The works of Ha-Joon Chang

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Abstract
Over the last 20 years, Ha-Joon Chang has weaved a consistent narrative in popular books from Kicking Away the Ladder in 2002 to Edible Economics in 2022. His body of work challenges the narrative in mainstream textbook economics. While his focus is on free trade, foreign direct investment, and neoliberalism, he offers interesting insight on the role of culture in economic development and why poor people in poor countries are poor. His narrative is very much welcome in a time with calls for economic pluralism in the pedagogy of economics.

Introduction

I first came to know of Ha-Joon Chang while reading The Econocracy (Earle, Moran, and Ward-Perkins, 2017), a book which calls for a paradigm shift in teaching economics, and which cautions that economics is too important to be left to the experts. I was reviewing multiple books to answer the student call to change how economics is taught by introducing pluralist perspectives. Chang's name popped up on more than one occasion and I decided to follow up on his popular books. I selected six books (Chang 2002, 2007, 2010, 2014a, 2014b, 2022) from the last 20 years (2002-2022) and discovered common themes running through them. These include ideas that are critical of the neoliberal approach that rests on free trade, small government, privatization, liberalization, and deregulation. I found these ideas to directly clash with the standard neoclassical economics that I have been teaching for over a decade in the standard ECON 101 courses using the Mankiw, Kneebone, and McKenzie (2023a, b) textbooks. The principles crystallized in these courses include that free trade makes every nation better off, that free markets allocate resources efficiently, and that government intervention through ceilings and floors causes dead weight loss. It is this context that informed my review of the salient ideas that I found in these six books chronologically as follows. This review facilitates in drawing out the narrative that Chang has consistently weaved over the last 20 years.

Kicking Away the Ladder (2002)

While Chang had written books prior to Kicking Away the Ladder, it is this book that brought him notable recognition. In chapter 1, he describes the pressures on developing countries to adopt neoliberal policies of stringent macroeconomic policy, trade liberalization, privatization, deregulation, and intellectual property rights (IPRs). However, he argues that the Now Developed Countries (NDCs) developed with industrial, trade and technology (ITT) policies including infant industry protection. He references Friedrich List, who stated that advanced countries "kick away the ladder" to prevent others from catching up with them. This means that countries like Britain and the U.S. industrialized through protectionism but then preached developing countries to practice free trade. Finally, he argues that institutions deemed necessary for economic development were the outcome and not the cause of economic development.

In chapter 2, he mentions that Britain routinely used export subsidies, import tariffs, and controlled transfer of technology, skilled worker migration and machinery export. It encouraged its colonies to focus on raw materials and banned high valued added manufacturing. Moreover, it pressurized less developed countries to open their markets and imposed unequal treaties that prevented tariff autonomy. Similarly, many NDCs protected infant industries, poached skilled workers, smuggled machines, engaged in industrial espionage, and routinely violated IPRs.

In chapter 3, he mentions that institutions of advanced economies require financial and human resources and therefore are costly to implement in developing countries. He mentions that NDCs did not have universal suffrage. Instead, they had electoral fraud, nepotism and corruption in both bureaucracy and judiciary. On secure property rights, he states that violating property rights through land reforms is beneficial for economic development. On IPRs, he states that the anti-patent movement in Europe condemned patents as monopolistic practices and that many NDCs routinely flouted IPRs. Overall, he argues that the NDCs fell short of standards that are being demanded of developing countries today.

In chapter 4, he states that neoliberal policies have not delivered economic growth and instead exacerbated inequality. Instead, the key to economic development is to shift to high value-added activity, which requires government intervention through ITT policies. He reiterates that while the NDCs used ITT policies for economic development, they deny the same to developing countries through organizations like the WTO. Overall, he makes the case for not demanding rapid institutional change in developing countries, for radically changing policy conditions imposed by the IMF and the World Bank, and for having institutions that are appropriate to the social, political, and cultural conditions of the developing countries.

Bad Samaritans (2007)

While Chang wrote several books since the success of Kicking Away the Ladder, the next one that stands out in terms of popular appeal is Bad Samaritans. In the introduction, he states that contrary to the neoliberal approach on free trade and free markets, South Korea developed through protectionism, state owned enterprises (SOEs), and relaxed attitudes towards patents. The government followed a pragmatic approach instead of restricting markets (communism) or having free markets (capitalism). Finally, he states that economies that followed free trade performed poorly, whereas those that opened their economies gradually and selectively have had the best economic performance.

In chapter one, he describes the neoliberal approach as based on privatization of SOEs, macroeconomic stability with low inflation and budget balance, trade liberalization, deregulation of capital markets and small government. He critiques neoliberal policies, which have decreased growth and increased inequality and stability. Instead, he explains the economic success of the East Asian economies including Japan, South Korea, Taiwan, Hong Kong, and Singapore through government intervention and protectionism. Generally, he contrasts the per capita growth rate of developing countries under government intervention and protectionism of the 1960s and 1970s with neoliberalism of post 1980s (3% vs. 1.7%). Finally, he rejects the idea that there is no alternative (TINA) to neoliberalism and states that globalization is shaped more by policy choices than technological advances.

In chapter two, he critiques that the Ricardian theory assumes current technology, maintains the status quo, and that it fails when a country wants to develop advanced industries. In chapter three, he draws the analogy between exposing children to competition by making them work and exposing infant industries to competition before they are ready. He argues that mastering technologies takes time for which temporary protection is warranted. Critiquing free trade models, he argues that the gain to the winners may not be greater than the loss to the losers. He adds that free trade is about short run consumption rather than long run economic development.

In chapter four, he critiques free capital mobility, stating that capital inflow can create asset bubbles and that capital outflow can exacerbate economic crisis. He tempers the benefits of transnational corporations (TNCs) that include technology transfer, managerial skills, and jobs. He argues that TNCs restrict higher level R&D to home countries and that TNCs use infrastructure funded by taxpayers but limit paying taxes through transfer pricing between subsidiaries. Finally, he tempers the argument that TNCs vote with their feet in response to regulation, arguing that high quality labour, infrastructure, and attractive markets are stronger determinants of FDI than regulation.

In chapter five, he illustrates the success of SOEs in East Asian economies of Singapore, Korea, Taiwan, and China. He adds that SOEs can be better when private firms focus on short-term gains and avoid risky long-term large investments. He is also skeptical of privatization because the private sector is less interested in buying poorly performing SOEs, buys at a low price that transfers public wealth to them, and possibly adds to corruption as in the case of the Russian oligarchy.

In chapter six, he critiques that instead of IPRs, scientific curiosity and the desire to help humanity are more important determinants of new ideas. He mentions the 19th century critique of patents that temporary monopoly rent due to imitation lag was sufficient reward for innovation. He also critiques advanced economies for blocking knowledge to developing countries through IPRs, as economic development rests on absorbing advanced technologies. Additionally, he argues that IPRs impede technological progress due to interlocking patents where patents are given for minute pieces of knowledge. He states that IPRs extract rent from developing countries that must spend limited resources on lawyers to comply with IPR agreements. Finally, he argues for shortening the time limit of patents, supporting public research, and taxing patent royalties.

In chapter seven, he states that central bank independence allows to focus on price stability, which facilitates long-term planning, investment, and growth. However, he argues that inflation does not need to be in the prescribed 1 – 3% range for economic growth. Moreover, he states that while advanced economies adopt expansionary fiscal policy and monetary policy during recession, the IMF prescribes the opposite through higher interest rates and budget balance to developing countries. Thus, he argues that IMF policies impede investment, growth, and jobs in developing countries.

In chapter eight, he critiques the view that corruption impedes economic development, as most advanced countries developed despite massive corruption. He argues that bribes may enhance efficiency by cutting through inefficient red tape. However, he places the caveat that this viewpoint holds if bribes are not siphoned abroad and are used for investment instead of conspicuous consumption. He also states that the causality runs from economic development to lower corruption, as development allows the government to have resources to combat corruption. Additionally, he criticizes privatization that increases bribes, deregulation that contributes to insider trading, and liberalization that reduces government revenues to combat corruption. He also states that markets can subvert democracy as the former is based on 'on one dollar one vote' and the latter on 'one person one vote'. Finally, he critiques that constraining governments through balanced budget rules and central bank independence weaken democracy by limiting decision making by elected representatives.

In the final chapter, he critiques using cultural stereotypes to explain economic development. He states that Confucian culture can be characterized by hard work, education, and saving but also as discouraging creativity and upward social mobility. Additionally, he criticizes the stereotype that people are poor because they are lazy or because of culture, arguing that they are poor because of lack of economic development. He illustrates that cultures changes with economic development, so that causality runs from economic development to culture. Overall, he reiterates that economic development requires defying the market by subsidizing advanced industries and sacrificing short-term consumption of cheaper goods for long-term development of industries. Finally, he states that instead of skipping industrialization or developing services, which are prescribed by those who promote free trade or the post-industrial economy, developing countries should develop manufacturing industries.

23 Things They Don't Tell You About Capitalism (2010)

Bad Samaritans continued the narrative of Kicking Away the Ladder albeit in a more user-friendly form. Chang's next book, 23 Things They Don't Tell You About Capitalism, continues with the narrative in an accessible form. In the introduction, Chang notes that neoliberalism has led to reduced growth, instability, and higher inequality since the 1980s. He also states that 95% of economics is common sense and that we do not have to understand all the technical details for democratic participation. Given this introduction, he explores each of the 23 things about capitalism by first presenting the neoliberal viewpoint and then the alternative perspective. The following focuses on the salient ideas.

Thing one is about the idea that free markets allocate resources efficiently. Chang counters that free markets do not exist, as the rules and boundaries of the market are determined politically. Examples include the ban on child labour and the market for human organs. He adds that wages and interest rates are determined politically, as wages are determined by immigration controls and interest rates are reduced during a crisis in advanced economies.

Thing two is about the idea that the objective of the firm is to maximize shareholder wealth. Chang counters that compared to employees and suppliers, shareholders are the least committed stakeholders and focus on short-term profits at the expense of long-term investment. He adds that the focus on shareholder value maximization has led to share buybacks, stock option-based compensation, job cuts, and outsourcing. This has led to lower growth and higher inequality. Thus, he argues for worker representation on company boards to focus on stakeholders other than shareholders.

Thing three is about the idea that people earn based on their productivity. Chang counters that the wage gap between the advanced and developing countries is not due to productivity but immigration control. He adds that countries are poor not because the poor are stereotypically lazy but because the elite in developing economies are not as productive as the rich in advanced economies. Overall, productivity is based on institutions, technologies, and infrastructure, which the elite in developing economies have failed to establish effectively.

Thing five is about the idea that free markets are based on self-interest and that communism failed because it appealed to altruism. Chang counters that self-interest is not the primary human motive and that an effective economic system is based on a wide range of human motives. He adds that successful firms are based on inspiring workers, promoting teamwork, and giving workers responsibility. Overall, he argues that effective management is about drawing such motives instead of monitoring and punishing people.

Thing six is about the idea that controlling inflation is significant for investment and growth. However, Chang counters that by raising the interest rate, excessive anti-inflation policies take away from full employment and growth, and mainly benefit holders of financial assets. He critiques the target inflation of 1 – 3%, indicating that in the 1960s, Brazil grew rapidly despite a 42% inflation rate and that Korea grew at 7% per year despite a nearly 20% inflation rate. He adds that high real interest rates draw resources away from real investment to the financial sector, as companies pursue higher financial returns. Overall, excessive anti-inflation policies harm workers and benefit holders of financial assets.

Thing eight is about the idea that TNCs will not invest in a country with government regulation against their interests. Chang counters that TNCs conduct high-end R&D and deliver the bulk of the benefits in home countries. He adds that any R&D that is shifted to China or India is of low sophistication, as networks and institutions cannot be easily shifted to other countries. Additionally, he states that instead of creating new firms and jobs, much foreign investment is about acquiring existing companies to resell them after restructuring. Thus, he argues that instead of lax regulation, developing countries should promote joint ventures, demand technology transfer, and mandate worker training.

Thing nine is about the idea that developing countries should focus on services, as we have entered the post-industrial age where manufacturing is not important compared to knowledge-based services like finance and information. However, Chang counters that manufacturing has higher productivity growth compared to services. Thus, growth would be slower if based on services. He states that for many services increasing productivity would come at the expense of quality, as in the case of increasing teacher productivity by increasing the class size. He adds that a decline in industry would reduce quality of services, as knowledge-based services are based on industry. Thus, he argues that developing countries should not skip industries for services.

Thing eleven is about the idea that Africa has failed to grow despite implementing free market policies. Chang states that free market policies are the main reason for African stagnation. He argues that African countries were forced to adopt free market policies through structural adjustment policies that are not conducive to economic development. Free trade forced them to focus on exporting primary commodities like cocoa and coffee that are subject to price fluctuations and based on stagnant technologies. Moreover, the focus on budget balance led to spending cuts in infrastructure.

Thing twelve is about the idea that governments often pick white elephant projects like steel mills instead of winners, as they are driven by power, not profit. Chang counters that governments have picked winners through collaboration with the private sector. He illustrates that many advanced countries have used tariffs, subsidies, and regulation to promote industries. To illustrate, the U.S. has picked industrial winners through R&D support in computer, internet, aircraft, and biotechnology industries. Finally, he adds that even the most successful private firms fail to always pick winners given uncertain technologies.

Thing thirteen is about the idea that rich people invest and create jobs. Chang counters that trickle down policies have failed to increase growth. This is because post 80s tax cuts, financial deregulation, and trade liberalization contributed to low economic growth, increased financial speculation, put downward pressure on wages, and increased inequality. Finally, he adds that greater income equality increases productivity, investment, and growth.

Thing fourteen is about the idea that large compensation is warranted to attract talent and that we should avoid the politics of envy. Chang counters that CEOs are overpaid, do not get penalized for poor performance, and that they have economic, political, and ideological power to tilt policies in their favour. Moreover, corporation performance is based on labour and cooperation and not just CEOs. Finally, he adds that through downward pressure on wages, CEOs generate profits for shareholders and keep them from questioning high executive compensation.

Thing fifteen is about the idea that poor countries will not achieve economic development without entrepreneurship. However, Chang counters that people in poor countries are far more entrepreneurial than those in advanced economies but lack the technologies, scientific infrastructure, and educational and financial system. He adds that poor people in developing countries are restricted to a limited range of businesses given the narrow range of technologies and the near-usurious interest rates charged by microfinance institutions. Overall, instead of individual talent, he emphasizes institutions and organizations.

Thing seventeen is about the idea that high education is necessary for economic prosperity. However, Chang states that there is little evidence that education is a major determinant of economic prosperity, that it is high productivity organizations that matter for economic prosperity, and that East Asian economies did not have unusually high levels of education at the start of their economic development. He mentions that not all education contributes to productivity and that a lot of work requires general intelligence, discipline, and organization instead of university education.

Thing eighteen is about the idea that restricting business freedom reduces investment and jobs. Chang counters that unfettered corporate freedom may not be good for the firms. He states that regulations help businesses by limiting their individual short-term profits but increasing their collective long-term productivity. For instance, child labour regulations increase long-term worker productivity, banking regulations prevent financial instability, and banning the import of obsolete technology prevents locking into dead-end technologies.

Thing nineteen is about favouring decentralized decisions over planning. Chang counters that capitalist economies have been largely planned, given the use of sectoral industrial policy, SOEs in infrastructure, and state R&D in industries like computers, biotechnology, and aircraft. Additionally, planning has increased with large TNCs in advanced economies, which therefore are more planned than poor countries.

Thing twenty is about the idea that affirmative action is unfair and inefficient. Chang counters that equality of opportunity is not sufficient and that some equality of outcome by ensuring a minimum income to ensure food and healthcare for children is warranted. This is because without some equality of outcome, the poor cannot take advantage of equality of opportunity, as competition is not fair in the absence of a level playing field.

Thing twenty-one is about the idea that the welfare state makes the poor lazy, disincentivizes the rich to create wealth, and reduces economic efficiency and dynamism. Chang counters that the lack of job security instigates conservative career choices, leads to a misallocation of talent, and reduces economic efficiency and dynamism. He argues that the welfare state facilitates people to take more chances with their jobs and be open to change. Thus, instead of reducing economic dynamism, the welfare state enhances it.

Thing twenty-two is about the idea that financial markets allocate resources efficiently. Chang counters that financial markets generate short-term profits but impede long-term development. He elaborates that the focus on short-term gains creates economic instability, as liquid capital moves irrationally and swiftly. This jeopardizes long-term investment and diminishes productivity growth. Thus, he argues for curbing speculative investment and restricting capital flows.

Thing twenty-three is about the idea that since government officials are not trained in economics, they should avoid selective industrial policy and stick to free market policies. Chang counters that good economic policy does not require good economists. He states that East Asian miracle economies were economically led by lawyers, engineers, or scientists. In contrast, the economic performance of Chile under the Chicago economists has been much inferior. He adds that economic policy requires general intelligence instead of specialized knowledge. Moreover, classroom economics is too unrealistic for economic management and may be harmful for the economy. This is evident from the observation that Nobel laureates in economics and those with degrees from top universities justified financial deregulation and short-term profits that led to the financial crisis.

In conclusion, Chang recapitulates that his criticism is not of capitalism but of free market capitalism, which has increased economic inequality, job insecurity, and financial instability. He adds that a new economic system should be based on recognizing bounded rationality, regulating the financial system, restricting financial innovation, motivating through factors other than material interest, recognizing that earnings are based on immigration controls than productivity, ensuring some equality of income beyond equality of opportunity, restraining executive compensation, providing publicly subsidized retraining, rejecting the post-industrial economy myth, tempering the excessive focus on formal education, restricting financial capital flow, instituting financial transaction taxes, supporting the welfare state, using government intervention through R&D, infant industry support, and regulating foreign investment and IPRs.

Economics: The User's Guide (2014a)

Chang followed 23 Things They Don't Tell You About Capitalism with another user-friendly book, Economics: The User's Guide. In the prologue, he reiterates the point that 95% of economics is common sense that is complicated by technical jargon and mathematics. He adds that economics cannot be left to the experts, and that it is not a science with a single right answer. The review below focuses on the salient ideas.

In chapter one, he states that through books like *Freakonomics* economics is projected as a subject that explains everything. However, most economists could not provide solutions to the financial crisis. He argues that economics should not be defined by the economic approach as popularized by books like *Freakonomics* and instead defined in terms of the subject matter including money, work, trade, technology, and taxes.

In chapter two, he states that unlike Smith's time with the baker, butcher, and brewer, TNCs manipulate markets and consumer tastes through brand names and advertising. Such giant corporations exercise market power, as evident from firms like Walmart and Amazon. Thus, he concludes that economic theory is specific to time and space.

In chapter three, he critiques neoliberalism. Alluding to Thatcher's Britain, he adds that raising interest rates to combat inflation destroyed the manufacturing industry and made exports uncompetitive, as the currency appreciated with capital inflows. He critiques financial deregulation that incentivized downsizing and laying off workers for short-term gains. Similarly, he cautions against overnight liberalization that channels foreign capital towards speculation and asset price bubbles. Alluding to trickle-down economics, he questions the discrepancy between using tax cuts to incentivize the rich but not raising the minimum wage to incentivize the poor. Instead, he argues that the welfare state increases upward social mobility, encourages long-term investments and economic growth. Finally, he adds that where central planning failed in communist economies, austerity and trickle-down economics have failed in capitalist economies. Thus, economic pluralism is warranted.

In chapter four, he mentions diverse schools of economic thought. Such diversity exists, as value judgments underlie the technical jargon and numbers. On the neoclassical school, he states that it starts with rational, self-interested individuals. However, based on examples of selfless soldiers and highly educated bankers who buy into bubbles, he critiques the assumption of rationality. He also critiques the Pareto criteria for justifying the status quo. For instance, in justifying low wage jobs, he states that the TINA argument neglects that labour laws and land reforms can make working conditions better.

In chapter five, he mentions that corporations fund think-tanks that propagate free market ideologies so that people buy into the idea that they are poor because they did not work hard enough. Therefore, they internalize a false consciousness, as they start arguing against their own interest by rejecting redistributive taxes and welfare spending. However, he showcases alternative systems where worker representatives are involved in managerial decisions, as in the case of cooperatives. Additionally, given the exorbitantly high compensation of CEOs, he views trade unions as helping workers obtain better wages and work conditions.

In chapter seven, he reiterates that economic development is based on developing productive capability instead of relying on foreign companies to extract natural resources. On developing economies, he attributes deindustrialization to neoliberal policies of inflation control, high interest rates, and overvalued exchange rates. Finally, he states that the manufacturing sector is important for green technologies even though a technological fix solely may not be sufficient to address climate change.

In chapter nine, he critiques trickle-down economics and the idea that inequality is the outcome of differential productivity. He states that inequality decreases social cohesion, increases political instability, impedes upward social mobility, and reduces economic growth. Furthermore, inequality is associated with imprisonment, mental illness, obesity, and other social and health indicators. He adds that despite the increase in the income share of the Top 1%, investment and economic growth have slowed down. Finally, he blames economic policies like tax cuts and deregulation of the labour and financial markets for inequality.

In chapter ten, he critiques neoclassical economics for viewing work as bringing disutility instead of self-fulfillment. This is important, as the unemployed experience loss of dignity, feel depressed, and are more likely to commit suicide. He adds that while neoclassical economics highlights compensating wage differential for bad jobs, workers often have no choice in accepting bad jobs as the alternative is starvation. On technological unemployment, he critiques neoclassical economics for assuming smooth transition. This is because it is difficult for laid off workers to acquire skills in a new industry even with government support for retraining and relocation.

In the final chapter, he delves into free trade. He states that while the gain to the winners is greater than the loss to the loser under free trade, the compensation from the winners to the losers is not made in the real world. On capital flows, he states that sudden inflows can increase trade deficits because of currency appreciation. Similarly, sudden capital outflows make repayment of foreign loans burdensome because of currency depreciation. Finally, he notes that hyper-globalization is not the consequence of technological development but deliberate policy choice.

In the epilogue, he recapitulates that economics is not a science, as it is based on value judgment. He rejects trickle-down economics, critiques the Pareto criterion for maintaining the status quo, and the one dollar one vote rule of free markets, which allows the rich to tilt market outcomes in their favour. Moreover, he highlights the need for economic pluralism. Finally, he reiterates that economics is too important to be left to the experts, as doing so inhibits citizen participation in a democracy.

Reclaiming Development (2014b)

Unlike other popular books, Chang co-authored this book and first published it in 2004, ten years prior to the second edition. Moreover, the writing style is more like Kicking the Ladder than the other more user-friendly books. The following focuses on the salient ideas.

In chapter six, Chang and Grabel critique the argument that politicians and bureaucrats cannot be trusted with economic policy, as they are driven by power rather than public interest. Neoliberals argue that policy making should be relegated to independent bodies like the IMF and WTO. However, the authors counter that the public sector is no more corrupt or less efficient than the private sector, which is marred with corporate scandals, collusion, power concentration, and corruption. Moreover, relegating policy making to independent bodies violates the principles of democracy, accountability, and transparency. Finally, the IMF and the WTO do not serve the public interest, as they are influenced by the global financial community and business interests.

In chapter seven, the authors critique the neoliberal view on the merits of free trade and the failure of import substitution. They counter that free trade is not conducive for industrialization, as poor countries specialize in sectors that maximize short-term consumption but stunt long-term growth. They add that trade liberalization leads to loss of tariff revenue, which limits resources to compensate the losers from free trade. In terms of policy alternatives, they emphasize promoting advanced industries and imposing temporary controls to address balance of payment problems. The authors also critique the neoliberal view that selective industrial policy leads to inefficiency, corruption, and impedes innovation and growth. The authors counter that state intervention is required on R&D that provides long run benefits and on preventing excessive duplication of investment through coordination. They add that selective industrial policy has been successful in East Asian economies that used a careful mix of market incentives and state intervention.

In chapter eight, the authors critique the view that SOEs are inefficient because they are not monitored by shareholders. However, the authors counter that the threat of take over instigates private firm managers to excessively focus on short-term stock prices, that shareholders face the free rider problem on monitoring firm management, and that it is easier to monitor SOEs because of accountability to taxpayers. They add that successful East Asian economies have large SOEs, that SOEs are required on essential products like water and where private sector entrepreneurs are risk averse. The authors are critical of privatization, stating that often SOEs are sold for bargain prices, and that foreign ownership of domestic resources is problematic. Finally, on policy alternatives, the authors state that SOE performance can be improved through well-defined targets.

In chapter nine, the authors critique the view that free capital markets allow developing countries access to capital and technology. They counter that free capital flows and floating exchange rates can create balance of payment problems. They state that TNCs transfer obsolete technology to developing countries at inflated prices, limit paying taxes to host countries through transfer pricing, and impede domestic investment as local firms cannot compete with them. They add that in attracting FDI, many developing countries have given unnecessary tax holidays and watered down labour and environmental regulations in a race to the bottom. However, they state that the most important determinant of FDI is not regulation but economic growth, market size, infrastructure, and educated labour force. Finally, they state that capital controls are important to discourage short-term speculative investment in real estate and stock markets, avoid financing long-term investment with short-term foreign currency denominated loans, and curb foreign influence on domestic policy.

In chapter ten, the authors critique the view that state regulation of the financial system is counterproductive, as maintaining low interest rates incentivizes consumption over saving, and low-cost credit is directed to politically connected borrowers. The authors counter that financial liberalization has contributed to business concentration, financial instability, and both corruption and inefficiency, as in the case of Russia. They add that the policies of low inflation and high interest rates cater to the interests of the financial community rather than the public interest. On policy alternatives, they state that instead of liberalization, economic development requires channelling long-term investment to key industrial sectors, promotion of infant industry, and infrastructure investment.

In the final chapter, the authors critique the neoliberal view on monetary and fiscal policies. They critique the view that the main goal of monetary policy should be price stability to promote saving and investment. They counter that the obsession with low inflation comes at the cost of growth and employment. Finally, they state that monetary policy should subordinate inflation targeting to the goals of promoting economic growth, employment, and equality.

The authors critique the view that budget deficits crowd out private investment and that deficit monetization leads to inflation. They argue that foreign investors are not dissuaded by budget deficits if growth and investment opportunities are high. Furthermore, budget deficits do not cause inflation when there is excess capacity. Moreover, spending on education, healthcare, and infrastructure crowds in private investment and promotes economic growth. The authors argue that the concern on crowding out of private investment is not expressed on financial liberalization, which is also associated with higher interest rates. Finally, they critique that neoliberalism is obsessed with spending cuts but not tax collection.

In conclusion, the authors call for globalization based on social movements instead of neoliberal, corporate-led, anti-democratic globalization. They reiterate their critique on obsessing with spending cuts rather than tax evasion, their call for regulating FDI to promote technology transfer, for capital controls to reduce financial instability, and against privatization that transfers resources harming public interest. Overall, they call for rewriting the rules of globalization.

Edible Economics (2022)

Chang's latest book, Edible Economics, seems to be one of his most intriguing books, as he uses food items as a hook for imparting economics lessons. It crystallizes the narrative that he has consistently developed through his popular books over the last 20 years. In the introduction, he states that economic pluralism is based on different moral values and political positions. However, he adds that since the 1980s, the neoclassical school has dominated, which emphasizes mathematics over real world issues of inequality and power.

In chapter 1, he breaks negative cultural stereotypes stating that Muslim culture lacks social hierarchy, values trade, and emphasizes learning. Similarly, he counters positive cultural stereotype of the Confucian culture, stating that it looked down upon artisans and merchants. He argues that economic development is determined by policy not culture, so that South Korea developed not because of Confucian culture but because of land reform, upward social mobility, and government investment in science and engineering.

In chapter 2, he states that the U.S. could not have become a superpower without slave labour, as cotton and tobacco farmed by black slaves allowed to import machines and technologies. He argues that free market advocates focus on the economic freedom of consumers, corporations, and property owners and not the political and social freedom of workers to push for better jobs and the welfare state.

In chapter 3, he states that poor people in poor countries work much harder and longer than their counterparts in rich countries. They start work from a young age and continue beyond retirement age compared to people in rich countries. Moreover, when such people immigrate to rich countries their productivity increases with access to better technology and infrastructure, which are lacking in poor countries because of unproductive elite leaders.

In Chapter 5, he draws a parallel between "economic development and child development" and argues for protectionism with the caveat that it needs to be weaned out just like parenting when children grow up. He gives the example of the Japanese government that used high tariffs and channelled bank loans to develop advanced industries like automobiles and electronics instead of focusing on silk and textiles. Thus, comparative advantage can be developed.

In Chapter 6, he states that entrepreneurship is not about individual brilliance but rather the multiple workers who work long hours, master imported advanced technologies, make incremental improvements, and finally develop their own technologies. He adds that the U.S. government funded research in semiconductors, internet, the GPS system, touchscreen, and that without these technologies there would be no IBM, Intel, Apple, or Silicon Valley.

In Chapter 11, he argues that the welfare state makes capitalist economies more dynamic, as it reduces people's resistance to technological change. He adds that welfare benefits are not freebies as people pay taxes including regressive sales taxes. In contrast, corporations evade taxes through tax havens and pay less than the living wage.

In Chapter 13, he states that the market undervalues care work compared to its contribution. Thus, he argues that value should not be left to the market and that the marketization of care services should be restricted and regulated.

In Chapter 14, he argues that both individual change and government action are required to address climate change. He states that lifestyle changes like using public transportation, investing in energy efficiency, and eating less meat are required. However, energy efficiency investment requires government subsidies and loans. He adds that markets and incentives are not enough to promote green technologies, as the private sector is focused on short term results whereas the returns on green technologies are recouped over the long term.

In Chapter 16, he states that it is very difficult for workers whose skills become obsolete to retrain for a new job. Thus, he argues that government policy can help address the challenge of automation by offering subsidies for retraining and by creating more jobs in education, healthcare, and senior care.

Overall, many ideas in this book reiterate his narrative developed over the last 20 years.

The narrative of Ha-Joon Chang

The review above allows to evoke the consistent narrative that Chang has weaved over the last 20 years in popular books from Kicking Away the Ladder in 2002 to Edible Economics in 2022. It becomes clear that his work challenges mainstream textbook economics that rests on the neoclassical paradigm. While the thrust of his work is on free trade, foreign direct investment, neoliberalism, privatization, and liberalization, he offers interesting insight on the role of culture in economic development and why poor people in poor countries are poor. Overall, Ha-Joon Chang's narrative is very much welcome in a time with calls for economic pluralism in teaching economics.

This narrative can be crystallized in point form, which allows for easy access and reference (see Appendix) of salient ideas. Instructors wanting to bring pluralistic perspectives in class can focus on a few topics from Chang (2007, 2010, 2014a, 2022) at an introductory level and Chang (2002, 2014b) at a topics or intermediate level. Assigning full books to read may be overwhelming and lead to information overload. Nonetheless, in a topics class, instructors may assign book reviews and expect students to offer oral presentations on the salient ideas of Ha-Joon Chang and how they contrast with neoclassical economics. Such an exercise would help develop critical thinking skills and uphold the idea of economic pluralism.

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Appendix: Point Form of Ha-Joon Chang's Narrative

Economics

1. 95% of economics is common sense, complicated by technical jargon and mathematics.
2. Good economic policy does not require good economists. Classroom economics is too unrealistic for economic management.
3. Economics should not be defined by the economic approach popularized by books like *Freakonomics*.
4. Economic pluralism is warranted. Economic theory is specific to time and space. Value judgments underlie technical jargon and numbers.
5. Economics is too important to be left to the experts. Economics is for everyone.

Neoclassical Economics

1. Self-interest is not the primary human motive. An effective economic system is based on inspiring workers instead of monitoring and punishing.
2. Individuals have bounded rationality because of limited capability to process information.
3. Unlike Adam Smith's time, giant corporations exercise market power and manipulate markets and consumer tastes.
4. Neoclassical economics gives precedence to mathematics over real-world issues of inequality and power.
5. Free market advocates focus on the economic freedom of consumers and corporations but not the freedom of workers to push for better jobs.

Free Markets

1. Markets can subvert democracy as the former is based on 'on one dollar one vote' and the latter on 'one person one vote'.

2. Free markets do not exist. The rules and boundaries of the market are determined politically with the ban on child labour, the market for human organs, and the regulation on emissions.
3. The market does not value based on contribution or need. Marketization of care services should be restricted and regulated.

Economic Development

1. Economic development is about absorbing advanced technologies and shifting to high value-added activity. This requires government intervention through industrial, trade, and technology policies.
2. Education is not a major determinant of economic prosperity; what matters is high productivity organizations. Not all education contributes to productivity.
3. Economic development is based on developing productive capability instead of relying on foreign companies to extract natural resources.
4. The post-industrial economy is a myth. Manufacturing is the main source of technological innovation and the most important determinant of a country's living standard.
5. Developing countries should develop manufacturing industries instead of skipping industrialization, concentrating on agriculture, or developing services.

Corruption and Culture

1. Good institutions and good culture are not the cause but the result of economic development.
2. Corruption may not impede economic development if bribes are used to cut through inefficient red tape for investment instead of conspicuous consumption.
3. Poor people in poor countries are not poor because they are stereotypically lazy but because the elite are not as productive building institutions, technologies, and infrastructure.
4. Cultural stereotypes cannot explain economic development. Culture has elements both conducive and detrimental to development. Policy directs economic development, which then shapes culture.

Firms and CEOs

1. Compared to employees, shareholders focus on short-term profits at the expense of long-term investment. The focus should be on multiple stakeholders of the firm instead of shareholder value maximization.
2. CEOs are overpaid, do not get penalized for poor performance, and have the power to tilt compensation policies in their favour.

Climate Change

1. The manufacturing sector is important for green technologies, but a technological fix may not be sufficient to address climate change.

2. Both individual change and government action are required to address climate change, as the private sector is fixated on short term gains.

Free Trade

1. Many of the advanced economies protected infant industries, poached skilled workers, smuggled machines, engaged in industrial espionage, and routinely violated IPRs.
2. Advanced economies kick away the ladder by preaching free trade and denying industrial, trade, and technology policies to prevent developing countries from catching up.
3. Comparative advantage is not static and can be developed with temporary protectionism. Britain, the U.S., Japan, South Korea, and Taiwan, all used infant industry protection.
4. Free trade is not conducive for industrialization, as poor countries specialize in sectors that maximize short-term consumption but stunt long-term growth.
5. Economies that followed free trade performed poorly; economies that opened their economies gradually and selectively have had the best economic performance.
6. Economic development requires channelling long-term investment to key industrial sectors, promotion of infant industry, and infrastructure investment.
7. The analogy is between prematurely exposing children to competition by making them work and exposing infant industries to competition before they are ready.
8. Compensation from the winners to the losers from free trade is not made in the real world.

Neoliberalism

1. Neoliberalism based on privatization, deregulation, and liberalization has led to reduced growth, financial instability, and higher inequality since the 1980s.
2. Advanced economies use expansionary fiscal and monetary policies during recession, but the IMF prescribes the opposite with higher interest rates and budget balance in developing countries.
3. The IMF and the WTO cater to global financial community and business interests. Structural adjustment policies imposed by the IMF thwarted economic development.
4. China and India did not follow neoliberalism and had strong growth; Africa and Latin America followed neoliberalism and had poor growth.
5. Neoliberalism is obsessed with spending cuts but not tax collection or tax evasion.
6. Privatization can increase corruption through bribes, deregulation can instigate insider trading, and liberalization can reduce government revenues to combat corruption.

Financial Liberalization

1. Financial liberalization has contributed to speculation, asset price bubbles, and financial instability.
2. Financial markets generate short-term profits but impede long-term development, as liquid capital moves irrationally and swiftly. This necessitates curbing speculative investment and restricting capital flows.
3. Sudden capital inflows can increase trade deficits because of currency appreciation. Sudden capital outflows make repayment of foreign loans and the cost of essential imports like food and medicine burdensome because of currency depreciation.

Privatization

1. The public sector is no more corrupt than the private sector, which is marred with corporate scandals, collusion, power concentration, and corruption.
2. Privatization is problematic, as often SOEs are sold for bargain prices. Foreign ownership of domestic resources is also problematic.
3. SOEs are required on essential products like water and where private sector entrepreneurs are risk averse.

Foreign Direct Investment

1. FDI is often about short-term asset stripping and reselling, that is, short-term benefits at the expense of long-term economic development.
2. The main determinants of FDI are high quality labour, infrastructure, and attractive markets and not regulation.
3. The benefit of FDI is achieved when host countries have regulations like the joint venture requirement, technology transfer requirement, or the local content requirement.
4. TNCs transfer obsolete technology, limit paying taxes through transfer pricing, inhibit domestic investment, exploit natural resources, crowd out local firms in the credit market, and influence the domestic policy of the host country.
5. In attracting FDI, many developing countries have given unnecessary tax holidays and watered down labour and environmental regulations in a race to the bottom.

IPRs

1. IPRs impede technological progress due to interlocking patents. IPR laws impede technology transfer by making it more difficult for developing countries to absorb advanced technologies.
2. Institutions of advanced economies are costly to implement in developing countries. Rent is extracted from developing countries that must spend limited resources to comply with IPR agreements.
3. Many 19th century economists who supported free trade and free markets rejected patents because they create monopolies.
4. Education and government R&D support are more important for innovation than IPR protection.

Central Bank Independence

1. Central bank independence weakens democracy by limiting decision making by elected representatives.
2. Central banks are biased towards the interests of the financial community that wants low inflation, instead of the industrial and exporter community that is harmed by high interest rates and currency appreciation.

3. Central bank independence is not associated with low inflation and high growth and employment.

Monetary Policy

1. Excessive anti-inflation policy takes away from full employment and growth. It harms workers and mainly benefits holders of financial assets.
2. Monetary policy should subordinate inflation targeting to the goals of promoting economic growth, employment, and equality.

Budget Deficits

1. Foreign investors are not dissuaded by budget deficits if growth and investment opportunities are high.
2. Budget deficits do not cause inflation when there is excess capacity.
3. Spending on education, healthcare, and infrastructure crowds in private investment and promotes economic growth.

Economic Inequality

1. Equality of opportunity is not sufficient, and some equality of outcome is required, which necessitates equal access to education and healthcare, instituting a minimum wage, and redistributing income.
2. Inequality decreases social cohesion, increases political instability, impedes upward social mobility, and reduces economic growth. It is associated with imprisonment, mental illness, and obesity.
3. There is an inconsistency between instituting tax cuts to incentivize the rich but not raising the minimum wage to incentivize the poor.
4. Corporations fund think-tanks that propagate the idea that they are poor because they did not work hard enough.

Welfare State

1. Lack of job security instigates conservative career choices. The welfare state facilitates people to take more chances with their jobs and enhances economic dynamism.
2. The welfare state increases upward social mobility, encourages long-term investments and economic growth.
3. Welfare benefits including pension, healthcare, employment insurance, and housing subsidies are not freebies; they make capitalist economies more dynamic by reducing people's resistance to technological change.

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