

The Inscrutability of Economics

Manpreet Dash

Summary

Economics is everywhere and sometimes it may seem difficult and complex. It is a science as well as an art. And sometimes, it so happens that it is deliberately made complicated and difficult. It can be used innumerable ways and is regarded as common sense at its best.

The joke goes, “Economics is common sense made difficult.” It is a difficult science understood by few. Economics is often like the art of advocacy. You make complex things simple and not vice versa. But just as lawyers mint money by first convoluting their clients’ case and then navigating them through the labyrinth, economists too have to make simple common sense sound big to be in business. Studying economics equips people with various levels of financial literacy, which allows them to effectively manage their own finances and even advise others in financial management and planning too. But at the end of the day, it’s a difficult science, understood by only a handful of dialecticians and logicians.

Economics is inspired by pure common sense, made to look like rocket science so that people can be hired to work on it, and then ultimately what they say is what one would have guessed. Economists intentionally make the theories that they

come up with, complicate it and make it difficult to understand; else they have been out of jobs. Because if everyone started to understand this complexity then economists would lose their value. Hence, the inscrutability is not unintentional. In short, economics is a subject based on logic and everyday life, which can be understood by everyone but it’s simply

made difficult by the outside world. We use economics very frequently in our daily lives. As the science of decision making, economic philosophy operates in our daily life, whether we realize it or not. When we are evaluating the interest rates on our credit cards, or trying to decide whether to buy or lease a new car, or go out to dinner or a vacation, these are all decisions we make using economic thinking. Economics is also a large field with a rich history that’s been explored and examined by hundreds of influential people, ranging from philosophers to politicians. It is alleged that statistics with economics can prove or disprove anything. But yeah these data can easily be manipulated to make them in someone’s favour. Covering up losses or cooking up figures which are less susceptible to conviction isn’t very difficult.

Someone who indulges in subterfuge in daily life will soon be caught and thrown behind bars, but that when done in economics is innovation. A famous US president once said that five economists give six opinions. Economists never agree

because ultimately the objective, unlike physics or chemistry, is not to find the truth; but to foment diversity of opinion. The economics fraternity has made financial engineering a high discipline, which would otherwise be adjudged criminal. It is better that people do it professionally, thereby causing less harm, than they try their conjuring tricks on common populace innocent of economics. But when it is practiced in close circles, and common man is unaffected then the repercussions are less serious. That's how economics gives employment to people, who would otherwise be a threat to society; turn into frauds, swindlers, tricksters and what not. We should understand the limitation of the things in practice and why financial models should always be treated with a healthy degree of scepticism.

The greatest example of this is the financial crisis in the US. The reasons behind this crisis were recently unfolded. People far away from the US didn't know that what they are actually investing in is the US banks' NINJA loans. They thought they would end up making a huge profit but ended up losing all their money. That's a financial innovation that paid hugely to its practitioners. Sometimes lack of proper

information and knowledge leads to such things. Similarly there are many such cases where the general public is somehow fooled for the benefits of the so called "intelligent, logical and intellectually high people". So, primarily my argument to this is that things in economics are not as complicated and difficult as they seem to be. They are made so to favour a certain group of people. This so called inscrutability of economics can be used for the welfare of the society or to fool people. Thus, gives immense employment to dialecticians; can make you a renowned economist or a fraud. Economics is basically a knife in hand which can be used in any way we want.

