

Prikazi knjiga i ostalo

Book reviews and miscellanea

Diane Coyle. *Cogs and Monsters: What Economics Is and What It Should Be*, Princeton University Press, 2021. 257 pp.

Cogs and Monsters is a relatively short book on the nature of economics. It is an accessible text which could easily be read like a catalogue of examples portraying the various recent developments in economics. Coyle is a rather prolific author, and this book joins the list of other works which explore the nature of economics and seek to popularize economics and question its position in policy making¹. Coyle discusses a wide array of issues including gender inequalities implicit in economic academia, changes in economics curricula, role of values in economic analysis and deficiencies of technical issues like inflation and GDP measurements. Even though the author finds various faults in economic analysis, she seems to resent widespread vulgarized criticism of economics as such – usual modes of criticism tend to focus on the wrong or even outdated aspects. The main thrust of her analysis is a type of critique of the right thing - directed at the very essence of transformation in economics.

The title itself reveals two crucial terms that are needed to understand the soul of economics and its plight. Economics tends to approach humans as perfectly rational and informed agents with predictable and uniform motivations in defined contexts – akin to cogs in machines. However, such approaches and models often do not explain actual human behavior. In dealing with cogs, a conceptual rift is opened between economics and the real world with many unexplained phenomena and outcomes unaccounted for. This creates a large uncharted territory, similar to territories “labeled ‘Here be monsters’ on medieval maps” (Coyle, 2021: 6). So, by insisting on cogs, economics creates monsters – as it leaves many individual and social processes in uncharted areas. All the more so as economics is not merely a description of the economic world. The models themselves shape our expectations and guide our behavior. Economics influences the economic behavior itself as reality begins to fit the models

¹ Some of the book-length examples include *The Weightless World: Strategies for Managing the Digital Economy* from 1999, *Sex, Drugs and Economics: An Unconventional Introduction to Economics* from 2004, *The Soulful Science: What Economists Really Do and Why It Matters* from 2007, *The Economics of Enough* from 2011 and *GDP: A Brief but Affectionate History* from 2014.

rather than the other way around (Coyle, 2021: 21). As the idea of rationality becomes internalized, even speculative bubbles may seem rational. And as certain models of option pricing (such as the Nobel prize winning Black-Scholes-Merton model) become increasingly influential, they help create “the dangerous monster of modern derivatives markets” (Coyle, 2021: 25). This is a strong metaphor in contrast to those that would have economists playing the role akin to dentists (as Keynes put it) or plumbers (in the words of Duflo). Both similes evoke an economic profession which is necessary and practical, rather than haughty and aloof. Unlike these, Coyle sees the economist also as Dr Frankenstein (Coyle, 2021: 18, 21, 25), with the ability of creating and molding monsters (*Frankenfinance*) – pertaining both to models which shape the market catastrophes and to the unrealistic models which constrict the uses of economics.

Coyle is interested in the interactions of ideas, actions and events to which she refers to as the political economy loop – Keynesian economics dominant after World War II but giving way to a free-market oriented neoclassical restatement since 1980. Both driven by events and ideas at the same time. Coyle is convincing in arguing that the circumstances have primed the oncoming shift in mainstream economic ideas. These circumstances include two consecutive shocks (2008 and 2020), increase in inequality, a near-zero growth and disappointing trends in real income and productivity. A new and economic mainstream still needs to coalesce around the various elements that are available, and Coyle makes the case for the new economic science that may take the place of the old mainstream in decade to come. Such a new science will answer the dilemma of cogs and monsters by foregoing ill-conceived claims of technocratic authority. It needs to be oriented socially rather than individually, with a bias towards institutions rather than markets, revive welfare economics and return to the origins of economics as political economy (Coyle, 2021: 179-181). This ending makes the book optimistic and significantly uplifting. It *may* be read by anyone interested in economics as the prose is clear and well-written. Coyle does not waste space on technical issues and quickly rattles off crucial and informative points. However, the book *should* be read by an audience aware of the issues since Coyle says much with few words. She is justified in evoking political-economy roots of the new economic science as she writes with the subtle and erudite verve of classical texts rather than with deliberate unambiguous dryness that tends to characterize economic prose. Coyle exposes crucial issues in economic science and provides a welcome vision of economics to come.

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