VERNON L. SMITH (2008). *Discovery - A Memoir*

A current US television commercial by a mobile phone company seeking to get its customers to upgrade their service depicts economists knocking on people’s doors to explain rationally the advantages of the new service. These economists are all mild looking men (and one woman) with a diffident manner, dressed in black suits. They fail ignominiously in their task, while a sultry temptress succeeds. The public perception of economists is not one of wild daring do: no swashbuckling Harrison Ford, tomb-raiding anthropologist at work. In the popular mind economists, like accountants and mechanical engineers, are hardly fascinating exotic specimens of humankind. Most economists’ memoirs confirm the popular view. Most economists’ memoirs are linear, organized, modulated, contained, and either warmly or dryly austere. And then, on the other hand, we have Vernon Smith.

Recipient of the Nobel Prize in Economics in 2002 for his pioneering work in experimental economics, Smith has long had the reputation as an individual who thought otherwise. Indeed, the local newspapers in Stockholm that December were filled with speculation about whether Smith, with his exuberant pony-tail, was planning to wear cowboy boots, his usual footwear, with his formal attire when greeting the King of Sweden. I can think of no other economist for whom such might be an issue. But, then
again, apart from matters of couture and dress, I can’t think of many economists who are as interesting as Vernon Smith either.

What he has presented in this book, a sort of memoir or set of memoirs, are sundry connected essays on his family, history, education, work, travels, and passions. Growing up in Kansas he had the rural and farm – working class – background that makes it possible for him today to fix his neighbor’s truck. He also has strongly held views on matters ranging from how to cook a hamburger, to the merits of Nu Way sandwiches, from the inappropriate confusion between experimental economics and behavioral economics and why Martin Shubik never got his appropriate due, to the right way to construct edible chili. He has a wealth of knowledge about good economics departments and bad economics departments, and is passionate about creating more good ones. He has a pedagogical sensibility that has made him beloved by his students and valued immensely as a colleague.

From his doing badly at Friends (then) College in Wichita for two years, he decided that he wanted to go to the best college in America. Upon reading about colleges in the local public library he determined that the best was the California Institute of Technology. Engaging in a rigorous course of self education, he passed its entrance exams with flying colors. He graduated from Cal Tech receiving, as he described it, the most intense education one could have in the United States, with teachers who were the major actors in the mathematics, physics, chemistry, and engineering communities. His decision to do advanced work in economics, at Harvard, would bring him into contact
and engagement with future stars of the economics profession. His recruitment by Purdue University placed him quickly in one of the most vibrant intellectual environments that the field of economics has ever seen, although the title of that section of his memoir might be subtitled “It Was Good While It Lasted.” These reflections by a Noble Laureate on his education are a standard trope of the great man retrospective account of what went into making him great. And yet …

How can one not wish to read a memoir which has a paragraph beginning “I don’t quite understand the ecology of house cats having territorial property rights that extend to the hog pen but not the barn” (p. 46). Or “I must have had a crush on Virginia for two years, but there is no visible evidence of reciprocation. Of course it was possible that there was, and I was just too socially inept to know it. In those days and at that age no one ever revealed feelings, but that may have been me” (p. 86). How many economists’ recollections include petroglyphs and mules and conversations that include a description of one person as an “an old fart”, and of his grandma the “Kleppie,” short for kleptomaniac. I do however object to his priority claims for Wichita’s Nu Way sandwich on pages 87 et seq. Of course this sandwich joint has been in continuous operation in Wichita since 1930, but it only appears to be distinctive. Smith underestimates the competition and Nu Way’s position as imitator of Maid-Rite which was founded in Des Moines, IA in 1926, and remains there to this day selling loose meat sandwiches. I have found there to be no appreciable difference between a Nu Way and a Maid-Rite (my wife is from Iowa) even though Maid-Rite has some steaming process involved with the meat as well. Such hometown enthusiasms to the contrary not withstanding here, this is an
immensely generous memoir with affectionate portraits of places, people, and events. Smith qua economist is not put aside until a separate volume two, for professional life and concerns are present all through this book. A discussion of how a farmer like his father with only one horse could operate a two horse plow in his field brings up a serious discussion of exchange. The mechanics of bargaining make its appearance in the casket/funeral cost bargaining following his mother’s death. Most folks are unwilling to develop such narratives for fear of offending someone’s sensibility. Not so Vernon Smith.

When you come across a paragraph that begins “What we do know is that there is huge variation in how brains and minds work, even among closely related kin. I had a bipolar half-sister on lithium and other chemical treatments for the last few decades of her life” (p. 176) you know you are in the presence of a confident person. This leads to a very serious discussion of neurobiology and cognitive theory. Smith has spent time concerning himself with these issues because of the way they rub up against his continuing concern with the nature of markets. It makes little sense in a discussion of his memoir, as opposed to his oeuvre, to rehearse his focused and imaginative approach to understanding how individuals, faced with choices, interact to “make” markets happen. How individuals operate within the various structures and settings and how the settings and institutions can affect the choices that individuals make, and the outcomes that emerge, was for too long the singular domain of theorist-individuals who sat at chairs and desks and thought about such matters and wrote about those thoughts. The idea that one might want not only to observe but construct such situations in order to induce variations
in them which could themselves produce a variety of outcomes did not begin with
Vernon Smith, but certainly could not ever have proceeded very far without him. This
experimental economics research program has had a huge impact, from the design of
auctions for oil leases and spectrum rights at the national level, to placement of medical
residents in residencies in the United States. Matching students (or their parents)
preferences across schools with availability of places for those students, voucher systems
for public education, are also connected to these ideas.

Smith does not leave himself out of his speculations and observations about how
stuff works. The material on mind and brain leads to a set of observations and
recollections which peak with a paragraph that begins “Does this mean I have Asperger’s
Syndrome, believed to be a form of ‘high-functioning’ autism” (p. 180)? The discussion
of autism and Asperger’s Syndrome leads Smith to bring forward a great deal of his own
knowledge of how he reacts and responds to various problems and circumstances. The
most delicious conclusion however is “there are also many reports of events in the lives
of well-known public figures suggesting they may have been high-functioning autistics…
‘He was the most absent man in company that I ever saw. Moving his Lips and talking to
himself and Smiling, in the midst of large Companys. If you awak’d him from his reverie,
and made him attend to the Subject of Conversation, he immediately began a Harangue
and never stopp’d till he told you all he knew about it, with the utmost philosophical
ingenuity’” (p. 190). That of course was a description by Alexander Carlisle of Adam
Smith.
It is not too much to make a connection between these two Smiths. They are linked by perspicacity, ingenuity, seriousness, and effort on behalf of a vision of how the world works. The major difference for me is that I really enjoyed going out for Mexican food and beer with Vernon Smith. I don’t think that, even in the 18th century, I would have similarly enjoyed Adam Smith’s company.

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