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of American Principles of Economics Textbooks?**

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What Ever Happened to the Mainstream Critique of American Principles of Economics Textbooks?

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A limited but lively and rather overlooked mainstream critique of principles of economics textbooks is identified in this essay. For some reason this criticism has gradually evaporated. The question is why. Possible reasons are discussed at the end of the article. Less important criticism has been taken into account while more fundamental criticisms have simply been ignored.

Keywords *Economics textbooks, mainstream self-criticism*

JEL codes *A22, B40*

The financial crisis and the subsequent recession have been a real challenge to economists as well as to economic theory. In the media a blame game has been going on and economic theory is being portrayed as one of the main culprits. A repeated message has been that, had economic theories been of more relevance, we might have avoided the crisis or at least not been taken so much by surprise.ⁱ The economics textbook – as one important representative of economic theory – has come under closer scrutiny and criticism due to the financial crisis (cf. Blinder 2010).

Criticisms of economics textbooks do, however, go way back – certainly among non-mainstream economists, but perhaps more surprisingly, also among mainstream economists. I document in this article that this debate on modern textbooks has been going on for decades, especially in the period 1987-1993, among mainstream economists who either write mainstream textbooks or teach from them. As self-criticism constitutes an important source of change for future editions of principles textbooks of economics we need to understand why this self-criticism has largely evaporated.

First I discuss the importance of textbooks in the US, as well as why I regard self-criticism among mainstream economists as pivotal to the future development of textbooks. Second, a number of methodological considerations related to my study are considered, especially concerning operationalisation and delimitation. Third, I present the results of the analysis. In the last part of the article I discuss what happened to the mainstream critique of textbooks. I conclude that most of the mainstream discussions on textbooks have gradually faded away. In the conclusion, I summarise the main points and briefly discuss whether the financial crisis might reinvigorate some of the mainstream criticisms of textbooks in a longer-term perspective.

WHY ARE PRINCIPLES OF ECONOMICS TEXTBOOKS AND MAINSTREAM SELF-CRITICISM IMPORTANT?

The mainstream debate on economics textbooks is of interest for a number of reasons. Textbooks are important. In the USA it is estimated that more than 700,000 students are introduced to economics every year.ⁱⁱ Having finished their studies they may work on Wall Street and in other parts of the private and public sector and will in their decisions be influenced by basic economic knowledge gained as students. If textbooks are that important, so is the debate on their content.

Despite the existing large gap between research and textbooks (Colander 2005), the content of the latter still reflects how influential economists think, and it is exactly this way of thinking which has been an object of criticism during the ‘Great Recession’.

When textbooks are of importance, so is self-criticism as a potential source of change. Changes made to textbooks might in principle be triggered over three channels: internal developments, external shocks such as a financial crisis, or a combination of internal and external developments. Self-criticism is also essential to how the financial crisis will be grasped and consequently to

how it may influence recent and future editions of textbooks (for a rare but illustrative example of self-criticism of textbook writers, see Blinder 2010).

PROBLEMS OF OPERATIONALIZATION AND SOLUTIONS TO THESE

Several factors make it difficult to identify the mainstream debate on textbooks for a number of reasons. First, the debate tends to be invisible. In academic books covering discussions on textbooks terms like ‘textbook’ or ‘principles of economics textbooks’ are often not used as entries. One gets the impression that textbooks are somehow the money-making ‘black sheep’ of the family and better kept as a dirty little secret. Textbooks tend to get less respect than their importance warrants, also as the products of eminent economists.

A second complicating feature is that the most visible overall disagreement is over the validity of mainstream economic theory rather than over textbooks. In these discussions it is often unclear whether problems caused by, for example, the lack of reality are supposed to concern research only, or also textbooks. Therefore, in order to make the analysis operational, only explicit debates on textbooks are dealt with in my analysis.

Third, a parallel debate is on how to teach economics, often involving the question of textbooks (which to choose, how to use them, etc.). It is troublesome to identify a separate debate on textbooks, as this debate tends to ‘drown’ in more general considerations on how to teach economics, as in Shiller (2010).

Fourth, a number of articles do actually deal explicitly with textbooks, but descriptively, without really evaluating their content (e.g. Brazelton 1977, Brue 1996, Elzinga 1992, and Watts 1987) – despite the fact that at least two of them have rather polemic titles.

A fifth, related identification problem concerns articles that might be considered critical towards textbooks, but one cannot be certain. When for example Brazelton (1977) describes, without judging, a development in textbooks which some other economists might consider as unfortunate, does he then consider this development to be a problem or not?

Sixth, the analysis has also been complicated by articles in which explicit criticisms are found, but the critic is unidentified. This problem and the previous leave an interpreter in a dilemma: It should be the author – not the interpreter – who explicitly formulates and forwards the criticism. To avoid misinterpretation, authors should be attributed a specific point of view only when this is undoubtedly so.

A seventh, fundamental problem concerns the category or concept ‘mainstream economist’ which is not something well-defined or delineated. It makes therefore sense to operate within a continuum of ‘mainstream economists’ ranging from those highly self-critical to those who do not (or won’t) criticize anything in textbooks (the ‘truth’ of the content of textbooks is taken for granted).ⁱⁱⁱ
^{iv} What unifies these at times very different economists is a fundamental acceptance of the archetypical textbook – often characterized as ‘neoclassical’.^v This might explain why the self-criticism presented below is either rather limited or why the authors are hesitant in drawing too radical of conclusions – even when airing rather devastating criticisms.

The eighth and final problem of operationalization also relates to problems of generalization. Is it defensible to talk about principles textbooks as a homogenous whole? The argument for upholding this abstraction is twofold: a) The contributions cited below also follow this procedure, and b), most introductory textbooks are still strikingly similar, as already argued by Stiglitz (1988).

DELIMITATIONS

Apart from addressing these problems of operationalization it has also been necessary to make certain delimitations in order to make the whole analysis operational. The focus is on *academic* criticism as articulated in scientific articles and books. This delimitation reduces the potential number of contributions significantly – it does not give much credit to mainstream economists to contribute to the academic critique of textbooks (in contrast to non-mainstream economists or non-economists for whom textbook-bashing is part of their academic game).

Another kind of criticism is also left out – internal self-criticism in textbooks. American textbooks are currently under (re)construction triggered by a number of sources: the self-criticism of authors but also by feedback from a number of internal reviewers and users (students and teachers) and probably also from publishers. The focus of this article is, however, primarily on textbooks as seen from the outside rather from the inside, as it is more likely for outsiders to raise essential criticisms.

An extensive literature research has been done using different kinds of methods (among those analysing literature lists in leading articles) and different databases (e.g. econlitt and google.scholar), while Journal of Economic Education has been searched issue by issue to find relevant discussions of textbooks. Even though the mainstream debate on textbooks is so wide-ranging and often practically invisible, it can by no means be claimed that I have found all relevant contributions. One could, however, argue that possibly overlooked contributions would, at most, have led to only slight modifications of the results presented below. The rationale underlying this argument is that the already identified criticisms share some common features: They are few, superficial and tend to abstain from drawing radical conclusions. This striking similarity indicates that any overlooked contributions would probably share some of the same features.

As mentioned, the focus is on the limited and often very brief critique of introductions. Limited as this critique is, the point is that critique exists, and that this critique is much more decisive than the far more lengthy critique by non-mainstream economists, and it is more likely that change will come from mainstream economists but partly triggered by external shocks such as the financial crisis. It should be noted, though, that one of the results is that it has not been possible to find more than a few more recent academic mainstream critiques of textbooks. This of course raises two questions: why the critique has evaporated and whether this also implies that the dated critique has been taken into account.

ANALYSIS

I have (only) managed to identify 20 publications criticizing the mainstream textbook. The first of these was published in 1951 – the most recent in 2010 – but the majority of criticism was published in the period of between 1987 and 1993. The relatively high number of critical contributions in 1988 can be attributed to the special issue of The Journal of Economic Education on textbooks.

The critical points contained in these 20 publications can be divided into three major problems typically found in expositions of standard principles of economics textbooks: (1) fundamental and general problems with most of the content, (2) problems due to the development that general development textbooks undergo from edition to edition, and (3) specific and less general problems with parts of the content. For obvious reasons there is some overlap between the different categories of criticism.

Fundamental problems

One can identify three different fundamental points raised by mainstream economists who critique textbooks in general. The first of these concerns the relation between the textbook and actual economic reality. Textbooks often pretend directly or indirectly to make a representation of the world we live in. Some mainstream economists question, for at least three basic reasons, how successful textbooks are in this effort. The first of these reasons is that actual economic reality has gradually been squeezed out of basic introductions. Less and less contextual and historical knowledge as well as history of economic ideas is to be found in textbooks (Shackelford 1991), while at the same time textbooks tend to omit helping students to operationalise the often very abstract concepts and theories into ‘relevant facts’ (Bell 1988, 137). In consequence, textbooks have dire problems in ‘transmitting real knowledge of the economy’ (Boulding 1988, 123) to students.

The second fundamental critical point is the implicit notion of ‘objectivity’ of textbooks which manifests itself in at least two ways. This notion tends to crowd out discussions of disagreement among economists, as these are downplayed or not mentioned at all (Boskin 1988 and Stiglitz 1988, 177). Closely related to this point, one easily finds textbooks by authors trying to be politically neutral and believing this to be possible (Shackelford 1991 and Watts 1987). But claiming objectivity and political neutrality is merely another way of getting rid of reality. In the real world economists disagree and political neutrality is unattainable.

The third fundamental problem for some economists is a perceived bias towards Keynesianism: ‘many Principles book authors have placed the Keynesian theory at centre stage for too long. There is something to this view’ (Maxwell 1999, 124). This is a criticism also raised by economists outside the mainstream, such as free-market economists (cf. libertarians such as Buckley 1951 and Bolton and Taylor 1982), while leftwing economists would tend to notice a neoliberal bias. Such disagreements demonstrate the impossibility of being objective. In this context, disagreement concerning the choice of the underlying theoretical framework is regarded as a fundamental and unsolved challenge to textbooks, as it implies disagreement on how the actual economy fundamentally works.

Problems with the direction of development

Mainstream textbooks are not something static – they have changed considerably since the launch of Samuelson’s famous textbook immediately after the Second World War, which book itself has developed significantly from edition to edition (Brazelton 1977 and Elzinga 1992). These analyses have led to some of the critical comments presented below. In addition, a number of mainstream economists have, in passing, spontaneously commented on what they perceive as problematic developments in textbooks in general.

A first critical point is that the books become ever thicker (Maxwell 1999, 125-127, Stiglitz 1988, 173). This could in part be ascribed to the fact that textbook writers are hesitant to eliminate even out-dated material (Boskin 1988, 160).

A second critical development is the tendency to eliminate some aspects of economics, which are seen as highly relevant by some economists, such as the already mentioned contextual knowledge and the history of economic ideas. And third, the leading textbooks tend to become more and more similar. According to Stiglitz (1988, 173), this could be ascribed to monopolistic competition within the textbook market – a market form that is suspected of promoting imitation and inhibiting innovation.^{vi}

Problems with content of a less general nature

Criticisms of parts of content are of a less fundamental character than others but have a certain overlap with some of those already mentioned. They may refer to important issues regarded as inadequately treated in textbooks or even, in a few instances, to inconsistencies and mistakes. Critiques of content tend to list critical points rather than deal with possible implications of remedying them. The critical points are:

- A. Mainstream textbooks rely heavily on the assumption of perfect competition. Stiglitz (1988) points out that this kind of competition has become ever more irrelevant, but that this fact has not been reflected in textbooks (175).
- B. Textbooks might be ‘one of the last places where shifts in economic method are realized’ (Hoass 1993, 223). This also links to the point raised by Colander of the gap between research and teaching.
- C. Principles of economics textbooks are divided into micro- and macro-level sections and they are unsuccessful in integrating the two (Stiglitz 1988, 175)
- D. Stiglitz (1988, 172-175) views as problematic that textbooks are so similar and demonstrate lack of innovativeness.
- E. The dominant mainstream critique of content concerns important omissions.
 - I. There is too little mention of:
 - i. Technological change (Boskin 1988, 162 and Stiglitz 1988, 175).
 - ii. ‘information and uncertainty’ (Stiglitz 1988, 176).
 - iii. How economists do research (in different editions of textbooks by Samuelson according to Elzinga, 1992, 876)
 - iv. The international dimension (a standard criticism of American textbooks raised by Bell, 1988, Boskin, 1988 and Stiglitz, 1988)
 - v. Economic history (Giedeman and Lowen 2008).^{vii}
 - II. There is a whole literature (with Susan Feiner as fulcrum) criticizing the low priority given to questions of race and gender in textbooks (Cherry and Feiner 1992, Feiner and Morgan 1987, Feiner and Roberts 1990, Feiner 1993, Folbre 1993 and Bartlett 1997).
 - III. Textbooks have problems handling actual monetary policy (Harck 2009 and Blinder 2010, 386).^{viii}
 - IV. Recent macro-level principles textbooks of economics fail ‘to give students even imperfect answers’ as to what caused the financial crisis (Blinder 2010, 385).

WHATEVER HAPPENED TO THE MAINSTREAM CRITIQUE OF TEXTBOOKS?

It is striking that the mainstream critique seems to have almost vanished (in the literature list there are only three articles criticizing principles texts of economics published during 2000-2010). One can imagine three explanations: a) there is not much merit in criticizing textbooks. b) There is no perceived need for change. Concurrently, Allan Blinder (2010) claims that ‘the basic framework... remains solid’ (390). If textbook writers generally believe that the basic framework is solid, it follows that the incentive for changing the textbooks – more than through the usual incremental changes and small additions – is very small. c) Textbooks have responded to the most important part of the criticisms and been changed accordingly – leaving most of the critical points raised dated.

The answer to the question raised in the headline is probably to be found in a combination of the three explanations. Concerning explanation c) one can observe some changes in modern textbooks substantiating the idea that textbooks have actually changed:

- According to Harck (2009), one can find advanced textbooks today giving a more adequate presentation of monetary policy, and Blinder is about to do so in his textbook (Blinder 2010). And, already for some time there have been introductory texts on the market with a more satisfactory presentation of monetary policy (e.g. Burda and Wyplosz 2009 and Lipsey and Chrystal 2007).
- Some of the more recent textbooks have also dealt with some of the minor queries above, such as:
 - Helping students to operationalise abstract concepts by placing ‘boxes’ in the text, thus more directly confronting the issue at hand (e.g. O’Sullivan, Sheffrin, and Perez 2010);
 - The size of the books has stagnated at around 800 pages^{ix} (and additional chapters are typically posted on the internet);
 - US textbooks have generally become less Keynesian (according to – and to the regret of – Blinder 2010, 386);
 - Future textbooks will probably take the financial crisis more seriously. They will ‘have a full chapter devoted to crises^x and also will likely reorganize the macroeconomics presentation to better explain the crisis’ (Colander 2010b, 383).

The above implies that some of the criticisms have been taken into account, but most of the fundamental criticism – too little relation to reality and a false objectivity – remain valid. This is of course not easily documented, but my guess would be that most teachers using textbooks - if pressed - would be in agreement. Furthermore, it should be noted that even some of the smaller problems remain unresolved, partly because they are linked to these more fundamental problems. In the following I discuss how future editions of textbooks could be revised in order to cope with the remaining criticisms.

The remaining criticisms

The mainstream criticism of principles textbooks is generally not very constructive (a notable exception is Blinder, 2010). The authors dwell on problems rather than suggest solutions. However, some of the problems could relatively easily have been taken into account without changing the basic framework; others might require a major rethinking of what a textbook is (which might contribute to explaining why some of the criticisms have been neglected). As will eventually become apparent some changes have already been made in some but not all textbooks.

It is already relatively easy to make textbooks or teaching move closer to reality by responding to some of the minor critical points: One could downplay theoretically deduced causalities (such as some of the crowding-out effects) and put more emphasis on causalities that have been tested empirically. Some of these causalities could also be presented in boxes with arrows rather

than in only in the form of graphs and equations. This would make the macro-level part more easily understood and real.

By generalizing from historical instances of fiscal or monetary policy – rather than merely using these as illustrations – one could also introduce more contextual and historical knowledge while at the same time making it much easier to understand the underlying economic mechanisms and policies. In contrast, the best-selling American textbooks introduce an abstract concept ‘fiscal policy’ which leads to a shift in the AD-curve. And without much help from the textbook the teacher has to explain to the students how this abstraction relates to reality. When actual fiscal policy is presented it is mostly in the introduction to the chapter. At least one could expect a textbook to pose the question: how does this abstract model relate to reality? But they rarely do.

Similarly, one could introduce the students to the history of economic ideas – when presenting some modern ideas. This would make the concepts and theories more intuitively understandable and more related to reality. Especially, a concept like ‘market’ would be understood more fully by describing how markets have developed historically and by comparing the abstract notion of the market with actual markets. Students could be asked to identify one example of perfect competition in the real world and next consider: why does textbooks then rely so much on the concept of perfect markets when real markets are known to be imperfect? This would introduce the students to the idea that perfect markets are benchmarks and then the students could consider what kind of use theoretically deduced benchmarks have to competition policy, for example.

One could also rather easily make the theoretical presentation of monetary policy more realistic by emphasizing the short-term interest rate instead of the money supply and the relation between money supply and inflation. To give an example: Lipsey and Crystal (2007) have changed the interpretation of ISLM on one important account. Rather than lowering the short-term interest rate by increasing the money supply, they have reversed the causality. As in real life, central banks lower the short-term interest rate directly and adjust the money supply accordingly (the LM curve is shifted to the right).

Concerning a greater sense of reality, students could be exposed to at least some of the disagreements among economists through most of the presentation.^{xi} It would be obvious to do so when presenting for example the debates on the financial crisis, but here present-day textbooks tend to end up presenting their own understanding rather than diverging viewpoints as to what triggered the crisis and possible solutions to it. Spending more space on diverging views would also be a response to non-mainstream economists or non-economists’ charges of theoretical one-sidedness. As an example, Colander (2010a) introduces students to diverging views on the economy, but only so in the preface for students. Diverging views could easily be integrated into the main text as demonstrated in the textbook by Bade and Parkin (2010) when discussing how to cope with the Great Recession – some economists go for an even larger stimulus package than the one launched by Obama in 2009 while fiscal hawks have a preference for removing deficits through austerity.

Paying less attention to perfect competition^{xii} and more attention to technological change, information, and uncertainty would also move textbooks closer to reality and lead to changes in the micro part which have been largely unchanged since the 1930s. Hill and Myatt’s (2007) pioneering work has several useful suggestions for improvements on this account.

Finally, there is the more complicated question as to whether students ought to know more about how economists do research. The only American textbook which takes this seriously is Colander (2010a), who devotes two brilliant chapters to this issue. I would rather suggest that textbooks should concentrate on making a clearer distinction between how economists think about the economy and how the economy actually operates. An introduction to how economists do research might only strengthen the feeling of lack of reality, as much of the research is highly theoretical, as stressed in the two above-mentioned chapters by Colander (2010a).

It could be argued that some of these changes would of course require more pages, and principles of economics textbooks are already thick. If textbooks were to concentrate more on what we really know about how the economy actually works, then especially the micro-level parts would become much shorter. Large chunks of the theories presented in textbooks are based on assumptions not supported by any empirical evidence. It would reduce the thickness of textbooks significantly if the authors were to stick to the dictum of Keynes (1936) of making only ‘plausible assumptions relating to the real world’ (306). The litmus test for every part of any principles text of economics ought to be: ‘What does this tell us about real life?’

The state of the art in present-day principles of economics textbooks suggests that even the modest changes suggested above are less than likely. This leaves an open canvas for teachers to improve upon the textbooks. One of my colleagues once stated that all textbooks are bad and this is to be praised because it makes it possible for teachers themselves to present things much more brilliantly than the textbooks. And to my mind an important part of academic teaching on the basis of textbooks is helping the students realize the weak points of these books rather than to teach them to repeat the content at exams.

CONCLUSION: WHERE DID ALL THE CRITICISMS GO?

My article identifies a limited but lively debate about textbooks in the academic literature among mainstream economists. A few of the economists referred to are fundamentally in disagreement with mainstream textbooks because of what these critiques perceive as a lack of relation to the real economy, more are worried about the current development of textbooks, but the major part of the critical voices only find one or two minor issues that need to be dealt with to a greater extent.

It is documented that the mainstream debate on textbooks has gradually evaporated in the 21st century. The question is why. Probably, few economists would argue that this development is due to significant improvements in textbooks. It is more likely that it could be ascribed either to the fact that there is little merit in criticizing textbooks or that textbook authors and their publishers consider that they have found a winning formula not needing any basic changes.

In contrast, the present author would argue that the remaining criticism discussed above leaves plenty of space for improving the textbooks, or at least, for the teachers to keep on struggling with eliminating the rather large gap between textbooks and reality. The criticisms of textbooks need to be strengthened and responded to rather than to be allowed to simply evaporate.

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NOTES

ⁱ A number of economists actually did – partly based on economic theory – expect a crisis similar to the one we have experienced, but of course they had problems in predicting the actual timing of the crisis (cf. Bezemer 2009).

ⁱⁱ According to an e-mail dated 22.4.2010 from an American textbook author.

ⁱⁱⁱ This limitation implies that a central non-mainstream work on economics textbooks (Aslanbeigui and Naples 1996) falls outside the scope of my analysis.

^{iv} A further complication is non-mainstream economists publishing in mainstream journals and criticizing mainstream textbooks on mainstream premises. For this reason Hill and Myatt's (2007) pertinent but non-mainstream criticism of the treatment of perfect competition in textbooks has not been included in the analysis.

^v In this context David Colander is a very important figure for several reasons. He is one of the few mainstream economists still insisting on criticizing textbooks and has done so in a number of articles (e.g. Colander 2005). At the same time his own textbook (Colander 2010a) is the only textbook which has explicitly tried to take into account a great deal of the criticisms presented below. Furthermore, he explicitly calls his book 'not neoclassical' (Colander 2010a, ix). One could, hence, be tempted to categorize him as non-mainstream. He is, however, a borderline case for two reasons. First, he explicitly calls himself and his own textbook 'mainstream'^v (Colander 2010a, xxiii). Secondly, at least one non-mainstream economist regards Colander as being methodologically mainstream (e.g. Lawson 2009), while mainstream economists would probably tend to regard Colander as somewhat unorthodox. I have however chosen not to include Colander in the analysis, as this would tend to blur otherwise very clear results. This would not make sense, as Colander's book is only the twelfth most-sold principles textbook of economics (as of 21.4.2010 according to information from a publisher and passed on to me by an author of a principles text of economics).

^{vi} A more systematic analysis of the apparent similarity reveals great differences between mainstream textbooks but also a number of similarities (cf. Shackelford 1991).

^{vii} This criticism is formulated in a positive vein: 'a ripe area for improvement in introductory economics textbooks' (58).

^{viii} The most important criticisms are the use of one interest-rate model, but also the confusing emphasis on long-term interest rates in monetary policy discussions.

^{ix} This development was already observed by Carvellas, Kessel and Ramazani (1996) and by a textbook author McEachern (1996).

^x Colander's own textbook (2010a) was the first of the most-sold principles of economics textbook to have a chapter on the financial crisis. A more recent textbook (Arnold, 2011) also has one chapter on the financial crisis.

^{xi} This procedure would also be much more scientific. Political scientists are astonished when confronted with 'the one-voice only' style of economics textbooks. Political science textbooks cover very different theories of the state, democracy etc., because this pluralism is seen as part of a complex, real world. By contrast the whole idea of relying on one approach seems uniquely narrow-minded and one-sided.

^{xii} It is often claimed e.g. by one of the reviewers that modern textbooks do not rely that much on perfect competition but please consult Hill and Myatt 2007 for a convincing counter-argument.

^{xiii} * indicates a publication containing critique of mainstream textbooks.