



BOOK REVIEW: RETHINKING ECONOMIC EVOLUTION – BY ULRICH WITT, E-ELGAR 2016

Mohamed Buheji

Founder of the International Inspiration

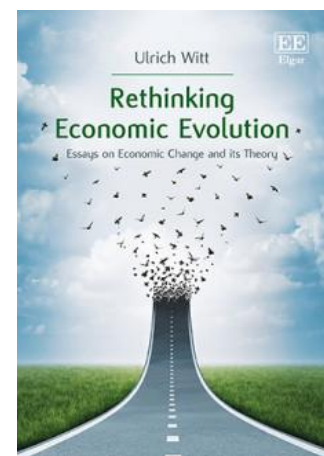
Economy Project - Bahrain

buhejim@gmail.com

Abstract

This review explores Ulrich Witt (2016) work on rethinking and evaluating of the economic evolution and the structural changes in the economic content throughout the years and which also reflect in its future. The work of Witt is guided by the query of why and how the economic transformations occur. The review critically goes into Witt's focus on the changes of the economic theory and where it might lead. Final recommendation about the Witt economic evolution is presented at the end of this review.

Keywords: Economy, Economic Evolution, Economic Transformation



INTRODUCTION TO THE BOOK

'Rethinking Economic Evolution' is a book that comes after a series of books and publications of the authors for more than two decades. Witt (2016) focus here on the economic evolution in relevance to the accelerating global economic growth. Such evolution leads to societal and institutional change that compose the economic order. With such economic evolution, we can explore the complicated relationship between the different economic variables.

Since the pathway of an economic system is open and sophisticated, the economic evolution helps to explain the process that occurs at the generic level of the economic order which bring in the ideas, the rules and the knowledge with the economic operations. This

process is critical for recent publications of the reviewer where new concepts of the economy have been proposed in relevance to inspiration, youth and resilience economies (Buheji, 2018).

IMPORTANCE OF EVOLUTIONARY ECONOMICS

Evolutionary economics is part of the economic thought that stresses the complex relation and the structural change that transforms the economy for firms, institutions, industries, employment, production from experience and interactions. It is the study of the economics that analyses the process of the technological and institutional innovation, thus generating diverse ideas which explain the survival value for the costs in relevance to the competing alternatives. With evolutionary economics, we can transform the economy from within or based on its gaps and inconsistencies.

In recent years, evolutionary models have been used to assist decision making in applied settings and find solutions to problems such as 'optimal product design' and 'service portfolio diversification'. However, the book still would be better off if more applications of evolutionary models are illustrated.

APPLICATION OF EVOLUTIONARY ECONOMICS

Economic processes have an evolutionary equation that describes life processes through the analytical formula of fixed and variable cost. The 'economic competitiveness' of the different economic entities is calculated. This competitiveness as per the work of Witt is mainly due to the change of environment and the different economic entities and systems. Witt now suggests a different approach that is to apply evolutionary psychology principles to economics. Such an approach might explain problems such as inconsistencies and biases in rational choice theory.

Witt (2016) gives the example of the tendency to see the number of available jobs as a zero-sum game with the total number of jobs being fixed which causes people to not realize that minimum wage laws reduce the number of jobs or to believe that an increased number of jobs in other nations necessarily decreases the number of jobs in their own nation. Other applied example shows how the large income inequality may be viewed due to exploitation rather than due to individual differences in productivity. Such evolutionary review shows the causes as the poor economic policies, or the few incentives.

In a nutshell, such examples still differentiate this breakthrough work of Witt (2016).

CONCLUSION

This comprehensive book is an excellent reference to the evolutionary thinking that engulfs the economics journey. Witt (2016) prepares the reader in this book to deal with the rapid of the economy. The book focuses on the proper interpretation of "evolution" in economics and its implications for production theory'.

The book carries a good foundation for developing the readers' perspectives on economic behaviour. However, the book fails to guide the psychology of economic decision making. It is an interpretation introduction to what type of economies around us today and what we might foresight in the future.

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