

ERIK ANGNER

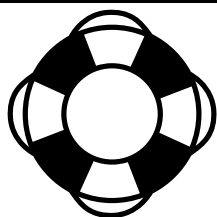
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HOW

ECONOMICS

'An impassioned
case for the power of
economic reasoning'

**Niall Kishtainy, author of *A
Little History of Economics***



'As enjoyable to read
as it is serious about
inspiring change'

**Klaus Schwab,
World Economic Forum**

CAN SAVE

THE WORLD

**Simple Ideas to Solve Our
Biggest Problems**

How Economics Can Save the World

'An impassioned case for the power of economic reasoning to improve people's lives. He debunks common misconceptions about what economics is by showing what today's cutting-edge economists are actually doing – from helping parents raise their children, finding ways of more efficiently matching kidney donors, to developing tools to deal with climate change and build happier societies. Angner shows that beneath its technical wizardry, economics is a deeply moral endeavour that should give us hope that many of our most pressing problems can be solved'

Niall Kishtainy, author of *A Little History of Economics*

'Angner blends economic history, theory and practice wonderfully to draw out how powerful economics can be. Written in an accessible and engaging way, this book is full of lessons to show how economics can practically make your life, and the world around you, a better place'

Jack Meaning and Rupal Patel, Bank of England economists and authors of *Can't We Just Print More Money?*

'This wonderful book demystifies economics and explains the practical tools it provides for thinking about challenges we all face in everyday life – from getting small children to go to sleep, to doing what we can to tackle climate change. A model of clarity and wisdom about a subject that is so often misunderstood and maligned'

Diane Coyle, Professor of Public Policy, Cambridge University

'A brilliantly clear explanation of how, in the right hands, the insights of economics can be used to make the world a better place'

Rohini Pande, Henry J. Heinz II Professor of Economics, Director, Economic Growth Center, Yale

'An optimistic new voice offers useful rules to help understand the world around us, and how to make it a better place. Angner's writing is refreshingly human, filled with intellect and dry humour. This book is as enjoyable to read as it is serious about inspiring change'

Professor Klaus Schwab, Founder and Executive Director, The World Economic Forum

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‘In an age of increasing irrationalism, economics is under attack. We need an economics that is committed to principles of rational analysis, but not arrogantly so. This book shows what such an economics looks like and how engaging with it can help to make the world a better place. I thoroughly recommend it’

**Mark Pennington, Professor of Political Economy
and Public Policy, King’s College London**

‘A fun and engaging read, designed to help us make better choices, lead better lives, and make a better world. Angner teaches us how to understand the life-defining realities of our world as economics, from sleep-training a baby, choosing between jobs or building a community. He then teaches us how to manage those realities – including how to save and invest – by applying the tools and insights learned from economic theory and behavioural research’

**L. A. Paul, Millstone Family Professor, Philosophy
and Cognitive Science, Yale**

‘Provides an optimistic outline for improving society and our lives. With pristine clarity, good humour and solid authority, Angner sketches solutions to the most stubborn problems, both small and large, from poor retirement planning to poverty itself. The same simple yet bracing themes run through all of the success stories: Rely on data, use the economist’s methodological toolkit, and have a more experimental attitude toward fixing our most difficult problems. His prescriptions even contain norm-changing hints of how to get ordinary folks to implement his recommendations. Whether or not we show the good sense to comply with its lessons, *How Economics Can Save the World* exposes the decision-making structures that cause persistent threats to our happiness and well-being, and provides readers with the tools, knowledge and hopeful impulse to disable these threats’

**J. D. Trout, John and Mae Calamos Professor of Philosophy,
Illinois Institute of Technology**

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How Economics Can Save the World

Simple Ideas to Solve Our Biggest Problems

ERIK ANGNER



BUSINESS

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To Elizabeth

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Preface

I never meant to be an economist.

If anything, I meant to be the opposite of that. My impression of the discipline was shaped by the economists I saw on TV and in the news. They did not impress.

I went into philosophy of science in part because I was interested in the nature of science and the scientific method, the proper use of science in the policy process, and the boundary between science and pseudo-science. Economics struck me as intriguing, with what I saw as its gap between pretension and actuality.

To make sure I knew what I was talking about, I decided to take PhD-level courses in economics on the side. The experience was eye-opening. The material bore little resemblance to what I had expected. Modern economics is famously inaccessible. I experienced a culture shock not unlike the one I got when I studied abroad in Florence. Economics, like Italy, has its own norms, rules, and practices – including a language of its own. But once I got past my preconceptions I discovered a world of fascinating and useful ideas. And the people I met were not only kind and charming but also genuinely interested in making the world a better place.

In the end I learned two things. One, the public perception of economics is out of whack. (I blame mainly the economists themselves, by the way, for being terrible at describing what they're up to.) Two, economics offers not only thoughtful analyses about where we are and how we got here, but also actual tools that can help us make the world a better place – a place more fit for human flourishing.

My goal with this book is to discuss what economics *is* by showing what it *does*. My point is not that modern economics is perfect. There are many ways in which the orthodoxy can be improved. I'm

Preface

certainly not defending the economics profession, whose performance leaves much to be desired.

I'm defending the idea that economics as a science can be applied for the good of humankind and the planet. Tossing it aside would be an own goal. Insofar as the theory, practice, and profession can be improved, fixing it is a moral imperative.

I'm not trying to inspire more people to become economists, although I would be delighted if they did. Instead, this is what I hope: to reach people who are not economists, but who care about the future of humankind and the planet, who vote, who believe in social change, and who could use economic methods, ideas, and theories to make the world a better place.

Let me tell you how. Economics is too important to be left to economists.

Introduction: How to Save the World

When Covid hit in early 2020, the most terrifying and destructive global event of a generation brought life as we knew it to a halt. We were all desperate for answers and solutions. Everyone from government leaders to average citizens searched for people who had the knowledge to help. Epidemiologists, virologists, physicists, even engineers were called upon to explain it all – and to hurry up and fix it.

Few thought to ask economists. They should have.

Economists were, in fact, well situated to help. Economics helps us understand many of the problems we're facing – as individuals and as a society. But better yet: economics offers solutions. It gives us hope that improvement is possible and within reach.¹

Early reports suggested that the virus had emerged in 'wet markets' in Wuhan, China.² These are markets where people trade animals and animal products for pets, food, decoration, and traditional medicine. Understanding how a novel coronavirus can emerge requires understanding how the markets for animals and animal parts are organized, why they exist, and how they operate. Why people desire animals for pets, food, decoration, and medicine has to do with personal preferences and local culture. Why people provide animals for sale has to do with the need to make a living and the availability of alternative career paths.

This is economics.

If the virus had stayed in Wuhan, it wouldn't have caused a global pandemic. We probably wouldn't even know about it. But it didn't, and now we do. A virus can't move around on its own. It doesn't have to. It'll hitch a ride.³ Understanding how a virus can spread across the world from a single location requires understanding how

people travel and migrate. How much people want to move around reflects long-standing and fleeting desires as well as Instagram trends. How much they *can* move around reflects states of war and peace, how rich people are and how the riches are distributed, oil prices, and government regulation.

This is economics too.

Government officials rallied to prevent and control the spread of the virus. They imposed travel bans and deployed various other ‘non-pharmaceutical’ interventions.⁴ That’s washing your hands. Staying at home. Socially distancing. But people don’t always do as they’re told. Understanding how and when people comply with instructions requires an understanding of behaviour patterns, norms, and all sorts of beliefs and attitudes. Knowing whether people follow instructions requires tracking compliance. That in turn requires measuring things like movement patterns, behaviours, and habits – on a large scale and in real time.

This also is economics.

People wanted to take action – to stop the spread of the disease, encourage good behaviour, distribute vaccines, and compensate people who were suffering through no fault of their own. Figuring out what can and should be done requires figuring out what would happen if we took action – or if we did nothing at all. That involves not just predicting how people will react, but judging the merits of each alternative course of action. Making an all-things-told judgement requires us to compare the good and the bad in some systematic way. We probably want to put some numbers on things. Those numbers can be in dollars or pounds, but they don’t have to be. Units of happiness or ‘utility’ will do too. We could call it cost-benefit analysis, because we’re weighing costs and benefits.

Yes, this is economics.

Once the virus was gradually brought under control, people wanted to relax restrictions and return to normal. But many realized that we could improve on business as usual. The pandemic didn’t just cause new problems, it exacerbated existing ones: inequality,

health disparities, poor housing, lack of access to health care, and so on. The existing problems made us more vulnerable. They should have been fixed a long time ago. Building back better requires understanding the conditions that apply – both opportunities and limitations. A massively complex economy requires millions and millions of people to coordinate their activities – not the least so that producers will want to produce what consumers want to consume. Understanding how to make this work requires figuring out how to coordinate the activities of the entire economy.

It's all economics.

This book is about how economics can help us make the world a better place.

It's not just pandemics. Economics can help us address a remarkable range of problems, challenges, and crises. Economics is about individual behaviour and social consequences. The big challenges facing humankind are all, in part, caused by human behaviour, either individually or in groups. War, climate change, pollution, discrimination, etc., are caused by human beings. Even if they weren't, the solutions would involve human behaviour. Fixing problems requires getting people to act differently: to stop fighting wars, discriminating against people with a different background, burning fossil fuels, or whatnot. Finding the best solution requires assessing costs and benefits. Implementing it requires coordination between lots and lots of people.

Every big problem has an underlying physical reality. The physical reality constrains the paths of development and the range of solutions. There will be other scientists studying that reality. We should listen to them. Other scientists study social and political realities. We should listen to them too. (I'm not saying we should listen to economists *only*.) But no physical, medical or political science can address the big questions *on its own*. Understanding how the challenges facing humankind appeared, trying to predict what's going to happen next, preventing future disasters – all of this is economics.

What is economics?

Economics has always been about fixing the world – making it a better place, more fit for human flourishing.

This may surprise you. Many people believe economics is about predicting the stock market, in the best case, or promoting the interests of the ruling class, in the worst case. There are economists who do such things. But as a general matter, it's not true. Economics has wide scope. It's not only, or even primarily, about making predictions. It's not just about the stock market, unemployment indicators, and such. And economists' proposals are quietly radical. They're often focused on improving the lives of the least well off – liberating the poor and oppressed, making their lives more bearable and their futures brighter.

What *is* economics? Where did it come from? What good is it?

Cambridge economist Arthur Cecil Pigou is known as the father of welfare economics. He tried to answer those three questions a century ago. Pigou said that some sciences aim to bear light, while others aim to bear fruit. Some give us knowledge that we want for its own sake; some give us knowledge that we want because it helps us make the world a better place. Some satisfy a purely intellectual craving; some satisfy a desire for social or other improvement. To Pigou, economics falls squarely in the second category. He wrote: 'It is not wonder, but rather the social enthusiasm which revolts from the sordidness of mean streets and the joylessness of withered lives, that is the beginning of economic science.'⁵

As Pigou emphasized, economics was born from frustration with misery and destitution. It's driven by a desire for social improvement. It thinks of improvement in terms of human welfare. Welfare, in this sense, is what you have when your life is going well. Welfare is what's good for a person. It's something that you have – not something that you're on. So, at a fundamental level, welfare is the subject matter of economics. It's what economics is *about*. Improving

economic welfare is the central task of economics. It is also what economists are trying to promote in their policy recommendations. It is the fruit of economists' labour, when things go well. And welfare is the standard of evaluation – the measuring rod by which we can tell if economics is a success or a failure. Economics is, in Pigou's view, a deeply moral enterprise.

Pigou was keen to emphasize that economics is a *science*. It is the sort of thing that tells us what is and what is not, like physics and biology. It is not the sort of thing that tells us what ought to be and what ought not to be, like theology. Economics itself does not – indeed cannot – tell us that misery and destitution are bad. Pigou cites the great French positivist thinker Auguste Comte: 'It is for the heart to suggest our problems; it is for the intellect to solve them.'⁶ Once the heart rebels at the sordidness of mean streets and the joylessness of withered lives, as it should, economics can tell us how to fix things. Pigou compares economics to medicine. It's a science. It's guided by its relevance to immediate practical problems. It seeks 'knowledge for the healing that knowledge may help to bring'.⁷ Economics, he believed, could cure what ails human society in the same way that medicine can heal the human body. Pigou was writing in the immediate aftermath of World War I, when the need for healing – societal and individual – would have been on everyone's mind.

Austrian economist Friedrich A. Hayek could not agree more. He wrote: 'It is probably true that economic analysis has never been the product of detached intellectual curiosity about the *why* of social phenomena, but of an intense urge to reconstruct a world which gives rise to profound dissatisfaction.'⁸ The ambition to fix an imperfect world helps explain the wide scope of economics. By that I mean the behaviours and phenomena that are fair game for an economist to study. Economics is not just about the pursuit of wealth and the institutions (such as the stock market) that permit it. The scope of economics is as wide as it needs to be to make the world a better place. Economics is a science all right. But it springs

from a passionate desire to improve a world that is evidently and painfully imperfect. And its task is to rebuild the world to make it better than it was before. Economists left to right have shared the sentiment. Karl Marx famously said that the point is not just to interpret the world, but to *change* it.⁹

Pigou's predecessor Alfred Marshall called economics 'a study of mankind in the ordinary business of life'. The wording reminds us that economics is not just about higher ambitions and aspirations. It's not just about lower urges either. It is not only about money and riches – although it is about those too. Economics, to Marshall, is about any and all human desires, behaviours, and activities connected to human welfare. With the right kind of effort, he hoped that not only poverty but also ignorance would gradually be extinguished:

Now at last we are setting ourselves seriously to inquire whether it is necessary that there should be any so-called 'lower classes' at all: that is, whether there need be large numbers of people doomed from their birth to hard work in order to provide for others the requisites of a refined and cultured life; while they themselves are prevented by their poverty and toil from having any share or part in that life.¹⁰

Marshall thought poverty and ignorance could be eliminated. He thought well-being was within reach for all – with the judicious application of economic science.

One of the most influential views of economics belongs to Lionel Robbins of the London School of Economics. His *Essay on the Nature and Significance of Economic Science*, first published in 1932, may be the most famous text in economic methodology ever. He wrote: 'Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.'¹¹

Economics is about human behaviour in a situation when things

are scarce. That just means there's less than people want. Money is scarce. When you pay rent, you have less money to spend on food. And when you spend it on food, you have less to spend on gifts for your mother or spouse. Money is scarce even for the super-rich. The Musks and Bezos cannot at the same time keep, donate, and plough all their money into another pointless vanity project. Time is scarce. An hour when you work is an hour when you're not sleeping. And every hour you're asleep is an hour when you're not going to the movies. Attention is scarce too. We only have so much of it, and have to decide in some way how to use it. Governments face scarcity as well. As with individuals, there are limits to how much money they can spend on butter when they've spent so much on guns – and the other way around. Governments can borrow to fund deficit spending in a way that you and I can't. But as long as there are *some* limits, there's scarcity.

Under scarcity, people and countries can't get everything they want. They must make decisions, and such decisions require tradeoffs – giving up one thing in order to get another. If you decide to sleep late, there are other things you can't do: go to work, finish the novel you were reading, or enjoy the sunrise. How you should trade one thing off against another depends on your ends, goals, and purposes. Economics has little to say about those. Goals can be high or low, material or immaterial, and so on. What makes a choice *economic* is just that tradeoffs have to be made – that one thing has to be sacrificed in order that some other thing be attained. When you're doomscrolling, you're sacrificing some time that could be used to read books. And when national defence accounts for 10 per cent of all federal spending, as it does in the US, there are many other things you can't afford.¹²

The economic sphere, therefore, is not limited to questions of money or even material things. Arts and culture, war and peace, labour and leisure are all examples of the economic in Robbins's sense. When artists make art, they're making sacrifices in terms of time, effort, and attention. When politicians start wars, they're

making sacrifices in terms of other people's lives. When families decide that one parent will stay home to take care of the newborn child, they're sacrificing some income and the equality that comes with being a dual-earning family. The result of these choices will reflect the specific sacrifices that were made. Robbins went out of his way to specify that economics even includes what he called 'indulgences to commit what would otherwise be regarded as offences against religion or morality' – basically, sex and drugs and rock 'n' roll.¹³ Decisions to engage in prostitution, to take illegal drugs, to practise or enjoy music are all choices under scarcity. So is the decision that a community faces about legalizing gambling and marihuana. It's all economics.

Pigou's, Hayek's, Marshall's, and Robbins's vision shaped modern economics in fundamental ways. Economics is about individual choices under scarcity – but also about the consequences of those choices for society as a whole. Economics is about small things. It's about the little decisions people make every day about life, work, and play. It's also about big things: questions such as why some countries are poor and some countries are rich, and how to best deal with the risk of climate catastrophe. It is always about what's good for people – what makes their lives worth living – and about how to improve the world in which they live. Its tight focus on improving the world makes economics different from many other disciplines.

Importantly, economics is not just about understanding how the world works – it's about changing it. Far from a disinterested, cool, and calculating project, economics sprang from deep disappointment with the state of the world – and a passionate desire to improve it. Far from a technocratic effort to tinker around the edges of the economy, economics hopes to rebuild the world and make it better – including eliminating poverty and ignorance. Far from a narrow pursuit focused on money and riches, it is about everything that humans want and need. It's about everything that helps humans live satisfying, rewarding, fulfilling lives – lives worth living.

The economic way

This book is about how economics can help us build a better world – a world in which people live better, more meaningful lives. Economics delivers. It offers real, actionable, evidence-based solutions to big problems. Its proposals can help in our private lives, in our communities, in business, and in politics. The solutions are distinctive, innovative, and often counterintuitive. They're quite different from what's on offer elsewhere, for example in the other social and behavioural sciences.

I don't expect you to take my word for it. Each chapter focuses on a big challenge facing us, as individuals and communities. It also outlines how economists propose we deal with it. I'll describe the economic way to end poverty and reduce inequality; improve parenting without harming yourself; address antisocial behaviour; save lives; become happy, humble, and rich; build community and save resources; and more.

The solutions won't make the world a better place magically and on their own. If you demand nothing less than magic wands or silver bullets, I'll direct you to the fiction aisle. (Not that there's anything wrong with fiction, mind you.) The next best thing, and the best we can realistically hope for, is to find solutions supported by evidence. That's what economics delivers. The evidence gives us reason to act, and reason to think our actions will make a difference. Obviously, economic advice needs to be implemented with caution and care. It needs, above all, to be coupled with a decent ethics. That includes a vision of the good life and a good society. I'd say it also needs to be applied with a view to aesthetics. If we're building a better world anyway, we might as well make it beautiful, with the help of poets, painters, and artists.

The solutions may surprise you. Some people expect economists to 'solve' every problem by means of privatization, deregulation, or liberalization. Economists do, indeed, sometimes suggest such

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measures. But sometimes they actively oppose them. The specific advice will depend on the problem to be solved, as well as the context in which it appears – including the values of the people involved. There are problems that economists wish to solve by raising taxes, giving money to the poor, promoting equality, boosting humility, or empowering communities. One thing that these solutions tend to have in common is that they're far from conservative, in the sense of defending the status quo. Economic solutions are quietly radical – and frequently liberating. They are often designed to promote the interests of the least well off, not the rich and powerful.

You may be tempted to ask: 'Is this really economics?' The range of problems economists address and the solutions they propose is wide indeed. But the answer will be an enthusiastic 'Yes!' You may have to remind yourself that economics is about anything and everything related to human well-being. People sometimes complain about economists' 'imperialism' – which is a way of saying that they're mucking about where they're neither invited nor welcome. But to a great extent the alleged imperialism of economics is merely a reflection of its broad scope. That's a feature – not a bug. Then again, the most exciting economics these days is interdisciplinary. It's economics, but not economics alone, and it draws on a wide range of influences from psychology, neuroscience, and beyond, all the way to literature and theology.

The tools of economics

How do economists know what works? It's a fair question, especially now that social and traditional media are overflowing with 'experts' on every conceivable topic. I'll give you an idea of what makes serious economics different from that. Economists' solutions – unlike those of some opinion holders I could name – aren't just pulled out of thin air. I won't be able to review the entire empirical record

underlying the various solutions.¹⁴ But I'll outline both where economists' solutions come from, and what makes economists think their proposals will work.

The key is to understand the *tools* that economists deploy to investigate and improve economic reality. There are many such tools. *Laboratory experiments, field studies, field experiments, and surveys* all allow economists to gather data about people's beliefs, preferences, and behaviours under a wide range of circumstances. *Econometrics* – statistics for economists – makes the data speak. *Theory* and *models* help the economist paint a picture of the world, provide structure for the empirical data, and offer guidance when making inferences. The number and sophistication of tools that economists use to investigate the world keep increasing. The standard toolkit now includes futuristic brain-imaging techniques borrowed from neuroscience. Such techniques allow us to peek under the hood, as it were, of the brain making choices.

The economist's toolkit also includes a certain way of looking at the world. It's the *economic way of thinking*.¹⁵ The economic way of thinking is a collection of heuristics or rules of thumb. Heuristics don't in and of themselves tell us anything about the world. They tell us, instead, how to approach it. One central heuristic tells us to think of social phenomena as the unintended and perhaps unanticipated outcome of individual choices. Some people see conspiracies everywhere. The conspiracy theorist assumes that everything that happens must reflect some devious design or other. But the economist knows that many social phenomena emerge without there being any design at all. Other heuristics tell us to treat people as fundamentally equal, to think on the margin, to look for opportunity costs, to think about the long term, to solve for the equilibrium, and so on. We'll talk about what these heuristics mean in practice, why they offer the right way to think about many challenges we're facing, and what they tell us about the best way to address them.

The tools of economics – especially the economic way of thinking – help explain what economics is, what economists do, and

what makes economists' solutions distinctive. You can think of studying economics as a matter of becoming acquainted with the tools in the toolbox. You can think of a full-fledged economist as somebody who's attained mastery of them. The consistent application of the tools of economics is what makes economic proposals recognizable *as economics* – as opposed to psychology, sociology, literature, or whatever. By the time you're done with this book, you too will be on your way to being something of an economist – if you weren't already. (And that's not a bad thing.)

Why care?

Why should we care? Why pay attention to economics at all? The most obvious reason is that we care about ourselves, other human beings, human communities, and the world that we live in. It's not as though economics can answer every question and solve every problem – certainly not by itself. I don't expect it'll fix your love life, and it won't remove pesky pilsner stains from your lederhosen. But insofar as economics can help us improve ourselves, our lives, our communities and the world around us – and it can! – everyone who cares has reason to try to learn what economics can teach.

You may not care about each and every challenge that I talk about in this book. Maybe you have no interest in getting happy and rich, favouring instead other goals and pursuits. That's fine. I'm not telling you what your ultimate goals and purposes should be. But I'm pretty sure you care about *some* of the challenges. If you care about *any* of these problems, you should care about real, actionable, evidence-based solutions to them. If you care about *none* of the challenges – not climate change, not happiness, not community, etc. – chances are you have bigger problems than can be addressed in a book.

The fact that economics delivers solutions – and not just understanding – is particularly important in an era when we're

bombarded with information about the problems facing humankind. Economics can offer some degree of hope, where hope is in desperately short supply. There's a term for the specific form of helplessness or paralysis that people experience after hearing the facts about climate change. The term is 'climate despair'. Some report feeling similarly dejected when reading about hunger, inequality, pollution, discrimination, and so on. This is alarming. Becoming more informed about a challenge shouldn't leave us less motivated to do something about it. If scientists communicate their knowledge about a problem in a way that makes people *less likely* to fix it, the scientists have failed. I'm not saying we should stop talking about problems. I'm saying we should frame our discussion, if possible, in a manner that inspires action. You might never have thought of economics as uplifting. And yet, as a thoroughly policy-oriented and problem-focused discipline, it can be.

Learning more about economics is good for another reason: it allows *you* to make its solutions better, more responsive to human needs. Economic policy requires input from the community and other stakeholders. Economic science, in and of itself, can't tell us what the most urgent problems are. That's for the heart (and philosophical reflection) to say. Nor can economics tell us what solutions are morally permissible. It can't tell us what values are most important, or what considerations should go into its cost-benefit analyses. To be as good as it can be, economics requires community input. Even a well-considered economic policy won't work in practice without some degree of buy-in from the people on the receiving end. And if it's going to be implemented at all, it needs to be endorsed by policy makers and the population to which they're accountable.

Learning about economics is equally useful no matter what your politics. If you consider yourself right wing, you'll find suggestions that comport with pre-existing conceptions. But you'll also learn that there may be something to be said for interventions that you might associate with the left – giving money to the poor, for example. The same thing is true if you're left wing. A decent left-wing society

can't be run off of unicorn fluff. It still needs to solve problems of production and distribution. If there are going to be resources that can be used to help the poor and downtrodden, somebody must produce those resources. Managing a decent society – a society you'd be proud of living in – requires economics.

There's good news. Given where we are, even just a little bit of study might yield a large increase in understanding. If you haven't already had the chance to learn about what economists have been up to, your learning curve will be steep. Even a small investment of time and effort can give you a lot of new knowledge. As economists might say: on the margin, your return on investment will be solid.

And here's a final reason to care. Learning about what economics *does* allows us to assess it as a discipline. Economics has always had more than its fair share of critics. From the very beginning, it's been shadowed by a movement denouncing its practitioners, attacking its assumptions, rejecting its conclusions, and protesting its influence.¹⁶ Historian of economics William Oliver Coleman calls the movement *anti-economics*. Anti-economists don't just disagree with or criticize specific theories or practices within economics. They want to dispense with the entire enterprise and start over again. But here's the thing. Whether economics is good or bad depends on what it does: what challenges it can meet, and what problems it can solve. Until we have the answer to those questions, we're in no position to answer the question of whether economics is good or bad.

The questions you need answers to are: 'What can economics do? What can it deliver?' I will argue: 'A lot'.

Looking ahead

Over the course of ten chapters, you will learn ways in which economics can help make the world a better place – a place more fit for human flourishing. You'll learn about fixes to problems big and small. You'll see that economics can fix the world in much the same

way that medicine can heal the body. You'll see why the anti-economists are quite mistaken. You'll learn the tools of economics and, in the process, become something of an economist yourself. To help you master the lingo, you'll find a glossary on page 227. (The secret handshake I'll just have to teach you in person.)

Pigou and his fellow travellers were right. Economics is not perfect, but relying on it is better than not. Economics is a science – yes, like physics. Calling it a 'moral science' is not an oxymoron. It helps explain and predict things that would otherwise be puzzling. And not only that. It upholds the promise of improving our own lives and of making the world a happier, better, and more just place for us and our children. This is particularly true when it comes to the poor and dispossessed – the people whose misery caused Pigou and his fellow travellers to revolt a century ago.

Economics really can save the world.

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