

# FAITH & ECONOMICS

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## Economy and Economic Analysis

Robert Black. 2004. Marion, IN: Triangle Publishing. ISBN 1-931283-10-9. \$36.50.

*Reviewed by Paul R. Koch, Olivet Nazarene University (IL)*

The ACE Website states that this Association was formed in December of 1982 at the Allied Social Science Association meetings. Since then, there has been a tremendous expansion in what one might call the “Christianity and economics” literature, much of which has been written by members of this Association or similar groups in other nations. Within this body of work, however, a relatively small numbers of books or articles have been directly designed for instructional use in the classroom at those institutions where such integration is encouraged. Furthermore, most of these volumes have been primarily intended as a supplement to existing textbooks, as opposed to a “stand-alone” curriculum. A recent example would be John Stapleford’s *Bulls, Bears, and Golden Calves: Applying Christian Ethics to Economics* (reviewed by Tom Head in *Faith & Economics*, Spring 2002).

Robert Black’s *Economy and Economic Analysis* is a comprehensive textbook in introductory economics that is designed, as the author states in the Preface, “for a one-semester course in economics or, with a few supplements, as a first course in a two-semester sequence.” The introduction is devoted to issues surrounding the integration of economics and Christian faith, followed by sixteen chapters that are organized into three sections: Introduction to Scarcity, Economy, and Economic Methods (chapters one through ten), Introduction to Microeconomics: Consumption, Production, and Price Theory (chapters 11–13), and Introduction to Macroeconomics (chapters 14–16). It should be noted that the integrative work in this volume is not limited to the introduction, but can be also found in some of the following chapters. Examples of these emphases include the “Christian Stewardship: Economics in God’s Kingdom” and “Is There a ‘Christian Economics’?” sections in chapter three, as well as some of the “Expansion Points” (specific applications of economic analysis) which can be found throughout the text. Some interesting cases in point would include the views of the early Church on private property (Expansion Point 3.1), a comparison of Christian and Islamic views on the subject of interest (Expansion Point 3.2), and a summary of the perspectives of different Christian economists on the nature of the discipline, most of which have been taken from previous issues of this journal or its predecessor (Expansion Point 3.8).

Chapters one and two focus on the problem of scarcity, potential responses to it, and the related concepts of efficiency and opportunity cost. Chapter two also provides an introduction to supply and demand analysis and the determination of a market price. Chapter three provides an overview of the history of economic thought from the original Greek notion of *oikonomos*—management of the household—up until the present day. One of the distinctives of this chapter, as well as chapter four, which addresses various assumptions and perspectives regarding human behavior, is the incorporation of the contributions of “new institutional economics” (NIE) into the body of the analysis. (Insights from NIE can also be found in later chapters, particularly chapters nine and twelve.) Chapter five is devoted to an exploration of economic methodology, and its implications for both micro- and macroeconomic analysis.

With chapters six through ten, the text changes its emphasis from the methods and assumptions of economic analysis to an examination of the notion of an economy from a systemic perspective. As stated in the Preface, these chapters are designed “to give the course a wider ranging and more integrative focus.” Chapter six compares different economic systems to one another, while chapter seven looks at various kinds of economic resources, organizations, and institutions. Chapters eight and nine concentrate on issues of wealth and poverty, both within and between nations, as well as from a historical and a contemporary standpoint. As previously noted, chapter nine contains some of the ideas of the NIE, including 1) economic growth requires complex patterns of voluntary commerce, and 2) these patterns require formal and informal institutions that promote freedom and efficiency in investment, production, and exchange. This chapter also covers the difference between, and significance of, constitutions, formal laws, and informal morals and customs. Chapter ten discusses the role of government in the economy, including alternative perspectives on the appropriate magnitude and scope of state action in the economic arena.

Sections two and three of the book represent fairly conventional introductions to micro- and macroeconomic theory. Chapters 11 through 13 cover the microeconomics of consumption, production, and price theory, while chapters 14 through 16 address the history of macroeconomic theory, the circular flow model, and the role of the financial system. It should be noted, however, that some of the themes which were developed in previous chapters, especially chapters six through ten, are extended in this part of the book. For example, the preface states that the treatment of consumption (chapter 11) “briefly reviews psychological and sociological perspectives,” and ideas from literature, ethics, religion, law, and history

are integrated throughout the volume. The text concludes with an answer key, as well as hints for some of the problems that can be found at the end of the chapter.

This volume holds a great deal of potential for those members of the Association who are able to directly integrate their faith with the content of their classroom instruction. With all due apologies to Fox News, it truly represents a “fair and balanced” treatment of the issues that have been previously outlined in this review. As a result, professors who hold a wide range of views with respect to economic theory, as well as the implications of the Christian faith for the practice of economic analysis, would still find this book to be a valuable instructional resource. In my judgment, it is better suited for a one-semester survey course than an introductory class in either micro- or macroeconomics. Given the strong emphasis on the history of economic thought and methodology, as well as their relationship to other fields of study (an asset in my view, by the way), it may be initially a “tough sell” for those students and colleagues who see economics as an extension of the business curriculum, as opposed to a social science with roots in moral philosophy, as the author points out quite clearly. In an age of steadily rising textbook prices, it also provides a relatively low-cost alternative to many conventional volumes, and with its thorough emphasis on questions of faith integration, it eliminates the need for a supplementary volume that is designed to further that objective. It warrants serious consideration by members of this Association.

### **Reference**

**Stapleford, John.** 2002. *Bulls, Bears, and Golden Calves: Applying Christian Ethics in Economics*. Downers Grove, IL: InterVarsity. ■