

Can Economics Save the World?



#GoodEconomics @BeckerFriedman



Becker Friedman Institute

FOR ECONOMICS AT THE UNIVERSITY OF CHICAGO



Winners of the 2019 Nobel Prize in Economics

Good Economic For Hard Times

Abhijit Banerjee and Esther Duflo



Abhijit V. Banerjee
and Esther Duflo

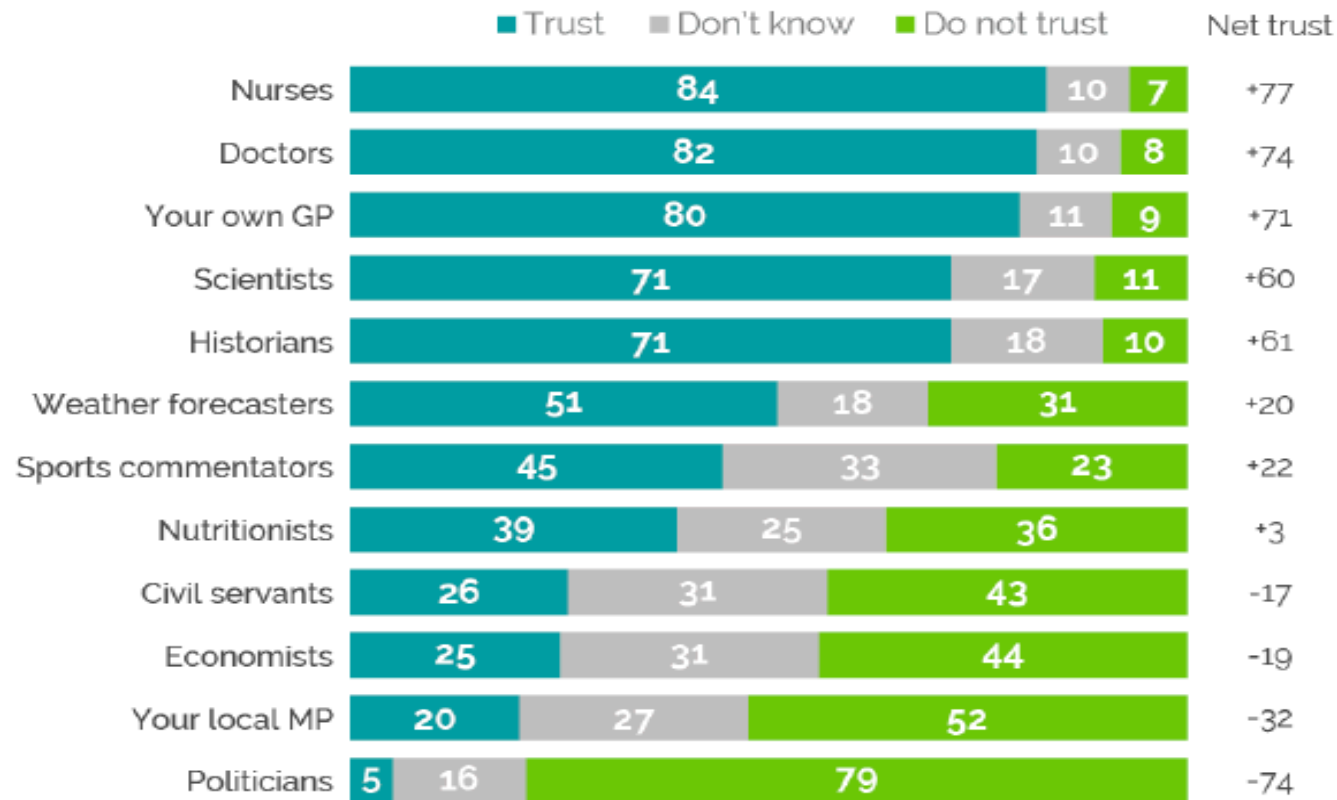
Most issues that are important today are core economic issues

- Brexit
- Trade
- Immigration
- Economic growth
- Inequality
- Social policy
- Climate change

But economists have lost most of their credibility

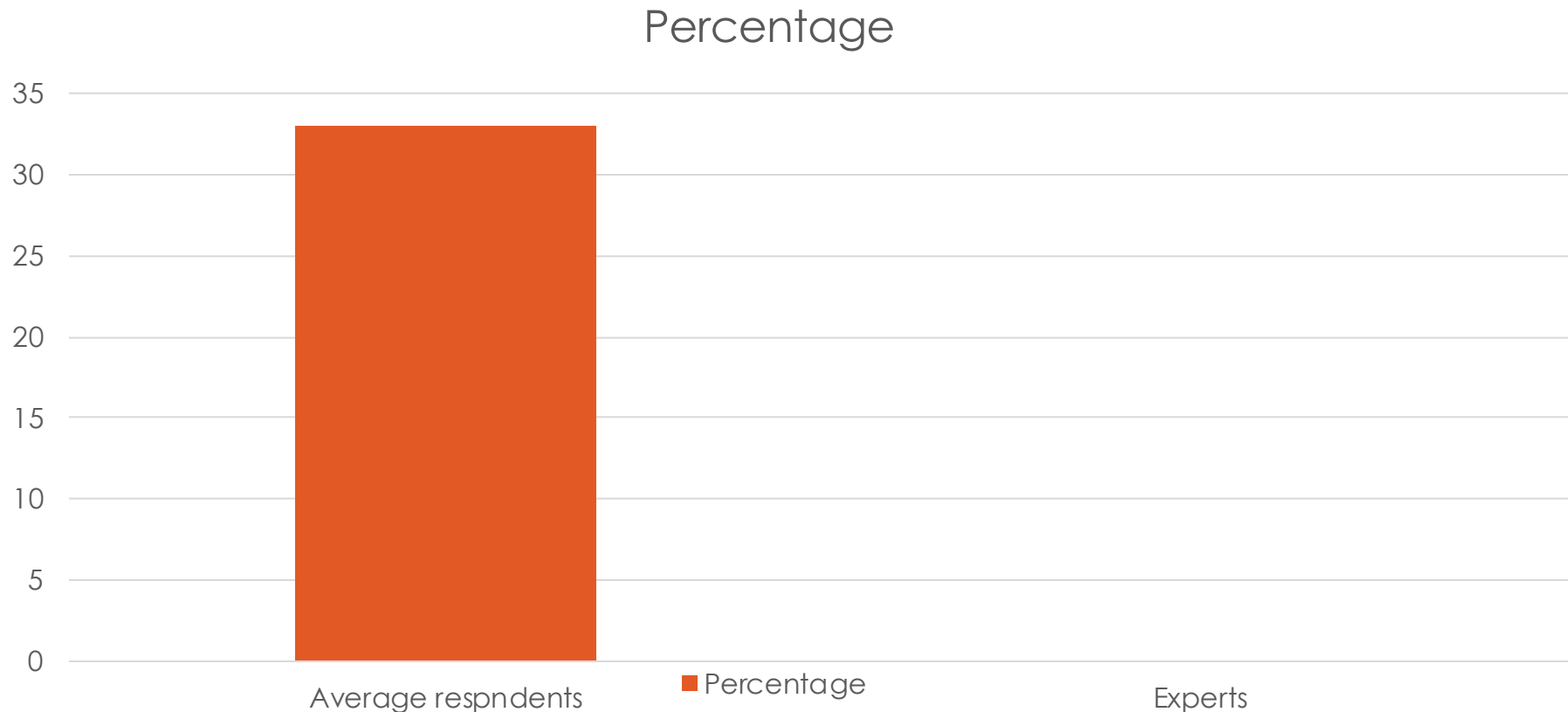
Public trust in experts

Of the following, whose opinions do you tend to trust when they talk about their fields of expertise? %



On most core issues people disagree with economists

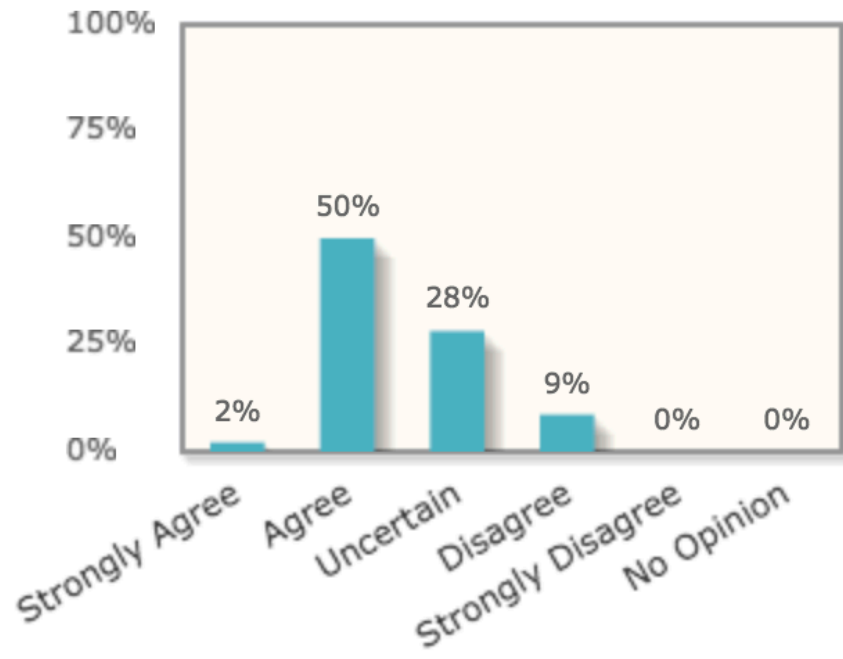
“Imposing new US tariffs on steel and aluminum will improve Americans well-being.”



Most economists like migration

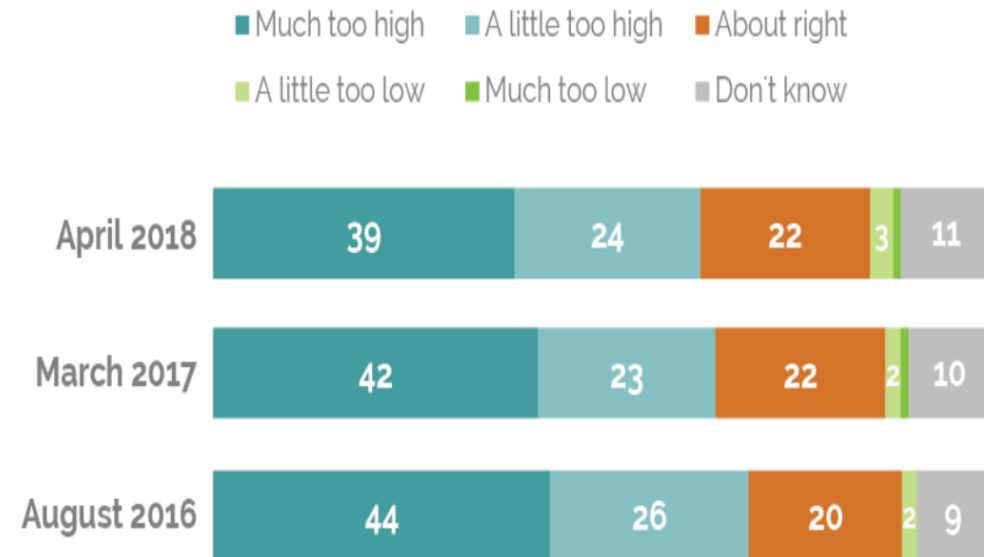
“The average American Citizen would be better off if a larger number of low-skilled foreign workers were legally allowed to enter the US each year”

Responses



Most Britons believe immigration levels have been too high

Generally speaking, do you think the level of immigration into Britain over the last ten years has been too high, too low or about right? %

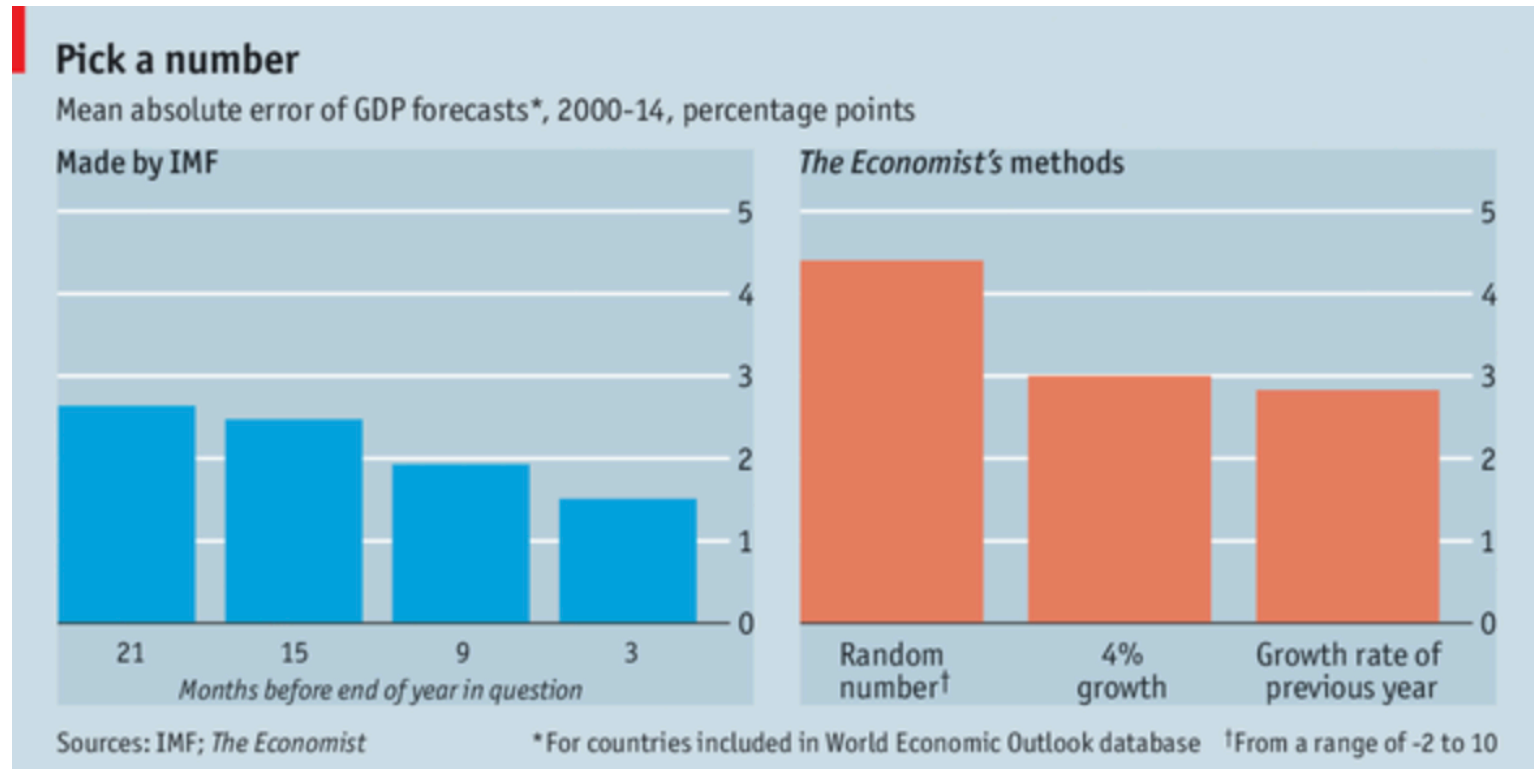


A person is holding a bright yellow high-visibility vest in front of a city square. The vest has handwritten text in black marker. In the background, other people are visible, some wearing similar yellow vests, and there are historic European-style buildings with many windows and balconies. The scene appears to be a protest or demonstration.

L'ARGENT DE
L'ÉCOLOGIE EST
DANS LES PARADIS
FISCAUX
PAS DANS LA POCHE
DES PROLOS!
CITOYEN EN COLÈRE
CITOYEN SOLIDAIRE

Why this mistrust?

Economists are not good forecasters



“The only function of economic forecasting is to make astrology look respectable”
--John Kenneth Galbraith

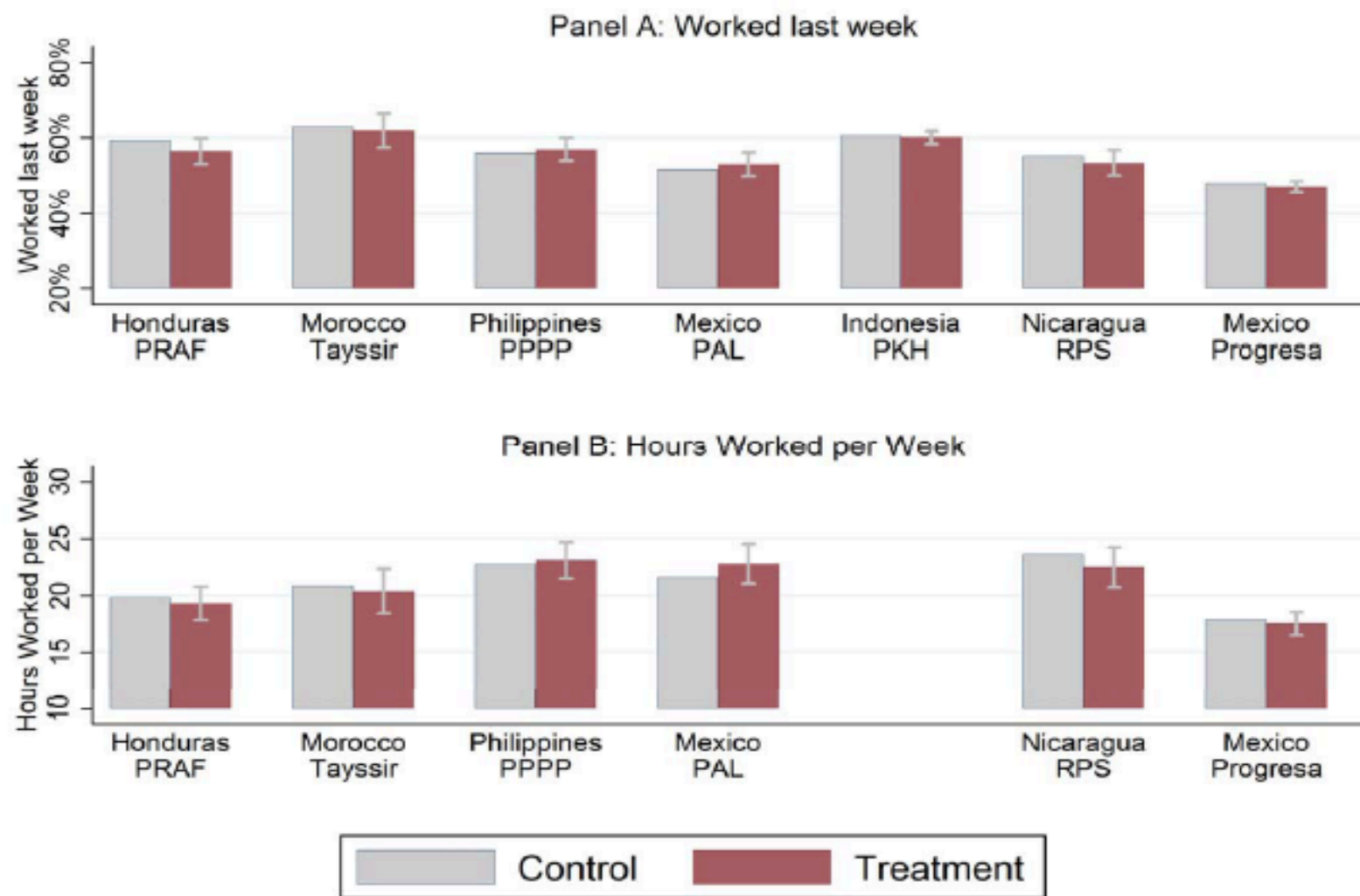
Four Lessons



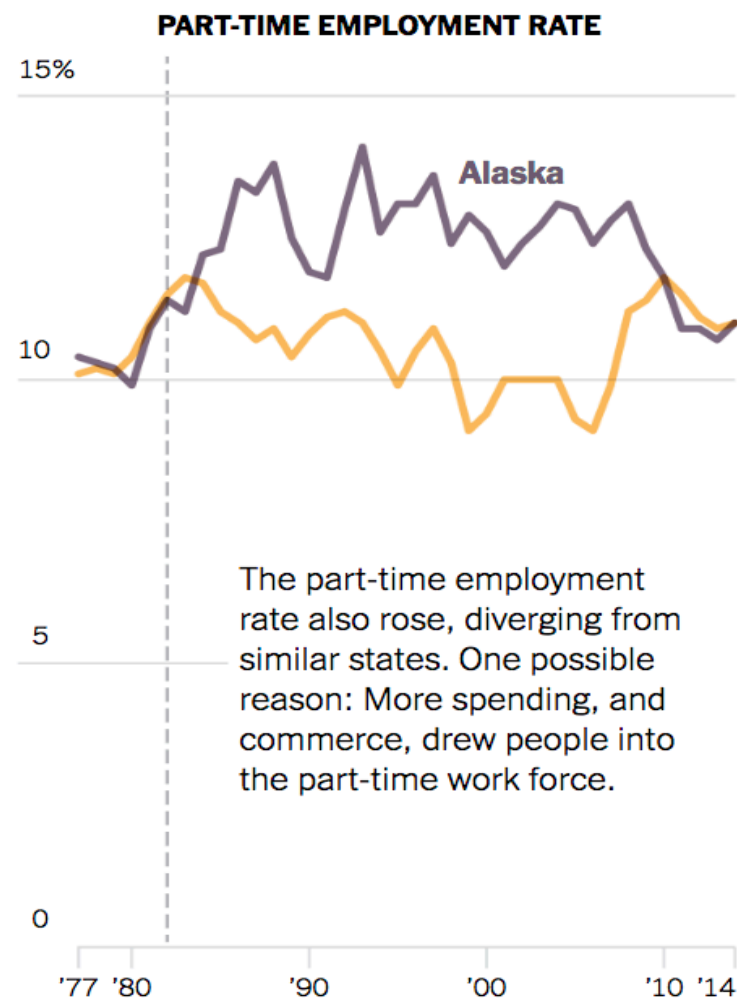
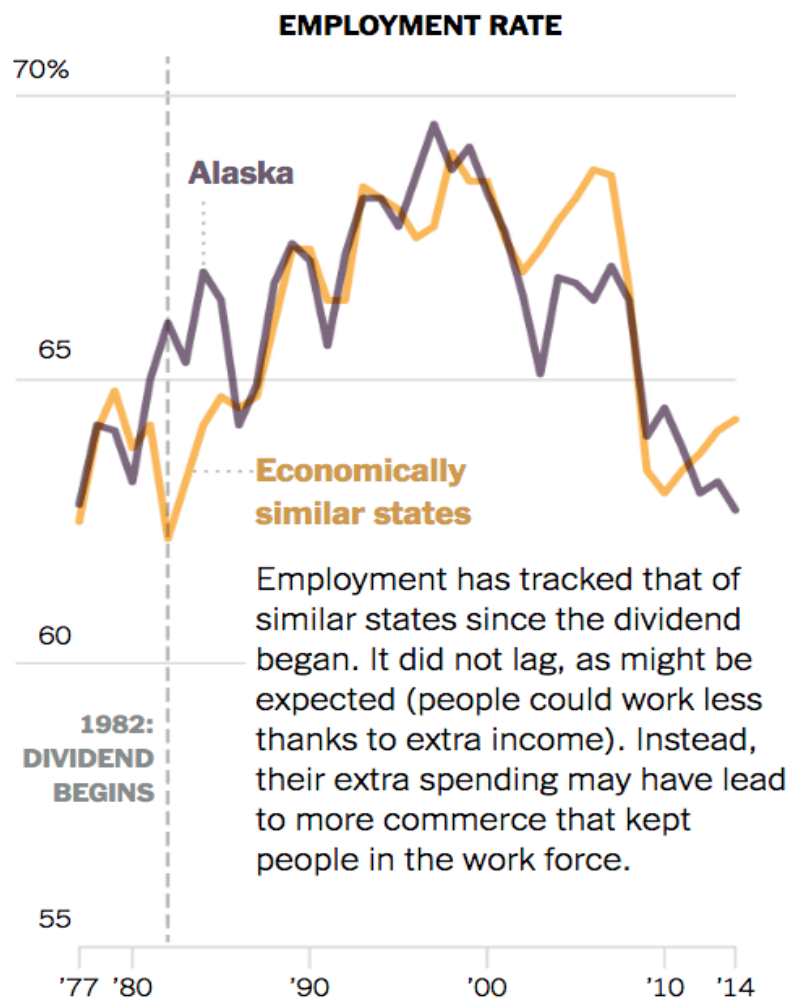
Lesson 1: financial incentives are overrated



The “Lazy” welfare recipient

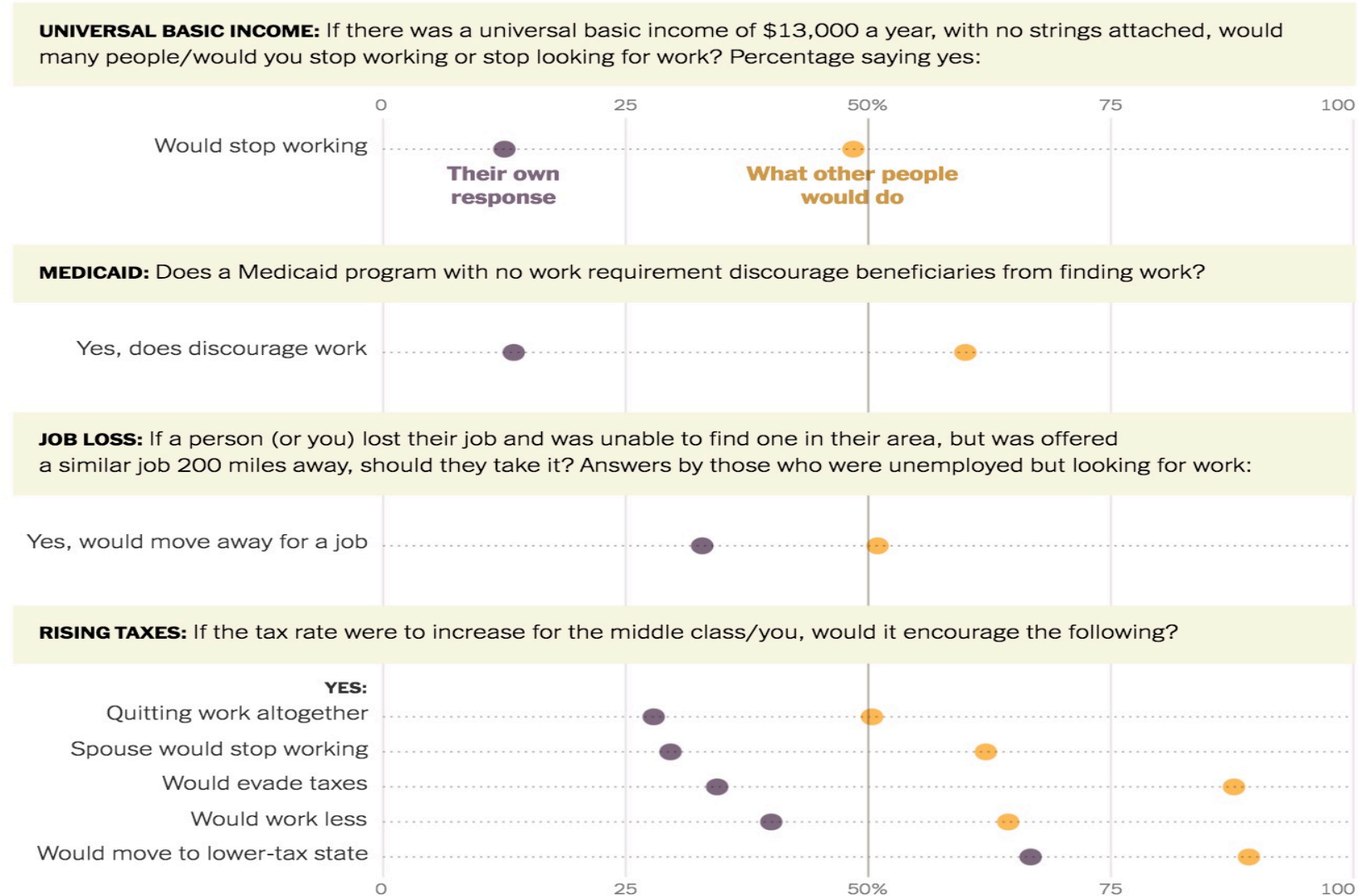


Alaska permanent fund did not led people to work less



I'm Not Budging (But Other People Will)

A survey asked one group how the population at large would react to several financial incentives. Another group was asked about their own reaction; these people were much less inclined to do any of the following, despite the same financial incentives.



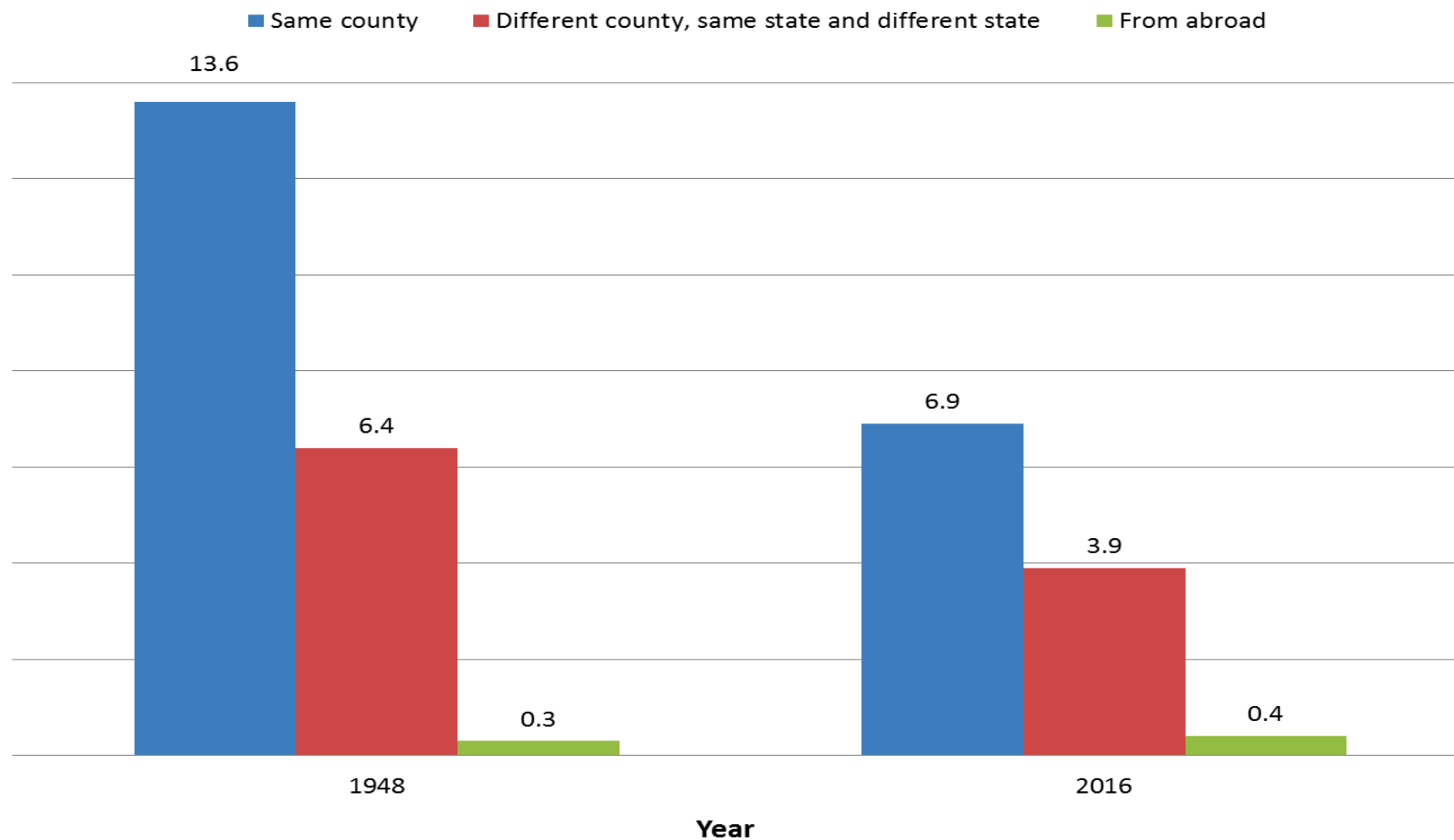
By The New York Times | Source: Abhijit Banerjee and Esther Duflo, M.I.T., and Stefanie Stantcheva, Harvard; data from a nationally representative survey of 10,000 American adults conducted by the authors.

Lesson 2: The economy is sticky



RIP, Tocqueville

Figure 2. Type of Move by Year: 1948 and 2016



Source: U.S. Census Bureau, Current Population Survey, 1948 and 2016.

no one leaves home unless
home is the mouth of a shark
you only run for the border
when you see the whole city running as well

your neighbors running faster than you
breath bloody in their throats
the boy you went to school with
who kissed you dizzy behind the old tin factory
is holding a gun bigger than his body
you only leave home
when home won't let you stay.

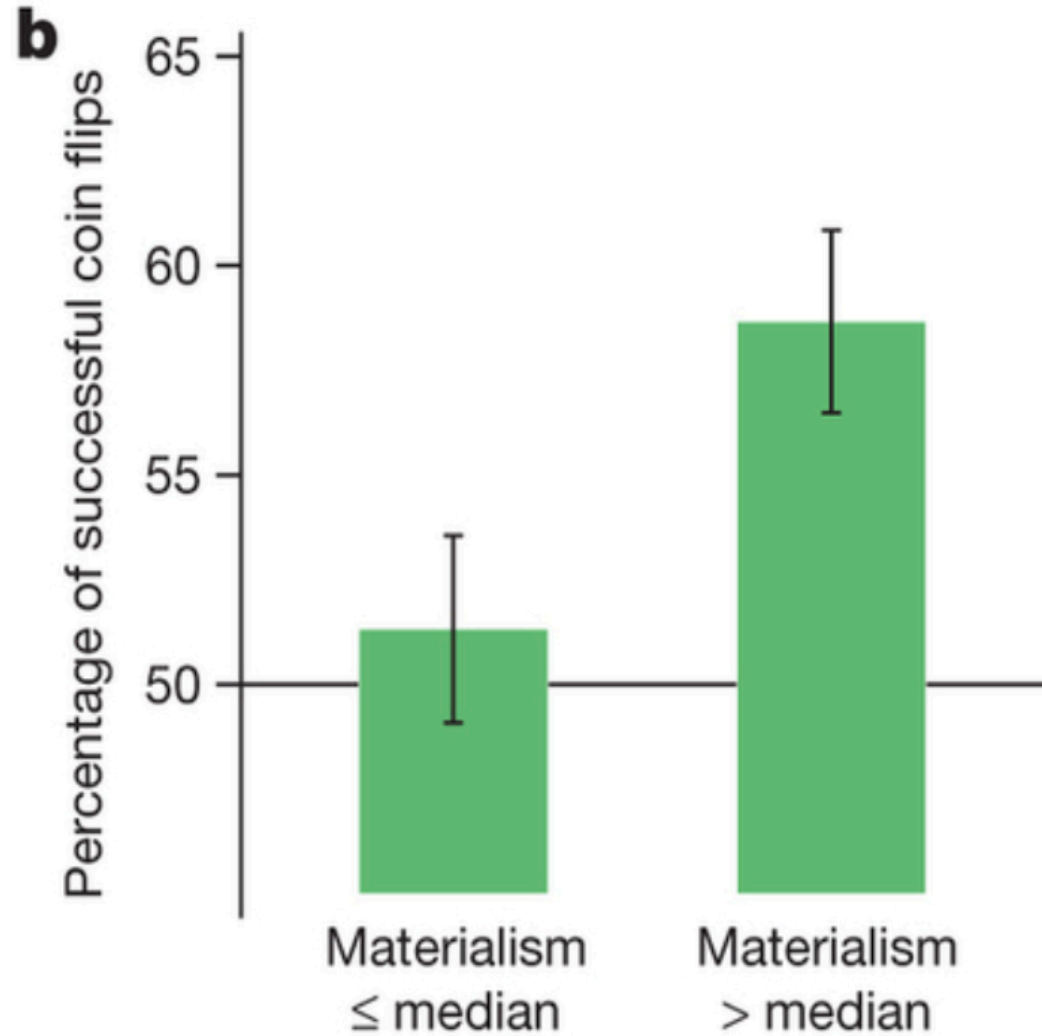
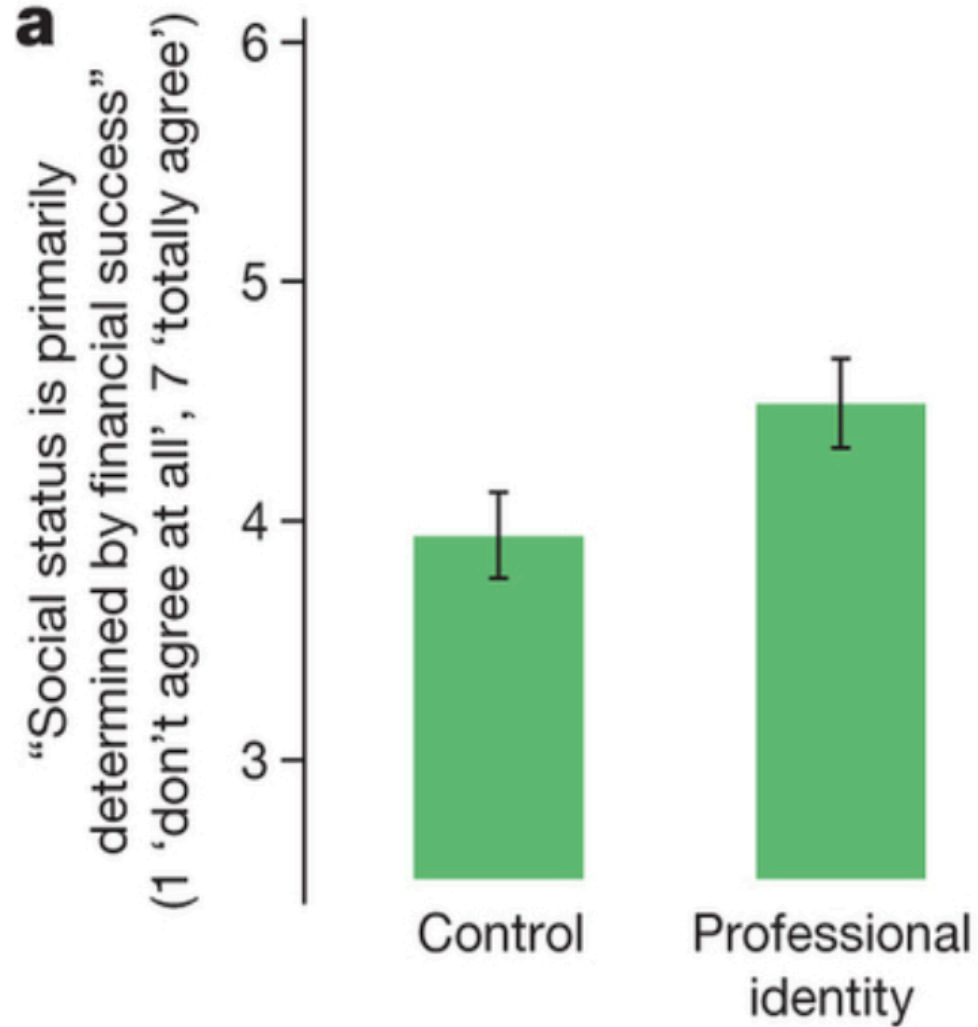
Warshan Shire



Lesson 3: De Gustibus....



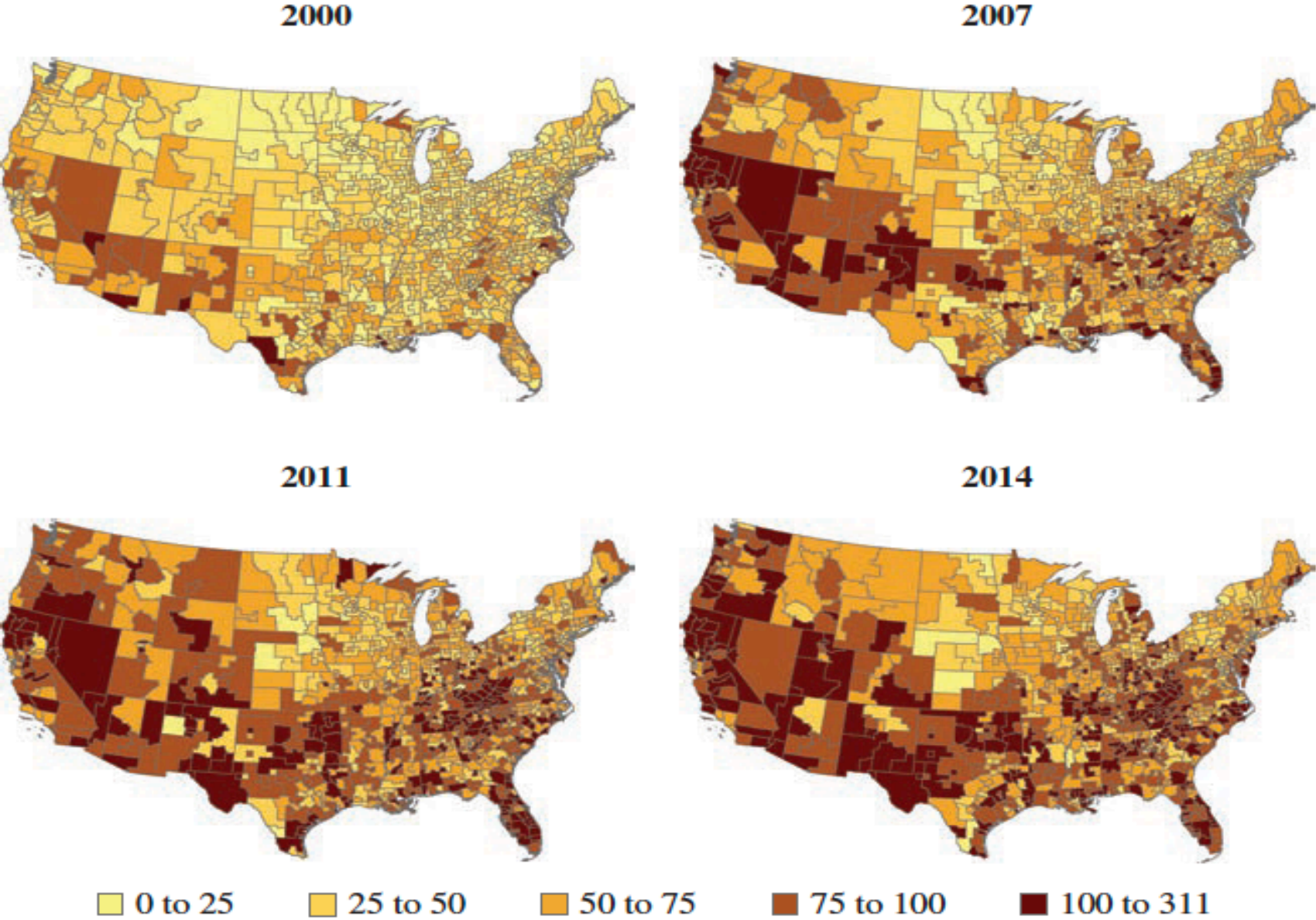
Bankers woes...



Lesson 4: Dignity matters



Figure 6. Deaths of Despair for White Non-Hispanics Age 45–54, by *Couma*, 2000–14^a



Rethinking economics and economic policy



The pains from Trade



Don't get
scared of taxes



We can fight climate change



Victorian hangover



Put dignity back
at the center of
social protection

