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Nobel by association: beautiful mind, non-existent prize

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Is the Nobel Prize for Economics as real as the Loch Ness monster? A fascinating story of how, when the global public was looking the other way, strategy and snobbery brought a symbolic currency to life.

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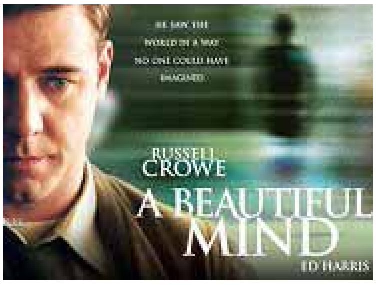


Much has been said about the Oscar-winning movie *A Beautiful Mind* and its hero, the mathematician John Nash. Just as spring is the time for Oscars, a new crop of Nobel prizes has accompanied the fall of autumn leaves every October since 1901. As Daniel Kahneman and Vernon L. Smith share an award this year, it's a good time to pose a question raised by a neglected aspect of the movie: what prize exactly did Nash *really* win?

The answer is not as obvious as it seems. When *A Beautiful Mind* hit our screens, one correspondent to an entertainment weekly pointed out that the 'Nobel Prize in Mathematics' he had read about did not actually exist. Many will recall the brief scene in the movie when the young Nash – suffering from lack of recognition of his true genius – remarks to his MIT colleagues that he has been robbed of the 'Fields Medal'. What is that? Ask any mathematician, and he will tell you: 'this is the *equivalent* of the Nobel prize for mathematicians'. Established in 1936, it is given once every four years to no more than four exceptional mathematicians under 40 years of age.

The incident confirms that John Nash, in coveting this most prestigious prize in the mathematics community, was at that point still rooted in reality. In contrast, though the story of a man from Stockholm waiting for Nash after his class to share the good news that he had won a prize is confirmed, it is doubtful that the prize itself was real. And this is not true only of mathematics. Or so I will claim.

The currency is prestige

Which 'Nobel prize' was the man from Stockholm talking about? Most journalists (and every economist) will of course answer, the 'Nobel Prize in Economics' – even though it is never specified in the movie. Against this taken-for-granted 'fact', I am arguing here that this prize does not exist: and moreover, that this so-called 'Nobel prize' is an extraordinary case study in the successful transformation of economic capital into symbolic capital, a transformation which greatly inflates the symbolic power of the discipline of Economics in the public mind.

The confusion can be traced back to 1968 when the governor of the Central Bank of Sweden decided to mark the tercentenary of that institution by creating a new award. It could have been named after a well-known ancestral economist, such as Adam Smith, or more simply, though unimaginatively, 'The Bank of Sweden Prize in Economics'. After all, every discipline has its own 'prestigious' prize. Their number grows every year. However, the problem is that all these prizes, though well known within the microcosms of their discipline, have little public appeal. Only the Nobel prizes have a real public impact. But they are limited to five fields: physics, chemistry, physiology and medicine, literature and, finally, peace.

Moreover, the enormous symbolic capital of the very name 'Nobel prize' has been accumulated over the years by a careful selection of prizewinners. Like every new prize, by definition unknown, the Nobel faced the problem of what we can call (invoking Pierre Bourdieu's apt concept) the 'primitive accumulation of symbolic capital'. This obstacle was overcome by giving the prize early on to already renowned scientists who would bring the prize real credibility. The idea was that, over the years, this symbolic capital would surely accrue to such an extent that it could in turn bring recognition to the chosen winners.

The organisers, conscious of this conundrum and wishing to endow the discipline of economics with as much public credibility as possible, decided to call the prize: 'The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel'. Curiously then, it was the memory of Nobel, not that of an economist, that was being recalled. This mystery can be explained if we unpack the process crystallised in that bizarre and awkward name.

First, despite the scepticism of some scientists towards the 'scientificity' of economics, the Bank managed to convince the Royal Swedish Academy of Sciences and the Nobel Foundation to administer their prize. Secondly, identical procedures for the selection and nomination of the prize were chosen to those of the real Nobel prizes. Of course, the prize money would come from the Bank of Sweden, not the Nobel Foundation, but all the rest would be done exactly as if it was in fact a Nobel prize, up to and including the ceremony of 10 December.

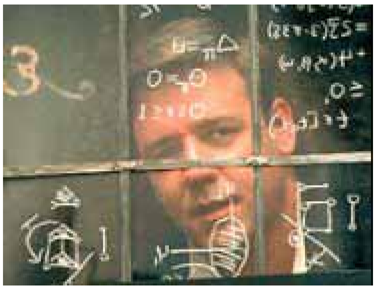
Thus, the inclusion of the term 'in Honor of Alfred Nobel' in the title created the necessary bridge to the Nobel prize, and by exactly mimicking the process, the Bank created all the conditions enabling the *association* and even the *identification* of its prize with those established by Alfred Nobel at the turn of the century. Note that, for obvious reasons, it is much simpler to say 'Nobel Prize in Economics' than 'Bank of Sweden Prize in Economic Sciences in Honor of Alfred Nobel'! No surprise that, since 1969, all journalists and economists have commonly referred to the Bank of Sweden Prize as 'The Nobel Prize in Economics'. The strategy was a complete success.

A social alchemy

Now that we understand why a bizarre name was chosen, transforming a peculiar social alchemy into a 'Nobel prize', let us look at the 'flow of capital' the whole process involved. The Bank started with economic capital and 'invested' it in the Nobel Foundation to transform it into symbolic capital as fast as possible. Even a very large amount of cash is not sufficient in itself to assure the prestige of a prize. The key point was to effect a complete transfer of the already accumulated symbolic capital of the Nobel prizes to the new Economic Prize instituted by the Bank. Any other strategy would have been more risky given the difficulty, uncertainty and time lag attending any primitive accumulation of symbolic capital.

In other words, this history makes visible the well-managed transformation of economic into symbolic capital, thus confirming Bourdieu's theory of the convertibility of the basic kinds of capital (economic, social, cultural and symbolic).

Of course, many will say: '*We* all know it is the Bank of Sweden Prize, but it is much simpler to say "Nobel Prize".' In point of fact, the Nobel website is careful to make the distinction, thus habitually announcing the '*2002 Nobel Prizes* and the *Prize in Economic Sciences in Memory of Alfred Nobel*'. But this argument is either naive or disingenuous. For the success of the strategy of creating a 'Nobel by association' has obvious social consequences.



As anyone knows, the attribution of a Nobel prize gives instant world fame to the winners, who become oracles commenting on anything journalists can fathom: war, peace, philosophy, environment, irrespective of their particular fields of expertise. Interestingly, there is a strong correlation between the dates of attribution of a Nobel prize and the subsequent publication of memoirs or opinionated books by Nobel Laureates. This is a socio-logical consequence of the fact that the legitimacy bestowed by the Nobel prize is rapidly put to use in the public space to voice ideas that the winner would not have dared to submit were he or she a 'simple scientist'.

Whereas the 'spontaneous' philosophy or sociology of scientists can be considered relatively harmless, the situation is quite different in economics. By its annual offer of a public image of 'hard science' through its association with the Nobel prizes, the Bank of Sweden Prize in Economic Sciences gives the discipline and its laureates the 'scientific' aura it lacked to put forward authoritative but often simplistic theories about the economy (or, worse, the whole society) conceived as a big 'market' where everything can be submitted to the so-called 'law of demand' – be it a house, a wedding, or even an idea.

What is even more fascinating is that the social alchemy which transmuted the Bank of Sweden prize into a Nobel prize, affected not only the general public (via its media coverage of course) but the members of the discipline and even the winners themselves, who are convinced they have won a real 'Nobel Prize in Economics'. Thus, Paul Samuelson (1970 winner) writes about his 'Nobel coronation' – not his 'Bank of Sweden Coronation' – while James Buchanan (1986 prize) offers his *Notes on Nobelity*.

As for the discipline – in a move typical of the pushy newcomer – it markets with ostentation its (false) membership in the Nobel club by publishing books, such as Lives of the Laureates: Seven Nobel Economists (1986 and carefully updated to 'Ten' in 1990), which promote the discipline by associating it with the Nobel prize, a practice not observed in the scientific fields covered in the will of Alfred Nobel.

Hard science, soft minds

It would seem that engineers, frustrated not to have a Nobel of their own, have also approached the Nobel Foundation to create one, only to be told that, in order not to dilute the prestige of the Nobel prize, there should not be any more. Though the effect of scarcity applies to the value of economic as well as symbolic capital, the credibility of the Foundation may already be affected by association with the Bank of Sweden and the economists. Having played an important role in lobbying the Swedish Academy of Sciences to accept the Bank's offer and after having himself received the prize, Swedish economist Gunnar Myrdal changed his mind and became a fierce advocate of the abolition of the prize.

Though his suggestion may be considered extreme by many (not me), he was certainly not alone in concluding that the institutions involved made a mistake in associating themselves with this symbolic *coup d'etat* in the 'Republic of Science' – a move aimed at enforcing the dominant status of economics as a 'hard' science not only among the disciplines of the social sciences, but first and foremost in the mind of the public and its elected representatives.

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