

Book Review

Abhijit V. Banerjee and Esther Duflo (2019), *Good Economics for Hard Times*, Published by Juggernaut Books, KS House, 118 Shahpurjat, New Delhi, 110049, India, Pages 403 (including index and Bibliography) + x, P-ISBN: 9789353450700 E-ISBN: 9789353450717: INRs. 650/-

This is a new book that has been instrumental in institutionalizing experimental designs and impact evaluations in economics. The book attempts to answer complex contemporary economic questions in climate change, international trade, migration, and poverty etc. for new policy interventions and challenges in traditional economics teaching, learning, and interpretation. It is of no deny that the contemporary world is circumscribed by a complexity on such issues. Gathering a shred of evidence on these questions will not only help on knowing what has worked and what has not, but also to avoid the 'False' policy interventions that could lead to the otherwise outcomes- not desirable for the public. In such context, the book offers clear evidences, insights, and arguments that proposes new set of the interventions while defying some of the long held believes and policy practices.

This book is divided into nine chapters followed by a conclusion. The opening chapter of the book namely 'MEGA: Make Economics Great Again' provides a foundational explanation for the importance of empirical evidence in establishing credibility within the field of economics. The author posits that economists should be regarded as trustworthy based on the validity of their reasoning and the reliability of the data they use to support their arguments. This necessitates a cautionary approach in offering solutions, as these must be supported by verifiable facts and sound interpretation of said facts.

The second chapter 'From the Mouth of the Shark' examines the complex and multifaceted issues surrounding migration and immigration. The central thesis of the chapter asserts that politicians often manipulate public opinion regarding immigration through the dissemination of misleading information. There is a commonly held belief in western countries that immigration places undue strain on resources and undermines the cultural identity of native populations. This chapter seeks to challenge this notion presenting evidence that immigrants can, in fact, be economically advantageous to the receiving country. Notable examples include entrepreneurs such as Steve Jobs (whose biological father was of Syrian descent) and Henry Ford (of Irish immigrant ancestry) who have made significant contributions to the economies in which they lived. In addition, low-income migrants can create demand for goods and services, thereby providing new economic opportunities for native workers.

The third chapter 'The Pains from Trade' delves into the examination of the potential benefits and drawbacks of international trade. The chapter argues

that economists must address the negative consequences of free trade, such as job loss and wage stagnation, in order to create a better understanding of what constitutes a good life and job. The authors also question the notion of free trade as labor and capital are not freely mobile in the same manner as goods. The fourth chapter 'Likes, Wants and Needs' takes a philosophical stance on the concepts of likes, wants, and needs, highlighting the central role of individual preferences in shaping economic policy. The authors distinguish between beliefs and preferences, collective actions and individual choices, prejudice, and actual behavior. The fifth chapter 'The End of Growth' questions whether economic growth is a thing of the past. The chapter references the stagflation of the 1970s and the subsequent oil price shocks and debates whether higher growth can be sustained in the future. The authors suggest that addressing poverty and improving the well-being of the less fortunate may have a greater impact on society than a mere 1 percent increase in growth achieved through policy changes.

The sixth chapter 'In Hot Water' addresses the issue of climate change. The authors provide an overview of the impacts of climate change and present a perspective on potential solutions. They argue that wealthy nations should not hesitate to make investments in low-income countries to mitigate the effects of climate change, even if this may result in some reduction in their own economic growth prospects. Following the chapter seven 'Player Piano' delves into the topic of artificial intelligence, robots, and automation. The authors challenge the notion that these technological advancements will result in job losses and a decrease in wages for workers. Instead, they argue that the greater threat posed by these technologies is to social policy and cohesion. The chapter eight 'Legist. gov' focuses on designing a more equitable tax system to address economic inequality. The authors begin by highlighting the low tax collection relative to GDP in the United States and examine the role of public programs in supporting higher taxation. Chapter nine 'Cash and Care' discusses the role of cash and care in social policy design, including the concept of Universal Basic Income. The authors argue that the goal of social policy should be to help individuals withstand the impacts of change and uncertainty, without compromising their sense of self.

Finally, the authors conclude by offering insights on 'Good and Bad Economics' and 'Good and Bad Conduct'. They want to carefully examine stories that are too simple or easy to believe. They think this will help decrease the divide between people with different views, and make it possible to create better policies based on strong evidences and careful analysis. They conclude that economists often have bad record in offering salutation, but we can make it mega again with careful considerations of the facts and evidences supported by a robust policy evaluation methods.

Interestingly, the title of few chapters seems unconventional in a sense that they do not consist the economics jargons such as ‘From the Mouth of the Shark’, ‘In Hot Water’, and ‘Legit. These titles can easily entice and lure a common. Despite of that, the authors’ innovative approach to presenting economic concepts has received commendation from economists globally. The central thesis, which advocates for a data-driven and evidence-based approach to addressing contemporary issues, challenges long-standing beliefs held by economists and politicians. While some critics have raised concerns regarding the efficacy of such an approach and questioned the overreliance on tools like randomized controlled trials for policy evaluation, the book remains noteworthy for its data-supported analysis and rejection of preconceived notions. The authors encourage decision-makers in economics and politics to base their solutions on evidence and data rather than relying on populist beliefs or prior assumptions. This is in response to the skewed and biased solutions often presented by economists on television, which results in a lack of trust from the public. The book provides a compelling argument for this approach and should not be overlooked.

Overall, the book has been outstanding not only in explaining the economics of hard times with the data, evidences, and robust arguments but also in rejecting some of the previously held beliefs. As highlighted in the background of the book, the key message is to urge the economists, politicians, and policy makers to follow the evidences and data driven approach for offering the solutions to the problem, but not to offer the ‘Wisdom’ based on the previously held beliefs or populism. This book should not be only in the wish list, rather it is recommended to be read with the excitement of a fiction novel with thrilling arguments on every page.

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