



Economics: The User's Guide

Ha-Joon Chang

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In his bestselling *23 Things They Don't Tell You About Capitalism*, Cambridge economist Ha-Joon Chang brilliantly debunked many of the predominant myths of neoclassical economics. Now, in an entertaining and accessible primer, he explains how the global economy actually works—in real-world terms. Writing with irreverent wit, a deep knowledge of history, and a disregard for conventional economic pieties, Chang offers insights that will never be found in the textbooks.

Unlike many economists, who present only one view of their discipline, Chang introduces a wide range of economic theories, from classical to Keynesian, revealing how each has its strengths and weaknesses, and why there is no one way to explain economic behavior. Instead, by ignoring the received wisdom and exposing the myriad forces that shape our financial world, Chang gives us the tools we need to understand our increasingly global and interconnected world often driven by economics. From the future of the Euro, inequality in China, or the condition of the American manufacturing industry here in the United States—*Economics: The User's Guide* is a concise and expertly crafted guide to economic fundamentals that offers a clear and accurate picture of the global economy and how and why it affects our daily lives.

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Jaka Haris Mustafa says

Buku bagus banget. Harusnya jadi buku wajib anak sekolah di Indonesia.

Jadi ingat komentar orang (di Facebook) yang bilang Jokowi plin-plan, gara-gara...: dulu waktu di Jakarta, serapan anggaran rendah dibela dan argumennya "daripada korupsi". Tetapi begitu 2015 kemarin, serapan anggaran rendah dan pemerintah malah disuruh splurge.

Sebenarnya argumen (pembantunya) Jokowi itu bagus: mereka pakai paham Keynesian. Ketika pasar tidak dapat berfungsi dengan baik a.k.a pertumbuhan melemah, itulah saatnya pemerintah ambil kendali dg belanja sebanyak2nya. Tujuannya supaya ekonomi tetap bergairah.

Sementara waktu masih di Jkt, argumen "drpd korupsi" ya sah-sah saja. Lha wong waktu itu ekonomi masih oke, ngapain splurge?

Ya itu salah satu contoh lah. Masih banyak lagi yang menarik.

Oh iya, buku ini enggak cuma membahas tentang "uang", karena ekonomi sendiri pada hakikatnya bukan sekedar tentang uang. Tetapi social science yang mencoba memahami perilaku orang banyak terhadap sesuatu.

Buku bagus, wajib baca supaya bisa memahami orang perseorangan maupun lembaga dengan lebih baik dan lebih jelas.

P.S. Harusnya diterjemahkan di dalam bahasa Indonesia.

Franz says

I have found a new favorite author. Chang, an economist at Cambridge University, has written a reader-friendly guide that is sensible and fairly comprehensive. He is convinced that anyone who makes some effort can understand the basic principles of economics, and such knowledge is required for anyone who hopes to have some impact on decisions regarding our local, national, and global societies. In other words, all of us. He immediately admits that, contrary to the claims of many orthodox economists, economics is not a science; there are no objective economic facts or laws waiting to be discovered. Outcomes resulting from various economic policies are produced as the consequence of the values—moral, political, and social—expressed in those policies and outcomes by their authors. Values ultimately have greater impact on policy decisions than facts and data since even these are interpreted in the light of the values the interpreters hold.

Another strength of the book is that Chang does something I have never seen done in an economics book written for the general reader. In a long chapter he describes nine different schools of economics and explains the advantages and disadvantages of each. Among these are the classical, neo-classical, Keynesian, Marxist, and Austrian schools. He encourages taking a pragmatic approach and adopting what works in each of these schools and discarding what doesn't. He is highly critical of any purely ideological approach for the reason that such an approach will lead to certain disaster, as has recently occurred. Although he recognizes its good elements, Chang reserves his greatest criticisms for neo-classical economics because that school has

been dominant as orthodox economics for the last forty years, and its unfettered dogma of free markets and hyper-individualism led to the recent Great Recession, current unconscionable levels of income and wealth inequalities, and the crisis in the Eurozone. He argues that had other points of view been in play then perhaps better policies could have been enacted that could have avoided the current mess.

Whether discussing financial markets, economic inequalities, international trade, or the economic development of what used to be known as Third World nations, Chang takes an equally pragmatic and even handed line. He generally avoids jargon and manages to explain some fairly complicated concepts in plain English. To illustrate various points he draws on popular culture, and he is rarely boring and often witty. Although I must admit that by the last chapter on international trade my concentration began to lag.

Maria says

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Katia N says

3.5/5

Ha-Joon Chang is the economist from Cambridge. He broadly specialises in the field of development economics, but famous for his books “23 Things They Don’t Tell You About Capitalism.” (I have not read that book).

I picked up “the Manual” with the idea of refreshing my knowledge of basic economics. For this purpose, I think, the book is not the best source, but I found a few very interesting and useful parts and ideas in the book nevertheless.

He splits the book in two parts. It is the second part, “Doing economics” i've had problems with. Mainly, because it did not add too much to what i already knew. He would not go farther than the knowledge of a layperson with good grasp of the current affairs. And very often his point of view is a bit too obvious. In this part, he discusses the following Macroeconomic areas: Measurement of Growth, Production, Work and Unemployment, the Role of the Government, Globalisation. It would be useful, if one does not know

anything about how modern economy function. But if you do, you can skip this bit or read just headings.

However, I enjoyed the first part of the book and his views on the subject of the economics per se. He defines the economics as a study of economy (money, work, technology, trade, taxes and other things which we have to do to distribute the incomes generated in the process and consume what it produced.) As opposed to study of rational decision making within the constraints of scarcity.

And as a second step, he postulates that the economy could not be separated from the politics, or at least that the boundary is very blur. "Because the boundary of the market and economy is determined by politics. Not by the economics theory of whatever variety." He argues that the politicians (and sometimes the society) decide what is subject to market and what is not. For example, the human beings are used to be subjects of the market transactions during the slavery. And current emission limits trading is something which was never defined as the market before. Further he argues that "a political argument often presented as a science." by all involved.

Also he argues that the markets might be detrimental to democracy:

"Markets run according to the one-dollar-one-vote rule while democratic politics run on the principle of one person one vote. Thus the proposal for greater depoliticisation of the economy in the democracy is in the end an antidemocratic project that wants to give more power in the running of the society to those with more money."

It is a very interesting point worth considering. I personally can see where he is coming from, but do not entirely agree with the view "one dollar one vote" automatically benefits the rich - mass consumption fuelled by the debt is only thing which "trickled down" successfully. So the economy is relying on the masses to buy stuff. If they would stop for whatever reason, their economic vote would be very tangible. But this discussion is very interesting and relevant and should be continued.

The book also includes the brief history of capitalism which summarises the economic development up to current time. It is by definition sketchy, and i found it too selective to be helpful. But another chapter is devoted to the history of economic thought. He identifies 9 different schools of economic theories (from Adam Smith to Austrians, Keynesian, institutionalises etc.) and presents their main ideas, strengths and weaknesses. I found this analysis invaluable, the most interesting and unbiased part of the book. The chapter I would come back to reread. As a conclusion, he claims if the economist says to you "there is no alternative", he cannot be right and not to be trusted.

PS:

The interview with him about this book and other stuff:

<https://www.huffingtonpost.com/2014/0...>

Maru Kun says

...when faced with an economic argument, you must ask the age-old question 'Cui bono?' - Who benefits?...

Or in other words, "follow the money".

So says Ha-Joon Chang in the epilogue to this excellent introduction to economics which shows how economic questions cannot be separated from political questions and which helps explain how politicians hide behind smokescreens of economic theory and economic jargon to advance policies that favour particular interest groups - more often than not the rich - instead of policies that reflect the democratic will of their electors.

This is important as recent years have seen many professional economists turn into little more than paid shills preaching "trickle down economics" and the "supremacy of the market" for the benefit of rich patrons. This book will help you put your finger on exactly where and how the work of these shills is based on faith or fantasy rather than on objective evidence about how economies actually work.

If only Queen Elizabeth had had a copy of this book at hand when she asked why no economists foresaw the financial crisis of 2008. She would have learnt that the "neo-classical" economics that dominates economic discussion in the media is based on a series of assumptions - hyper-rationality, perfect knowledge and efficient markets - that are almost farcically different from conditions that actually apply in the world. She would also have learnt that there are many other schools of economic thought that provide much better frameworks for analysing economics and a better job of answering her question as well as learning about a range of economic issues - production, inequality, the reality of globalization, immigration - that are swept under the carpet by economists who, whether they admit it or not, have a political agenda.

...economics is far more accessible than many economists would have you believe...

Ha-Joon Chang's book is a reminder that the future of our democracy is in doubt if we don't educate ourselves to tell the difference between the economic propaganda spouted by vested interests and the economic and political truth we can observe in the world around us if we spend the time to try and understand it. This book is a great step towards such an understanding.

Elizabeth says

I really wanted to like this, but I felt like looking at economics this way was more disjointed than helpful. Instead of presenting a textbook approach to economics, Ha-Joon Chang tackles it more conversationally. After digging into the history of economic thought he explores a variety of current events and shows their ties to economics. Readers may take away a greater appreciation for what economics can tell us, but they probably won't get an understanding of how to "do" economics.

Ed says

This is a brilliant book that dismantles the current fetishism that tries to turn economics--a study of human behavior and its consequences with all the uncertainty and rough edges that any investigation of people and the way they act must contain--into a materialistic science like physics or chemistry with the same rigor and exactitude. The basic assumptions of classical, neo-classical, neo-liberal and most economic thought are based on some core principles which, when looked at apart from the ideology in which they are embedded, become risible. Unless, of course, one takes seriously that individuals are perfectly selfish, always act

perfectly rational and are able to create perfect markets by acting in her own interests.

This isn't a Jeremiad against the profession. Chang is much too entertaining and too good a writer for that. He is interested in the spirit of political economy, a concept so fitting that one wonders how it could have fallen so far out of fashion. Instead of a faux-hard science with page-long equations that generally describe nothing, he is interested in getting (back) to the real thing, the study of political management of the economy.

There is a lot to recommend in all of Chang's work and "Economics: The User's Guide" is as good a place to start as any. My only quibble is with its page design and layout--there are so many terms in **bold** type (often several per page) and so many *italic summaries* that it become distracting. Other than those typographical complaints though, this book is a masterpiece worth reading by anyone interested in how the profession of economics works.

linhtalinhtinh says

This book serves well as an introduction to Economics and its different schools of thought. This is a welcoming effort since underlying assumptions are not so often spelled out clearly and examined. Admittedly, this is only an introduction and thus the examination is brief (to my taste), yet it would be a very useful one for people not in the field, baffled by the seemingly too complex economic issues, yet who wish to know more.

This is somewhat similar to Chang's other books in the author's criticism of neo-liberalism. The bonus is his overall deconstruction of the view that Economics is a "science" in the sense of natural sciences are with, well, 'universal laws' and free of value judgments/politics. Some natural scientists would have something to comment on the latest developments in their fields about the existence of universal laws" and complete objectivity, which I wouldn't discuss. Nevertheless, surely I agree with this message.

Chang presents some major schools of thoughts in Economics, about which I was very excited. Again his presentation is cursory and I'm not totally satisfied. But more than that, my expectation was of something larger, about the overall methodologies in the field: the 'overuse' of maths, stats, (I think) etc. and thus the failure to employ other tools. It fell short of my expectation, therefore 3 stars.

Jim Angstadt says

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I really like the way that Chang organizes this book. He uses multiple layers of summary to help keep the reader focused on the topic and related to the overall concepts. He even advises what to read if one only has a very limited time. For example, "If you have a couple of hours: Read Chapters 1 and 2 and then the Epilogue."

Chapters have sub-headings; within the sub-headings, every few paragraphs have a sub-sub heading that is in italic type. This makes skimming efficient and fast. Very helpful. In about two hours I was able to read/skim almost half of the book, which was sufficient for my needs.

DNF

I ought to read some books I was likely to disagree with, to get a better idea of the full spectrum of thought around this topic. Some of the threads under the reviews of the books I read that supported free market economics still occasionally flare up. I'm much more likely to be called an idiot under those reviews than just about any other I have written. Generally that is all the people do say, though – "McCandless, you're an idiot". Which is fine, and pretty close to the level of 'debate' I would expect.

But I also read books with titles like Economics for people that don't like Capitalism or Filthy Lucre – you know, books I sort of thought might give me a more 'left wing' perspective on economics. But generally these books were written by people who fully accepted that the only way to understand the economy was from the perspective of neoliberal economics and that if your view differed in any way from this perspective then you were simply wrong. They quietly asserted that economics is a science and that that science is completely settled. The problem I had with this was that neoliberal policies have dominated the world economy for decades and, well, in a word (number?) 2008. You know, we ended up being fried in the GFC and from the outside that did look a bit like being the fault of neoliberal policies. I'd have thought that anyone who even pretended to be even a wee bit objective might think that the GFC could, perhaps, offer a bit of a challenge to the neoliberal orthodoxy. I know, I can be incredibly naïve.

This is the book that I wish I'd read close to first. It really is a lovely introduction to economics. Firstly, it tells you that the GFC really does present a challenge to the major economic orthodox theory of today – neoliberalism. It also says that there are other economic theories and that these have been far too often completely ignored by authors who have been far too partisan in their views. It then goes on to outline the major economic theories and to highlight their main assumptions and concerns. For the summary he provides of these on the pages following 165 in an appendix to the chapter on the subject really the book is a must have.

But this is so much more than merely an attack on neoliberal economic theories – in fact, it could be argued that it isn't even really that. The author sees economic theories as essentially a series of tools that can be used to help understand economic phenomena. As such, each theory provides a different way to understand these phenomena and each theory is therefore somewhat limited in its scope and applicability. The problem arises when people are ideologically committed to only one theory – he quotes that saying about to the guy with a hammer everything looks like a nail – and so that is where problems arise. As someone who likes the idea that the world is complicated and difficult to understand and that having as many candles available to help light the world from different perspectives as one can is about our only hope to understand the world at all – this is all pretty well someone singing my favourite song. But it won't be all that well liked by the kinds of people who tell me how much they hate me under those reviews I mentioned before of neoliberal economics texts I've read.

One of the things I really liked about this book is that chapters end with 'real world numbers' and this is such an important thing. He talks about things we all know to be true – we live in a globalised world, we are deindustrialising, education makes us more productive – and then he provides the numbers and muddies these waters in ways they really should be muddied.

He ends this book by saying that economics is too important to be left to the professional economists and that it isn't all that hard to learn the basics and therefore to have a better chance of knowing when you are being taken for a ride. This really is a worthwhile book to read, highly recommended.

Tanvika says

Irresistible, likeable introductory book to Economics. I can say that as being a economics student,have struggled quite a bit with the lame,dry, scientific, imaginary diagram prone idealistic neoclassical way of learning. The subject was also taught very very mechanically as a means to maximize our grades and careers.

The first thing the writer does is to break the 'hoax of being a science to be known only by specialist'. You don't need to be a genius to know what people do, why the price keeps on jumping around, the net output made, the income disparities and the high level of unemployment in the world. The layman when aware can also keep a check on the experts,the government before another 2008 crisis knocks at our door.

Again, the writer doesn't directly cut short history,society,pschyology as is general in a standard eco textbook. History of capitalism is elaborated (economic history is much neglected these days). There is a respect for various schools of thought like keynesian,Marxian,austrian, institutional, schumpeterian etc. These various schools contains some diverse views to look at our economy. There is just no one explanation.let hundred flowers bloom,hundered schools contend. Let's cross fertilize and understand the reality more better.

There are then various chapters beautifully laying the basics ; the economic actors,the output, percapita income, happiness index, unemployment, inequality reasons and trends, poverty, development,finance,trade etc. There is a multiple vantage point view followed. The themes have witty titles like ' Boris goat should drop dead' ,dramatis persona'. there is a practical way of presenting data and it's interpretation. Cross country comparisons are also very well explained. It is also pointed out clearly,that data isn't that perfect and supreme. For instance, gross domestic product excludes house work,care for elders, informal enterprises etc. Data collecting is itself a very challenging task in developing economies.

As a introductory text,i wish this book had been referred to me way earlier. It does do a fairly good job to demystify and connect economics to the ground. But, I was disappointed, by the passing mention to environmental damages caused in the name of economic growth.

Kanin Nitiwong says

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Mark Lawry says

We all have our conversational biases. Mine is a belief in limited government, free trade, and market economies. Chang's is a belief in a larger state, regulation, and a lack of faith in markets. That's fine, we can all continually read and learn from each other. However, Chang tries to walk a fine line between being governed by his own biases while yet being continually wrong. There are just too many examples of this in this work. I will name just a couple. He claims "Only Chile did well out of Neo-Liberal policies (think Reagan and Thatcher) of the 1980s and the 1990s." I'm not going to write a book about how foolish a statement this is. Then on page 166 he claims that several rich countries of Europe had maintained less than 1% unemployment during the Golden Age (post WWII until Reagan era of deregulation.) It was the

disastrous unemployment and inflation that ushered in Reagan.

There is one place where Chang and I probably agree. He says that one should read as extensively as possible opinions from as many as possible. For this reason I will probably read a couple other books of his. The problem with this book is it is nothing more than an encyclopedia of economic terms with his opinion mixed in. I'm willing to read his evidence or argument that expands on what he claims in this book. Perhaps a useful book to add to an undergrad Econ 101 reading list.
