

How to Talk to People: Econ vs. Psych

You want to get the most out of the people you deal with. Prudentially speaking, what's the best way to treat them?

Basic economics has a fairly clear-cut answer: *Be negative*.

If they're selling you a gourd, say, "What a crummy gourd. Why would I want this piece of junk?"

If they're working for you, say, "What do I pay you for? You're practically useless."

If they're married to you, say, "You're no prize. I could easily find someone better than you."

The reasoning is simple: When you express negativity, you signal a low willingness to pay. If you convince people that you can proverbially "take them or leave them," the possibility that you'll select "leave them" will loom large in their calculations. As a result, they'll offer you more favorable terms. Your gourd salesman will cut his price. Your employee won't ask for a raise. Your spouse will let you choose your vacation spot.

You could object, "If negativity really works, then everyone will do it. So in the end, you'll get the same deal as everyone else. What's the point?" But there's a textbook answer: If everyone *except for you* is negative, you are effectively holding up a sign that reads, "Big spender." Trading partners will respond accordingly.

Before you embrace ultra-negativity, however, you should pause and reflect. Yes, expressing negativity sometimes prods people into offering you better deals. But another common effect of expressing negativity is to alienate others. To sour amicable relations. To lose friends. To get divorced.

What's the alternative? Basic psychology typically says: *Be positive*. Smile. Be friendly. Talk nicely. In the words of Dale Carnegie, "Be hearty in your approbation and lavish in your praise." Tell the gourd salesman, "This is fine workmanship." Ask your worker that great rhetorical question, "What would I do without you?" Tell your spouse, "You are my everything."

How, the economist would ask, is all this positivity supposed to help the speaker? Simple. Positivity makes other human beings *like* you. Maybe even love you. When you spread sunshine wherever you go, psychologically normal humans don't have to wonder how to respond. They impulsively yearn to reciprocate: You smile; they smile back. And if they're more calculating, they'll reach the same answer. "I love this girl; how can I make her stay?"

Who's right: economists or psychologists? The lazy answer is: It depends. Sometimes negativity pays; sometimes positivity pays. The thoughtful answer, though, is something like: 20% economics, 80% psychology. If you're shopping for a car, the economists make a good point. You want to make the car salesman think you're the marginal buyer so they offer you a rock-bottom price. Even there, however, it pays to be friendly so the salesman wants to help you. Just remember to say, "What a beautiful family you have!" when you see his family portrait, instead of, "What a fantastic car!" when you finish your test drive.

If positivity pays even in one-shot purchases, it's better still in long-term business relationships. Yes, insulting your workers may deter them from asking for a raise. Yet it also makes them *hate* you, which in turn leads them to avoid doing anything more than absolutely required to keep their jobs. And of course there's the problem of retention. A dogmatic economist might insist, "I'll just offer a big raise to good workers if and when they obtain credible outside offers." By that point, however, employees used to your habitual insults will already be cleaning out their desks. Most successful employees are cheerleaders, handing out encouragement and smiles left and right – and sugar-coating any criticism: "The firm really appreciates what you do, but we need to be a little more careful with our bookkeeping from now on, OK?"

Even if you're skeptical of the prudence of business positivity, what about personal relationships? If you want friends or lovers, do you really want to habitually denigrate them in order to extract more favorable terms? The emotional logic is clear: Positivity makes people like you – and if people like you, they will *want* to treat you well. It pays to be the kind of person no one wants to disappoint.

Doesn't this extreme positivity put you at risk of sociopathic exploitation? Sadly so. But extreme positivity should still be your default. As I've explained before:

7. On average, intimidation and deception have low returns and high risks. They work well in rare circumstances, but most people are terrible at identifying those circumstances in advance. As a rule, intimidation and deception are acts of impulse, not a conscious strategy – and it shows.

When you encounter people who treat positivity as an invitation for abuse, it pays to switch from basic psychology to basic economics. Though the wisest course of all is to avoid interacting with anyone who treats positivity as an invitation for abuse.