Why We Want What We Want

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Economics has long found itself in the dock, accused of being the imperial discipline conquering all other social sciences. The profession must now face having the tables turned and being taken over by a new science that will include standard economics as a special subsection. Just as Einstein's theory of relativity turned Newton's theory of gravity into a special case, so evolutionary psychology contains utility theory as one very useful but limited paradigm.

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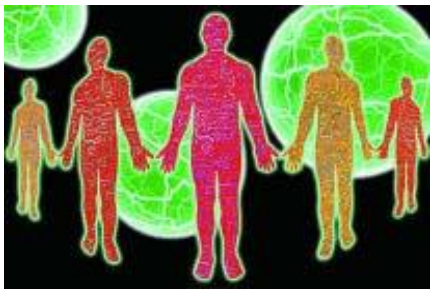

Economists spend their lives studying what people want, but rarely why they want what they want. Perhaps even more troubling, economic models usually assume that whatever it is that we want, it's for ourselves, not for others. Niceness and altruism are unwelcome intruders in economics.

At right, the "new science" to which Professor Moore refers is evolutionary psychology, whose influence on economics is still pretty small. Some academic economists, however, are intrigued by the idea that this field might help economics explain our wants and, in particular, why some of our wants are unselfish.

Here's the problem:

- Economic theory assumes that people are rational—an assumption that enables economists to investigate a vast number of issues.
- The rationality assumption, however, prohibits economists from investigating some of life's most interesting questions.
- The economist's "rational man," one can argue, selfishly ignores the desires of others—behavior that flies in the face of a world filled with good deeds.
- In the rare corners of economics where altruism appears, it is not explained but, rather, uncomfortably welded onto a standard model in mechanical fashion.

Evolutionary psychologists think that the tools of their field may give economics a more realistic understanding of the complexities of human behavior.

Why Do Economists Assume Rationality?

Most economic analysis begins and ends by assuming that people know what they want and pursue their desires efficiently. This assumption bears the name "rationality" and the resulting mode of analysis

is "utility theory." Even though economists assume rationality every day, they know that real people don't live up to this ideal. (Even economists have trouble choosing dinner entrées.)

Nevertheless, the rationality approach has lots of advantages. First, it restricts economists to a manageable range of issues and gives them a common vocabulary. Second, the approach forces economists to respect their subjects. They can't simply write that, "People smoke cigarettes because (unlike me) they're too stupid to understand the dangers." Economists, instead, must ask, "Why do intelligent people smoke, given that they know and understand the dangers of cigarettes?" Third, whatever the shortcomings of the rationality approach, it has yielded great success in explaining and predicting much human behavior.

So What's the Problem?

Something about utility theory is unsettling. Human wants and strategies for satisfying wants enter the theory out of nowhere, and with no explanation. Where desires come from is of no great concern to economists, who leave the question to psychologists, philosophers, clergymen , and palm readers.

In its barest form, utility theory assumes that each individual's happiness (utility) is a function of how much stuff he consumes; the well-being of others is not his concern. Critics dubbed this selfish theoretical individual *Homo Economicus*, or "Economic Man." The greatest contribution of Adam Smith, the founder of modern economics, was to show that in an economy characterized by voluntary trade, the deeds of individuals as selfish as this caricature would, nonetheless, result in good for their fellow humans—by accident, rather than by design.

But economists were always aware that people are far more complicated than Economic Man. Economists have heard of St. Francis, Oskar Schindler, Johnny Appleseed, and Florence Nightingale. Economists know that people will sacrifice and even die for their families, friends, and nations—or strangers. (This point was made chillingly clear on September 11, 2001.)

Economists sometimes squeeze selfless acts into their models, though not comfortably. For example, some economic models assume that one person's happiness partly depends on how happy others are; it makes you happy if your neighbor wins a $1,000 prize, though it makes you a lot happier if you win the $1,000 prize. A more complicated model might assume that you're willing to donate some money to a stranger in need, more to your neighbor, even more to your sibling, and most of all to your child. Often, though, such economic models do not seek to explain why you exhibit different amounts of unselfish behavior to different people. This is where evolutionary psychology seeks to contribute to the discourse.

Survival of the Nicest?

Why might you sacrifice all of your savings to save a sibling but maybe not a cousin? Why do most people seek to increase their wealth if, as popular wisdom has it, wealthy people aren't any happier than poor people? Traditional economic models are of limited use in answering such questions. But add a dose of evolutionary psychology to your economic model and you might just find some answers.

Recently, some evolutionary psychologists have sought to answer these questions—encroaching on economists' turf, probing the origins of wants and strategies, and building their findings into unorthodox economic models. Their science is a spinoff from evolutionary biology.

Evolutionary biologists assume that we have eyes, hearts, thumbs, and spleens because organisms with those structures were more likely to pass their DNA on to descendants than organisms without those structures.

Similarly, evolutionary psychologists hypothesize that humans feel love, hate, curiosity, angst, empathy, inventiveness, sympathy, grief, and so forth because (in retrospect) people with those traits were more likely to have descendants than people without those traits. By extension, evolutionary psychologists ask whether our economic characteristics (such as our desires to trade, to invent, to accumulate wealth) are hardwired into our brains because people who traded, invented, accumulated wealth, etc., were more likely than others to have descendants living today.

Evolutionary psychologists assume that the human mind works the way it does because this design was better adapted for survival through the ages than other designs. By their reasoning, we tend to fear snakes, enjoy the company of dogs, prefer cooked meat, avoid rotten-smelling water, and so forth, because ancient people with these traits were more likely to have descendants in the year 2001 than people who liked snakes, hated dogs, craved raw meat, and drank from swamps. Given enough generations, snake-loathers would eventually greatly outnumber snake lovers.

The same logic suggests that certain interpersonal relationships might be hard-wired into our genes. Children whose parents love them and fear for their safety may be more likely to survive (and to become parents themselves) than children whose parents do not care for them. People who wish to get along with others might be safer from attack than the neighborhood grump.

The evolutionary biologist Richard Dawkins theorized about a "selfish gene." This idea is that individual humans are driven to preserve their own DNA through the generations—and sometimes, this is best accomplished by sacrificing our personal well-being for the benefit of others who share our DNA. History is filled with parents who risked or sacrificed their lives to save their children. Asked whether he would lay down his life for his brother, the biologist J.B.S. Haldane responded, "No—but for two brothers or eight cousins." Why? Because on average, two brothers have as much of your DNA as you do, as do eight first cousins.

In the abstract, it's as if our genes are out doing whatever they can to preserve themselves, and we're just along for the ride. Evolutionary psychologists don't believe that this is the case any more than economists believe people are completely rational. Like rationality, the selfish-gene assumption is just an analytical tool that the researcher hopes will provide some good predictions about human behavior. Importantly, evolutionary psychologists also don't argue that genes determine our behavior, but only give us tendencies. Fear of snakes is prevalent, not universal, and even snake-loathers can learn to like them.

Kinder, Gentler Rationality

So how might this fit into economics? The idea is that people form economic relationships that, looking back, have improved our chances for survival. People are not only willing to sacrifice their lives for their children, they are also willing to sacrifice their personal wealth for them. (Pay for the child's education so that child can marry and have children who will carry Grandpa and Grandma's genes.) A woman may generously give money to her brother-in-law for his new business. (If the business prospers, her sister may be more likely to have children who survive to pass along the family's DNA.) Your cousins share less of your DNA than your siblings do, so you're less likely to finance their businesses.

Perhaps if someone had asked Haldane whether he would make a no-interest loan to his brother's company, he might have responded, "No—but perhaps to a company owned by two brothers or eight cousins."

Beyond Altruism

Evolutionary psychologists hope to explain economic mysteries beyond altruism, as well. Universally, people seek to accumulate wealth, even though folk tales, literature, gossip, and research suggest that wealth doesn't, on average, bring happiness. Why, then, do most of us prefer more to less? Perhaps the answer lies in the fact that over the millenia, people who craved material wealth had more children and saw fewer of them die of starvation and illness. So our genes whisper, "Psst! If you work a few more hours, you'll be able to buy that car you've been wanting!" We listen because, to our ancestors' ears, the message sounded like, "Psst! If you work a few more hours, you'll be able to store more beans for the cold winter ahead."

Steven Pinker, a psycholinguist and evolutionary psychologist, speculates that language developed for the same reason—that people who could speak were more likely to produce offspring than people who couldn't. And language is what makes trade and commerce nearly unique to humans. (Did you ever see a dog trade a bone for a rabies shot?) So our desires to buy and sell and travel the world may also reflect some ancient drive that helped our ancestors to survive.

Time will tell whether evolutionary psychology and economics will intermingle more than they do today. Meanwhile, the researchers on this front strive to see whether it is Selfish Genes that soften hard-hearted Economic Man.

Historical Afterthought

Interaction between economics and evolutionary theory is nothing new. The two have long been intertwined in an intellectual double helix. Adam Smith postulated that competing buyers and sellers would act almost as a collective intelligence (the famous Invisible Hand) to the benefit of society. This idea partially inspired Charles Darwin's vision of competing organisms acting almost as a collective intelligence (Invisible Tentacle? Invisible Paw?), shaping earth's species as if by design to select those species most likely to survive.

In turn, some political economists of the mid- to late Nineteenth Century molded their social theories around Darwinian notions, stretching the analogy to serve their own sentiments. In the extremes, some Marxists and Social Darwinists alike saw economic competition as wolves devouring sheep. Marxists sympathized with the sheep and called for the market's destruction; Social Darwinists sympathized with the wolves, raising a glass of sherry to the victory of strong over weak, rich over poor.

Both of these conclusions failed to grasp the gulf between Smith's idea of competition and Darwin's. Smith wrote of voluntary trade, where rich and poor could both walk away from the bargaining table mutually satisfied, or they could just walk away. Darwin described encounters where one party walked away satisfied and the other party never walked away at all—wolves and sheep don't do deals. Even today, popular political discourse is clouded by the remnants of Marxian and Social Darwinist excesses. But enough digression. Suffice it to say that economics and evolution have had a long relationship.