

CAUSATION AND THE MIND

On the Origins of Economic Facts

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ABOUT ME

Dr Mattia Gallotti

Laurea in "Economics,
Statistics and Social
Sciences" @Bocconi

Running philosophy of
social science
courses @LSE

Research in the
philosophy of society,
mind and cognitive
science

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OUTLINE

- 1. Stage setting:
- three provocations
- 2. Social ontology
- 3. Mind, society, and behaviour
- (4. Q&As)

AIMS

- **Give a sense of what's involved in doing philosophy of social science. How, and: Why?**





**THREE
PROVOCATIONS**
(stage setting)

An Impossible Marriage?

Uni choice: Economics (and Social Sciences) or Philosophy?

More of a qualitative than a quantitative person (any contrast?)

Studied @Bocconi in the early 2000s

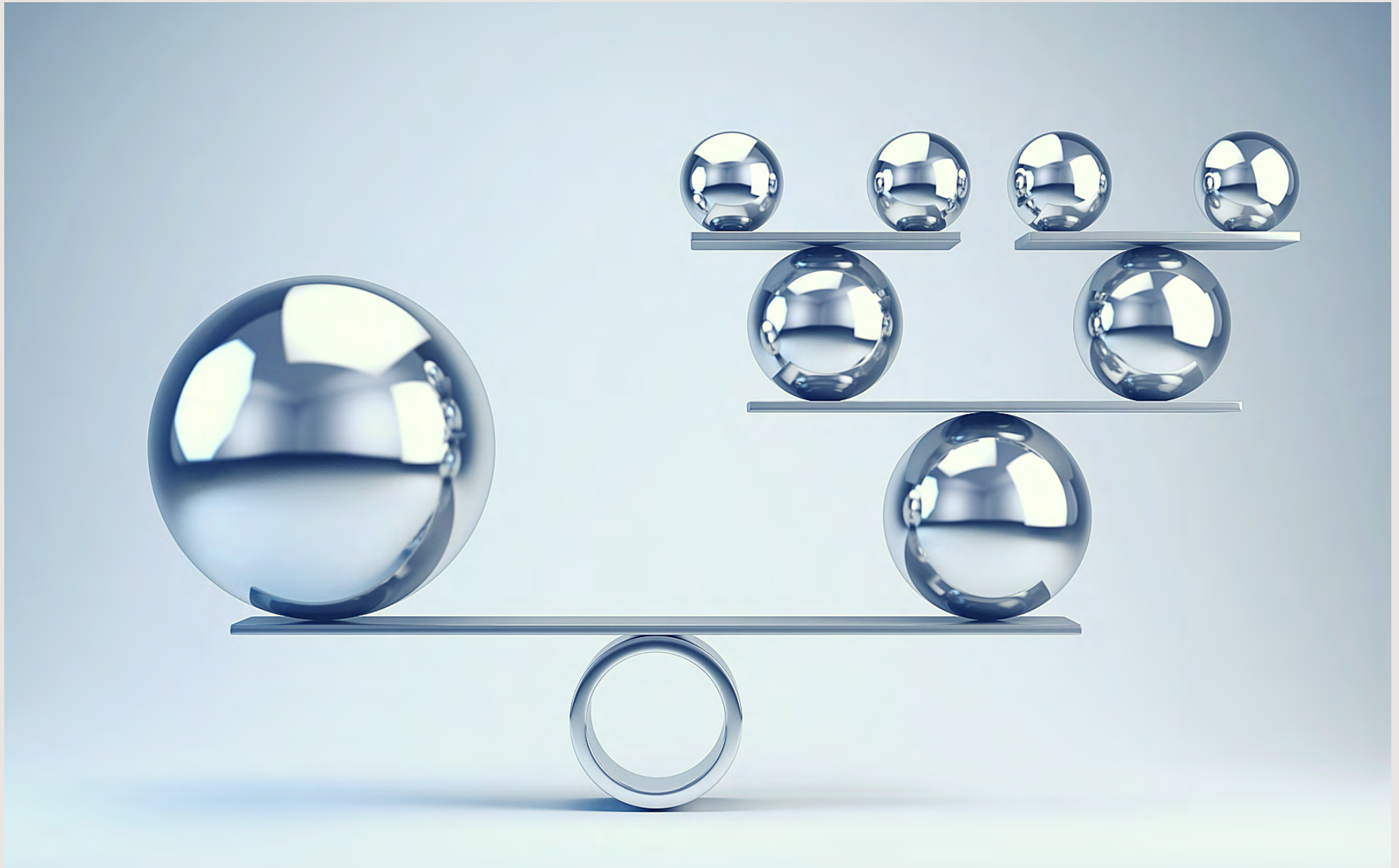
No philosophy courses as part of my Bocconi degree

Graduated with a dissertation in economic sociology

"Philosophy of Economics & Social Sciences"?

Went on to specialise in philosophy in the UK and US

(Why An Impossible Marriage?)



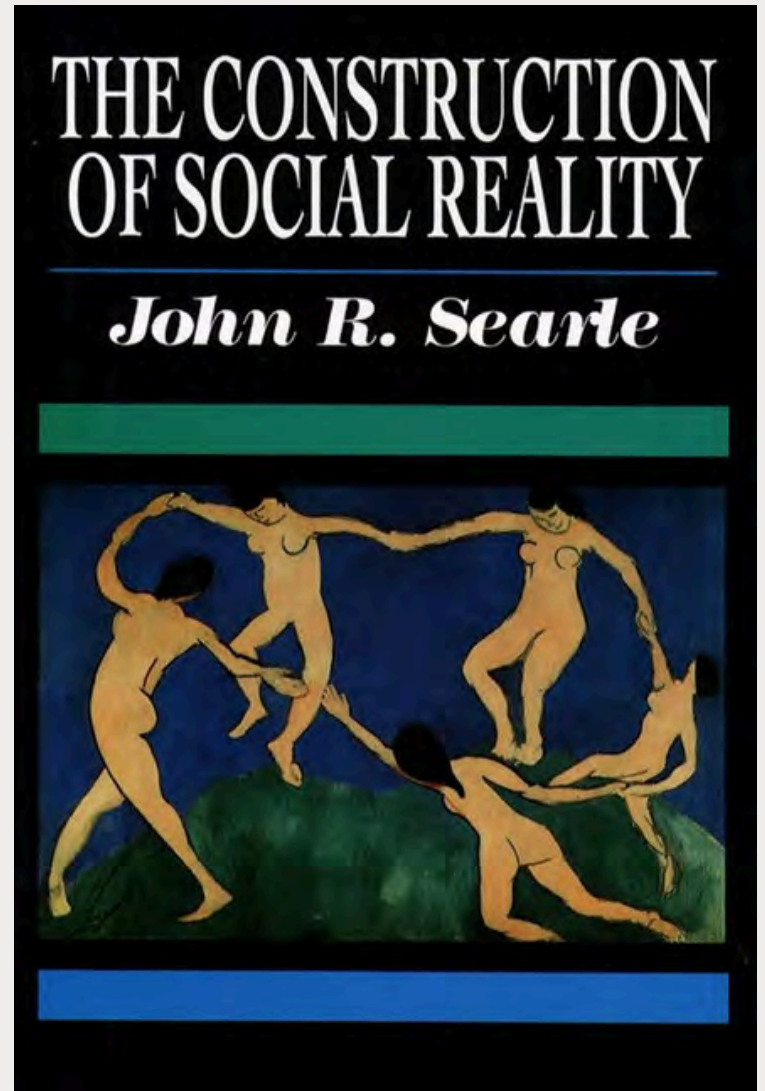


PROVOCATION ONE: 2008 FINANCIAL CRISIS

- Economic fact
- Define 'fact': an entity, or a state of affairs
- **Social fact**
- Think of it as a topic of: economic history, macro-economics, social policy, labour economics, monetary economics, etc.
- Hold on. What are we talking about? What is the **nature** of the social facts we're talking about?
- Social facts seem different from facts of nature

**The social reality displays
distinctive features, hence
the philosophy of social science
concerns itself with the study
of the features of social
(economic) facts**

"There is no physical-chemical description adequate to define 'restaurant', 'waiter', 'sentence of French', 'money', or even 'chair' and 'table', even though all restaurants, waiters, sentences of French, money, and chairs and tables are physical phenomena. Notice that the scene as described has a huge, invisible ontology"



Free exchange

Richard Thaler wins the Nobel prize for economic sciences

An economist who recognises that human behaviour is not always strictly rational



Print edition | Finance and economics >

Oct 14th 2017



PROVOCATION TWO:

2017 NOBEL PRIZE IN ECONOMICS

- Awarded to Richard Thaler (Chicago)
- For his contribution to behavioural economics
- Bestselling author of *Nudge* (with Cass Sunstein)
- Nudging as a measure to influence choice

- Doing social science (i.e. economics) inevitably involves knowledge about the mind, its operations and processes
- If you are a **social scientist**, take serious account of the **mind**



PROVOCATION THREE: DO MANAGERS NEED PHILOSOPHERS?



DECISION MAKING

Management Is Much More Than a Science

by Roger L. Martin and Tony Golsby-Smith

FROM THE SEPTEMBER–OCTOBER 2017 ISSUE

Go back to Aristotle's *The Art of Rhetoric*

(Analytic) Philosophers build narratives and use metaphors

Narratives must be credible and authentic ('ethos'), make an argumentative and logically coherent case ('logos'), be capable of inspiring movement ('pathos')

NOTE!



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S O C I A L O N T O L O G Y

(p a r t t w o)

Thought experiment



Exercise



Università Bocconi
magna
centri di ricerca / research centers
dipartimenti / departments



aule seminar/seminar rooms
galleria/gallery
spazio espositivo/exhibition area





If YOU walk on campus, what you see is:

- students and professors
- Bocconi university building
- people coming out of department meetings
- and so forth

These we call: **SOCIAL FACTS**, just as money is

**"No! All we see are individual
human beings and their thoughts
and actions"**



Questions

- Are social facts anything 'over and above' the individual human beings that comprise them?
- If we know all the things that we need to know about individual human beings, will we understand social 'things' like universities, department meetings, university roles, and rules, etc.?
- If we went on counting all the things that there are in the world, would groups of people doing things together add to the list?

Define Social Ontology

Ontology

- Literally, the "study of 'what there is'"
-
- As a subject of study, ontology deals with the nature of things, of what there is, and of what there isn't

Social Ontology

- The "study of 'what there is" *in society*
-
- As part of the philosophy of social science, social ontology focuses on the study of social facts

The 'Standard Model' of Social Ontology

- There is no society without individuals

- **Three constitutive features:**

- 1. Reflexivity
- 2. Performativity
- 3. Collective Intentionality

REFLEXIVITY

Social facts are constituted by **beliefs about beliefs** ("It is because we all agree that this piece of green paper is money that money *is* what it is!")

Example: "Self-fulfilling prophecy" (Merton)



PERFORMATIVITY

We use language, not just to describe the world, but also to 'make it up'. Since social facts are partially constituted by our beliefs about them, the social reality must be constantly re-created.

Example: the act of marrying couples



COLLECTIVE INTENTIONALITY

We have a capacity to 'see' things in the world - i.e. to accept that they have a certain status - collectively.

The collective acceptance of a piece of paper as money involves more than the aggregate of individual attitudes.



**MIND, SOCIETY,
AND BEHAVIOUR**

(part three)

WHAT THIS LECTURE IS **NOT** ABOUT

BACK TO THE TITLE: *Causation and the Mind. On the Origins of Economic Facts*

This Lecture is not about...

...**Causation** in economics as in, say, economic modelling and theory construction

...**Mind** and the **origins** of economic behaviour as in claims like "economic facts are constructions of the mind"
(meaning: they are not real)

...The cognitive (mental) roots of **economic facts** as in:
neuroeconomics



... BUT IT IS ABOUT

THREE POINTS:

1. The need to integrate philosophy, social, and cognitive science more coherently

2. Cognitive approaches to social science (i.e. "cognitive economics")

3. Ways of 'operationalising' theoretical (i.e. philosophical) constructs

POINT 2

TOWARDS A COGNITIVE SOCIAL SCIENCE

Cognition 135 (2015) 52–55



ELSEVIER

Contents lists available at ScienceDirect

Cognition

journal homepage: www.elsevier.com/locate/COGNIT



Can cognitive science create a cognitive economics?

Nick Chater

Behavioural Science Group, Warwick Business School, United Kingdom



Short answer: **Yes**

How? In **three ways**

1. Cognitive science can export knowledge of the operation and limitations of mental mechanisms into economic realm.

2. Economics can provide cog science with powerful technical machinery to understand how information is distributed across people and within the person (minds like markets?).

3. Jointly, econ and cogsci can contribute new, cognitive informed and rational, models of choice and behaviour.

How about philosophy?

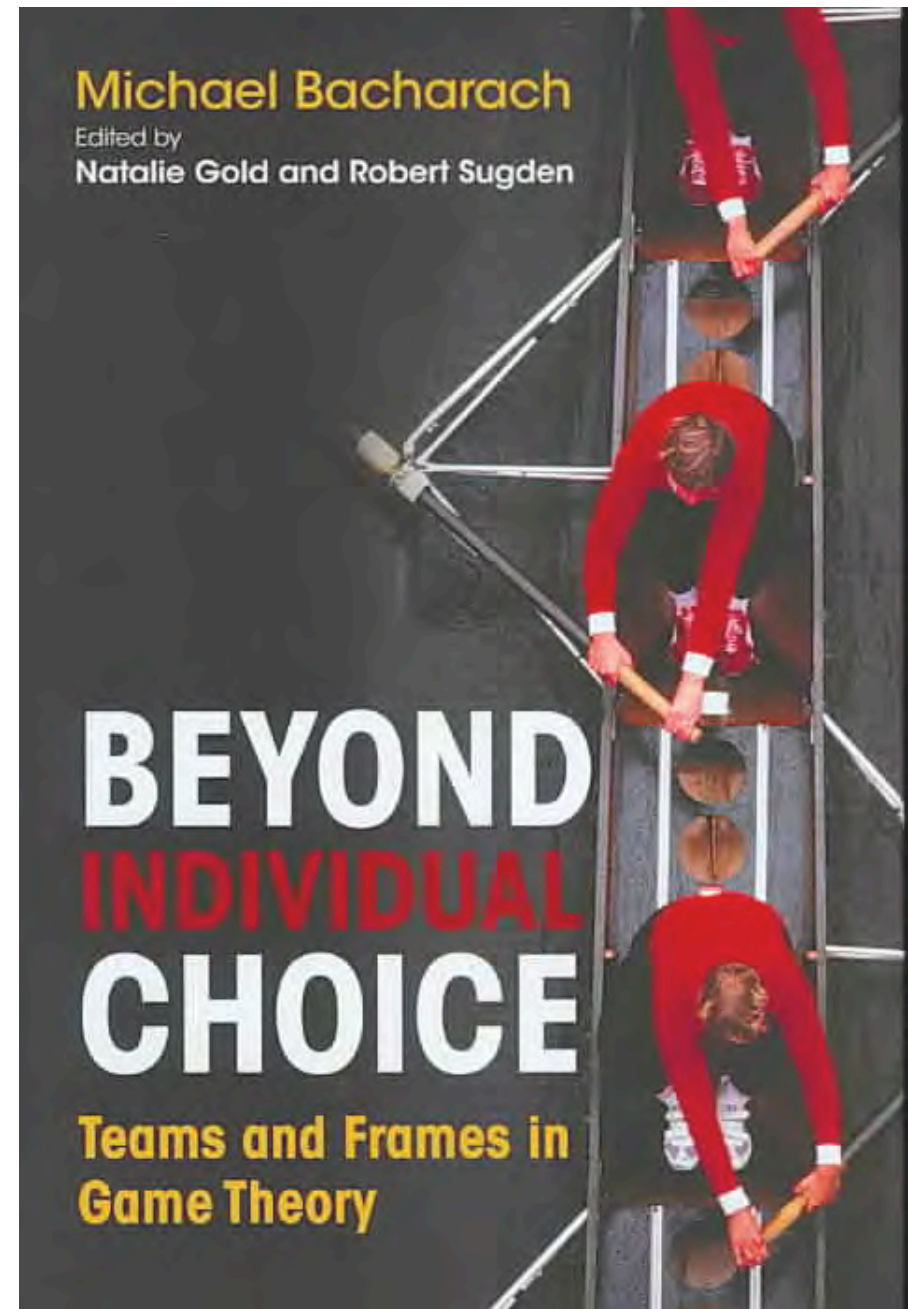


POINT 3

PROS (AND CONS) OF PHILOSOPHY

- Some philosophical 'constructs' are notoriously opaque, theoretically loaded, and ultimately difficult to handle.
- Try (hard) and make them **operational**, that is, suitable to non-philosophical investigation (i.e. empirical), and intuitively graspable by non-experts
- As an illustration, take the concept of **team reasoning**

- Pre-1980s: Collective consciousness; group minds; crowd behaviour
- Late 1980s: Analyses of collective intentionality (Note! one of the pillars of social ontology); critiques of individualistic bases of game theory
- 1990s–present: accounts of group thinking in developmental and comparative psychology; social cognitive neuroscience





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ANY QUESTIONS