

Defending Economic Rationalism ... and Boosting the Image of “Free Market Economists”?

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In his 1962 Ely Memorial Lecture to the American Economic Association, Jacob Viner ventured to address the place of the economist in history. His lecture, he explained, was not designed to deal with the influence of economists for good or evil; its subject matter was better described by the title which he had initially thought of but eventually rejected, “Why has economics always had a bad press?” (Viner, 1963, 1991, pp. 226-7). The contributors to the two volumes under review (King and Lloyd, 1993; James et al., 1993), would have done well to have read this informative piece before jumping to the defence of economics or, to be more precise, a particular branch of economic thinking. However, given its age, thirty years at the time of writing, it is probably beyond the kin of most of the contributors even though it was published in the prestigious *American Economic Review* and its author for over twenty years was editor of the *Journal of Political Economy*.

Part of the value of Viner’s piece for the economist-contributors in these two volumes is its consolatory nature. Few contemporary critics of economic rationalism have gone as far as Carlyle by asserting “of all the quacks that ever quacked, political economists are the loudest”, going on to describe their output as “pig philosophy” and their subject matter as “the dismal

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science". Nor as yet have economic rationalists been described in public as "more to be dreaded than the plagues of Egypt" inflicted by Moses, though some critics of economic rationalism approach the views of a nineteenth century reformer who described economists as "the pests of society and the persecutors of the poor". Literature has not been more kind to economists. Dickens, Kingsley, Shelley and Wordsworth and at least one of the Bronte sisters regarded practitioners of political economy with a jaundiced eye. Even Walter Bagehot, that famous second editor of the *Economist*, and more than a dabbler in the science himself, proclaimed "no real Englishman in his secret soul was ever sorry for the death of a political economist; he is much more likely to be sorry for his life". Fortunately, newspapers and weeklies, including the *Economist*, do print obituaries of deceased economists, and even offer some occasional praise for their lives, despite the difficult nature of their labour.

Viner's concluding paragraph was a little more optimistic. Confining himself at this stage, appropriately, to the American economist, he stated:

"On the whole" however – or, with reliance rather on promiscuous averaging than on promiscuous aggregating, I should perhaps say "on the average" – the American economist has been dealt with fairly by the American public. It has laughed at us at times, because we do not always speak with a single voice and because despite many years of sad experience to the contrary some of us persist in operating as if we can forecast. But these are appropriate objects for moderate laughter. (Viner, 1963, 1991, p. 246)

For Australia, Bruce McFarlane and I reported a proclivity to write on economics which far outstripped that of Canada (Groenewegen and McFarlane, 1990, p. 3 and n.1), a sign of either incipient masochism or foolhardy heroism. Our history also showed that many of these antipodean economic writers were critical of conventional economics in the variant of imported British textbooks or, eventually, in the ex-cathedra statements of economic professors when these were appointed to the early universities. Australia is no exception to a history of bad press for economists and wide criticism of economic policy pronouncements. In particular, people have to be blind or totally isolated from society if they fail to realise that from the late 1980s especially, economists have hardly been the flavour of the month in the Australian media and have been widely condemned as either the bearers of bad tidings, or as midwives through wrong policy advice in inducing the hardships and sacrifices arising from Australia's continuing economic decline and its associated gradually rising unemployment levels. Reductions in tariff barriers, public service curtailment, productivity gains won by drastic labour shedding, financial deregulation, government em-

brace of user pays for state enterprises, reduced trade union power and steady deterioration in working conditions and real wages for many ordinary workers, stress on greater efficiency to be won by greater competition and fewer restrictive practices and 'distorting' policies – these are the topics that make it risky for economists to confess their calling to taxi-drivers or at a party, for fear of being inundated with advice on how to right the country's wrongs, or getting abused for being part of the problem. (Cf. King and Lloyd, p. 3).

The immediate setting for defence of economic rationalism in the two books under review requires therefore little real introduction. For those who do need it, the introductions to these volumes provide some of the necessary background. This identifies economic rationalism either with issues in micro-economic policy or reform (King and Lloyd, 1993, p. vii) or with the values of "free market economics" (James et al., 1993, p. v). They also identify the critics of economic rationalism with non-economists, drawn from sociologists, political scientists, business-administration specialists, journalists and spokesmen for the social welfare agencies. Their heterogeneous criticisms share the view that economists have got it wrong with their emphasis on efficiency, because they fail somehow to grasp the workings of the real economy. Both books are designed to redress the imbalance in such criticism by attempting to set the critics right on what economics can, and cannot, do and about the rationale for the policies to which much of the criticism has been directed. The books are therefore defensive and designed to lift the image of the economist. Before assessing how successful they are in this, an outline of their contents needs to be provided. This also allows some product differentiation since despite the fact that they bear the imprint of the same publisher, the two books are distinctively different in nature of authorship and tone. Given the problem of economists identified by Viner, it need hardly be pointed out that the prospects of success in defending economics are problematic and that the risk of their preaching only to the converted is particularly great. In addition, to prove that economists do understand the workings of an economy fully, is a daunting task, and one that requires a degree of knowledge, wisdom, maturity and humility which is not always present in the requisite degree in all the authors who have rallied to the support of their subject and their interest.

I

Before outlining the contents of the two volumes, some differences in their structure and origins need to be observed. *Economic Rationalism. Dead End or Way Forward?* contains the proceedings of a conference held at Melbourne University in February 1993 in which issues about economic ration-

alism were debated. Contributions by major participants were commented on, and emphasis was on debate and argument. Its chapters therefore cover all sides of the debate. For example, they include one by Michael Pusey who can be said to have instigated the current round in this ongoing controversy. Its authorship is therefore also largely academic, drawn mainly from Melbourne and Canberra universities though the contributors also include a financial journalist, Kenneth Davidson; leading public servants and 'economic rationalist' mandarins Michael Keating, Stephen Grenville and (although now in the private sector), Vince Fitzgerald; other economic researchers in public bodies and think tanks such as Henry Ergas, Allan Fels, Ann Harding and Jill Walker; and a politician and former 'boss' of some of the mandarins mentioned, Peter Walsh, the 'economic rationalist' Minister of Finance of two Hawke governments and now columnist-back-bencher for the *Australian Financial Review*. The book's tone is therefore that of balance and bipartisanship.

The Defence of Economic Rationalism, on the other hand (economics is not economics without the use of this phrase), is a collection of commissioned essays edited by what are described in the foreword (p. v) as 'three students', a fact taken by John Hyde, its author, as a further indictment of "the generation which caused the mess". The editors all hail from Monash University, are trained in law and politics rather than economics as their main specialisation, and are all closely allied to Liberal party politicians and politics. Student status stretches from undergraduate studies to Masters studies and doctoral research. Their book, not surprisingly is partisan, drawing on authors from various shades of the right in politics (Labor, Liberal and National Party). Only six of its twenty-two authors are drawn from academic institutions, four from the active side of politics, four from business and its lobby groups, four from right wing think tanks (like the Institute of Public Affairs, the Centre for Independent Studies and the Tasman Institute) while the remaining four authors are drawn from the Labor Council, the church and journalism. Reduced academic detachment has been substituted for active preaching: the book is intended in the words of its foreword, to "help the citizens of Australia to see where their children's interests really lie" (James et al., 1993, p. viii).

Both books divided their contents into parts. *Economic Rationalism* starts with a number of general contributions on the debate. This is followed by a long part containing case studies, and concludes with a politician's view presented by Peter Walsh. The first part attempts to define economic rationalism by indicating what economics actually does (Geoff Brennan), by analysing the training given to economists in America (Anne Krueger), by a panel discussion of the subject from two self-confessed economic

rationalists (Richard Blandey and John Freebairn) and one critic of the phenomenon (Robert Manne). It also enables Michael Pusey to present his anti-economic rationalism case in terms of reclaiming what he describes as the social democratic middle ground from right-wing economic rationalism. The preliminary part concludes with a particularly interesting essay by Michael Keating on the influence of economists in Canberra among the upper echelons of the public service. The second part presents nine case studies on economic rationalism in Australian practice, or the ins-and-outs of desired micro-economic reform and its background. These deal in turn with financial deregulation (Ian Harper and Phillip Leslie); international trade and Australian protectionism (Kym Anderson); labour market reform (Judith Sloan); privatisation and market forces in infrastructure provision (Henry Ergas); competition policy (Allan Fels); natural resources and the environment (Ben Smith), earnings dispersion (Bob Gregory and Graeme Woodbridge), Australia's long run economic performance (Steve Dowrick) and the problems of market and government failure (Jonathan Pincus). The book's politician's conclusion, the effective 'last word' in the volume, came from the after-dinner speech. This is as revealing of this volume as its contents are claimed to be in the introduction by its editors and organisers (p. viii).

The Defence of Economic Rationalism divides into two parts. The first deals with the economics of rationalism in a fashion fairly similar to the other book by presenting a variety of case studies on micro-economic 'reform', and its rationale from Australia's steady economic decline over the twentieth century, hence not confined to the economic recession now ending. Des Moore, that stalwart letter writer to the press on behalf of the Institute of Public Affairs in the cause of Gladstonian frugality in the public finances, opens the fray with 'condemning the Cure: the Recession and Economic Rationalism'. Case studies of the rationalist reform programme are then presented: 'the demise of protection by financial journalist Maxmillian Walsh; labour market reform (Judith Sloan); financial deregulation (Tom Valentine); rational tax reform (Andrew Chisholm and Michael Porter, yes, the Stanford/Monash man, *not* the man from Harvard); privatisation in ports (Keith Trace), telecommunication (Robert Albon) and four sectoral responses from representatives of business as economic rationalists in free marketing politics. These cover 'Keeping New South Wales a Triple A State' (Nick Greiner, Company Director and former Premier), mining (Ray Evans), agriculture (Terry Ryan) and manufacturing (Stephen Shepherd). These case studies lead to surprisingly little duplication between the two volumes. The exception comes from their one common author, Judith Sloan, who in a superb display of rationalist economising, only effectively

changed the title of her contribution, keeping contents and even some sub-headings, virtually the same. There is, however, much that is different. In true public choice style, much of the contents of this volume allowed interested parties to explain their vested interests in the 'reforms' and to trumpet their importance for their chosen endeavour or that of their subsidising patrons. This unashamedly interest groups approach is even more strikingly visible in the volume's second part. Under the guise of presenting the political, philosophical (including ethical) and cultural aspects of economic rationalism, it presents the views of sectional political and other interests on the subject. John Stone, in his hats of newspaper columnist and tank-thinker, first of all answers the critics of economic rationalism in stridently indignant and generally, well-targeted language. Tim Duncan (economic historian turned journalist and now employee of the Pratt Group) explains sectoral clashes under protectionism from this varied experience. Some Liberal and Labor perspectives are then argued respectively by the three student editors of the volume and Labour Council members, Michael Costa and Mark Duffy. The volume concludes with five general essays on policy versus economic rationalism under the colourful title, 'Scape-goating and Moral Panic' (Michael Warby, a public servant); the nature of 'conservative discontent' (Chandran Kuthakas, a political scientist), 'democracy, markets and Australian schools' or the voucher system and competition revisited (Tony Rutherford, policy analyst and political advisor to federal Liberal politicians); markets and morality (Michael James, editorial director for the Centre for Independent Studies and a political rather than a moral scientist); and ends with a contribution on the churches and economic rationalism from the Rev. Warren Clarnette, a born-again journalist on the *Bendigo Advertiser* and *Hobart Mercury* who combines journalism with ministry in the Uniting Church of Victoria.

Not only the tone of the contents, but the writing of these books is defensive. In many cases, it is also not very convincing. Reading these papers explains why economists have generally had a bad press and a bad hearing from the public, of which Viner needed to remind his colleagues in the American Economic Association on the basis of the historical record. Although intended as essays in persuasion, to use Keynes's felicitous title for his collection of this genre in politico-economic writings, they do not really persuade, except perhaps those who need no persuasion on the topic. This lack of persuasiveness comes from a general absence of style, of skilful rhetoric, or reasoned enlightenment and of good illustrations in these essays and papers. They reveal little desire to target that notoriously hard to find intelligent lay-person on these matters. They give little sense of debate and more of conversation at cross-purposes, even in the fairly well balanced

Melbourne conference volume. The explicitly defensive volume, more strikingly, is permeated by the vocation of the contributor of its last essay, preaching at what may be called the converted.

In fact, the target audience of the two books is not very explicit. Students seem to be the desired readership of the straightout *Defence of Economic Rationalism*, an objective which undoubtedly was hoped to be assisted by the choice of student editors for the project. But Australians in general seem to be targeted as well, particularly those ready to “accept the discipline of rational economic management until there is an alternative theory with a demonstrated track record better than those which served us for the previous ninety years” (James et al., 1993, p. viii). Despite its ambiguities elsewhere, this statement does indicate that the books share a common target, “anyone interested in Australia’s present economic position and its future policy direction”, the readership desired by the Melbourne conference editors and its co-sponsor in the form of the Community Programme Unit of Melbourne University. As exercises in adult and/or undergraduate education, these books cannot be described as very meritorious. They suffer from faults and display characteristics which ought to be very much absent in educational writing: lack of definitional clarity, dogmatism, tendencies to over-generalise, and even occasional traces of intellectual dishonesty are features all too frequently present in some of their contents. This shortcoming impinges on matters relating to aspects of the general education of economists, an issue appropriately broached at length in one of the volumes and one not totally ignored in the other (for example, James et al., p. 100). It also highlights the frequently observed characteristics of many economists, that of being often narrow in their focus, ill-read and ill-lettered, philosophical and historically ill-informed, and totally devoid of all signs of scholarly erudition and habits. In the words of John Stone, many of the contributors fall into the category of “the clear betrayal of intellectual values which has increasingly characterised so many public interventions on this general topic.” (James et al., p. 95). These qualities of the books in question require more extensive treatment, particularly since they reflect a major causal factor within the subject of the debate they discuss.

II

The defence of economic rationalism requires orderly, reasoned treatment. It needs to explain and elucidate the rationale for one side in a policy debate which founds itself on the presumption that there are general laws of economic behaviour which enable the prescription of particular policies for specific problems. The difficulty for economists to argue such a position is implicitly conceded by Geoffrey Brennan (King and Lloyd, p. 11) when he

suggests to the anti-economic rationalists where the debate needs to be joined if it is to have a chance of bearing any fruit:

... I would have thought that other disciplines [sociology, political science, psychology] might have wanted to take economists to task over a range of other issues such as the (possible) inadequacies of consequential ethics, the arguably excessive claims of agent rationality, the presumed exogeneity of preferences, the almost exclusive focus on 'invisible hand' mechanisms for social control and so on. Instead, our critics seem to want to accept us at our weakest and take us at our strongest ...

Taking these indications of fundamental economic weakness seriously, that is, realising that much of the theory on which economic rationalism is based has weak and inadequate foundations, would enable many of the asserted consequences of the various case studies in micro-economic reform to be exposed as *possible* rather than the inevitable outcomes they are so often proclaimed to be. More widely, an appreciation of the fact that much of the subject matter of economics is historically relative, constantly evolving, and frequently both country and region specific, makes straightforward appeals to the simple conclusions of elementary theory, a foolish and foolhardy exercise. Competition policy should never be portrayed as a *simple panacea* for efficiency, productivity and lower prices; restoring market forces to specific endeavours invariably has negative as well as positive consequences which need careful balancing in a delicate and complex calculus of advantages; free trade is often a political slogan as well as a means of opening an economy to competitive forces; the world of business decision-making is not invariably an infallible model for the management and organisation of public agencies and enterprises. Schumpeter expressed a strong distrust for economists who prescribed simple solutions to complex problems (cited in Swedberg 1991, p. 201); Marshall (1920, p. 368) argued that those who claimed the theory of value (that is, of markets, competition, prices and costs) to be simple, tended to be poor economists.

The combination of qualities of a good applied economist who can advise sensibly on micro- and other, economic policy, are very scarce. Sadly, their supply is not easy to increase and can in no way be identified with the large number of economics graduates disgorged by our universities on the national labour market. Keynes recognised this fully after more than a decade as practising economist. His well known words on the subject may be briefly recalled:

... good, or even competent economists, are the rarest of birds. An easy subject, at which very few excel! The paradox finds its expla-

nation, perhaps, in that the master-economist must possess a rare combination of gifts. He must reach a high standard in several different directions and must combine talents not often found together. He must be mathematician, historian, statesman, philosopher – in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature must lie entirely outside his regard. he must be purposeful and disinterested in the simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near the earth as a politician (Keynes, 1924, 1972, pp. 173-4).

The failure of American graduate schools in instilling all these qualities, a handicap shared by Australian graduate schools which like to model themselves on their cross-Pacific counterparts, is candidly admitted by Anne Krueger (King and Lloyd, pp. 53-4). Leaving aside an apparently excessive preference for non-economics trained mathematicians and physicists, who often lack general communication skills and knowledge of the economic background, she particularly reports laments about a lack of economic history, though she makes no reference to the philosophical preparedness or expertise in statecraft available to the average United States entrant to graduate studies in economics. Given the rapidly declining strength in Australian economic history, and the increasingly narrow focus of many undergraduate and graduate course work programmes, this augurs even less well for the presence of an adequate supply of good economists.

This supply problem is adequately illustrated by a number of the visible problems in these books. At the end of the previous section, these were identified as lack of definitional clarity; tendencies to over-generalise; lack of historical and especially economic historical, sense; and occasionally, a proclivity to make statements which smacked of intellectual dishonesty. To show the sad state of economists' abilities to defend their art, such shortcomings in the two books can briefly be demonstrated by giving some examples from their contents, starting with lack of definitional clarity.

Lack of definitional clarity. This is apparent in basic concepts used in the two books, and in many ways essential to the argument they examine. Illustrations could be taken on the definitions offered on 'economic rationalism', 'neo-classical economics' or, more fundamentally, 'market', 'competition', and efficiency. Space prevents a comprehensive analysis of all four concepts, so that 'economic rationalism' is selected as the more appropriate example. The following nine attempts at definition could be found among the three dozen or so contributions to the volume, a response

rate from the participants of a neat 25 per cent. Taking *Defence of Economic Rationalism* first, here they are, in order of appearance:

'Economic rationalists essentially advocate policies which reduce government intervention in the economy' (p. 3); 'Economic rationalism is sustained and steadfast opposition to protection' (p. 79); 'For Labor in government, economic rationalism ... has meant a commitment to economic growth and economic responsibility in a broad and practical sense. Economic responsibility entails a primary commitment to economic growth.' (p. 124); 'economic rationalism ... fosters individualism, ... competition and consumerism, ... the ideology of 'greed is good' and 'survival of the fittest' (p. 171); 'Economic Rationalism' is a doctrine that says markets and prices are the *only reliable* means of setting a value on anything, and, further, that markets and money can *always*, at least in principle, deliver better outcomes than states and bureaucracies' (p. 14); 'according to Blandy and Harper, ... economic rationalism is nothing other than a compendium of the knowledge currently in the possession of Australian professors of economics; (p. 37); Economic rationalism is a nonsense term which is unhelpful and ought to be deleted' (p. 43); 'Economic rationalism is neither more nor less than an attempt to inject rational (reasoned, logical) economic principles into the formulation of public policy with the ultimate aim of improving living standards for all Australians' (p. 85) and 'The term economic rationalism has an interesting history ... [under the Whitlam Government it implied] policy formation on the basis of rational analysis, as opposed to tradition, emotion, and prejudice ... [It has now primarily acquired negative connotations ... "cutback" in the public sector ... and [methodological support for] economic analysis [based] on a priori reasoning and independent of, and indeed contradicted by, the real world ...' (p. 277).

Although there are some common denominators somewhere, these are swamped by the differences in approach to defining economic rationalism which make rational debate on the subject rather difficult.

Over-generalisation. Over-generalisations abound in the two books. They are most prominent in the making of spurious, over-generous claims on the general advantages of the policy approach embodied in contemporary 'economic rationalism' through deregulation, a reduced public sector and reliance on competitive market forces. Problems in estimating such benefits and the weak theoretical foundations on which they are based are only rarely admitted. The capacity of economists to produce unambiguous cost/benefit calculations for alternative policy scenarios is generally simply assumed. Starting with the James et al. (1993) volume, the examples given can be easily multiplied. Its enthusiastic appraisal of deregulating the financial system (p. 38) ends with a plea for deregulation of the tax system (back to

tax farming?); unambiguous increases in economic welfare are claimed from income tax threshold removal combined with lower marginal rates (p. 42) and later with the positive incentive effects from public sector reduction (p. 47); there are hasty conclusions on the blessings from productivity gains in corporatised public trading enterprises (p. 59); assertions on privatisation benefits because 'its behavioural changes will *inevitably* lead to more competition, better customer service and better resource allocation' (p. 65). Moreover, its treatment of accountability and bureaucracy in education is very simplistic as are the claims made for its reform through vouchers and privatisation (esp. pp. 152-3) while broad definitions of the family are simply ignored to enable generalisation from the traditional nuclear family (p. 165). In *Economic Rationalism*, the simplistic argument on protection and unemployment is a gem of over-generalisation (p. 33), a fault shared with the remainder of this paper's final section; the adequacy of Campbell Committee cost/benefit analyses on the various policy proposals is simply taken for granted (p. 89); the optimistic outcomes predicted from the Kennett reforms in terms of employment and wage outcomes (p. 139) contrast with the honest doubts expressed by the same author on the difficulty of ascertaining the superiority of alternative approaches to enterprise bargaining on the previous page; forecast welfare gains from appropriate pricing structures in transport and education are claimed to be enormous on the basis of not necessarily comparable overseas evidence (p. 157, cf. p. 167) while exchange flexibility in ensuring competitiveness in international trade is simply presumed as 'truth' (p. 188). These all reveal a rather naive belief in the predictive accuracy of propositions from economic theory which experience really does not permit.

Lack of knowledge of the literature and historical, especially economic historical sense. Lack of economic history for American economics graduates was reported as a blight on the system by one of the contributors to these books (King and Lloyd, 1993, p. 54) The same can be said about an appreciation of historical trends in the literature of economics. For example, anti-economic rationalists should start to appreciate that the notions in contemporary economic advice that they deplore have surfaced and resurfaced time and time again in economic discussion, and that the failings in economists they diagnose have been identified with far greater acumen by prominent economists of the past (see Groenewegen, 1993, pp. 3-8). However, knowledge of the longer term thrust of economic ideas seems to be missing on both sides of the debate. One paper is headed by a quote from Keynes, taken somewhat out of its wider context, but the theme of the quote is never pursued in the contents of the paper (King and Lloyd, 1993, p. 57). Adam Smith is invoked on the invisible hand (James et al., p. 164) but the

author appears innocent of having read either the *Wealth of Nations* or *Theory of Moral Sentiments*, as implied by the accompanying footnote. Are classical authors invariably abused in this way in the search for sacred idols? Economic history does not really fare any better. In *Defence of Economic Rationalism*, a view presented on the historical rise of protectionism in Australia (pp. 14-16) is more caricature than history, e.g. the claim that protection was 'extensively established' in Victoria before federation. Its potted history of the market (pp. 164-5) also suffers from this fault. Example: the bland association of freedom and prosperity with the market in the nineteenth century (Britain? Germany? India? the world?). Likewise in *Economic Rationalism*, Anderson's broad sweep of living standards from 1870 (p. 112) neglects the very specific reasons for Australia's original high base, one from which decline was inevitable given the geography and demography of the country. This is an ahistorical judgement shared by several others in these volumes, though some (e.g. King and Lloyd, 1993, pp. 258-9) handled the issue intelligently and critically from the perspective of difficulties in measurement. Likewise, the vagaries of relative size of the public sector are never historically contemplated to indicate that this is likewise subject to cyclical fluctuations over the longer run of experience, nor are the measurement difficulties in this area ever explicitly, or critically, expounded. Negative ideological considerations rule the discussion of this subject. Real historical knowledge for many economists would improve their awareness of the complexity of their subject, and make them more modest in positing general conclusions from relatively untested theory.

There are even some signs of intellectual dishonesty among these defenders of economic rationalism. One example from each volume can suffice. The modest description of what economists try to do given by one such defender (King and Lloyd, 1993, p. 43) is not matched by the high degree of certainty with which he elsewhere sells 'statistical findings' about public sector reform (Freebairn et al., 1987, e.g. pp. 188-93); likewise, there is something disingenuous in the use made of the income effect in assessing income tax reform on female incentives to work by one author (James et al., p. 42) and that author's more general analysis of this topic (Freebairn et al., 1989, pp. 145-7). These examples also raise the dangers of sponsored scholarship and the spectre of academics as 'hired prize fighters' for particular interest groups, a temptation to which at least some defenders of economic rationalism seem prone. Perhaps here the call for an ethics committee to be established by practising economists has real merit (King and Lloyd, 1993, p. 13).

In short, reading these two books was in general not a stimulating experience, even though some of their contents can be excepted. It seems

an indictment of the discipline and especially its Australian practitioners that the defence of economics against the onslaught of sociology and political science is frequently so slovenly mounted, hence ensuring continuation of that unwillingness to engage in real debate to which at least one contributor pointed (King and Lloyd, 1993, pp. 127-8). An opportunity twice lost to inform and persuade is not good practice, not counting the efficiency loss given the production costs and reading times which books totalling 500 pages entail. The strength and limitations of economics' contribution to policy formation are not easily imparted in short, heterogeneous exhortations about the benefits of this, and the disasters of that. Perhaps this is why those closest to actual policy decision-making seem to be the more cautious and humble about what economics can actually deliver and wrote some of the better contributions to the volumes. The nature of this debate in the fairly representative sample these books provide also suggest that more than one paper ought to have been devoted to the education of good economists to ensure that communication skills and the weaknesses of the subject are more solidly inculcated. Those worried about the anti-economic rationalist attack will otherwise never get the reassurances about the value of economics they cannot easily get from these pages.

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