

# | Book Review

Coleman, William and Alf Hagger (2001) **Exasperating Calculators: The Rage over Economic Rationalism and the Campaign against Australian Economists**. Macleay Press, Paddington, 336 pp.

Reviewed by John Lodewijks\*

This book was written specifically for those who have some sympathy for the attacks on economics made by the 'economic irrationalists'. The authors hope to enlighten these people by pointing out the analytical weaknesses and empirical shortcomings of these critiques. Indeed, the authors do a demolition job on half-baked logic, unqualified assertions and shoddy thinking. Economists will wonder why so much attention is focused on these obviously trite arguments. The reason is that these arguments are those that have had so much attention and filled the newspapers and airwaves. The book is about the campaign against 'Economic Rationalism'. However, it is not a book about 'Economic Rationalism'!

Michael Pusey's, *Economic Rationalism in Canberra*, is the subject of sustained, critical attention. It is noted that Pusey's intellectual position has as one of its foundations an attraction to Marxism (p. 77). Chapter 3 is devoted to the 'Pusey event'. The authors find that his book 'shows a most unscholarly lack of concern about factual correctness' (p. 12). They find fault with his survey questions, some of which are unanswerable without further clarification or require expertise beyond that of the surveyed population (p. 51). Furthermore, Pusey makes strong statements 'which get no support at all from the response figures' appearing in his survey results (p. 53). He continues to 'make something out of nothing'. The authors quote approvingly that Pusey's preconceptions and ideological commitments have coloured his analysis (p. 222).

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Indeed, it is stated that Pusey deliberately avoided giving a definition of 'economic rationalism' in his book for strategic reasons. Furthermore, the term 'economic rationalism' has no generally accepted meaning. It is sometimes associated with views of an excessive faith in the efficacy of market forces or a belief in downsizing government or as a movement that shows a lack of concern for social justice. But multiple definitions seem to coexist under the economic rationalism rubric. In terms of policy the authors note that Medicare, the Accord, compulsory superannuation and opposition to further tariff cuts are all 'antagonistic to Economic Rationalism' (p. 135).

The authors are most disappointed at the response of Australian economists to the economic irrationalists. We made many mistakes (pp. 234-35). We have responded with silence and charity. We should not have engaged in civilised interdisciplinary debate but rather vigorously defended ourselves from hostile external forces (p. 218). The authors applaud the response of John Stone and a few others that strongly defended economics.

The authors in this book attempt to right these mistakes. Critics of economic rationalism from the right or from the left are savagely dealt with. These include Robert Manne, John Carroll, B.A. Santamaria, Gregory Clark, James Richardson, Hugh Streeton, Eva Cox, the Political Economy group at the University of Sydney, Peter Brain, Ian Manning and Clive Hamilton. It is argued that it is the economic irrationalists who are dogmatic. Many are ignorant of economics, and their work contains 'an admixture of slur, falsehood and opinion; all uncontaminated by any specific knowledge' (p. 108). The critique is later extended to those believers in the Third Way such as Mark Latham as the Third Way 'has no economic theory because it has repudiated all economic theory' (p. 284). The authors also lambast the anti-globalisation advocates like John Ralston Saul and John Gray.

The authors find that the economic irrationalists are drawn overwhelmingly from political scientists and sociologists (p. 181). Little of value seems to emerge from these disciplines (p. 258). Coleman and Haggard conclude that: 'About the intellectual value of Economic Irrationalism we argue an important single claim: it is worthless' (p. 290). The economic irrationalists are characterised by 'blatant factual errors', they know no economics, there are distortions in their arguments and apparent invention, and their work barely contains a single genuine piece of research (p. 293).

What are we to make of this polemical tome? It must be said that it does deliver some telling blows against the economic irrationalists and the tarnished quality of their scholarship. The book makes us aware that the impact of books, like Pusey's, can be explained in terms of media orchestration. Perhaps economists have been too silent or accommodating to its

uninformed critics and slow to realise that the attack against economic rationalism is really against economics more generally. Still the reader will be put off by the annoying repetition in this text with, for example, certain quotations repeated three times. I found the book frustrating and annoying. The major disappointment is that the authors do not confront substantive economic arguments. They do not take on John Quiggin on deregulation or Joseph Stiglitz on volatile capital flows in a serious way. But then, this book was written for a different purpose.