In Defense of Behavioral Economics:

A Pragmatic Response to Neoliberal Economic Conditions

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Behavioral economics (BE), which has updated the study of economics by supplementing neoclassical theories with psychology—though the debate about neoclassical versus behavioral economics is still ongoing—, has recently come under attack for being a political apparatus of producing neoliberalism (McMahon, 2016; Leggett, 2014; Schnellenbach, 2011). Neoliberalism is generally considered a staunchly free-market approach to politics, and is judged by many as oppressive and antidemocratic.

One such assessment is authored by Wendy Brown, a critical political theorist, in her book *Undoing the Demos: Neoliberalism’s Stealth Revolution* (2015). In it, she describes neoliberalism as an “ideological autoimmune disorder” (ix) that includes,

Deregulation of industries and capital flows’ radical reduction in welfare state provisions and protections for the vulnerable; privatized and outsourced public goods, ranging from education, parks, postal services, roads, and social welfare to prisons and militaries’ replacement of progressive with regressive tax and tariff schemes’ the end of wealth redistribution as an economic or social-political policy; the conversion of every human need or desire into a profitable enterprise, from college admissions preparation to human organ transplants, from baby adoptions to pollution rights, from avoiding fine lines to securing legroom on an airplane; and, most recently, the financialization of everything and the increasing dominance of finance capital over productive capital in the dynamics of the economy and everyday life (28).

Neoliberalism, she argues, is “ubiquitous” in statecraft and in the workplace and “is converting the distinctly political character, meaning, and operation of democracy’s constituent elements into economic ones” such that democracy is no longer viable (17).

Though debated, neoliberalism is arguably more critiqued than it is praised, and therefore an exploration of how BE might contribute to neoliberalism is merited. First, however, it’s important to understand BE in general. In a meta-analysis of the
development of BE, Camerer and Loewenstein (2002), prominent behavioral economists, hold that BE has “increased the explanatory power of economics” and made it more “realistic.” They maintain that BE does not constitute a “wholesale rejection” of the neoclassical approach but rather makes it better at “generating theoretical insights, making better predictions of field phenomena, and suggesting better policy” because of its grounding in psychological evidence.

As an example, prospect theory (Kahneman and Tversky, 1979) updates the neoclassical model of decision-making under risk by giving more weight to losses than gains in individuals’ decision-making calculus. In addition, several experiments have proven that humans exhibit bounded—bounded meaning limited and therefore less than that which is prescribed by neoclassical economics—rationality (Kahneman and Frederick, 2001) (Hogarth and Einhorn, 1992), bounded self-interest, as demonstrated by the dictator game (Bolton, 1991), and bounded self control (Mullainathan and Thaler, 2000)—3 components that make up neoclassical economics’ homo economicus figure, someone who makes “perfect” economic decisions:

Whether or not they have ever studied economics, many people seem at least implicitly committed to the idea of homo economicus, or economic man – the notion that each of us thinks and chooses unfailingly well, and thus fits within the textbook picture of human beings offered by economists. If you look at economics textbooks, you will learn that homo economicus can think like Albert Einstein, store as much memory as IBM's Big Blue, and exercise the willpower of Mahatma Gandhi. Really (Thaler and Sunstein, 2009).

There seems to be a flaw in Camerer and Loewenstein’s logic, though; they argue that behavioral insights only make economics better at what it already claims to do, but also that they make economics different by “increasing” its scope and reach. One
could argue that increasing the scope and reach of economic study is also bettering it—that this distinction isn’t important—but many, including Brown, argue that this very distinction, however subtle, is actually rather insidious and is that which produces the neoliberal governmentality criticized by Brown and others so vehemently. One such criticism comes from McMahon (2016), who posits that, by “positioning the market as a site of truth and veridiction of the individual and the state”—that is, by asserting that the analysis of market behavior, with or without psychology, can produce truth about the human condition thereby expanding the realm of economics—BE actually fuels neoliberal governmentality.

The puzzle piece that political theory uses to connect the seemingly disparate pieces that are BE and neoliberalism is that, through the mechanisms discussed throughout this paper, BE externally shapes how individuals make decisions towards the decisions that homo economicus would make such that mass conformity to market logic is achieved. They fail, however, to distinguish between perfectly competitive market logic and markets in general—most economists would agree that only perfectly competitive markets produce the kind of allocative efficiency that requires no government intervention—but political theory seems to apply that idea to all markets in general, thereby misinterpreting economic rationale. Secondly, the literature that critiques neoliberalism fails to recognize that rational choice theory, though crucial to economic thinking, is not by nature linked to market outcomes, and human decisions do not define market logic. Kenneth Arrow developed rational choice theory in the 1940s after being asked to model the behavior of the Soviet Union, a centrally-planned
economy, so it was never meant to model behavior that produces competitive market outcomes. Behavioral economics, by extension, is based in psychology and is solely concerned with correcting rational choice theory, so it is therefore still not necessarily related to free market capitalism. By conflating rational choice theory, competitive market capitalism, and the project of behavioral economics in correcting rational choice theory, the political theory that critiques neoliberalism misses the mark.

In order to clear up this conflated logic, this paper will explore some of these claims in conversation with the economic theory that supports them, thinking critically about the linking of neoliberalism to BE from a distinctly economic viewpoint, as opposed to a) a rhetorical analysis of the behavioral economic literature and b) what other fields, like political theory—from which the allegations that behavioral economics produces neoliberalism come—believe economics does. Does economics as we understand it actually argue for what Brown lists as problems within the neoliberal order? Is it a misunderstanding of economics? By expanding the realm of what economics can examine, does BE alone, separate from economic theory, produce the kind of governmentality criticized by Brown?

First, a look at the history of economic thought helps answer our first question—how do we understand economics and what does it argue for? One can, of course, look to the foundational texts that established the discipline of economics. Adam Smith’s *Wealth of Nations* (1776) established the basis for market interactions—bargaining, free public exchange— as the economist’s object of study. It also described the infamous “invisible hand” of market forces that, though unobservable, create concepts of supply
and demand which are really just aggregations of individuals’ and firms’ decisions that help the market reach equilibrium prices and quantities. Jeremy Bentham (1789) established the basic underpinnings for the concept of utility, defining utility as "that property in any object, whereby it tends to produce benefit, advantage, pleasure, good, or happiness...or...to prevent the happening of mischief, pain, evil, or unhappiness" (Kahneman et al., 1997). Thus, in sum, the traditional view is that individual decision-making is aggregated and coordinated in competitive markets so as to increase social welfare. Interpretations of maximum social welfare vary widely– some believe it to be maximizing each individual’s utility surplus such that the size of the total pie of utility among all individuals is maximized, while others believe that social welfare is maximized by slicing the pie equally– but foundational economics doesn’t prescribe either of these notions. It leaves them up to political interpretation, which is exactly what these beliefs are– political. By the social contract, individuals give up their state-of-nature liberties in exchange for the protection of government, which promises to govern with its constituents’ “best interests” in mind (Rousseau, 1762)– economic theory simply provides a method of analysis to discern what those best interests might be.

Camerer and Lowenstein (2002) argue in their meta-analysis of BE that, though newer and including insights from psychology, BE is not really adding anything new to the conversation, but rather excavating part of the discipline of economics that was always latent within its foundation but somehow seen as less important as a research concern or less pressing as it related to broader socioeconomic concerns over time.
Adam Smith, for example, wrote in his *Theory of Moral Sentiments* (1759) that “we suffer more... when we fall from a better to a worse situation, than we ever enjoy when we rise from a worse to a better,” describing what behavioral economists now know as loss aversion. Bentham also laid some groundwork for behavioral economics, writing “extensively about the psychological underpinnings of utility… Some of his insights into the determinants of utility are only now starting to be appreciated” (Camerer and Loewenstein, 2002).

In trying to understand individual decision-making as utility-maximizing, economics, and by extension behavioral economics, is positive– it looks at what people do, not what they ought to do. But there’s also a normative aspect– not how individuals behave and why, but how they should behave– that many of the scholars at the cutting edge of BE involve themselves in. Is it this normative rhetoric that political theory takes issues with? The most prominent example of such rhetoric is Thaler and Sunstein’s *Nudge: Improving Decisions about Health, Wealth, and Happiness*. In the popular *Nudge*, written for a general audience and arguing that subtle changes of choice architecture can make individuals change their patterns of decision-making of their own accord, Sunstein and Thaler (2009) argue for a philosophy known as libertarian paternalism. Paternalism refers to the practice of politicians making decisions designed to make their constituents better off than they would be on their own, while libertarianism is the idea that people should make their own independent decisions, which, in the context of competitive markets, will yield the best outcomes for those individuals. Libertarian paternalism, then, is a combination of those things in which
politicians nudge constituents towards certain behaviors, i.e. saving more for retirement by making subtle changes to the choice architecture, but individuals are still completely free to make their own decisions among the same set of choices, and the market still has the ultimate power to decide outcomes. A classic example of such a nudge is for employers to make programs that help people save for retirement like 401ks and IRAs the default option such that employees have to opt-out of the program rather than choose to opt in; in theory, this should make more people save for retirement, which is generally judged to be increase individuals’ welfare. By making enrollment in a retirement savings plan the default option, this policy nudges employees towards that option such that are more likely to save, but still allows them to choose between the same set of options: saving or not saving, given that they can still opt out of the plan.

Thaler often encourages audiences that he speaks to, as in his Nobel prize acceptance speech (2017), to “nudge for good” rather than evil, but it seems that the implication that nudges—these small changes in choice architecture that encourage people to change their decisions for some concept of the greater good—could possibly be used for evil, and that “for good” depends on who you ask makes the implication problematic. As it relates to liberal paternalism, is the suggestion that those with power know best and can manipulate others’ decisions problematic, even if those manipulations are for the greater good? If so, then political theory should concern itself with this rhetoric, not the research program of BE itself.

Most important in the endeavor of making sense of these contending claims is to address the allegations that behavioral economics produces neoliberalism directly.
McMahon (2016) argues that the research program of behavioral economics produces neoliberalism in three ways: “positioning the market as a depoliticized site of truth and veridiction for the individual and the state”; “regulating what constitutes the objects of political economy and governmental intervention”; and “producing and subjectivizing *homo economicus*.” But are these ways understanding of and consistent with an economist’s reading of behavioral economic literature?

**Part 1: Depoliticizing the Market**

First, in terms of positioning the market as a site of “depoliticized” truth, it is important that the research agenda of the discipline of behavioral economics and the suggestion of liberal paternalism by behavioral economists’ must be separated. As evidence for his allegations, McMahon cites that libertarian paternalism explicitly calls for “a politics organized around governing for the betterment of the market” (Thaler and Sunstein, 2009) rather than a politics of partisanship. Yet this call for a particular type of politics is not actually part of the research—neither existing nor proposed—of BE; it is suggested by Thaler and Sunstein in the latter part of *Nudge* in which they admittedly and clearly state their own personal political views. They suggest that liberal paternalism is, itself, depoliticized, because it has no policy agenda of its own—though Thaler and Sunstein might have their own personal opinions on policy— but can be applied to any political goal to what they believe to be effective implementation. Liberal paternalism is political in that, by using behavioral economic notions of how people actually act in market conditions, it accepts neoliberal capitalist conditions as given. By making such an acceptance, BE is able to respond pragmatically to
neoliberal/capitalist conditions of production, providing a solution to how to better care for constituents under those conditions, though it doesn’t actively refuse or reject those conditions. Failure to actively reject those conditions does not constitute \textit{production} of those conditions, however.

Part of the claim that entangles BE and libertarian paternalism is the notion of pop economics. Like pop psychology, economics has developed a “pop”-ness that makes economic theory neat, tidy, and swallowable to a general audience. Could it be that this leads to misunderstandings of economic theory and furthermore, behavioral economic theory, which is far more represented in pop economics book publications, such that they are blamed for “neoliberalism,” which is, itself, a nebulous academic concept that lends itself more to this very problematizing rather than problem solving? (Garrett, 2010).

It’s perhaps not surprising to suggest, that economics, both behavioral and traditional, are now used far more predictively, especially in the current political climate, where one might even say it is weaponized, as a result of the increasing “pop”-ness of economics. According to Garrett (2010), “social policy is ‘no longer a means for countering the economic,’” which everyone believes they know enough about, “but a means for sustaining the logic of competition.” It is this shift and the resultant greater use of economics in social policy and political decision-making as a result of a widespread understanding of a very surface-level economics that leads to the accusation of economics as producing neoliberalism– but not the nuts and bolts of economics itself. Neoliberal thinkers get their ideas from economic theory, but just
because the public understands the basics of economic theory doesn’t mean that economics produces neoliberalism: politics does.

This misunderstanding is articulated clearly by Stigler (1972), an economist, in a “plea to scholars” to limit the breadth of the application of economic theory in public policy:

"No important group of economists any longer believes that economics can tell a society what its goals should be. The economist cannot prove that it is better to increase the output of food rather than the output of sleep or munitions or religious piety or esthetic sensation. The economist cannot make the decision whether it is better that large amounts of income be given to scholars or generals or poor orphans. Many economists have strong policy preferences, often widely shared with the population, but these preferences are not allowed to parade in the resplendent uniform of Scientific Knowledge”

So neither neoclassical economics nor BE decides what is good for society– but BE can help other people, like politicians, whose job is to enact what they believe to be good for society as purported by the social contract (Rousseau, 1762), implement what they believe to be good based on how people actually behave as researched by BE.

This suggests that, though behavioral economists try to better understand how humans make decisions, and that, though some behavioral economists in particular have opinions about how best to govern, BE was never meant to be a core foundation of social policy. In fact, Leggett (2014) claims that the philosophy of libertarian paternalism as endorsed by Thaler and Sunstein only aims to “defend citizens against ubiquitous attempts [by public policy-makers] to shape their subjectivity.” Conceptualized in this way, BE, and libertarian paternalism by extension, can be considered pragmatic responses to the harsh capitalistic conditions of production that produce neoliberalism
such that we can better govern individuals based on their economic behavior, rather than try to change their behavior as understood by their economic activities.

Part 1.1: Positioning the Market as a Site of Truth

McMahon also argues that in its rejection of neoclassical economics, BE problematizes assumptions made about actors in the market rather than the market itself and goes on to measure those actors’ actions against the “truth of the market.”

But by measuring those actors’ actions against the Truth of the market (aka what is held as rational by neoclassical economics), BE doesn’t attempt to prove that Truth but rather disprove it. One cannot dismantle neoclassical economic assumptions without providing a clear alternative, which is exactly what behavioral economics does. By proposing an alternative, BE doesn’t legitimize neoclassical economics nor produce the reliance on markets as producers of truth; it responds to and refutes such a reliance and proposes an alternative that can still be feasibly applied to existing ideas and policies, which were grounded in the neoclassical reliance on markets.

As an example, take the previously-mentioned loss aversion. It was established by behavioral economists Kahneman and Tversky in 1979. In that paper, Prospect Theory: An Analysis of Decision-Making Under Risk, Kahneman and Tversky write that “choices among risky prospects exhibit several pervasive effects that are inconsistent with the basic tenets of utility theory” (263). “The present paper describes several classes of choice problems in which preferences systematically violate the axioms of expected utility theory. In light of these observations we argue that utility theory, as it is commonly interpreted and applied, is not an adequate descriptive model and we propose
an alternative account of choice under risk” (263). They go on to describe the way that losses loom larger than gains for decision-makers and an alternative model that accounts for “the disparity between the strong aversion to losses relative to a reference point and the weaker desire for gains of equivalent magnitude” (Camerer and Loewenstein, 2002). They specifically highlight that their model for loss-aversion is descriptive rather than normative and take no responsibility for how it is applied.

Camerer and Loewenstein (2002) hold that “loss aversion has proved useful in identifying where predictions of standard theories will go wrong” (3) and that it can help account for examples such as the equity premium puzzle in finance and asymmetry in price elasticities. Neither Kahneman and Tversky nor Camerer and Loewenstein, also behavioral economists who analyze and summarize the work of BE since its inception, try to predict or correct loss-averse behavior, but rather apply newer, more empirically accurate evidence to predictions and policies based on those predictions that already exist. Their goal is to let policy-makers do with this information what they will. They do measure this new prediction of behavior against the market, but only in order to reject those already market-based predictions and policies. A huge body of existing social policy is already grounded in the market as the producer of truth, so rather than reject the market altogether and provide statistical information that is inapplicable to market-based policies, BE allows policy-makers to better understand how individuals behave in the market such that policies whose goal is to maximize social welfare can be created, given that the entire existing structure of social policy is market-based and therefore neoliberal.
Though it is important to note that it is the continued failure to reject that which is neoliberal which prolongs the suffering imposed by the capitalist conditions of production, rejecting that which is neoliberal and therefore capitalistic—though this connection is a mistake on the part of the neoliberalism literature—is not particularly easy and may not even be possible. Marx (1848), the most obviously prominent anti-capitalist, outlined quite well the adverse effects of capitalism in *The Communist Manifesto* but failed to provide any substantive vision for how to overthrow it, other than the general suggestion to “empower the oppressed.” Secondly, though BE aims to provide accurate information about how people behave under neoliberal conditions, it is the application within public policy of behavioral economic insights that actually reproduces the capitalist conditions of production, though BE too accepts those conditions. A new and perhaps promising area of research for behavioral economists or those interested in maximizing social welfare through any means, economic or otherwise, could be to study how individuals *might* behave under non-neoliberal and non-capitalist conditions, what those conditions might look like, and what effective social policy might look like under those conditions, until that is possible, BE provides policy-makers with the most accurate information available about how humans behave under the conditions that actually currently exist.

In summary, it is, again, the application of behavioral economic theories in a still-neoliberal environment that continues to support neoliberalism, not the research agenda of behavioral economics itself. The research itself does not try to change or correct human behavior, only to understand it such that individuals can, depending on
the application of such research by policy-makers, be protected from ever-increasing marketization.

**Part 2: Regulating the Objects of Political Economy**

Along similar lines, another way that political theorists identify that BE produces neoliberalism is that it “regulates what constitutes the objects of political economy and governmental intervention” (McMahon, 2016). By focusing on people’s choices, preferences, and utility, economics (and BE, by continuing along the same thread) produces the trademark of what is evil about neoliberalism: that it views people not as humans but as market objects who can be manipulated by market forces.

First of all, it is important to note that all economists take preferences and choices as their object of microeconomic analysis, not just behavioral economists. Furthermore, while it is economic theory that supports the neoliberal economist’s trust in markets, it is ultimately the expression of politicized schools of thought and individuals within it, particularly the Chicago school, that believe in and establish the basis for neoliberalism, not economic theory itself (Davies, 2014).

That being said, the notion that political theory relies on– that BE uses preferences and choices as proxies for human behavior and that in doing so, economists produce the dehumanization of people that characterizes neoliberalism– is important to address given that, in some ways, the way that behavioral economists use preferences in their analysis is actually *more* conscious of market actors’ humanity than it is dehumanizing, I argue. Take Bernheim and Rangel (2007), public welfare economists who aim to apply behavioral theory to public economics:
Throughout the remainder of this section, we adopt the perspective that preferences are “real” objects. In our view, the concept of preference is something that we all understand in concrete terms. Even if we are limited to inferring others’ preferences from their choices, this does not call the existence of preferences into question. After all, most of us believe we can learn much about our own preferences from introspection. None of us have ever chosen between spending two weeks on Maui and two years in prison, yet we know we would be happier with the first alternative; we do not need to infer this preference from an actual choice. From this perspective, the discovery of true preferences is a central objective of welfare economics. One can think of the various approaches to welfare analysis that have appeared in the behavioral literature as efforts to grapple with the distinctive issues that arise when we relax [the assumptions that people have coherent, well-behaved preferences that remain fixed over their lifetimes without mistakes]” (6).

The argument that behavioral economic theory is dehumanizing is ultimately a moral one, so turning to Kant (1797) is relevant here. To Kant,

“The importance of this distinction between social practices that treat human beings as means ("relative worth") from those which treat them as ends ("intrinsic worth") was crucial to morality... ‘In the realm of ends everything has either a price or a dignity. Whatever has a price can be replaced by something else as its equivalent; on the other hand, whatever is above all price and therefore admits of no equivalent, has dignity.” (Hopgood, 2008).

By using preferences and treating them as “real objects” in order to approximate human behavior, and further, by relaxing the neoclassical assumptions about how preferences are and attempting to discover “true preferences,” Bernheim and Rangel treat preferences as “means” such that human beings themselves are preserved as “ends” and therefore have intrinsic worth and dignity. Preferences– not humans– are the inputs that go into the equation that produces price and can be replaced by equivalents so that humans themselves can remain above all price. Though diminutive, this semantic distinction is crucial to understanding the goals of BE and, through an apparent lack of meaningful understanding of those goals beyond rhetorical analysis,
unjustly ignored by political theorists, specifically McMahon (2016). Thaler speaks of this disconnect in his 2017 Nobel Prize acceptance speech:

“Instead of humans, the world described by economists in textbooks is populated by a species referred to as *homo economicus* but I like to just call them Econs. These Econs solve problems like a super-computer, have the willpower of saints, are free of emotion, and have little regard for their fellow Econs. Now the presence of humans in our economy might seem rather obvious. Customers and employees are human, even most CEOs are quite human. Furthermore economists engage with humans on a rather regular basis, and often find their behaviour to be deeply flawed. Indeed economists love telling stories that ridicule the flawed decision making made by others, such as their spouses, offspring, Deans, students, political leaders… so we have a disconnect between the people economists know and the Econs that appear in their theories. Over the past 40 years, along with many colleagues, some of whom are here, I have been trying to figure out how to introduce humans into economic theory” (Thaler, 2017).

In this light, it becomes clear that BE actually tries to take the essence of what it means to be human out of the way of market forces by putting our preferences, and sometimes even simply inferences of our preferences into the market with the goal of giving policy-makers the most accurate information possible about human decision-making. How policy-makers interpret that information and the actual policies they choose to construct based on it, might be dehumanizing and thus neoliberalizing, but it is clear that this was never the goal nor the actual outcome of behavioral economics.

**Part 3: Producing and Subjectivizing Homo Economicus**

The final notion that looks to BE as a producer of neoliberalism is that BE “produces and subjectivizes *homo economicus*” (McMahon, 2016). While it is true that behavioral economists conceptualized and brought to life via description and
analysis the figure of *homo economicus*, it is only to contradict the notion of a perfectly rational human being, and to iterate that, because *homo economicus* is an imagined figure, *homo economicus* is not human and humans are not *homo economicus*. Political theorists argue that putting words and a name to *homo economicus* at all, even if only to contradict him, is, in fact, problematic because it lends itself to the normative notion that *homo economicus* is what humans should be, despite BE’s well-reasoned empirical analysis finding that (positively) *homo economicus* is not what we are.

Furthermore, political theorists argue that the existence of rhetoric describing *homo economicus* has allowed for attempts to “de-bias” individuals and correct behavior that deviates from *homo economicus*, particularly in the discipline of Law and Economics. Fischhoff et al. (1982) and Weinstein and Klein (2002) identify a series of judgement errors that humans systematically make, particularly hindsight bias– that people overestimate their ability to have predicted an outcome that couldn’t have been predicted (Fischhoff et al., 1982)– and the tendency to believe we are less prone to risk than average (Weinstein and Klein, 2002). In response to these judgement errors as they relate to the law, Jolls (2007) writes that, “through the vehicle of ‘debiasing through law,’ behavioral law and economics may open up a new space within law and economics between, on the one hand, unremitting adherence to traditional economic assumptions and, on the other hand, broad structuring or restructuring of legal regimes on the assumption that people are inevitably and permanently bound to deviate from traditional economic assumptions.” Many argue that this constitutes an attempt by BE
to de-bias individuals and therefore correct their behavior such that it better conforms to what the neoliberal state wants of them– that they make rational, predictable decisions– but Jolls only writes that this space “may” be opened up and furthermore, accepts that people are “permanently” bound to deviate from the traditional economic assumptions that characterize *homo economicus*. Jolls (2007) “takes as a fixed point the identified departure from unbounded rationality, willpower or self-interest,” focusing on “designing legal rules and institutions so that legal outcomes do not fall prey to problems of bounded rationality, willpower or self-interest – a strategy of insulation of those outcomes from such bounds on human behavior.” This indicates that the project of law and economics, which grounds legal decision-making in economic efficiency so as to avoid making moral judgements, tries to correct the law to account for human error rather than correcting humans to better conform to economics’ notion of what “efficient” behavior under the law looks like.

**Conclusion**

Philosophical scholar Christopher Bryan (2013) holds that the tendency of all academic scholarship is to overuse the “hermeneutic of suspicion”– the tautological belief that much of the written word has a secret latent meeting. Paul Ricoeur identifies Marx as one of three “masters of this hermeneutic,” and postulates that his critique of capitalism, though certainly substantive and compelling, lends itself quite well to the hermeneutic of suspicion such that scholarship focuses only discovering the secret, latent, and often believed to be exploitative intentions of anything which espouses capitalism while ignoring the practical challenge of doing something about
it (Scott-Baumann, 2009). Though BE does not take up the challenge of extinguishing neoliberalism and, for political theorists, capitalism by extension, it doesn’t fall victim to the hermeneutic of suspicion. Bryan (2013) writes that “It is sometimes useful to “see through” things, and suspicion has its place. If we insist, however, on “seeing through” everything, we end up seeing nothing” (Bryan, 2013). In order to avoid seeing nothing, BE and its complementary policy vehicle, libertarian paternalism, “see” what they are reasonably able to– diversions of human behavior from traditional neoclassical assumptions about that behavior– within the current neoliberal conditions and respond with pragmatic helpfulness as to what can be done in the meantime while neoliberalism, and for some scholars, capitalism, remain.

Critical race scholar Gayatri Chakravorty Spivak (1988) defines an excellent term for what it is that I argue BE does in the modern neoliberal world: strategic essentialism. For Spivak, whose main object of analysis is race, strategic essentialism constitutes an acceptance of the fact that race is socially constructed but the treatment of race as though it were a real, bona-fide phenomenon such that the effects of racism can be eradicated. After all, simply brushing off race as a social construct isn’t likely to produce any substantive change to the oppressive conditions faced by people of color.

The same can be said of neoliberalism: simply brushing it off as an effect of capitalism, and furthermore, “brushing off” behavioral economics as a technique of neoliberalism, doesn’t do anything to substantively change the oppressive conditions imposed by it. But what BE does is strategically essentialize neoliberal capitalism: treat it as real and given such that scholarship can move forward to do something about it.
Garrett (2010) argues that the scholarly “obsession” with neoliberalism is, itself, detrimental to those actually affected by it, and that scholarship— but particularly economic scholarship— should shift its focus to “simply helping the poor,” which BE does. Behavioral economic insights using the dictator and ultimatum games established that, though neoclassical economics suggests that humans are only self-interested, Camerer (2003) finds that individuals actually exhibit altruistic charitable compulsion, and this knowledge has become particularly useful to those in the NGO and nonprofit worlds, where the solicitation of donations is key to survival (Bedsworth et al., 2008).

Though neoliberalism is perhaps oppressive, the division of scholarship’s focus between understanding how neoliberalism produces and imposes oppressive conditions in order to suggest the overthrow of capitalism and how to govern and care for people in the meantime should not be mutually exclusive. Perhaps more scholars should take the lead of BE by focusing on the latter, given that so many are already focusing on the former.
Bibliography


