OTHER THINGS EQUAL

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The Natural

A while ago I spent a couple of days in Colorado Springs with Richard Bower, another economist. We were assigned to do a routine review of the undergraduate program in economics at Colorado College (all's well). One benefit of such an assignment is that the reviewers talk and think about programs for a concentrated day or two. If you suppose that professors think about teaching programs every day, on the job, you make a mistake. Two days of talk put some things into focus.

I had not met Bower before. One intellectual generation older than I am, he got an MBA from Columbia (1956) and a Ph.D. from Cornell (1962), and has taught for a long time at Dartmouth's business school. He specializes in public utility economics and the teaching of price theory. He's a prince, a lively, articulate man, who graduated from Kenyon College in 1949 during its last glory days as an American literary center and has taught at Colorado College itself. That is to say, he understands and commends the liberal arts.

But--why always the "but" when economics meets the liberal arts?--Richard Bower is an economist right down to his wing tip shoes. He knows Sophocles and Shakespeare all right, but (there it is again) he believes in economics. Not all economists do, of course. Bower does, as I do, and as perhaps fifteen percent of the profession does. Give the Bowers or the McCloskeys any social situation, from insider trading to an obstreperous teenage child, and they look to economics for an answer, or at least for a good running start.

People who "believe in economics" tend to agree on who the best economists are. They admire economists like Armen Alchian, Ronald Coase, Gary Becker, Gordon Tullock, Leland Yeager, economists often as not unknown to the unbelieving mainstream of the profession. Bower, like me, is a believing economist. It's like being a believing Christian. ("In more ways than one," you can hear the unbelievers say; ye of little faith.)

So Bower and I agree on economics. Our agreement makes our one disagreement about teaching it puzzling. Bower thinks that we can teach economics to undergraduates. I disagree. I have concluded reluctantly, after ruminating on it for a long time, that we can't.

We can teach *about* economics, which is a good thing. The undergraduate program in English literature teaches about literature, not how to do it. No one complains, or should. The undergraduate program in art history teaches about painting, not how to do it. I claim the case of economics is similar. Majoring in economics can teach about economics, but now how to do it.

We economists, especially the true believers, hold up as an ideal of economic education at any level that the students should begin to "think like economists." No one, least of all Bower or me, would deny that thinking like a (Good Old Chicago School) economist is splendid. Bower summarizes the thinking in a triad: a thought of maximization, a thought of equilibrium (see maximization), and a thought of interaction (see equilibrium and maximization). He's right (though Tom Schelling and I would add a thought of accounting identity; see all of the above). After such thinking-like-an-economist has become one's way of looking out at the world, nothing could be more splendid, or easier. What *do* you want? All right, then: what are your constraints? Fine. Anything else? How about those other guys? And does net wealth still equal assets minus liabilities?

But this splendid, easy way of thinking, in case you have not noticed, is extremely difficult to teach. Undergraduates uniformly complain about intermediate micro, which we economists uniformly recognize as the guts of the field, where we Think Like Economists. The kids hate it. And they don't learn much. Show me the A-plus undergraduate who can formulate and solve a problem in micro, applicable to an actual economy, that is something other than a toy problem copied out from the book. Compare what a first-rate undergraduate engineer or historian can do, and weep.

I hope, forlornly, and Bower believes, that the difficulty lies in our teaching methods. Good science after all is interesting and teachable. If we can just get, say, Hal Varian, bless him, to stop writing those formalist economics texts, and if we can get some real, business-school case studies with economic content into the curriculum, the students will catch on and start thinking like economists.

It sounds good, and Bower believes it. But I've tried and tried and tried it--going so far as to write an intermediate textbook with case studies by the hundreds. The book has its fans (and one fan club) but we all agree that in the present version it is Too Difficult. Why is that? Because it tries to teach people to think like economists--not to copy out fourth-rate applied math or to get a feel for the politics of the economy or to learn *about* economics, but to think the way Robert Solow does or Milton Friedman does.

As an empirical scientist I have to conclude from this and other experiences that thinking like an economist is too difficult to be a realistic goal for teaching. I have taught economics, man and boy, for nearly a century, and I tell you that it is the rare, gifted graduate student who learns to think like an economist while still in one of our courses, and it takes a genius undergraduate (Sandy Grossman, say, who was an undergraduate when I came to Chicago in 1968). Most of the economists who catch on do so long after graduate school, while teaching classes or advising governments: that's when I learned to think like an economist, and I wonder if your experience is not the same.

Let me sharpen the thought. I think economics, like philosophy, cannot be taught to nineteen-year olds. It is an old man's field. Nineteen-year olds are, most of them, romantics, capable of memorizing and emoting, but not capable of thinking coldly in the cost-and-benefit way. Look for example at how irrational they are a few years later when getting advice on post-graduate study. A nineteen-year old has intimations of immortality, comes directly from a socialized economy (called a family), and has no feel on his pulse for those tragedies of adult life that economists call scarcity and choice. You can teach a nineteen-year old all the math he can grasp, all the history he can read, all the Latin he can stand. But you cannot teach him a philosophical subject. For that he has to be, say twenty-five, or better, forty-five.

Why, then, does Bower disagree? Why does he think that we can teach a young person how to think like an economist? We had to go home from Colorado Springs before I could work it out with him, but I have an inkling. I think Bower is what I call a Natural. A Natural understands economics the first time he hears it. The rest of us need repetitions at higher and higher levels, like a spiral staircase; the Natural does not; he gets the point at the bottom. Naturally, a Natural like Bower assumes that everyone else finds it just as easy, because it's natural.

Most economists are non-Naturals, like me, who learned the cynicism of the field after a hard slog. Heh, I'm not stupid; but I am not a Natural. When I was twenty-five, having studied economics for six years, I grasped suddenly that prices are for allocation, not fairness. When I was twenty-eight, an assistant professor with Steve Cheung as an office mate, I grasped that prices are only one possible system for allocation (violence and queuing are others), but socially the cheapest. When I was in my thirties I could spot this stuff for myself in actual markets. The Naturals can at nineteen.

Looking over the Naturals I have known I see two types. One, reasonably common in the profession, is the Selfish Natural, that is, a man (all of them in my acquaintance are male) who has a personality mimicking *homo economicus*. (I don't mean that the Natural is all nasty; some of the most charming and loyal men I know are Naturals). His personality makes it easy for him to figure out why the economic man would behave in such a non-romantic, non-late-adolescent way. Many of the people I know who are like that did very well in their first economics course and went on to become professors of law. Bower points out, rightly, that many physicians are Natural economists.

The other and vanishingly rare type is the Sympathetic Natural, a young person who can understand economics because she has mature powers of imagining herself in the shoes of other people, even of the economic man. She is like the very few who can write good fiction (as against poetry, which is romantic) at nineteen, the Flannery O'Connors of economics. These people go on to become economics professors or novelists. I know for sure only one, an economic historian of my acquaintance.

My point is this: 99 percent of our students are not Naturals. We should stop pretending that we are dealing with such people. Our undergraduates, and most of our graduate students, can learn a lot *about* economics that they can use in life. But unless they join us in that slog up the spiral they are not going to think like economists. Perhaps we should redirect our energies, teaching them economic facts and stories, say, or inspiriting them for later study. We could do a lot with economic "criticism", thought of in the way the English department would.

Dick Bower thinks like an economist, but he is wrong about economic education. What we both want, dammit, is not in the production set.

Other Things Equal, a column by Donald McCloskey, appears regularly in this Journal.