

The economy: metaphors we (shouldnt) live by



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The Economy: Metaphors We (Shouldnt) Live By?, Lakoff Argument is war.” That’s what cognitive linguists George Lakoff and Mark Johnson write in the opening chapter of their influential 1980 *Metaphors We Live By*. In that seminal book, Lakoff and Johnson offer a number of powerful lessons about figurative language: Metaphor is more than mere literary window dressing; metaphor is a fundamental aspect of human thought and language; and metaphors help us navigate the real world with a degree of efficiency that literal language can’t offer. It can even “for better or worse” change our perceptions of things.

So far, so good. But armed with this view of language, Lakoff has gone on to become one of the most celebrated messaging consultants of the “progressive” left. He’s written books that urge left-liberals not only to use metaphor more consciously, but also to “reframe” common concepts like freedom in ways that make statist ideas palatable. That’s certainly good strategy. Cognitive scientist Steven Pinker claims that this is where Lakoff goes off the deep end. In a 2006 response to Lakoff’s *Whose Freedom? The Battle over America’s Most Important Idea*,¹ Pinker accuses Lakoff of “cognitive relativism.” Pinker defines that view as one in which “mathematics, science, and philosophy are beauty contests between rival frames rather than attempts to characterize the nature of reality.

“So who’s right? Is reality ours for the rewriting? Or should metaphors track the truth? Pinker is right. Metaphors can’t change reality; they can only shed light on it. And when people use metaphors to take liberties with reality, their words can be misleading at best and mendacious at worst. We see this often in the socio-economic arena.

One of the most pervasive false metaphors in economics is the economy as machine. It can be subtle or overt. But “economy as machine” is arguably the most powerful metaphor at work in contemporary economic discourse.

The Machine Metaphor “Machines have parts” gears, pumps, valves, wires, dials and buttons” that make up a whole. These parts fit together in a certain way” a way that can be known. Indeed, if these are things that can be known, they are things that can be designed and manipulated. The whole machine can be broken down into parts, which are themselves static. The relationships among the parts are cause-and-effect, so if you're smart enough, you know how one thing affects another. When everything is working properly, machines run well. If something breaks down, it has to be fixed. Ultimately, machines work better due to good engineering: the product of a mind or group of minds tasked with designing or operating the system.

People in the grip of the machine metaphor borrow aspects from the above description, as well see. Consider a few examples in the popular press: Paul Krugman, interviewed for a Newsweek story, once said that what drew him to economics was “the beauty of pushing a button to solve problems.”² Bloomberg business runs this headline for an “expert panel” of leading economists: “How to Fix the Economy.”³ Paul Krugman (again) advising Obama from the pages of The Guardian: “This riches-to-rags story is an example for Obama” and the world” of how not to run an economy.”⁴ Prior to Barack Obama's election as president, a CNN headline read: “Obama's priority: Fixing the economy.”

“ 5Bloomberg writer Carolina Baums asks rhetorically whether the “ U. S. Economy [is] Overheating.” 6Daily doses of this sort of language add up over time, affecting our understanding of the way economies actually work. Its no wonder that most people find it easier to think of economics this way.

Its simpler, for example, to borrow from Newton (physics) than from Darwin (biology) when discussing what needs to be done about a crisis, for example. Darwin? you may be thinking. Yes, Darwin. See “ Rinkonomics: A Window on Spontaneous Order,” by Daniel Klein, for a discussion of how centrally planning a spontaneously-organized system such as an economy leads the economy astray.

See also the biography of Francois Quesnay, for the tradition of using the circulatory system in the human body as a metaphor for the macro-economic system. A much more accurate metaphor for the economy is an ecosystem. We are simultaneously independent and interdependent. We can no more fix an economy than we can fix a rainforest or a coral reef. At best, we can leave it alone.

Such is not the faith of a “ market fundamentalist,” but the implication of a tradition informed by evolutionary thinking, the science of complexity and self-organizing systems. But let us not get too far afield. Mission ControlRemember the Apollo missions? Very smart people from the governments most celebrated government agency would sit in a big room in Houston. The room had giant display screens and machines.

The machines had toggles, switches and rheostats. The astronauts had instrument panels in space. All those complicated instruments were spread

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out before the teams to help them do basically one job: get a spacecraft of astronauts to the moon and back. Complicated calculations for a simple objective. They called it “ mission control.” Men behind machines made it all happen.

I think this picture is very much how people think of Washington economists. More worrying, perhaps, is that this is how many statist economists think of themselves: a room full of economists pushing buttons or turning rheostats and moving money where it needs to go. The result? Prosperity for all. Of course, you have to get the “ right” experts, but many people believe that such experts exist. Even popular history books tell us that FDR and a team of interventionists” many channeling John Maynard Keynes” piped largesse down from on high to get America out of the Depression. This was referred to as “ priming the pump.” Pushing Krugmans ButtonsInterestingly, Paul Krugman” defender of Depression-era economics” has already defended himself and fellow Keynesians against the charge of succumbing to the machine metaphor.

Witness Krugmans 1997 response to Michael Rothschilds book Bionomics: 7Take, for starters, [Rothschilds] assertion that “ orthodox economics describes the economy as a machine.” You might presume from his use of quotation marks that this is something an actual economist said, or at least that it was the sort of thing that economists routinely say. But no economist I know thinks of the economy as being anything like a machine” or believes, as Rothschild asserts a bit later, that because the economy is like a machine, it is possible to make precise predictions. But, as noted earlier, Krugman does know an economist who treats the economy as a machine: Krugman

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himself. In fact, despite his protestations, we find Krugman using the machine metaphor on more than one occasion. In a Wharton School of Business newsletter, Krugman is quoted thusly. With monetary policy a non-starter, “ That leaves nothing but government spending” to prime the pump, Krugman said.

“ Thats pure Keynes.” ⁸This certainly sounds like a machine metaphor, but perhaps the authors took some liberties paraphrasing Krugman. Still, on another occasion, Krugman congratulated Nobel laureates Elinor Ostrom and Oliver Williamson for having won the prize. In doing so, he used the metaphor yet again: My caricature version is that when the Depression hit, institutional economics, asked for advice about what to do, replied that well, its all very complicated, and has deep historical roots, and.

... Meanwhile, Keynesian economists, using very simple mathematical models, basically said “ Push this button” we need more G [government spending on goods and services].” And this had a somewhat perverse effect.

⁹ (Emphasis mine.)Perverse indeed. And yet neither Krugman nor many in the macroeconomics profession conclude from the above admission that our modern models” despite greater sophistication” might also be infected with the machine meme. Most seem to think we just need better models and smarter experts. But macroeconomic models are often rooted in the machine metaphor. Economist Arnold Kling writes: “ Mainstream macroeconomics is hydraulic.

There is something called aggregate demand which you adjust by pumping in fiscal and monetary expansion.” ¹⁰ We should join Kling in rejecting “ this <https://assignbuster.com/the-economy-metaphors-we-shouldnt-live-by/>

whole concept of macroeconomics.” More than a Metaphor To put all this into perspective, consider that in post-war Britain, economists literally built a machine designed to model the British economy.

Larry Eliot, writing in *The Guardian*, 11 describes the Phillips machine: A sensation when it was unveiled at the London School of Economics in 1949, the Phillips machine used hydraulics to model the workings of the British economy but now looks, at first glance, like the brainchild of a nutty professor.... The prototype was an odd assortment of tanks, pipes, sluices and valves, with water pumped around the machine by a motor cannibalised from the windscreen wiper of a Lancaster bomber. Bits of filed-down Perspex and fishing line were used to channel the coloured dyes that mimicked the flow of income round the economy into consumer spending, taxes, investment and exports. Keynes might have been delighted by the device had he lived to see it.

By contrast, F. A. Hayek would no doubt have shaken his head at such a Rube Goldberg contraption. 12 Today, there is a growing community of economists sympathetic to the Austrian tradition who would agree with Hayek. But they are not yet in the majority. And they are certainly not in power. *The Gods out of the Machine: There is no Intelligent Design* Again, the whole idea of fixing, running, pumping, regulating, or designing an economy rests on the idea that, if the right smart guys are at the buttons, the economy can be ordered by intelligent design. But there are no buttons.

There are no pumps. Neither central bankers nor government bureaucrats can fly in like a *deus ex machina* to correct things. Why? Because

knowledge, Hayek reminds us, is not concentrated among a few technocrats, but is dispersed among billions of people. The economy is too complex to be engineered. It is dynamic and organic. Thats one reason why Hayek concluded in his 1974 Nobel lecture that so much of economics is afflicted with what he referred to as “ scientism.

“ It seems to me that this failure of the economists to guide policy more successfully is closely connected with their propensity to imitate as closely as possible the procedures of the brilliantly successful physical sciences” an attempt which in our field may lead to outright error. It is an approach which has come to be described as the “ scientific” attitude” an attitude which, as I defined it some thirty years ago, “ is decidedly unscientific in the true sense of the word, since it involves a mechanical and uncritical application of habits of thought to fields different from those in which they have been formed.” 13Hayeks critique still holds today. It points not only to whats wrong with so much of mainstream macroeconomics, but also to whats wrong with the very language many people use to talk about the economy. It is time for us to admit one thing: There is no mission control.

Once we accept that, the metaphor of economy as machine sputters, then stalls. Metaphors Matter: Argument is War ReduxWeve come full circle. Wherever you stand in the battle between Lakoffs cognitive relativism and Pinkers cognitive realism, you have to admit that George Lakoff is right about one thing: When it comes to political language, argument is war. And todays economic discourse is like trench warfare.

Words are weapons, and no army usually gains more than inches. Although we may agree argument is warlike, in the long term, truth is more powerful than falsity. Truer metaphors will help us gain ground in the ongoing “ battle of ideas.” Right now, it would seem were losing.

A virtually unaccountable group of central bankers, economic advisors and other experts continue in their efforts to run and fix the economy. Perverse consequences follow. We can only hope that one day a large enough bloc emerges, one whose members are on the side of liberty and truth” or at least on the side of better metaphors.