

Book Review

Andrew Leigh, *The Shortest History of Economics*, Black Inc, 2024

Review by Keith Harvey¹

Key words

Economics, unionism, history, economic history, economic theory, social wellbeing

Andrew Leigh is the Federal ALP Member for Fenner and Assistant Minister for Competition, Charities and Treasury. He is well qualified to write a history of economics. Prior to his election as an MP in 2010, he was a professor of economics at the ANU and holds a Ph.D in Public Policy from Harvard University in Boston.

Leigh has authored or co-authored ten previous books, most focusing on aspects of the ‘dismal science’ of economics. He is not bothered by this description of his discipline, however, noting that the term was coined by Thomas Carlyle who Leigh describes as a racist who supported slavery. Carlyle’s ‘dismal’ comment was used to attack the notion that all people are equal. Leigh says that he wears the insult with pride.

The Shortest History of Economics could equally be described as the shortest history of the world, with a focus on innovation, technology and wealth generation. Chapter One begins with the emergence of humankind from Africa around 300,000 years ago and in less than 200 pages of text (plus notes) traces

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human development right up to the present time. It is a formidable task which Leigh covers off with an undoubted skill for rendering key developments and ideas into an accessible text for the general reader.

Econometrics, with its inherent formulas and algebraic equations and supply and demand graphs, makes no appearance in this volume. It is clearly designed to make its subject available to all readers and it is ideally suited to provide an introduction for students and adults seeking an overall understanding of the history of economic activity.

Although various economic theories are touched on, this is not, in the opinion of this reviewer, a history of the discipline of economics as such. Major economic theorists are mentioned in the text, but the focus is clearly on the practical outcomes of societal developments rather than on the entrails of economic theory.

In fact, economics as an intellectual discipline comes into the story rather late in the piece. Leigh writes that “the story of economics starts with the agricultural revolution” which obviously preceded Adam Smith’s seminal book *The Wealth of Nations*, published in 1776 by many millennia. Smith, whose intellectual discipline was moral philosophy, is considered the founder of modern economics.

In this context, it is best to read Leigh’s book as a history of those societal factors that have led to improvements in social wellbeing and individual and national income and wealth. Indeed, the author describes the book as a history of capitalism (also a relatively recent development) and of the market system of trade.

It is clear that Leigh is not going to be criticised as a dangerous radical waiting in the wings to be Australia’s next Treasurer (although amply qualified for the job) should Jim Chalmers vacate the post. Leigh is clearly a fan of free markets and trade and is no ideological opponent of capitalism.

In fact, given his membership of the Labor Party, it may strike the reader as surprising that this book has little or nothing to say about alternative economic systems to capitalism including any form of socialism.

Central planning is correctly described as ‘clunky’ and therefore undesirable and inefficient but there is no consideration of whether some form of market socialism has been or might be an alternative to capitalism.

The Constitution of the ALP adopted as recently as 2023 has restated the party’s description of itself as a ‘democratic socialist party’ with the ‘objective of the democratic socialisation of industry, production, distribution and exchange, to the extent necessary to eliminate exploitation and other anti-social features in these fields’. Leigh’s book does not discuss the circumstances in which societies have found it necessary to intervene in the economy to achieve these, or similar, ends.

Likewise, there is little discussion of the sub-discipline of labour economics, which admittedly may be beyond the scope of any short history of economics. Karl Marx does not rate a mention in the text nor is there substantial reference to the great contest in market capitalism, that is, how to determine fair shares of economic output for workers and the owners of capital. While there is a small discussion of franchising as a model of economic activity, there is no consideration of the implications of the so-called ‘gig’ economy on workers, their families and society.

In the same vein, unions are hardly mentioned in the winning of some level of income equality for those who do not possess capital. Rather than union action, Leigh appears to ascribe reductions in inequality to increasing levels of education (at pages 108-9) rather than other factors: ‘This was a major factor in the reduction of inequality that occurred...’ This seemingly overlooks decades of worker struggles to improve wages and working conditions (and, indeed, to campaign for better educational opportunities for workers and their families).

Today education and unionism go hand in hand: the highest levels of unionisation are no longer among male blue-collar workers but are found in the professions, including those dominated by women, such as teaching, nursing and social services where educational qualifications are high.

Leigh does note at page 148 that countries tend to be ‘more equal if education keeps pace with technological developments, if unions are strong and if taxes are progressive’ but there is otherwise no reference to the importance of the role of unions (and this statement itself is not referenced).

Regarding unions, it is necessary to point out one glaring error in the text as it applies to unions. At page 68, Leigh states that “After a strike in 1855, Sydney stonemasons were among the first workers in the world to win the right to an eight-hour day”. This claim is not referenced, so it is impossible to know what the author bases this statement on, but all *Victorian* unionists know that the eight-hour day was first won by Victorian stonemasons after a campaign in March-April 1856!

If there is an overall criticism of this book it is that Leigh tends to want to explain everything in terms of economics. But humans are not exclusively ‘homo economicus’ – they have other interests and motivations as well. For example, Leigh suggests that that First Crusade ‘can be seen as an attempt by the Catholic Church to expand its monopoly over new territories’. This ignores spiritual and nakedly national and personal motivations in this unfortunate enterprise.

A small panel is devoted to ‘the Economics of Religion’ which, in your reviewer’s opinion, adds little to the book, suggesting that the emergence of the three ‘Abrahamic religions: Judaism, Christianity and Islam’ arose in part from the fact that ‘competition benefits consumers, by encouraging greater innovation’. Not only does this thesis ignore the great Eastern religions, but it is also an unlikely explanation for the emergence of these faiths.

It would be better for economists to stick to the subjects that they understand best rather than to seek to intrude their discipline into every aspect of society. This said, however, Leigh’s book is a great read and well achieves his stated objective of explaining social and industrial developments over the long term to a new audience. It is worth a place on your bookshelves or in your favourite e-book reader app.

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Declaration of interests

Nil.

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