
*By Scott Alan CARSON†*

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 textbooks 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

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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.