



ECONOMICS: THE USER'S GUIDE

A Pelican Introduction

Reviewed by *Helen Douglas*

Ha-Joon Chang
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Ha-Joon Chang's 2002 *Kicking Away the Ladder* argued that the industrialisation of Europe and North America was achieved through the use of interventionist government policies – precisely the kind of policies that the IMF and WTO forbade to developing economies of the global South. The Cambridge-based economist followed up with *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism* in 2008 and *23 Things They Don't Tell You About Capitalism* in 2010.

Economics: A User's Guide is an even more ambitious broadside against the authority of economic orthodoxy. Chang wants the rest of us to become informed users of economic ideas: “to learn economics in such a way that one becomes aware of different types of economic arguments and develops the critical faculty to judge which argument makes the most sense in a given economic circumstance and in light of which moral values and political goals (note that I am not saying ‘which argument is correct’).”

He starts by cutting the subject

down to size. Economics isn't the study of all human behaviour, as popular books like *Freakonomics* would suggest; it's only the study of the economy. With quick deft strokes, he sets out the roles of different economic actors and sketches nine schools of economic theory. There's even a cocktail menu for combining these to gain a more complex understanding of particular aspects. Chang, who favours heterodoxy over orthodoxy, adds a health warning: “On no account drink only one ingredient – liable to lead to tunnel vision, arrogance and possibly brain death.”

The book then provides a basic explanation and vocabulary of production, work, distribution, finance, trade, the role of the state and the private sector. It's sharp, clear, interesting and well paced.

Once we gain that common ground, the second half discusses how to use economics to understand “the real world economy”. Here, with plentiful examples, we look at conditions of income, inequality, trade, production and the state, and the stories that are told to account for these conditions. Chang's discussion of “market failure” vs “government failure” is particularly helpful. Elsewhere, though, he asserts that the problem of high unemployment

in a developing economy like South Africa must be addressed through growth from expanded trade in manufactured products. Maybe it's so, but I don't think he makes his case (which just goes to show how helpful the book this is for sharpening one's critical faculties).

While Chang respects his readers' intelligence, he is also sympathetic to the sense of overload non-economists experience when navigating these waters. He advises how to get something out of the book in half a day (read the headlines, sections titles and summaries), a couple of hours (Chapters 1 and 2, the Epilogue, and flick through the rest), or even 10 minutes (chapter titles and first page of each).

If you're nervous of getting even that close, Chang's five essential teachings on economics are enclosed on a slip of paper about the size of two fortune-cookie fortunes – his *Little Blue Book*:

1. 95 percent of economics is common sense.
2. Economics is not a science.
3. Economics is politics.
4. Never trust an economist.
5. Economics is too important to be left to the experts. >>