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This massive text is the product of a life-time of reflection by one of Australia’s most distinguished social scientists. It is lucidly and engagingly written, and comes complete with back-cover endorsements by some of my favourite economists – Sheila Dow, Geoff Harcourt, Geoff Hodgson, Paul Streeten.

Stretton begins with an excellent seven-chapter introduction to the scope and method of the discipline, under the heading ‘Studying economics’. He emphasises the limits to economic knowledge, the role of the economist’s values and purposes in determining what she studies and how, and the inescapable impact of beliefs and disagreements. The eleven chapters of the second part of the book, ‘Economic growth and change’, cover a very wide range of topics, from growth theories and episodes in recent world economic history to economic aspects of childhood and the threat to social capital. The next three parts deal with the microeconomic questions of demand (part 3, four chapters), production (part 4, 16 chapters) and distribution (part 5, seven chapters). If the structure of Stretton’s discussion is quite orthodox the content is not, for he offers a continuous and incisive critique of neoclassical theory along with an enthusiastic exposition of alternative viewpoints. The book concludes with a fourteen-chapter analysis of ‘Economic strategies’, which deals with macroeconomic issues (trade, money, inflation, employment) and presents a comprehensive set of alternative policy options.

The historical and institutional focus of the text is one of its great strengths, along with the very broad scope of Stretton’s interests. He is a social scientist, not an economist narrowly defined, and it shows, throughout the book. What other introductory textbook would include two entire chapters on housing policy, for example? Or precede the analysis of neoclassical demand theory with a discussion of the sociology of taste formation and the political economy of advertising? Readers of this journal will be especially impressed by the way in which Stretton integrates policy questions with theoretical issues, not just in the 200-page ‘Economic strategies’ section at the end of the book but all the way through. He is, of course, a social democrat, who (like Keynes) sees economics as a moral or policy science; he is never satisfied with the neoliberal
presumption that unregulated markets always work best.

*Economics: a New Introduction* is, then, a good read, albeit a very long one. Its clean, uncluttered black type on white paper makes it look and feel like a book, quite unlike the messy multi-coloured ‘printout of a computer game’ appearance of some of its competitors (see Taylor and Moosa 2000 for a lurid example). This may, however, prove a disadvantage in the competitive struggle for academic endorsements and student approval, a struggle in which Stretton will also suffer from the lack of problem sets, exercises and self-tests (not to mention the absence of Instructor’s Guides, CD-roms and similar inducements to hard-pressed lecturers). He does, however, provide constant prompting in the form of questions for student reflection – and class discussion? – together with occasional and rather unsystematic suggestions for further reading. Sometimes these verge on the bizarre: the only source recommended to readers who wish to deepen their understanding of the ‘Post-Marxist, Post-Keynesian model’, for instance, is Robinson and Eatwell (1973), one of the great pedagogic disasters of the twentieth century.

This example points to a significant weakness in Stretton’s text. It is seriously under-theorised, particularly in the macroeconomic sections. There is no entry in the index for aggregate demand, effective demand, liquidity preference or the multiplier. The ideas of Marx are presented clearly, if briefly (pp. 76-80), but there is no comparable discussion either of Keynes or of Keynesian economics. The aforementioned section on the ‘Post-Marxist, Post-Keynesian model’ (pp. 225-32) consists entirely of words, without diagrams, numerical examples or the most elementary algebra. No reference is made to the lowest common denominator of Keynesian macroeconomic theory (all varieties), the Income-Expenditure model of income determination, while the aggregate demand and supply and money market diagrams that take up so much space in more conventional texts are neither used nor criticised. Stretton could perhaps justify these omissions on the grounds that the underlying ideas are false, misleading or fundamentally unhelpful. Instead he introduces these same ideas in a haphazard fashion without presenting the preliminary analytical framework that is required for his readers to make sense of them. I suspect that first-year students will find it difficult to understand Stretton’s references to ‘time-lagged multiplier effects’ (p. 226), the accelerator (p. 228), the need to restrict wage increases
to ‘the rate of growth of productivity and total output’ in the economy as a whole’ (p. 229; stress added), or the crowding out/crowding in controversy (pp. 744-5), since the model(s) in which these concepts are embedded have not been explained to them. Similarly, the brief reference to the Harrod-Domar model (p. 83) comes not merely in a section on neoclassical growth theory but also without the algebra of the eponymous growth equation or any mention of the celebrated knife-edge.

These defects mean that *Economics: a New Introduction* is unlikely to supplant the existing first-year macro texts, unsatisfactory though they all are, and I have a nasty feeling that neoclassical microeconomists, at least, will reject it for the same reasons. Its sheer bulk (750,000 words or so) is probably an even greater handicap, given the current tendency towards slimmer, punchier textbooks that require less time to be devoted to reading them. Stretton himself recognises this problem: ‘A course based on this text should probably extend over three or four semesters for undergraduates who must study two or three other subjects at the same time, or a year for those who can give it half their time, or one semester for graduate students from other disciplines who can give it their whole time. Other readers can find their way to chapters which interest them, and tolerate the painstaking exposition of familiar material which a course for beginners has to include’ (p. xi). This, then, is a book for the Grad. Dip. student and the general (adult) reader, not to mention the odd practising economist, who will find a lot here to make her think. For the business student taking Macro 1 and Micro 1 in first and second semester on the usual ‘learn it-regurgitate it-forget it’ principle, it is both too much and too little.

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References

