



Book Review

The Macroeconomics Anti-Textbook: A Critical Thinker's Guide

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Author: *Tony Myatt*

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Economics students are usually prescribed standard textbooks to absorb conformist education and pass the examinations and they do not know that there are anti-textbooks offering nonconformist education. Here is an anti-textbook, following the author's earlier joint book Hill and Myatt (2010). On any topic, these authors' "approach is to first present the mainstream textbook material...as clearly and succinctly as possible. Then the anti-text material is presented—that is, all the problems, all the unasked questions, all the problematic assumptions, all the problematic statistical evidence."

They adopt this approach because "It would be absolutely fine for readers to reject the anti-text, whole or in part, if they find the arguments unconvincing. The idea is to stimulate critical thinking and deeper understanding", which is missing in standard econ classrooms. Critical perspectives courses are enriching, making economics not dull and dry. Economics is not "a science, with a settled body of knowledge, performed by white lab-coated technicians. The interactions between economic theory and the economy make it a fascinating and utterly relevant subject. It needs critical thinkers."

In the standard micro course, teachers present economics as "a value-free science, with a settled methodology, and a broad consensus among economists about most economic issues. They apply demand and supply ubiquitously and conclude that markets are generally

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efficient. Government regulations, such as minimum wages or rent control, are undesirable and end up hurting those they are meant to help.” The anti-text critically examines these claims. You are shown “how value judgements pervade economics and economic textbooks...there are deep divisions within the profession, and ...testing hypotheses is full of difficulties that makes reaching firm conclusions over even relatively simple issues (like the effect of minimum wages) rather difficult...the demand and supply framework is synonymous with perfect competition, and noncompetitive market structures lead to different conclusions. The key issue is one of model selection.”

In the standard macro course too, “Once again, the ubiquitous use of the perfectly competitive market structure creates (or perhaps reflects) an ideological bias. This is particularly important in two markets: the financial (or loanable funds) market and the aggregate labour market. The fact that the financial market is depicted as efficient, with all participants having perfect information, contributes to the view that the financial system is the source of great wealth creation rather than a source of instability and a centre of white-collar crime. When it comes to the labour market, the reflexive application of perfect competition allows mainstream textbooks to parade minimum wages and unions as villains responsible for increasing structural unemployment. Methodological difficulties associated with model selection are again important. These difficulties have contributed to macroeconomic theory travelling full circle from the classical view that dominated in the 1930s, to Keynesianism that dominated in the 1950s and 1960s, and back to a nearly classical—or neoclassical—view again...current neoclassical orthodoxy...blames unemployment on the failure of wages to fall—or fall quickly enough—just like the classical economists. It even has doubts about whether increasing government spending will help kick-start the economy out of a deep recession. Indeed, after the Great Recession of 2008, a vocal group of influential economists claimed statistical evidence showed that cutting government spending would stimulate the economy! The fact that such claims were not immediately dismissed as madness illustrates the difficulty of testing hypotheses in macroeconomics. It also illustrates how far current macroeconomics has reverted to the old classical way of thinking. These problems, and in particular the loss of Keynes in mainstream textbooks, is an important motivation for ... anti-textbook.”

Myatt is correct, very much correct. All this is a beautiful and authentic way of inviting economics students to pour into the anti-texts of Myatt and Hill.

The authors hope that their books “by citing the views of many prominent economists from a variety of schools of thought, both mainstream and heterodox, will help students to understand that economics is much more diverse (and interesting!) than what they see in their mainstream introductory text.”

“Economics is inevitably a battleground between opposing ideologies. This isn’t necessarily a bad thing. Recognizing this reality puts the controversy and excitement back into economics, and reveals a fascinating and vibrant field of study – one which is more an ‘art of persuasion’ than it is a science.”

Finally, the ultimate rationale of reading anti-texts along with texts is the do-or-die policymaking imperative thus: “The challenges that we face—an existential ecological crisis, massive inequality, and poverty—are barely mentioned in macroeconomic textbooks. The climate crisis is exacerbating the inequality crisis, with its worst effects—drought and famine—falling first on the poorest nations. We are facing the consequences of our growth addiction and the belief that the only way to solve poverty is through growth. It follows that we must not wean ourselves from fossil fuels since doing so would slow down growth. And we must not interfere with the market, because the market knows best. The challenges we face today require government action... This embrace requires breaking free of the prevailing economic orthodoxy that has vastly exaggerated the perils of government deficits and debt. Massive government investment is needed in clean energy and smart grids, and the extraction of CO₂ from the atmosphere. We need to extract about a half-trillion tons of CO₂ between 2050 and 2100. It is the largest industrial project human beings have ever undertaken. We need a state that actively fights inequality and poverty. It is not rocket science. Billionaires are paying less taxes than the average household. We need higher taxes on the rich, higher minimum wages, and labour market policies that give workers a fair chance of unionizing. It requires policies that reign in the ability of CEOs to pay themselves three hundred times the average salary in the corporation. We also need genuinely full employment, a concept currently rendered unthinkable by the doctrine of the natural rate. Unfortunately, the standard macroeconomic textbooks not only largely ignore these issues, but the view they advocate stand in the way of addressing them.”

Along with the authors taken up for review here, students can also consult similar books such as Saros (2019) and Komlos (2023) as immensely valuable companions that fit into the alternative texts project of the progressive World Economics Association (WEA) as opposed to the conservative American Economic Association or even the International Economic Association. WEA has also got Textbook Commentaries Project which takes on standard texts such as of Greg Mankiw.

Although most undergrad students use standard texts and their guides somehow to only beat the exams without commitment to the subject, teachers should be aware of the anti-texts and bring them to the notice of students so that some of them at least make sense of the subject in a pluralistic way, which is better than the intellectual monoculture that permeates economic education almost everywhere. Masters and Doctoral students should be exposed to Lee and Cronin (2016).

Many teachers in the world are now preferring pluralist approach. For example, Professor Reyes of Amherst College in America invites students to do her *Pluralist Economics* course thus: “Mainstream economics is fundamentally neoliberal, employing narratives of meritocracy to explain, normalize, and justify racial capitalism and the inequality and exploitation it inevitably produces. Pluralist economics provides alternative explanations and understandings, directly challenging the conceptualizations, models, methods, values, topics, and pedagogy of economic practice. This sophomore seminar engages students in an

exploration of pluralist economics. Examples of pluralist approaches include: feminist economics, critical race theory, stratification economics, Marxist economics, cooperative economics, behavioural economics, institutional economics, and abolition economics. Given the interweaving of mainstream economics, capitalism, and white supremacy, this engagement with pluralist approaches entails an uncovering of and challenge to racist capitalist logics that are central to both economics and the economy. Together, we will endeavour to build a thoughtful, creative, and flexibly pluralist approach to our work as economic thinkers.”

In India too, we need to expose undergrad as also postgrad students to the specific and complicated Indian social and economic realities in different regions and how pluralist economics can indigenise itself to make a difference through its better policymaking power for the Indian people at large who are left out of the development process in post-Independent India.

To conclude, monolithic standard texts are chosen when economics is defined as “the social science concerned with the efficient use of scarce resources to achieve the maximum satisfaction of unlimited individual wants.”. If instead economics is defined like Saros does as “an intellectual discourse concerned with the manner in which societies produce, circulate, and distribute products and services, as well as the consequences for human welfare that follow”, then anti-texts such as of Myatt can be used to present multiple views. No single school of thinking is perfect in every sense. There is no escaping pluralism in social sciences because there is no theory of everything from any particular school like finding a theory of everything is a major unsolved problem in physics. Standard economics arrogantly exudes the overconfidence of having a theory of everything, though.

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