An Interview with Arjo Klamer

Interviewer:
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Arjo Klamer is most well known for his interviews with famous economists, which include John R. Hicks, Amartya Sen, Robert Lucas, James Tobin, Robert Solow, Franco Modigliani, Karl Brunner, among others. (Conversations with Economists, 1984) Klamer has also interviewed graduate students at prestigious Universities in the U.S. to investigate the nature of the training of economists. (The Making of an Economist, 1989). Recently, Klamer has proposed that economists look at the market process as a rhetorical process.

Arjo Klamer received M.A. from the University of Amsterdam in 1977, and Ph.D. from Duke University in 1981. He is currently with George Washington University. We talked at his home in December 1990.

How have you become interested in interviewing economists instead of, (or in addition to), reading their work?

Well, something strange happens when you study economics. Economists are sort of wedded to the blackboard. We have acquired the taste for armchair reasoning, supplemented by statistics obtained from books. Doing our research on that basis keeps us far from the phenomena and the subjects that we are studying. Interestingly, people who study economists, i.e., economic methodologies and historians of thought, do very same thing. They sit in their offices, read books, and try to write something about them.

I did just that when I wrote my dissertation on rational expectations economics. After I had written the dissertation, I came back home and proudly showed it to my family. My brother's reaction was: "Oh that's one of those very nice, but typically dull academic works. Why didn't you talk to the people you studied?" He actually made sense: I should have tested what I had argued by talking with the people whom I discussed. After all, they are still alive.

I remember how suspicious my colleagues at Wellesley College were of this, talking to people was not a serious research project. We have the norm that we cannot trust our subjects because they do not know what they are talking about. You have to get your data out of the books and other publications. I proposed the project any way and got some money from Wellesley College. I first called Thomas Sargent. But he was very reluctant. Then I contacted Lucas who was very nice. Once I had Lucas, the others were very ready to follow.

Your Conversations with Economists have been a huge success. As a consequence, you may have created a new field or industry in that many people have followed you, doing interviews and reporting them.

Yeah, I don't believe I created a new field. I don't think that anyone does. Oral history is a well established discipline. For a long time, oral historians recognized that people who have lived through historical events are very good sources of information if you only knew how to interpret them. Economists have lost the skill of reading and interpreting a text, not only a written text but also a spoken text. You have to look for hidden meanings. I prefer rhetorical analysis in order to detect what people say. That is not the only one that is available, though.

It was of course pleasant to see how these conversations caught on. I was surprised by the attention they got. Apparently, I came up with them at the right time. People were ready.

These conversations were not as easy to do as some people seem to believe. I knew these people through their works. By preparing myself very thoroughly, I had very well defined expectations. As a consequence, I was alert as to what the others were saying. So I was able to
probe further. I discovered that when I do conversation, without a great deal of preparation, the conservation suffers. Doing a conversation is a very tiring activity because you want to get the person to think actively. You want to get him or her off the beaten path because then he or she comes up with interesting things to say. You also have to surrender yourself. When I talk with Lucas I cannot constantly think: "This is nonsense"; "This is ridiculous"; "I do not agree with this." If you do that you are lost. You really have to suspend your disbelief and be sympathetic. Through sympathy, and through the questioning, and also with some body language, you can convey an intensity that gets the person to think actively and talk actively.

I don't have structured questionnaires because they are stifling. So I have to play into what people say, not trying to impose myself too much. The task is to convey to the reader what this person is about and how this person is talking. If I do right, I ask the questions that readers have themselves.

You said through interviews you might be able to obtain additional information. Do you find a big gap between written works and impressions that you form through interviews?

Yes, I do and it is not always information that comes in the form of propositions. It is more in the quality of the remarks, the emphasis, the gossip. For example, it was very revealing to see how Hicks responded to certain terms. When I brought up rationality; he had a great deal to say. When I started talking about concepts like conflict and power, he became restless and lost all patience. That tells you something. In spoken discourse we negotiate in ways we cannot do in written discourse. For example, in spoken discourse we are much more efficient and also much more explicit in conveying our values. Just notice what we do when we talk with colleagues. When you say, "What do you think of this guy at such and such session?" Then you and I can say that he was terrible or that he was pretty good. Of course, you don't talk very substantively. But, given the limited attention span we have, we will register the judgment in some way or another and that will have an impact on how we are going to judge the person. These judgments matter. I was struck by how quickly the big name people have their judgments and by how sharp their judgments are. They talk in very sharp terms about each other, so sharp that they don't want to have it on paper. They personalize a great deal and are very intent on personal details. Gossip has an important role in our profession and therefore provides lots of insight. If these conservations do anything, it is to produce testimony to a great deal of the discourse that never gets recorded, but that nevertheless is a very significant part of what is happening in the world of economists.

Are you saying that official rhetoric of economics is insufficient to convey some substantially important information?

McCloskey and I have called attention to the odd fact that we seem to "waste" so much by going to these meetings [in ASSA Conference in December 1991] as you and I right now. We attend seminars; we spend a lot of time talking with fellow economists; we gossip a lot. We could do much more efficiently by reading in our offices. We sit in these often very dull sessions for two hours to hear papers that we could read in half an hour. Why do we do this? Apparently we need something more than just the written work; and in the written work we need something more than just the model. For all we know, we need a wide variety of rhetorical devices.

McCloskey and I have tried to communicate to methodologists what we actually mean with our talk about rhetoric. After much attempts, many of them still don't get it. McCloskey and I are sometimes flabbergasted by how easily the rhetorical perspective gets misinterpreted. Even John Davis recently in Methodus gave an interpretation that I thought was beside the point. As if we were only about linguistics or language; as if we were relativistic, and do not care about truth. That's nonsense. Donald McCloskey and I keep repeating that the rhetorical perspective calls attention to the problem of understanding each other, and the problem of communicating to each other. Apparently, no matter how simple the terms we use are, miscomprehension is a fact of life that we, economist, have to deal with.

Do you think that this problem of communication is somewhat unique to economics or common to all human enterprises?

No. Actually economists, as compared to historians, do pretty well. I was just talking to a historian who was impressed by how cohesive the community of economists seems to be. We often collaborate on papers, we exchange papers and manuscripts, and organize plenty of seminars. We can listen to colleagues who work
on entirely different field from our own without much trouble. For historians that is pretty hard. Two historians, one who works on princely courts in 14th-century Italy and another who “does” 19th-century American history, have a hard time communicating. In conclusion, economists do very well. But the problem of communication is there, as Donald and I experience.

Would you say that one of the reasons why economists have greater degree of cohesiveness than historians is this official rhetoric?

Yes, the dominant group among economists has a very powerful metaphor, namely the metaphor that compels us to imagine the world as a system or mechanism with individuals as atomic calculators, maximizing some objective function. It turns out to be a very powerful metaphor and keeps economists preoccupied.

Now, from what I read, recently you proposed that we introduce some new metaphors. Please explain.

I do not believe that this metaphor of the atomic calculator is nonsense, but it is losing its meaning. Metaphors are not only persuasive because of their productiveness in the sense that they generate work hypotheses, but also because of the meanings that they produce.

We have lived through an era of modernism during which this abstract and reductionist thinking of economists made a great deal of sense. Just look around at paintings and architecture and you see significant connections. The times are changing. You notice an increasing interest in classical thinking and in the moral aspects of life. If you want to address those questions, questions of how we live our lives, how we want to live our lives as economists - which I myself consider to be the prevalent questions today - the mechanistic metaphor is very ill-equipped. I do think that if economists want to keep up with the human conversation, they have to change the metaphor. Specifically, we have to get away from the obsession with moments of choice. In rhetorical studies, you bypass the moments of choice. People adjust, accommodate, try to play along and in that sense make decisions, but decisions are not what you focus on. A decision, if you come down to it, is too complicated to study. There are too many factors involved. So we prefer to take a macro prospective and look at the context. We try to understand people’s actions by considering the context. Now that is what we have discovered by studying economists. The metaphor that we have adopted is that of a conservation. Conservation could be a very apt metaphor for the economy as well. It makes us think of markets as conversations, as if people are engaged in spoken and unspoken discourse with discursive constraints of which the readings of prices can be one. We may know better why people trade by paying more serious attention to the discursive context in which people are operating. When you introduce similar objective conditions in the United States and in Korea, you may not observe the same things happen. The differences are not just a matter of taste or preference. I suggest they are a matter of communication, of interpretation or of understanding. Some people read prices in one way and other people read them in another. Let’s say that there are cultural differences. To me that seems a very obvious point, but is a very hard one to make in the current context.

Some neoclassical economists, such as Robert Frank, seem to believe that, institutions, social relationships and perspective are all important, but perhaps they can be incorporated into neoclassical framework. What do you think about this approach of incorporating into the orthodox framework some of the criticism against neoclassical economics?

Robert Frank - especially his latest book Passion with Interest - Hirschman and Sen are inspiring to read. But I do think that in their attempt to salvage the metaphor of the rational calculator, or homo-economicus, they continue to work within a context that doesn’t produce the discursive practice that allows us to explore the formations of values that condition our behavior. Robert Frank, Jon Elster and Ami Etzioni all recognize the importance of the moral dimension. They would all probably agree when I say that the moral dimension is a major factor in economic processes. But none of them has a framework for exploring the formation of the values, and how they change. I think that we do. By changing the metaphor and paying attention to the conversation, our values and ideologies are no longer an exogenous factor, but become something to be explored as manifestations in discourse. We look at the stories people tell because most people don’t state their values explicitly, but reveal them through stories, through narrative. The narrative indicates the hero and characterizes the plot that someone images. In the story, we convey our sense of the good and the bad that we might not be able to convey explicitly.
Through family and personal stories we tell what we want in life, where we come from, where we want to go, also by the way we talk about other people, we convey our values. Rhetorical strategies allow you to explore all that. We need to break out of that rather restrictive metaphor of the rational calculator; I don't think that Frank and others would help us do that no matter how interesting their works are. They end up by saying: “Well this is what we should look at but I do not know how.”

Earlier you mentioned that you object to neo-classical focus on the moments of choice. Would it be fair to say the picture you have in mind is an individual with a certain outlook on the world, which is formed through conversation with others. And perhaps that individual can make a rational choice within that outlook. Is that what you had in mind?

No, I grew up in a modernist era with a myth that individuals make choices. I am becoming increasingly convinced that this is indeed a myth. That I am an individual is not that important. Indeed, the movement away from choice to discourse and to context, is simply a recognition that we as individuals operate in context. Of course there is something unique about all of us; that’s true of any individual element of life. But if we want to understand human activities, I am sympathetic to the approach of Karl Marx, which compels us to understand individuals as social beings, as cultural products.

You mean individual as manifestation of cultural qualities?

Exactly.

But then wouldn’t it be inductive process by sampling and talking to individuals trying to infer the cultural context?

This whole inductive-deductive distinction, to me, is beside the point. Of course, you mix them up. Actually, I think the most important cognitive strategy is abduction which implies that we learn through analogies. Abductions are not strictly logical; they are not deductions. Instead I look at plausible connections where I could be wrong and mistaken. That is abduction. That’s the way we operate. The rhetorical perspective doesn’t provide a straightforward method though. We are not after some little puzzles that we solve. We want to come to some kind of sound judgment of the process that we study. For that we have to have very detailed studies. Ultimately, what we are after is sound judgment you can arrive at in all kinds of ways.

You choose your way and I choose my way by reading and talking a lot. Thus we come to some judgment, some judgment as to what is going on in the world of economists.

You just mentioned abduction. Does that process involve making a conjecture and proceeding based on the conjecture?

Whenever economists feel compelled to understand a phenomenon, say, the phenomenon out of that stage because he has such a strong metaphor, they see a situation of people stopping for stoplights, or getting married, they reason by abduction. They slap on the systematic metaphor, and imagine people pursuing their self interest by going through maximization of some objective functions. They reason their way out of the problem in terms of that metaphor. For economists this has a great deal of meaning. For almost everybody else this is nonsense; most people don’t see the world through the metaphors of economists. What I am trying to say is that the abductive stage is not simply a preliminary one. The metaphors and analogies we use tell how we understand the world. We cannot do without them.

You said you find neo-classical metaphor objectionable. Do you mean to propose that economists adopt a rhetorical approach?

Yes. One reason for that is that I still have to meet economists who really believe their own metaphor is very helpful for their own life as an economist. The only question that I ask is: If that is so for us, wouldn’t it be true of entrepreneurs, managers, consumers and workers? Might they not have the same problem that we have with our metaphor? May that not explain why we economists have such a bad reputation among non-economists? The same criticism applies to methodologists. Why is it that methodologists fail to produce meanings for economists? Well, I think that methodologists are wedded to that same metaphor of choice making, while anyone who operates in economics doesn’t really think that way. There are all kinds of social conventions, discursive conventions. I should say, that direct the way you are supposed to think. The book Colander and I wrote, The Making of An Economist, shows quite clearly how the students are aware of the socialization that takes place. They are taught to have certain values and to talk in certain ways. When they address the question of relevance of what they do they are really at a loss. My perception is that quite a few economists, especially the good ones, are
skeptical, if not cynical, of what they are doing. Skepticism is very widespread. The cynicism surfaces up when economists want their students to do what they do while they don’t believe it. Many economists don’t believe in what they are doing any more.

Do you mean that economists are hypocrites?

The scepticism characterizes this time. You find the same kinds of attitudes among managers, union activists, and social reformists. There is not much faith left in the idealism with which the modernist project began. One is losing the faith that Samuelson and others had before the War. A similar loss of faith I sense among methodologists. The project of methodology was geared to find some standard. In the book edited by Neil DeMarchi. Hutchinson argues that we need standards to keep the barbarians out of the gates. Blaug would say something similar. Then Bruce Caldwell comes up with pluralism. I am not sure where that leaves us. Anyhow one wants standards but standards cannot be motivated outside the discourse. That’s the frustrating part of it. Standards can be negotiated and re-negotiated within the discourse but they are not just logical consistency and correspondence with facts. There are many standards by which we operate. Logical consistency and correspondence with facts do not give enough guidance. They don’t tell you how to write a dissertation or whether the dissertation is good or bad. This is very hard for graduate students to understand. They can produce a logically consistent theory that seems to be empirically progressive and still do not get any attention, do not even get approved. There seem to be all kinds of tacit rules that you have to obey in order to get the dissertation passed by the committee. Unfortunately, methodologists have very little to say about those tacit rules. I think that the rhetorical prospective guides you to them. I also think that by talking with people, big names as well as graduate students, you start learning a great deal more about those implicit rules. For example, you learn in Chicago not to like efficiency wages; you actually learn to ridicule the whole idea. At MIT, it is normal to believe in efficiency wages. Those in graduate school often have to find out the hard way what is tolerated, persuasive and what is not.

But it would be strange for methodologists to try to explicitly state tacit rules of different schools of economics. Wouldn’t it be like writing a graduate school survival book, suggesting how to write a passable dissertation or later a publishable article.

Well, working economics is like riding a bike - the example Michael Polanyi used. You can learn a lot about how to ride a bike, but that does not mean that if you get on a bike you know how to ride it. Or take Friedman’s billiard player. Someone can explain to you the relevant physical laws, how muscles work and how brains work, but he might still be a lousy billiard player. To bring the point closer to home, you can know everything about child education and still be a lousy father or mother.

Going back to an earlier point, inviting economists to pay more attention to rhetorical aspects of exchange and communications, you mentioned abduction and each economist forming certain views. You also mentioned that economics, compared to other disciplines, have cohesiveness because of the effectiveness of the metaphor. If each individual economist has to come up with his own version of metaphor, will this cohesion not break down among economists because someone will employ maximization metaphor and someone else will have something else, and the third person will have something else?

Yes, I am worried about that. I have no good answer. We are trying to think of ways of engaging other people, but I’m not sure that this project will provide enough work for the numerous economists. At the same time, I am not too worried because the current metaphor is so strong that it will take a while before economists will see the light. So anytime we make a breakthrough it helps.

I have found that the rhetorical focus produces very interesting and very productive exchanges with people across fields. During my time at the University of Iowa I participated in the rhetoric seminar which brought together people from at least ten different fields, e.g., history, rhetorics, economics, you name it. Every other week, we had for two hours very intense, lively, and inspiring discussions. We had a great deal to say to each other.

Now I am too much of a traditionalist to commit the same error that the modernist committed: To use the bulldozer too eagerly. Some architects proposed to just bulldoze all the classical architecture to erect their own modern structures. That was disastrous. Yet that is what modernists had in mind. People like Samuelson and Solow, with the best intentions I should add, bulldozed away much of the rich tradition in economics. Even though they have generated quite a bit of technical and even quite interesting...
insights, they have created something close to a disaster. I should be careful not to be too radical. But at the moment we are at battle and before I am willing to shake hands and embrace my opponent, we have to stand in opposition to one another. Unfortunately the opponent is not so eager to fight, so you have to provoke. Where all this leads us after the battle is fought I do not know.

Are you saying, before the positive evolution, or revolution or whatever, there is one kind of metaphor that became dominant in defeating others and perhaps this metaphor should be defeated or substituted by something else?

Well, at least complemented by something else, it would be already very helpful if economists come to recognize that the whole economy cannot be comprehended through a single metaphor. It impoverishes our conservation. Our intellectual life would be much enriched, if we were to look beyond the narrowly defined economic conversation and take seriously what colleagues do in other fields. I was surprised to find in my current department at the George Washington University colleagues who are sympathetic, and who are even quite curious in the rhetorical perspective even though they are quite critical. My main intention is to call attention to alternative possibilities, join forces to participate in the human conversation at large.

So you think that this emphasis on rhetoric reflects changes in other disciplines?

Yes, in literature, history, philosophy, and even in physics. You just go around in other departments and then you will notice how backward economists are.

Now you seem to entertain the possibility both of replacing the dominant metaphor and of composing something that can supplement or co-exist with co-efficient metaphor. Just tell me whether this alternative vision is meant to be a supplement.

Yes.

Then perhaps in order to succeed as a supplement you should show the orthodox economist how it can complement.

Yes, that is what Robert Frank, and others, wants us to do, to communicate in terms that other orthodox economists, and let’s us not forget methodologists, will understand. At this moment I’m not so sure that it’s an easy thing to do because the cognitive gap between a mechanistic, or systematic, metaphor and a more organic discursive metaphor that we have proposed is quite large. We see people getting tremendously confused.

Is it not then especially important to show how they can co-exist?

At this moment, I want to explore this discursive metaphor and also come to a better understanding of the stories among economists, entrepreneurs, and consumers. At the moment I prefer to give it as sharp a focus as possible because that is what people need to see. All the fear, anger, frustration and annoyance that you hear when people talk about the rhetorical prospect is a testimony to this. It is scary. If you look at my bookcase you will notice that most of the books have very little to do with economics per se. I need to read in literary criticism and philosophy; McCloskey studies classical languages. We have found that we need to do that in order to talk sensibly about the issues we want to talk about.

Please tell me something about application for development of discursive metaphor in the study of entrepreneur.

Well, Metin Cosgel and I did a paper on entrepreneurship in which we take issue on one hand with Schumpeter’s argument that entrepreneurship is characterized by creativity and on the other hand with Kirzner’s argument that it is alertness that distinguishes the entrepreneur. People can be pretty much alert or pretty much creative if they just put their mind to it, but it doesn’t make you an entrepreneur. The major entrepreneurial activity is the persuasion of other people to make them see what you see, to convince them that there is a $500 lying out there if they are only willing to put their money in the project or to become a partner. I, the entrepreneur, see something and others do not see it. We all look at the same information; others see no 500 dollar bills, but I do. If I am Trump or Jobs, I may be able to convince you. How do I do that? Well of course, I could charm you with money but I will also do so with good stories. Trump is great in telling good stories, in convincing you that there is a great deal in it for you. If you have ever been in contact with a great salesman that’s what happens to you. Salesmen make you see what you did not want to see. The approach I am proposing is to come to understand the entrepreneurial discourse. If you do comparative studies of entrepreneurial discourse, say, in New York City, in Portugal, and in Eastern Europe, you will come to understand differences in discursive constraints
by which entrepreneurs operate. In Portugal people have to deal with a rather pessimistic outlook on life that restraints entrepreneur activity. In Eastern Europe you may discover the entrepreneurial potential in Hungary is different from that in Russia. You may learn how authoritarian regimes foster anti-entrepreneurial attitudes that get expressed in the way people talk and the stories they tell.

I am suggesting an interpretative approach. This kind of research does not immediately lend itself to policy making but maybe that should not be our primary concern. A lot of economics narrowly focused on some kind of policy outcome, but one easily forgets that most studies don’t have any impact and pay only lip service to policy making. Our primary concern is coming to understand economic phenomena just like a therapist tries to understand the problems of her client. If you do so, you try to figure out the stories the person tells. The result is usually not an immediate solution, like “take these tablets” or “beat up your father.” No, that is not what understanding produces. A good therapist will know she does not have the solution for her client. Her understanding of the situation, however, can help the client deal with her problems. That is the objective that we, economists and economic methodologists may want to pursue, namely to produce a conservation that is for others edifying and therapeutic.