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Rodrik Dani, *Economics Rules. The Rights and Wrongs of the Dismal Science*, W.W. Norton & Company, New York 2015: 253, ISBN 978-0-393-24641-4

“Economics rules. The Rights and Wrongs of the Dismal Science” – Dani Rodrik’s book published mid-2015 has been proclaimed by pundits as one of the best books of 2015. What makes it worthy of our attention? It is the economy itself with all its successes, contradictions, failures and unanswered questions since its emergence. Rodrik’s book has been written in the aftermath of the recent economic crisis (2008) and its implications on the world economy. Those events raised people’s concern about the credibility of economists e.g. Alan Greenspan’s lack of capability to foresee the upcoming banking collapse and economics as such.

Rodrik – a Harvard professor, a so called “revolutionist among his folk”, in his excellent book takes his readers on a tour of the “pro and contra” arguments of the conventional wisdom. He possess the all credentials to ponder over the “dismal science” due to the versatility of his activities – amongst them advisory work and contributions to strategies for developing countries. He is also the author of two books on globalization and a lecturer at world’s most famous universities.

Being at the forefront of political economy and globalization issues his central message is that economics consists of a range of models which need to be applied and interpreted according to the circumstances. He utilises contra-model arguments: “95 percent of economics is common sense – made to look difficult, with the use of jargon and mathematics” – against the arguments for the models which are “absolutely essential to understanding the workings of society” and argues that models reflect only a part of real-

ity. However they are indispensable when applied in a given context. So the range of the arguments continues: maths in economics against social science, simplicity versus complexity and finding analogies between models and fables: “They are simple and are set in abstract environments. They make no claim to realism for many of their assumptions (...).”

Economics rules is definitely an American-centred book: the storyline as well as a large number of “characters” are placed in US. Following the footprint of economic thought there is not much evidence of great European economists or their theories such as Hermann Gossen who in his pioneering work *Die Entwicklung* developed mathematical formulations of economic theory or Ragnar Frisch who warned against excessive formalization of economics already in the 1960s. Therefore considering the role of maths in economic science Rodrik did not invent anything new. It is the aspect of THE model – that makes the entire book exciting. The complete storyline is about THE model versus A model which makes the difference. Rodrik is a supporter of THE model which applies in certain scenarios only and is simple: “Selecting the right model to apply is key.” He argues that economics as a science cannot rely on assumptions and a question “what if” or “just imagine” only. He expounds the behavioural pattern in science which is subject to psychology and irrational choices of people. Thus, to my mind, he replicates the great heterodox economists from the Austrian School such as Eugen von Boehm-Bawerk and Friedrich von Wieser who had already taken the be-

havioural aspect into consideration when formulating theories. Rodrik was able to fill his book with thought provoking ideas whilst defending the science from critics. He subtly looks into the subject of theories vs. models. One might think there is no difference between a model and a theory as both rely on hypothetical assumptions. Rodrik argues that “Theories don’t deliver what they promise. They are a scaffolding” whereas a model “scrutinizes the consequences of a particular case.” And yes, economists can be wrong. Rodrik discusses the Washington Consensus and the financial globalization case where economists mistook A model with THE model which resulted in the financial crisis. The several digressions formulated as a hoax make the story even more fascinating and give it a whiff of pragmatism. To my mind Rodrik convinces with the intertwined analysis of versatile factors which represent economics as such. Perhaps his ambivalence lies in his inclination against normative economic principles and thus goes beyond it which requires skill to handle. I could not agree with him more in his request to engage more foxes than hedgehogs in economic science.

Those who seek explanation of recent global events such as the economic crisis in 2008, the shift in the geopolitical order and the rising inequality gap between rich and poor might find Dani Rodrik’s book a panacea to soothe the evolving disbelief in economics. I like his structured approach, from the table of contents – characterized by perfect conformity with (typical for Dani Rodrik) simplicity, logic

and the ability to illustrate economics and facts – until the last chapter which contains commands addressed to both non-economists and economists. The well defined concepts are complemented with richly elaborated footnotes and make the book accessible for economic laymen as well as professionals. He makes the reader comfortable with the navigation without getting lost in the jungle of models, theories, facts and for some – fables. A downside is that there is a scant evidence of the contribution of female economists to the economic science in his book. The important work produced by Joan Robinson “The economics of imperfect competition” is not mentioned. It might reflect the fact that female economists have risen to prominence in economics only during the past couple of decades. There is little mention of Central European economists who started the international debate on the socialist system. In this context issues relating to China and the modern world systems are missing. China is a good example of ambivalence and opposes Rodrik’s argument on carbon emission and its efficiency. It is neither a moral nor an incentive matter – it is a political issue.

All in all Rodrik’s book is a page-turner carrying important and memorable messages. The material covered is substantial and, most importantly, Rodrik is a pioneer in popularizing a maverick policy discourse. Eventually, as Rodrik claims, “In economics context is all.”

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Aims and Scope

Economics and Business Review is the successor to the Poznań University of Economics Review which was published by the Poznań University of Economics and Business Press in 2001–2014. The Economics and Business Review is a quarterly journal focusing on theoretical and applied research work in the fields of economics, management and finance. The Review welcomes the submission of articles for publication dealing with micro, mezzo and macro issues. All texts are double-blind assessed by independent reviewers prior to acceptance.

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