

Book Review: Naked Economics by Charles Wheelan

Laura Gibbs

Department of Social Work, Southern Adventist University

SOCW-434 A: Social Welfare Issues and Policies

Dr. Kristie Wilder

December 15, 2022

In his book *Naked Economics*, Charles Wheelan provides an informative and example-packed explanation of the study of economics and how it impacts the systems we are familiar with. From breaking down McDonald's to the US Federal Reserve, Wheelan deftly informs his readers of the power of markets: financial, informational, and international; incentives and the role government aims to play. In this paper, I will discuss how these concepts tie into social work values and how we can benefit from an economic perspective.

We hear the term free market celebrated in American culture, which has helped us achieve remarkable economic progress over the last two centuries, albeit unequally distributed. Ideally, through its markets, capitalism aligns incentives so that individuals working in their best interest create a better and thriving society for the majority, not the entirety of society. Individuals seek to maximize their utility, meaning they will spend their resources, time, energy, and money on whatever they think will give them the most benefits, whether those benefits are money, happiness, or a bachelor's degree in social work. People are willing to reduce their consumption now, for example, reducing the amount of time they spend on leisure or sleeping. At the same time, they invest in something that will increase their consumption later, having a degree that will enable them to find more fulfilling and profitable work.

Our market can be a fantastic tool, it creates products, services, and systems that people want, but it simultaneously has a disturbing lack of morals. It is not evil, as it would almost be easier to think; it simply lacks morals. It rewards scarcity in the salary disparity between celebrities who can pull millions of people into their fanbase compared with teachers and more darkly in the persistent problems of child pornography and human trafficking. People are paid more than others not because of morals but because some of the skills one has are more scarce than the other. People are trafficked because people acting in their best interest find that the

benefit they can derive from this crime is worth the legal consequences they might face. Our country has severe consequences for crime. The price people are willing to pay is higher.

Supply and demand affect way more than stock prices. Public health measures and debates over legalizing substances will always be a part of our story. Most famously in American history, in the story of alcohol. Prohibition decreased the supply of alcohol but did not decrease the demand for it. The market showed itself alive and robust in the face of the best laid “moral” policies at the time and substantial resources devoted to enforcing them. Prohibition pushed the market underground, and prohibition lasted only thirteen years. If we want to build policies that help people, we cannot ignore the power of the market. Our policies must address not only the supply but also the demand of the issues we seek to handle for us to be competent as social workers and policy advocates.

Ideally, as Americans being sensitive to the workings of the market and having the capacity for morals, we would have the tools to align these powerful forces in ways for overall social welfare. This is easier said than done, as it would seem most things are in the world of policy. One way we do this is to regulate the market. While this is often done with the best intentions, we can end up with cases like Prohibition, increasing the scarcity of a product, increasing demand, and missing out on all of the tax money to benefit society. While it may seem counterintuitive, there are many instances where cutting back on regulations in our markets can increase the overall well-being of the people in our communities. Another way is to utilize the power of the private sector to address social problems. There will also always be recurring problems of dual-levels of care, misaligned incentives, and competing interests. We see this in pharmaceutical companies having sway over the FDA board, every issue of the DSM manual that comes out, gun manufacturers, and prisons being privately owned. This is a developing

section in the area of public policy and while the obstacles are formidable, I remain hopeful about the possibilities the economic concept of aligning interests has to address social issues.

Social workers deal with the brunt of economic inequality on every front as they strive to overcome barriers to the well-being of individuals and communities. It makes sense why we are so mad about it. My second favorite quote from the book sums this up quite nicely: “Poverty is a b*****” (Wheelan 292). My favorite quote says it better: “Anyone who is not a socialist before he is thirty has no heart; anyone who is still a socialist after he is thirty has no head” (Wheelan 292). Social work has a unique focus on the person-in-environment perspective, and poverty is often one of the primary environmental culprits in whichever field of social work we find ourselves in. It makes sense then for us as a profession to not limit ourselves to picking up the pieces of our broken social services infrastructure by piecing together non-profits to fill in the gaps and advocate for a more comprehensive solution.

I would argue that while the comprehensive solution of supporting institutionalizing more aspects of social welfare might be the solution we as social workers want, it might not be what is best for our clients, that is, America as a whole. So far, it has felt like most of my social work classes have argued that a societal change in values from a residual to an institutional government role in social welfare and social workers advocating for those policy changes is our profession’s macro solution of choice. Economics would tell us that regulating the market effectively, cutting out unnecessary restrictions, regulating monopolies, and increasing global trade is beneficial for most people. Advocating for wide-swept policy changes to better our clients addresses the social justice facet of our code of ethics and is a non-negotiable part of human welfare. Social justice does not come from talking about theories but from people

advocating for change in policies and ideas. When we, as social workers, advocate for policies, we need to have a firm understanding of the rules of economics in order to inform our advocacy.

References

Wheelan, C. (2010) *Naked Economics*. W. W. Norton & Company, Inc.