

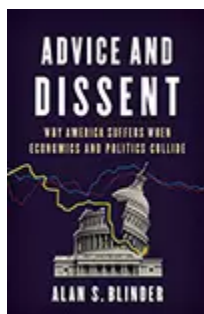
FT Series **Summer books 2018**

Economics books

Summer books of 2018: Economics

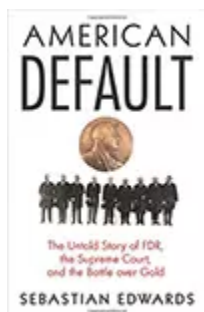
Martin Wolf selects his mid-year reads

Martin Wolf 8 HOURS AGO



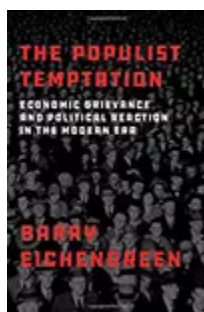
Advice and Dissent: Why America Suffers when Economics and Politics Collide, by Alan Blinder, *Basic Books*, RRP\$18.99

Princeton's Alan Blinder argues that politicians use economists for support, not illumination, and thus ignore what economics teaches, even where it is right. The US tax code is one example of the dire results. In this lucid book, Prof Blinder indicates how the relationship might improve if politicians understood why economists have useful things to say and economists understood why politicians ignore them.



American Default: The Untold Story of FDR, the Supreme Court, and the Battle over Gold, by Sebastian Edwards, *Princeton University Press*, RRP\$29.95

Sebastian Edwards of the University of California, Los Angeles, is an expert in monetary economics, including, given his deep knowledge of Latin America — he is of Chilean extraction — on government defaults. The US, most people think, would never behave in such a way. But most people are quite wrong. In this book, Edwards analyses the default that followed President Franklin Delano Roosevelt's 1933 decision to devalue the dollar against gold. The lesson is that no debt is absolutely safe, even that of the world's premier creditor nation, as the US then was. The story is fascinating and the lessons eternal.



The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era, by Barry Eichengreen, *Oxford University Press*, RRP£18.99

Barry Eichengreen has written a characteristically lucid book on the contemporary threat of populism, defined as “a political movement with anti-elite, authoritarian and nativist tendencies”. Both the US and Europe are vulnerable: the former, because its ruling ideology militates against an effective political response to the woes imposed by an unbridled free market; the latter, because nationalism feeds on hostility to the

constraints imposed by a technocratic EU, even though the creation of the EU was a wise response to the ruin caused by the unbridled nationalism of the early 20th century.



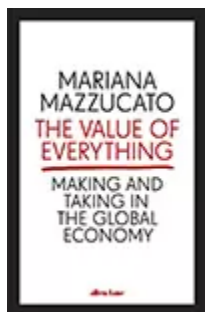
Saving Britain: How we Must Change to Prosper in Europe, by Will Hutton and Andrew Adonis, *Abacus*, RRP£8.99

In this passionately argued book, Labour peer [Andrew Adonis](#) and journalist Will Hutton argue that “a strength of democracy is that it allows decisions to be revisited”. The changes in the geopolitical environment — especially the election of Donald Trump, the absence of any sensible plan for Brexit Britain, and the public’s opposition to the ultra-deregulated economy that leading Brexiters desire — make an overwhelming case for the UK to reverse its disastrous course via a second referendum on the Brexit deal.



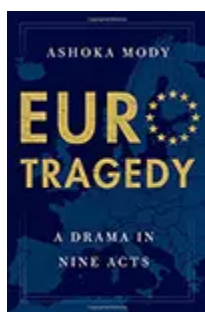
Can Democracy Survive Global Capitalism?, by Robert Kuttner, *WW Norton*, RRP\$27.95

“If democracy cannot harness capitalism, it runs the risk of subverting itself and giving way to neo-fascist regimes that will pretend to manage the market but more often ally themselves with corporations and substitute ultra-nationalist symbols and scapegoats for reform.” This is absolutely right. The problem is not liberal trade, but an out-of-control form of globalised capitalism. Democrats must confront this danger now, argues Kuttner, if the political system they treasure is to survive.



The Value of Everything: Making and Taking in the Global Economy, by Mariana Mazzucato, *Allen Lane*, RRP£20

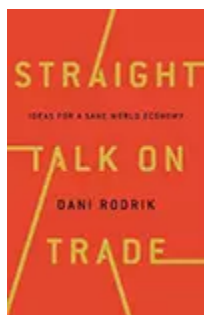
In this thought-provoking book, [Mariana Mazzucato](#), professor at University College London, argues that it is far too easy for those operating in the contemporary market economy to get rich by extracting value from those who actually create it, not by adding it themselves. To understand this, we need to return to the question with which economics began: what creates value? When we answer this properly, we will realise that an important part of the answer is: government rather than much of contemporary finance.



EuroTragedy: A Drama in Nine Acts, by Ashoka Mody, *Oxford University Press*, RRP£22.99

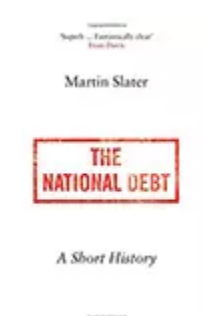
Ashoka Mody has written an economist’s equivalent of *J'accuse*, Emile Zola’s diatribe in response to the anti-Semitic Dreyfus affair in 19th-century France. Mody argues that the European elite have implemented an unworkable French plan for monetary union, one that not only lacked the political underpinnings for success, but has also inevitably weakened those underpinnings. The result has been destructive crises, huge

economic divergences and great ill will. Moreover, he argues, Italy is on the eurozone's faultline. All this looks depressingly convincing today.



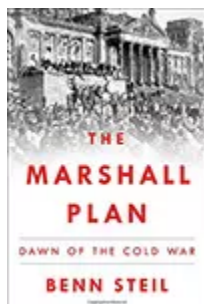
Straight Talk on Trade: Ideas for a Sane World Economy, by Dani Rodrik, Princeton University Press, RRP£24/\$29.95

Harvard's Dani Rodrik has long been the most perceptive critic of contemporary trading arrangements. His most challenging point is that we must give countries more breathing room in which to make their own policy choices, even when they are misguided. If democracy is put in too tight a straitjacket, the result will be rightwing authoritarian populism. That danger is already very much present. We must hope it is not too late to turn it back.



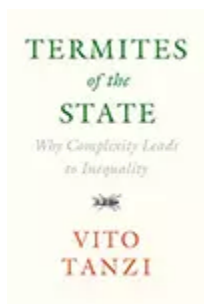
The National Debt: A Short History, by Martin Slater, Hurst, RRP£20

Martin Slater of St Edmund Hall, Oxford, has written an invaluable book on one of the UK's most remarkable instruments of power: the national debt. Without the ability of Britain's government to borrow, it would have been unable to defeat France and Germany, or create its empire. Notwithstanding the hysteria in some quarters, the debt burden is today relatively low by historical standards. Bigger issues are how fast the economy will grow and how disciplined politicians will be in future.



The Marshall Plan: Dawn of the Cold War, by Benn Steil, Simon & Schuster, RRP\$35

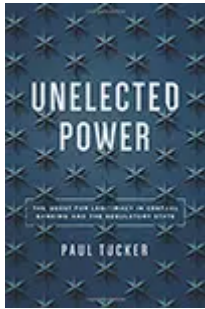
Benn Steil of the Council on Foreign Relations has produced a deeply researched and highly informative analysis of the 1948-51 Marshall Plan. The book makes clear that its political consequences were at least as important as its economic ones, especially the successful reintegration of western Germany, in both respects. Ultimately, the reconstruction of western Europe and the containment of the Soviet Union led to the west's victory in the cold war. Since the current US president appears to view democratic Europe as an enemy, the book is also depressingly timely.



Termites of the State: Why Complexity Leads to Inequality, by Vito Tanzi, Cambridge University Press, RRP£22.99

Vito Tanzi, a former senior official at the International Monetary Fund, has written a thoughtful, historically grounded analysis of the discontents of today's high-income democracies. Our governments are overstretched and, in some respects, dysfunctional. Yet a plutocratic elite has also emerged, threatening to undermine both our democracy and our competitive economy. This development is partly due to deregulation

and globalisation, but it is also partly due to regulation. So is government the problem or the solution? Tanzi concludes that we need a “new wisdom” for our new age.



Unelected Power: The Quest for Legitimacy in Central Banking and the Regulatory State, by Paul Tucker, *Princeton University Press*, RRP£27/\$35

In certain significant areas, politicians have entrusted economic technocrats with the task of making politically significant policy decisions. The most important examples are in monetary policy and financial regulation, both almost universally carried out by independent central banks. In this important book, [Paul Tucker](#), a former deputy governor of the Bank of England, analyses where and how to delegate these and other responsibilities, and where and when such delegation risks undermining democratic legitimacy itself.

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