


OTHER THINGS EQUAL

Cassandra’s Open Letter to Her Economist Colleagues

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Cassandra, you know, was the most beautiful of the daughters of Priam, king of Troy. The god Apollo fell for her, and made her a prophetess. In exchange he wanted sexual favors, which she refused to give (we needed laws about sexual harassment in 1250 BC as much as we do now). So he cursed her, in a most peculiar way. He had already given her the gift of prophecy, to know the future of the interest rate (say) or of the S&P 500, or to know what was going to happen if the Trojans brought that big wooden horse into the city. The curse? That although she would continue to be correct in her prophecies no one would believe her.

Cassandra (to Trojan guys proposing to bring the horse in): You dopes! The horse is filled with Greek Soldiers. If you bring it in Troy is lost! Trojan Guy: Uh, yeah. I see what you mean, Cassie. Good Point. Enemy soldiers. Inside. Our city lost. Thanks very much for your prophecy. Really. Great contribution. (Turing away.) Well, come on, guys, let’s bring this sucker in.

I have to admit, guys, that I feel like Cassandra. I tell you plainly that existence theorems and statistical significance are useless for a quantitative science like economics. I give you reasoning and evidence that none of you can answer, even the best of you – I mean Nobel laureate, I mean Ken Arrow, Bob Solow, Gerard Debreu, Doug North; name your laureate. When you try to answer my (blindingly obvious and therefore rigorously true) points you just make fools of yourselves, showing that you haven’t thought through the place of existence theorems or of statistical significance in a real science. I invite you to look at a copy of the Physical Review (version C, say, the one about Nuclear Physics, the issue of November 1990, just as an example) and confirm that its 2,063 pages contain not a single use of existence theorems or of statistical significance, though every page has mind-stunningly difficult mathematics, and data or simulations measuring actually or hypothetically the optimism of the effect the

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Deirdre knows that science is a matter of rhetoric. Science is not a matter of just laying down your cards of reasoning and evidence and then winning the rubber, as people think who haven’t followed science studies since Thomas Kuhn. Science is persuasion, a matter of woodcraft. The rhetorical theory of science says that every scientific advance, even in method, is a matter of persuasion. Science is rhetoric, persuasion, all the way down. It must be so if it is to be a science in a free society. (Another, pure-prudence theory of science, popular among economists, would say that scientists are Max U-ers, and will therefore of course do any silly but profitable thing as long as journal editors let them. Don’t I believe in economics? [Answer: no, not as an ethical guide.]) So if Larry Summers and James Buchanan and Franklin Fisher and Roger Backhouse and Ed Leamer and Va asylum Leontief and Thomas Mayer and Mark Blaug and I can’t persuade, well, that life, Tetra.

And yet, even though I know that science is rhetorical and have been saying it even longer than I have been saying that existence theorems are pointless and that statistical significance without a loss function is silly, you can see I am indignant. Why? People get indignant when they feel some ethical norm is being violated. Persuasion in science is at bottom an ethical matter. One should be ethical in science, right? That doesn’t mean, “Shut up and go along with the way we do things regardless of how indefensible they are,” although I realize that my violation of this Shut-Up norm of normal science is what make people angry at me. It’s why I’ve stopped attending most seminars in economics: I make people so angry by suggesting that we not use the nonsense procedures in modern economics, and that we instead use the theory and econometrics for simulations of How Big that it’s only polite to absent myself. I don’t want to hurt my colleagues, whom I love, and it hurts them to hear my two criticisms, which they don’t understand.

Ethics in science means – doesn’t it – something like the opposite of the Shut-Up norm, Max U, do anything-the editor will allow, go-along-to-get-along. It means looking seriously at critical seriousness, and if you can’t robust them, accepting them and changing your practice to suit. In the end the reaction to the Lucas Critique, for example, was to agree with it and change practice. (But I have in mind the example of the Coase Critique, too, which at one level is the same as my existence-theorem criticism. The Coase Critique has not been understood by most economists [Mccheke 1998c]. So they haven’t agreed with it and have not changed their practice of blackboard economics.)

I think the reaction of most (I mean 96 percent) economists to my two very simple points has been in this sense "unethical." It’s been a Shut-Up reaction. That means you, I’m afraid, dear. At any rate the odds are good, adopting a 5 percent level of significance.

Try to forget that I am a mere economic historian or a mathematical novice or a statistical idiot or a gender crusader or an Iowan or a Chicago-School economist or an irritating woman in seminars or whatever else about me you think disqualifies me for observing that the two emperors of modern economics, Existence and Significance, are naked. Try to act like an adult in science and respond to the actual case being made instead of seeking refuge in resentment about its tone or venue or whatever other piece of "mere" rhetoric you don’t like.
I make a lot of jokes but actually I'm a pretty serious person, as you can see by having a look at my scientific work in economic history, or for that matter in economic rhetoric. So, a serious person makes two devastating, internal criticisms of the way modern economics has run itself since the War, yet no one listens. (The criticisms are "internal" because they are not criticisms of the sort, "Gosh, you economists depend on Max U when everyone knows that people have other motives" or "I wish you would pay more attention to class and gender" or "I hate math: why do you do so much of it?" Mino are criticism that bracket off the substantive criticisms, good or bad, that come from outside the mainstream of economics. My two criticisms by contrast come from within the very scientific program they criticize, namely the noble ambition of Samuelson, Arrow, Klein, Tinbergen, and others of the 1940s to make economics into a real science like physics or history. That's why the criticisms are "internal": Cassandra came from within Troy, and was making an argument that Trojans would have agreed with if not under Apollo's spell.)

What should one - I mean you, dear reader - do when hearing my criticisms? It seems to me that one should, ethically, either ignore the question with counterarguments that are at least as serious in their practical and philosophical reasoning as the Cassandra Critiques. This requires understanding them. It won't do to "reply" by saying things like "But we must do theory" (of course we must, you silly man: but existence theorems are not theories in any science) or "You are against statistics" (that's ridiculous: I'm against misuses of statistics that every theoretical statistician since Neyman and Pearson has been against, too).

Or one should: Agree with Cassandra and stop offering existence theorems and statistical significance as "science."

What is not open to a serious scientist is to: Skulk around looking for opportunities to put arrows into Cassandra's back.

Unhappily, that third, unethical option which most of my colleagues, near and far, have done. They won't face my arguments; they won't listen; they don't understand. They are so angry.

My thesis supervisor, Alexander Gerschenkron, wrote a devastating review of a translation from Russian of a book in economics, attacking in detail the author's apparently feeble command of the Russian language. Later at a conference the translator had the temerity to approach Gerschenkron and say amiably, "I want you to know, Professor Gerschenkron, that I'm not angry about your review." Gerschenkron turned on him: "Angry? Angry? Why should you be angry? Ashamed, yes. Angry, no."

If you haven't got serious answers to my two internal criticisms of modern economics you shouldn't be angry. You should be ashamed. (The same holds for the external criticisms, by the way. If you haven't got an answer to the Marxist's criticism that class interest governs the economy or the Austrian's that entrepreneurial creativity does or the feminist economist's that gender does, you should be ashamed. What kind of scientist are you? Those are serious, intelligent people: what's wrong with you that you haven't got the wits or will to reply? But you should be really ashamed if you can't even make your own program coherent.)
A Brief List of Devastating Internal Criticisms of Modern Economics that Have Not Been Answered


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