

Hyperrational is boring

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I don't think there are all that many actual economists out there who really think that people are interested only in maximizing their profits. Academically, it's something of a straw-man that some sociologists like to attack. But it remains a favorite among people who have only read a bit of economics.

Gosh, I can't find the original reference, but I've read a party or two pointing out that hipster "irony" is just an easy way to sound smart without actually being so. [I call it "irony" because, as I'd noted in entry #186, it's certainly not irony in any O. Henry kind of way—it's just sarcasm.] Similarly, it's easy to use cynicism to sound smart. Any time somebody comes up to you and says that Joe is being nice, you point out Joe's self-interested inner motives. Half the time, you're right, and the other half, nobody can prove you're wrong. Cynicism is a win all around: you don't have to think very hard, you sound worldly and possibly insightful, and nobody ever abuses your non-existent trust.

The typical definition of a cynic—somebody who presumes that everybody's motives are always purely self-interested—matches the definition of all of human nature adopted by the typical armchair economist.

From there, you could take it two ways. The narrow path says that it's simply material gain that matters. The humanists characterize this as want of money; those with a biologic bent call it a drive for reproduction. Either way, all the other things people do during the day, like helping others, reading fiction, building ships in a bottle, are all surface activities which the cynic recognizes as mere attempts to get paid or get laid.

Although it is actually true in limited contexts, this approach gets preeminently boring. When I meet somebody who is substituting cynicism for intelligence, I start to wonder why I'm having the conversation. If the machine only has a few moving parts, then I can work out what it will do by myself.

And when the hypothesis is true, that means that the subject is boring too. We can comfortably describe the drive to reproduce and get paid as *mechanical*. That's why IBM is boring: all they do is maximize revenue. Oh, they've found a new way to sue people for the sake of extracting a cash settlement? How enthralling. Although I never would've thought of it myself, it's still predictable. But when I meet somebody who tells me that they like to build and fly kites, well, that's fun and actually unexpected, and gives me the impression that the person is not a robot.

It is the digression from the cynical baseline that makes people interesting.

Back to economics, the wide path takes humans as much more complex in motivations. People can have all sorts of goals, like bolstering their self-image as good

ship-builders, or enjoying various types of play just because they're fun.

I'm comfortable saying that within academia, the wide path is winning out. If you pressed the economists who espoused the narrow path view, many of them would say that they never really believed it anyway, but it is a useful model nonetheless.

After all, if it really is just about cash and getting laid, *what are these people doing in academia?* Your average University of Chicago economist is very smart, good with numbers, and well-connected with Chicago's large financial community. Why is he wasting his time trying to get papers published in journals nobody reads? He could be on the North side of town snorting coke off the ass of an options trader in the peak of her fertility. Simply by their actions, our neoclassical economists show us that human motives can include far more than just cash income.

And if you bother to read their papers, you'll find more wide-path thinking, which is why so many sociologists and political scientists are annoyed: economists keep writing about things like elections and environmental preferences that they're not supposed to care about.

In other words, economics is *interesting* again, because economists are increasingly willing to accept that people are interesting.

I like the current crop of pop economists—the ones with book titles in the way of Xtremonomics—for not being about cynical self-interest so much as just applying mathematical reasoning to human affairs. Sure, their statistics are famously sloppy, but at least they're fun, and their focus on quirky facets of humanity acknowledge that people really do things beyond eat, sleep, and reproduce. Now we just need the armchair economists (including every year's incoming class of econ majors) to pick up on the hint and stop equating economic theory with unabashed, mechanical cynicism.