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Economics (2021) was published by the Economic Fundamentals Initiative in New Jersey. The authors of the book are James D. Gwartney is professor emeritus of the Department of Economics at Florida State University, where he taught for 53 years, Richard Lyndell Stroup was a professor emeritus of economics at both North Carolina State University and Montana State University and was co-founder of the Property and Environment Research Center and a senior fellow, Dwight R. Lee a professor emeritus of the Department of Economics at the Southern Methodist University, Tawni H. Ferrarini a professor of economics



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and the Director of the Center for Economic Education and Entrepreneurship at Northern Michigan University and also served as the university's ambassador across 15 rural and remote counties in the Upper Peninsula of Michigan, Joseph P. Calhoun a professor of economics at Florida State University that served as chief economist for the Joint Economic Committee of Congress and Randall K. Filer a professor of economics at Hunter College and the Graduate Center of the City University of New York and a Visiting Professor of Economics and Senior Scholar at CERGE-EI.

The book is a clear, succinct, and approachable introduction to fundamental economic principles, written by a team of established economists. This book seeks to explain economics' fundamental ideas while demonstrating how they affect daily life, making it appropriate for both students and readers who have never studied the topic before. The book covers a broad range of economic topics, organized into four chapters that explain basic economic principles and how they shape the world around us.

The first chapter presents the twelve fundamental components of economic thought, each of which highlights a critical component of making decisions in a world with finite resources. One of the most basic ideas is that incentives are important because they affect how people behave in all aspects of economic life, from personal purchases to professional decisions. This leads to the concept of scarcity, which is emphasized by the saying "there is no such thing as a free lunch," emphasizing the significance of trade-offs and opportunity costs. While trade and transaction costs show how collaboration and effective exchanges can boost wealth and market efficiency, marginal analysis aids individuals and organizations in making better decisions by assessing small changes. Prices serve as indicators of supply and demand equilibrium, and the pursuit of profit spurs economic expansion and innovation. High living standards result from generating goods and services that people genuinely value rather than just having jobs, and income is obtained by satisfying consumer demand and adding value.

In addition, the chapter examines the significance of strong institutions, capital expenditures, and infrastructure for sustained economic development,

highlighting the role that property rights and governance frameworks play in fostering sustainable growth. Although it has flaws when it comes to addressing inequality, Adam Smith's "invisible hand" theory contends that free markets self-regulate to advance public wellbeing. Last but not least, economic decisions must take long-term impacts into account because ignoring them may have unforeseen negative consequences. When taken as a whole, these ideas offer a thorough framework for comprehending the dynamic factors that influence economies and direct choices in both social and personal situations.

Chapter two lists seven key elements that propel economic growth. Ensuring company trust and promoting long-term investment and growth require an efficient legal system that upholds contracts and safeguards property rights. While restrictions on government regulation highlight the need for little intervention to allow markets to flourish, market competition encourages innovation and effective resource use. In order to direct investments into profitable endeavors and promote economic progress, an effective capital market is essential. A favorable atmosphere for economic stability and well-informed decision-making is maintained by prudent monetary policies, such as stable inflation management and currency stability. Low tax rates also promote investment, entrepreneurship, and manufacturing, all of which increase economic activity.

Free trade helps nations specialize, acquire resources at reduced prices, and increase productivity, all of which contribute to wealth. Strong legal frameworks, competition, minimal regulation, effective capital allocation, stable monetary policies, advantageous tax policies, and free trade are the seven components that, when taken together, form the basis for long-term economic progress. These ideas support a country's economic growth and guarantee long-term success by creating an atmosphere in which people and businesses can prosper.

In Chapter three, the intricate relationship between governance and economic efficiency is examined. It starts by acknowledging that governments may promote economic development by defending individual liberties, supplying basic public goods, and establishing the institutional and legal framework required for markets to operate. The chapter highlights how crucial government action is in stopping monopolies and fixing market imperfections, especially when

public goods or externalities are at play. But it also cautions against the inefficiencies that come with political procedures, where special interest groups and political votes can produce less than ideal results. It warns that in the absence of stringent regulations, governments can spend excessively or establish connections that encourage cronyism and corruption.

The government's involvement in transfer programs is also criticized in this chapter, with particular attention paid to the inefficiencies and detrimental consequences, including decreased motivation and dependency. It contends that because of the complexity of the economy, central planning is ineffectual and vulnerable to corruption and inefficiency. Both markets and government are subject to the principle of competition, which emphasizes the necessity of checks and balances to guarantee an effective and responsive political system. All things considered, the chapter supports a small but effective role for government that encourages competition, corrects market imperfections, and maintains equity while avoiding inefficiency and excess.

Chapter four outlines twelve fundamental principles for prudent financial decision-making, which constitutes crucial counsel on personal financial management. In order to boost productivity and earning potential, it first encourages people to identify their comparative advantage, concentrating on areas in which they possess the necessary knowledge and abilities. Increased employment security and financial success can result from skill development, entrepreneurship, and constant improvement. Effective money management requires budgeting, and it's crucial to refrain from financing things for longer than they will last. The chapter stresses the significance of avoiding credit card debt, thinking about buying used goods, and setting up an emergency fund for unanticipated costs. Additionally, starting early to benefit from compound interest and diversifying investments to manage risk are key strategies for building wealth over time.

Additionally, the chapter suggests investing for long-term objectives through passive strategies like exchange-traded funds (ETFs) or indexed mutual funds, which provide market exposure without the hassle of active management. Risk can be decreased by switching investments from equities to safer alternatives

like bonds or cash when financial objectives get near. Financial risk management requires making well-informed decisions about significant investments, such as housing or education, and insurance is advised as a tool for asset protection and unforeseen event mitigation. When combined, these ideas highlight how crucial discipline, planning, and well-informed decision-making are to accumulating wealth and long-term financial security.

In summary, the goal of this book is to highlight that teaching young people that money is earned and not a gift from heaven is one of the most crucial ways to instill a sense of responsibility in them. Even at a young age, children can be empowered by being given duties that allow them to earn the money they need to fulfill their ambitions. These assignments may include rewards for achieving particular learning objectives or household chores like walking the dog or chopping the potatoes for supper. Not only is money a way to achieve your goals, but it also serves as a gauge of how much you have contributed to the achievement of others' goals.