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Book review



Items of ingenuity

Title: *Fifty Things that Made the Modern Economy*

Author: Tim Harford Publisher: Little, Brown

If the apocalypse does occur and you are one of the few survivors who inherit the earth, what would you do? Civilization has broken down, there's no more electricity nor indoor plumbing, the convenient takeout restaurant around the corner is gone, and more shockingly, you'll have to make all your decisions without Google's help. In the words of former United States Airforce General Curtis LeMay, you've been "bombed back into the stone age."

Tim Harford, the author of *Fifty Things that Made the Modern Economy*, challenges readers by opening his book with this dystopian scenario. If you had the chance to rebuild society, what are some of the inventions that you would need? From the "absurdly simple" plough to "stodgily solid" concrete to intangible concepts such

as limited liability companies, this book is Harford's interpretation of key items that have shaped our world.

While it contains some obvious candidates like paper and the diesel engine, Harford clarifies that the book is "not a list of the most economically significant inventions." Indeed, a quick skim through the table of contents will show that key historical inventions like gunpowder, the printing press, the aeroplane and other commonly lauded innovations are missing.

Harford puts it rather bluntly when he justifies these omissions. "Simply, there are other stories to tell," he writes. For example, he describes the creation of the radar as the British Air Ministry's failed attempt at wanting to create a "death ray." Before World War II, Nazi Germany began

a technological arms race in 1935 that worried their neighbours across the sea, and the idea of a weapon, which fired lethal doses of high frequency radio waves led to the British offering a sizeable prize to any successful inventors.

Robert Watson-Watt of the Radio Research Station and his colleague Skip Wilkins determined that such a weapon was unfeasible, but took a gamble that the British government would be interested in another invention using radio waves. The radar was born as a result and the Allied Forces could detect aircraft long before they were within threatening proximities. Apart from helping win the war, radar technology is still used today to prevent mid-air collisions and to keep airways safe, as well as for marine and meteorological purposes.

Author interview: Tim Harford

Returning to the hypothetical dystopian setting mentioned earlier, science historian James Burke believes the humble plough to be essential in keeping both your post-apocalyptic self and the remnants of civilization alive. “This simple implement may arguably be called the most fundamental invention in the history of man, and the innovation that brought civilization into being,” writes Burke.

Without the plough, our hunting and gathering ancestors would not have made the transition into farming and settled living. Equipped with this revolutionary tool, a small group of farmers could grow enough food to feed the rest of the community, leaving the remaining people to specialize in different work such as war, construction, mining, and carpentry. With a surplus of food and a means of storing it, populations soared and civilizations prospered.

However, Harford identifies a paradox. “More abundance leads to more competition,” he writes, adding that “agricultural abundance creates rulers and ruled, masters and servants, and inequality of wealth.” Consider the Roman Empire. At its peak, it possessed an incredible amount of wealth – far exceeding that of any nation at the time. Yet, the majority of its citizens lived under heavy poverty while the elite gorged themselves on wine and gourmet feasts. Was it fair? Definitely not, and while this sort of dilemma still exists today, the plough’s admirable performance was integral to the development of the world we have today.

As Harford was coming up with his list of items, he noticed a recurring theme. “New ways often shift the balance of economic power, creating both winners and losers,” writes Harford. “These items could also open up the possibility of new inventions.” Moreover, the items can cause unexpected impacts on the way we live. The birth control pill, for example, broke the stereotype of doctors or lawyers being a male-centric profession, and gave women the confidence to invest in their careers without an unwanted pregnancy jeopardizing it.

It’s undeniable that there is significant insight behind his list, and that each item has indeed played a profound role.

Tim Harford is an English economist and the mind behind the best-selling book, *The Undercover Economist*. Shortly after the book was published in 2005, he began contributing to *The Financial Times* through a weekly column under the same name as his book. As the Undercover Economist, Harford aims to introduce the principles of economics to the masses by highlighting the economic ideas behind everyday experiences through the use of non-technical terms. For example, one topic looks into why decent used cars are so difficult to purchase.

Harford’s interest in portraying economics with a human side was what led him to write *Fifty Things that Made the Modern Economy*. “By telling the stories behind these ideas and inventions,

I hope to convey some subtle ideas in economics while keeping things engaging and fun,” explains Harford.

When asked which invention on his list is the most profound, aside from the plough, Harford points to paper. “First invented in China, it underpinned mass literacy in the Islamic world,” explains Harford. Additionally, he indicates that paper was what made the Gutenberg printing press economically feasible to use.

According to Harford, his list was arranged to be a “surprise” for readers. “The ideal invention is significant, surprising, has a great story behind it and helps me make a point about how the economy around us works,” describes Harford. “I wanted a range of inventions from different industries, different parts of

the world, some thousands of years old and some brand new.”

With robotics being a popular point of discussion across multiple industries, including accounting, the topic is covered in Harford’s book as well. Unlike sceptics who believe accountants will be replaced by robots, Harford refers to the versatility and adaptability of accountants in the past.

“The spreadsheet’s invention looked like it would put accountants

out of business, but it replaced a lot of routine arithmetic and massively expanded what accountants could do.” It’s inevitable that a lot of what accountants do now will be replaced by algorithms in the future, but accountant’s roles have also expanded far beyond simple bookkeeping and number crunching. “So will accountants truly be put out of business? We’ll have to see,” says Harford

optimistically.

While coming up with his list, Harford encountered a bit of trouble when deciding what inventions or concepts to feature. “I would have liked to write about Bitcoin, but it’s a little too early to know if or when it will really change anything,” says Harford. He also contemplated writing about fire, an invention even older than the plough, as well as dams. “Dams are a very old technology, they shape and reshape the societies around them, and they continue to be at the cutting edge of economic investment, like the Three Gorges and the Itaipu dams for example.” Harford is currently considering writing another book on 50 more inventions. Perhaps these inventions will show up there instead.

