Toxic Memo,” *Harvard Magazine*, May–June 2001; David N. Pellow, *Resisting Global Toxics: Transnational Movements for Environmental Justice* (MIT Press, 2007); and Daniel M. Hausman and Michael S. McPherson, *Economic Analysis, Moral Analysis, and Public Policy* (Cambridge University Press, 2006). See Hausman and McPherson, pp. 12–23 and 265–273, for a particularly thoughtful analysis of the ethical implications of the economic approach employed in the memo.

son was the assumption that there is a high income elasticity for a clean environment, that is, the richer the nation, the greater its appreciation of clean air and water and improved levels of health. Summers later apologized for signing the memo (quoting former New York City mayor La Guardia, “When I make a mistake, it’s a beaut”), even though a subsequent article in the *New Yorker* argued that a young economist had in fact written the memo and that Summers only signed it to provoke debate.

And debate it provoked! The Secretary of the Environment in Brazil, for instance, wrote the following: “Your reasoning is perfectly logical but totally insane. . . . Your thoughts [provide] a concrete example of the unbelievable alienation, reductionist thinking, social ruthlessness and the arrogant ignorance of many conventional ‘economists’ concerning the nature of the world we live in.”³⁶

In my mind that says it all. At its extreme, while it might make perfect sense for an economist to recommend that the cost of reducing years of life is less in a place where the economic value of that life is limited, is that all that is relevant? What about the moral issues at stake? Going outside the limits of traditional economic theory is pretty scary for most economists. Give us the world of Pareto optimality (where we search for actions that improve someone’s condition without hurting anyone else) and we are very happy to suggest some policy. But the real world usually involves the kind of trade-offs that economists like to avoid. Someone gains; someone else loses. In a classroom it is easy to shunt aside the question of interpersonal utility comparisons, avoiding altogether the question of whether the decline in someone’s utility is justified by the gain by others. But not in Cairo in the late 1970s/early 1980s, or when discarding toxic waste in the 1990s, or today for that matter.

One more story. After spending some time lecturing about development issues in and out of Africa during the rest of the

36. As quoted in sources in preceding footnote.

1980s, I was asked to be part of a team to produce a new publication for the World Bank. Since 1955 the Bank has had its Economic Development Institute (EDI), whose mission is to train officials in development planning, policy making, project implementation, and investment analysis through its courses, seminars, and workshops. While many of its participants were from Africa, most of its teaching materials were about Asia. Why? Not surprisingly, the EDI preferred to teach success stories: cases where international organizations had set up programs and projects that were justified by substantial rates of economic return. And the success stories then, and still probably now, were much more likely to be found in Asia than in Africa.

So when African officials asked for such success stories from Africa, the Bank agreed to commission a volume entitled *Successful Development in Africa*.³⁷ It turned out that picking a title was easier than filling its chapters. A group of us were hired to scour the continent, exploring a number of intriguing leads. Unfortunately, many of those leads turned out to be not exactly the types of projects anyone would want to see replicated—some had only fleeting benefits, others only limited returns. But we eventually found seven cases to include in the book. My chapters were on the production of horticultural commodities in Kenya and on the development of an export zone in Mauritius (the fact that we had to go off-continent to find a seventh topic worthy of inclusion in the book is evidence of how difficult it was to find African success stories at that time). But the chapter that has stuck with me described the Onchocerciasis Control Program (OCP) in West Africa.³⁸

Onchocerciasis (river blindness) is a dreaded parasitic disease that was endemic to West Africa, leading many mil-

37. *Successful Development in Africa* (EDI Development Policy Case Series, Analytical Case Studies, Number 1, World Bank, 1989).

38. Stephen D. Younger and Jean-Baptiste Zongo, "West Africa: The Onchocerciasis Control Program," chapter 2 in *Successful Development in Africa*.

lions of Africans to lose their eyesight. In 1974, in an unusual example of regional cooperation, seven West African nations banded together and reached out to the donor community to create an integrated approach to wiping out this terrible scourge. The resulting OCP was overseen by the World Health Organization and sponsored by numerous bilateral and multi-lateral aid agencies, including the World Bank.

Its impact was outstanding. After just a decade in place, over 90 percent of the program area had shown substantial progress. The World Health Organization trumpeted the success of the program in helping “to eliminate onchocerciasis as a public health problem and an obstacle to socioeconomic development” (Younger and Zongo, p. 27). The local population certainly agreed. One of the authors told me that when he landed in Burkina Faso, all he had to say was that he was with the OCP and he was treated as an honored guest—even while going through customs! Moreover, a quick investigation showed that the project was operating at (or under) budget. So if there was ever a worthy project for a volume on successful development in Africa, this was clearly it, no? Well, not when success is defined by approaches economists typically rely upon.

It turns out that the Cairo/Summers memo problem was front and center. What is the economic value of millions of Africans keeping their sight? If you count value in economic terms—changes in earnings discounted back to the present—the answer is, alas, not all that much in areas with high unemployment and low educational achievement. When the authors did a classic cost-benefit analysis, the results were “inconclusive”; in other words, the economic returns were only high enough to justify the costs given certain generous assumptions about the economic value of sight. It was acknowledged that “there are humanitarian benefits associated with reducing the blindness and suffering caused by onchocerciasis” but that “these benefits are inherently unmeasurable, and we will not account for them here, despite their importance, especially to donors” (Younger

and Zongo, p. 38). Here, a humanist would ask, mystified: But isn't the very point of economic development to help improve people's lives? Sure, an economist might respond, but we are much more comfortable limiting our analyses to what we can measure. When sticking to the economic benefits, "by valuing a year of life saved at the very low marginal product of poor workers in the OCP area (US\$57 to US\$107 in 1978 dollars), we automatically force the estimated benefits of the OCP to appear small" (Younger and Zongo, p. 39). However, their conclusion would warm the hearts of many humanists, even if it may be an unusual acknowledgment from economists: "Using income figures to judge the value of a life saved inherently biases a project evaluation against the poor. Yet, in debates about social welfare, experts often argue that we should attach more weight to the benefits of public programs that accrue to the poor than to the wealthy. In fact, this is one of the features that makes the OCP especially attractive: its beneficiaries are largely the rural poor" (Younger and Zongo, p. 39).

Is there a lesson here? This is a case where a traditional cost-benefit analysis could easily have led to the discontinuation of a project widely viewed as being among the most successful health interventions in African history. Would interviewing beneficiaries and similar qualitative research have provided additional insights? How about the story of their lives? Should economists step back and think more broadly about the greater good differently conceived? Perhaps. Or at least we argue so in the chapters that follow.

Gary Saul Morson

From 1996 to 1997, I spent a year at the Center for Advanced Studies in the Behavioral Sciences in Palo Alto, California, as one of a few token humanists among many social scientists. The Fellows interacted daily, and it wasn't long before I became so fascinated with how the social scientists thought that my own project swerved to include a history of how the social sci-

ences came to be. Why do social scientists think so differently from humanists?

Rational choice theory predominated among not only the economists but the political scientists as well, and it exercised considerable sway among other social disciplines. At first I found this difficult to believe. Wasn't this the same view of people that Dostoevsky had parodied so successfully in *Notes from Underground* and other works? Surely no one could really believe that people always acted in accordance with what they considered to be their best advantage. Could anyone with the slightest familiarity with people—or with the least introspective ability—imagine that they never act self-destructively or against what they regard as their best interests? Psychiatrists and novelists would be out of business if that were so.

I thought repeatedly of the passage in which Dostoevsky's underground man sarcastically paraphrases this idea, which I thought had died long ago. Then it would have been called utilitarianism:

Oh, tell me, who first declared, who first proclaimed, that man only does nasty things because he does not know his own real interests; and that if he were enlightened, if his eyes were opened to his real normal interests, man would at once cease to do nasty things ... [because] he would see his own advantage in the good and nothing else, and we all know that not a single man can knowingly act to his own disadvantage. Consequently, so to say, he would begin doing good through necessity. Oh, the babe! Oh, the pure innocent child!³⁹

The “babes” I was encountering were people of exceptional intellectual gifts. Yet somehow they managed to combine their impressive analytical abilities with a psychological naiveté that made me wonder if they could really believe what they were

39. Fyodor Dostoevsky, *Notes from Underground* and *The Grand Inquisitor*, ed. Ralph Matlaw (E. P. Dutton, 1960), p. 18.

saying. How was such a contradiction possible? I felt as if the Center had itself set a problem in social psychology for me to solve.

After numerous discussions, I found one key to this paradox. My colleagues began with *theoretical* premises, axioms like those of Euclidean geometry, and reasoned down from them. Axiomatically, it made sense to imagine a principle dictating that people chose what they think best for themselves. Why would they choose anything else? More important, if one began with such axioms, it was possible to construct a remarkable picture of human behavior. The entire edifice of modern economics demonstrates how far one can go with such reasoning.

Economics was then the prestige discipline among the social sciences, not only because its professors were paid more but, more importantly, because it had come closest to resembling what was taken to be the model science, physics. “Physics envy” led to “economics envy.” People would wryly comment that on any campus you could always find the economics department by looking for the most attractive building, and the foreign languages by looking for the ugliest. Economics as practiced for the past half century has required a lot of math, and its propositions could all be stated as equations. So it was natural that political scientists would seek to imitate its methods.

And yet I could not help thinking of the underground man’s way of refuting this top-down approach. He cited countless specific examples that contradicted its conclusions. “Why, in the first place,” he begins, “what is to be done with the millions of facts that bear witness that men, knowingly, that is, fully understanding their real advantages, have left them in the background and have rushed headlong on another path, to risk, to chance, compelled to this by nobody and by nothing ... and stubbornly, willfully, went off on another difficult, absurd way seeking it almost in the darkness” (*Notes*

from *Underground*, p. 19). He offers numerous instances of distressingly familiar behavior, including those in which we all indulge, which contradict the model. He also presents historical examples in which people collectively have acted contrary to what they know to be their best interests. Stand back: Would anyone not already committed to rational choice theory who looked at the Crusades, the religious wars of the seventeenth century, or the endless strife in the Balkans, conclude that people behave rationally? If so, what would irrational behavior look like?

Shouldn't a scientist respect the empirical facts above all? Theories suggest hypotheses to test, but if the facts contradict them, the facts prevail. Or should. It is always possible to disregard inconvenient facts. As the underground man observes, "Man is so fond of systems and abstract deductions that he is ready to distort the truth intentionally, he is ready to deny what he can see and hear just to justify his logic" (*Notes from Underground*, p. 21).

This argument about the empirical facts did not seem to impress my social science colleagues, and one after another they repeated the same responses:

First, when pressed, they redefined their terms so that every choice was *by definition* rational. That is, when they wanted to predict one kind of behavior rather than another—so their work would be useful—they defined rationality narrowly, making sure that prediction of something specific would be possible. But when the model was challenged, they redefined rationality as a tautology, that is, a statement that is true by definition. Whatever one does is rational or it wouldn't have been done; and if it looks irrational, that is because it is rational according to criteria we have not yet identified. Reasoning like this makes counterexamples impossible, no matter what the facts might be. Such a formulation would be entirely useless for making specific predictions, since no matter what happened, one could not be wrong.

It was as if a weather forecaster, when challenged about the basis of his science, should switch from a prediction like “tomorrow it will rain” to “tomorrow there will be weather.” I dreamed up a discipline to be called “irrational choice theory”: everything people do is contrary to what they regard as their best interest, and if an action seems rational, then it is irrational according to a set of criteria we have not yet identified. This reasoning is just as powerful as the same reasoning used to justify the opposite conclusion, so there must be something wrong with it in both cases.

For a proposition to be meaningful, let alone scientific, it must in principle allow for circumstances in which it could be tested and so proven false. But if it is true by definition, it can’t be tested. Those who argue this way literally play fast and loose—a phrase in which the word “fast” is used in its older sense of “close” or “tight,” as in the expression “hold fast.” When they want to make a prediction, they use a tight definition so they can make one prediction rather than another; but when the wolf is at the door, they switch to a loose one so they cannot be wrong.

These objections did not convince the social scientists. I guessed it was because they seemed like some sort of logical trick. And they were never made from within the field. This guess was based on my observation that all fields respond dismissively to challenges from outsiders.

Second, sometimes my colleagues responded to empirical objections by arguing that economics was a young science, analogous, let us say, to what chemistry was in the eighteenth century or physics in the age of Galileo. Every science has to start somewhere and of course there are things it cannot yet explain. But that just shows the science has a future.

This answer would be persuasive if it could be shown that the discipline had indeed become a science. I thought of a period in literary criticism when it was claimed that it had achieved

scientific status.⁴⁰ Of course, literary scientists could not yet explain everything, but that, it was argued, is what research to come will do. Reasoning this way, any body of thought, from astrology to dianetics, from alchemy to phrenology, would claim to be a beginning science. But that would not make it one.

Finally, I received a third response—the most sophisticated—from Henry Aaron, who had just completed his service as director of economic studies at the Brookings Institution. Henry referred me to Milton Friedman's celebrated 1953 essay, "The Methodology of Positive Economics."⁴¹ Friedman conceded that the rational choice model might be based on implausible psychology, but that would not matter if the model led to good predictions. This answer struck me as quite powerful. After all, we use a lot of simplifying assumptions we know to be false because their consequences work. That's what models are for. Schematic diagrams and thought experiments often help us draw fruitful conclusions. Why not in this case?

The only answer I could give to Henry was a question: "How good are economists' predictions?" I remember Henry thinking for a few seconds and then saying, "You have a point." And the more I thought of this honest answer, the more I wanted to

40. The claim was made, for instance, by the Russian formalists, who bequeathed it to the structuralists. See Boris Eichenbaum, "The Theory of the Formal Method," *Readings in Russian Poetics: Formalist and Structuralist Views*, ed. Ladislav Matejka and Krystyna Pomorska (MIT Press, 1971), pp. 3–37. Eichenbaum relies on the "young science" argument: "There are no ready-made sciences. The vitality of a science is not measured by its establishing truths but by its overcoming errors" (p. 4). And then, as we have noted, there are the more recent spoof literary sciences. Computers have inspired one attempt at a hard science of literature. See Joshua Rothman, "An Attempt to Discover the Laws of Literature," *New Yorker*, March 20, 2014, <http://www.newyorker.com/books/page-turner/an-attempt-to-discover-the-laws-of-literature>. Others have attempted to base a science of literature on evolutionary theory or cognitive science. See "The Next Big Thing in English: Knowing They Know That You Know," <http://www.nytimes.com/2010/04/01/books/01lit.html?pagewanted=all>.

41. Milton Friedman, "The Methodology of Positive Economics," in Milton Friedman, *Essays in Positive Economics* (University of Chicago Press, 1953), pp. 3–43, reprinted in *The Methodology of Positive Economics*, ed. Uskali Mäki (Cambridge University Press, 2009), pp. 3–42.

defend economics: surely, many of its predictions, especially those offered by microeconomics, are pretty good.

When I offered my reasons for thinking economics was not a hard science, the social scientists at first presumed I was saying that economics was useless or groundless. For a humanist, this did not at all follow. I have never believed that literary interpretation or art criticism could be a science, but I don't think them useless. There is no science of violin playing, but it can be better or worse and we still go to virtuoso concerts. For me, what the humanities are about, and what the great writers offer, is wisdom, and wisdom by definition cannot be formalized into anything resembling a mathematical model. If it could be, it could be taught as just another proposition.

We all know people who are brilliant scientists, mathematicians, or engineers whom we might trust to design a machine but not to decide how it would be used. Might that not be true of economists as well? In that case, couldn't they profit from humanistic wisdom?

Aristotle argued that young people readily learn mathematics but not wisdom because wisdom requires experience, and experience demands time. He cautions repeatedly that different subjects allow for different *kinds* of knowledge. In some cases, precision is out of the question. It is as wrong to impose mathematical reasoning on ethics as it would be to think about geometry humanistically (or, as he says, "rhetorically"): "Our discussion will be adequate if it has as much clearness as the subject-matter admits of, for precision is not to be sought for alike in all discussions ... for it is the mark of an educated man to look for precision in each class of things just so far as the nature of the subject admits; it is evidently equally foolish to accept probable reasoning from a mathematician and to demand from a rhetorician scientific proofs".⁴²

42. Aristotle, "Nichomachean Ethics," *The Basic Works of Aristotle*, ed. Richard McKeon (Random House, 1941), p. 936.

It seemed to me that economics and other social disciplines could be, and doubtless were, valuable without being sciences. So conceived, they would have to present their claims differently, but they would still offer insight. To me, it remained an open question how far economics could go “mathematically” and at what point it might benefit from thinking “rhetorically” or humanistically.⁴³

Sometimes the social scientists turned the tables and quizzed me about the shortcomings of the humanities. They were puzzled that literature scholars still wrote about psychoanalysis as if it were an established science (and did not seem to know that in psychology departments it was a thing of the past). How was that possible? And how could literary scholars think of a discipline that either could not be falsified, or had been falsified, as a science?

The famous Sokal hoax had just taken place, and the social scientists were equally puzzled by it. Alan Sokal, a physicist, had managed to publish in the prestigious, cutting-edge journal *Social Text* a piece of scientific balderdash allegedly showing that the sciences enjoy no special “privilege.” He called for a postmodern science that would serve “liberatory” purposes by dispensing with the notion of “truth.” Mathematics would have to be reformulated according to socially progressive principles. For example, Sokal wrote the following: “Mainstream Western physical science has, since Galileo, been formulated in the lan-

43. For a classic study of economic argument as a form of rhetoric—rhetoric in the sense of persuasive argument—see Donald N. McCloskey, *If You're So Smart: The Narrative of Economic Expertise* (University of Chicago Press, 1990). McCloskey's book begins: “It is pretty clear that an economist, like a poet, uses metaphors. They are called ‘models’” (p. 1). McCloskey stresses the role of metaphors not appreciated as such. Economists also use stories, some of which are “unbelievable, really.” “The literary solution to this literary problem,” he concludes, “is to use the stories and metaphors to criticize one another.... The combination yields truth for science and wisdom for policy” (pp. 3–4). We are also sympathetic with McCloskey's ambition: “The argument here is a moderate, pluralistic argument against monistic immoderation (most of the good arguments since Plato have been monistic and immoderate)” (pp. 4–5).

guage of mathematics. But *whose* mathematics? The question is a fundamental one, for, as Aronowitz has observed, ‘neither logic nor mathematics escapes the “contamination” of the social.’ And as feminist thinkers have repeatedly pointed out, in the present culture this contamination is overwhelmingly capitalist, patriarchal and militaristic: ‘Mathematics is portrayed as a woman whose nature desires to be the conquered Other.’ Thus, a liberatory science cannot be complete without a profound revision of the canon of mathematics.”⁴⁴ Despite containing sentences that were complete nonsense, and scientifically illiterate, Sokal’s submission managed to pass peer review. Only after the article appeared did Sokal reveal it was a hoax, concocted just to see if the humanists would publish any nonsense so long as it reached the right conclusions and cited the right people.

The incident focused the social scientists’ attention on humanists’ assertions that there is no such thing as facts, that what we call facts are what is in our social interest to regard as such, that science is just another form of “discourse,” and that no body of supposed knowledge is intrinsically superior to any other. Surely, the social scientists asked me, they can’t mean what they seem to say. Doubtless, what they really mean is that we have to be on the lookout for the often unsuspected bias that creeps into our work, and that science is often shaped in part by social forces. I had to reply that if that were all that was claimed, it would hardly be revolutionary. No one in the humanities had ever doubted either of those more modest propositions. What was worth claiming was the extreme version and that, yes, that was the orthodox, if not universal, position. That was precisely why Sokal conducted his hoax.

But most of the social scientists could not believe that anyone could be a relativist in that extreme sense. If all knowledge

44. See Alan Sokal, “Transgressing the Boundaries: Towards a Transformative Hermeneutics of Quantum Gravity,” http://www.physics.nyu.edu/sokal/transgress_v2/transgress_v2_singlefile.html.

were equally good, how could the humanist scholars claim to be experts in something? Since this objection must be obvious, no one could maintain such a position.

It was at this point that I understood the idea of “two cultures.” When C. P. Snow wrote his celebrated book by that title, he had in mind the gap between the humanities and the hard sciences; but I was seeing an equivalent gap—or gulf—between literary studies and the social sciences.⁴⁵ I concluded that a real gulf exists, and we genuinely have two distinct cultures, but not when disciplines hold different beliefs. They always do. We have two distinct cultures when neither can believe that the other believes what it says it believes!

When the humanities were challenged in this way, I realized that, if forced to choose, I would pick the disciplines that at least presumed the possibility of meaningful knowledge. But my hope was that each could learn from the spirit and specific insights of the other.

The more I spoke with the social scientists, the more it seemed to me that the key issue was the role of narratives or stories. One of the social scientists maintained that in a true science stories are unnecessary. Physicists do not prove theories, or mathematicians theorems, with stories. Social disciplines will have achieved true scientific status, he explained, when they can entirely dispense with narrative explanations. To be sure, it would still be admissible to illustrate a law with a specific course of events, but one would never have to resort to narrative to explain why something happened, the way historians routinely do.

Having once intended to be a physicist, I got the point right away. Although one could give a narrative explanation about the orbit of Mars—first it was here, and then it moved there,

45. Charles Percy Snow, *The Two Cultures* (Cambridge University Press, 1959 and 2001). For a more recent treatment of the two cultures problem, see Stephen Jay Gould, *The Hedgehog, the Fox, and the Magister's Pox: Mending the Gap between Science and the Humanities* (Harmony, 2003).

and then it skidded in over here—it would be absurd to do so because Newton’s laws already allow one to derive its location at any point in time.

So I left the Center with a new concept in mind, which I called “narrativeness.” Narrativeness, which comes in degrees, measures the need for narrative. In the example of Mars, there is zero narrativeness. On the other hand, the sort of ethical questions posed by the great realist novels have maximal narrativeness.⁴⁶

When is there narrativeness? The more we need culture as a means of explanation, the more narrativeness. The more we invoke irreducibly individual human psychology, the more narrativeness. And the more contingent factors—events that are unpredictable from within one’s disciplinary framework—play a role, the more narrativeness.

So the question arose for me, how much narrativeness is there in economics? Could economics be improved with more stories? When I began teaching with Morton Schapiro, this question, which I first formulated in my last weeks at the Center, was very much on my mind.

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We became convinced that economists and humanists do not just arrive at different conclusions; they also pose different questions, perceive various facts differently, and favor explanations that for the other would not count as explanations at all.

Too often, “interdisciplinary” means approaching the subject matter of other fields with methods of one’s own, but genuine interdisciplinarity includes a *dialogue of approaches*. Let us say again: what it requires is not a fusion—a spoof of one discipline or the other—but a conversation, in which each side maintains its own outlook while respecting and being pre-

46. See Gary Saul Morson, “Narrativeness,” in *New Literary History*, vol. 34, no. 1 (Winter 2003), pp. 59–73.

pared to learn from the other. “I know you better than you know yourself” is not the beginning of dialogue. “Each of us can help the other achieve its own goals” might be. That is the sort of dialogue we hope to create in this volume.

We focus on one side of this dialogue: how economics can be made more powerful in conversation with the humanities. We do not doubt the value of moving in the opposite direction, that is, applying economic ways of thinking to humanistic problems.⁴⁷ From time to time, we do just that, but only opportunistically and occasionally. On the whole, we leave that part of the dialogue for a future study, by ourselves or others.

We stress that this is not an attack on the intrinsic value of the discipline of economics. We don’t doubt the extraordinary power of economics: its rigor, its focus, its interest in policies aimed at improving the human condition. We do, however, think its narrowness undermines its usefulness. Is it possible that economists could predict the future more accurately? Could they produce more effective policies? Could they better understand human behavior? We grapple with these and related questions below.

If we are successful, our argument will make a difference to three audiences: economists, humanists, and, perhaps most important, the general reader.

For economists, it may sharpen their sense of when economic problems demand more than economic solutions. Especially when policy recommendations are involved, questions regarding values, meaning, and other topics familiar to humanists are likely to prove dangerous to ignore or to address in purely economic terms. Good economics involves more

47. We mention in chapter 7 how humanists could benefit from a better understanding of the concept of scarce resources and its implication for making choices. Reflecting on that part of our manuscript, one reader remarked about humanists: “They don’t understand budget constraints. Nor for that matter basic ideas such as comparative advantage, opportunity costs, positive sum games, incentives, selection bias, and many other basic concepts in economics.” We return to this point in that chapter.

than just economics. We expect that position will unsettle some economists, even if our goal is not to attack the discipline but to expand its scope and its power.

If someone were to argue that to understand human society and behavior one needs more than biology, that would not diminish biology. To say that technological problems cannot be approached in terms of technology alone, but must include their effects on human users and bystanders, is not to be a Luddite. By the same token, to create a dialogue between economics and the humanities should make economics more, not less, useful in its goals of understanding human events and recommending sound policies.

Humanists, too, will come to appreciate where their disciplines can make more of a difference. At a time when the value of the humanities seems increasingly in question, that may give them renewed value. To be sure, this approach runs directly counter to all those attempts on the part of beleaguered humanists to save their disciplines by trying to transform them into some sort of putative science or social science—that is, by creating spoof humanistic disciplines. You can't save the humanities by dehumanizing them. The premature claim of scientific status often generates not a future science but a pseudoscience, and in the process, marginalizes what the discipline is genuinely good at. If humanists renew their faith in their distinctive ways of knowing, and in the wisdom of great literature, they have much to contribute to areas they have usually overlooked and that have overlooked them.

Above all, we hope to interest the general reader, not just by the overall argument but by the specific case studies. Perhaps to their dismay, these readers will learn how some colleges and universities admit students and award financial aid. They will also see why they should be more suspicious of those who rank institutions of higher education, an activity that seems to be expanding rather than improving. Beyond that, readers may be troubled by how little we know about why one

nation grows more prosperous than another, or by insights about how people make decisions regarding intimate matters, like marriage and family life. But even those who reject these insights entirely will in the process clarify their understanding of matters close to home for everyone. And in a world of global issues and many cultures, readers may recognize how multiple points of view, including those from perspectives they have not imagined, may prove illuminating.

Today, intelligent readers are called upon to respond to disparate social problems. They are offered endless solutions by supposed experts in many fields. All solutions seem to be tendered with supreme confidence but often contradict one another. How are readers to evaluate them? After all, they cannot be an expert in all fields and in most cases must evaluate recommendations from outside their professional competence. It will not do to take all such recommendations on faith. Readers are not really thinking if they accept only those solutions that accord with their prior inclinations. And it also will not do to imagine that their prejudices—a term usually applied only to others—are enough of a guide.

As Deirdre McCloskey has pointed out, economic argument, like that of many fields, relies on rhetoric often unrecognized as such.⁴⁸ In each historical period, there is always a set of terms that add unearned plausibility to a claim. “Studies have shown,” “computer models prove,” “brain scans demonstrate”: these are the magic words of our time. Like social Darwinism in the late nineteenth century, this phraseology seems persuasive because it is new, and it is ours.

If you say “people like sweet things and will expend effort to taste them,” it seems like a truism hardly worth saying at

48. Deirdre McCloskey, *The Rhetoric of Economics* (University of Wisconsin Press, 1998) and *Knowledge and Persuasion in Economics* (Cambridge University Press, 1994). With these books, along with the earlier *If You're So Smart: The Narrative of Economic Expertise* cited above, McCloskey has pioneered the creation of dialogues between economics and other disciplines.

all. But say “brain scans show that the pleasure neurons of the such-and-such region of the cerebral cortex light up in the presence of substances with a sweetness index as high or higher than 1.0, and that oxytocin is released when neurons associated with anticipation and focused attention are activated” and it sounds more scientific without adding any real information. Say with wonder “do you know that some forms of learning actually change the brain?” and people forget they always knew that. What else could learning change, the kidney? By such rhetoric, those who would mystify us—or have mystified themselves—may lend unearned authority to weak ideas, or unwanted significance to trivial ones. Economists and other social scientists are not immune to such self-mystification. We need to recognize when that is the case. The present volume offers some tools for recognizing signs that increased skepticism is in order.

Sometimes bold thinkers formulate systems to explain vast domains of human activity. These “hedgehogs,” to use Isaiah Berlin’s term, may export models from a hard science, say, ecology or evolutionary biology, to some domain of human affairs. In much the same way, economists may extend their characteristic way of understanding to areas that have hitherto seen to resist such thinking. Spoofs proliferate. When a broad enough claim is made, it seems revolutionary. The media will hail the breakthrough and contend that, at last, a scientific solution to intractable problems has been found. Much as professional journals favor positive results, and rarely publish negative ones, so reporters rarely understate a supposed discovery’s import and basis. The professional need to attract attention, combined with the sincere hope of social improvement, lead many journalists to paint an all too rosy picture.

Skeptics, however well supported their doubts, struggle to be heard above the applause. They are unlikely to be praised for doing what responsible scientists and scholars are supposed to do—test purported solutions against logic and evi-

dence. They are more likely to be condemned as antiscientific! Nobody likes to have her hopes discredited. If she did, promoters of new diets would have a harder time.

The general reader, without expertise in many fields, may be drawn into accepting whatever supposedly revolutionary claims proponents make, so long as those proponents sport proper credentials. And since sometimes those who object do indeed use shoddy logic, or seem inclined to reject even the best-supported claims because they happen to have unpleasant implications, it is always easy to imagine that any given objection is indeed antiscientific. But how is the reader supposed to distinguish well-founded skepticism from curmudgeonly disgust? This book offers no infallible method, but it does show some red flags to look for.

Every comprehensive theory is based on some set of data that it fits exceptionally well and explains better than its rivals. The temptation arises to extend that theory to data it fits somewhat less well and then, step by step, to data it fits only with Procrustean force. Everything resembling the theory's original domain is seen, and everything radically different from it is overlooked, dismissed, or explained in terms of the theory itself. There are always ways to make a set of claims more vague but less subject to falsification, more extensive but less open to any conceivable counterevidence. Eventually, the claim seems to explain everything but only because, whenever fatal counterarguments arise, key terms are redefined to preclude refutation. We hope that readers can learn to recognize when this happens. They can appreciate the seductive fallacies of all-embracing systems. We examine a number from economics and related fields that have commanded considerable attention.

At the same time, readers can be wise enough not to reject these all-embracing economic theories in their entirety. Even if exaggerated, the value of such theories may be considerable. One can learn not to throw the baby out with the bathwater,

while also learning that not all bathwater is baby. For everyone, not just parents, it is important to distinguish between the two.

This book offers several case studies in such discrimination. It also cites wiser alternatives, deeper if less sexy explanations that depend on combining multiple ways of seeing and creating a dialogue of disciplines. We hope to show the general reader what good versions of such dialogues sound like.

Of course, the dialogue between the humanities and economics is only one of many possible interdisciplinary dialogues that we also hope to foster. Perhaps they, too, will aid us all to make intelligent decisions about expert advice. Everyone is a nonspecialist in something, and so democracy demands that nonspecialists can evaluate how good expert advice is. The alternatives—either entirely ignoring all expertise or turning over decision-making power to anyone aspiring to it—both give rise to disastrous results. That is why we hope to show one way in which intelligent citizens can evaluate what an expert may have left out, how her claim looks from the perspective of other disciplines, and how to recognize when ambition has likely gone beyond possible evidence.

Genuine dialogue never ends. It always generates new insights that, a few steps before, could not have been anticipated. Interlocutors, responding to these insights, continue to generate ideas that surprise the interlocutors themselves. We hope to create such a dialogue between economists and humanists and between ourselves and our readers. With them we aspire, most of all, to keep the conversation going.