

BOOK REVIEW

Jim Stanford

Economics for Everyone: A Short Guide to the Economics of Capitalism.

Pluto Press: New York, 2008, pp. 350.

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‘Never trust an economist!’ is how Jim Stanford begins this book. The book argues that if economics is about people: their work, their labour, what they produce, how they use and distribute what they have produced, then alienating the majority of people by the use of esoteric language, complex statistical models, and assumptions which do not usually reflect conditions in the ‘real world’ makes ‘conventional’ economics undemocratic. How can economists claim they know more about the people that they study than the people themselves? Stanford believes that ‘conventional’, neoclassical economics is elitist (pp. 1-4). He exposes several myths and propaganda spread by conventionally trained economists such as the belief that the main difference between conservative and progressive economics is their stance on the size of government. The former, the economist believes, prefers free markets; the latter big governments. Drawing an analogy from the advice of sex therapists, Stanford shows that ‘it is not what you’ve got, it’s how you use it’ that matters (p.227): how does government intervene in the economy and in whose interests? (p.230) are the questions which are of more interest to progressive economists. However, this book is not only about the weaknesses in conventional economics.

It has 4 other parts, which show the basics of capitalism (pp.65-119), demonstrate how capitalism as a system works (129-172), analyse the complexity of capitalism (pp.189 -291), and discuss several ways of challenging capitalism (pp.305-324). The book looks at ‘traditional’ topics of interests to economists such as money and banking, investment and growth, unemployment, taxation, and stock markets. Also the book covers relatively contemporary topics such as feminist ideas (Stanford calls this ‘reproduction for economists’), globalization, and the environment. All these topics are discussed from a *heterodox, unconventional, non-neoclassical* perspective. So, while a conventionally

trained economist may find them familiar, *Economics for Everyone* brings a fresh outlook on an otherwise all too familiar terrain. To more progressive economists, the book discusses some contemporary ideas on heterodox analysis.

Take the issue of the environment (pp.172-186), for example. Progressive economists correctly posit effective environment management as a pre requisite for sustainable economic growth rather than taking it as an after thought, consigned to the realm of ‘externalities’. However, some may, inadvertently, advocate conservative policies such as carbon taxes and emission trading schemes. Others may support campaigns which urge consumers to buy green, but ultimately more expensive products. On face value, these policies may look progressive because they come across as not blurring the lines between ‘economy and society’, yet they all seek solutions from the market. Frank Stilwell (2010), the Australian political economist, refers to such policies as merely market *modifying*, market *creating*, market *augmenting*, and market *regulating*. In other words, they assume that the market is the most suitable mechanism to bring about a more ecologically stable economy. But, is it? The example of making consumers act ‘green’ is revealing. The assumption that the choices of consumers compel businesses to produce environmentally friendly commodities looks good in theory but, in practice, businesses condition and constrain consumer behaviour. So the ‘consumer is king’ concept is really out of kilter with reality. Nevertheless, some unsuspecting heterodox economists may advocate such remedies, often recommended by conventional economists.

Also, Stanford challenges ‘extremist’ thinking in the heterodox family when it comes to *the political economy of the environment* (as distinct from *environmental economics*). Some progressives posit economic growth as the culprit and call for its immediate rejection: abandon growth! This view is hinged on the assumption that economic growth simply means a quantitative increase in the amount of goods and services. And since more production means using up more of natural resources, economic growth must be responsible for environmental degradation. *Economics for Everyone* shows that economic growth and sustainable environmental development are not opposed to each other. In fact, economic growth and development can help correct some localised environmentally damaging practices, such as poor garbage disposal and air pollution, which, till this day, plagues many poor countries. However, with an increase in economic growth, Stanford argues that there is a huge potential to abandon polluting technologies. True, the drive to earn more profits may lead

companies to indulge in activities that may destroy flora and fauna. For readers of *AREF*, the immediate example that may come to mind is the situation in the Niger Delta area in Nigeria, where the polluting activities of oil companies is evident enough. But, if so, the problem, Stanford argues, is not really growth, it is *capitalism*. Taking these considerations into account, progressives should be looking for ways to attain *quality* growth rather than no growth.

In contrast to the arcane manner in which economics is treated in mainstream economics journals and textbooks, *Economics for Everyone* is accessible. Also, it is erudite and succinct. Each chapter is self-contained, so it is possible to read only those chapters that are of immediate interest and still find the material meaningful and, perhaps, supplement one's detailed reading of particular chapters with the twelve-point summary at the end of the book (pp.335-339). Alternatively, one could read the summary and then probe the issues further by looking at specific chapters. Or, the book can be read from the introduction through to the end.

In whichever way that the book is read, each chapter contains something interesting. One theme that runs through the book is that there is no such thing as an *objective* and *technical* analysis of the economy. The study of the economy, economics that is, is subjective, value-laden and political (p.335), so a good student of economics will do well to draw out the political economic interests buried in so-called objective advice: beware of 'objective' economists (p.336). A related theme is that the economy does not naturally serve the interest of poor people and workers. Therefore, they must fight for, struggle, and demand a fairer, socially just economy (pp.338-339).

There are two areas in which the book could have been improved. First, it quotes statistics without fully disclosing the source. Descriptors such as 'most' are used without providing any sources of inspiration. We are told that 'many statistical studies show...' (e.g. p.156), but these studies are not named. Stanford reveals his sources in his other research work on some of the themes in this book (see, for example, Stanford, 2010), so it is unlikely that there is any attempt to 'make up' or selectively use the evidence to which he refers. What is more likely is that he did not want to clutter a text meant for 'everyone' with academic practices that may be distracting for some people (p.13). However, he could have attained this same outcome by employing the use of endnotes, and achieved an added advantage of enabling other readers to do further reading about some of the interesting studies to which he refers. The second area of concern relates to a few inconsistencies. For instance, the claim that 'most low-wage countries are

not at all attractive to investors because their ultra-low wages are associated with very poor productivity, poverty and instability' (p.147) is not only unconvincing but also inconsistent with the author's own analysis of globalization (pp.253-268). Furthermore, the explicit recommendation that progressives should learn lessons from corporate governance to build a 'culture of public and social entrepreneurship' (p.330) parallels new public management ideals and, therefore, contrasts with the overall character of the book. These setbacks do not substantially offset the insights in *Economics for Everyone*.

This reviewer warmly recommends *Economics for Everyone* to the readers of *African Review of Economics and Finance*.

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References

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