# AN INTERVIEW WITH THE ARMCHAIR ECONOMIST, STEVEN LANDSBURG

This interview first appeared in **Region Focus** (fourth quarter 2012), published by the Federal Reserve Bank of Richmond, and is reprinted here with permission.

Many people find economics inaccessible and many of the questions that economists pursue are divorced from the issues they face in their own lives. Steven Landsburg has spent much of the last 20 years trying to make economics understandable and relevant to a broad audience, through a column in *Slate* that ran from 1996 to 2008 as well as a number of books, most famously *The Armchair Economist*. Part of the motivation for this work is that Landsburg himself came to economics from a different discipline, earning a Ph.D. in mathematics at the University of Chicago. After completing his Ph.D., he was awarded a post-doctoral fellowship in economics at Chicago. But much of his education in economics came from informal conversations with economists who debated a broad range of issues, trying to find out which arguments worked and which didn't.

Landsburg is a professor of economics at the University of Rochester, New York, though he continues to pursue academic work in mathematics. His interests range across a number of other disciplines as well, including philosophy, which he believes is crucial to evaluating the desirability of many economic policy issues. How, for instance, should individuals, policymakers, and society as a whole determine what should be maximized without first having ideas about what is just?

Landsburg runs a blog, thebigquestions.com, where he and his readers discuss such questions and many others. Aaron Steelman interviewed Landsburg in October 2012.

**Region Focus:** What prompted you to write *The Armchair Economist?*

**Steven Landsburg:** One day in 1991 I walked into a medium-sized bookstore and I found more than 80 books on fundamental physics and cosmology, a couple dozen on evolutionary biology, and Richard Dawkins' classic on the selfish gene. And the best of those books made me feel like I had been allowed to partake in a great intellectual adventure. They were exciting; they gave me new ways of seeing the world.

Economics is also a great intellectual adventure, and yet there was no book that aimed to share that with the layman. So I resolved to write that book. I thought that I could do it, partly because I had just written a textbook and believed I could write, but also because I had the enormous advantage of having lunch every day with a boisterous and brilliant group of economists who were out to use economics to understand everything about the way the world works, and everything about the way the world could be made better.

And those lunches were among the most exciting intellectual events of my life. Every day somebody

**Steven Landsburg** is professor of economics at the University of Rochester.

would come to lunch with a completely out-of-the-box idea, and it would get ripped to shreds, and it would get rebuilt from the foundation. People were absolutely committed to intellectual honesty—if somebody found a mistake in your idea, you would abandon it immediately. And people were very committed to intellectual consistency. If it was pointed out to you that you had just said something that contradicted something you had said a couple years ago, people worried about that—they worried about getting things right and whether they were wrong then or wrong now.

I would come back to my office every day, thinking what a tremendous privilege it was to be present for those lunch conversations and that I wanted nothing more than to share them with the world. So *The Armchair Economist* was partly a chronicle of what I had learned at lunch. Another reason, in addition to the fact that I thought I could write it and had that material coming from the lunch group, was that having no degree in economics, having no course background in economics, I was largely learning the stuff myself or learning it from friends. I thought that gave me some real insights into what were the difficult things to learn, the easy things to learn, and what were the explanations that worked and those that didn't work.

**Region Focus:** Since you wrote *Armchair*, there have been many other 'popular economics' books published. How do you think *Armchair* differs from some of these?

**Steven Landsburg:** I take pride in the fact that even with all those competitors out there, my sense is that *The Armchair Economist* is the book that economists generally advise their noneconomist friends to read. It's the book that economists give to their mother when they want their mother to know what they do all day. A lot of those other books are quite good. I have reviewed several of them, and I have reviewed several of them positively. *Freakonomics* stands out from the bunch, not just by its sales, but also in being more about facts than about logic. I think it's a rollicking good read and gave it a rave review in the *Wall Street Journal*, but it is of a somewhat different genre than the other books that have been published. It doesn't really try to explain the logic of economics the way *Armchair* does and the way some of those others really do.

**Region Focus:** To what extent do you think basic economic ideas are essentially intuitive when explained clearly?

**Steven Landsburg:** To understand economics seems to require repeated exposure for a lot of people. And after many years of thinking about this stuff, I sometimes am baffled that it is so difficult for so many people to grasp. But I have to remind myself that it was difficult for me to grasp at the beginning too. These are ways of thinking that most people don't have in their toolkits unless they have really studied economics.

My general experience—talking to students and communicating with the general public—is that a lot of extremely intelligent, extremely thoughtful, extremely well-educated people have a great deal of difficulty grasping the logic of an economic argument.

*The Armchair Economist* is the book that economists generally advise their noneconomist friends to read.

**Region Focus:** Turning to *Fair Play: What Your Child Can Teach You about Economics, Values, and the Meaning of Life*, what have you learned from explaining economic issues to your daughter from quite a young age?

**Steven Landsburg:** Well, explaining economics to undergraduates requires you to boil it down much more to the essentials than explaining it to graduate students. And explaining it to freshmen requires more of that than explaining it to seniors. And explaining it to third-graders requires you to really get at the absolute essence of the issues, and that makes you think very hard. But part of the message of *Fair Play* was not so much what I learned by explaining economics to my daughter. A lot of *Fair Play* is about what I see as the disconnect between the things people teach their children and the way people behave in the marketplace. We often accept protectionist legislation to protect people from competition,

which I think nobody would tolerate on the schoolyard if a bunch of kids formed a cartel and refused to let anybody else trade with them or their classmates, or if we refused to let kids in one class associate with kids from other classes. I think we would all view that as ugly. Why don't we view that as ugly when it's done on a grand scale? A lot of *Fair Play* is about that kind of disconnect.

I think it's impossible to do any kind of policy analysis without making some ethical judgments.

**Region Focus:** In almost all of your writings, one gets the sense that without a theory of the good—of the desirable and the undesirable, the fair and the unfair—you believe it's hard to say much of consequence about a lot of issues.

**Steven Landsburg:** I think it's impossible to do any kind of policy analysis without making some ethical judgments. I also think that economists have made an excellent case for the efficiency criterion as a general standard for policy. There are many different ways that you can present this to your students. I have just finished writing the 9th edition of my textbook and I now have four separate sections on four separate arguments for why you might want to buy into the efficiency criterion. Those are all ultimately philosophical arguments, but they're completely informed by an economic way of thinking.

If you are going to argue for one policy over another, then you have to argue at some level that this policy is good and the other policy is bad, and the difference between what's good and what's bad is a philosophical question, however you address it. I think that economics often, though perhaps not always, gives you all the tools you need to do that, but the mere fact that all the tools come from economics does not mean it is not ultimately a philosophical question.

**Region Focus:** Why does price theory offer such a powerful set of tools for understanding a broad range of issues?

**Steven Landsburg:** Part of it is evolution. The ideas that work survive, and the ideas that don't work don't survive. You could, of course, equally ask why physics has such a powerful set of tools for understanding the physical world, or why mathematics has such a powerful set of tools for understanding the world of abstraction. These are things that people have considered for a very long time, and most of the ideas that people came up with have long since been discarded.

But the good ones generally survive. Now, it is true that economics has been more successful than some other subjects. I suspect that partly has to do with the culture in economics of being willing to follow logic wherever it leads you, of not rejecting something just because it's counterintuitive, of not having preconceived notions of where you're trying to go. There are people who violate those principles all the time, but there is a general culture of being the servant of logic, not the master of logic.

That certainly is behind the success of physics, the success of mathematics, and I think it's also behind the success of economics.

**Region Focus:** You make frequent use of counterintuitive examples in your books.

**Steven Landsburg:** Counterintuitive examples do run the risk of just causing some people to shut down. But I like them because, first of all, they're fun. We laugh at jokes because they're counterintuitive. They appeal to the sense of playfulness in us. So, partly, it filters the audience. The people who are just not willing to listen to something counterintuitive are probably the people who are not going to learn anything anyway. It brings in the sort of people who have more open minds.

Beyond that, when you are forced to a really counterintuitive conclusion, from what appeared to be completely noncontroversial principles, that's when you've learned something. I mean, if all we ever learned were things we sort of knew anyway, then we wouldn't really be learning. The fact that a set of noncontroversial principles leads to a very surprising conclusion causes you to become aware that those principles are much more powerful than you thought they were. It causes you to confront your prejudices, causes you to open your mind up and be willing to see the world in a somewhat wider way, and

makes you more open to the idea that you might be wrong about other things. It helps you understand that there might be a lot of things that are worth rethinking that you didn't have exactly right the first time around.

**Region Focus:** What role do you think economists should play in speaking not only to the public but also to policymakers? And what pitfalls might come with that?

**Steven Landsburg:** I have not had the experience of being asked to be anyone's policy adviser. I suspect that it would be very easy for an honest person to fall prey to a certain amount of corruption there, because you want to be a team player, you want to be on board with the general thrust of where the candidate is going. That might not cause you to say things you don't believe, but it might cause you to pick and choose your emphases—pick and choose what issues you're going to talk about. So I worry about that.

I also worry about the general human tendency to pretend that we know more than we really do. And whenever somebody gets put in the spotlight and asked his views on policy, I think there's a tendency to pontificate, there's a tendency to think, well, all these people are asking me this question, that must mean all these people think I'm very wise, and so I should share my wisdom. But we all know as economists that there are plenty of things we don't understand. We also all know as economists that there are plenty of things that we understand much better than we usually get credit for. And I think that it is important for us to keep telling people over and over again that there are things we understand, and that we're right about those things, and that they will do better if they listen to us.

**Region Focus:** You wrote in *Forbes* that trade and immigration are the two most important issues for you. Why?

**Steven Landsburg:** Trade and immigration are the two most important issues for me for several reasons. First of all, the economics is so unambiguous that trade and immigration are, on balance, good things by just about any normative criteria you would want to apply because their benefits are so very widespread. And beyond that, so many of those benefits go to the world's very poorest people. When we open our borders to trade, when we open our borders to immigration, Americans as a group benefit, but very poor people in other countries also benefit. I think it's a great thing that I don't have to trade off benefits to Americans versus benefits to foreigners, because the economics tells me that both sides are going to benefit. But even if I did have to trade them off, I would have to say that I am more concerned about policies that will benefit people who have the misfortune to be born in Mali or Albania or the poor parts of Mexico than will benefit middle-class Americans.

I am more concerned about policies that will benefit people who have the misfortune to be born in Mali or Albania or the poor parts of Mexico than will benefit middle-class Americans.

I am very disturbed at a visceral level by people who think that we should care more about people who happen to share a nationality. To me, that's no different in terms of the way it feels than caring more about people who happen to share your race. People will disagree about that, and I think I have to acknowledge that this is not an economics point. It's a point of personal preference, of aesthetics—it may be no more interesting than the way I like my eggs cooked in the morning—but I do have that very strong visceral feeling that, when we set policy, we should care about the effects for everyone. And in many ways, I care more about a normative criterion that says that when people are extraordinarily poor, through accidents of birth, those are the ones that we should put a little more emphasis on. In addition, I just have this visceral, gut antipathy to people who want to try to tell other people who they should hire, who they should trade with, who they should transact with. Again, as I noted in my response to your question about *Fair Play*, it just feels ugly to me, to be sticking your nose into other people's business, and to tell them who they ought to be trading with, when it's none of your business.

So often you will hear the opponents of immigration say things like, well, we should be allowed to keep immigrants out of the country on the same principle that says I should be allowed to keep strangers out of my living room. It seems to me that this principle works exactly the opposite way.

I should be allowed to invite anybody in my living room who I want to, and if I want to invite a guy from Mexico City into my living room and he happens to have to cross your border on the way, you shouldn't have a right to stop me. And so I feel in so many ways that the anti-immigration view is an ugly one because it degrades the importance of people on the basis of where they were born, it ignores the poorest people in the world, and it involves this impulse to control other people's choices.

I should be allowed to invite anybody in my living room who I want to, and if I want to invite a guy from Mexico City into my living room and he happens to have to cross your border on the way, you shouldn't have a right to stop me.

**Region Focus:** Someone, of course, might say: 'Why should I care what you find personally distasteful? As an economist, you have no greater insight about what should be viewed as ugly behavior than anyone else.'

**Steven Landsburg:** I agree that, on one hand, these are not issues that I have any more expertise on than anybody else. On the other hand, I think that economics fosters a sense of compassion and a sense of caring about people, because in order to do economics well, you need to think about what people are maximizing, which means you need to think about what's important to other people, which means at some level you have to put yourself in other people's shoes. You have to think about what's going on in other people's lives, you have to think about what problems other people are facing, and to do economics well, you have to really think hard about that stuff, which is the first step toward caring about other people, and caring about other people's problems. So, on the one hand, this is not economics, but on the other hand, it's the kind of view that I think one is led to by doing economics, because economics does foster this insight into other people's problems, which leads to compassion.

**Region Focus:** An issue where there seems to be a pretty wide gap between economists and noneconomists is population growth. Most economists seem to think that population growth is generally good for well-being while most noneconomists have doubts. Why do you think that is the case?

**Steven Landsburg:** I'm not certain the anti-population growth argument is incorrect, but I am pretty sure it is. I think the reason people get this wrong is that the costs of population growth are very obvious and the benefits are less visible to the casual eye, and so people tend to do the cost-benefit analysis incorrectly because of that. The benefits of population growth come from the fact that the more people there are in the world, the more people you have to interact with, the more potential friends you have, the more potential mates, the more potential business partners, customers, employers, employees.

But even more than any of that is the fact that we all free ride on each other's ideas. Virtually all of our prosperity comes from the fact that each generation free rides on the ideas of the previous generation, and improves on them—not just uses those ideas in and of themselves, but uses them to inspire the next generation of ideas. We use them to build on and to make the world a more prosperous place. A lot of that is invisible. You have all this technology around you and you tend to forget the fact that had there been half as many people, there would have been half as many ideas—probably fewer than half, in fact, because ventures actually inspire each other, so there's a more than linear buildup of ideas as the population grows.

I like to say that when you're stuck in traffic on a hot summer night, it's very easy to remember that the guy in front of you is imposing the costs, and, unfortunately, you also easily forget that the guy who invented air conditioning has

conferred on you quite a benefit. You remember that if the guy in front of you had never been born, your life would be a little easier right now—but it's also easy to forget that if one less person had been born it might very well have been the guy who would've invented air conditioning, not the guy who's in front of you. So, the real way in which people get this wrong, I think, is that the mind immediately goes to the fact that there is such a thing as too large a population. And there is such a thing as a population so large that the earth cannot support it—we all know that. But that does not address the question of whether the current population is too large or too small. And somehow people often confuse one of those questions with the other. I'm not sure why, but I'm out to unconfuse them.

**Region Focus:** What have you learned from writing your blog and the comments you receive from readers?

**Steven Landsburg:** My readers are amazing. I am absolutely blown away by the brilliance of the commenters on my blog. I don't know where they came from, but they dazzle me every day with their commentary and insights. They pick my arguments apart, they force me to defend myself, and sometimes they force me to retreat, and sometimes they force me to rethink things entirely. I don't know any other blog where the quality of the discussion is as high as it is on mine.

Even the other blogs that are certainly as smart as mine, other blogs that are as entertaining as mine, don't get the quality commenters that I do, on average. And I feel extraordinarily blessed by that. These are people who will go deep into the heart of a logical argument and will insist that assumptions be clearly spelled out, insist that every step of logic will be clearly spelled out. We have very lively discussions there. It's almost a re-creation of what I used to have at lunch.

**Region Focus:** Have any of those comments influenced arguments that you have made in subsequent published work?

**Steven Landsburg:** Oh absolutely. I have recently revised *The Armchair Economist*, and much of the new material in there appeared first on my blog, and certainly the presentation in the book is vastly improved from what I've learned from my blog commenters. If things were unclear to my blog readers, I realized that I had to say them in a different way, and in many cases I found better ways of saying them from what I read in the blog comments. Blog commenters often pointed to aspects of the questions that I had failed to address, and I went back to expand on those things. There are many, many ways in which the new edition of *Armchair* has benefited tremendously from my commenters.

You remember that if the guy in front of you had never been born, your life would be a little easier right now—but it's also easy to forget that if one less person had been born it might very well have been the guy who would've invented air conditioning.

**Region Focus:** Your Ph.D. is in mathematics. It's still relatively uncommon for people to have appointments in economics departments without formal training in the discipline, even though it's increasingly mathematical.

**Steven Landsburg:** Well, when I was in graduate school in mathematics, I did write one paper in economics. And it was not a mathematical paper, it was an empirical paper. It appeared in *the Journal of Political Economy*. It was an exploration of the stability of tastes over time. I found evidence that at least in the United Kingdom, which was where all my data were from, that the tastes of consumers had been remarkably stable over the past hundred years. The results were very strong. That was no tribute to my skills; it was just what happened to be in the data. But because the result was so strong, it got a fair amount of attention, and it got published in a very prestigious journal, and that I think was the credential that got me started. I was offered a postdoctoral fellowship in economics at Chicago mostly on the strength of that paper, I think. And during the two years

of the post doc was when I first started actually learning some economics.

**Region Focus:** Which economists have influenced you the most?

**Steven Landsburg:** Donald (now Deirdre) McCloskey first and foremost, who had such a tremendously unique and down to earth style of applying price theory to all human behavior, and sometimes to nonhuman behavior, with these beautiful little logical stories, where a few lines of reasoning led you to an amazingly surprising conclusion. I never took a course from McCloskey, but all my friends in graduate school who were in the economics department were all taking those courses and they were reporting back to me what they had learned. I was blown away. I was getting all those lectures secondhand, and I was transfixed by them. And then later on, when I had the opportunity to meet him, he was extraordinarily encouraging and really went out of his way to inspire me and to help me along. So that's number one.

Bob Lucas was a huge inspiration. I always thought that Lucas was single-mindedly committed to following the truth wherever it led him.

I also got a lot of encouragement from Gary Becker. I got a lot of encouragement from George Stigler—at least at the beginning, although I think Stigler became a little disillusioned with me later on, because he thought, correctly, that I was still spending a lot of time thinking about math and he thought that given my employment I ought to be spending all my time thinking about economics. So he had a legitimate gripe. But earlier on he had been very encouraging, and prodded me along into thinking more and more about economics.

Bob Lucas was a huge inspiration. I always thought that Lucas was single-mindedly committed to following the truth wherever it led him. Whenever I spoke to him, whenever I saw him talk, I had the feeling that this was the most thoroughly honest man I had ever encountered. He just wanted to know what was true. He had no agenda. And, of course, he had this incredibly powerful mind and this incredibly powerful way of thinking about macroeconomics, which I found absolutely inspiring and brilliant and made me want to emulate him. And on a personal level, he, too, was exceptionally kind to me. I asked him to read the first attempt at a macroeconomics paper I had ever written. And, in retrospect, it was terrible. I should have been embarrassed to show it to him, but he was extremely kind and gentle about taking me through that paper, almost line by line. He spent far more time on it than any reasonable person would have spent. But he did it because he's a very kind and giving person, and I will appreciate that forever.

**Region Focus:** What are your current or upcoming projects?

**Steven Landsburg:** Well, I just signed a contract to write a one semester economic principles book. That's a big one. And I have two clear visions for Armchair-like trade books, which I'm kicking around, but I don't think I'm ready to talk about either of those things yet. And then, the other thing that's taking more and more of my time these days is a website called mathoverflow.net, which has absolutely transformed the way mathematical research is being done in the world. It's a place where mathematicians, including many of the very best of the mathematicians in the world, go every day to talk about what they are working on, and to get help from other people. Stuff that you used to think about for six months before you could make progress, now you can post it on mathoverflow.net and somebody answers it within six hours. I'm spending a lot of time there, asking some questions, answering some questions, and just learning a fantastic amount of mathematics every day.