

## Amazon.com review for *Basic Economics*

★★★★★ **An excellent introduction to economics for historians**, Nov 25, 2000  
Reviewer: **Jean-Francois Virey**

*"Strictly speaking, there is no such thing as paper money, any more than there is such a thing as a paper horse, paper potato ... paper man or any other commodity, except paper paper, which is clearly a redundancy."* —Clarence B. Carson

The author of several "basic" volumes (*Basic History of the United States*, *Basic Communism* and *Basic American Government*), historian Clarence Carson steps out of his own discipline with *Basic Economics*, a well-structured introduction to economics that should be of particular interest to students of history.

Organized in three parts, this 390-page volume begins with something one rarely finds in an economic textbook: what Carson calls the "framework of economics", or the metaphysical, ethical and political preconditions for the existence of economic activity and economic science. One of these, contrary to what anarcho-capitalists claim, is government. Indeed, Carson explains, the functions of government, by their very nature, cannot be performed by private firms, mostly because they do not involve the provision of goods or services, but of products which according to him might better be called "bads."

Part II is devoted to economics per se, *i.e.* the production and distribution of goods and services. Beginning with the concept of scarcity and a refutation of the fallacy of abundance, it examines the four ways of "getting what we want" (*i.e.* gifts, production, exchange and force), and then covers such fundamental issues as the origin and functions of money, the determination of prices on the free market, competition and monopoly, the three elements of production (land, labor and capital), entrepreneurship, the various sources of revenue and international trade.

Finally, Part III consists in an examination of the six major politico-economic systems: feudalism, mercantilism, free enterprise, capitalism, welfarism and communism. Contrary to Ludwig Von Mises and Ayn Rand, as this classification suggests, Carson consistently refuses to use the term "capitalism" to denote the free economy, because this would suggest that the latter favors capital over the other factors of production, and that the opposite system, communism, is somehow "anti-capital," which Carson demonstrates is not true.

The book also contains an appendix with a glossary of economic concepts, biographical sketches and an index.

Even though there are many excellent introductions to economics on the market (from Carl Menger's *Principles of Economics* to George Reisman's *The Government Against the Economy* or Henry Hazlitt's *Economics in One Lesson*), Carson's is the one I would recommend more specifically to students of history, who are prone to absorbing

erroneous economic notions from the Keynesian or Marxist assumptions of history textbooks. Here, economics is laid flat, so to speak, so that its internal structure and its basic arguments can be examined rationally and explicitly, within the context of numerous historical examples, mostly borrowed from US history.

Some of the author's positions are invalid (he would probably have retracted his criticism of speculation if he had simply read Reisman on "The Specific Productive Role of the Stock Market," pages 466-7 of his magnum opus, *Capitalism*), and I am still uncertain about some of the issues he raises (such as fractional reserve banking and limited liability companies). However, I found much of interest in this book, and apart from George Reisman's aforementioned *Capitalism* (a massive volume which definitely requires much more time and effort), I cannot think of a single work on the subject I would recommend more enthusiastically to the uninitiated.