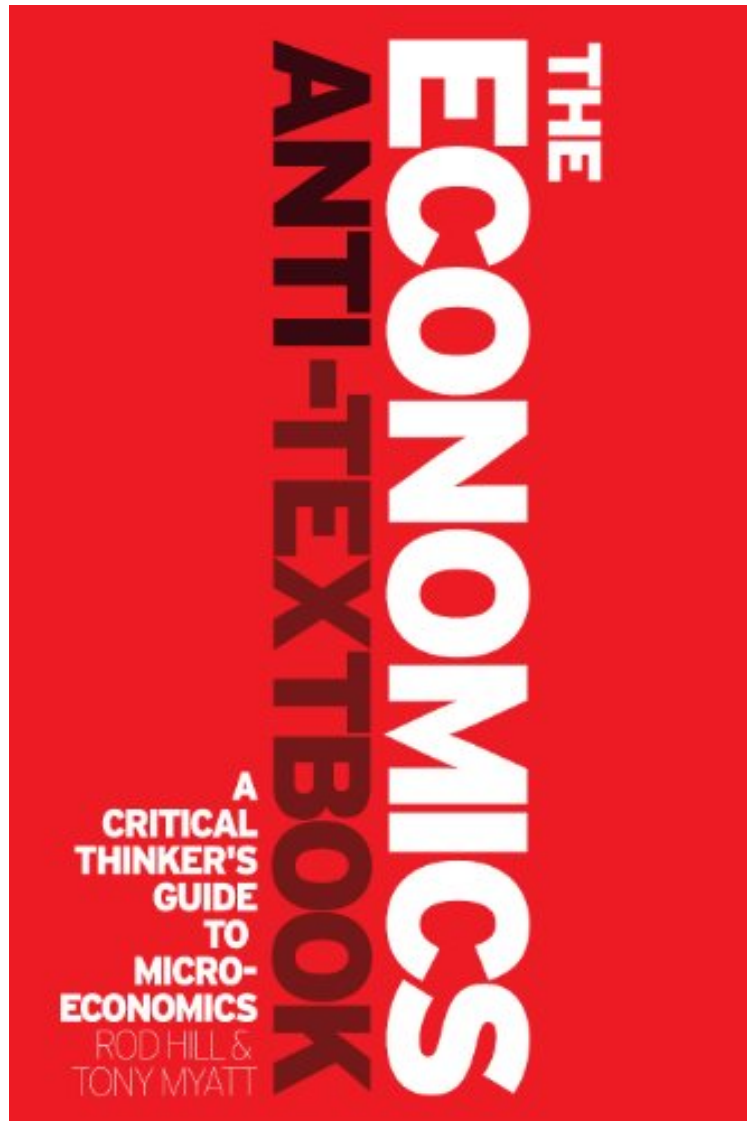


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The Economics Anti-Textbook: A Critical Thinker's Guide to Microeconomics

Rod Hill, Professor Tony Myatt
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Rod Hill, Professor Tony Myatt : The Economics Anti-Textbook: A Critical Thinker's Guide to Microeconomics before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Economics Anti-Textbook: A Critical Thinker's Guide to Microeconomics:

12 of 13 people found the following review helpful. Deeply Insightful By Evelyn Uyemura I have never taken even a basic course in economics, and yet I have become quite interested in the subject and I want to be able to follow the current events in the economy with some level of understanding. So I have been reading quite a few books about the

economic crisis of 2008 and following, and I read Paul Krugman's blog in the NY Times. And I invested in this book to get a better fundamental understanding of how economics works as a subject. It was a very worthwhile investment. Each chapter begins with an overview of what mainstream texts teach, and that was not always easy for me to understand. But I did my best, and I have at least a nodding acquaintance with what a person learns in a microeconomics course. But more importantly, this book then presents the Anti-Text discussion and analysis of the weaknesses and assumptions that underlie mainstream economics. One of the key points that impressed me is how models are used. Economics is based heavily on charts and equations that simplify reality in order to deal with it abstractly. The trick, as the authors explain it, is that a model is supposed to be judged by how accurately it predicts reality. Yet what happens in practice is that models are taken as proof, rather than as testable hypotheses. Models are not supported by evidence from the real world, but by imaginary examples from a vastly over-simplified world in which decisions are made by hyper-rational beings who bear little resemblance to actual humans. They further argue that real world factors such as unequal access to information and vastly unequal access to power are brushed aside and written out of the models. So when a worker interacts with a corporation, the assumption is that each is a totally free agent who can enter or leave the market at will, so if a corporation decides to move their production out of a community, the workers equally have the freedom to sell their labor elsewhere, without taking any account of the real-life ties that an individual worker may have, such as an underwater mortgage and kids in a local school. The power that corporations have in making laws that favor them is also written out of the standard textbook. Economics concerns itself almost exclusively with what it refers to as "efficiency," and very little with issues of "equity," which means not equality of outcome, as those who fling "socialism" around as an epithet claim, but with basic fairness in how a society's resources are allocated. Matters such as externalities, while touched upon, are downplayed. An interesting example is the Pareto Principle, which states that "society" is better off if someone becomes better off without anyone else becoming worse off. This seems to be almost a truism, until the actual application of it is considered. Imagine a community in which 100 people each earn \$100 a week, and then suddenly, one member of the community finds oil under his property, and begins to earn \$1 million a week, while the other 99 continue to earn \$100 a week. All to the good, right? But out here in the real world, human beings have an innate sense that it is unfair for one member of the group (or even half of the group) to be given benefits that the rest do not share in. In fact, this sense of fairness is observed not only in young children but even in other primates. Did the people earning \$100 become worse off when their neighbor suddenly struck it rich? Not in any absolute sense. But they were comparatively worse off than before, because they now lived in a world in which they were noticeably poorer than one person, whose sudden wealth came to him purely by luck. (If you give one kid in the class a candy bar, and nothing to the rest of the class, the Pareto Principle would say that this is a net gain for the class. Is it?) If you don't like this example (which is mine, not the authors') consider this one: 10 people are in a bar. In walks Bill Gates. The average wealth of the people in the bar is now in the millions of dollars. But how does that matter? This, in effect, is how the wealth of a nation is measured. If the average is higher, then society is doing well. But society is made up of individuals who may not participate in this average at all. In fact, examples like this make one wonder whether economists have ever met any real people, since they seem to have so little interest in or understanding of actual human emotions and reactions. The Efficient Market Hypothesis is just one of many examples in which an idealized model works about like cold fusion--it's a beautiful idea, but it doesn't match up very well with cold hard reality. The EMH basically claims that the price is always right. If a 2 bedroom house in the California desert is sold for \$800,000, well that's what it's worth, there is no other price, and a bubble can't possibly exist. Anyhow, all in all, a well-written, clear, and very informative and insightful book. I will be re-reading it again from time to time to deepen my understanding of how economics does, and doesn't work.

5 of 6 people found the following review helpful. Great debunking but reworking is needed. By Dick_Burkhart This is a great blow-by-blow debunking of traditional Econ 101 textbooks, yet, not just Econ 101, but the entire framework of mainstream economics needs to be reworked from the ground up. This economics has acted as the ideological handmaiden of market fundamentalism, which has been a spectacular failure. Its facade of scientific objectivity is given the lie by this book, and by others like Steve Keen's masterful critique "Debunking Economics" and Ha-Joon Chang's succinct and cogent "23 Things They Don't Tell You About Capitalism"; here's how I would approach some of that reworking. First off I would distinguish between descriptive economics and prescriptive (or normative) economics. Descriptive economics is the science of describing how real world economies actually work, from the most primitive hunter-gatherer societies to today's global economy. For Econ 101 this could start with examples to illustrate key concepts, such as energy (the fundamental driver of all economies yet strangely neglected by most economists), then proceed on to economics as a social science modeled within a framework of complexity (relegating the simplistic models debunked by Hill Myatt to highly restricted subordinate roles or historical footnotes). Unfortunately, Milton Friedman and his followers rejected the scientific method, even for descriptive economics, claiming that the results (which they cherry-picked) justified the means (false assumptions). Also few economists are familiar with the nonlinear methods of complexity theory or the corresponding paradigm of qualitative results, often obtained via computer simulations of multiple scenarios, versus the classical paradigm of expected values, subject to statistical error, for linear approximations. Prescriptive economics

focuses on the goals of economics from a policy point of view, hence it involves judgments and values. Yet even these can be approached in a way that utilizes modern scientific methods, such as those used in climate modeling. I would start with a set of goals, such as (1) meets the basic needs of all, (2) is sustainable for thousands of years, and (3) is egalitarian. Then I would conduct scientific studies of different ways to achieve these goals, using different measures of "efficiency" in its broadest sense. This would mean doing simulations utilizing ever more accurate studies of descriptive economics combined with different policy proposals, which are techniques of control or guidance of chaotic systems from a mathematical point of view. In turn such studies would illuminate the goals, especially their practicality or unintended consequences, helping to build agreement on norms. The "Anti-Text" is necessarily focused on concepts such as markets, firms, consumers, governments, trade, power, and externalities. Yet from a more fundamental economic point of view these are all subordinate issues. For example, the prototypical complexity study in economics ("Limits to Growth") computed non-linear dynamical systems over two centuries using five global variables (Resources, Pollution, Population, Food, and Industrial Output) with a market in sight. In other words, economics today can't see the forest for the trees. This book cuts down the rotten trees that are blocking the view, but it needs to be followed up by the scientific development of a new and far healthier ecosystem, one that transcends the old forest. 1 of 1 people found the following review helpful. Great book, wish there was new edition. By victoria Was so glad I purchased this book for my son and I to read. The other one we purchased, Naked Economics, seemed like the same-old, same-old economics that basically rehashes traditional conservative ideals that benefit those who want to rationalize that making money is a higher goal than improving society and dealing with people as the "neighbors" that they actually are. I would love to see this book updated, revised, and expanded.

Mainstream textbooks present economics as an objective science free from value judgements; that settles disputes by testing hypotheses; that applies a pre-determined body of principles; and contains policy prescriptions supported by a consensus of professional opinion. The Economics Anti-Textbook argues that this is a myth - one which is not only dangerously misleading but also bland and boring. It challenges the mainstream textbooks' assumptions, arguments, models and evidence. It puts the controversy and excitement back into economics to reveal a fascinating and a vibrant field of study - one which is more an 'art of persuasion' than it is a science. The Economics Anti-Textbook's chapters parallel the major topics in the typical text, beginning with a boiled-down account of them before presenting an analysis and critique. Drawing on the work of leading economists, the Anti-Textbook lays bare the blind spots in the texts and their sins of omission and commission. It shows where hidden value judgements are made and when contrary evidence is ignored. It shows the claims made without any evidence and the alternative theories that aren't mentioned. It shows the importance of power, social context and legal framework. The Economics Anti-Textbook is the students' guide to decoding the textbooks and shows how real economics is much more interesting than most economists are willing to let on.

"What humankind needs second most (first is a cure for global warming), is a means of defusing the lethal ideological superstitions implanted in the educated masses by Samuelson/Mankiw type economics textbooks. Hill and Myatt's 'anti-textbook' goes a long way toward providing it." --Edward Fullbrook "I highly recommend Hill and Myatt's 'anti-textbook.' It is not so much an outright rejection of traditional treatments of introductory microeconomics as it is an exercise in laying bare the premises on which they are based and then suggesting alternative assumptions and methodologies. This approach leaves the student with a much deeper understanding of economic theory and it shows our discipline for what it truly is: an ongoing conversation among competing paradigms. I urge instructors to amend their courses so that time can be made for this important critique." -- John. T. Harvey, Professor of Economics, author of Currencies, Capital Flows, and Crises: A Post Keynesian Analysis of Exchange Rate Determination; former director of the International Confederation of Associations for Pluralism in Economics "Hill and Myatt's timely book should be compulsory reading for every student of economics. It gives vital answers to the question which ever more people are asking -- how did economics get it so wrong? A searching critique of the actual texts which figure on economics courses offers that vital product too long absent from the economics storecupboard -- a second opinion." -- Alan Freeman, coordinator, UK Association for Heterodox Economics "Rod Hill and Tony Myatt have written one of the best critical texts of neoclassical microeconomics that I have ever seen. It is a great text to assign along with an introductory or intermediate microeconomics text. Its critical commentary is sharp and very readable. All heterodox economists who have to teach undergraduate microeconomics should also assign this book for their students." -- Professor Frederic S. Lee, Editor, American Journal of Economics and Sociology