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Cover photo: Students in Bangladesh protest 7.5 per cent VAT on their tuition fees, 10 September 2015.  
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Ian Lovering, 'Review of *The Knowledge We Have Lost in Information: The History of Information in Modern Economics*, 2017, by Philip Mirowski and Edward Nik-Khah'

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## Reviews

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*The Knowledge We Have Lost in Information:  
The History of Information in Modern  
Economics*, 2017, Philip Mirowski and Edward  
Nik-Khah Oxford: Oxford University Press

Information dominates our age. Whether it is the heralding of a Digital Age or a knowledge economy, the proliferation of information technologies, or the contemporary ubiquity of data, talk of ‘information’ surrounds us. In their new book, Philip Mirowski and Edward Nik-Khah provide a critical history of the economics discipline to unpack the fundamental importance information has come to have within the field. As they explain in the opening pages, the stakes of this mission go far beyond a niche disciplinary interest.

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Rather, it highlights how the rise of ‘information’ in economics has contributed to elevating economists to a special place within the public discourse through their assertion to unique access of the validation of social truth, with perverse consequences for how our societies are governed and, more fundamentally, the very meaning of humanity (Mirowski and Nik-Kah, 2017, p.1).

The book continues many of Mirowski and Nik-Khah’s shared themes: a disdain for the triumphalism and ahistoricism of mainstream economics, as well as the diversity and contradictions within a neoclassical economics that is often treated homogenously. Building on this, the authors criticise the confused and teleological historical accounts of information found within economics itself. As the authors describe, despite the majority of mainstream economists identifying their field as a ‘Science of Knowledge,’ they are ‘utterly incapable of producing even a sparse, clean consensus on the hallmarks’ of this science (Mirowski and Nik-Khah, 2017, p.42). Mirowski and Nik-Khah reject economics’ own history of information as a progressive and linear move from a simplistic model of homo economicus to the embracing of cognition and psychology within modern behavioural economics. Instead, they highlight how the responsibility for modern information economics lies with ‘the military, the rise of the digital... and last but not least, the rise of the political doctrine of neoliberalism’ (Mirowski and Nik-Khah, 2017, p.27).

For the authors, Friedrich Hayek, first introduced the question of information within economics in the 1940s. Hayek adopted a computing metaphor to argue that the Market was the only mechanism that could sufficiently process the vast and dispersed amounts of information necessary to run an efficient economy (Mirowski and Nik-Khah, 2017, p.62). It was the response his intervention marshalled from defenders of market socialism at the US-military backed Cowles Foundation, that incubated an information economics through the 1950s. For Hayek the informational constraints of

economic planning made socialism impossible, at Cowles Hayek's computing metaphor was appropriated to conceive of ways through which information processing could make such planning possible. This was greatly facilitated by the intimate military connections of Cowles, via their funders and collaborators the RAND Corporation, placing them in proximity to the information revolution taking place within the natural sciences and advances in digital computing and cybernetics (Mirowski and Nik-Khah, 2017, p.98).

The incubation of information economics at Cowles would revolutionise understandings of the concept fundamental, but often ill-defined, within economics: the market. Whereas previous neoclassical approaches stressed the existence of a generic and omnipresent market, uniform in its qualities at all times and places, the injection of computing metaphors into economics transformed the idea of the market into an institutionally grounded and manipulable device modelled along the lines of the digital computer (Mirowski and Nik-Khah, 2017, p.125). Increasingly, economists spoke less about the market as a generic place of exchanging physical resources, and more as a mechanism for processing information which could be programmed to achieve particular outcomes through 'market design'. By reimagining the market as a purposefully designed computing device, of which only economists spoke the programming language, economists would move into the centre of policy debates, holding considerable sway over many of the political transformations over the neoliberal period. Mirowski and Nik-Khah elaborate this by exposing the pivotal role economists have played in the privatisation and reregulation of the US telecommunications and airline industries, and more recently the bank bailouts of the Global Financial Crisis. As is revealed by the authors, as economists have increasingly stepped into the policy field through the tools of 'market design,' it has typically been corporate actors who have exploited economists' claims to social truth to establish markets in their favour.

A major attraction of the book is Mirowski and Nik-Khah's commitment to a non-teleological account of history. Addressing that history is full of false starts, dead ends, and ruptures, the authors excellently present the history of information in economics by specifying the novelty and significance of particular developments. This contrasts with frequent self-histories within economics where in vogue approaches are frequently seen as the culmination of past progress, rather than a transformative consequence of historical circumstances. In the book, the authors studiously present how three 'schools' of informational economics (a Walrasian School of early Cowles, a Bayes-Nash School of RAND's game theory, and an Experimentalist School of later behaviour economics) emerged as a 'narrative chronology, a pronounced tendency,' and explicitly not a 'progress narrative'. It is this historical specificity that makes the book both rich in detail, but at the same time a challenge to abstract from. When they present 'no single unified story... but, rather, the intersection of a number of very big intellectual cross-currents' (Mirowski and Nik-Khah, 2017, p.129), the reader must do more work to decipher the relative weight of each cross-current in the narrative being presented.

The authors' treatment of neoliberalism, however, is a possible source of criticism. Both authors are significant sources of authority on the history of neoliberalism (Mirowski & Plehwe, 2009; Nik-Khah & Van Horn, 2016). Here, they extend this work by effectively dispelling the myth that neoliberalism has anything to do with the laissez-faire market fundamentalism it is often equated with. Rather, for Mirowski and Nik-Khah, the information revolution in economics transformed understandings of the market into a programmable technology wielded by economists at the service of corporate or state planners as part of the political rise of neoliberalism.

What is puzzling and fascinating about this development, however, is the fact that many of the major contributors to the informational shift worked

outside, or even in opposition to, the bastions of neoliberalism such as the University of Chicago or the Mont Pèlerin Society (MPS). The authors highlight some overlap between information economists and the MPS, such as Fritz Machlup or Henry Manne. However, these figures are largely peripheral compared to the major protagonists of the book responsible for developing a computational economics, all of whom stand outside the MPS including Kenneth Arrow, Herbert Simon, Leonid Hurwicz, and Stanley Reiter.

It is, according to Mirowski and Nik-Khah, neoliberalism's introduction of information to economics that testifies to its influence. Specifically, it was through Hayek that 'neoliberalism influenced the way computational themes would enter economics' thus producing a discipline today that 'has become more, not less neoliberal' (Mirowski and Nik-Khah, 2017, pp.236–239). However, the fact that it was largely in opposition to Hayek and the cabal of other neoliberals such as Milton Friedman and Ludwig von Mises, that economists at Cowles and elsewhere made many of the major advances in information economics producing contemporary approaches of 'market design' surely cannot be ignored. Does treating the introduction of information as synonymous with the eventual outcome seemingly glosses over the contribution from Cowles that the authors so meticulously elaborate? In earlier work, Mirowski treats Hayek more peripherally to the computational revolution 'as someone who filtered various cyborg themes' into economics but who's contribution 'could easily be turned around to provide further metaphorical inspiration for many cyborgs in good standing' (Mirowski, 2008, p.238). Thus, while Hayek opened the door, it was seemingly developments outside of neoliberal theory that really determined the shape of computational economics today.

The significance of this fact unsettles assumptions over either what neoliberalism is, or the relevance of neoliberal theory to contemporary governance. Is the work at Cowles a branch of neoliberalism, necessitating

far more work to reconcile the contradiction that it was, in the authors' words, 'the citadel of... market socialism' (Mirowski and Nik-Khah, 2017, p.74)? Or, as appears more likely, do understandings concerning the hegemony of neoliberalism today require substantial qualification, necessitating more work on the influence of diverse historical currents of which the book stands as a fascinating premise?

Overall, *The Knowledge We Have Lost* in Information is a superb account of how, despite the discipline of economics being increasingly concerned with knowledge and information, its conflation of the two and reification of a market mechanism has meant a version of truth has arisen that is increasingly detached from human life as it is experienced.

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