



23 Things They Don't Tell You about Capitalism

Ha-Joon Chang

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Reviewed by John Walsh, Editor, *SIU Journal of Management*,
School of Management, Shinawatra University, Thailand.

As an eminent development economist and economic historian, Ha-Joon Chang is skilled in both analyzing economic issues and presenting them within a coherent historical context. It is an

unfortunate aspect of the contemporary world that these qualities seem to set him apart from the great majority of economists in the public eye who have turned away from intellectual honesty to promote a shameful brand of right-wing populism aimed at promoting the tax cuts for the rich and austerity for everybody else which is doing so much to blight the lives of millions of people and storing up so much damage for the future. That Chang remains consistent to genuine economic analysis and can present his findings in a concise and striking manner has been enough for him to become an international bestselling author in addition to his academic success and prominence as an emergent public intellectual.

As a South Korean, Chang grew up during the period of rapid economic development in that country and could see at first hand the relentless way in which the government organized growth and the endless labour of a generation of workers who contributed so much to what is often glibly referred to as a ‘miracle,’ as if it were some blessing rained down from heaven on people who did little if anything to deserve it. A formative intellectual experience for anyone involved in East Asia during this period was the contemporaneous effort by bodies as eminent as the World Bank to describe the events as if the role of governments and workers was peripheral or at least unrepeatable and that it was all really the work of the markets which had suddenly brought forth periods of unprecedented economic growth. This too was a political event and coincided with the opposition in the USA to President Clinton and, via money politics, the start of the institutional corruption of economics as a means of making sense of the world and, thereby, using it to create worthwhile policy initiatives.

Since that time, a number of other dishonest or at least mistaken interpretations of history have entered into common currency, from the supposed benefits of the Jack Welch ‘shareholder value’ model that has contributed so much to the dangerously rising income inequalities in western countries to the current obsession with what Paul Krugman has called the ‘confidence fairy’ which European governments and the American Republican Party profess to believe will suddenly arrive from the private sector to drive growth at a time of economic crisis that requires significant government stimulus. Ha-Joon Chang’s task in this book is to skewer as many of these falsehoods as possible, pointing out the reality underlying the rhetoric of those misinterpreting the dismal science. In doing so, he remains in common with Krugman resolutely within the confines of bourgeois economic thought – these are not left-thinking people and it is a sign of just how far the political landscape has been wrenched to one side that their mild, centrist views could be portrayed as anything else.

The book is organized into 23 chapters or ‘things,’ each of which takes an element of economic thought and tries to explain what the economics of the situation really is. Most of these are, in fact, quite obvious to people with an intellectual interest in the world and a reasonable degree of observation: Thing 15, for example, rests on the presumption that people in rich countries are more entrepreneurial than those in poor countries and this explains the distribution of wealth. It would take a very willfully blind person actually to visit a less developed country and walk its streets and still think that people were anything other than entrepreneurial – they have to be, after all, in order to survive. Thing 6, meanwhile, is concerned with the idea that the world has become more stable now that inflation, the arch-devil of all economic phenomena, has been tamed. Well, there are few people

who would honestly claim such a thing in 2012, although no doubt it will start to creep back in by 2015.

That these elements of so-called common sense are so easy to dispel makes the book easy to read but perhaps makes it less likely that it will actually make any difference: those people interested in evidence and rational consideration presumably know that most of these things are true and those who reject them do so because of emotional or ideological reasons. It is no surprise, of course, that education for the working and middle classes has been under attack throughout most of the developed world over recent years. This has entailed not just cuts in funding but the continual smearing of academics and academic research in the popular media (although there are in truth plenty of papers and books worthy of being so traduced). There is also the role of the religious right as part of an attempt to substitute intuition or common sense above the ability to make decisions based on the best-available data. It seems hard to believe that such blatant efforts at persuading people to act against their own interest could possibly work in the twenty-first century but the success of this book perhaps indicates the need for a reassertion of the intellect.