



***Book Reflections***  
**for *Good Economics for Hard Times***  
by Abhijit V. Banerjee & Esther Duflo

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I'm not an economist by any stretch of the imagination. So previously, when the word 'economics' came to mind, I thought of people in suits, complicated Microsoft Excel spreadsheets, and arguments over what industries should get the funds necessary to increase overall productivity by one-fifth of a percent. From *Good Economics for Hard Times*, I learned that my initial thoughts weren't too far from the truth. However, the view I had focused on the popular portrayal of economics. The lens I used never pushed me to think deeply about what economists are - and economics is - trying to achieve.

Like in their previous book, 'Poor Economics', Dr. Banerjee and Dr. Duflo attempt to paint properly understood economics as a powerful tool for improving the conditions of people around the world. For example, by strategically placing resources governments could save money while subsequently increasing the quality of education, healthcare, and employment in their respective regions. That said, the greatest ally to improvement quite commonly becomes its greatest enemy. Public policy does wonders time and again, but results can be hampered down by corruption, apathy, and misunderstanding among administrations and administrators. Though the latter are not solely the byproducts of poor understandings of economics, all too often they are the byproducts of poorly designed incentive structures that make such behavior convenient, low-risk, and fiscally or socially (i.e. politically) profitable.

Through the authors' focus on 'good' economics, they seek to dismantle many of the common perceptions that average people and public figures alike may have about certain groups, behaviors, or countries. It's fascinating to see that confidence can play a significant role in keeping someone in a state of poverty. Without that confidence, they may not be motivated to seek out jobs or even seek out state-assistance (as they may feel underserving and ineligible despite the contrary). By taking a moment to reflect on homelessness and general poverty in the United States, the picture



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becomes clearer and more concrete in my opinion. The U.S. is the land of ‘picking yourself up by your bootstraps’, but economic growth has stagnated for decades for most of the population, which has led to a bloom in wealth inequality. Banks are not keen to issue adequate loans to those without sizeable assets already, and the social services much of the world has come to expect from other developed nations tend to lack in substance in the U.S.. Someone in a state of poverty in the U.S. would feel pressured to do things by themselves but would likely find very little success on that path. When they reach a point of needing (possibly relying) on services that should be available, they may find those services lacking and potentially receive unfair and underserved treatment by more fortunate individuals simply for trying to better their situations. I can’t remember where I encountered this phrase, but for some aspects of American life, ‘[ The public is told to ] pick themselves up by their bootstraps when they don’t even have boots.’ Regardless of these mixed messages and conflicting actions, there is a lot that the U.S. gets right. It just has vectors that require improvement.

I’ve used the U.S. to highlight an enormously small segment of the ideas that pop up in ‘Good Economics for Hard Times,’ and that is worth mentioning because the book is quite international. It highlights commonalities and differences in economics from regions all around the world referencing volumes of academic literature and personal experiences. Ultimately, what I’ve gathered is that to improve policy is to improve the lives of people around the world and improving the general state of economics helps along the quest of improving policy. But, as the authors state in the final chapter of the book, “The call to action is not just for academic economists – it is for all of us who want a better, saner, more humane world. Economics is too important to be left to economists.” After reading the book, I confidently agree with that statement. We all have a part to play in improving lives around the world, and there is quite a lot of work to do.