

*Economics and its Enemies:
Two Centuries of Anti-
Economics*

By William Coleman

Basingstoke, Palgrave,
2002, 328pp, £60,
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For years I have been nagging my economist colleagues to write books defending economics against its detractors. They make three excuses: there are no professional incentives to demolish the economic fallacies of 'public intellectuals'; the arguments of such people are so incoherent they are 'not even wrong'; and that anyhow economists cannot write well enough to address the public.

It would be easy to say that they are correct on all three counts—but untrue, because some economists certainly can write well. And now this book by William Coleman shows that the other two counts are also doubtful.

His refutation of the incessant attacks on the whole enterprise of economics proves to be a crushingly learned volume on the history of economic thought. This should definitely earn him professional praise.

Incorporated in the history is what amounts to an additional pamphlet replying to modern anti-economists. This part should win him praise from the public, though doubtless it will not. Altogether his work demonstrates

that anti-economists are typically uninstructed, muddled or malicious, or all three, their complaints are so perennial, so vociferous and serve such a range of damaging interests that they simply cannot be dismissed as uninfluential.

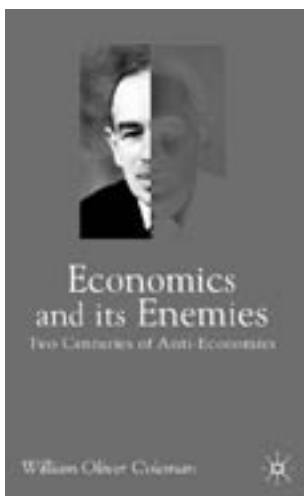
By anti-economics Coleman does not mean criticism of economics *per se*. He means efforts to damn the entire subject as false, useless and harmful in principle. The variety of critiques is staggering, and painstakingly categorised and documented here. They include the following long list, which must serve to illustrate the scope of the author's learning: objections that assume politics is more important than economics; the Right's objection to the free market as subverting social order; the Left's objection that the market reconstituted an order based on wealth rather than rank; the relativist objection that nations, cultures and periods each deserve separate economic analyses; the totalitarian rejection of economics; contentions that economics relies on reason not emotion, vaunts egoism, ignores morality, and places human satisfactions above transcendental phenomena like the environment; arguments that claim energy, technology or work are truer paths to prosperity; the resentment of special interests at the economist's pursuit of the public interest; and more.

Coleman is able to document that economists in general do not conform to the stereotypes fastened on them by anti-economists. They are not mercenaries of the ruling class, not from elite social backgrounds, and generally not right-wing. They are concerned with reason, well-being and freedom. Admittedly

they can seem overbearing and Coleman does not shy away from this, but on the other hand they tend not to be insidiously political after the modern fashion of other social science or humanities departments. Nor are they as disgracefully illogical as the anti-economists from those rookeries, given to the breathtaking boast that they have no credentials for pontificating about economic matters.

Because Coleman is at an Australian university he is confronted by the everyday anti-economic prattlings in the Australian media and academe. Economic irrationalism is a marked feature of Australian intellectual life, though perhaps not quite so prominently as elsewhere, for as he remarks, 'anti-economics is a citizen of the world, but it has a favoured domicile: France' (p.88). The Australian version is dispiriting enough and Coleman deals with it, as with all the other exasperating manifestations, very patiently indeed. Throughout the book he rarely allows himself more than the driest put-down, as when he quotes the founder of Earth First claiming that we should 'live simply'—and think simply, too, Coleman adds.

One might have thought that honest critics would be given pause if they had to admit not to understanding the central precepts of a discipline they are decrying and knowing nothing about the origins and opinions of the bulk of its practitioners. But no, Australians are constantly assailed by the dogmatic opinions of so-called public intellectuals, who by definition are exempt from peer review. These people clearly fail to understand the purpose of models in economics. They dislike the implication that



all courses of action, including inaction, bear a cost. They constitute an interest group whose motive seems to be advancing an alternative establishment, untrammelled by professional scruples or the potential cost of its policy preferences.

The difficulty for Australia is not the tyranny of distance but the tyranny of small market size. In a small market competition is limited. Unreasonable views need fear little contradiction. Critical debate is restricted in scale and can become viciously personalised. Given modern communications, overseas commentators could now intervene in local debates, but even if they trouble to follow them they have little incentive to take part. The poisoned blossoms of economic irrationalism can bear fruit in the Antipodes without fear of much weed-killer.

All this is dealt with so calmly that I cannot shrug off the feeling that the local irrationalists are let off lightly. Coleman is more at home dissecting the biographies and theories of 18th and 19th century anti-economists. Mischievous and bizarre though their views usually were, they at least had the merit of attempting to put up highly academic refutations of thinkers like Smith or Ricardo. Modern commentary—emotive environmentalism and the like—does not escape being scathed by Coleman's pen but its know-nothing quality is more baffling to any serious-minded author.

On reflection, this book—and I cannot begin to do justice to it in one thousand words—might have been better split into two. There is a most valuable history of economic thought here that could well have stood alone. The refutation of modern nonsenses could have appeared as a popular

tract. A nice extra would be a third volume on the social pathology of the readership for anti-economics. But these are quibbles that should deter no one from reading Coleman's impressive work as it stands.

Reviewed by Eric Jones

Hard Heads, Soft Hearts: A New Reform Agenda for Australia

Edited by Peter Dawkins and Paul Kelly

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Most sensible analysts accept that 20 years of reform by Commonwealth governments have helped make the Australian economy more competitive, and hence sustainable. Some commentators also believe that the reforms were responsible for growing levels of hardship. Their conclusion? The governments that implemented the reforms possessed both hard heads and hard hearts. Ergo, somewhere out there is a possible policy mix whose advocates possess both hard heads and soft hearts.

This thesis not only ascribes the hardships directly to the reforms; it also suggests that the governments deliberately set out to cause those hardships. Both propositions are at best arguable, as is the notion that levels of hardship in Australia over the last 20 years have been abnormal, by either historical standards or by international comparison.

Consequently, and as few would describe their own views as hard-hearted, use of the motto 'hard heads, soft hearts' by the

Melbourne Institute of Applied Economic and Social Research does little to distinguish it from other research institutions and faculties. Application of the motto to the book is similarly futile.

Not that the book is futile. Rather, it is little more—or less—than a snapshot of the state of economic debate in early 2000s Australia, an introduction to the thoughts of some of the main protagonists, and a signpost to further readings and research across a diverse range of policy areas.

The book documents a conference held in 2002 by the Melbourne Institute. The core of the text is based on excerpts from papers presented by around 70 delegates, most of whom are academics, senior public servants, politicians or interest group representatives.

The book includes contributions by a few internationally-renowned experts such as Dr Catherine Hakim, complementing the 'who's who' of local policy-shapers.

The excerpts are woven together by editors Paul Kelly of *The Australian* and Peter Dawkins, director of the Melbourne Institute. Kelly and Dawkins provide introductions and conclusions to the chapters. These mostly consist of a summary of views put forward by the delegates, and of the issues that need to be resolved. In the final chapter, Kelly and Dawkins re-state these summaries and reach the less than startling conclusions that joblessness is the number one problem and that more reform is

