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Economics

## Get a good grasp of the basic principles

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- Foundations of Economics. Third Edition
- Principles of Economics
- Economics. Second Edition

Introductory courses in economics introduce the student to "the economic way of thinking" by laying out the basic principles of economics.

If the student goes on to study more economics, then these principles recur in more elaborate forms. If the student studies no more economics at formal level, then he or she is equipped with the basics and should be in a position to follow economic analysis in the news and to relate the principles to their manifestations in cognate disciplines.

These three introductory textbooks are all well-established works with well-known authors. David Begg's *Foundations of Economics* is aimed at students who will not go on to study any more economics: the other two are aimed at the first-year undergraduate course that typically involves both students who are doing economics as an outside option and those who will go further in economics.

Moore McDowell and Rodney Thom of University College Dublin have produced an excellent European edition of the well-established Robert Frank and Ben Bernanke textbook. The Dublin pair have added a lot of value to an already excellent read. They have not only included European examples, but have reworked much of the basic text. The modern trend is to apply economics to real-world situations: one only has to think of the success of Steven D. Levitt's *Freakonomics* and Tim Harford's *Undercover Economist*. This text has an exceptionally rich range.

The other great feature is that it is not too easy - and there is some maths in the text. Many textbooks adopt the lowest common-denominator approach. They know that if they include maths, then some students will find it too difficult, so the potential audience and sales are reduced. In this text it is assumed that some students will be familiar with some calculus and algebra. As a result, it will be particularly appropriate for first-years being taught quantitative methods alongside the economics. But the book is perfectly accessible to students without maths.

Perhaps the book's best feature is its coverage of game theory, where you find not only the prisoner's dilemma and discussion of cartels and kinked-demand curve, but game trees and a discussion of commitment, Cournot and Bertrand oligopoly and repeated games. There are many European examples in the section on the "economic naturalist", a concept introduced by Frank and Bernanke, but the most important European element is the chapter on "Money and prices". It replaces the US edition's Fed with the European Central Bank, and a chapter on optimal currency zones in the context of the euro. I disagree with the authors' approach here: a European text should not replace the parochial US-centred approach, but should be more cosmopolitan. Rather than just having the ECB, it should have the ECB and the Fed, and contrast them. The European world-view is more global than the US for historical reasons. Indeed, there should be something on the global economy, including the rise of the Asian economies and environmental issues. That said, the book would be an excellent choice for an instructor who wanted to take introductory-level students a little further.

At the other end of the market is Begg's third edition of *Foundations of Economics*, a text aimed at the non-specialist student. The book has no equations, but does use numerical examples and graphs - basic necessities for economic analysis. Thus, consumer theory is the basics about demand curves and elasticities with the theory of diminishing marginal utility without indifference curves (but no income and substitution effect). Begg covers micro- and macroeconomics, and even has a final chapter on the international economy.

Paul Krugman and Robin Wells's *Economics* is a comprehensive first-year principles course. It does not have the technical demand of the McDowell and Thom book, but it offers the articulacy of the world's most read

economists. It is also a lighter read. On the content side, there is an excellent introduction to the economics of information and the economics of technology. Overall, it is a comprehensive and well-written introduction to economics, although it is a bit US centred.

As one looks at economics texts over the years, some things do not change: much of the basic theory of consumers and firms and market structure, for example. But what is also noticeable is how developments in economic theory trickle down into the text. If, after 20 years, an idea ends up in an introductory principles text, then in a sense it has "made it" much more than the transitory world of the PhD programme course text where ideas come and go more easily. Both the McDowell-Thom and the Krugman-Wells are alive to extending the scope of the economics covered and do an excellent job.

**Foundations of Economics. Third Edition**

Author - David Begg  
Publisher - McGraw Hill  
Pages - 379  
Price - £26.99  
ISBN - 978007711423X

**Principles of Economics: European Edition. Second Edition**

Author - Moore McDowell, Rodney Thom, Robert Frank and Ben Bernanke  
Publisher - McGraw Hill  
Pages - 920  
Price - £39.99  
ISBN - 9780077108311

**Economics. Second Edition**

Author - Paul Krugman and Robin Wells  
Publisher - Worth  
Pages - 864  
Price - £41.99  
ISBN - 9781572591509

Reviewer :

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