

BOOK REVIEW

In this Economy?: How Money & Markets Really Work The Economics of "Vibes" and the Challenge of Modern Policymaking

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Book Title: In This Economy? How Money & Markets Really Work
Author: Kyla Scanlon (Foreword by Morgan Housel)
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Abstract

In the post-pandemic era, a peculiar paradox emerged in global economics: the divergence between macroeconomic fundamentals and microeconomic sentiment. While GDP figures and unemployment rates suggest resilience, consumer confidence often tells a different story. Kyla Scanlon's debut work, 'In This Economy?' attempts to decode this cognitive dissonance through the lens of what she coined the "Vibecession." This review analyzes Scanlon's work not merely as a primer for economic and financial literacy but as a critical text for development economists and policymakers who must navigate the behavioral shifts of a digital-native citizenry. While the text lacks econometric depth, it offers a vital qualitative framework for understanding why traditional monetary policy transmission mechanisms face friction in the age of social media.

Keywords: Vibecession, Development Economics, Behavioral Economics

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บทวิจารณ์หนังสือ

In this Economy?: How Money & Markets Really Work

The Economics of "Vibes" and the Challenge of Modern Policymaking

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ชื่อหนังสือ: In This Economy? How Money & Markets Really Work

ชื่อผู้เขียน: Kyla Scanlon (Foreword by Morgan Housel)

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บทคัดย่อ

ในยุคหลังการแพร่ระบาดของโควิด-19 ได้เกิดปรากฏการณ์ที่น่าสนใจในระบบเศรษฐกิจโลก กล่าวคือ ความแตกต่างระหว่างปัจจัยพื้นฐานทางเศรษฐกิจมหภาคกับความรู้สึกและการรับรู้ทางเศรษฐกิจของประชาชน แม้ว่าตัวชี้วัดทางเศรษฐกิจ เช่น ผลิตภัณฑ์มวลรวมภายในประเทศ (GDP) และอัตราการว่างงาน จะแสดงถึงความสามารถในการฟื้นตัวของเศรษฐกิจ แต่ระดับความเชื่อมั่นของผู้บริโภคกลับสะท้อนภาพที่แตกต่างออกไป หนังสือ *In This Economy?* ผลงานเล่มแรกของ Kyla Scanlon พยายามอธิบายความไม่สอดคล้องดังกล่าวผ่านแนวคิด "Vibecession" ซึ่งเป็นคำที่ผู้เขียนบัญญัติขึ้นเพื่ออธิบายภาวะที่ความรู้สึกของประชาชนต่อเศรษฐกิจไม่สอดคล้องกับข้อมูลเศรษฐกิจที่ปรากฏ บทความปริทัศน์หนังสือฉบับนี้วิเคราะห์เนื้อหาของหนังสือในฐานะมากกว่าคู่มือพื้นฐานด้านเศรษฐศาสตร์และความรู้ทางการเงิน โดยพิจารณาว่าเป็นงานที่มีคุณค่าต่อนักเศรษฐศาสตร์การพัฒนาและผู้ที่กำหนดนโยบายที่ต้องเผชิญกับการเปลี่ยนแปลงเชิงพฤติกรรมของประชาชนในยุคดิจิทัล แม้ว่าหนังสือจะขาดการวิเคราะห์เชิงเศรษฐมิติและหลักฐานเชิงปริมาณในเชิงลึก แต่ก็เสนอกรอบการวิเคราะห์เชิงคุณภาพที่สำคัญสำหรับการทำความเข้าใจเหตุผลที่กลไกการส่งผ่านนโยบายการเงินแบบดั้งเดิมเผชิญข้อจำกัดและแรงเสียดทานมากขึ้นในยุคของสื่อสังคมออนไลน์

คำสำคัญ: Vibecession, เศรษฐศาสตร์การพัฒนา, เศรษฐศาสตร์เชิงพฤติกรรม

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Introduction: The Great Disconnect

As development economists, we are trained to trust data. We look to the NESDC for GDP growth, the Bank of Thailand for inflation targets, and the National Statistical Office for labor figures. However, a recurring theme in recent policy discussions at NIDA and beyond is the failure of official and positive data to translate into political stability or social satisfaction.

Kyla Scanlon, a financial content creator turned author, addresses this gap head-on in *In This Economy?* Scanlon is widely credited with popularizing the term "Vibecession", a situation where the economy is technically growing, but the "vibes" (public sentiment) feel like a recession. For a developing economy like Thailand, where the informal sector is vast, and sentiment often drives consumption more than interest rates do, Scanlon's exploration of the "emotional economy" is surprisingly relevant.

This book serves as an urgent reminder that economics is not a hard science of movement and forces, but a social science of people and choices. Scanlon argues that the "economy" is not a distinct entity from us; it is us.

Deconstructing the "Vibecession"

The book's core contribution to public discourse, through casual Gen-Z vernacular, is essentially behavioral. Scanlon posits that our economic reality is mediated through a "negativity bias" amplified by algorithmic social media feeds.

In traditional development economics, we assume agents act rationally based on available information. Scanlon challenges this, suggesting that the availability heuristic is broken. When TikTok or X (formerly Twitter) bombards users with 15-second clips of grocery price hikes, the aggregate psychological effect outweighs the statistical reality of wage growth.

For policymakers, this is a critical insight. We cannot simply publish a white paper stating that inflation has cooled to 0.5%. If "lived inflation"—a concept Scanlon explores in depth—remains high due to sticky prices in housing and food (the non-discretionary basket), the "vibe" will remain negative. The book effectively argues that sentiment is a leading indicator, not just lagging noise.

Structural Shifts: Labor and the K-Shaped Reality

Scanlon dedicates significant space to the labor market, describing the post-COVID shifts as a reimagining of the "social contract" between employer and employee. She discusses the "Great Resignation" and "Quiet Quitting" not as fads, but as rational responses to an economy where asset inflation (housing, stocks) has outpaced wage inflation.

From a development perspective, this resonates with the "Middle-Income Trap" discussions we frequently face in the Thai economy. Scanlon describes a K-shaped recovery in which asset owners thrive while wage earners struggle. In the Thai context, where household debt is sustainably high (exceeding 90% of GDP), Scanlon's analysis of the housing market is

particularly poignant. She illustrates how high interest rates, intended to curb inflation, paradoxically lock up the housing market, preventing new supplies and hurting the very demographic (young workers) the policy tries to protect.

She simplifies complex supply chain theory (the "Bullwhip Effect") to explain why goods are suddenly expensive or unavailable. While her explanation is elementary, it highlights a fragility in global value chains that developing nations know all too well.

The Role of Communication in Monetary Policy

Perhaps the strongest takeaway is the chapter regarding the Federal Reserve and the "expectations channel." Scanlon argues that the primary tool of the modern central banker is not the interest rate, but the narrative.

If the central bank cannot communicate effectively to a populace that consumes information in short-form video, its forward guidance becomes less effective. Scanlon acts as a translator. She demystifies the "Fed" and "The Treasury," explaining their interplay in a way that suggests financial literacy is a prerequisite for a functioning democracy.

This leads to a broader critique of our own academic insularity. We often produce excellent research that remains trapped in PDFs. Scanlon demonstrates that to influence the "vibes," one must meet the public where they are.

Critical Assessment

While the book is insightful, it is not without limitations for the academic reader:

1. **Lack of Empirical Rigor:** Scanlon relies heavily on narrative and anecdote. A development economist would prefer to see more regression analyses or longer-term time-series data to support the "vibecession" hypothesis. Is the sentiment purely media-driven, or are the CPI baskets fundamentally not representing modern costs of living? The book leans toward the former without fully proving it.

2. **US-Centricity:** The analysis is heavily weighted toward the US Federal Reserve and the American housing market (30-year fixed mortgages). While the principles of inflation and sentiment are universal, the structural mechanisms differ in emerging markets, where informal labor and floating interest rates are more common.

3. **Oversimplification:** In her quest for accessibility, nuance is occasionally sacrificed. The relationship between fiscal stimulus and inflation is treated somewhat lightly, which is a contentious topic in development economics.

Conclusion and Implications for Policy

In This Economy? It is a triumph of economic communication. It successfully bridges the gap between the "Ivory Tower" and "Main Street."

For the students and faculty, this book offers a lesson in Behavioral Public Policy. It suggests that managing an economy requires managing its psychology.

Recommendation:

I recommend this book not as a primary textbook for macroeconomics, but as essential supplementary reading for courses in Behavioral Economics, Public Policy, and Development Communication. It challenges us to ask: If we fix the numbers but lose the people, have we succeeded?

In the end, Scanlon reminds us that the economy is a collection of human stories. As we draft Thailand's next National Economic and Social Development Plan, we would do well to remember that "vibes"—or public trust and sentiment—are a form of capital we cannot afford to deplete.

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Guide for Author (Development Economic Review)

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