

Country Analysis

Understanding Economic and Political Performance

by David M. Currie

Gower Publishing Ltd, England, 2011, pp. 224

reviewed by Theodore P. Lianos*

This is an unusual and interesting textbook, very different from the ordinary textbooks on the principles of economics. In this book the student or the interested reader will not find indifference curves, cost curves, market structures or the other usual topics found in the traditional textbooks. Although the material presented in this text is mostly in the area of macroeconomics, the reader will not find the Keynesian cross for the determination of the level of income, Say's law or unemployment theories. These are not omissions. Simply, the objective of Professor Currie is different and it is clearly stated in the subtitle of the book, namely to examine the ways in which we can evaluate the economic performance of a country. In the words of the author, this book is an attempt to make a connection between "academic training in economic theory and the practice of evaluating the performance of a country". Thus, this is not a book on economic theory but rather a book on some important applications of – mostly – macroeconomic theory.

In accordance with the author's intentions, the book begins with a chapter on "Global Investing" in which returns on investment and return versus risk are discussed briefly but clearly. The second chapter, which discusses various economic indicators, and the third, on various aspects of what is now called the "Washington Consensus", form the basis which is necessary for the process of evaluation of country performance. The next four chapters (ch. 4 to ch. 7) explain how can one evaluate the four basic aspects of economic performance, namely Governance and Culture, Fiscal Policy, Monetary Policy and International Transactions. The last two chapters are devoted to Currencies and to the management of Currency Risks.

The presentation of the issues and the analysis is simple, clear and sound. The student who has studied this book will understand more about macroeconomic problems in real life than a student who has taken an introductory macroeconomics course.

* Athens University of Economics and Business, Athens, Greece

This is important particularly in this period of serious economic problems facing many countries in Europe (Greece, Portugal, Ireland, Spain and even Italy) as well as the USA.

An interesting feature of this book are the many “case studies” presented in boxes within the main text, as for example the “Japan’s Government Bond Rating”, “India’s Budget Deficit”, “Bank Runs in the United States and United Kingdom”, “China’s Reserve Condition”, “The Carry Trade and Home Mortgages” etc. These boxes are interesting and give references to further study of the problems analysed in the box. Another interesting feature of the book is that it is relatively short, only 210 pages including a summary of risk measures and the Index. This is definitely an advantage over the usual textbooks of economic principles - which often approach or exceed one thousand pages. Such tomes are expensive, to the student and to society – and no first-year student ever reads them.

Overall, this book is a very welcome addition to the stock of introductory textbooks on macroeconomics. Its focus on country analysis of economic and political performance makes it different and interesting.