"The Rhetoric of Economics" Social Science 71 (Fall 1986): 97:102 (prepared by Frank Moore from a talk at the INstitute for REsearch

in Social Science, University of North Carolina, Jan. 1986).

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The Rhetoric of Economics

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Economics, like other social sciences, prides itself on the scientific nature of its discourse. McCloskey argues that economics--and science in general--is also a rhetorical discipline using analogy and metaphor. He suggests that economic arguments are not simply matters of regression or experiment but contain elements of persuasion, belief, introspection, appeals to authority and aesthetics.

The Socratic Dialogue (the good conversation, quite often over food) invented, like so much of our civilization, by the Greeks, is one of the oldest descriptions of our intellectual life. It is also one of the most charming and persuasive. The practice of economics needs no more methodological guidance than the rules of good conversation. Such rules are called by the German sociological philosopher, Jurgen Habermas, *Sprachethik*, speech morality: Don't lie; pay attention; don't sneer; cooperate; don't shout; let other people talk; be open-minded; explain yourself when asked; don't resort to violence or conspiracy to push your ideas. These are the norms, the metarules, to which we implicitly accede by the mere act of joining conversation. The subject matter of the conversation is unimportant--whether among economists about how to manage the economy or between parents about how to manage their teenager. We, as economists, are scholars in a conversation, and successful scholarship is necessarily good conversation.

The Language of Science

This controversial metaphor of intellectual existence does not fit the official image of economics, much less of science. Indeed, science is supposed to have nothing to do with anything so ordinary as conversation or persuasion. The vocabulary of official scientific Methodology is authoritarian, a method of *compelling* proof and *decisive* experimentation aimed at *prediction* and *control*. The character of the official image of science is part of the general culture but is intensified in the academy. It requires quantitative analysis and hypothetic-deductive reasoning.

Science and humanism. Even if science did operate under this official image, surely economics does not. This is not to say that economics is not scientific. Economics is a brilliantly successful science, explaining as much about businesspeople and resource allocation as evolution explains about plants and animals, and for identical reasons. Nor is it to say that because economics is not scientific it is humanistic. That would be a poor way of looking at both science and the humanities. On the contrary, the point is that all science, and certainly economics, is humanistic because that is all that a human being can be. There is no way to argue other than the way human beings argue, and economic arguments can be described in the same terms as political arguments or poetic assertions.

Economics is scientific: it has theorems from mathematics and findings from experiments; and it is objective. Equally, however, economics is literary, verbal as well as mathematical, introspective as well as statistical. One can show this by using the methods of the English or Communications department to examine how economists actually persuade each other, in print and in the hallways.

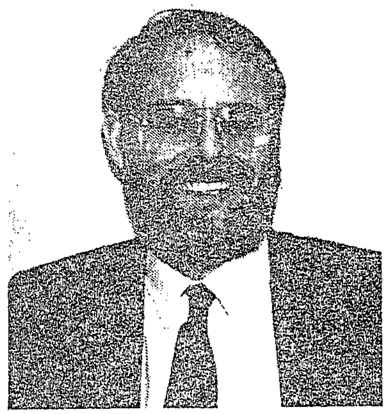
Economics as rhetoric. The workaday methods of economic scientists are in fact literary, since the scientific paper is, after all, a literary genre, with an actual author, an implied reader, a history, and a form. The economic scientist is a linguistic actor and his assertions are speech acts made in a scene of scientific tradition for purposes of describing nature or mankind better than the next fellow.

By closely examining the productions of economists, you will see that they have much in common with poems and novels, that economists are story-tellers, historians with bad data. You will find that economists persuade themselves of statistical propositions on the basis of heavily aesthetic criteria, and that to understand them it is useful to apply the methods of classical rhetoric--the ways of understanding speechmaking developed by the Greeks and Romans.

Scientific Evidence for the Law of Demand

Consider the Law of Demand, the fundamental law of economics that says that the demand for goods and services is sensitive to price. When the price of something goes up, the demand for it goes down. This single proposition distinguishes economists from other human beings--most other serious observers of society doubt the law of demand. Ask a sociologist why you consume oil and he'll say it's habit; ask a psychologist and he'll say it's your father; ask an economist and she'll say it's price.

How do we as economists know the Law of Demand is true? The answer is, We persuade and are persuaded. There are



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This article was prepared by Frank Moore based on a January 1986 IRSS Colloquium.

in fact many methods of persuasion--many types of argument--that economists use to prove the Law, using the art and power of rhetoric.

Econometric modelling epitomizes the tradition of the official image of science. The Rotterdam School has developed sophisticated statistical tests in which every allowance has been made for possible biases and incompleteness. While these econometric models and equations of entire economies accord roughly with the Law of Demand, their inventors admit that the findings are sensitive to their underlying assumptions.

Empirical observations focusing on certain agricultural commodities such as feed corn, usually result in negative coefficients on price. The school of quantitative agricultural economics at Iowa State University invented the method, which again mildly confirms the Law. Yet Houthakker and Taylor demonstrated that demand for all commodities in the American economy often did not fall significantly in response to rising prices, and sometimes did not respond at all.

Experiments. Finally, a few actual experiments have been performed, with animal and human subjects. These have often rejected the Law, and when they have not, have left us with conclusions of dubious value. We now know, for example, that cherry soda is a luxury item in the economy of rats and that students at the University of Arizona do not follow the Law of Demand.

A line of demarcation. These are the official ways of proving the Law of Demand: the complex models of econometrics; the less controlled observations such as those of the Iowa School; and the few experiments of recent years. Their proof of the Law of Demand is not very persuasive. Indeed, most economists I have talked to admit that the degree of persuasiveness of these scientific methods is somewhere on the order of fifteen percent. Other arguments account for the remaining eighty-five percent of persuasion and belief.

Introspection and inquiry are very persuasive. In asking himself, "What would I do if the price of gasoline doubled?" the economic scientist, if properly socialized in economics, will answer, "Consume less."

Furthermore, the *testimony of others* has similar value. The joke on those who insist on "objective observation is the post-coital inquiry of one behaviorist to another: "*You* enjoyed that; did I?" Yet, there is hostility in economics towards the idea that anything can be learned by asking people. But the hostility is pointless. Responses to questions are facts, too.

Thought experiments are quite common in conversation among economists. In view of his experience of life and knowledge of economies, the economic scientist can ask himself what would happen if a price changed.

Case histories can be persuasive. For example, during the oil embargo noneconomists were saying that people would not cope if forced to reduce gas consumption, and that the industrial world would come to a halt. Instead, the public and private sectors cut back and successfully adjusted--all in accordance with the Law of Demand.

Individual authority also has value for the economist. The lore of the marketplace is one source of such authority. An economist might believe in the Law of Demand because business people, with the incentive of profit, believe in its truth. Authority is derived also from other scholars. "Why do I believe in the Law of Demand? Because Milton Friedman told me so." All scholarship works this way and there is no shame in admitting it. We stand on the shoulders of giants.

Scientific tradition is as proper an argument in economics as elsewhere. If many wise economists have long affirmed the Law of Demand, what mere latecomer would dispute their testimony? Neither science nor scholarship could be dynamic and forward-moving if it operated with the strict radical doubt that is supposed in the artificial method. If every physicist had to prove that force equals mass times acceleration each time the principle were relied upon the science of physics would come to a halt. The same holds true for economics. The cumulative buildup of knowledge and experience tends to prove, and so establish, the truth and persuasiveness of the fundamental principles of science.

Aesthetic arguments such as symmetry, can be quite powerful methods of persuasion. If there is a Law of Supply such that as the price decreases the quantity of supply decreases, it is hard to resist the charm of a Law of Demand to match.

The power of definition underlies many economic arguments. The Law of Demand is true because a higher price of gasoline leaves less, by definition, for other expenditures. Since less gasoline is bought when overall expenditures decline, the demand for gasoline declines. Furthermore, the strength of a given argument depends on the special use of words. The word "income" for example can be used in such a way that the Law of Demand will pop out of it.

Analogy, finally, and most importantly, is the master trope for economics, the main figure of speech. It is what makes arguments about small things like ice cream have importance. That the Law of Demand is true for ice cream and movies makes it much more persuasive that it holds for gasoline. As a practical matter, the science of economics would be in a very bad condition if the Law had to be shown to hold for every product in the economy. We would be sure that it held for rats and cherry soda and for certain kinds of speculators and hogs, but would be left in doubt whether it held for other goods. Analogy gives the Law its majesty, for economists claim that it applies to all manner of things and nonthings, to love, to status, and to political power.

Accepting our Rhetoric

These are all good arguments for the Law of Demand. Observe however that only the first three partake of the official image of science. The other eight are artistic, literary, rhetorical. The modernist will try to reduce these last eight to the first three, but he might better be employed reducing the three to the eight: it is easier to see how the efficacy of scientific methodology depends on the authority of scientific tradition or the appeal of symmetry as an aesthetic principle than to see how analogy or introspection can be reduced to econometrics. Close scrutiny of the arguments on the scientific, hard, numerical side of the demarcation line will reveal them to be as humanistic, soft, and verbal as the rest.

It is clear that there is no special virtue in the arguments above the demarcation line. For instance, the laboratory techniques of the small group of economic experimentalists are necessarily limited and their data inconclusive, and so they are forced to rely on analogy to extrapolate to actual, concrete, historical cases. For another instance, the ready assumption of finite variance for the error term in econometric models can plausibly be explained by the inconvenience an error term of infinite variance would cause statistical estimation--so economists, in an aesthetic way, make the appropriate assumption.

Note also that arguments below the demarcation line are not discussed in economics. The conversational habit of economists leads them to confine their arguments to what is regarded as scientific, and not openly admit that they are influenced by more literary considerations. The denial creates unnecessary barriers in the economic dialogue.

Economics is not a matter solely of syllogism, regression, or experiment. It is also analogy and authority. We should accept this fact, broadening and thereby improving the conversation of economists. The conversation would be more open; it would be more productive; and it would be more to the point. It behooves the economist to use the full arsenal of arguments from which he derives belief. The economist who understands his rhetoric is like the neurotic who has undergone psychoanalysis. Freed from repressed desires to be a physicist, he is no longer alienated from society or subject to false consciousness. In short, with introspection and full understanding, the economist will know what he is talking about; and so too will others.