Review of: *Real-World Economic Policy: Insights from Leading Australian Economists* by Jan Libich, Cengage Learning, Melbourne.

This book aims to convey how applicable economics is to real world policymaking. Undergraduate students are its main target readership and many chapters could be assigned, as recommended reading, to supplement core economic theory chapters from set principles texts. Its contents could also suit intermediate and MBA-type economics courses, while select chapters may interest specialist professional economists in the private and public sectors.

Each of the fourteen chapters begins with a list of economic terms and background material on the topic. It then includes a transcript of an interview by the author with prominent Australian economists (and a New Zealander). The interviews are followed by a tabular summary of the main economic insights and policy lessons. Questions for discussion are then provided, as well as references for further reading.

A strong case can be made for books of this kind that cover topical economic policy themes as they expose students to policy-oriented material insufficiently covered in popular texts. Most of the chapters, around two thirds, focus on macroeconomic topics, including fiscal, monetary and financial themes, with the remainder centred on microeconomic topics, including regulation, education financing, pensions and climate change. Hence the book is oriented more toward introductory macroeconomics courses. Even then, macro courses that emphasise monetary policy would be a better fit as over a third of all the chapters centre on monetary and financial issues.

Modern economics prides itself on its rigour compared to other business disciplines. Yet textbook theory on its own desiccates many a beginner student's enthusiasm for the discipline given its relatively onerous analytical foundations and seeming lack of relevance. As the old quote attributed to both Kenneth Boulding and Robert Heilbroner has it, mathematics has given economics rigour, but alas, also mortis. The reality is that time-tested principles, as appealing as they are to true economics believers, can induce mental rigour mortis by boring students stiff, unless related to real world examples and contemporary policy issues.

With that in mind, a limitation of this book is its relatively narrow topic coverage. Chapters on employment and unemployment, productivity, taxation, competition policy, fiscal federalism, foreign trade and investment, and immigration could have substituted for some of the money and finance topics to provide a better overall balance of contemporary Australian economic policy issues, especially for students encountering university economics for the first time.

What makes the book different to standard collections of readings is that the core of each chapter is a transcript of an interview with a seasoned economist, all of whom happen to be male, and with half for some reason either at ANU or ex-ANU. Around half of the economists interviewed are also members of the Economic Society's National Economic Panel (NEP) which provides a bigger more gender-balanced sample of Australian economists' views on contemporary policy issues than this book.

Indeed, the results of past NEP polls, the expert commentary on them and the comments of individual NEP members posted on the ESA's webpage could therefore, in combination with the book, supplement core university textbook material. A trigger warning may be necessary however as students exposed to the NEP material may find disturbing the strong disagreement on economic policy issues amongst panel members.

While the interview transcripts in each chapter of the book contain pertinent answers to thoughtful questions, reading them is a bit like reading a play rather than seeing it performed on stage. Just as plays are meant to be seen, watching recordings of these interviews may be more engaging than reading the chapter transcripts. Nonetheless, the transcripts are illuminating, most notably those of the interviews with Stephen Kirchner on fiscal issues, Stephen King on regulation issues and Warwick McKibbin and Don Brash, the New Zealander, on monetary issues.

The book also includes numerous topic-related cartoons which provide some relief from the transcripts. However mixing humour and undergraduates can be risky and not all of the cartoons, some including economic policymakers from quite a while back, like Alan Greenspan, George W Bush and Ben Bernanke, will amuse everyone.

Australian economic policy analysis is not what it used to be at Australian universities, or indeed within government. Mainstream economics, based on the primacy of markets as the best means of allocating scarce resources, was once regularly dismissed as economic rationalism. Sadly, we no longer hear the term uttered these days, a reflection of the much diminished advocacy of market solutions to policy problems.

The more often that pejorative phrase was used by economic irrationalists in the past, the more likely it reflected the pace of productivity enhancing reform. Using historical data it would be interesting to see if media mentions of economic rationalism was positively correlated with Australia's multifactor productivity measure.

Australian academic economists used to be more focused on the important policy issues of the day. A reason they are less likely to engage in domestic economic policy debate these days is that the incentives they face has changed. Unfortunately for Australian taxpayers who pay their salaries and fund their research, this is partly due to the somewhat arbitrary ranking of academic journals by the Australian Business Deans Council.

Good Australian economic policy oriented journals such as the *Australian Economic Review*, *Agenda*, *Economic Papers* and *Economic Analysis and Policy* are not ranked as highly as they should be which provides the wrong signal for Australian economic policy research. Perversely, it encourages Australian researchers to focus on often arcane issues of relevance to other economies, especially the United States and Europe where the highest ranked journals are edited. The editors of many of these overseas journals are simply not interested in work analysing Australian economic policy.

Yet more research on Australian economic policy problems is precisely what more Australian academic economists should be working on. Awarding higher rankings to Australian economic policy journals would automatically improve the quality of papers published, making the exercise self-fulfilling. At the same time, it would improve the quality of Australian public policy, thereby generating a higher return to Australian taxpayers.

The book under review contributes to redressing the sub-optimal focus on Australian economic policy and the gulf that currently exists between university economics as taught and economics as practised in the real world. Overall, it usefully highlights numerous key Australian economic policy issues and underscores the importance of treating economics as a policy discipline.

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