When Truth is Not Beauty, Nor Beauty Truth

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Rick Szostak. *Econ Art - Divorcing Art from Science in Modern Economics*. London: Pluto Press, 1999. Pp. Xv+256. ISBN 0-7453-1447-3 (hb) 0-7453-1442-2 (pb).

Rick Szostak's latest effort has at its core an entertaining conceit. Economists are too much immersed in economics to fully comprehend what they are doing. Shock tactics are required to shake the profession out of its dogmatic sleep. This can only happen if economists are willing (or forced) to don alien lenses when reflecting on their own endeavours. (Though, economists under the best of circumstances are not much given to introspection.) When suggesting a new perspective from which to view the economics profession, modern art (specifically painting) has to be as far afield from an economist's normal concerns as picnicking on Mars.

This approach establishes two quite interesting fields for further exploration. Those collateral background events which fostered the revolution in the art world circa the 20th century very well might help to explain the path modern economics chose during that self-same century. It is not inconceivable that a common culture should show similar results. Surely the 19th century philosopher Hegel was correct in stating that:

> Whatever happens, every individual is a child of his time; so philosophy too is its own time apprehended in thoughts. It is just as absurd to fancy that a philosophy can transcend its contemporary world as it is to fancy that an individual can overleap his own age, jump over Rhodes. If his theory really goes beyond the world as it is and builds an ideal one as it ought to be, that world exists indeed, but only in his opinions, an unsubstantial element where anything you please may, in fancy be built (Hegel 1967:11).

Even economists live very much in their own time-specific world with its own peculiar set of beliefs and concerns. Yet this cultural aspect has been vociferously denied by a wide spectrum of the profession who are loath to admit that something potentially smacking of ideology[1] should in some way channel the investigations of scientists. George Stigler is quite definite in consigning cultural influences to the bin of half-baked ideas, fanciful and lacking any foundation. More recently only a few professional dissenters like Arjo Klamer, and in her own way Deirdre McCloskey, have been willing to discuss the effect of Modernism on the economics profession.

The second, even more contentious, idea is that economics has grown more to resemble modern art rather than modern science. By this Szostak seems to mean that economists revere technique over content. As a consequence, modern economics has lost its relevance. It has come to be an inward-looking, narcissistic art form rather than a useful applied science.

Ultimately, I think that Szostak falls down and fails to fully accomplish either objective, especially the second. However, this does not make his book any the less worthwhile. As the years slog past me, I find myself more drawn to books and articles that challenge my thinking and economic beliefs. I will even admit to a sneaking fondness for the Chicago School. Not because I am often in agreement with their conclusions, but rather because they force me to rethink my own

positions when I try to lay out grounds for disagreement. This is quite different than simply rejecting a position because you like neither its conclusions nor its implications.

Szostak's book made me range over a large and varied terrain of issues. It gave me the pleasure of thinking about art and the structure of Modern Art (a sufficient reason by itself for any economist to have a read through the volume). Just the conceit of Friedman as a disciple of the artist Piet Mondrian (the Phillips curve as Mondrian knock-off[2]) is, by itself, enough of a delight to justify purchasing Szostak's book.[3] Added to this, we have Friedman's (1953) attempt at methodology reduced to a manifesto, parallel to the apologias favoured by seemingly every revolutionary group of ambitious, but largely unknown, artists.[4]

Unfortunately, the problem with the book begins when the choice is made to focus more on what Szostak perceives to be the difference between art and science and much less on the common cultural impulses that show up in different manifestations of human endeavour. This is a rather regrettable decision, since some additional detailed case studies (much as McCloskey did in his original work on the use of economic rhetoric) could have been eye- opening. There are undoubtedly common themes that dominate the 20th century, particularly those dealing with time and space. The end of the Newtonian universe is seen not only in physics but in mathematics as well with the rise of non-Euclidean geometry. In different ways, Cubist and Futurist painters grappled with new concepts of time. The rise of photography and motion pictures freed artists from the seeming obligation to reproduce sense perceptions. In economics, Keynes (an economist with a particularly well developed appreciation of the arts) struggled to present dynamic economic cycles in a static framework (an almost Cubist objective).

Szostak, however, glides by a number of potentially interesting byways. His heart seems captured by his central obsession. Economics in his opinion has turned inward, more concerned with developing ever more elaborate models than in attempting to understand the world we are forced to inhabit. He is a congenital reformer. But before he can trot out his proposed ten-step plan to a better profession, he needs to demonstrate what is wrong with the economics profession today. To capture the heart of this issue he constructs what I consider to be a false dichotomy between art and science. This is where a potentially interesting analysis gets shunted off to a less interesting and fruitful discussion.

It must be remembered that Szostak is trying to shock his audience out of a largely self-imposed stupor (though those most needing a good, sharp shock are those least likely to pick up this volume). He uses satire and exaggeration to deliberately provoke. It is then no use in pointing out those very deliberate exaggerations or the resulting discrepancies. Szostak is angling for a response, no matter how angry, in order at least to push his concerns onto centre-stage.[5]

Still, even acknowledging this framework, Szostak's discussion seems at times far too glib. It's bad enough when he feels compelled to talk about Truth with a capital T. Without venturing to become a professional Pontius Pilate, I must admit that I start to squirm a bit when someone is so adamant about concepts of Truth.[6] 'But surely there is a Truth out there toward which we scrabble, if we have but the guts and integrity to do so' (Szostak 1999:145). I feel the same as when preachers insist on talking about sin and redemption. Articles of faith and belief can be unobjectionable, but the subsequent claim that science brings us truth while art yields only beauty is not a formula I am conditioned to swallow easily. A reflex action causes me to gag.

This unease is amplified when the term 'the real world' is spread almost carelessly across the pages of this volume. Science (in Szostak's estimation) deals with the real world while art is self-obsessed. Art constructs a utopian reality, where the chief concern manifested reflects issues of technique, more than anything else. Szostak is reasonable enough to allow for some overlap between science and art, but maintains that there is a clear and definable difference boiling down to whether the endeavour is outward-looking (scientists unravelling the real world) or artists steadfastly gazing inward (creating beautiful objects of the imagination):

> Science, to be sure, may not be immune to cultural influences, but if these come to dominate a discipline it ceases to be science. If economists aren't using scientific standards to judge their work, what are they doing? They are creating works which satisfy some other faculties of appreciation, at least among themselves. What are castles in the sky, if not art? (Szostak 1999:118).

This view of science and art refuses to rest comfortably with me. It seems to miss equally what scientists do and what artists (read painters) seek to achieve. I get the sneaking suspicion that the sensibilities described are those more common to engineers, than to scientists per se. In contrast, Szostak's artists seem to inhabit a Hollywood back lot. The sharp differentiation between scientist and artist is a creation of the past century (especially the second half that followed World War II, which C. P. Snow (1993) described with great insight). As late as the 19th century the difference was much more muddled, with artists and scientists engaged in reciprocal activities.[7]

Szostak's core mistake is to think that artists are concerned with utopian visions. This is not necessarily the way to read either Surrealism or Cubism (the two art movements that Szostak almost exclusively analyses). Artistic endeavours, like their scientific counterparts, are trying to make sense of the world we inhabit. Just as dreams provide insights into the human condition, so do surrealist paintings. It is not simply a benchmark or otherworldly experience. For that reason, scientists and artists are both storytellers, although the form the stories may take can be quite different (more so in the modern age than in prior eras).[8] Scientists, like artists, provide insights into the human condition and the environment in which they live. Do artists employ the scientific method that Szostak is so captivated by? I'm not sure. But then again, I'm not sure that scientists actually abide by such a limited approach. They are not strangers to intuition, serendipity and repeated attempts to achieve their objectives. Undoubtedly, both self-proclaimed artists and scientists are firmly in the world, as they perceive it. Certainly you can take the position of the small boy keen to point out that Franz Marc's blue horses don't exist anywhere in the 'real world', but to do so would be to miss the point.

Szostak's vision of econ artists and econ scientists will, as a result, not fly.[9] I am strongly reminded of Fritz Machlup's (1963) discussion of *weasel words* in economics. For example, statics is what you do and what makes your work inferior, while *dynamics* is what I do and what makes my work superior. Szostak offers his own stark contrast of the 'good versus bad' economics. Such simplistic categories mislead, rather than illuminate. Like any other discipline, most work produced by economists has little or no impact. But that is true of the work done by artists and by scientists as well.

At times, Szostak appears almost unaware of the fact that he shares quite a bit of common ground with the Chicago School whom at times he seems to label as econ artists. Yet it was Stigler who rallied the troops in his AEA presidential

address to applying economics to test economic theories. Many at Chicago dismissed much prewar work as worthless, composed of untested theories and outright assertions. Economists at Chicago have been traditionally averse to purely theoretical work (whether general equilibrium theoretics or game theory) if it is equivalent to mathematical self-absorption. Of course, at Chicago, testing meant statistical analysis. Szostak rightly points out the limitations of such an approach. However, ineptness in common practice does not automatically invalidate an approach. Like many of his other condemnations, the fault lies essentially in application and performance rather than in any inherent characteristic.

Moreover, like both scientists and artists, a range of objectives and incentives also motivate economists. This means that the majority of ordinary foot soldiers serving in the profession will opt to tackle problems that more readily lend themselves to definitive solutions. Much published work is simply small (and not always fruitful) extensions of already existing efforts. Essentially, risk-averse toilers will choose to polish the strongest existing theoretical links.[10] Often it is not an aesthetic imperative but pragmatic limitations that dominate the choices made by working economists.

Szostak is correct in asserting that economics tends to be highly limited in its approach to problem solving. This narrowness must be galling in the extreme, given his aspirations as an economic historian. Economic history has diminished into a backwater where only cliometricians are allowed any shred of respectability. We can't conclude, however, that either mathematical formulations or statistical analyses are inherent signposts of artistic self- indulgence. There is no more legitimacy for such thinking than the animus against such approaches that previously motivated the top academic journals in the pre-war era.

What Szostak has accomplished is to provoke our thought without really convincing us of his idiosyncratic dichotomy. At its core lies a fixation with what Szostak terms the 'real world'. Yes, there are economists who develop an obsession with techniques, just as there are artists who revel in technical experimentation for its own sake.[11] But this alone shouldn't lead one to dismiss the attempts to model markets using the benchmark of perfect competition as mere artistic (or autistic) abstraction. If, as many economists (especially those with Chicago affiliations) believe, competitive markets dominate individual choices or institutions, then such an approach can't simply be dismissed out of hand. Economists must learn to be more tolerant of alternative approaches, but labelling some economists 'artists' (and sneeringly dismissing them) will not accomplish this end, or even throw much light on the problem.

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Notes

[1] This would seem to be at odds with the core theory of neoclassical economics, choice according to individual preferences. If we appropriate the argument first advanced by Becker and Stigler (1995), then the market for ideas is no different from the market for any other commodity. A producer sells an idea by appealing to potential buyers' existing preferences. As Becker has confirmed in a private conversation with me (October 1997), this process will not necessarily lead us to the truth, though we of

course hope that it will. One of Stigler's close colleagues, Harold Demsetz, perhaps put it most clearly by claiming that:

> All policy preferences, of course, ultimately derive from a view of the world combined with one's preferences. The taste component remains a personal matter, but the view of the world can be convincing to others or not (1982: 56-57).

[2] The connection is clear enough if the reader has studied a few Mondrian paintings. To Szostak both represent a pursuit of linearity or an almost obsessive urge to simplify:

> If we were to find an urge toward linearity in econ-art, might that not lead us to suspect that this was more than just a technique for both Mondrian and econ-artists alike? … The long-run Phillips Curve is – wait for it – a vertical line (Szostak 1999: 65,67).

[3] In fact, I wish Szostak had done more of this type of analysis. I can start to see Robert Lucas as a latter-day Dadaist (the Man Ray of Chicago) or Gerald Debreu as an *imagíste* in the style of Odilon Redon. Unfortunately, Szostak's dominant agenda doesn't leave room for such extended flights of fancy.

[4] Szostak, as is his wont in this particular work, pushes the point a bit too far. Friedman's (1953) philosophic effort owed as much to his close colleague, George Stigler. Evidence of their synchronicity of thinking goes back to the late 40s. Friedman himself is generous enough in his acknowledgment of the part Stigler played in this particular work. (Conversation with Milton Friedman in August 1997.) Friedman's methodology wasn't merely meant to provide narrow support to his work on monetary theory. It betrays more the common concern that these two eminent economists shared concerning the appropriate application and testing of economic theory.

[5] Two quite different economists, John Maynard Keynes and George Stigler, were fond of deliberate distortions. By putting forward a case, using the strongest of possible images, the sought-for response was at least a lively, even if hostile, discussion. If it is (at least initially) impossible to get opponents to relinquish deeply held positions, it is essential to at least provoke them into defending their theoretical fortifications. The worst possible response for such economists would have been for their ideas to be met by stony silence.

[6] At this point I would have felt more comforted had Szostak not been so ready to dismiss the epistemological concerns of Feyerabend (1978).

[7] In England of that time certainly Coleridge was as interested in physics as Faraday and others were interested in poetry. See Johnson (1991) for an interesting viewpoint of this era.

[8] Think of Kepler's use of the music of the spheres in his astronomical explanations. Religion itself was often featured (if not acting as a central character) in most scientific explanations until quite recently. Even in present terms, theoretical physics often engages in discourse that is somewhat poetical and certainly metaphorical in nature.

[9] The strict opposition that Szostak presents, along with the emotive connotation that he employs, is not unlike the approach that Mayer (1993) utilises in his similarly excellent work. However Mayer's distinction between 'formalist economics' and 'empirical science economics' has similar problems. As Robert Solow points out in his review of Mayer's work:

> The proper target is not 'formalist theory' nor is it even the use of heavy technical artillery where a pocket-knife would do. The right target is the rigid, narrow-minded, doctrinaire application of particular formal models, with technical fireworks used to cover up the poverty or irrelevance of the assumptions underlying the formal model itself (1994:169-170).

[10] To revert once again to Solow's (1994) review of Mayer's (1993) work, there is a rather simple explanation for the trivial nature of much of the work that is ultimately published.

> In any moderately complex argument aimed at a genuine problem of economic interpretation or policy, the strongest part of the argument is likely to be the formal part. It is just easier than trying to capture a complicated reality in a useful model, and when it has been done right one knows it. But this very fact, together with the overvaluation of formal work, tempts the economist (or a succession of economists) to polish and extend and improve and refine the strongest part of the argument although this can contribute very little to the strength of the argument as a whole. It is the weak links that need shoring up, but they are unglamorous and neglected (1994: 170).

[11] I am always surprised by how many comments in a given seminar (especially by younger members) are devoted purely to technical issues. At times it seems such economists lose sight of the economic intuition, which (in my opinion) should form the core of economic practice.

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