

Between a compendium and a hard place

The Economics of Economists, Institutional Setting, Individual Incentives, and Future Prospects, edited by Alessandro Lanteri and Jack Vromen, 2014, Cambridge: Cambridge University Press.

The economics of economists, much like other disciplines squared such as the history of historians or the sociology of sociologists, is a pursuit that courts overconfidence in a discipline's explanatory powers. Fortunately and despite its title, this book is not written by economists claiming with self-loving enthusiasm that they are the best analysts of themselves. The reader is spared principal-agent models of the supervisor/graduate student relationship or labor market studies justifying the high salaries of the economics professoriate. Instead, what stands out from between the covers are the reasonable contributions of an eminent band of economic methodologists. The majority of the essays follow well-travelled itineraries. More than a couple of the essays collected are reprints and a handful of others restate arguments that will not surprise the advanced reader.

The book is not what the title suggests, and that's a good thing. To structure my review I turn the misnomer into a riddle: what is the economics of economists without the economists? (or more prosaically, what kind of book is this?) I examine three possible answers. First, I consider if the volume is as promised a collection of papers on economics of economics albeit of an unconventional and novel kind. Second, if it is instead a compendium of past and recent contributions to the methodology and sociology of economics, and finally, whether it might be an original synthesis of economic methodology. I will show that each of these readings is both plausible and implausible.

Economics² rebooted

The conventional economics of economists (henceforth economics²) is wedded to two themes. It conceives economists as writers and examines the productivity of publication. The measures of productivity are opaquely objective such as counts of articles or pages published and with citations used as proxies of quality. The various studies on impact factors and rankings have had the unintended consequence of making economists acutely aware of the packing

order of journals and of their own citation careers. David Colander in a think piece imagining a new metric to assess economists' worth ("Can European economics compete with US economics?", chapter 5), reminds us that journal articles are a small part of economists' lives. Colander argues that a metric that captures the full range of professional activities should include teaching, consultancy and civic engagement. To conceive publication as the ultimate outcome of research warps our understanding of the profession's social worth.

The other theme of conventional economics² is to study education in economics as an investment in human capital. This body of literature is a not so veiled advertisement to "join the econs". One of the book's chapters, by Wendy Stock and John Siegfried, describes the achievements of the class of 1997 ("Careers patterns of economics Ph.D.s", chapter 6). Without commentary the essay happily records the return to graduate education letting the numbers speak for themselves. Not much insight is gained from this panel data exercise, other than the suggestion that a Ph.D. in economics is good value for tuition and that "the kids are alright!"

In the first two pages of their introduction, the editors of the book bullet list some classics of economics² and as I have just noted a couple of chapters address that literature's central themes. Despite this overlap, the volume takes on a set of problems that is not staple economics². Its explicit "starting assumption" "is that economists are just intelligent people, who try to navigate (and succeed in) their professional and social environment. In words more familiar to the profession, [TM: although not the same thing!] economists are rational actors who react to incentives." (page 3). The basic components of the editors' vision for economics² are expressed in the three part structure of the book, and in the book's subtitle. They "identify incentives, by means of exploring the environment" in part I, while in part II, they uncover "the incentives individual scholars face in their professional lives." Finally in part III, challenges are diagnosed and possible solutions offered.

The reader will find it difficult to distinguish parts I and II. Consider for instance the chapters by Arjo Klammer ("The culture of academic economics", chapter 1)

about the values inculcated by economists' training and the one by Wade Hands on the values implied in economists' disinterest in priority disputes ("Scientific norms and the values of economists", chapter 7). There is not much to tell the chapters apart on matters of standpoint or ontological conviction. "Incentive" is the keyword most repeated in the introduction and part headings but the term is not explicitly defined and the definition trafficked by the term's use encompasses monetized returns to graduate education, unspoken values and dispositions, aspirations, stereotypes, and ideology. Incentives so loosely defined do not spell out a research program.

Whilst the distinction between "institutional setting" (part I) and "individual incentives" (part II) melts under the spotlight, one also begins to appreciate that the first half of the book is an impressive tour of the many facets of lived economics. These facets include the preeminence of rankings ("Academic rankings between the "republic of science" and "new public management" by Margit Osterloh and Bruno S. Frey, chapter 3), games of influence in publications ("Gatekeepers of economics" by Alberto Baccini and Lucio Barabesi, chapter 4) and the reach of economists' influence in global policymaking ("The construction of a global profession" by Marion Fourcade, chapter 2). We are given the elements for a collective portrait of the lives of economists. It is left to the reader's imagination to put the elements together.

A compendium

The introduction explains that the volume joins the work of economists, examining economics as an economic activity, with the work of methodologists, philosophers of science and sociologists. My suggestion that the book serves us a multi thematic menu of the values and experiences of doing economics is partly a result of its diverse authorship. But how are these contributions to fit together? There is no effort to assemble them and each chapter stands on its own. There is one exception to the rule. The essay by Robert Frank ("Do we try to teach our students too much?", chapter 9) makes the case for Frank's signature "economic naturalist" assignment at Cornell University where he instructs students to translate observations of social action onto the grid of a handful of key economic

concepts and explanations. Jack Vromen's essay ("The perils of narrative teaching in economics", chapter 10) is in overt controversy with Frank's text and indicts the incoherence of some of the students' "insights" while also making a very sensible case for preparing students to be "open-minded scholars." These two chapters are unusual. No other chapters acknowledge the book they are part of, or the contents of the neighboring contributions.

Some of the standalone essays also standalone in a second sense. They are very light on references, particularly those that revisit well-known arguments, and thus primarily mention the author's prior work. That is the case of the chapters by Klamer and Colander already mentioned. For instance one reads Klamer dispensing with argued justification when he grants that "'Worlds' and 'fields' are fine concepts to make sense of academic economics as a cultural practice, but I prefer 'conversation' because of the linguistic performance that being in a world or field entails." (p. 14). Klamer can argue for his predilection in a scholarly fashion and has done so many times, his choice of a "I prefer" strikes me not as laziness but as a calculated decision to enhance the essay's readability. The implied reader of Klamer's essay is not the fellow scholar but an advanced undergraduate or an intellectually minded layperson.

One can read this book as a compendium (or a handbook) where some of the greats of our discipline revisit their "best off". The most entertaining and provocative performance of this kind is indubitably the essay by Deidre McCloskey which was originally published on her website in 2006 ("Why economics is on the wrong track", chapter 8). McCloskey opens with the lines "If you will forgive me, I will be very simple here" (page 211) and nineteen pages on (of a total of thirty two) she has not yet returned to the question of her title. McCloskey takes her time to get to the point to tease the reader and her playfulness and irony is good for you.

The style of direct address and of simple argument unencumbered by reference or evidence, the inclusion of reprints and restatements of important arguments in the literature, suggests that this is a book fit for teaching. A lecturer may recommend the title as an overview to aid student's self-study or she may pick

and choose specific essays as she formulates an account of the culture of economics.

New synthesis of economic methodology

Not all essays are written for the ease and pleasure of the reader, some of them are in the dry scholarly genre, and the chapter on publication gatekeeping skips a conclusion and closes with a table of journal rankings and scores that takes up 27 pages. Thus calling this book a compendium is plausible only by taking a partial view of its contents and there is another similarly (im)plausible reading of its contents and attitude. It requires us to concentrate on part III, on “challenges and solutions,” which comprises nearly half of the volume.

What are the challenges? They are challenges for economists and not challenges for those in the business of studying economists. They include McCloskey’s “two sins”, the practice of proving theorems unaccompanied by any connection to the real world and the fetish of statistical significance. The challenges include the controversy between Frank and Vromen on how to teach and what kind of literacy we should demand from education. The challenges include addressing some disparaging features of the profession that come into relief once we compare it to other social sciences. Among the social sciences, economics has the worst track record of promotions of women to full professor rank (“Academic women’s careers in the social sciences” by Donna Ginther and Shulamit Kahn, chapter 11). Besides the gender bias there is an identity bias, whereby fulfilling popular stereotypes of how to think like an economist, students are led to act as ruthless optimizers (“Ought (only) economists to defect?” by Alessandro Lanteri and Salvatore Rizzello, chapter 12).

The book closes with a manifesto by the participants of a working group on “Modeling of Financial Markets” that met in Dahlem in 2008, and is entitled “The financial crisis and the systemic failure of academic economics.” Its premise is that economists were partially responsible for the financial crisis. The models and claims of economists travelled with authority to the financial services industry creating unjustified trust in financial innovations. Although one would expect a text on 2007-8 current affairs to have aged poorly, it has stayed relevant

as so little has changed in the past seven years. Of all the essays, only the final one outlines directions for action. It calls for models with better microfoundations and urges economists to take ethical initiative by disclosing their own ignorance and the limits to their models and prescriptions.

One does not put down this book red with rage or blue with depression, instead one leaves it with a faint feeling of hope. The book's message is unequivocally critical, and besides recording their high salaries and their global influence, the book is uncomplimentary to the values and practices of economists. How can the book then make a case for hopefulness? I believe the keyword "incentives" is part of the answer, since the term hints at the possibilities of social engineering. Why does the book use "incentives" as a synonym for economists' reasons for action, which the book also reveals are deeply ingrained in values, routines and ideologies? It is as we have seen from an earlier quote, a conscious decision by the editors to use the economists' lexicon. It is, an invitation to economists to pick up the book. The focus on "incentives" carries the suggestion that economists are steered to their "sins" by a cultural and institutional structure. Economists' actions are thus responses to their education, to popular stereotypes, to the arrangements of editorial boards and policy institutions.

The editors brandish the conviction that a social explanation of the practices and values of economists is possible. They start the book with the remarkable statement that "The profession of academic economics as been long and widely criticized. However, it has been studied only sparsely." (page 3) Lanteri and Vromen believe their outlook to be novel and significant. The merit of their collection lies in placing together a distinct set of contributions, in translating those contributions into a friendly language of "incentives", and in calling for more research of this new kind.

It is the fate of the historian to cringe and then growl at such statements of originality. It seems to me nearly offensive to state that the vast and vibrant communities of historians, sociologists, philosophers and methodologists of economics have only "sparsely" done their job. I note that before Marion Fourcade began writing on American economics from the perspective of the

sociology of professions there was a Bob Coats, a William Barber, a Mary Furner, a Dorothy Ross covering that same ground (and many more names could be dropped for the sociology of European economics). There is the work done on “neoliberalism”, from Foucault’s 1979 College de France lectures to the present day, that traces the imprint of economics on culture and government (“governmentality” in the jargon). And to give an example that is dear and close to me the new economic sociology of Michel Callon and Donald MacKenzie, their students, and other fellow travelers, examines how economists produce systems of calculation and valuation that make markets. It is startling that the final chapter of the book reviewing economists’ responsibility in financial crises does not contain a single entry from the “performativity” literature.

In another friendly gesture of the introduction the editors assure the readers that “we do not regard [the crisis of credibility of economics] as an opportunity for (further) economics bashing.” Such a statement is likely intended to assuage the fears of the middle-roading economist. It says to him there are no “crazies” here. But surely the editors know that the bashers are most likely the first and most loyal readers of their book. Why bash the bashers? The bashers are your friends. I agree with Lanteri and Vromen that an alarmist attitude towards the state of economics shouldn’t be encouraged. Even if being loud does get you heard in academia more than soft spokenness, I see no evidence that screaming will advance a program of critical examination. My objection is rather that a change of attitude is irrelevant. I don’t expect this book to get attention and a following merely by the cunning use of “incentives” and by its assurances that it does not endorse the “bashing” program.

What we need is what the book gestures towards but is too shy to attempt. We must work towards comprehensive and compelling synthesis of the accumulating body of work of historians, sociologists, and methodologists of economics. We need a book packed of trials of synthesis, showing honestly where the differences and difficulties lay, and what insights are to be gained. *Economics of economists* shows that we have plenty of points of contact to explore in such keywords as values, practices and models, but it also shows that taken individually and set side by side our understanding of economics remains

unsatisfactory. A case for change in the profession built on those grounds is little more than polite pleading.

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