

## The reach of economics: a reply to Diane Coyle

By Tony Curzon Price,  
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To start, two anecdotes from my past as an economist.

I was founder and managing director of [ELSECo](#) [1], the game-theory consultancy company that designed the 2001 3G mobile-phone spectrum auction in the United Kingdom. The auction made £25 billion for Her Majesty's Treasury by selling [five 3G licenses](#) [2] to mobile phone operators. This is one of the applications of economics that Diane Coyle, in her **openDemocracy** article "[Economics, the soulful science](#) [2]" (13 February 2007), hails as an unsung success.

In 2006, I was talking to a group of businessmen and, trying to bolster my reputation by talking about "big deals I've been around", explained what ELSECo had done. An internet entrepreneur piped up: "What exactly was so clever here? [Sotheby's](#) [3] and [Rothschilds](#) [4] have been auctioning assets for centuries without the help of Nobel laureates or their theories, and eBay now does this thousands of times per day..."

I try to be modest as I explain that we were auctioning five nearly identical goods simultaneously, and that the public auctioneer cares about efficiency (do the licenses get to the right person?) as well as revenue (who pays the most for them?). My questioner persists: "But what exactly did you come up with that was so clever?"

I try to move into the arcane detail: "Well, you had to think about whether and when bidders could move their bids from one license to the next ..." The truth is that many minute choices had to be made and tested. No big idea. Just solid engineering.

Years before - this is the second anecdote - as a recently employed economic analyst, I was courting the daughter of an engineer. I was to visit the family home, and the daughter had warned me: "When we drive back from the station, we are sure to return home the long way around, past some gas-storage tanks. My father will comment on the fact that he designed them. Be sure to sound impressed."

Indeed, indirectly, we drove past the unremarkable tanks. I started on my prepared themes: "Very interesting... under-appreciated components of the gas-transport system... flexibility that our whole way of life depends on..."

"I just designed them", said the father.

Resolute, I kept going: "... small capacities for stocks in a world of flows... time that the old town gas infrastructure was being switched to natural gas... social consequences... the unique power of engineering..."

"Look, it was the first job my engineering partnership took on," he said. "Our brief was to make them safe, functioning and cheap. You see those stairs winding around the tank? The way I hung the steps off the helix - that was clever. Saved us some girders."

Tony Curzon Price is responding to the openDemocracy article by Diane Coyle:

"Economics, the soulful science [4]"  
(21 February 2007)

### **Engineer-technician or philosopher-king?**

I did not hit it off with the father. When Diane Coyle, feeling under-loved as an economist, extols economics as "a uniquely powerful way of thinking about society", I feel that she should learn some of the humility that comes more naturally to the other social professionals, be they lawyers, accountants, architects, surgeons or engineers.

Coyle thinks that we are huge beneficiaries of the "soulful science [5]" - for example, the independence of the Bank of England in setting interest rates, the success of auctions like ELSECo's or "evidence-based public policy" - and yet we do not acknowledge the debt.

But the internet entrepreneur who asked "what exactly was so clever here?" needs to be answered. There is something rather blindingly obvious about avoiding political manipulation of the money supply by giving an independent body authority over it. The remarkable fact of the announcement on 6 May 1997 [6] by Britain's newly appointed chancellor of the exchequer Gordon Brown [7] regarding the Bank of England was political, not economic: the circumstances leading to the depoliticisation of such a powerful economic-policy tool, not the technical question of what arrangements served to take the money supply out of politics.

Similarly, there is something blindingly obvious in the recommendation that public policy should be based on evidence. Epidemiology (now there's an unsung social science) has been using statistics to save lives at least since John Snow [8] started to plot cholera deaths around the pumps of London's Soho neighbourhood in the 1840s.

More remarkable than these successes of economics is the gap between their significance and the claims that economists want to make. A "uniquely powerful way of thinking", says Coyle. This is a serious claim: powerful as a tool of thought, but also, and especially, unique in its relation to the levers of power in government and (sometimes) business. Coyle wants to amplify the sound of this power, force its appreciation onto a wider public.

However, like the engineer whose daughter I tried to court, economists should learn to play down what they do. ELSECo, in designing an auction, did a tricky and detailed job well. If the engineering profession felt the need to trumpet its own significance every time a civil engineer put up a road bridge that does not collapse - its "uniquely powerful way of bringing our physical existence into service of our social beings" - engineering would quickly come to be ridiculed or hated. Al Roth [9], a Harvard economist, has long recommended that economists think of themselves as civil engineers [10] - both in their diligence to detail, but also in their professional conduct of a social service.

The pitfalls of heralding small projects of social engineering as instances of a "unique power" are real. Economics gains trust insofar as it is worthy, a little dull and very technical. The promotion of the "unique power" of economics is more often used to legitimise political positions. This, I think, is the direction of the criticism of Coyle made by <http://taghioff.info/dant/> [11] and [joefranks69](#) [11] in their comments on her **openDemocracy** article. Economics is useful when it

is like engineering, but aspiring to be a philosophy makes it resemble more a bid for power. And the field offers countless opportunities for the engineer-technician to play philosopher-king.

## **The economics of survival**

Economists are not often aware of the way in which their discipline profoundly affects the sorts of questions that can be asked, that can become politically legitimate questions. Take, for example, geographer Doreen Massey's profound analysis of the meanings of space on **openDemocracy**, "[Is the world getting larger or smaller?](#) [11]" (15 February 2007). Massey starts with a critique of the economist's notion that space should be measured as the cost of getting from here to there. The fall in that cost has led "[Davos man](#) [12]" - in Massey's words, "that new global elite of neo-liberal wealth and its cheerleaders" - to proclaim that the world is flat, that geography is dead, that distance is conquered.

[Massey](#) [13] reminds us that space should not be reduced to time: time is a sequence, whereas space contains the possibility of simultaneity. I am writing this (to echo her argument) in the same "now" in which fishermen are depleting, middle-classes emerging, tourists destroying, the poor struggling, bombers plotting, the devout praying ... The more simultaneity there is, the more space the world contains. But we work hard to evade the existence of simultaneity, difference, "otherness" because of the challenge it poses to the comforts of the [view from Davos](#) [13]. If there is no ordered social progression in time towards our self-satisfied managerial liberalism - if, for example, the [Gwi people](#) [14] from the Kalahari are not waiting "in the queue" for the Davos [téléphérique](#) [15] - and if instead diversity is here to stay, then our role and responsibility in sustaining the here-and-now cannot be avoided.

Tony Curzon Price is the incoming CEO of openDemocracy. He worked as a consultant economist for more than ten years. Since 1997, he has lectured on economics and energy policy to postgraduates at Imperial College, London, and at the *École Polytechnique Fédérale de Lausanne* (EPFL)

Also by Tony Curzon Price in openDemocracy:

"[Why fly?](#) [15]"  
(12 June 2002)

"[Holistic hunters' knowledge can be harmful](#) [15]"  
(3 September 2002)

"[Turning the tide: how fear will make People Flow obsolete](#) [15]"  
(10 July 2003)

"[iCommons for beginners](#) [15]"  
(20 June 2006)

"[The 'as if' economist: Milton Friedman's legacy](#) [15]"  
(27 November 2006)

"[The wisdom of the openDemocracy crowd](#) [15]"  
(29 December 2006)

"[The Economist Redux](#) [15]" (5 February 2007)

"Who pays for openDemocracy? [15]"  
(6 February 2007)

"The openDemocracy crowd's wisdom: January 2007 market report [15]"  
(14 February 2007)

"Tony Blair and centralization [15]"  
(20 February 2007)

These reflections lead Massey to think more about the Gana and Gwi [16] of the Kalahari, embarrassingly branded as living "in the stone age" by a member of Britain's House of Lords. She quotes a letter [17] to the British newspaper the *Guardian* from representatives of the Kalahari peoples, Jumanda Gakelebone and Roy Sesana:

"... We just want the opportunity to be allowed to choose our lifestyles. We want to go back to our land to be with our ancestors and we want to be allowed to live there in peace by hunting and gathering -- not as 'exhibits in a museum', but because it is a very clever way to survive in the desert." (*Guardian*, letters, 25 March 2006 [18]).

What does economics have to say about this sort of choice, the collective choice of a people? A properly professional economist, like a civil engineer asked to design a water-treatment plant for the Gwi, might give professional attention to important details of fitting the choice into the global economic system: how to arrange trade in order to preserve the way of life; whether and how to structure natural-resource exploitation contracts; definition of workable forms of ownership for common resources and land. The economist might think of the Kalahari as a monopolistically owned resource, whose "owners" wish to take as payment the preservation of a way of life. There is serious and worthy work here for a technician.

However, if you go to the economics profession with the request to help build the contracts, agreements and institutions that will sustain the life of the Gwi, you are likely to get an unsympathetic hearing. Robert Whaples [19], a United States economist and academic, has polled professional economists to discover what they agree [20] on. The answer, he finds, is a lot: they think that free trade is good, and the freer the better; they are anti-subsidy, especially in farming; they are for competition in education. Policy based around this consensus will quickly destroy the possibility of the lives that the Gana and the Gwi choose to build.

If a whole people is treated as a monopolist, then shouldn't anti-competitive pressure be brought to bear on them? If the development of a thoroughly modern hunter-gathering society requires trade protection, subsidy and identity-based education, then won't the economist's abhorrence eventually squeeze these life choices out as possibilities? Massey quotes from the *Guardian* letter by Jumanda Gakelebone and Roy Sesana: "... we use radios and some of us have mobile phones. But that is not the point. We just want the opportunity to be allowed to choose our lifestyles." Can economists work in the service of a collective choice like this without making the *central* problem of politics the resolution of divergent preferences? In Massey's language - and it is an argument powerfully echoed in Hugh Brody's [20] astute series of articles on **openDemocracy** about hunter-gatherer lives - economics tries to make us think that there is "only one story".

The very aspect of economic theory that Diane Coyle [21] believes is so powerful - the examination of individual choice and its constraints - crowds out other reasons. Thoroughly modern lives of the Gana and Gwi may require monopoly, subsidy, controlled trade and education based on identity, not choice. But for someone who believes in the "unique power" of reasoning from individuals' trade-offs, accepting such an "anti-economist" solution will require

two hard mental transitions. First, the transition to the view that societies are not in a long progression, an orderly queue from stone age to metro-western. Second, the transition to the view that there is a perspective from within cultures in which one can legitimately seek to shape preferences - to talk about *what* is valued, rather than just to adopt the false agnosticism of talking only of the satisfaction of *any*, or almost any, divergent desires.

The arrival of cheap computing and of large data sets, as Coyle says, has bestowed a new lease on the economist's power. Like the modern architect armed with concrete, the temptation is - as with Le Corbusier [22] - to turn the new possibilities of engineering toward building a social sphere that has more to do with ideology than sympathy. The economist, now more potentially useful than before, should - like the architect, the doctor, the lawyer, the accountant or the engineer - adopt an ethic of professional service that has no room for claims to "unique power".

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[http://www.opendemocracy.net/globalization-vision\\_reflections/coyle\\_reply\\_4428.jsp](http://www.opendemocracy.net/globalization-vision_reflections/coyle_reply_4428.jsp)

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- [7] [http://www.hm-treasury.gov.uk/about/ministerial\\_profiles/minprofile\\_brown.cfm](http://www.hm-treasury.gov.uk/about/ministerial_profiles/minprofile_brown.cfm)
- [8] <http://www.ph.ucla.edu/EPI/snow.html>
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