

post-Keynesians – particularly Hyman Minsky – grounds her critique of the ratings agencies in a broader understanding of the economy. This distinctive analytical feature of the book can be expected to significantly enhance its interest to heterodox economists.

A second distinctive feature is the author's advocacy of public agencies, national or international, as a response to the current problems. 'Market competition', such as it is, among the private agencies is clearly inadequate to safeguard the public interest. The penultimate chapter of the book makes the case that public agencies could impart more stability of lending, promote new technology and increase the profitability of new investments. It is a reformist policy proposal that warrants careful consideration in an otherwise deeply problematic credit ratings process.

Stuart Birks

Rethinking Economics: From Analogies to the Real World

Springer, London, 2015, 87pp.

40 Critical Pointers for Students of Economics

World Economics Association, 2015

online orders at www.worldeconomicsassociation.org/books

These two publications seek to steer research and teaching in economics in more fruitful directions. The former presents a fuller version of the arguments that the author compressed into an article for the previous issue of this journal on 'heterodox economics'. Its primary concern is with paradigms and pitfalls in economics, showing why and how methodology matters. The book considers the importance of rhetoric and 'framing' for how economic issues are interpreted. It also shows the biases and misunderstandings that routinely arise in economic inquiry.

Three sets of pitfalls are identified. First are the problems of how theory relates to the 'real world'. Economists have a bad habit of talking about their theories as if they directly explain reality. They don't. At best, they are useful analogies (hence the book's sub-title). At worst, they are quite misleading, deflecting attention from what actually needs to be understood. Second are the problems in the relationship between theory and empirical formulations. Theories are supposed to be amenable to testing against 'the facts', but the process is fraught with difficulty in

practice. The problems are many and varied: getting data in an appropriate form, controlling for other factors, inferring causality, and so forth. Third are the pitfalls in drawing from empirical research 'findings' to devise remedial policies that may help to solve economic problems. 'Evidence-based' policy is a catchphrase of the modern era, and it sounds better than working 'from the seat of your pants', from hunches or from pre-conceived ideologies. But what constitutes sufficiently robust evidence to support recommendations for public policies? Value judgements are necessarily involved and unintended consequences are always likely.

For all these reasons, and many more, mainstream economic analysis has a shaky basis for claiming to be either a science or a useful means of creating social improvement. The author wants to end on a positive note, however, claiming that 'an exciting vibrant, relevant discipline' (p.77) would be possible IF economists were to become more aware of the pitfalls in their work, more self-critical and more open to a range of approaches. Readers of this journal may interpret that as a variant on a familiar theme – the case for the pluralist approach that mainstream economists generally ignore or deny.

Turning from research to teaching, the other recent online publication by Stuart Birks – *40 Critical Pointers for Students of Economics* - should attract a yet wider readership. It shows how to develop a more thoughtful and effective approach to the standard economics curriculum, as taught in most schools and universities worldwide. It runs through lots of standard topics addressed in conventional microeconomics and macroeconomics courses, pointing out the underlying assumptions and making the case for a more exploratory and critical approach. Some of the 'pointers' relate to the history of contested economic ideas, some are technical (relating to the measurement of inequality or unemployment rates, for example), while others raise questions of methodology (thereby crossing over into the territory of his other book).

There are more thorough introductions to political economy and heterodox economics available. However, for students who have to study mainstream economics, this booklet of 'pointers' should be a helpful supplement, providing glimpses of more interesting political economic issues. For lecturers who have to teach mainstream economics courses, it could help them to present their classes in more challenging ways. Such teachers should not be deterred by seeing 'for students' in the

booklet's title. In practice, it up to teachers to take a lead, isn't it? If they don't show their students that critical viewpoints are welcome in their courses, the orthodoxy unquestioningly prevails.

Book notes by Frank Stilwell

Australian Options

Discussions for social justice and political change

Australian Options is a quarterly featuring analysis and comment by many of Australia's foremost activists and progressive thinkers on important issues confronting Australia and our world, issues such as climate change and environmental sustainability, the nature of our and the world economy and politics, the provision of public services, health care, education, transport, taxation, responses to right wing governments.

Each edition includes reviews of relevant books, films and music, as well as cartoons by Simon Kneebone.

Subscriptions are as follows:

1 year (4 issues) - \$25,
\$17.50 Concession, \$12.50 Student

2 years (8 issues) - \$50,
\$35 Concession, \$25 Student

Send payment or credit card details (cardholder name, 16 digit card number, expiry date and a cardholder signature) to Reply Paid 34752, Blackwood SA 5051. Or EFT payment to our account: Australian Options Publishing Inc. BSB: 805-007, Acc. No. 00707401, Reference: your Surname and postcode. Please send contact details via email (below), or to Australian Options, P.O. Box 380 Blackwood, South Australia 5051

*Addressing the New South Wales and Victorian governments
on climate change and the energy mix*

www.austlii.edu.au/au/other/aukma/aukma/