

OTHER THINGS EQUAL

Love or Money

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One more thing about gender, with apologies. Apologies because I don't plan to make this column into an account of the Perils of Deirdre (for that you'll have to read the forthcoming book — a very, very exciting book, I promise, from a major publisher, soon to be a motion picture, or at least a TV miniseries). Anyway the Perils have turned a little boring lately. Tolerant Holland is just the place to “transition,” in contrast to the busybody state violence and macho inconsiderateness of the good old US of A. I'm able to focus for the year on my topic, the history and philosophy of “bourgeois virtue” (another forthcoming book, but not, I'm afraid, a motion picture). The Dutch ease and tolerance reduces the gender task to finding walking shoes in European size 43 and learning the local customs of interaction among women. Believe me, size 43 is rare, so you have to search; and Dutch women are not as effusive as are American women, so you have to turn down the heat. Wonderfully boring, this business of being Mevrouw professor McCloskey.

The one more thing about gender I'd ask you to think about a little is perhaps the most embarrassing word to economists, especially men economists: love. The word is “about gender” just because women think about it more than men do. I mean think about it, not need: we all need it, but for a thoughtful analysis you'll probably do better talking to your sister than to your brother. Not always, but usually.

By “love” I mean Aristotle's third and highest form of friendship, the part that cannot be explained in turn by interest alone. The other two are friendship for pleasure and friendship for utility (we would combine them). The third kind is friendship for the friend's own sake. I do not claim that such love is always a good thing. Having been the subject recently of some very bad love by an economist I caused to be hired at the University of Chicago and in other ways loved well, I should know. After all, Hitler loved Germany; but look what his love did to it. People don't always know what's best for their friend. Jack Hyde at George Mason University points out to me that love may have a comparative advantage in small scale rather than in large, a mother's love rather than German nationalism or Russian socialism, two excesses of love.

The word is embarrassing to a profession dominated by men. A male economist once called economics the “science of conserving on love,” by which he meant that society must depend mainly on selfishness, not altruism, in the style of Paul Samuelson's selfish maximizer or Gary Becker's loveless “family.” It was not always so in the science of scarcity. Economics drops love early, but not as early as you may be thinking. It's customary to think of Adam Smith as a sort of neo-conservative in

knee britches, but he in fact wrote two books in his lifetime, and only *The Wealth of Nations* celebrated selfishness. The other book, which I think most economists must not have heard of, much less read, was *The Theory of Moral Sentiments*. It celebrated love.

Here's what Smith would say about the numero uno, country-club Republicanism that elevates selfishness to a philosophical axiom: "Though, perhaps, it never gave occasion to more vice than what would have been without it, [it] at least taught that vice, which arose from other causes, to appear with more effrontery, and to avow the corruption of its motives with a profligate audaciousness which had never been heard of before" [Adam Smith, *The Theory of Moral Sentiments*, 1759, VII.ii.4.13].

Now of course certain low-status groups, such as women and Christians, talk about love in just these terms, urging economists to bring love into their ken and to stop encouraging vice. But for a long time economists have kept love out of it. They still think of "love" as sentimentality, the inability to face facts. They regard talk of love as preaching, in roughly the sense that a teenager regards her mother's wise suggestions about how to handle boys and homework as "preaching." And the economists of course preserve their simple view of the word by never ever talking to experts on love, such as anthropologists or theologians (two exceptions are the Dutch economist Arjo Klamer, who does read anthropologists on social solidarity, and the American economist Robert Nelson, who does read theologians on spiritual love, as in his book *Between Heaven and Earth*).

Keeping love out of it has been fun in a little-boy way. It has been fun to try to find a selfish reason for everything, from the provision of one's dinner by the butcher or the baker all the way to a genetic predisposition to altruism itself. Running economics without love continues to raise puzzles that economists delight in shocking the bourgeoisie by solving. Hah. You thought it was the love of social solidarity that explained why one businessperson is polite to another, but look at the incentives, and notice that in long-term relations people are more polite. Hah. You thought that crime was a matter of passion, but look at how it, too, follows the law of supply. And on and on through *The Theory of Price* and *The Applied Theory of Price* and Steve Landsburg's charming latest. It's like a little boy showing off his magic tricks to a family audience. Cute. Boyish.

But after all, some woman remarks, when you come right down to it people also do love each other. In the men's way of thinking the woman's remark is supposed not to matter. The men rely unconsciously on a separation theorem, which says that in a world in which, admittedly and unfortunately, love is a complication, nonetheless you can strictly ignore the love for economic purposes. Selfishness doesn't explain everything — this even the average male economist will admit after 5:00 pm — but in doing an analysis based on selfishness there is no need to bring in the fact of love.

But I don't think the separation theorem is correct. So I don't think you can leave out the love. Often, you can't do the selfish analysis correctly without love. To use another mathematical analogy, there is sometimes a large cross-partial derivative between the two.

For example, what is the effect of aid to dependent children? It depends on the context of love in which the unwed mother finds herself. The incentives will be transformed if she comes from a community in which children are viewed as common responsibilities. The state's intervention can make the mother behave like an asocial monad, and undermine the love. I repeat that love is not always wonderful, of course, and so here. It may be good social policy to free the mother from her own mother's love; or it may not. But in any case the point is that you can't get the economics of charity even approximately right without including the non-state, non-organized charity of loving relations, and how it is affected by and affects the aid.

The attempt to run social science without love goes way back. One might call the central puzzle-to-be-amusingly-solved The Hobbes Problem in honor of the person who was first obsessed by it. The English political philosopher, who with Machiavelli and Mandeville brought the economic sin into the world and all our woe, asked essentially this: Will a group of selfish, nasty brutes (short, too) form spontaneously a civil society? We now call his answer the prisoner's dilemma: No, not without the compulsion of a Leviathan state. Since Hobbes, and with a single mindedness in the public choice literature that strikes outsiders as a trifle cracked, economists have been pursuing The Problem ever since, trying to show on a blackboard that civil society does arise without any love at all. Jim Buchanan, whom I admire extravagantly as an economist (more people like him and Gordon Tullock and Ronald Coase and Armen Alchian and we'll get back to doing economics instead of fourth-rate pure math), has this one fault: he simply loves the Hobbes Problem.

But the Hobbes Problem, a woman economist would say, is off the subject. Like a lot of what economists do these days (Jim has a wonderful collection of essays called *What Should Economists Do?* that makes this point), it's like the drunk searching under the lamppost because the light is better there, even though he lost his keys in the dark. It's off the subject because the subject is actual societies, of already socialized men and women, not a collection of unsocialized brutes. The already socialized people have bonds of affection that radically alter how they react to the prisoner's dilemma — thus the recent experimental findings, or the way (as Klamer has noted) that Washingtonians at a crucial, unposted junction on Connecticut Avenue have fallen into a convention of alternating from the left and from the right, even though the right-hand always has the right of way. The change that love makes in the prisoner's dilemma is not simple. It requires analysis. It requires in fact economic analysis, but an economic analysis of people, not of blackboard phantoms.

If love is such a good thing to have in the analysis, why did it drop out of economics? I have a couple of simpleminded theories. One is that the Devil made us do it. The Devil is Jeremy Bentham, who for reasons I do not understand was able to seize the intellectual agenda in economics, and drive love out of it, even though his disciples were evangelical Christians like James Mill or John Stuart Mill in love with God's love. Another theory is, to return to my current obsession (I promise), is that for reasons I understand a little better the men ran economics and fled from a "feminine" love. Thus socialism, that secularized Christianity filled with love, be-

comes in Marx's hands toughened and masculine and loveless. The historical puzzle is why Adam Smith, and other men of the 20th-century, had less trouble than their 19th-century and 20th-century followers in keeping love in the analysis. We women can only hope that the men of the 21st century will get a little more relaxed about it, in that urbane 18th-century way. It will make for better men, and better economics.

Other Things Equal, a column by Deirdre N. McCloskey, appears regularly in this *Journal*.