

## **Five Best: Economics Primers**

By N. Gregory Mankiw

### **The Worldly Philosophers**

By Robert L. Heilbroner (1953)

For several years, I have been teaching a freshman seminar at Harvard. I always start with this book, and the students always love it. Most economics books are bloodless. They give us ideas, but the thinkers who first advanced them often fade into the background. Not so in “The Worldly Philosophers.” For Robert Heilbroner, economic ideas are intertwined with the passions of economic scholars and the historic circumstances in which they found themselves. He starts with the premise that “he who enlists a man’s mind wields a power even greater than the sword or scepter.” He then tells us about Adam Smith, Thomas Malthus, David Ricardo, Karl Marx, John Maynard Keynes and many others. These academic scribblers, we are told, “left in their train shattered empires and exploded continents; they buttressed and undermined political regimes; they set class against class and even nation against nation—not because they plotted mischief, but because of the extraordinary power of their ideas.” The book’s only drawback is that it was first published 70 years ago (though updated regularly until the most recent edition in 1999), and newer developments are given short shrift. But the early history of economics is enough to keep the narrative compelling, even to modern readers.

### **Capitalism and Freedom**

By Milton Friedman (1962)

There is a story—perhaps apocryphal—that the Nobel Prize-winning economist George Stigler once called his colleague and friend Milton Friedman “the best economist in a bad century.” I presume Stigler meant that Friedman did not live up to the 18th century’s Adam Smith or the 19th century’s David Ricardo. But Stigler

pegged Friedman a notch above his 20th-century peers. Others may dispute this claim and put John Maynard Keynes, Paul Samuelson or Ken Arrow in the top spot. But without doubt, Friedman was highly influential. In academia, he did pioneering work on consumer behavior, monetary history and the unstable relation between inflation and unemployment. Outside the ivory tower, he is remembered for his unflinching defense of classical liberalism—a position that today is often called libertarianism. “Capitalism and Freedom” is the best entry into Friedman’s lucid mind. You will enjoy reading it even if you disagree with most of his judgments. A socialist student at Harvard once told me it was one of his favorite books. “Why?” I asked. “Because it clearly explains the point of view I have to argue against.”

## **Equality and Efficiency**

By Arthur M. Okun (1975)

This brief book by Arthur Okun, once an adviser to President Lyndon Johnson, is the best summary of how center-left economists view the fundamental trade-off inherent in democratic capitalism. Okun respects the market system for its efficiency, which he defines as “getting the most out of a given input.” But he recognizes that the “pursuit of efficiency necessarily creates inequalities.” His bottom line is that policy makers have no choice but to navigate a set of uneasy compromises between material prosperity and egalitarian ideals. The book is based on lectures Okun gave at Harvard in 1974 and was reissued in 2015, long after its author’s death, with a laudatory new preface by Lawrence Summers, an economic adviser to Presidents Bill Clinton and Barack Obama. Mr. Summers recalls reading the book as a student and finding it “a thoughtful, engaging, rigorously logical analysis of real issues that were crucial to the well-being of the American people.”

## **Naked Economics**

By Charles Wheelan (2002)

As a textbook author, I am inclined to say that if a person really wants to learn economics, there is no substitute for a good textbook. But I am enough of a realist to know that most people read textbooks only when assigned them. I have never

caught anyone sitting on a beach and reading one of my texts for fun. So, if you want to learn how economists think while avoiding textbooks, Charles Wheelan's "Naked Economics" is your best bet. It is much shorter than a textbook, avoids mathematics entirely and doesn't expect you to endure end-of-chapter problems as homework. But like a good textbook author, Mr. Wheelan delivers the mainstream perspective of the field while suppressing his own political ideology. Economics, he writes, "presents us with a powerful, and not necessarily complex, set of analytical tools that can be used to look back and explain why events unfolded the way they did; to look around and make sense of the world; and to look forward so that we can anticipate the effects of major policy changes." Mr. Wheelan's style is clear and fun, thought-provoking without being contentious.

## **The Cartoon Introduction to Economics, Vol. I**

By Yoram Bauman and Grady Klein (2010)

Yoram Bauman bills himself as the "first and only stand-up economist." In fact, he is a comedian with a Ph.D. in economics. (If you have never heard of him, watch his video "Principles of Economics, translated"—a parody of the Ten Principles of Economics from one of my books—available on YouTube.) When the first volume of Mr. Bauman's "The Cartoon Introduction to Economics" came out in 2010, I left a copy sitting around our family room. My younger son, who was then 11 years old and had never shown any interest in economics, picked it up, read it and learned a lot. It was, however, a mixed blessing. One concept the book taught him was Pareto improvement. A change in circumstances is a Pareto improvement if it makes at least one person better off and no one worse off. Economists love Pareto improvements because, if one is possible, the initial situation must have been inefficient. But just try making plans with a child who has embraced the concept. Every time my wife or I suggested that we do something as a family, my son asked, "Is that a Pareto improvement?"