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John Komlos, *What Every Economics Student Needs to Know, and Doesn't Get in the Usual Principles Text*, Routledge, 2014, 268 pp. \$37 Paperback.

By Scott Alan CARSON[†]

Book Review

Economics is one of the most quantitative, mathematically rigorous of the social sciences, and with this rigor has come a certain air of importance, if not self-importance. But on its better days, economics is also one of the most self-critical of the social sciences. The job of the economist is to prescribe optimal allocation criteria, evaluate policy, and determine when markets are effective at allocating resources. Economists should also assess when state intervention may lead to improved allocations. Introductory undergraduate textbooks parrot this system to students supposes that all methodological questions are settled, and decent from this mainstream view is typically classified as heterodox economics. For a time, these alternative approaches were relegated to secondary roles, labeled as extreme and not policy worthy. However, since 2002 when the Nobel Prize in economics was awarded to Daniel Kahneman, departures from the strict neo-classical view have received greater tolerance, and where questions to the mainstream view were once met with bewilderment, modern economics is reexamining the assumptions upon which the neoclassical edifice is built. John Komlos' book *What Every Economics Student Needs to Know and Doesn't Get in the Usual Principles Text* is among the first undergraduate text books to approach economics by embracing these alternative views from the emerging development in behavioral and applied economics.

John Komlos brings a lot to the table, and his career is anything but the tale of a young math whiz who found his way into the social sciences from an interest in economics. His career in economics was prepared with a healthy injection of realism with a human face. Rather than a research career in endless derivations, his career began with an interest in both history and economics, and as fortune had it, he completed his graduate training in the heart of the neoliberal center of market economic studies, the University of Chicago. However, following his own path to uncover health changes during economic development, Komlos was among the leaders to advance anthropometric history, and this holistic approach guides students as a compliment to understand traditional economic welfare measures.

Where modern economics is simplified with constraining assumptions, behavioral economics questions the assumptions open which the neo-classical approach his based. Rather than simply giving mathematical economists a casual pass for their creativity, these behavioral economists question the assumptions

[†] University of Texas, Permian Basin, 4901 East University, Odessa, 79762, Texas, USA.

✉. carson_s@utpb.edu

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upon which traditional price theory and consumer demand is based and go beyond traditional questions and policy recommendations made by economists. Behavioral economics reframes traditional microeconomic methods from constrained optimization, revealed preference, and Slutsky's decomposition to framing, anchoring, and bounded rationality and rather than allowing traditional microeconomic theory to go unchallenged, *What Every Economics Student Needs to Know* brings these novel approaches forward to present introductory students with a broader perspective on our discipline. While this behavioralist perspective does not completely uproot traditional microeconomic theory, it is an extension. Komlos' front row seat to learn traditional microeconomic theory from the pillars of traditional neo-classical theory and his subsequent revision gives young students indispensable insight into the development of modern economics.

There are many sacred cows in traditional microeconomics that Komlos challenges head on for introductory students, but there are equally many macroeconomic views that he contests. Unable to adequately explain the Great Depression with only classical theory, Keynes revised our understanding with his aggregate approach to explain fluctuations in output. Recent economic events have similarly sent macroeconomists back to their offices to replace their rational expectation, market efficiency, and markets as self-regulatory theories with renewed interest in institutionalism and inequality. Here, Komlos reviews the return to institutionalist thought and the re-focus on how wealth is distributed and the increasingly vital questions about how power and influence are initially distributed. Furthermore, he reverts back to the roots of economics to challenge introductory students to ask more philosophical questions, such as what determines a just society, what is the proper role of government, and how are incentives created.

While *What Every Economics Student Needs to Know and Doesn't Get in the Usual Principles Text* is an important contribution to the host of alternative undergraduate text books, at times it does not give equal attention to the current and emerging views, but this is understandable in a textbook environment that has long been occupied with the neo-classical tradition. The field is wide-open, and alternative approaches are welcome and needed. Komlos' *What every student needs to Know* rises above the din of traditional introductory economics text books to extend the field to emerging views that introductory students need.



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