



Bread and bullets

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ARTICLE INFO

Article history:

Received 7 October 2015

Accepted 28 October 2015

Available online 26 November 2015

JEL classification:

A12

A13

A14

D03

D04

D20

D23

D30

D62

D71

D72

D74

E02

E03

Keywords:

Narrative

Motivation

Attention

Prediction

Identity

Social assignment

ABSTRACT

Standard economics omits the role of narratives (the stories that people tell themselves and others) when they make all kinds of decisions. Narratives play a role in understanding the environment; focusing attention; predicting events; motivating action; assigning social roles and identities; defining power relations; and establishing and conveying social norms. This paper describes the role narratives play in decision making, as it also juxtaposes this description against the backdrop of the Bolshevik-spawned narrative that played a critical role in the history of Russia and the Soviet Union in the 20th Century.

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This article is concerned with the importance of narratives in decision making, particularly economic decision making. We may characterize a “narrative” as a sequence of causally linked events and their underlying sources, unfolding through time, which may be used as a template for interpreting our ongoing experience (Graesser et al., 1980; Bruner, 1991). The underlying sources of the events include, among many other things, the goals of the narrative’s characters (Beach, 2010; Schank and Abelson, 1977), their emotions (Oatley, 1992) and identities (McAdams, 2001). Narratives are simplified accounts of events that tend to be crucially concerned with issues of balance – between the needs of the individual versus the social

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¹ We wish to express our gratitude to Robert Akerlof and Robert Shiller for valuable comments and suggestions, and to Victoria Buhler, Johanna Scholz and Christoph Schütt for their excellent research support.

group, between material and non-material aspirations, between self-interest and altruism, between humankind and nature, and so on. These issues are of central importance, since narratives implicitly recognize that balance in these senses is essential to human well-being.

Narratives serve a variety of purposes, which can be shown to have important implications for decision making. From the many functions of narratives that have been described in various literatures of the social sciences and humanities (especially psychology, sociology, anthropology, narratology and literary criticism), this article highlights the following interrelated roles of narratives in decision formation:

1. *Understanding the environment:* Narratives help us gain a conceptual understanding of our internal and external environment. They do so by providing simple mental models whereby we can identify causal relations that enable us to account for past and present events in terms of antecedent events. In particular, narratives provide alternative scenarios that enable us to envision past and present events in terms of what happened previously. They thereby play a role in our (conscious or unconscious) adoption of our causal explanation of past and present events, where the adoption may depend on motivational criteria such as maximizing explanatory power, minimizing potentially harmful misinterpretations, minimizing anxiety, and so on.
2. *Focusing attention:* Narratives focus our attention on particular types of events and particular causal relations concerning these events. Narratives thereby have a strong influence on our economic decisions, since we can only make choices with regard to the domain of possibilities that lies within our field of attention. This attentional field is generally quite limited relative to the complete domain of possibilities. Narratives serve as a filter for screening data in this regard.
3. *Predicting events:* By making particular causal relations salient, narratives bring these relationships into our attentional field when we predict events, including when we predict the future implications of our current actions.
4. *Motivating action:* In bringing particular causal relations to our attention, narratives activate particular motives in us.² Our motives are diverse and may include self-interested wanting, concern for the well-being of others, affiliation with others in our social groups, achievement seeking, status seeking, anger, fear, play, sexual gratification, and more. Different motives are associated with different objectives. Narratives interpret people's intentions and thereby influence the motivations that become activated. By helping us predict the future, narratives help us reduce our anxiety in the face of uncertainty.
5. *Social assignments and identities:* Narratives assign social roles to people, placing them into well-defined relationships with respect to one another. In doing so, narratives help establish and maintain people's social identities which, in turn, shape their motives and objectives.
6. *Power relationships:* By assigning social roles, narratives establish and maintain power relationships among people. Narratives fulfill this role when they gain legitimacy within specified social groups, defining hierarchies of legitimate power. Having gained legitimacy, the resulting power relationships may be reinforced or even replaced by instruments of coercion.
7. *Social norms.* Narratives teach people social norms and furthermore help explain why we ourselves should obey those norms, and where and when we should punish others who disobey them.

These roles of narratives are irrelevant to mainstream economic analysis for a simple reason. By explaining economic decisions under the assumptions of Homo Economicus – internally coherent, self-interested, context independent and temporally stable preferences; and means-end rationality applied to a determinate, objectively observable environment – mainstream economic analysis leaves no role for narratives to play in shaping people's objectives and constraints. The empirical deficiencies of this model of human nature have been highlighted by various disciplines (including psychology, neuroscience, anthropology, sociology, cognitive science and evolutionary biology), leading to a variety of conceptual extensions in behavioral economics. Yet behavioral economics has thus far also had little to say about the role of narratives, leading us to believe that further significant modifications of our conception of human nature are necessary before the impact of narratives on economic decisions can be appreciated.

An effective way of understanding the roles of narratives is to consider a particularly powerful narrative in recent history: the one underlying the rise of the Soviet economic system. There can be little doubt about the importance of narrative in transforming economic life in Russia and its satellite countries, for without a story that served to explain the need for a radical transformation, Lenin, Trotsky, Stalin and other major Russian political figures could not have induced others to act in accordance with their visions. By examining the role that narrative played in establishing and maintaining the Soviet economic system, we can illustrate dramatically the various roles that narratives play in shaping economic decisions. The historic significance of these roles makes it easy to appreciate the need for including narratives in economic analysis.

In what follows, we will offer an account of the Soviet economic system (in italics), interrupted by commentaries explaining the various roles that narratives play in decision making. It is important to emphasize that our account of the Soviet system – like all historical accounts – is itself a narrative. In fact, it is a disputed narrative, one that has gained much credence in the West, but was obviously not shared by the people involved in establishing the Soviet system.

² In addition, our motives also influence the causal relations that are brought to our attention and thereby influence the narratives we adopt.

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