

Ten Books Every ECON Student Should Read

Junaid B. Jahangir

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DRAFT VERSION
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Abstract: In the aftermath of the financial crisis, student groups demonstrated against mainstream economics with its emphasis on abstract mathematical models at the expense of real-world issues. To this end, I have reviewed ten books, published in the last five years, to introduce students to the criticisms levelled against mainstream textbook theory, to offer diverse perspectives, to address contemporary challenges including climate change and economic inequality, to introduce modern monetary theory, and to highlight the limitations of radical left-wing rhetoric. These books confirm that the way ahead in economics education is through addressing real-world issues and upholding pluralist perspectives.

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Introduction

As an undergraduate student in the late 1990s, one of my professors suggested reading books outside the syllabus including *The Worldly Philosophers*. The emphasis those days was to master the technical material including econometrics and linear programming. There was no *History of Economic Thought* course, and this continued through my graduate school. However, in the aftermath of the financial crisis, which mainstream economics failed to explain, student groups demonstrated against the emphasis on abstract mathematical models that comes at the expense of addressing real world issues including automation, economic inequality, and climate change. As an instructor, I have tried to remedy this to some extent by introducing an elective ECON 357 course called *Humanistic Economics* based on Komlos (2019). To this end, I have also explored books to assign for book reviews or for general reading beyond the classroom. I selected these books to introduce students to the criticisms levelled against mainstream economics textbook theory, to offer multiple and pluralist perspectives in economics, to address contemporary challenges including climate change and economic inequality, to introduce alternative perspectives like modern monetary theory (MMT), and to highlight the limitations of the radical left-wing rhetoric.

The books reviewed below were published in the last five years and include Earle, Moran, and Ward-Perkins (2017) and Skidelsky (2020), both of which challenge mainstream economics education, the way economics is taught through abstruse mathematics than real world problems, and through the neoclassical paradigm than through pluralistic perspectives. To remedy the issues, Schneider (2018), Fischer et al. (2018), Van Staveren (2021), and Yueh (2018) are reviewed to address contemporary issues of financial crises, economic inequality, and climate change through the ideas of noted economists and diverse perspectives in economics. Additionally, Osberg (2018) is reviewed to address economic inequality in Canada, Raworth (2017) to challenge the neoliberal narrative, and Kelton (2021) to introduce students to MMT. Finally, Hodgson (2018) is reviewed to showcase the limitations of radical left-wing narratives in a bid to underscore the idea that it is not enough to dismantle existing systems but to offer a viable alternative. Thus, in what follows, I highlight the salient ideas of these ten books followed by a consolidation of these ideas.

1. The Econocracy

The Econocracy has been written by students that pushed for change on teaching economics at the undergraduate level and who provide an excellent understanding of the pressing concerns on mainstream textbook economics. In the introduction, the authors, Earle, Moran, and Ward-Perkins mention that economics education emphasizes abstract mathematical models but does not prepare students to understand real world issues including financial crises, economic inequality, and climate change (p. 2, 3). They argue that economics is “too important to be left to the experts” (p. 4). In Chapter 1, they argue that economics as it is taught is not value free so that a value judgment is implicit when indicators like growth, efficiency, investment, and consumption are emphasized over equality, sustainability, job security, and wellbeing. The authors reiterate that citizens are “disempowered” when they are unable to “engage with technical jargon”, and that this undermines democratic participation and instigates populism (p. 18, 24-25). Therefore, they argue

that “experts” must speak in a language that people understand to facilitate them in making choices instead of making those choices for them (p. 26).

In Chapter 2, the authors critique that students are informed that they would learn about the “real economy” in higher level courses, but they end up “waiting in vain” (p. 36). Additionally, they critique that students are exposed to only the mainstream neoclassical paradigm instead of pluralist perspectives (p. 37, 39). Thus, whilst students in other social sciences like sociology and political science study real world issues in detail, economics students cannot explain such issues beyond stylized graphs bereft of nuance and depth (p. 55-56). In Chapter 3, the authors contrast the mainstream emphasis on optimization and self-equilibrating markets with alternative perspectives to highlight that people satisfice with rules of thumb and that markets can be volatile and exploitative (p. 62). Additionally, where the neoclassical paradigm treats money supply as exogenously determined by the central bank, other perspectives treat money as endogenously created by private banks when they make loans (p. 65). They add that while mainstream models based on efficient markets failed to foresee and explain the financial crisis, alternative perspectives explained financial crises endogenously, stating that stability breeds instability (p. 69).

On climate change, the authors state that mainstream environmental economics is ‘unsuitable for modelling the environment’, as it ignores tipping points and ecological limits to economic growth (p. 74, 75). On inequality, they state that neoclassical economics fails to address income and wealth inequality, as it ignores power imbalance and treats the distribution of income as the natural outcome for the factors of production (p. 77). They add that students who have only taken undergraduate economics end up upholding “oversimplified versions of neoclassical economics” that prescribes smaller governments on taxes, minimum wage, wealth redistribution, and public programs, (p. 81, 82). In Chapter 4, the authors state that the definition of economics changed from the provision of human need to the satisfaction of unlimited wants (p. 96). Moreover, they critique that both mainstream and heterodox economists are dismissive of alternative perspectives, which goes against the spirit of pluralism (p. 115-116). In Chapter 6, they reiterate that economics must become part of public discussion for it has become so abstruse that citizens do not know if elites are serving them well (p. 151).

To summarize, Earle, Moran, and Ward-Perkins present a student viewpoint that mainstream economics is so mathematically abstruse and exclusive to experts that it disallows democratic participation. This is specifically concerning given the rise of populism as people vent economic grievances. They argue that mainstream economics does not allow for pluralist perspectives and does not effectively address real-world issues, which leads those who have only taken ECON 101 towards market fundamentalism. The authors opine that mainstream economics rests on value judgment that upholds growth and efficiency over sustainability and equality. Therefore, they argue for pluralist perspectives in economics education that recognize satisficing, degrowth and power imbalance, and that allow addressing financial crises, climate change, and inequality. Overall, they emphasize pluralism and democratic participation in economic discussions over fixation on mathematics and leaving economics to just the elite experts.

2. What's Wrong with Economics

While *The Econocracy* has been written by students, *What's Wrong with Economics* is written by Professor Emeritus, Lord Skidelsky. He starts his book with student concerns that studying economics has not facilitated their understanding of the real world (p. 1). He also expresses concerns on the impact of ideology in economics even as it claims to be value neutral and the issue of “physics envy” that has led the study of economics through abstract mathematical models at the expense of real-world relevance (p. 6). Additionally, he stresses the importance of listening to other disciplines and pluralist voices within the economics tradition (p. 6). He critiques the emphasis on individualism over interdependence and the emphasis on utility over values including duty, loyalty, and public service (p. 7, 8, 9). Moreover, he highlights the issue of power imbalance between companies and workers, the influence of big money on government policies, and the role of large corporations in shaping consumer preferences through advertisements (p. 9).

In Chapter 2, he critiques that ethics have been cut off from economics, that “tragic choices” are downplayed by trade-offs, and that needs have been replaced by wants (p. 15, 17, 19). Additionally, he critiques the non-satiation principle that leads to artificial scarcity and conspicuous consumption (p. 19-23). He adds that poverty is not due to scarcity but inequality and critiques the idea that factors of production are paid according to their contribution (p. 24, 25). Finally, he critiques efficiency and economic growth especially when people in advanced economies have enough to meet their needs (p. 26, 30). Delving into the history of economic thought in Chapter 3, he mentions that both Smith and Ricardo supported free trade, as free import of food would have lowered food prices, raised real wages of the workers, and lowered landlord rents, which they extracted to support their lavish lifestyles (p. 31, 35, 36). Moreover, Ricardo identified the state with landlord interests (p. 35). This helps understand why the classical thinkers supported smaller governments and free trade.

However, Ricardo’s comparative advantage theory is based on static instead of dynamic gains from trade that require developing higher value industries by limiting premature competition (p. 38). Likewise, Skidelsky states that most countries including Japan, South Korea, and China “industrialized under tariff protection, not free trade” (p. 38). He critiques the neoclassical argument that governments “pick losers”, stating that technological developments “from the internet to nanotechnology” have been state-led with the private sector following only when the returns became clear (p. 39, 40). Moreover, he argues that under free trade the prices of primary goods by developing countries are set in competitive markets, whereas the prices of manufactured goods by advanced economies are set in monopolistic markets (p. 42). He adds that the IMF and World Bank policies of privatization, liberalization of financial markets, reduction of trade barriers and government spending have impeded the growth of developing countries (p. 44, 47).

In Chapter 4, Skidelsky critiques the notion of equilibrium by alluding to “dynamism and instability” and “momentum and bandwagon behaviour” (p. 49, 54). He states that the existence of equilibrium cannot be justified without making unrealistic assumptions like perfect information, consistent preferences, and complete frictionless competitive markets (p. 58). In Chapter 5, he questions if studying economics has made students more calculating than those from other disciplines (p. 63, 74). In Chapter 6, he mentions that people use rules of thumb or satisfice instead of optimizing (p. 88-89). He adds that monetary incentives can crowd out intrinsic motivation and

therefore diminish “morally efficient behaviour” (p. 89). Therefore, in Chapter 7, he mentions that without regulation, markets would destroy the social capital on which they are based in the first place (p. 105). In Chapter 9, he critiques that mainstream economics ignores the role of power imbalance (p. 119-120). Therefore, he critiques the mainstream economics focus on the dis-employment effects of trade unions and minimum wages instead of the power of corporations (p. 128). In Chapter 10, he justifies studying the history of economic thought, arguing that some past economics may better explain contemporary issues (p. 139). Moreover, he reiterates his critique of the mandatory use of mathematics that limits understanding real-world issues including stagnation, inequality, climate change, and automation (p. 141-142, 147). In Chapter 12, he expresses concern that never-ending relative wants arise at the expense of the planet, which necessitates the case for degrowth (p. 172). Finally, he adds that happiness is not linearly connected to income, and is instead dependent on time with family, income security, and job satisfaction (p. 173-174).

To summarize, Skidelsky concludes that economics should recognize the distribution of power, income, and wealth, acknowledge that individuals do their best with incomplete information, abandon the obsession with mathematics, and include multiple perspectives from other social sciences (p. 193). Overall, he offers a vision of an economics that would limit unrealistic assumptions of rational agents, equilibrium, and competitive markets, curb the neoliberal agenda of free trade, liberalization, and smaller governments, shift the focus from efficiency and growth to sustainability and degrowth, and minimize mathematics in support of pluralist perspectives to address the pressing challenges of our times including automation, inequality, stagnation, populism, and climate change.

3. The Evolution of Economic Ideas and Systems

Schneider (2018) becomes relevant given the calls for pluralist perspectives and a renewed emphasis on the history of economic thought. In Chapter 1, he emphasizes that a pluralistic approach to economics incorporates the best ideas from multiple perspectives (p. 8). Distinguishing between mainstream and heterodox approaches, he mentions that the former highlights satisfying unlimited wants, whereas the later emphasizes provisioning needs (p. 8-9). He adds that mainstream economics upholds rational individuals with perfect information and a stable macroeconomy, whereas heterodox economics highlights irrational individuals with imperfect information and a macroeconomy prone to booms and busts (p. 10, 15). Moreover, he states that while the benefits of a market system include innovation and economic growth, there are issues of worker exploitation, environment, and inequality (p. 18). In Chapter 2, Schneider contrasts the mainstream focus on scarcity, opportunity costs, and efficiency with heterodox emphasis on institutions, ethics, and inequality (p. 22, 35). In Chapter 3, he highlights cooperation, redistribution, egalitarian sharing, and reciprocity of early societies that preceded the accumulation and competition of capitalist economies (p. 46, 48, 49).

In Chapter 4, Schneider depicts Adam Smith’s support for capitalism over mercantilism, as the latter supported the interests of monopolistic merchants, whereas the former supported competition that led to lower prices, higher wages, and more innovations (p. 70, 77, 78). He highlights “Smith’s disdain for the rich and powerful”, his distrust of the government for supporting monopoly interests and his suggestion for the government to provide education and

protect people from exploitation (p. 79). In Chapter 5, Schneider mentions that harsh working conditions instigated Marx's critique of capitalism and his predictions on the rise of giant corporations, influence of money in politics, and the alienation of workers (p. 89). According to Marx, capitalists extract surplus value from labour by increasing work hours, reducing wages, and increasing their intensity of work (p. 98). Moreover, Marx attributed the wealth and private property of the capitalists to theft and exploitation because of the enclosure movement when they seized resources, became factory owners, and assumed greater bargaining power over workers (p. 92, 100). According to Schneider, Marx's predictions manifest today with large multinational companies that offshore jobs to avoid taxes, labour laws, and environmental regulations (p. 102, 103).

In Chapter 6, Schneider highlights the work of Veblen that emphasized institutions over individual behaviour, depicted the leisure class as indulging in conspicuous consumption, and whose behaviour was emulated by others seeking upward social mobility (p. 118, 119). He adds that such conspicuous consumption and pecuniary emulation manifests today when people post their pictures and videos on social media accounts and when they associate "busyness with high status" (p. 121). He reiterates that businesses like Apple, Facebook, Google, and Amazon buy up smaller companies, that large companies provide donations to political parties to curry favour, stoke consumerism by presenting latest versions of their product, and manipulate consumer behaviour by advertisements (p. 122, 123, 124). Additionally, he highlights inequality as a huge problem that can cause "macroeconomic instability", as the Top 1% save instead of spending or investing in the real economy, which leads corporations to lay off their workers (p. 126).

In Chapter 7, Schneider highlights the work of Keynes, which resulted in mixed market capitalism where the benefits of markets including competition, innovation, and growth are retained and the excesses are tempered by stabilization policy and social safety net provided by the government (p. 132). Based on Keynes' work, he critiques core neoclassical ideas including that workers are paid their worth and argues that this theory ignores power imbalance and assumes people had equal access to education and opportunities, (p. 134). He critiques the neoclassical idea that saving equals investment, as during a recession savings increase but despite lower interest rates, investment falls because it is predominantly determined by expected sales (p. 135, 138). Similarly, he critiques the neoclassical idea that markets always clear, stating that even when wages fall during a recession, firms do not increase hiring because of their expectation of poor sales (p. 135, 139, 140). Finally, he critiques neoliberalism stating that tax cuts did not lead to enough growth to pay for themselves, and that deregulation led towards financial market bubbles and volatility (p. 154). He adds that jobs were offshored with neoliberalism and wages stagnated with globalization and that this led to the rise of Trumpism (p. 155).

To summarize, Schneider upholds a pluralistic approach by depicting both mainstream and heterodox approaches. He contrasts the self-interest and accumulation in capitalist economies with the egalitarian sharing of early societies. Providing a different depiction of Smith, he states that Smith's case for competitive markets was about uplifting the poor against merchant monopolies. In contrast to mainstream economics that sidelines Marx, he highlights his critique of capitalism as benefiting large corporations over workers in the contemporary context of globalization and technological change. In contrast to small firms and local markets that characterized Smith's world, he showcases the ideas of Veblen that arose in an inequitable world with large multinational

corporations that buy off competition and stoke consumerism and where the rich indulge in conspicuous consumption and others follow through pecuniary emulation. Finally, he highlights the Keynesian support for stabilization policies in contrast to austerity programs and neoliberal policies. Overall, by revisiting Smith and highlighting the ideas of Marx, Veblen, and Keynes, he depicts the benefits of markets including competition, growth, and innovation while highlighting their excesses including worker exploitation, inequality, and environmental degradation.

4. Rethinking Economics

Where Schneider (2018) projects heterodox perspectives by revisiting the ideas of noted economists, Fischer et al. (2018) showcase multiple perspectives through different types of economics. In the introduction, the editors mention that economics is presented through abstract mathematical models, with “physics like laws”, and through problem sets, all of which have little to do with the real economy (p. 1). They highlight that mainstream neoclassical economics rests on three pillars including individualism, optimization, and equilibrium, (p. 2-3). In contrast, they allude to nine different economic schools of thought that are better suited to address real economy issues including stagnating wages, climate change, and economic inequality (p. 2, 5).

The first article delineates post-Keynesian economics that provides an understanding of financial crises and the justification for government intervention (p. 6). This perspective depicts financial markets as inherently unstable and upholds the endogenous money theory that money is created when banks issue loans (p. 7, 16). It is critical of the Neoclassical-Keynesian synthesis where micro is based on the neoclassical paradigm and macro on the Keynesian (p. 7, 9). Furthermore, it rejects the individualist approach of neoclassical economics and instead considers analysis based on groups or classes including workers, capitalists, rentiers, and shareholders (p. 10). It views animal spirits instead of savings as a key determinant of investment, as expectations on the future state of the economy and therefore expected sales are influenced by herd behaviour (p. 8, 11, 12). Similarly, it supports increasing wages instead of profits to increase effective demand, as the rich save a larger fraction of their income gains, whereas the poor spend them leading to a higher multiplier effect (p. 8, 11). Finally, it upholds fiscal policy as opposed to monetary policy as the primary approach to address financial crises (p. 14-15).

The second article projects Marxist economics that focuses on the exploitation of the surplus value of labour under capitalism (p. 21). This approach contrasts with that of Smith and Ricardo for whom owners of capital have a claim to profit (p. 22, 25). According to Marxist economics, surplus value of labour is extracted by encroaching on leisure time, such as asking employees to always be on call, by increasing intensity of labour with shorter work breaks, and by requiring workers to obtain new skills in their free time (p. 29). This exploitation has been noted in recent times as productivity growth outstripped real wage growth (p. 30). Generally, Marxist economics shows that capitalism concentrates corporate power in a system where healthcare and education are subordinated to corporate profits, that it is dependent on a financial system that instigates crises and unemployment, and that it has led to environmental degradation (p. 30, 31).

The third article showcases that Austrian economics rejects price controls, as such policies necessitate controlling prices all along the production chain thereby rendering the market economy defunct (p. 38). It shows that busts are the result of booms, as malinvestments are instigated when

interest rates are artificially kept low (p. 41, 42). Additionally, it shows that bailouts exacerbate moral hazard, as the cost of failure is spread to taxpayers (p. 40). Finally, while Austrian economics shares much in common with neoclassical economics, it rejects mathematical modeling in favour of “verbal analysis” (p. 43-44). The fourth article projects institutional economics, which emphasizes that tastes are shaped by institutions including laws, customs, norms, and advertising (p. 47). It emphasizes institutions instead of technological change as the predominant determinant of growth (p. 48). For instance, it shows that the legal institutions set up by the British in North America and Australia compared to the extractive policies they pursued in Africa and India explain the different economic outcomes between them (p. 49-50).

The fifth article states that feminist economics emphasizes that individuals engage in unpaid domestic work by doing housework and caring for others and critiques that non-market activities are usually ignored or branded as “leisure” (p. 61, 62, 63). Thus, when domestic work is recognized then the economy does not slow down during a recession, as the unemployed spend more time on unpaid work such as caring for children to save daycare costs (p. 65). Finally, it shows that care cannot be commodified or subjected to productivity increase, and critiques that care workers are some of the worst paid workers with insecure working conditions (p. 71). The sixth article shows that behavioural economics highlights concepts including bounded rationality, heuristics, loss aversion, framing, and social norms in contrast to mainstream neoclassical economics that rests on assumptions of rationality, utility maximization, and consistent preferences (p. 76-77). It helps explain that our preferences change because of time inconsistency, that information overload paralyzes decision making, that people use rules of thumb for decision making, and that our decisions are shaped by how choices are framed (p. 81-85).

The seventh article shows that complexity economics focuses on individuals that follow simple rules of thumb and whose interaction with each other produces complex aggregate behaviour (p. 91, 92). Generally, complexity economics indicates that people have neither the information nor the capacity to optimize, that individuals make decisions based on what others are doing, and that economies evolve without requiring exogenous shocks (p. 96, 97). It states that the idea of self-equilibrating markets is problematic as it ignores the issue of herd behaviour and feedback loops (p. 100, 101). The eighth article shows that cooperative economics emphasizes balancing profits with fairness to employees and suppliers, upholds democratic member control, and does not focus on growth (p. 107, 116). It upholds cooperatives, arguing that the issue of the principal agent problem does not arise, as employees own the firm (p. 113). Moreover, it emphasizes ethical or fair trade, as free “trade has led to the exploitation” of the global South countries (p. 114, 115). The last article states that ecological economics emphasizes degrowth or post-growth, local production, grassroots activism, democratic participation, and critiques mass consumerism and conspicuous consumption (p. 121, 129). In contrast to environmental economics, it is critical of concepts like “green accounting”, “biodiversity offsets”, and the idea that using the externality framework would help solve environmental issues, as they do not consider ecological limits to growth (p. 126-128).

To summarize, Fischer et al. (2018) emphasize multiple perspectives in economics education. They showcase that post-Keynesian economics focuses on fiscal policy to address financial crises, that Marxist economics critiques the exploitation of both labour and environment by corporations, that Austrian economics rejects mathematical modeling and bailing out “too big

to fail” financial institutions, that institutional economics explains growth by focusing on cultural habits and norms, that feminist economics focuses on the unpaid household and care work that sustains the economy, that behavioural economics helps understand real world phenomena by rejecting stylized assumptions of rational agents, that complexity economics upholds endogenous changes and positive feedbacks over equilibrium, that cooperative economics favours equitable distribution of worker surplus over corporate profits, and that ecological economics favours degrowth over consumerism. Overall, the book makes the case for diverse economics perspectives and emphasizes real world issues including climate change and economic inequality over abstract mathematical models and stylized assumptions.

5. Alternative Ideas from 10 (almost) forgotten economists

Van Staveren (2021) complements Schneider (2018) by applying the ideas of various economists to address contemporary issues including financial crises, economic inequality, and climate change. In the introduction, she mentions that the 2008 financial crisis provided an “opportunity to change economics”, which is “dominated by the neoclassical paradigm” (p. 1). She argues that this mainstream neoclassical paradigm feeds into “neoliberalism or market fundamentalism” (p. 1). However, she adds that the challenge is “not to abolish markets” but to “go beyond criticism” to offer viable alternatives (p. 2, 3). She starts with Marx in Chapter 1, highlighting that capitalism instigates instability, inequality, and the exploitation of workers (p. 15). She adds that the concentration of capital fuels political power and instigates rent seeking (p. 18). This accumulation of capital increases the bargaining power of capitalists, who offer low wages to the unemployed competing for scarce jobs (p. 18, 19). Additionally, in contrast to neoclassical economics that could not foresee the financial crisis, she depicts financial instability as part of capitalism (p. 11-14). Finally, she highlights that markets do not need capitalism and upholds the model where profits are shared by stakeholders including workers, suppliers, and communities (p. 20, 23).

In the chapter on Minsky, she states that the policy of keeping interest rates low to help poor U.S. citizens buy a house was the government’s way of using monetary policy to address income inequality when income redistribution is politically unpopular (p. 32-33). She adds that Minsky critiqued government support for failing banks and distinguished between the real economy and the financial sector that contributes to debt and instability (p. 41, 45). In the chapter on Keynes, she highlights animal spirits and herd behaviour in contrast to the mainstream notion that “prices reflect underlying asset values” (p. 55). She adds that in contrast to the mainstream, Keynes argued that saving depends on emergencies instead of the interest rate (p. 56). Moreover, she states that fiscal stimulus should be directed towards “labour intensive projects in the real economy” including “green investments” (p. 58, 61). In the chapter on Knight, she notes that the ideology of self-equilibrating markets and the efficient market hypothesis implies that bubbles do not exist (p. 69-70). However, she adds financial crises arise from bubbles based on herd behaviour and debt financing (p. 70-71). Finally, she reiterates that retail banking should be strictly separated from investment banking (p. 76).

In the chapter on Veblen, she mentions that many economists incorrectly believe that income inequality is useful for innovation, entrepreneurship, and labour productivity, that higher marginal tax rates would disincentivize hard work, and that income redistribution would lead to

inefficiency (p. 97). She adds that economic inequality has contributed to the rise of populism, market power, and “unproductive investments” (p. 103, 106). She also mentions the Veblen effect where the rentier or leisure class indulges in conspicuous consumption instead of entrepreneurship (p. 110). In terms of tackling inequality, she mentions raising marginal income tax rates, international coordination to prevent tax evasion, capping top incomes, instituting a wealth tax with limited exemptions, raising the minimum wage, and shifting taxation from labour to capital (p. 111-112). In the chapter on Sen, she mentions that mainstream economics upholds the status quo based on the idea that redistribution would distort incentives (p. 124). She adds that in capitalism the end goal is GDP growth, but Sen focuses on the capability of people irrespective of GDP growth (p. 128). Finally, Sen critiqued mainstream economics for favouring freedom over human dignity and for viewing redistribution as theft and unemployment as a choice (p. 130).

In the chapter on Smith, she states that human activity is a major contributor to carbon emissions and climate change (p. 157). She is critical of emission trading markets because the willingness to pay for carbon permits during a boom is higher to avoid investing in green energy and because these markets are rendered ineffective when unsold permits lead to a zero-market price for carbon emissions (p. 158-160). Moreover, such markets fail when corporations engage in carbon offsets by planting trees but continue with business as usual and when they shift the additional costs to consumers through higher prices, which leaves carbon emissions unabated (p. 162). Thus, she suggests removing fossil fuel subsidies, imposing carbon taxes, and providing subsidies for renewable energy (p. 163, 165, 170). In the final chapter, she reiterates that despite the financial crisis, students are being taught from the same textbooks with an emphasis on mathematics and without much history of economic thought (p. 177). In the conclusion, she states that the pressing issues of climate change, economic inequality and political polarization cannot be addressed by mainstream economics that treats them as problems to be solved by markets (p. 197).

To recapitulate, Van Staveren critiques capitalism through Marx, addresses financial crises through Minsky, Keynes, and Knight, economic inequality through Veblen and Sen, and climate change through Smith. She critiques that financial instability is inbuilt, wealth and power are concentrated, and workers are exploited under capitalism. She distinguishes between the real economy and the financial sector, suggests curbing the financialization of the economy, advocates a strict separation between retail and investment banking, and highlights the role of fiscal stimulus to address financial crises. Moreover, she deems inequality as inefficient and addresses it through taxing the rich. Additionally, she critiques the ineffectiveness of emission trading markets and supports carbon taxes and subsidies for renewable energy to address carbon emissions and climate change. Finally, she critiques the mainstream emphasis on efficiency, economic growth, self-equilibrating and efficient markets. Overall, she emphasizes goals beyond growth and profits, supports interdisciplinarity over abstruse mathematics, and bolsters the case for economic pluralism.

6. What Would the Great Economists Do?

While Van Staveren (2021) focuses on the financial crisis, Yueh (2018) delves on free trade and globalization. Both books complement each other in addressing pressing contemporary issues through the ideas of various economists, though Van Staveren’s orientation seems more

heterodox. In the chapter on Ricardo, she focuses on deindustrialization due to trade that has led to the loss of jobs and stagnant wages (p. 32, 42). She mentions that Ricardo was critical of landlords pushing for protectionist laws and that he argued against trade surpluses to amass gold and silver (p. 36, 38). However, she also presents the critiques of his model including the assumptions of immobile capital and full employment, static comparative advantage, and the neglect of both the “distributional impact of trade” and the unequal power between trading countries (p. 47-48). Finally, she states that instead of focusing on trade surpluses, the gains from trade should be redistributed from rent seekers to those harmed by trade (p. 50). In the chapter on Marshall, she states that inequality in the U.S. is as extreme as during the Gilded Age (p. 76). She adds that the reasons behind increased inequality include inherited wealth, weakened bargaining power of unions, globalization that decreased median wages, and technological change where low skilled workers lost out in advanced economies (p. 87-88). Finally, she mentions the solutions of progressive taxes, internationally coordinated wealth tax, higher minimum wage, and the provision of better jobs (p. 88).

In the chapter on Fisher, she mentions that he identified “over indebtedness” as the root cause of all depressions (p. 112). Additionally, Fisher was critical of the gold standard, as it constrained the required monetary expansion due to the limited amount of gold, just as he was critical of fiscal policy and public work, which he deemed as substituting public debt for private debt (p. 116-117). However, while Fisher emphasized increasing the price level by monetary expansion to reduce the real value of debt, Keynes proposed “deficit-financed government spending” to address the depression (p. 113, 116). In the chapter on Keynes, Yueh mentions that he suggested incurring government debt to shift the economy towards full employment when the “propensity to hoard cash is strong”, as such a policy is neither inflationary nor crowds out private investment “when the economy is operating below its potential” (p. 129, 136). Moreover, increasing public investment would instead stimulate economic growth through the “crowding in effect” and “even reduce government debt” (p. 136, 138). Yueh adds that cash hoarding by companies persisted after the 2008 financial crisis, indicating that monetary policy is not “enough to boost the economy” (p. 139).

In the chapter on Schumpeter, she states that he opposed that bailouts of low growth industries (p. 152). He critiqued the assumption of perfect competition, opined that innovation implied disequilibrium, and believed that innovations by entrepreneurs would instigate social turmoil (p. 156-158). In the chapter on Hayek, she states that he disapproved using both monetary and fiscal policy to moderate business cycles, as he was concerned about misallocation of capital due to low interest rates (p. 176, 179). Additionally, he rejected bailing out of insolvent institutions and that he would have rejected quantitative easing (p. 190). In the chapter on Robinson, she states depicts her as arguing that “workers are paid less than the market value of their labour” under imperfect competition (p. 195, 196, 211). Moreover, alluding to the unequal bargaining position between firms and workers, she highlights the role of unions, collective bargaining, worker representation on company boards to reduce worker exploitation (p. 209-210). In the chapter on Friedman, she states that he argued for a minimum income through the negative income tax and criticized businessmen who favoured free enterprise for others but opposed it for themselves (p. 222-223). Additionally, like Schumpeter and Hayek, he rejected bailouts (p. 229, 234).

In the chapter on North, she states that artificially transplanting good institutions in developing countries, including those experiencing budget and trade deficits and high inflation, does not work for any change in law is constrained by customs, traditions, and norms (p. 249, 261). Thus, based on North's work, she indicates the difficulty of addressing economic crises with artificially superimposed institutions dictated by the IMF and the World Bank. In the epilogue, she states that populist rhetoric emerged in the context of globalization and skill-biased technological change that have led to the stagnation of living standards of the middle class in advanced economies (p. 288). She adds that addressing inequality and helping the losers from globalization requires protection for labour and environment in trade agreements, fiscal policy for redistribution, and increasing middle skilled jobs that have been hollowed out (p. 291-293).

To summarize, Yueh upholds the idea of redistributing the gains from trade to those harmed by it, attributes inequality to globalization and technological change and presents the solutions of taxes at the top, better jobs in the middle, and higher minimum wage at the bottom end of the income distribution. She alludes to the disconnect between productivity and wage growth and highlights the role of unions, collective bargaining, and worker representation to stem worker exploitation under imperfect competition in the real world. Additionally, she projects the idea that monetary expansion is not enough, and that government spending is required when firms hoard cash instead of investing in the real economy. Finally, she presents a nuanced picture of free market economists like Hayek, Schumpeter, and Friedman, highlighting that they also upheld ideas that went against business interests such as rejecting bailouts. Overall, she presents a nuanced position in the context of free trade, globalization, and technological change.

7. The Age of Increasing Inequality

Where Van Staveren focuses on the financial crisis and Yueh on globalization, Osberg (2018) addresses economic inequality, an issue that is second only to the existential threat posed by climate change. The focus is on Canada to showcase that even in a country with a strong tax and transfer system, economic inequality remains a pressing issue. In the introduction, he mentions the hollowing out of Canada's middle class that undermines stability and the rise of the Top 1% (p. 9-10). He expresses concerns on the impact of robots and artificial intelligence on middle class jobs, concentration of political power due to concentration of economic power, and the imbalance of saving and real investment that leads to financial crises (p. 10, 11). He adds that despite growth in advanced countries happiness has not increased, as relative income matters in keeping up with the Joneses (p. 20). Finally, he states that inequality is concerning, as it has instigated populism and Trumpism (p. 22).

In Chapter 2, he mentions that many middle-class Canadians now identify themselves as the "working class", as they feel economic growth has not benefited them and attribute their situation to income stagnation, diminished provision of social programs, wealth concentration at the top, and decline in corporate and top tax rates (p. 44-45). Osberg mentions that wage stagnation occurred despite increase in labour productivity and institutional changes including deregulation, privatization, and free trade agreements (p. 48). He adds that raising interest rates to target low inflation reduced investment, increased capital inflows, increased the value of the dollar, reduced exports, destroyed jobs in manufacturing industries, reduced growth in real wages, contributed to

the debt crisis, and instigated cuts in income transfer programs (p. 55-59). Thus, he explains inequality through the wage stagnation of the middle-class that arose due to the “price stability” policy of raising interest rates.

In Chapter 3, he states that while income stagnated for the middle-class, those at the top enjoyed a “robust income growth” (p. 70). Alluding to top executives, he states that their pay packages grow with the global market rate that is greater than the domestic growth rate, and that their pay comprises of stock options, where capital gains are taxed at half the rate of income (p. 76-77). He adds that when real wage growth falls below productivity growth, the surplus is extracted and shared between senior executives and shareholders (p. 80). Moreover, he states that wealth inequality is greater than income inequality, as wealth grows at a higher rate than the GDP and as the rate of return is larger for “large portfolios than for small savers” (p. 81). Finally, he alludes to the political influence of the Top 1% through think tanks and policy institutes and their having no interest in supporting public education and equality of opportunity because the future social mobility of their children is downward (p. 85, 88). In Chapter 4, he states that for the working poor even a full-time job at the minimum wage is not enough (p. 105). Additionally, such people depend on the vagaries of work that hampers their community participation, social life, and raise children (p. 106). In Chapter 5, he mentions that the working poor are vulnerable to accessing payday loans with very high interest rates (p. 114-115). He also mentions “downward income mobility” due to factory closures that leaves workers to accept lower wages at “dead-end jobs” (p. 117).

In Chapter 6, he mentions that wealth inequality is greater than income inequality (p. 129). He states that the wealthy have greater financial opportunities, as even a 5% return on a portfolio of \$1 billion generates an annual income of \$50 million (p. 132, 142). He adds that greater income growth and savings at the top with greater indebtedness of the middle class instigates financial crises, recessions, and secular stagnation (p. 143-146). In Chapter 7, he mentions that inheritance of human capital or educational advantage is one of the primary ways that inequality is exacerbated across generations (p. 156-157). He states that public schools increase equity as they provide equality of opportunity to all children (p. 158). However, this instigates the Top 1% to not support public education, as their own children face the “competition of poor children” (p. 162, 165).

In Chapter 8, Osberg states that inequality instigates economic instability and populism (p. 178-179). This buttresses the point made in chapter 3 that income inequality is associated with social problems including obesity, mental illness, teenage births, violence, homicides, and imprisonment (p. 69). In the final chapter, he delves into policy prescriptions to address inequality. He supports guaranteed annual income, as people lose jobs and as owners of robots obtain super normal profits (p. 190). However, he cautions that a guaranteed annual income cannot replace the full range of social programs (p. 193). He highlights full employment macroeconomic policies, as low unemployment would incentivize firms to compete for workers, offer higher wages and long-term jobs (p. 196-197). Moreover, he mentions raising the top tax rates and offering whistle blowers rewards for exposing “tax-cheaters” (p. 200). He adds that raising top tax rates has little impact on work effort, as remaining on the top motivates the Top 1% to continue working, and that the rich do not migrate because of higher taxes for they enjoy public services like safety and elite services like orchestra, theatre, and opera (p. 202-203). Finally, he mentions supporting higher wages, stating that better data and methodology have found that the impact of higher minimum

wage on job losses is close to zero (p. 205). He states that this is because of imperfect information, job market frictions and firm market power, and adds that higher wages reduce turnover and increase productivity (p. 206).

To recapitulate, Osberg emphasizes addressing inequality in Canada as a pressing issue for its impact on political power, financial crises, happiness, economic stability, social problems, and populism. He depicts the precarity of the working poor who are unable to have a social life or raise a family because of work conditions. He mentions the wage stagnation of the middle-class that arose due to the “price stability” policy of raising interest rates, the income and wealth of the Top 1%, which has grown at the higher global market rate and the gap between labour productivity and real wage growth. He adds that financial crises, recessions, and secular stagnation arise due to higher savings of the Top 1% and debt burden of the middle class. Moreover, he states that the Top 1% have an incentive to not support public education as it offers equality of opportunity that smothers their privilege. He adds that the Top 1% instigate narratives in their favour through think tanks and policy institutes. Finally, he mentions policies to tackle inequality including guaranteed annual income, full employment macroeconomic policies, raising the top tax rates, and supporting higher wages. Overall, he views economic inequality as a serious issue with several repercussions that must be effectively addressed.

8. Doughnut Economics

Raworth (2017) is an excellent introduction to the principal ideas that have been floated around for a post-neoliberal economics. In the introduction, she mentions that it is important to go beyond critique to offer an alternative (p. 20). In Chapter 1, she mentions that growth has been promoted to avoid politically hard decisions on redistribution (p. 32). Moreover, she questions the mainstream focus on productivity and growth instead of justice and fairness (p. 32, 36). Explaining the metaphor of the doughnut, she states that the doughnut ring comprises of access to education and health care, affordable housing, minimum income and satisfying work, which offers a safe space from ecological overshoot and shortfall in human well-being (p. 39). In Chapter 2, she challenges the neoliberal script that free markets are efficient, free trade offers a win-win outcome, government intervention distorts incentives, and that environmental constraints can be ignored (p. 61). In challenging this script, she emphasizes the failures of the market on the environment, inequality, and market instability, and highlights the significance of laws, regulations, and norms that shape markets (p. 70). Finally, she emphasizes the state’s role in providing public goods, healthcare and education, environmental regulations, and research on innovations that crowded in private investment (p. 73).

In Chapter 3, she shifts the focus from rational, self-interested individuals to interdependent and approximating agents. She mentions that Adam Smith placed the values of humanity, justice, generosity, and public spirit above self-interest and that it was later that human behaviour was reduced to mathematical formulation (p. 83-85). She also highlights that mainstream emphasis on rational individuals ignores that corporations shape preferences through advertisements, that conspicuous consumption leads to people “keeping up with the Joneses”, and that monetary incentives crowd out intrinsic motivations (p. 91, 95, 100). In Chapter 4, she shifts the focus from mechanical equilibrium to dynamic and complex systems. She mentions that equilibrium does not

hold and instead highlights feedback loops that create virtuous or vicious cycles (p. 115, 119). She adds that economic phenomena and events are better understood as arising from endogenous change instead of exogenous shocks (p. 121).

In Chapter 5, Raworth states that austerity programs exacerbate inequality and that the focus should go beyond redistributing income to redistributing wealth (p. 139-140). She is critical of the argument that income concentration would allow the rich to save, invest and instigate growth (p. 143). However, inequality is problematic as it is associated with a wide array of social problems, ecological degradation, conspicuous consumption, social capital erosion, economic and financial instability (p. 146-147). In terms of policies to tackle inequality, she highlights raising top marginal income taxes, higher taxes on interest and dividends, paying living wage, setting maximum wage to curb excessive executive pay, instituting universal basic income, providing public services including healthcare, education, and social housing, closing tax loopholes and tax havens, and instituting a global financial transaction tax to stem speculative trading (p. 150, 170). In delineating such policy initiatives, she challenges the neoliberal script that higher income taxes would distort incentives to work hard, that minimum wage would reduce employment, or that state provision of public services would encourage dependency (p. 150).

Referencing Piketty, she states that wealth becomes concentrated when capital grows faster than the economy and which allows corporate lobbying to influence politics (p. 144). She adds that “financiers and bankers” have become rentiers like the landlords, as instead of creating new wealth through investment in the real economy, they lead to higher prices of existing speculative assets (p. 155-156). Therefore, she suggests that instead of quantitative easing, central banks address recessions by issuing money to households to pay down debts or by funding green infrastructure (p. 156-157). Moreover, she highlights that worker productivity has outstripped wage growth, as the bargaining power of labour unions declined and as the firms focused on maximizing shareholder value instead of balancing the interests of all stakeholders (p. 160). Therefore, she suggests stakeholder capitalism with cooperatives where workers get better pay, job security, and a say in running the business (p. 161). She adds that since the financial 2007-2009 crisis, many mid skill jobs have been “replaced by software” and that the jobs created have mostly been “menial” (p. 163). In this context, she suggests shifting from taxing labour to collecting royalties from firms that use robot technologies based on research funded by the state (p. 164, 165).

In Chapter 6, Raworth addresses the common misunderstanding that economic growth will clean pollution and replace depleted resources, as countries would shift from manufacturing to services and have cleaner technologies (p. 175, 178). However, she states that shifting to services simply shifts pollution overseas (p. 178). She adds that corporations lobby against carbon taxes and governments yield, as they fear losing competitiveness and corporate support (p. 182). Additionally, she is critical of green and eco-friendly marketing and “net zero” targets, as instead of slowly depleting, she favours “continually replenishing” living systems through designs like rooftops that grow food, pavements that store storm water to add to aquifers, buildings that sequester carbon, and sewage that is turned to soil nutrients (p. 185, 190). Finally, she reiterates shifting from taxing labour to taxing non-renewable resources and subsidizing renewable energy investments (p. 202). In Chapter 7, Raworth distinguishes between green growth and degrowth or post-growth and argues for promoting human well-being irrespective of GDP growth (p. 208, 209).

She states that proponents of green growth argue that GDP can be decoupled from ecological impacts by shifting from fossil fuels to renewable energy and by increasing the size of the digital economy (p. 219, 220, 222). However, proponents of degrowth argue that a larger proportion of generated renewable energy is required to produce more and that the digital economy itself requires material and energy intensive infrastructure (p. 224).

To recapitulate, Raworth makes the case for shifting the focus from growth to ecological overshoot and human well-being. She challenges the neoliberal script of free markets and free trade and shifts the focus from rational individuals to approximating agents whose behaviour is shaped by values, heuristics, and social networks. Additionally, she rejects the notion of equilibrium and favours feedback loops to understand financial crises, inequality, and climate change. Finally, she highlights several policy initiatives to address inequality, suggests stakeholder capitalism, rejects arguments that growth would reduce pollution, distinguishes between green growth and degrowth and argues for promoting human well-being irrespective of GDP growth. In essence, by rejecting the neoliberal script she shifts the focus from rational individuals, mechanical equilibrium, and GDP growth towards approximating agents, feedback loops, and human well-being.

9. The Deficit Myth

ECON 101 students are not generally exposed to Modern Monetary Theory (MMT), as it is viewed as a fringe theory in mainstream circles. Yet, Kelton (2021) has received wide press and it deserves to be introduced to students in terms of cutting-edge heterodox ideas. She structures the book to dispel six deficit myths in the book. First, the federal government is not constrained by taxes or borrowing and that the real constraint on spending is that of inflation (p. 9). Second, the evidence for overspending is not deficits but inflation, and third, future generations are not burdened by deficits and that reducing deficits does not make them richer (p. 9-10). Fourth, deficits do not crowd out private investment or undermine growth, as the assumption of limited supply of savings is erroneous, and that instead deficits increase private savings and crowd in private investment (p. 10). Fifth, trade deficits do not make us dependent on foreigners or grant them leverage over us, and sixth, we can always pay for social security and healthcare (p. 10-11). Additionally, she states that instead of worrying about deficits we need to focus on real issues like climate change and economic inequality (p. 11-12). Finally, she adds that the redistribution income and wealth is required to protect democracy but not for paying for a federal job guarantee with a living wage (p. 12).

In Chapter 1, she focuses on the idea that government is not constrained like a household, as it “issues the currency it spends” (p. 15). She states that countries face financing constraints when they fix their exchange rates or borrow in foreign currency and therefore undermine their monetary sovereignty (p. 19). In contrast to mainstream economics where government taxes or borrows before spending, in MMT the government needs neither and therefore spends before any taxing or borrowing (p. 21, 23). Kelton adds that the government does not need dollars for it can always issue currency and that taxes exist to incentivize people to work and produce things for the government, to remove spending power to prevent inflation, to redistribute income and wealth, to tackle stagnation and inequality, and to discourage behaviour including pollution and speculation

(p. 24, 27, 33-34). Likewise, borrowing exists not to fund spending but to support interest rates (p. 37). Finally, she mentions that MMT is about replacing the obsession with the budget with a focus on human outcomes (p. 40).

In Chapter 2, she focuses on the idea that the evidence for overspending is inflation not deficits (p. 41). She states that both liberals and conservatives get it wrong when they respectively focus on the revenue problem and the expenditure problem (p. 42). This is because the government can issue currency and that controlling the budget is a relic of the past when issuing currency caused worries about losing gold reserves (p. 43). She adds that according to MMT, the goal should not be about budget deficit or surplus but balancing the economy, and that the focus should be on unemployment and inflation, which provide evidence of deficit and overspending respectively (p. 43). She also mentions that MMT is critical of monetary policy to achieve full employment, as lower interest rates do not compel businesses to take out a loan and instead drive consumers into debt (p. 57-59). On fiscal policy, Kelton states that tax cuts are beneficial when they target those who spend in the economy and that government spending works better, as it has a higher fiscal multiplier (p. 62). Moreover, MMT supports a federal job guarantee, which acts as an automatic stabilizer, provides full employment and price stability, and establishes the minimum wage just as the overnight rate set by the central bank establishes the base rate in the economy (p. 63, 68).

In Chapter 3, she focuses on the idea that the national debt does not pose any financial burden (p. 75). She states that we cannot get rid of debt without also eliminating government treasuries, which people would reject as they invest in them (p. 78). She adds that the worry that China would sell U.S. treasuries and drive the interest rate up is exaggerated, as that would entail eliminating its own trade surplus and reducing growth (p. 83-84). She mentions that according to MMT, the $r < g$ (interest on debt below growth rate) condition for sustainable debt is always possible for a government that borrows in its own currency, as the interest rate on debt is under government control and not set in private financial markets (p. 91). Finally, she states that fiscal surplus pushes deficits to the private sector that accumulates debt, lowers spending, and leads to recessions (p. 96-97).

In Chapter 4, she focuses on the idea that in contrast to the crowding out effect, fiscal deficits increase wealth and savings and that fiscal surpluses decrease wealth and reduce purchasing power (p. 101, 111). She underscores the idea that government fiscal deficit/surplus is mirrored in private sector surplus/deficit (p. 107). Moreover, she adds that not every deficit serves the public interest, as in the case of funding wars or providing tax cuts to large corporations and the wealthy that hoard dollars in offshore accounts (p. 112). Additionally, she states that MMT rejects the crowding out story that assumes a fixed supply of savings (p. 113). Moreover, contrary to the crowding out effect, deficits decrease the overnight interest rate because deficits increase reserves in the banking system (p. 120). Thus, Kelton reiterates that instead of crowding out, fiscal deficits can crowd in private investment (p. 126). However, the crowding out effect remains relevant for countries like Greece that have relinquished their monetary sovereignty (p. 124-125).

In Chapter 5, she focuses on the idea that trade deficits should not have to be zeroed to protect jobs if the government can use fiscal policy to maintain full employment (p. 131). She states that currency issuing governments can devalue currency to maintain export competitiveness, but countries without monetary sovereignty face internal devaluation where wages and pensions

decline to maintain export competitiveness (p. 135). However, she adds that the freedom to ignore fiscal and trade imbalance to pursue full employment and price stability is not shared by governments that have weakened monetary sovereignty by borrowing in foreign currency, pegging their exchange rate, or relinquishing their currency (p. 142). Thus, such countries that face short term speculative investment and balance of payment crises, resort to renegotiating foreign-denominated debt or borrow from the IMF that prescribes fiscal austerity and contractionary monetary policy, which dissuades from achieving full employment (p, 146, 147, 149).

In Chapter 6, she states that according to MMT a currency issuing government will always have the funds to afford social programs and that what matters is the capacity to produce real goods and services (p. 157, 164). She adds that the relevant question is not “how will we pay” but rather “how will we resource” (p. 179, 189). In Chapter 7, she highlights deficits that matter. She mentions that lack of unionization has led to low paying jobs in retail and food services and that there is no reason such jobs can’t have “dignified pay, security, and benefits” (p. 196, 199). She adds that workers continue to pay off student debt in their middle age and worry about retirement or raising a family with stagnating wages (p. 200, 202). Moreover, she alludes to long waiting lines in hospital emergency rooms, lack of affordable housing, the flow of dollars to the wealthy through tax cuts, and the gap between increasing productivity and stagnating wages, which has been appropriated by CEOs (p. 211, 212, 220, 227). Finally, based on MMT, she states that a federal job guarantee can set a minimum standard for living wages, student debt can be erased, the Robin Hood approach of taxing the rich to give to the poor is not required, and that the narrative can be shifted from deficits to deficits that matter (p. 199, 204, 224, 228).

To recapitulate, Kelton emphasizes that the economy faces real not financial constraints, focuses on real issues instead of budgetary numbers, and supports taxing the rich to protect democracy but not to alleviate poverty. She states that taxes and borrowing are not needed, as a currency issuing government is not constrained as long as it does not undermine its monetary sovereignty. She adds that overspending is captured by inflation not deficits and that the goal should not be balancing the budget but balancing the economy through full employment and price stability. Furthermore, she mentions that the government issues bonds to support the interest rate, that a currency issuing government can always maintain the condition for sustainable debt, and that it is fiscal surplus that instigates private sector debt accumulation, reduced spending, and recessions. She challenges the crowding out story by stating that fiscal deficits increase reserves in the banking system, decrease the overnight interest rate, and crowd in private investment. Finally, she upholds a federal job guarantee that tempers the negative impact of free trade on jobs and provides macroeconomic stabilization. Overall, she shifts the focus from numbers to the real economy, from deficits to deficits that matter, and from financial to real constraints by supporting living wages, erasing student debt, tackling inequality, curbing corporation power, healthcare for all, free education, and middle-class tax cuts.

10. Wrong Turnings: How the Left Got Lost

Hodgson (2018) is relevant for it balances the critique of neoclassical economics with a perspective that shows that the left is far from offering solutions to the pressing issues of our times. In the preface, he establishes his viewpoint that the left focuses on simplistic slogans like public ownership instead of practical solutions and that instead of revolutions, he supports a reformed

capitalism where reforms are gradual and experimental (p. ix-x). These reforms include provision of education, guaranteed basic income, and redistribution of wealth (p. 13). In the introduction, he states that the original left emerged from the French Revolution when it criticized state sponsored monopolies and instead supported markets and private property and that the original right supported state privilege and encroachment (p. 1, 4, 10). Over time, the right has shifted to supporting free markets and private ownership whereas the left has shifted to supporting nationalization and state ownership (p. 5). He reiterates that the left has not offered a democratic alternative to capitalism and that markets and private ownership cannot be associated with racism or jingoism (p. 2, 3).

In Chapter 1, he states that the English levellers that participated in the anti-enclosure uprising did not promote common ownership and instead supported property rights (p. 18, 20). The argument was that in the absence of property rights there would be diminished incentives for efforts and the free rider problem in large communities (p. 21). Levellers also supported free trade and attributed low wages to monopolies and trade restrictions (p. 21). In Chapter 2, he states that like the levellers, the French revolutionaries supported private property and market economy and opposed public ownership and state regulation of business (p. 36-39). In Chapter 4, he adds that while cooperation and altruism provide “survival advantages”, removal of self-interest would eliminate the impulse to survive, which is why human beings are both selfish and cooperative (p. 68). Finally, he states that it is better to have fairer distribution and regulation than abolishing private property and markets (p. 76).

In Chapter 5, he focuses on Marxism, stating that it abandoned Enlightenment principles on human rights as bourgeoisie values (p. 80). In contrast to the levellers and the French revolutionaries, Marx and Engels wanted state control, common ownership, and abolition of markets (p. 85). Generally, Marxism ignored the issues of the free rider problem and diminished incentives with common ownership, the problems of “delay and dis-incentivization” with state bureaucracies, the idea that cooperation and reciprocity work in small not large communities, innovations that emerge from private enterprise, and the viable alternative of worker cooperatives (p. 86, 89, 90, 100). Hodgson states that under state collectivism, people would be forced to work, that state planning is rife with corruption, and that by abolishing private property and trade, Marxism instigates totalitarianism (p. 92, 96, 100).

In Chapter 6, he adds that it is not state collectivism but a mixed economy with countervailing power that forms the foundation of democracy (p. 112). In Chapter 10, he highlights the concentration of power in state bureaucracies, the inevitability of markets and private property in large-scale societies, the infeasibility of scaling cooperation in small-scale societies to large ones, the inhibition of innovation under state planning, and the need for countervailing power under state autocracy (p. 193-198). He adds that the acceptable alternative is reformed capitalism, as where people want protection from large corporations, decent healthcare, education for their children, and a social safety net, they also want protection of private property (p. 198, 200). In Chapter 11, he reiterates that libertarianism must address wealth inequality and market power of corporations and financial institutions under capitalism, as the economy is no longer based on small-scale enterprises (p. 201). He states that policies are required that tackle inequality while retaining incentives for “work and enterprise” (p. 201). Thus, he alludes to government support for worker cooperatives, progressive taxes on wealth, guaranteed basic income, and universal

education (p. 207-214). Finally, he reiterates that democracy is threatened by globalization and large corporations (p. 217).

To recapitulate, Hodgson critiques the left for simplistic slogans, supports gradual reforms under capitalism, and emphasizes that the right has become closer to the original left of the French revolution that supported private property, market economy, and minimal state, just as the left has become closer to the original right that upheld state intervention, regulation, and monopolies. Moreover, he critiques that by abolishing private property and markets and ignoring the viable alternative of worker cooperatives, Marxism inhibits incentives and innovation and stokes corruption with state control and common ownership. He adds that like neoclassical economics that reduces human beings to rational optimizing agents in an exploitative neoliberal system, Marxism also reduces individuals to automatons in a system that instigates totalitarianism. He reiterates that in contrast to capitalism with issues of inequality and instability and Marxism with issues of state power and inefficiency, the alternative of reformed capitalism or mixed economy, which blends market economy and redistribution of income and wealth, provides property rights and innovation along with education, healthcare, and social security. Finally, he supports tackling inequality through progressive wealth taxes, guaranteed basic income, and universal education. Overall, he reiterates the idea of supporting private property along with redistribution of income and wealth.

Consolidation of Salient Ideas

Earle, Moran, and Ward-Perkins (2017) present a student viewpoint that mainstream economics is fixated on mathematics, does not address real-world issues, and leads ECON 101 students towards market fundamentalism. Therefore, they argue for pluralist perspectives in economics education that recognize satisficing, degrowth, power imbalance, and address real world issues including financial crises, climate change, and inequality. Similarly, Skidelsky (2020) offers a vision of an economics that would limit unrealistic assumptions of rational agents, equilibrium, and competitive markets, curb the neoliberal agenda of free trade, liberalization, and smaller governments, shift the focus from efficiency and growth to sustainability and degrowth, and minimize mathematics in support of pluralist perspectives to address the pressing challenges of our times including automation, inequality, stagnation, populism, and climate change.

In offering a plurality of perspectives, Schneider (2018) recasts Adam Smith, arguing that his case for competitive markets was about uplifting the poor against merchant monopolies. By revisiting Smith and highlighting the ideas of noted economists, he depicts the benefits of markets including competition, growth, and innovation while highlighting their excesses including worker exploitation, inequality, and environmental degradation. Similarly, Fischer et al. (2018) emphasize multiple perspectives and real-world issues including climate change and economic inequality over abstract mathematical models and stylized assumptions. They highlight using fiscal policy to address financial crises, rejecting mathematical modeling, rejecting stylized assumptions of rational agents, upholding positive feedbacks over equilibrium, supporting equitable distribution over corporate profits, and favouring degrowth over consumerism.

In upholding heterodox perspectives, Van Staveren (2021) emphasizes goals beyond growth and profits, supports interdisciplinarity over abstruse mathematics, and bolsters the case for economic pluralism. She critiques the mainstream emphasis on efficiency, economic growth, self-equilibrating and efficient markets. Additionally, she critiques that financial instability is inbuilt under capitalism, distinguishes between the real economy and the financial sector, supports the role of fiscal stimulus to address financial crises, and critiques the ineffectiveness of emission trading markets to address climate change. Likewise, Yueh (2018) presents a nuanced depiction of noted economists in the context of free trade, globalization, and technological change. She highlights that free market economists like Hayek, Schumpeter, and Friedman upheld ideas that went against business interests such as rejecting bailouts. Overall, she upholds the idea of redistributing the gains from trade to those harmed by it, attributes inequality to globalization and technological change and presents the solutions of taxes at the top, better jobs in the middle, and higher minimum wage at the bottom end of the income distribution.

Addressing economic inequality, an issue second only to the existential threat posed by climate change, Osberg (2018) delineates the impact of inequality on political power, financial crises, happiness, economic stability, social problems, and populism in a Canadian context. He highlights policies including guaranteed annual income, full employment macroeconomic policies, raising the top tax rates, and supporting higher wages. Challenging the neoliberal script, Raworth (2017) makes the case for shifting the focus from growth to ecological overshoot and human well-being. She shifts the focus from rational individuals, mechanical equilibrium, and GDP growth towards approximating agents, feedback loops, and human well-being. Addressing financial crises, inequality, and climate change, she highlights several policy initiatives to address inequality, suggests stakeholder capitalism, distinguishes between green growth and degrowth, and argues for promoting human well-being irrespective of GDP growth.

Introducing MMT, Kelton (2021) emphasizes that the economy faces real not financial constraints, focuses on real issues instead of budgetary numbers, and supports taxing the rich to protect democracy but not to alleviate poverty. She states that taxes and borrowing are not needed, that the goal should not be balancing the budget but balancing the economy through full employment and price stability. Thus, she shifts the focus from numbers to the real economy, from deficits to deficits that matter, and from financial to real constraints by supporting living wages, federal job guarantee, erasing student debt, tackling inequality, curbing corporation power, and favouring healthcare for all, free education, and middle-class tax cuts. Finally, calling out left-wing rhetoric, Hodgson (2018) critiques the left for simplistic slogans and emphasizes that the right has become closer to the original left of the French revolution that supported private property, market economy, and minimal state, just as the left has become closer to the original right that upheld state intervention, regulation, and monopolies. He reiterates that in contrast to capitalism with issues of inequality and instability and Marxism with issues of state power and inefficiency, the alternative of reformed capitalism provides private property rights and innovation along with redistribution of income and wealth that supports education, healthcare, and social security.

To conclude, while these books are not the only ones that challenge the mainstream status quo, they provide a solid foundation to reinforce the salient ideas reviewed above. I have assigned these books to my students in the *Humanistic Economics* elective course for their book review project and suggested that they read the remaining books during their vacation. Assigning these

books allowed me to demystify economics and to spark interest in the subject by making it accessible through the avoidance of abstruse mathematics and elitist language. Student response has been encouraging and I remain convinced that the way ahead in economics education is through addressing real world issues and upholding pluralist perspectives.

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