might lead to an inappropriate narrowing of the considerations that enter into those judgments. A recent Australian example was the transfer of the power to approve importation of the so-called morning-after pill, RU-486, from the federal minister for health to the Therapeutic Goods Administration. Transferring decision-making in relation to such an ethically fraught and politically contentious matter as this to a non-elected body was, in effect, a decision that safety and other technical considerations ought to be the only considerations.

Presumably, the members of Parliament who sponsored the legislation were awake to this and were engaged in a conscientious value judgment that those considerations ought to be emphasised at the expense of ethical concerns about enabling easier access to termination of pregnancy. The episode demonstrates how politicians might use the transfer of certain judgments to unelected 'expert' bodies to avoid political debate on ethical issues that are important to large sections of the community. Similar concerns arise in relation to climate change policy. The views of panels of scientific experts that drastic measures should be taken to curb greenhouse gas emissions are open to challenge. This is at least on the basis that whether one should try to halt global warming or allow it to occur and adapt to the consequences involves value judgments, and that since scientific experts do not have a monopoly of wisdom in the area of values, this question needs to be resolved politically.

To his credit, Vibert does not hide from these legitimate concerns. He maintains that passing responsibility for information gathering and analysis to specialist non-elected bodies is more likely than conventional political processes to produce material where the facts are fairly presented and value judgments are explicit. Even in the hard cases where highly contentious ethical questions are prominent—Vibert gives the example of the UK's Human Fertilisation and Embryology Authority—public confidence in the process can be maintained by providing for lay membership of the decision-making bodies (53). All in all, the objections to Vibert's thesis are fairly represented, and he offers intelligent counter-arguments against them. Whether one accepts Vibert's thesis ultimately depends on one's own view of how particular unelected bodies should operate.

Doubtless, as the business of government expands to cover a range of human activities the theorists of classical liberal democracy could not have dreamed of, the need for elected politicians to pass functions of information gathering and analysis to unelected bodies will increase. For this reason, Vibert's book is important. Happily, even while confronting its limitations as an information-gathering process, Vibert gives democracy its due as a means of making political value judgments.

Reviewed by Darryn Jensen

The Logic of Life: Uncovering the New Economics of Everything
by Tim Harford
Little, Brown
London, 2008
$39.99, 272pp
ISBN 9780316027571

The back cover of *The Logic of Life* says that reading its author, Tim Harford, is 'like spending an ordinary day wearing x-ray goggles.' This is true, but in the sense that Harford makes everything a bit black and white.

Ian Shapiro and Don Green's 1993 book, *Pathologies of Rational Choice*, is a useful companion to this one. Shapiro and Green argue that economic analysis in political science has led scholars in the field to restate existing knowledge about politics in rational choice jargon and high mathematics. More importantly, the economic approach, fuelled by universalist theoretical ambition, has produced research that is method driven ('how might my preferred theoretical approach account for *x*?') rather than problem driven ('what causes *x*?').

Cartoon by Hugh Morley

Harford's subtitle, *Uncovering the New Economics of Everything*, suggests he is unconcerned by Shapiro and Green's critique. His enthusiasm for an economic theory of everything at times verges on methodological boosterism, and leads him to overstate his otherwise interesting points.

A good example of this is Harford's discussion of office life. He writes that 'all the problems of the office stem from the same root,' and that 'workplace tournaments [where workers are rewarded according to their individual performance] are … a reason—perhaps the reason—why work is such a miserable experience.'

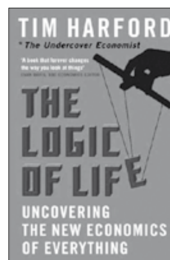
To illustrate, Harford provides some examples where the 'problems of office life simply evaporate.' His key case study is a window fitting company that gave bonuses to good workers. The strategy was successful: productivity surged and poor performers left. The success was partly a function of information about worker performance. Company managers could easily identify the number of windows each worker fitted per hour, and rewarded accordingly.

Harford contrasts this with workplace tournaments in knowledge-intensive businesses such as accounting. It turns out that it is much harder to assess the performance of an accountant than a window fitter. Accordingly, workplace tournaments in accounting firms routinely reward nonperformers and penalise good performers. The difficulty in separating the good from the bad makes such firms create incentives that offer workers a low probability of a big reward (for example, the vice-president's salary). As a result, workers become mercenary towards their peers, and that is why, according to Harford, office life is so dreadful.

This is interesting as far as it goes. But it is not clear why Harford would suggest that 'all the problems of the office' stem from this root. It is also confusing, because in the preceding chapter, he approvingly quotes Adam Smith on the excessive division of labour: 'a man whose life is spent performing a few simple operations … generally loses the habit of … mental exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become.' Plainly, there may be something other than information deficits to people not enjoying work. But Harford's enthusiasm for a 'hidden economics of everything' appears to blind him to this.

Maybe it is unfair to pick on rhetorical overstatement. But the problem with overenthusiasm for the economist's methods is that it omits alternative explanations and ultimately blunts intellectual curiosity. It is also odd that a book that makes the case for the ubiquity of reason would ignore contrary or ambivalent evidence, and neglect alternatives. In fact, Harford's book can be read as an extended example of what psychologists call confirmation bias: the tendency to find that all new information supports your existing beliefs.

Consider Harford's discussion of behavioural economics. Over the last twenty years, behavioural economists have waged a partially successful attack on the assumptions of microeconomics. Part of this research has focused on psychological quirks like the endowment effect, which makes people value the same object more when they own it than when they do not, even though doing so makes no economic sense.



Harford deals with this in an unusual way. He identifies a convincing study that shows expert knowledge is inversely correlated with endowment bias. From here, he argues that any departure from rational behaviour is in fact just rationality on a smoko. It is an unnecessary move. According to Milton Friedman, the only valid test of a method is predictive power; whether the underlying assumptions reflect reality is immaterial.

The curious upshot of Harford's move is that he appears to prefer the standard economic assumptions because they accurately describe a small minority (experts), even though they would very likely be less accurate in predicting the behaviour of a larger number of people for whom the endowment effect is likely to operate. This turns Friedman's observation on its head.

Harford's take on voting is another example of his confirmation bias. He recites the theoretical conclusion drawn from the economic analysis of democracy, 'the chance of any individual's vote making any difference to the result is tiny … Rationally speaking, why bother?' The problem with this theory is that people do bother, and sometimes incur considerable costs to vote. Harford tries to resolve this by speculating that we vote because it makes us feel good, or makes us feel we have discharged our civic duty. This is unconvincing. Voting is a serious challenge to the economic analysis of politics. Explaining it away is doctrinaire.

The *Logic of Life* begins with a quote: '12-and 13-year old girls are performing oral sex on as many boys as they can.' This is from an alarmed Oprah Winfrey, sending a message to parents at home about the dramatic rise in oral sex among US teens since the early 1990s. Harford dismisses Oprah's panic and applies cool economic logic. Oral sex, his argument goes, is a safer substitute for real sex (which carries the risk of STDs and pregnancy) and therefore, to the extent that there has been a growth in teen oral sex, that is evidence that kids are being *risk averse*, not, as Oprah would have it, more promiscuous.

This is not off the wall. Reduced cost maps to increased demand. The pill reduced the cost of pre-marital sex so dramatically that Philip Larkin proclaimed 'Sexual intercourse began / In nineteen sixty-three.' But it is just not clear that Harford's account of costs and incentives best explains what is going on here. Consider that if concerns about AIDS (taking 1981 as the epidemic's starting point) explain

the increase in teen oral sex, then it is odd that it took nine years to materialise. Moreover, from the mid 1990s, treatments such as protease inhibitors dramatically slowed the progression of HIV to AIDS. If Harford's hypothesis is right, this should have caused a drop in the oral sex rate. But from 1994 to 2004, the reported rate almost doubled. You do not have to search for long to find alternative explanations for the increase, but Harford is reluctant to include one, presumably because it would sit awkwardly with the idea that hidden economics explains everything.

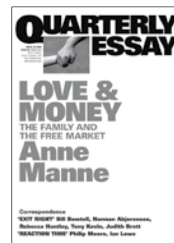
None of this review should be taken as a rejection of economic analysis, mechanistic reasoning, modelling, or quantitative research. Moreover, the confirmation bias to which Harford is prone could be attributed to space limitations or the need for a coherent narrative and marketing strategy. In any case the book is far less ideological, more aware of its own fallibility, much funnier, and much better written than anything by, say, Clive Hamilton.

There are also some very interesting chapters in the book. In an excellent discussion of incentive traps in education, Harford uncovers a vicious circle where students expecting to be discriminated against rationally underinvest in education, reinforcing the rational discrimination towards such underinvestors. And his conclusion on the economics of speed dating is brutal and entertaining: preferences for romantic partners are almost entirely dependent on 'market conditions' (who happens to be sitting opposite you) rather than supposedly inherent tastes. And you thought you weren't interested in a twice-divorced alcoholic?

Reviewed by Hugh Morley

Love & Money: The Family and the Free Market
Quarterly Essay 29
by Anne Manne
Black Inc.
Melbourne, 2008
$15.95, 90pp
ISBN 9781863951593

This latest Quarterly Essay, *Love & Money*, could not have been published at a better time. Debate over the future of the Baby Bonus, whether universal paid maternity leave should be introduced, the increase of the child care tax rebate, and the prime minister's expansive proposal for 'parent and child centres' has consumed countless newspaper column inches over recent months.



It is in this context that Anne Manne situates her essay. She contends that paid work is now seen as the only valued form of work for women, and that this has led to an undervaluing of unpaid care work, especially caring for children.

Love & Money points to the work of controversial feminist academic Linda Hirshman, who argued that, to be worthwhile, women had to get out of the house and become engaged in paid work. To Hirshman, unpaid care work performed by stay-at-home mothers is worthless. Manne argues that this type of thinking led to the decline of 'maternalism.' Government policy shifted from endorsing women staying at home to be mothers to privilege women's engagement in public, paid work. She argues that this strand of feminism ultimately defeated maternalist ones because it corresponded with the capitalist ideal of maximum labour-force participation.

The result has been the emergence of an ethos where women only gain their identity from paid work. Stay-at-home mothers now dread being asked the inevitable question, 'What do you do?'

Manne argues that despite this pervasive belief, very few families in Australia actually conform to the 'norm' of having two parents working full-time. She points to the work of sociologist Catherine Hakim, who argues that most women are 'adaptive,' and engage in a constantly shifting balancing act between work and children, rather than being devoted solely to one or the other. Most mothers engage in some form of paid work, but prioritise caregiving. Manne points to evidence that while many families use long daycare facilities, comparatively few use them on a full-time basis. Most children are only in daycare for a few hours at a time, or perhaps one day a week.

Manne outlines the arguments that favour parental care over institutionalised care because of its effect on children's health and well-being. She argues that evidence claiming institutionalised childcare is beneficial for children is over-stated, and children instead develop intellectually and emotionally by developing secure attachments to a primary carer, usually a parent.

She argues that commodifying care by taking it outside the home has many shortcomings, and that we should place more value on the unpaid care work parents (usually mothers) perform. She suggests that the economic value of this unpaid work underpins much of the economic and social success of countries like Australia. We need women to continue engaging in unpaid care work, she writes, or we will face catastrophic problems.

Manne's conclusion is that we should aspire to a similar model to that of the social democratic Scandinavian countries, which can