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INTRODUCTION

THESE seven reviews of major high school economics textbooks were commissioned by the Centre for Independent Studies in 1989. A prime function of The Economics Education Resource Centre is to critically review the major books and other resources being used in the teaching of high school economics in Australia. Concern is widespread over the coverage and accuracy in the presentation of micro and macro economics as well as the degree to which current textbooks motivate students to apply their theoretical skills to current issues in the Australian economy.

The textbooks represent a sample of those currently used in a number of mainland States. Since economics syllabuses vary from State to State, the demand for textbooks and their content tend to reflect the particular State's syllabus requirements. However, there are exceptions to this rule, as syllabus contents converge on common topics. In this case, a textbook written in and for one State may appeal to teachers and students in other States, even if only for reference and supplementary reading purposes.

Many of the textbooks reviewed are written for the student who may simply memorise and rote learn information without necessarily grasping and applying the basic economic principles. This perhaps reflects the emphasis placed on examination success at senior school level.

Several school level textbooks are written by economists who tend to reflect the rigour of their teaching, particularly of undergraduates who may or may not have studied economics at high school. The reviews are not all favourable, though in many cases it is the course planners who are held responsible for designing syllabuses that are out of date in terms of micro and macro theory, and fail to stress the application of economic principles to current issues. Many of the texts are written for the student who may simply memorise and rote learn information without necessarily grasping and applying the basic economic concepts. This is perhaps a reflection of the emphasis placed on examination success at senior school level.

There is perhaps a trade-off between the wide and generally superficial coverage of topics and the development of analytical and critical thinking skills. Suggested references like Alchian & Allen's Competition and Exchange and Heyne's The Economic Way of Thinking equip students with a theoretical base and present various interesting avenues for the application of this theory.

The final common criticism seems to be the stubborn retention of Keynesian macroeconomic orthodoxy in the face of new developments in micro and macro theory. The Monetarist, Rational Expectations and Supply-Side schools are not given the prominence accorded them in the academic literature. However, these schools are not excluded from the textbooks under review. The reviewers are all academic economists who tend to reflect the rigour of their teaching, particularly of undergraduates who may or may not have studied economics at high school. The reviews are not all favourable, though in many cases it is the course planners who are held responsible for designing syllabuses that are out of date in terms of micro and macro theory, and fail to stress the application of economic principles to current issues.

The reviews assess:

1. The book's coverage of topics in breadth and in depth; of balance between micro and macro; and between descriptive and analytic content.
2. The accuracy of the exposition of traditional areas and new developments.
3. The particular position taken by the book on controversial matters.
4. The degree of emphasis placed on Australian institutions and the use of current statistics.
5. The book's suitability as an aid to the achievement of economic literacy, interest in economics, and as a basis for further study of the subject.
Economics should live and be taught in such a way as to excite and nourish young minds to grapple
with compounding problems by acquiring sophisticated analytical skills from well written textbooks.

Economics is a rather difficult one for students.

This volume is the first in a continuing series of economics textbook reviews. The next volume will
review eight recently published textbooks, six of which were written for the new NSW Syllabus. R.J.
Brown has written an updated version of Student Economics entitled The Australian Economy
(with a workbook) and Terry and Leonie Downing with Trevor Taylor have produced Economics Towards 2000.

Other titles to be reviewed include Jill Tuffley's Our Economy and the associated series of option books for the NSW 2 and 3 Unit courses; Barry Collier's Introducing Economics Books 1 & 2; John Price et al Economics for Australians Books 1, 2 & 3; Humphreys et al The Economy: An Australian Focus Books 1 & 2; Costigan's two books, Exploring Macroeconomics and Microeconomics in Economics; and finally the very popular and widely used series by Parry & Kemp's two books, Exploring Microeconomics and Macroeconomics.

These textbooks represent the revolution in writing that has occurred since the advent of the new NSW Syllabus. The approaches differ markedly. Some are large and detailed volumes whilst others avoid undue wordiness by stressing basic principles and skills. The collection is comprehensive and offers teachers and students a welcome degree of choice in treatment, price and quality.

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Reviewed by Dr Robert Alton
Senior Lecturer in Economics
Australian National University, Canberra

THE Gittins' Guide to Economics (GG) and the collection edited by Garry Bell, The Australian Economy: A Student's Guide to Current Economic Conditions 1988 (SG) comprise an interesting set of journalistic economic writings, principally by Ross Gittins of The Sydney Morning Herald. The first volume (published by the VCTA Publishing in 1988) is work totally by Gittins, while the second collection (from Warringal Publications) contains, in addition to three items by Gittins, pieces by Peter O'Hanlon and Barry Street.

These collections are explicitly not textbooks, but they are both intended for, in particular, secondary school students. The approach is perhaps a bit too 'chatty' in places, but Ross Gittins has rather successfully taken it in The Sydney Morning Herald over many years. The approach is not particularly, perhaps, a matter of taste, but is simply an attempt to make economics more accessible to the reader. The approach is geared to the undergraduate student, with the intention of bridging the gap between theory and practical application.

Scope, Balance and Style

The Gittins' Guide itself is broad ranging in scope with articles on every aspect of the economy, from the household sector to international economics. The bias is strongly in favour of macroeconomic topics; only six or seven of the papers are clearly microeconomic in flavour. The other collection is also predominantly about macroeconomics, with one of the five articles being solely microeconomic. The dearth of microeconomics may reflect Gittins' training in the 1960s when macroeconomics was all the go.

The articles are all written in a journalistic style — most of them come directly from The Sydney Morning Herald. The approach is not purely academic, but rather more accessible to the reader. The articles are all written in a clear and concise manner, with a focus on practical application.

Analytical Content

The content of these volumes ranges from descriptive and institutional to theoretical. Where there is some analysis, there is an emphasis on attempting to explain economic arguments in a clear and accessible manner. The approach is not purely academic, but rather more accessible to the reader. The articles are all written in a clear and concise manner, with a focus on practical application.

Conclusion

These collections are a valuable resource for secondary school students, providing an accessible introduction to economics. While the approach is not purely academic, the content is clear and accessible, making it a useful resource for students.

Garry Bell (ed.)

Ross Gittins
Gittins' Guide to Economics

Reviewed by Dr Robert Alton
Senior Lecturer in Economics
Australian National University, Canberra

The Australian National University
Warringal Publications, Melbourne

A Student's Guide to Current Economic Conditions

The Australian Economy

Ross Gittins
Overall Assessment

The EERC Secondary Economics Textbook Reviews (GG-20 on the relationship between budget and current account deficits) where some symbols are used. Ross Gittins proves himself overall to be a pretty good 'bush economist' but this level of analytical competence is not always enough. Barry Streete (writing on the 'Accord') does not really chance his hand at any analysis, and Peter O'Hanlon's article on interest rates, monetary policy and exchange rates is largely descriptive, although it does have a small implicit theoretical content.

Instances where theoretical arguments are particularly well handled include the analysis of takeovers (GG-4); floating the dollar (GG-15) and the effect of asset sales on the budget deficit (GG-24). Cases where there is some fuzziness in the analysis include the articles on business investment (GG-6), the aims of macro policy (GG-17) and tax disincentives and the supply of labour (GG-38). In other cases (discussed below) ideology and analysis seem to get too closely entwined.

Institutional and Descriptive Content

Some of the articles are purely institutional or descriptive (i.e. not analytical) in nature, while others report on published work. Like a good economic journalist should, Ross Gittins keeps abreast of publications from a variety of sources - official publications from government departments and bureaus, interest groups (e.g. the ACTU) and academics. Many articles revolve around recent publications and these are usually well synthesised for the reader. More explicit references to these publications would be a useful innovation in the guides, especially if not in the newspaper articles.

The descriptive and institutional material in many articles - particularly those in the Student's Guide to Current Economic Conditions - is very useful and up to date. Statistics from a wide variety of sources are presented in a clear and competent manner, usually with the aid of graphs and tables. Institutional details on matters such as wage fixing arrangements and the role of government in the determination of exchange rates are accurate and clear.

Ideological Content

Turning now to the ideological content of these guides, one finds a rather mixed picture. The use of labels can be misleading, but there are elements of many 'isms' in these publications. Perhaps the strongest of these is 'pragmatism', particularly as it might be applied to the policies of the Federal Labor Government. Ross Gittins would appear to be a fairly strong supporter of the approaches to economic policies of the senior economic ministers - Keating, Walsh, Button, Kerin and Willis - all of whom have developed reputations for 'pragmatism' rather than adherence to principle.

Another 'ism' of prominence is that of Keynesianism in macroeconomic thinking. Gittins tells us that 'I belong to the Order of Pump primers myself (GG-63) and this is clear from a number of the pieces which extol the virtues of a rather crude brand of Keynesianism and/or are critical of an excessively crude straw man version of monetarism'. The synthesis of Keynesianism and Classical thinking common to virtually all modern economic policies is rare and of consequence. If we are to claim our analysis as a contribution to our understanding of the world order, then it is necessary for our analysis to be rooted in a much broader understanding of how the world works. This requires a more explicit and systematic approach to the problems of government policy intervention.

Corporatism is also featured in these guides. Australia Reconstructed gets a very good run in a number of these articles. It is described as the ACTU's 'magnum opus' (p.115) and is asserted to contain 'many sensible things' (p.109). The Accord is discussed most approvingly as an attempt 'to change our economy...from the conflict model to the cooperation model' (p.89). The neo-corporatist approaches in the Nordic countries are reported with unabashed enthusiasm. Barry Streete's article in A Student's Guide is also a very glowing account of the success of the corporatist approach encapsulated in the Accord. My own view is that both Keynesianism and 'corporatism' are dangerous as guiding principles for government intervention. Approval for both of these approaches is evident in these guides. Unfortunately, these rather extreme policy directions are endorsed without sufficient attention to alternative policies or any underlying argument for them. A teacher using these guides would find it difficult to give a balanced view on macroeconomic, industry and wage fixing policies without recourse to supplementary material.
analytical pieces have already been praised and this list could be extended. For example, GG-5 is a fine account of why we cannot blame (as some do) business borrowing for the foreign debt that has amassed. GG-39, on the effects of technological change on unemployment, provides an excellent account of why the Luddites had (and have) it all wrong. In these and other cases the articles contain good and competent debunkings of some rather dangerous myths.

It is worth repeating that the **Gittins' Guide** and the **Student's Guide to Current Economic Conditions** were never intended as textbooks. Rather, they are intended as a supplementary resource and as an aid to the achievement of elementary economic literacy. In this respect they are not an unqualified success. We are told that 'complex economic issues are reduced to simple terms', but this is not always a good thing. The attempt to simplify can sometimes lead to superficiality and confusion. It is not always a good thing that the style of writing of these articles is rather informal or chatty in places. As a means of awakening an interest in economics this is not an undesirable thing. However, the attempts to this end are not always successful. We are told that complex economic issues are reduced to simple terms, but this is not always a good thing in economics.

**Conclusion**

Finally, while these guides will not form a strong basis for further study in economics, they will serve a purpose. They are not intended as textbooks, but rather as a supplementary resource. In this respect they are not an unqualified success. The style of writing of these articles is rather informal or chatty in places. As a means of awakening an interest in economics this is not an undesirable trait. However, the caveats to this endorsement are the same as those above - simplicity must not become superficiality and ideology must not be confused with an interest in economics. This is not an unqualified thing. However, the attempts to this end are not always successful. We are told that complex economic issues are reduced to simple terms, but this is not always a good thing in economics.

It is worth repeating that the Gittins' Guide and the Student's Guide to Current Economic Conditions are not intended as textbooks, but rather as a supplementary resource. In this respect they are not an unqualified success. We are told that complex economic issues are reduced to simple terms, but this is not always a good thing in economics. The style of writing of these articles is rather informal or chatty in places. As a means of awakening an interest in economics this is not an undesirable trait. However, the caveats to this endorsement are the same as those above - simplicity must not become superficiality and ideology must not be confused with an interest in economics. This is not an unqualified thing. However, the attempts to this end are not always successful. We are told that complex economic issues are reduced to simple terms, but this is not always a good thing in economics.
I take a measure of presumption for someone who has never taught below second-year university level to offer advice to school-teachers as to what, or how, they ought to teach and/or what kinds of textbooks they are likely to find most useful. That's all right, because I am by nature a fairly presumptuous person—but my lack of experience in classroom matters should be noted and can be used, where necessary, in evidence against me. Moreover, some of the remarks I shall make about Brown's textbook(s) may be better directed at those who set the economics syllabuses. In the highly centralised secondary education systems that prevail in most Australian states (or have prevailed until recently), the textbook-writers are as much followers as they are designers of the system: the scope to write a highly innovative (or even distinctive) textbook may be quite limited. The weaknesses of Mr Brown's book(s) may therefore not be entirely Brown's fault. Nor are the weaknesses that I identify by any means unique to Brown's book—some of those weaknesses are characteristic features of the vast bulk of 'Principles' texts that inhabit the English-speaking world market. But it is Brown's book I have been asked to appraise, and in my critique of its content and approach I shall simply have to let the chips fall where they will.

In keeping with the spirit of the dismal science, most of my comments are negative. We economists are a fairly miserable lot. But let me begin at least with some positive remarks. This book (or these books actually—because there are two volumes to the text, and a workbook for each volume) represents, on the whole, a fairly workmanlike overview of the core of conventional economics as it stood about 25 or 30 years ago. There is very little—piece by piece—that is deeply misleading: a student who had mastered this book would not have much to unlearn, and would come to future study (if any) with a tolerable familiarity with the main bits of economic theory and language. And perhaps that is as much as one can reasonably hope for. But I should like to think we might hope for something more. And in particular three things. First, a sense of the basic conceptual unity of economics as an intellectual enterprise. Second, a sense of excitement and enthusiasm about the subject matter. And third, a feel for the difficulty of the problems economists deal with and the tentative nature of our conclusions. Let me take each of these hopes in turn.

One thing that is striking about Brown's book(s) is the extent of its coverage—a feature it shares with most first-year university texts. The whole has a slightly encyclopaedic air. And if one were to criticise Brown for leaving something out (be it public choice or rational expectations or mention of methodological individualism, or the prisoners' dilemma), I'm sure that the first instinct would be to stick it in: add a chapter or two. But that is precisely the problem. That is, the Brown approach is to provide a large catalogue of independent concepts (or rather, terms that stand for concepts) much like one might give a student a list of facts under one view of the content of history. For example, in chapter 1, Brown discusses the general nature of economics (like most textbooks do in chapter 1) and then goes on to discuss whether economics is a science or not, the nature of economic thought or language, the role of logical reasoning (including a few Venn diagrams), a catalogue of common fallacies in economic reasoning, and also manages to squeeze in a couple of economic graphs of economic (social) reasoning and economic (social) reasoning. And, of course, any textbook that contains all of that is likely to be quite long. The basic conceptual unity of economics is lost amid the mass of independent concepts, and the excitement and enthusiasm about the subject matter are lost amid the dryness and length of the discussion. In addition, the student who has mastered this book will be at a disadvantage if he or she wants to move on to more advanced study, because the book has not covered the key concepts of microeconomics and macroeconomics that are basic to any study of economics. Therefore, the Brown approach is not the right one for teaching economics to first-year university students. But it is a better approach than many of the other first-year university textbooks that are available. The Brown book is clear and concise, and it provides a good foundation for further study in economics. However, it is not the best textbook for teaching economics to first-year university students.
PROFESSOR GEOFFREY BRENNAN

instances: they can't be allowed to hang there as unconnected ideas of the 'been-there, done-that' kind, because all that ... the positive-normative distinction, or the role of 'authority' in economic argument), is a difficult and/or controversial one, some confession of the difficulties and/or controversies seems highly desirable.

I reckon that economics is more to be regarded as a way of thinking than as a subject-matter. The object of a course at this level should be to give the student a feel for what this way of thinking is, and for the few ... of the same range of ideas and concepts, differently applied? Is there no role for the text-book in making such connections salient?

Undoubtedly, economics as taught in most places in the Western world is taught on the 'spiral' principle: that is, we go over the same material again and again, absorbing a little more each time, so that with luck ... really at stake. It is a not uncommon experience to discover that you don't really understand something until you have to teach it, which is why we, at ANU, recommend to our best students that they do a semester or so's tutoring in first year economics before they proceed to graduate school overseas. As Herbert Spencer remarks: ... students will be studying economics for the last time. It therefore has to be a matter of concern whether what students learn at that level is the most important material they might learn.

When one tries to teach too much material, one can't be sure that what sticks will be the most significant. And this is particularly so if what is taught is portrayed as being disjoint, ... to apply to the telephone directory. For my taste, the Brown book is composed too much along telephone directory lines.

My second criticism is, I think, distinct. It is that Brown's treatment is too dull. I think this criticism is distinct because I also find the telephone directory dull reading. I find ideas exciting, and because I relish the explanatory power that the few simple notions of mainstream economics displays, I enjoy a conceptually elegant treatment. But there is more involved than this. Brown's approach is unexciting. There are a few examples, no cartoons (as some of the livelier American principles texts have); there is no chapter on the economics of sex, which for all its absurdities sold large numbers of the McKenzie Tullock New Worlds of Economics, and can be guaranteed to capture a modicum of interest in economics if the topic can be used to good pedagogic purposes; there is no parable, no funny story, no one-liners from Paul Keating ... More to the point really, there is not much sense of enthusiasm or vigour. This is a book for students who are a captive audience, who must do well in exams to proceed, and for teachers who are rather tired and want it all carefully and competently laid out. This is not a book to lure students to a love of learning, or to a sense of fun and excitement in discovery. We are all of course under the heady influence of Peter Weir's Dead Poet's Society, and no doubt desks in many schools will get a fair scraping from students' shoes over the next few months. But desk-standing will mainly take place in poetry classes: we expect a little eccentricity and emotional vigour in teaching English. But economics? I am confident that economics can be taught in an exciting and mind-changing way. But Mr Brown's book hardly encourages such - or indeed, even the idea that such teaching might be possible.

My second criticism is: its layout is terrible. Its broad, brown cover shows no attempt to catch the eye of the reader. It is quite correct to have material in economics, let's face it, written in that sort of pedestrian way, but I feel that the arrangement of the material could be improved, if economy was not the issue. The Brown book is composed along the lines of an old telephone directory, and the material is not grouped in any logical sequence of ideas - and hence difficult to understand. To its credit, however, the book does cover most of the material that anyone taking economics should know, and it is not as bad as some of the others. Nevertheless, the lack of a logical sequence of ideas makes it hard to follow, and the lack of a coherent structure makes it hard to remember.

The book is divided into three parts: microeconomics, macroeconomics, and international economics. The first part covers microeconomic principles, including supply and demand, market equilibrium, and the role of government in the economy. The second part covers macroeconomic principles, including national income accounting, monetary policy, and fiscal policy. The third part covers international economics, including international trade, foreign exchange markets, and international monetary systems.

The book is well written and easy to read. The explanations are clear and concise, and the examples are relevant and interesting. The author, Peter Brown, is a well-known economist and has written many other books on economics. His writing is accessible to students, and the material is presented in a logical and coherent manner.

Overall, this book is highly recommended for students studying economics at the undergraduate level. It is well-written, easy to read, and provides a comprehensive overview of the major concepts in economics.

Professor Geoffrey Brennan
Economics is a subject that requires careful consideration of fundamental questions, not just the provision of specific answers. It is within this context that Brown's *Student Economics* might be improved. At the heart of writing a valuable textbook, as with other forms of scholarship, is the engagement of the reader in a process of inquiry and discovery. Good questions are at least half the task of writing a textbook. One reason I so much like Don McCloskey's *The Applied Theory of Price* (Collier/Macmillan, 2nd edn, 1985, $29.95) is that McCloskey writes from a problem-solving viewpoint. This feature is an enormous strength and makes McCloskey's book a fine one, even if at times I found his expositions unclear. I do not of course recommend McCloskey's book for high school students. At (almost) the level under consideration, I would recommend Paul Heyne's *The Economic Way of Thinking* (Science Research Association, 1983). If this turns out to be too difficult (or too conceptually advanced), there may be a gap in the market for a slightly lower-level and popular version of that book, with corresponding Australian content. My Brown's book is not that book. The Brown book does not, for my part, sufficiently answer the intellectual challenge that *Student Economics* poses. Brown's book is not for high school students, even though it might be suitable for a slightly lower-level audience. The book, while not seeking to excite the student or lure him/her to a love of the subject, does not seek so much to inform the student of the intellectual coherence of the economics vision of the social order. It does not seek to expand the intellectual capabilities of students by means of the intrinsic richness of the subject matter. It does not so much seek to engage the student in an intellectual enterprise as to inform. These are the fundamental inadequacies of *Student Economics*, and they are not unique to Brown's book. The omission of particular topics or questions of ideological orientation that cause me anxieties about this book and the kind of education in high-school economics that it connotes.

Notes

* Demand-supply diagrams are not the only pictures that can be worth a thousand words (or so).

1. The student should know that he or she has not been taught any economics.

2. He should know that the student's knowledge, if any, is not sufficient to answer the first question for discussion at the end of the chapter: "What do you think the best definition of economics is?"

For example, the first question for discussion at the end of the chapter is: "What do you think the best definition of economics is?"

Surely the only conscientious answer is: "How the hell should I know — I've never done any economics."
OBJECTIVITY and rationality suggest that the criteria for evaluation of a product should be stated explicitly at the outset. As a long-time teacher of introductions to economics, both of full-year university courses at first-year undergraduate level and of more compact courses and lecture series to all sorts of mature, professional audiences, I would list the following criteria (with per cent weights that I would apply in the case of full-year undergraduate subjects in brackets):

1. **Coverage (breadth and depth):** Does the text serve as a self-contained introduction to the subject of economics, familiarising the reader with all those phenomena that I consider essential knowledge for undergraduate students, senior high school students, or mature professionals who want to familiarise themselves with the discipline? [20 per cent]

2. **Approach to the discipline:** Is the personal view of economics that I have developed in 25 years of teaching, research and policy advice reflected in the presentation? And is it balanced by other, competing ideological approaches to the major economic paradigms? Are controversial issues clearly identified as such, and are aspects of positive and normative economics held clearly separate? [15 per cent]

3. **Relevance to Australian problems:** Does the text cover the theories, as well as the empirical and institutional knowledge necessary to inform a budding `economic citizen' of Australia? Does the text engage the reader with emerging economic issues, or simply echo the controversies of yesteryear? [15 per cent]

4. **Presentation, clarity, readability:** Is the style of presentation (text, mathematics, graphs, statistics) clear and appropriate for the prospective students' maturity, so that an uninitiated reader can read the text without much priming and tutoring? Is the presentation economical in the sense that relevant knowledge can be grasped quickly, without wasting effort on redundant material? [20 per cent]

5. **Consistency:** Is the reader likely to be educated in a consistent mode of thinking about issues, so that he or she can apply what is learnt in the more basic chapters to applied issues later on? Are there unexplained contradictions in approach between various chapters? [15 per cent]

6. **Interest:** Is the textbook written in a way that is likely to arouse the enthusiasm of a beginner to start `thinking as economists do'? [10 per cent; the relatively low weight I attribute to this is a consequence of my view that one of the functions of the teacher is to convey enthusiasm for the discipline.]

7. **Value for money:** Does the book represent good value for money? [5 per cent]

I would assume that these same criteria are also applied by teachers at senior high schools.

In addition, a minimum requirement is that the text does not contain too many errors or misrepresentations of facts or logic.

I would suggest that these same criteria are also applied by teachers at senior high schools.

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**Campbell, ACT**

University College (Defence Academy), University of New South Wales

Professor of Economics, Department of Economics and Management

Reviewed by Wolfgang Kasper

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R.E. Gallagher & O.A. Burkhardt

*An Introduction to the Australian Economy*
The EERC Secondary Economics Textbook

Coverage and Organisation

Gallagher-Burkhardt (GB) is a solid tome; 658 narrowly printed pages. It begins with a chapter on 'what is economics?' This is followed by a chapter on the 'Marshallian cross' of supply and demand (what is called here The perfect market'). These two microeconomic chapters are followed by an essentially macroeconomic chapter on public finance and the role of the government, where fiscal policy is related to inflation and unemployment, but where we also...to private enterprises (subsidies, protection, etc.) and social policies (health, education, social welfare, etc.). Similarly, the 'international sector' is treated in its micro- and macro-economic aspects, essentially as an add-on to a closed economy. The following two chapters deal with growth and development (in the latter abandoning the demand and supply model to introduce market theory). Thereafter, the reader is taken back to the circular flow and is introduced to National Accounts data (upto 1976-7), immediately followed by a (non-empirically supported) treatment of the multiplier and the accelerator. Fiscal policy surfaces again. Then, we are taken again into microeconomics (market theory) and matters; ...practices, factor markets, etc. Then it is back to macroeconomics, the business cycle and a discussion of demand-stabilising interventions and selected supply-side policies, including a chapter on educational economics. There is probably much merit in starting any reading of this textbook from the very beginning, at least if you want to collect a good sense of the field, or to avoid the impression that the book is a collection of loose-leaf notes from a course that has been taught ad hoc. This impression is probably much more than justifiable. If readers gain the impression from the above that a loose-leaf collection of lecture notes must have fallen to the ground and was collected haphazardly, they share my feelings. Most of the topics one would wish covered are discussed, but it is difficult to detect a logical red thread through the material or a logical progression from simple, basic to more complex ideas. There is probably much merit in getting away from the artificial textbook dichotomy between microeconomics and 'macromechanics' (as has, for example, been quite successfully attempted in the first-year text by [author], [year]), but such an approach is not acceptable in this book.

Mode of Presentation

The text appears to me to be very wordy. It often takes a long time to come to the point. I often feel that the text is not written in a clear and concise manner. The use of jargon and technical terms is often excessive, making it difficult for the reader to follow the argument. Moreover, the text is not well-structured, with sections that are not well connected and ideas that are not clearly developed. The author's style is also somewhat dry and uninteresting, which makes it difficult to maintain interest in the material. Overall, I would not recommend this book to students who are looking for a clear and concise introduction to economics. Instead, I would recommend looking for a different textbook that is better organised and more clearly written.
PROFESSOR WOLFGANG KASPER

methodological ideas that are likely to recur in the discussion of introductory economics... Or, if one dislikes a 'half-lapsed Keynesian' text like Samuelson-Nordhaus (1985) one will get concise, and learnable, instruction on the first pages of Heyne (1983), Craven (1984) or Alchian-Allen (1983) (the latter is not a high school text).

After reading several chapters, the reader of GB is, in my view, likely to get the impression that economics is not about the hopes, fears, aspirations and creativity of real-life people and about moral and practical problems in society, but a matter of abstract relations between variables; of levers being pulled in a machine; of a mechanical rather than a moral and social science.

A consequence of the wordiness and lack of clear 'red threads' is that the text often rambles off the pre-announced track, for example, when we read in a chapter on Australian economic resources that 'the USSR possesses one of the largest supplies of human resources' (p. 31), or when the treatment of the capital stock is documented by a breakup of the governments' composition of investment flows. More generally, the text is frequently overburdened with descriptive detail, much of which I find irrelevant for high-school or first-year tertiary students. Two random examples may illustrate this: On p. 602, we are informed on the size of wheat stabilisation pools since 1945-6. On p. 60 and then again on p. 554, we are presented with a plethora of economic policy objectives. The list of policy objectives given on p. 60 numbers no less than 12 'fairly commonly accepted' objectives, and there is no indication of hierarchies. Are 'stable prices' more or less important than 'aid to developing countries'? Indeed, some of the goals of economic management are in reality (highly dubious) means of achieving them, e.g. 'protection of Australian industry' or 'greater government control over production'. Many professional economists and citizens would disagree with GB's glib assertion that these goals are 'fairly commonly accepted'. Not even a super-human government could meet so many conflicting goals.

We are not informed whether the Australian government pursues this long 'wish list' of policy objectives...

When I get student assignments that ramble on wordily and zig-zag ad hoc through facts that do not lead to a conclusion, I tend to write in the evaluation: 'In your next essay, think before you write and take more time to write shorter!' I felt like writing the same under each chapter of GB.

GB present numerous statistical and other tabulations, but quite a few seemed to me more coincidental to the main argument in the context in which they were used. There are also numerous graphs. I strongly believe in good, telling graphs as teaching and communication aids, but I personally found the style of the graphs in this book not terribly attractive. Where long time series are plotted, professional standards require in my opinion semi-log scales. Otherwise, we get the (misleading) impression of accelerating expansion (e.g. in the graph of exports and imports from 1956 to 1976-7 p.562).

There are two approaches to teaching in most first-year courses and in most texts, namely:

1. to begin with some descriptive material on a model and then develop a knock that can assist
   in structuring one's thinking (deductive reasoning); or
2. to begin with a simple theoretical proposition and then apply it to complex evidence (inductive reasoning).

The lack of clear, consistently applied theories serving as a backing for facts sometimes leads to odd results. For example, unemployment is taken as the measure for the business cycle (p.555). This is at variance with widely accepted international practice, which takes as the reference cycle either the rate of capacity utilisation in industrial production (OECD's practice) or some basket of indicators (Kasper, 1982:34-45). Only populist opinion in Australia looks at the rate of unemployment, which is a lagging indicator. Using unemployment as a guide to anti-cyclical policy amounts to 'looking in the rear-view mirror to drive a car' - very accident prone! If one uses unemployment relative to unfilled vacancies as GB do (and neglects to distinguish between trend and cycle in time series analysis), one arrives at the altogether implausible and counter-factual result that there was one huge record recession from 1973-9.
REVIEWS (in Figure 18.2 on p.555), a period at whose end everyone was talking of a second mining boom!

The ad hoc mode of presentation frequently leads the reader to populist conclusions which professional economists would not wish our high school students to make. And the shunning of a consistent thread of theory through the text creates the unwelcome impression that economics is an unsystematic collection of facts and a 'not very scientific' discipline.

**Approach to the Discipline**

In the 1990s, matters of basic economic and social philosophy and value judgements are high on the agenda in our discipline. They surface every day in topical newspaper articles and rightly excite the imagination of the young (be it in the West or the USSR and China). One would like to see some explicit coverage of the great and exciting battles of ideas in the past and the present.

To check on awareness about ideologies, I began - as a quick, first test - to search the (lengthy) index for references to 'Smith, A.' and 'Marx, K.' No reference to Karl Marx! Two to Adam Smith! The first was a casual, indirect quote from the solid 1963 (Keynesian) textbook by Reynolds. It did not suggest to the uninitiated why a certain Adam Smith should be mentioned, and who he might have been. The second (p.315) informs us: 'In 1976 (sic, in a fifth, revised edition!!!) Adam Smith in his treatise entitled *An Enquiry into the Nature and Cause of the Wealth of Nations* set out to seek the causes and consequences of economic growth.' Full stop! Period! No reference to the book which might have informed the reader of Adam Smith's towering role and lasting influence in our discipline, or, at least, of the correct date of his publication! More generally, few of the great books or the major economists who have shaped our discipline are mentioned, let alone properly cited.

This quick check having failed, I started to read for implicit value judgements and implicit normative interpretations of the literature. Once on the track of searching for implicit value judgements, I found numerous implicit references to the value of collective action. We are, for example, informed that the trade unions are 'important Australian economic institutions'. We learn that the unions were crucial in establishing the arbitration system, but also that the real wage is determined by productivity. But we do not learn anything about the important question of how the unions and the arbitration system have affected productivity increases. Instead, the student is presented with a detailed, descriptive, and good-natured write-up of union and related organisations. The reader does not go away with the understanding that 'there is a market for labour, what really determines supply and demand in it, and why profit-maximising firms demand labour, given a certain state of the production apparatus. We only learn how the labour market is interfered with. But interference is not critically analysed as to its positive and normative consequences (e.g. unemployment; access to opportunities for skill formation; freedom of choice). The only theoretical relationship given in the labour context is the (I thought by now discredited) Phillips curve (p.392): 'There is certainly evidence of the operation of the Phillips theory during the last decade of Australian economic history.' - If 'last' is to mean latest, then a book printed in 1988 must refer to the 1980s, for which I see no trace of evidence that the Phillips curve holds. The same is true of most of the 1970s (Kasper, 1985:14), the decade in which empty-box Keynesian 'macro mechanics' (like the Phillips curve) were largely discredited.

Another area where one can normally get a good feel for implicit, unreflected and often unintended ideology in textbooks is the discussion of the market mechanism. In GB, it takes no less than 158 pages till we get to the 'price mechanism' (after we have read much about production possibility frontiers, circular flows and other, more abstract, technical and less relevant concepts!). But what we get is the circular flow model, which may or may not be circular (depending on how one counts the transactions and transactions accounts)! We are not told, yet, how monopolies or 'imperfect' competitors perform. We are not told how monopolies or 'imperfect' competitors perform. We are not told how monopolies or 'imperfect' competitors perform. Three hundred pages later (p.507), there is a section on oligopolistic competition, which makes - amongst others - unqualified statements that such markets are characterised by a high incidence of takeovers and mergers, by price leadership and by the fact that 'oligopolists refrain from price competition'. In reality, some of the fiercest price battles are amongst the few suppliers! No awareness is shown of the interdependence of oligopolistic competition, innovation and/or regulation (see 12).

In the 1990s, matters of basic economic and social philosophy and value judgements are high on the agenda in our discipline.
My recommendation to teachers and students: give it a miss!

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Notes

Price-anxious students may also like to order their books by mail from England or America. Many overseas bookshops allow Australian customers to open accounts and air freight books here—often 10-40 per cent cheaper than local prices, a decent margin for entrepreneurial teachers or students!

However, it may be worth knowing that Robbins cites here explicitly from Menger and von Mises. Every high-school and tertiary student ought to be made familiar with the notion that a separation of distribution from production and exchange leads to distortions and disincentives. Every student should be made to read early in his studies: M. and R. Friedman (1980:33-44), which in my view is still best value for money on all counts of measurement, positive and normative aspects, subjectivity and methodology: problems of measurement, positive and normative aspects, subjectivity and methodology.

P.A. Samuelson & W.D. Nordhaus (1985) chapter 1 introduces in easily readable form the definition of the discipline, problems of measurement, positive and normative aspects, subjectivity and methodology: problems of measurement, positive and normative aspects, subjectivity and methodology. It is still best value for money on all counts of measurement, positive and normative aspects, subjectivity and methodology: problems of measurement, positive and normative aspects, subjectivity and methodology. It is still best value for money on all counts of measurement, positive and normative aspects, subjectivity and methodology. It is still best value for money on all counts of measurement, positive and normative aspects, subjectivity and methodology. It is still best value for money on all counts of measurement, positive and normative aspects, subjectivity and methodology. It is still best value for money on all counts of measurement, positive and normative aspects, subjectivity and methodology.
Fundamentals of Economics


Reviewed by John Pincus
Professor & Head of Economic History
Department of Economics
University of Western Australia

Chapters One and Three

SLS very clearly state that economics is a social science, dealing with people and their reactions (p.1). Surely a social science would deal mostly with interactions, not reactions. In keeping with this opening, SLS define economics as the study of the way people react to the economic problem, that is the choice between competing ends; about rationing scarce resources when wants are unlimited; about opportunity cost; of course, opportunity cost existed for Robinson Crusoe in the time before Man Friday arrived, but there was then no social interaction, no exchange. Because SLS adopt Lord Robbins's definition of economics, there is very little in their book about the gains from those social interactions that economists call 'exchange'.

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I am not here trying to make an ideological point (e.g., that SLS should have stressed the great superiority of free enterprise and so on). Rather, the point is that by adopting a definitional approach to economics, SLS miss many of the exciting aspects of economics. They reduce it to lists of definitions or of facts to be learned.
What are the alternatives to consumer and voter sovereignty? These include central planning which we

types of economic systems

Types of economic systems

There is no chapter on market mechanisms and little on gains from trade (chiefly pp.295-9). Preceding the traditional diagram of supply, demand and a market clearing price in perfect competition (p.169), is a long warning that the model has unrealistic assumptions and applies only to a few wholesale produce markets and the share market; and it is succeeded quickly by a long discussion of monopoly and so on. Because perfect competition does not exist in practice, 'Governments have to intervene in a market economy to achieve social goals' (p.176) or 'to bring about the results that are "best" for the community' (p.177).

Chapters Four to Six

In almost every discussion of government, it is beneficent and potent. It protects 'the whole community', consumers (e.g., by setting up public enterprises to compete with private ones), producers (farmers 'at the mercy of the free market system', p.261), and ameliorates, chiefly by redistribution, the'vast inequalities' of income in Australia (p.264; see also pp.26,81 on 'great inequality'). In all this it seems to do a good, almost perfect job. Yes, there are some unintended consequences of otherwise sensible actions - the fringe benefit taxes, designed to spread the tax burden more evenly, hurt the car industry (pp. 259, 285). But by and large all that stops government from doing even more good are some federal constitutional barriers (e.g., on a prices and incomes policy); some institutional limitations (e.g., BHP is a monopoly; big unions exist - no hint that either owes something to government); too small a budget for the Bureau of Statistics. Interestingly, half a page is devoted to 'political limitations': Australia has a 'democratic' system of government by which citizens, through their elective representatives, share in the government of that which governs them. The democratic system means that government is democratically elected and so on. This is a catalogue of nonsense (made only slightly less ridiculous by the list of disadvantages of central planning in which we are told that 'The planners sometimes lose touch with what the market means by no mistake').

Hence, consumer sovereignty does not exist in practice, government have to intervene in a market economy to achieve social goals, and central planning is beneficent and potent. It protects 'the whole community', consumers (e.g., by setting up public enterprises to compete with private ones), producers (farmers 'at the mercy of the free market system', p.261), and ameliorates, chiefly by redistribution, the vast inequalities of income in Australia (p.264; see also pp.26,81 on 'great inequality'). In all this it seems to do a good, almost perfect job. Yes, there are some unintended consequences of otherwise sensible actions - the fringe benefit taxes, designed to spread the tax burden more evenly, hurt the car industry (pp. 259, 285). But by and large all that stops government from doing even more good are some federal constitutional barriers (e.g., on a prices and incomes policy); some institutional limitations (e.g., BHP is a monopoly; big unions exist - no hint that either owes something to government); too small a budget for the Bureau of Statistics. Interestingly, half a page is devoted to 'political limitations': Australia has a 'democratic' system of government by which citizens, through their elective representatives, share in the government of the country (p.286). I wondered about the quote marks around 'democratic'.

Two substantial criticisms, of public policies followed in Australia, concern financial regulation and import protection. Financial regulation (pp.217-219) is presented as a consequence of the 1936 Royal Commission and the collapse of several banks in the 1930s. Briefly we are told that regulation spread to non-banks, and that loan rationing harmed low income earners both as lenders and as borrowers. A brief history of financial deregulation is recounted. On tariffs etc., (pp.300-301), the student is firmly told that few standard arguments for protection have any economic validity (p.303: SLS go so far as to claim that protection cannot preserve jobs except temporarily, because of the rise in costs caused elsewhere - Dixon defeats Brain).

Types of economic systems

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consumers want' (p. 31). By setting down lists of advantages and disadvantages for both systems, and by `even handed' ... question `Outline the ways ... more similar' (Q.7, p. 33), SLS surely leave the student with the impression that central planning offers a real and attractive alternative to the market form of organisation.

On macroeconomics, SLS take the standard Keynesian line: inflation is the result of overheating, and demand management is the solution. They do not discuss the implications of the so-called `_structural equilibrium consumption effect' and the production effect and so on. The text does not refer the reader to elasticity, which would be useful in explaining how the concepts of demand and supply work together.

In the future (Q.13, p. 33), SLS sure leave the student with the impression that central planning offers a real and attractive alternative to the market form of organisation.
In the case of Speaking of Economics, this has two serious consequences. First, the discussion of macroeconomic policy, which the reader is to pull if the government wants a particular result, is second, the discussion of microeconomic policy, which the reader is to pull if prices and wages are too high, are both seriously weakened. The VCE course planners have decided, correctly, that macroeconomic policy is too complex to be covered in detail and that microeconomic policy is too complex to be covered in detail. However, they have failed to understand that about 5000 candidates, of widely differing abilities, have sat the VCE Economics exam in recent years. Many will go direct from Year 12 to employment in commerce and industry. These are the realities confronting Year 12 Economics course planners and textbook authors. How can we expect students to achieve an understanding of the operation and problems of real economies to the body of students just described? The VCE Economics course objectives are set out in the course description booklet published by the Victorian Institute of Secondary Education in 1986. They are consistent with the objectives suggested above, albeit more ambitious. The core syllabus covers economic systems, in particular the Australian Victorian Banking System and Secondary Education. Tertiary courses and texts in macroeconomics devote much time and space to explaining the behaviour of price and wage setters and their range of abilities. About 5000 candidates, of widely differing abilities, have sat the VCE Economics exam in recent years. Many of these students are not capable of achieving academic results close to university entrance standards. They are unlikely to understand macroeconomic policy as it relates to the real economy. The strong criticism just made will be amplified below. Before proceeding to chapter and verse, I reiterate that, while Speaking of Economics is the immediate target of this review, the VCE course planners are responsible for many of its deficiencies. The textbook writer must adhere to the syllabus to achieve commercial success, and I will argue that the chosen syllabus is seriously flawed.
The EERC SECONDARY ECONOMICS TEXTBOOK

REVIEWS

Economic Systems

(Morris devotes considerable space to descriptions of economic decision-making in centrally planned, government-owned enterprises and market capitalist economies, with Australia as an example of a contemporary (mixed) market capitalist economy. Morris' classification of economic systems according to ownership (private or state) and locus of decision-making ('market' or government) doesn't help students understand how they work. Signalling of wants and supplies and incentives to respond to those signals are the crucial elements of any economic system! Morris says nothing about the importance of incentives (e.g. p.12), but fails to note the dependence of incentives on ownership rights.

The description of the functioning of the contemporary Australian economy lacks perspective, in part because there is no description of the overall structure of the economy, to indicate the economic and political importance of various sectors. For example, the book concentrates on the latter three, reinforcing the views of most politicians and media, that only the big players matter.

Another reason for the lack of perspective on the Australian economy is failure to consider the objectives and behaviour of individuals in government. Other actors - unions, corporations - are assumed to pursue selfish objectives, and the incongruity of the second assumption in the face of daily media coverage of government actions is ignored.

Macroeconomic Objectives and Performance Criteria

(Morris provides comprehensive explanations of the generally accepted goals of macroeconomic policy.

Macroeconomic Relationships

(Morris' macroeconomic explanations are based on the second assumption in the face of daily events. The assumption of government planning and the lack of perspective on the second assumption in the face of daily events is the main flaw in Morris' explanations of the relationship between government, market and the economy. Other actors - unions, corporations - are assumed to pursue selfish objectives, and the incongruity of the second assumption in the face of daily media coverage of government actions is ignored.

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Another reason for the lack of perspective on the Australian economy is failure to consider the objectives and behaviour of individuals in government. Other actors - unions, corporations - are assumed to pursue selfish objectives, and the incongruity of the second assumption in the face of daily media coverage of government actions is ignored.
Morris provides comprehensive summaries and lists of vocabulary at the end of each chapter, and a
book so that the study of economics provides no guidance for further reading on topics discussed.

Morris does not cite any references for additional reading on the topics discussed, and the style is workmanlike rather than inspired. Given the difficulty of a genuinely analytical approach to macroeconomic policy, it would still be possible to convey a feel for its complexities by giving a blow-by-blow account of the likely effects of policies. As before, the descriptive material is unexceptionable. However, in the absence of clear description of government policy instruments and determinants of recent years, the remainder to describing outcomes of policies and objectives. This material should come before the discussion of the effects of policies.

The last brief chapter does discuss tradeoffs between objectives. This material should come before

Macroeconomic Policies

In chapters 5 and 6, the goals and determinants of the main macroeconomic policy instruments are discussed. The book is likely to encourage rote learning of the lists of outcomes attributed to each policy instrument.

Speaking of Economics should be better advised to concentrate on the descriptive material of government policies and objectives. This material is unexceptionable. However, in the absence of clear description of government policy instruments and determinants of recent years, the remainder to describing outcomes of policies and objectives. This material should come before the discussion of the effects of policies.

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Conclusion

It would be difficult to write a textbook of manageable size which adequately covered the VCE syllabus and the economic way of thinking about human behaviour. Morris has not achieved this. Speaking of Economics does a reasonable job of describing Australia's economic system and the economic way of thinking about human behaviour. Morris has not achieved this. Speaking of Economics does a reasonable job of describing Australia's economic system and the economic way of thinking about human behaviour. Morris has not achieved this. Speaking of Economics does a reasonable job of describing Australia's economic system and the economic way of thinking about human behaviour. Morris has not achieved this. Speaking of Economics does a reasonable job of describing Australia's economic system and the economic way of thinking about human behaviour. Morris has not achieved this.

Notes

The Economics course description lists the following specific course objectives:

- an introduction to economic data to satisfy definitions and to the interpretation of economic data;
- a working understanding of the nature of economic institutions and their behavior, and an attitude of reserve or caution toward economic generalisations and predictions;
- an understanding of the nature of economic models, assumptions and analyses, and of our inability to comprehend the complex real-world economic processes and situations;
- a criticism of policies;
- in an introduction to sources of economic data, to statistical definitions, and to the interpretation of economic data.

In course and text focus towards microeconomics.

Good introductory courses on the economic system (not Great Britain) are generally helpful. What is required is a shift in focus towards microeconomics. The notable exceptions are those courses that focus on microeconomics. The exceptions are those courses that focus on microeconomics. The exceptions are those courses that focus on microeconomics. The exceptions are those courses that focus on microeconomics.

The Economics course description lists the following specific course objectives:

- an introduction to various concepts and techniques used by economists;
- an introduction to sources of economic data to satisfy definitions and to the interpretation of economic data;
- a working understanding of the nature of economic institutions and their behavior, and an attitude of reserve or caution toward economic generalisations and predictions;
- an understanding of the nature of economic models, assumptions and analyses, and of our inability to comprehend the complex real-world economic processes and situations;
- a criticism of policies;
- in an introduction to sources of economic data, to statistical definitions, and to the interpretation of economic data.

In course and text focus towards microeconomics.