

### Essays on economics

*The Lost Art of Economics: Essays on Economics and the Economics Profession.* By David Colander. Northampton, MA, Edward Elgar, 2003, 224 pp., \$30/paperback.

Few students of economics have managed to avoid the question of whether their chosen field qualifies as a true science. In this thought-provoking collection of essays, David Colander, a professor of economics at Middlebury College in Vermont, addresses this question with well-written, and often entertaining prose. A self-described “economic gadfly” and “slightly out of sync” economist, he steps back from the theories, practices, and educational establishment of the field to critique how this “science” is taught and done. He argues that, in the real world where economic policies are implemented, successful economic analysis must account for institutions as they exist. It must consider the complex aspects of the economy and economic behavior that cannot be easily quantified, or derived from a simplified, codified theoretical model. In short, he argues for the practice of economics as an art, where theoretical models provide background and elements of judgment, intuitive thought, and even some ad hoc empirics enter into the process before policy prescriptions are drawn.

The author organizes his essays into six parts. In the first part he presents Milton Friedman’s *Theory of Positive Economics* as the foundation for the current methodological approach of the economics field. Under this approach theoretical models are constructed, based on (necessarily) simplified assumptions, and the (presumably observable, or testable) economic implications are then derived from these models. He argues that, ironically, Friedman himself was mainly more of a practitioner of economics as an art, and that this has been lost to the literature on history of eco-

nomics thought. In the second part, he lays out the methodology of the “art of economics,” and, using monetary policy as the example, shows how academic economists are too far into the realm of abstract theory to provide many useful policy ideas for applied problems. He argues that the theoretical models should be separated from applied policy questions because, in the complex real world, one cannot really test the hypotheses of the abstract model. Instead, the model should serve as a general guide, because “the question in applied policy economics concerns whether the theory fits the application, not whether the theory is true.”

Taking this basic premise, he describes in the third part of his essay collection how it can be used to better educate and interest students in economics. Particularly at the introductory (or principles courses) level, he decries the attempt to combine the basic theories of economic behavior with modeling techniques as denying justice to both; it makes for economic stories that are probably uninteresting to students. In his fourth section are two more personal essays, one of which details his own story as an economics student and induction into the profession. The second essay provides suggestions for making a living within the academic world of economics as one with his iconoclastic views. While these essays may be of interest mainly to those who are Ph.D students and academic economists, they do reveal the faults of a rigid “publish-or-perish” institutional structure that may discourage innovative thinking (a problem not necessarily unique to economics as a scholarly field). He argues that this structure has encouraged economists to pursue problems and policy issues that more easily yield to quantification rather than those that are more important to address and thus—econometrics has ascended from the role of toolkit to the final arbiter of which issues an economist will choose to study.

The essays in the fifth and sixth parts of the book provide a critique of the educational institution of graduate education in economics, and a speculative scenario of what the profession, and thus the graduate curriculum, may look like in the year 2050. The author proposes a second track of economics education that will appeal to the generalist inductivist student—one in which formal abstract theorem-and-proof is deemphasized, and more weight is given to interpreting and understanding the basic theory of economics and doing technical work at a more practical level. Interestingly, this appears to already be happening in other fields; some universities are now offering a professional science master’s degree, combining natural and physical sciences with finance and business courses for students who will need both in a practical career (*Wall Street Journal*, Aug. 3, 2004). The author predicts that, by 2050, economists will have abandoned positivism and will be addressing more complex and specific problems with more emphasis on computational simulation—making use of new computation horsepower to mine data for patterns and to create data by simulation, but also combining this with more general, intuitive insight and knowledge of economic institutions in the real world.

—Mary Kokoski

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## Publications received

### Economic and social statistics

Aldy, Joseph E. and W. Kip Viscusi, *Age Variations in Workers’ Value of Statistical Life*. Cambridge, MA, National Bureau of Economic Research, Inc., 2003, 51 pp. (Working Paper 10199) \$10 per copy, plus \$10 for postage and handling outside the United States.

Clark, Robert L., Richard V. Burkhauser, Marilyn Moon, Joseph F. Quinn, and Timothy M. Smeeding, *The Economics of an Aging Society*. Malden, MA, Blackwell Publishing, 2004, 362 pp., \$34.95/paperback.

Collins, William J. and Robert A. Margo, *The Labor Market Effects of the 1960s Riots*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 36 pp. (Working Paper 10243) \$10 per copy, plus \$10 for postage and handling outside the United States.

Dietzenbacher, Erik and Michael L. Lahr, eds., *Wassily Leontief and Input-Output Economics*. New York, Cambridge University Press, 2004, 396 pp., \$80/hardcover.

Jacobs, Eva E., ed., *Handbook of U.S. Labor Statistics: Employment, Earnings, Prices, Productivity, and Other Labor Data, Seventh Edition, 2004*. Lanham, MD, Bernan Press, 2004, 471 pp., \$147/hardcover.

Leopold, Ronald S., *A Year in the Life of a Million American Workers*. New York, MetLife Group Disability, 2003, 214 pp., softcover.

Wright, Daniel B., *First Steps in Statistics*. Thousand Oaks, CA, Sage Publications, 2002, 147 pp., \$23/softcover.

## **Economic growth and development**

Acs, Zoltan J., *Innovation and the Growth of Cities*. Northampton, MA, Edward Elgar Publishing, 2002, 264 pp., \$90/hardback; \$35/paperback.

Cahuc, Pierre and André Zylberberg, *Labor Economics*. Cambridge, MA, The MIT Press, 2004, 844 pp., \$90/cloth.

Cameron, Samuel, *The Economics of Sin: Rational Choice or No Choice At All?* Northampton, MA, Edward Elgar Publishing, 2002, 240 pp., \$90/hardback.

Colander, David, *The Lost Art of Economics: Essays on Economics and the Economics Profession*. Northampton, MA, Edward Elgar Publishing, 2001, 203 pp., \$30/paperback.

Hendry, David F. and Neil R. Ericson, eds., *Understanding Economic Forecasts*. Cambridge, MA, The MIT Press, 2003, 225 pp., \$17.95/paperback.

Lazear, Edward P. and Paul Oyer, *Internal and External Labor Markets: A Personnel Economics Approach*. Cambridge, MA, National Bureau of Economic Research, Inc., 2003, 50 pp. (Working Paper 10192) \$10 per copy, plus \$10 for postage and handling outside the United States.

Niederle, Muriel and Alvin E. Roth, *Market Culture: How Norms Governing Exploding Offers Can Affect Market Performance*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 57 pp. (Working Paper 10256) \$10 per copy, plus \$10 for postage and handling outside the United States.

## **Education**

Hanushek, Eric A., *Some Simple Analytics of School Quality*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 27 pp. (Working Paper 10229) \$10 per copy, plus \$10 for postage and handling outside the United States.

## **Industrial relations**

Aitchison, Will, *The FMLA: Understanding the Family and Medical Leave Act*. Portland, OR, Labor Relations Information System Publications, 2003, 320 pp., \$39.95/paperback.

Hogler, Raymond, *Employment Relations in the United States: Law, Policy, and Practice*. Thousand Oaks, CA, Sage Publications, Inc., 2004, 301 pp., \$42.95/softcover.

## **International economics**

Balducci, David E., Randall W. Eberts, and Christopher J. O'Leary, eds., *Labor Exchange Policy in the United States*. Kalamazoo, MI, W.E. Upjohn Institute for Employment Research, 2004, 295 pp., \$45/cloth; \$20/paperback.

Budd, John W., *Labor Relations: Striking a Balance*. New York, McGraw-Hill/Irwin, 2005, 553 pp., hardcover.

Troy, Leo, *The Twilight of the Old Unionism*. New York, M.E. Sharpe, Inc., 2004, 200 pp., \$64.95/cloth; \$24.95/paperback.

## **Industry and government organization**

Cnossen, Sijbren and Hans-Werner Sinn, *Public Finance and Public Policy in the*

*New Century*. Cambridge, MA, The MIT Press, 2003, 565 pp., \$39.95/cloth.

Kugler, Adriana D., *The Effect of Job Security Regulations on Labor Market Flexibility: Evidence from the Colombian Labor Market Reform*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 65 pp. (Working Paper 10215) \$10 per copy, plus \$10 for postage and handling outside the United States.

## **Labor and economic history**

Galenson, David W., *A Portrait of the Artist as a Young or Old Innovator: Measuring the Careers of Modern Novelists*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 78 pp. (Working Paper 10213) \$10 per copy, plus \$10 for postage and handling outside the United States.

Hardwick, M. Jeffrey, *Mall Maker: Victor Gruen, Architect of an American Dream*. Philadelphia, University of Pennsylvania Press, 2004, 288 pp., \$29.95/cloth.

McCann Jr., Charles Robert, ed., *The Elgar Dictionary of Economic Quotations*. Northampton, MA, Edward Elgar Publishing, 2003, 315 pp., \$150/hardback.

Nicholson, Philip Yale, *Labor's Story in the United States*. Philadelphia, Temple University Press, 2004, 376 pp., \$74.50/cloth; \$27.95/paperback.

Quartey, Kojo A., *A Critical Analysis of the Contributions of Notable Black Economists*. Burlington, VT, Ashgate Publishing Company, 2003, 125 pp., \$79.95/hardback.

## **Labor force**

*2003 Compendium of Regulatory Impact Assessments*. London, Department of Trade and Industry, 2004, 291 pp.

## **Labor organizations**

Roth, Silke, *Building Movement Bridges: The Coalition of Labor Union Women*. Westport, CT, Praeger Publishers, 2003, 207 pp., \$64.95/hardback.

## **Management and organization theory**

Bevan, Stephen, Sally Dench, Heather Harper, and Sue Hayday, *Employment Relations Research Series No. 25*. Lon-

don, Department of Trade and Industry, 2004, 183 pp., spiral-bound.

Carey, Dennis C. and Dayton Ogden, *The Human Side of M&A: How CEOs Leverage the Most Important Asset in Deal Making*. New York, Oxford University Press, 2004, 193 pp., \$27/cloth.

Jackson, Kevin T., *Building Reputational Capital: Strategies for Integrity and Fair Play That Improve the Bottom Line*. New York, Oxford University Press, 2004, 300 pp., \$30/hardcover.

Jacoby, Sanford M., *Employing Bureaucracy: Managers, Unions, and the Transformation of Work in the 20th Century, Revised Edition*. Mahwah, NJ, Lawrence Erlbaum Associates Publishers, 2004, 315 pp., \$79.95/cloth; \$34.50/paperback.

Oyer, Paul and Scott Schaefer, *Why Do Some Firms Give Stock Options to All Employees?: An Empirical Examination of Alternative Theories*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 41 pp. (Working Paper 10222) \$10 per copy, plus \$10 for postage and handling outside the United States.

Schneider, Benjamin and Susan S. White, *Service Quality: Research Perspectives*. Thousand Oaks, CA, Sage Publications, 2004, 200 pp., \$34.95/paperback.

Weiss, Donald H., *Fair, Square & Legal, Fourth Edition*. New York, AMACON (American Management Association), 2004, 384 pp., \$35/hardcover.

West, Michael, *Motivate Teams, Maximize Success: Effective Strategies for Realizing Your Goals*. San Francisco, Chronicle Books, 2004, 160 pp., \$16.95/paperback.

### Productivity and technological change

Bai, Chong-En and Chi-Wa Yuen, *Technology and the New Economy*. Cambridge, MA, The MIT Press, 2003, 312 pp., \$32.95/cloth.

Hall, Bronwyn H., *Innovation and Diffusion*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 33 pp. (Work-

ing Paper 10212) \$10 per copy, plus \$10 for postage and handling outside the United States.

Kremp, Elizabeth and Jacques Mairesse, *Knowledge Management, Innovation and Productivity: A Firm Level Exploration Based on French Manufacturing CIS3 Data*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 45 pp. (Working Paper 10237) \$10 per copy, plus \$10 for postage and handling outside the United States.

Lerner, Josh, *The New New Financial Thing: The Sources of Innovation Before and After State Street*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 54 pp. (Working Paper 10223) \$10 per copy, plus \$10 for postage and handling outside the United States.

### Social institutions and social change

Lee, Sandra S., ed., *Traumatic Stress and Its Aftermath*. Binghamton, NY, The Haworth Press, 2004, 99 pp., \$34.95/hardcover; \$19.95/softcover.

Presser, Harriet B., *Working in a 24/7 Economy: Challenges for American Families*. New York, Russell Sage Foundation, 2003, 286 pp., \$39.95/cloth.

### Wages and compensation

Appelbaum, Eileen, Annette Bernhardt, and Richard J. Murnane, eds., *Low-Wage America: How Employers Are Reshaping Opportunity in the Workplace*. New York, Russell Sage Foundation, 2003, 536 pp., \$45/cloth.

Biesebroek, Johannes Van, *Wages Equal Productivity, Fact or Fiction?* Cambridge, MA, National Bureau of Economic Research, Inc., 2003, 52 pp. (Working Paper 10174) \$10 per copy, plus \$10 for postage and handling outside the United States.

Connelly, Rachel, Deborah S. DeGraff, and Rachel A. Willis, *Kids at Work: The Value of Employer-Sponsored On-Site Child*

*Care Centers*. Kalamazoo, MI, W.E. Upjohn Institute for Employment Research, 2004, 184 pp., \$40/cloth; \$17/paperback.

Oyer, Paul and Scott Schaefer, *Compensating Employees Below the Executive Ranks: A Comparison of Options, Restricted Stock, and Cash*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 28 pp. (Working Paper 10221) \$10 per copy, plus \$10 for postage and handling outside the United States.

### Welfare programs and social insurance

Benitez-Silva, Hugo, Moshe Buchinsky, and John Rust, *How Large Are the Classification Errors in the Social Security Disability Award Process?* Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 52 pp. (Working Paper 10219) \$10 per copy, plus \$10 for postage and handling outside the United States.

Chetty, Raj, *Consumption Commitments, Unemployment Durations, and Local Risk Aversion*. Cambridge, MA, National Bureau of Economic Research, Inc., 2004, 64 pp. (Working Paper 10211) \$10 per copy, plus \$10 for postage and handling outside the United States.

Wolff, Edward N., *Retirement Insecurity: The Income Shortfalls Awaiting the Soon-to-Retire*. Washington, DC, Economic Policy Institute, 2002, 95 pp., softcover.

### Worker training and development

Giloth, Robert P., ed., *Workforce Development Politics: Civic Capacity and Performance*. Philadelphia, Temple University Press, 2004, 296 pp., \$72.50/cloth; \$24.95/paperback.

Phelps, Edmund S., ed., *Designing Inclusion: Tools to Raise Low-end Pay and Employment in Private Enterprise*. New York, Cambridge University Press, 2004, 165 pp., \$55/hardback. □