Name

Professor Pope

Econ 110

My Response to Reading “Naked Economics”

*I have read, not skimmed, 100% of Charles Wheelan’s book “Naked Economics”.*

I must begin by saying that Charles Wheelan’s book “Naked Economics” is a very valuable tool at facilitating the understanding of basic economic principles. He does a fantastic job at not only explaining the reasoning behind economic principles, but he finds relevant ways to intuitively apply economics to many current economic and social issues that we face today. I was surprised as I found myself agreeing with Wheelan’s claims and views on economic policy at nearly every point in the book despite the delicate political and sociological issues that were discussed. I felt as though my trust and relationship with Wheelan was legitimized by some of his earlier remarks claiming that economics is not an advertisement for a specific political party or interest group, rather an actual science with proven evidences, facts, and outcomes, all of which were provided on multiple occasions.

Among my favorite topics discussed in Wheelan’s book, “Naked Economics”, is the dichotomy and relationships between governments and economies, the power of free markets and trade, the effect of monetary policy on a nation’s economy and wealth, and the long term economic prosperity brought about by productivity and increased investment in human capital. Many of these subjects, outside of what we have studied in class thus far this semester, were new to me and required a great deal of contemplation to be able to understand thoroughly. Embarrassingly, after reading this book, I have come to realize that I could have identified myself with some of the people who ignorantly opposed some of the most basic economic principles that are misunderstood by the masses. I found myself chuckling as I read the example of Abraham Lincoln when he is confronted with the decision to import railroad supplies from Great Britain. His response was, “In one option we lose the money and gain the railroad supplies, and in the other, we keep the money and have the railroad supplies”. This statement by Abraham Lincoln was used to unveil one of the common fallacies that exist in today’s global economy, that trade will outsource jobs and lead to decreased economic prosperity, and was something that I thought that I believed for my entire life up until this point.

One of the most important underlying principles in the book that I believe characterizes some of the reasons that we think as we do is the notion that all markets and exchanges are based on a “Zero-sum Game”. In a social environment that is becoming increasingly more competitive it is almost assumed that wherever someone is winning, someone is inevitably loosing. This common belief makes something like globalization and trade seem difficult to intuitively understand. However, Wheelan does a great job at clearing the air by giving specific examples of how trade truly does benefit all participating parties. This allowed me as the reader to have a more favorable view on economics and free markets being the solution to many of the world’s social problems as Wheelan painted a convincing picture that portrayed a global society where everybody wins. I would consider this subject one of the most important to being able to understand basic economics and is something that Wheelan explained to me with ease.

As I became a more educated student of economics through my reading of the book I found it incredibly interesting how much of a role government actually does play in determining a nation’s economic prosperity. I gained greater appreciation to have been born to a country with a stable government as he juxtaposed the government of the developed world to that of Sub-Saharan Africa, Argentina, and India where government instability and lack of investment in human capital has hampered economic prosperity and has led to high levels of poverty. This evidence coupled with the further evidence presented of how the lack of regulation of money supply, interest rates, protection of property rights, and monetary policy, legitimized to me the importance of the study of economics and the effects that responsible and educated decisions can have on providing better outcomes for a nation’s citizens. It also opened my eyes to the potential downfalls that could prevail in society if these proven principles are not understood nor implemented. This class, and Wheelan’s book, have motivated me to become a lifelong student of the study of economics and how decisions made by individuals, politicians and business leaders can have lasting effects on both the people who made them and innocent third parties.