

It's time we tear up our economics textbooks and start over

By [Robert J. Samuelson](#)

Harvard professor N. Gregory Mankiw is one of the most influential economists in the United States. But the 61-year-old's authority does not stem from advancing an arcane scholarly finding. Nor has Mankiw coined some catchy phrase that captured the popular imagination (see, for example, "[The Affluent Society](#)" by John Kenneth Galbraith). Instead, Mankiw's power derives from his position as the author of one of the most widely used introductory college economics textbooks.

Chances are that if you decided to study college economics today, you'd start with Mankiw's "[Principles of Economics](#)." He has been writing and revising it for more than two decades. It's now in its eighth edition, and the ninth is expected in about six months. Mankiw estimates that there are roughly 4 million copies of the book circulating in the world, with about 2 million in the United States. He figures that his book has from 20 to 25 percent of the market for starter economics books.

It's a great time to be writing these texts, because the economy is in constant flux, and there is an undeniable hunger to understand how it works. Economists Samuel Bowles and Wendy Carlin, who have [created](#) an introductory e-book, estimate that about 40 percent of college students take at least one economics course. A long [essay](#) on introductory economics by Bowles and Carlin is to appear in the *Journal of Economic Literature* along with a similar [overview](#) by Mankiw.

Mankiw is fond of quoting the most famous of earlier authors of introductory U.S. texts, the late Nobel Prize-winning economist Paul Samuelson, who once [said](#):

"I don't care who writes the nation's laws — or crafts its advanced treaties — if I can write its economic textbooks." (Note: I am an economic journalist with no known relation to Paul Samuelson.)

The obvious point is that you don't get a second chance to make a first impression. There's the rub. Mankiw's introductory text, and surely some others, has been overtaken by events.

To be sure, in a book of roughly 800 pages, there's a huge amount of useful, clearly presented information on many subjects: supply and demand; global trade; competition or its absence; wages; government regulation, spending and borrowing — and much more. When there are disagreements among economists, Mankiw does his best to summarize conflicting views.

But as a teaching device, "Principles of Economics" has fallen behind. There's little analysis of the impact of the Internet and digitalization on competition and markets. I couldn't find either Apple or Facebook in the index; Google gets a few mentions.

Likewise, little attention is paid to the 2007-2009 Great Recession, the worst business downturn since the Great Depression, which also receives scant coverage relative to its significance. (Together, the two recessions receive about three pages, from 725 to 727.)

There's some misleading information about the Great Recession and parallel financial crisis. On Page 691, we have this: "Today, bank runs are not a major problem for the U.S. banking system or the Fed." This would surely surprise the Fed, which poured trillions of dollars into the economy to prevent financial collapse.

Mankiw's assertion can be defended on narrow, technical grounds. There was no run by retail depositors (people like you and me) against commercial banks. We were protected by deposit insurance. But there was a huge run — a panic — by institutional investors (pension funds, hedge funds, insurance companies, endowments) that withdrew funds from traditional banks, investment banks and the commercial paper market.

The modern era in economics textbooks began in 1948 with the [publication](#) of Samuelson's first introductory edition. We now are at a similar moment. We need to tear up the existing texts and start over, adding what is relevant and discarding what is outdated or

unimportant. Mankiw's textbook needs more than a touch-up; it needs a major overhaul. It has very little history: for example, the industrialization of the 19th century. Nor is there much about the expansion of the global economy. China gets a few mentions.

We should also examine other models, whether the Bowles-Carlin project or a recent [text](#) by [John Komlos](#), professor emeritus at the University of Munich. (Some cynical readers may think I'm looking for a personal sponsor for such a book myself. Let me assure you: I am not. Aside from not wanting to do it, I am manifestly unqualified.)

The role of introductory textbooks is not to educate the next generation of economists. They will take many courses. For most of us, the purpose of studying economics is more modest. It is to make the world a little more understandable and, with luck, to force us to acknowledge what's realistic and what's not. But to play this constructive role, the textbooks must be up to date.

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