

A Handbook for Pluralist Economics Education

Presented at the 8th Annual Conference of the Association for Heterodox
Economics. London, England
July 14 - 16, 2006

Jack Reardon
Professor of Economics
University of Wisconsin-Stout
Social Science Department
Menomonie, Wisconsin 54751 USA
reardonj@uwstout.edu

The purpose of this paper is to present an overview of my book *A Handbook for Pluralist Economics Education*. The book will offer suggestions for pluralist pedagogical approaches, syllabi and exercises to stimulate critical thinking about today's economy. Specifically, the objectives of this book are (1) to increase the pedagogical influence of pluralist economics and reduce the hegemony of neoclassical economics; (2) to increase critical thinking in economics; (3) to increase student interest in economics and economic literacy; and finally (4) to use this book as a springboard for a series of pluralist undergraduate texts under the publishing aegis of the University of Michigan.

Section one of this paper will state the rationale for the book; section two will give a summaries of the chapters and section 3 will present the conclusions

At this point, two-thirds of the chapters are written; unfortunately, due to other projects I have not edited them into this volume. I hope to do so within the next week and e-mail the discussant the updated copy.

The Rationale for a Pluralist Handbook

Students enroll in principles of economics in order to understand today's complex, global economy. Instead they are dismayed by a "technical and rarified discipline, of questionable relevance and limited practical use" (Hodgson 1999, 9). The late John Kenneth Galbraith noted that "neoclassical economics as now taught . . . comes perilously close to being a design for concealing the reality of political and social life from successive generations of students" (Galbraith 1989, 415). Steve Keen critiqued mainstream economics as a "useless guide to understanding a capitalist economy" (2001, 10). Douglas Dowd wrote that "this is not economics at all, but an elaborately disguised ideology; and as such, it is worse than useless" (2004, 85).

In June 2000, French university students petitioned their professors "Most of us have chosen to study economics so as to acquire a deep understanding of the economic phenomena with which citizens of today are confronted. But the teaching that is offered, that is to say for the most part neoclassical theory or approaches derived from it, does not generally answer this expectation."

Even within the neoclassical paradigm efforts are made to improve the pedagogy, but as Knoedler and Underwood argue, this is simply a "recombination of inputs within the existing production function" (2004, 701). In fact, despite a vast criticism, the core of neoclassical economics has exhibited "locked-in behavior advancing on its own momentum" (Hodgson 2000, 70).

And despite claims to the contrary, neoclassical economics is ideological with its utopia in the early 19th century (Diesing 1982, 324). In fact, a neoclassical economist transported from the late 19th century would feel quite comfortable with the today's neoclassical economics, which is "itself something of a comment on its scientific nature, given that almost everything else has changed" (Dowd 2004, 84). Even during the formation of neoclassical economics, most economists were ignorant "that the world was undergoing the most rapid process of social, economic, cultural, political and technological change in history" (2004, 81).

Students are frustrated by the disconnect between the abstract and ideological neoclassical world and the 21st century economy which they are about to enter.

It is ironic that neoclassical economics modeled itself after Newtonian physics and its mechanistic metaphor; yet it has ignored two major upheavals in physics during the 20th century: quantum mechanics and the theory of relativity. Quantum mechanics provides a conceptual framework for understanding microscopic and sub-atomic particles. It has provided the theoretical basis for lasers, CDs, semi-conductors, microwaves, DVDs, TVs, computer, traffic lights, three-way

light bulbs, MRI scanning, nuclear power and much more. One reason why neoclassical economics rejected quantum mechanics was the uncertainty principle, which in its simplest form states, that either the position or the velocity of an electron can be ascertained with certainty, but not both. In order to see the electron, light is emitted but since light is composed of photons, emitting photons will alter the velocity. The uncertainty principle, “cleanly broke with 19th century physics [with its strict demarcation between the observer and observed, and the neutrality of the observer] and undercut any attempt to cling to the past” (Greene 2000, 118). More important it made 20th century physics amenable to pluralism, since there is “no universal epistemology, no single sovereign way in which we may hope to gain all knowledge” (Polkinghorne 2002, 87). Recognition of the quantum metaphor would “impair neoclassical analysis” (Mirkowski 1989, 392).

The theory of relativity shattered the Newtonian concept of absolute space and time and has subsumed Newtonian mechanics which holds true at slower than the speed of light, far from being the rigid unchanging structures envisioned by Newton, space and time are flexible and dynamic. The mathematical structures are very different making them incompatible (Al-Karihi 2003, 205), yet at the same time one of the most exciting endeavors in physics is the effort to unify the two theories. This is an exemplar of pluralism (Fullbrook 2001, 4), and a stark and ironic contrast with neoclassical economics which adamantly clings to its Newtonian metaphor while claiming to be scientific.

It is also ironic that neoclassical economics extols the supremacy of consumer demand, while imposing a rigid ideological straightjacket with little tolerance for dissent. This is manifest in the “stunning commonality” of principles texts (Knoedler and Underwood 2004, 707). Rather than explain capitalism, traditional texts mirror neoclassical ideology and proselytize students to think like a neoclassical economist. A typical author writes, “part of teaching economics is teaching economic reasoning. Our discipline is built around deductive logic. Once we teach students a pattern of logic, we want and expect them to apply it to new circumstances (Case and Fair 2004, xxxi) and another author, the “disciplined method of analyzing problems will prove valuable both personally and professionally” (Sexton 2005, 4). Yet, “unfortunately, the teaching of economics to undergraduates has lagged behind what is widely understood by leading economists. The conventional ‘neoclassical’ model is still taught, often as if it were the only approach in the field” (Bowles et al. 2005, xvii-xviii)

There is no plurality of views, no toleration of dissent and no understanding of alternative views within the neoclassical paradigm. Several good nontraditional principles texts (Bowles et al. 2005; Goodwin et al. 2005); exist as well as a compendium of readings but the purpose of this book is more radical: to change how economics is taught at all levels: high school, college and graduate. The book will offer a handbook for instructors (and students) looking for ways to structure a nontraditional course.

Education is our most important function as human beings; it is an investment in ourselves, our children, the next generation and our planet. Unfortunately neoclassical educators “are sorely unprepared to fulfill it [indeed] there is a pedagogical crisis within traditional economics” (Garnett 2005, 26). And worse Fullbrook writes, “we live in a time when bad economics probably kills more people and causes more suffering than armaments” (2004, 5).

We must return economics to the “business of life” (Knoedler and Underwood, 2003, 715) and our modus operandi is education. To paraphrase C.P. Snow, “education primarily in primary and secondary schools, but also in colleges and universities. There is no excuse for letting another generation be as vastly ignorant” (1998, 61).

A question on my core Ph.D. exam asked to reconcile the neoclassical, institutional and

radical/Marxian schools. I used the analogy of adjoining yards. Rather than each house building bigger fences to keep out neighbors and hide from sight, there should be open areas for neighbors to talk and mingle. I wrote that respect, toleration, willingness to learn, curiosity and friendliness are crucial for good neighbors and as a beginning step toward reconciliation. These are the five critical elements of pluralism.

I was invited to a Conference on Economic Education in Riga, Latvia, in 1995. While neoclassical economists were trying to extend their influences, I advocated pluralism,

We should educate our students by exposing them to different viewpoints and by providing them with a good working knowledge of each viewpoint. We also should try to instill in our students a respect for viewpoints, irrespective of the one they adopt as their own. Not to do this is to proselytize; and students who are proselytized rather than educated cannot work together to form a consensus on the direction and pace of economic development (Reardon 1995, 91).

Is this quixotic? Perhaps. But we should be encouraged by Amartya Sen's comment that "pluralism is an intrinsic part of intellectual development"(quoted in Garnett 2005, 23). Garnett elaborates, "scientific progress is about advancing the conversations of our various learning communities through critical engagement among diverse ways of thinking" (2005, 22).

Pluralism is gaining currency among heterodox economists but unfortunately, neoclassical economics has erected high barriers isolating itself from other economic viewpoints and the social sciences. Partly this is due to the Kuhnian notion of a combative paradigmatic us-versus-them approach. Fullbrook expands, "in the hands of neoclassical Kuhn's narrative becomes a formula for an eternal status quo, for the cessation of all significant change. It excuses exclusionary devices in defense of the dominant paradigm community and it subordinates the advancement of economic knowledge to the upholding of a system of belief tied to a vast network of patronage" (2001, 3)

This book owes a philosophical debt to Francis Bacon's *The New Organon*, published in 1620, which impugned Aristotle's *Organon* for reliance on syllogisms logically deduced from premises accepted as true. Bacon argued that this was inconsistent with the new scientific age which relied on induction, experimentation and gathering data. "A new beginning has to be made from the lowest foundations, unless one is content to go around in circles for ever, with meager, almost negligible progress" (2000, Book I, 31). And "the world must not be contracted to the narrow limits of the understanding (as it has been heretofore) but the understanding must be liberated and expanded to take in the image of the world as it is found to be" (Bacon 2000, 226). This book will humbly attempt to 'liberate' economic pedagogy and expand economic knowledge taking in the world as it is found to be.

This book was also heavily influenced by Edward Fullbrook's *A Guide to What's Wrong With Economics*. I view this book as a logical extension of his and am pleased that he is writing the first chapter.

Finally, economics is fun and interesting!. Like a good novel, economic education should "hook the student [and] captivate and compel with arresting interest that fosters lifetime learning" (Reardon 2004, 841).

Outline of the Book

The table of contents is listed at the end of this paper. The book contains three units. One, an Introduction which contains the objective and purpose of the book (largely the first section of this paper). The introduction also contains separate chapters on introducing race and gender and the need for critical thinking, concepts ignored for the most part by neoclassical economics. Originally these concepts were going to be discussed in the appropriate chapters, but several contributors felt that these issues are too important and warranted their own chapter. The second unit contains the core courses for the major as well as the principles course which is also taken by the non-major. The third unit contains upper division courses either taken as requirement for a specific field or as an elective.

An early criticism made by one of the book's contributors was that the table of contents itself is confined by the neoclassical paradigm. Yes it is, but at the same time, this format is a segue for opening dialogue. These courses are currently taught and authors were invited to discuss any innovations within their respective chapters. Each chapter also includes suggested readings and sample syllabi.

To date chapters 3, 5, 7, 10, 11 and 13 have been submitted. Each chapter is approximately thirty pages not including diagrams and references. The remaining chapters will be finished by August and the manuscript will be submitted to the University of Michigan Press for publication in the series *Advances in Heterodox Economics*, edited by Fred Lee.

In this paper, the principles course has been included; the remaining chapters will be edited and then submitted to the discussant with a few days.

The most important course in Unit Two is the Principles course. For majors this is the first course and "what is taught in principles courses strongly influences student self-selection in to (or out of) of continued work in economics, and is the first step in the socialization of the next generation of economists"(Nelson). This provides an important opportunity for the student to be introduced to the pluralist approach. Second, many undergraduate degree programs require at least one semester in economics; and at least 40 percent of college undergraduates take at least one course. And the principles course, unlike other courses in the major sequence, attracts students from a wide variety of intellectual backgrounds and career interests.

The definition of economics sets the tone for the whole course. Until the early 20th century, economics along with most of the social sciences, was embedded within the broader field of political economy. After the neoclassical revolution of the late 19th century, economics separated from political economy and constricted its study to market behavior. Sir Lionel Robbins developed the definition of economics as "the science which studies human behavior as a relationship between ends and scarce means which have alternative uses." This definition certified economics (along with the neoclassical revolution itself as the science of economizing, maximizing and efficiency devoted to serving the business interest while severing ties with other social sciences; it became a subject y for working with and preserving the status quo" (Dowd 2004, 83).

The Robbins definition turned neoclassical economics inwards, precluding it from asking broader and more germane questions. Nelson suggests a broader definition of economics such as "a concern for economic provisioning, or how societies organize themselves to sustain life and enhance its quality." This will allow questions to be analyzed directly relevant to today's economy such as the survival and quality of life, wealth and income distribution, consumerism, globalization and environmental problems. Nelson also suggests broadening the definition to include environmental concerns. Many students will work for firms concerned about environmental issues such as global warming; neoclassical economics is woefully inadequate in preparing students to meet this

challenge. Additional suggestions made by Nelson include, (1) label the neoclassical model 'traditional' to emphasize that alternatives are possible., (2) discuss the assumptions of the traditional model to ascertain what is assumed about behavior and how the model is appropriate in solving real world problems. Such a discussion will highlight limitations of the model and provide a segue into other models, (3) do not say that the traditional model is wrong; rather that it has limited explanatory power; so in addition to self-interest and market forces we can also discuss habit-driven behavior and market power and other forms of behavior and power; (4) in the macro section, teach more from a historical perspective and emphasize uncertainty, time and evolutionary dynamics; (5) include original writings such as *The General Theory*; (6) incorporate units or questions that the traditional model is unable to address such as climate change, environmental degradation, global inequality and poverty. Why does one-third of the world's population live on less than one dollar a day? (7) rather than simply manipulate equations and shift curves which is seen as gender-biased, include other learning techniques such as writing exercises, empirical exploration, computer labs and service learning techniques.

Note to discussant: the remaining chapters will be sent ASAP.

CONCLUSION

The primary purpose of economics is to enable people to live a better life. The traditional model has failed at this task. The purpose of this book is to redirect economic education at all levels to realize this overall objective; so rather than proselytize, we educate with a pluralist approach that stresses empathy, dialogue, humility and understanding. .

In conclusion I would like to make several additional comments. First, we cannot rely on current professors to adopt a pluralist approach; rather we need as many ports of entry as possible, to convince educators of the need for pluralism.. Examples of ports of entry include: deans, provosts, alumni, high school teachers, high school students and undergraduates (Reardon 2004)

Second, the economics major should be required to take a course in the development of capitalism, preferably team-taught. A crucial lesson to be learned is that government is necessary to support the growth of capitalism. Every nation that has industrialized including Great Britain, the United States, Germany, Italy and Japan heavily relied on the government. Pertaining to the United States, Dowd writes, "had the United States strictly adhered to the principles of laissez-faire capitalism . . . its socioeconomic development would have been drastically different" (2004, 51).

Finally, a one credit course should be offered to the economics major during the first year on the historical development of physics since , "the rise of quantum theory is an outstanding example of the revisionism imposed by physical reality upon the thinking of the scientist" (Polkinghore 2002, 85). This is not to deny that physicists do not wear ideological blinders, but very few sciences can compete with this claim. Contrast this with neoclassical economics which suffers from "an irrational tenacity to hold onto to its core beliefs in the face of contrary factual evidence" (Keen 2003, 158).

REFERENCES

Al-Khalili, Jim. *Quantum – A Guide for the Perplexed*.. London: Weidenfeld & Nicolson, 2003.

- Bacon, Francis. *The New Organon*. Cambridge: Cambridge University Press, 2000.e
- Bowles, Samuel. Richard Edwards and Frank Roosevelt. *Understanding Capitalism: Competition, Command and Change*, 3rd ed. New York: Oxford University Press, 2005.lsa
- Case, Karl and Ray Fair. *Principles of Economics*. Upper Saddle River, New Jersey: Pearson Prentice, 2005
- .
Diesing, Paul. *Science & Ideology in the Policy Sciences*. New York: Aldine Press, 1982.
- Dowd, Douglas, *Capitalism and Its Economics – A Critical History*. London: Pluto Press, 2nd ed., 2004.
- Fullbrook, Edward. "Real Science is Pluralist." *Post-autistic Economics Newsletter* (March 2001) Issue no 5, article no. 5 [http://www.btinternet.com/~ news/review/issue5htm](http://www.btinternet.com/~news/review/issue5htm)
- _____, ed. *A Guide to What's Wrong With Economics*. London: Anthem Press, 2004.
- Galbraith, John Kenneth. "A Look Back: Affirmation and Error." *Journal of Economic Issues* 23 (June 1989): 415-416.
- Garnett, Robert F., Sen, McCloskey and the Future of Heterodox Economics." *Post-Autistic Economics Review*, Issue no. 35, 5 December 2005, article 3, pp. 19-31, <http://www.paecon.net?PAEReview/issue35/garnett35.htm>
- Goodwin, Neva, Julie Nelson, Frank Ackerman, Thomas Weisskopf.. *Microeconomics in Context* Boston: Houghton Mifflin, 2005
- Greene, Brian. *The Fabric of the Cosmos*. New York: Vintage Books, 2004.
- Hodgson, Geoffrey. *Evolution and Institutions*. Cheltenham, UK: Edward Elgar, 1999.
- Keen, Steve. *Debunking Economics*. Annandale, Australia: Pluto Press, 2001.
- Knoedler, Janet and Daniel Underwood, "Teaching the Principles of Economics: A Proposal for a Multi-paradigmatic Approach." *Journal of Economic Issues* 37 (September 2003): 697-725.
- Mirowski, Phillip. *More Heat Than Light*. Cambridge, England: Cambridge University Press
- .
John Polkinghorne. *Quantum Theory*. Oxford, England: Oxford University Press, 2002.
- Reardon, Jack. "The Role of Economic Education in Economies of Transition." *Proceedings of the*

Conference on Economic Education in Transition Economies. Riga, Latvia (June 7-10, 1995): 91-94.

_____. "Suggestions to Effectuate a Multiparadigmatic Approach to the Teaching of Principles of Economics." *Journal of Economic Issues* 38 (September 2004): 839-841.

Sexton, Robert L. *Exploring Economics*, 3rd ed. Mason, Ohio: Thomson, Southwester, 2005

Snow, C.P. *The Two Cultures*. Cambridge: Cambridge University Press, 1998.

TABLE OF CONTENTS:

Unit One: Introduction

Introduction: Jack Reardon. University of Wisconsin – Stout. USA

Chapter 1: Relevance of Pluralist Economics for the 21st Century (Edward Fullbrook. University of the West of England)

Chapter 2: Introducing Race and Gender. (Susan Feiner. University of Southern Maine. USA)

Chapter 3: The Need for Critical Thinking. (Bernard Guerrien. University Paris 1 the Pantheon-Sorbonne. France)

Unit Two: Core Undergraduate Courses

Chapter 4: The Principles Course (Julie Nelson Tufts University USA).

Chapter 5: Intermediate Micro (Steve Keen. University of West Sydney. Australia)

Chapter 6: Intermediate Macro. (Irene Van Staveren. Institute of Social Studies and Nijmegen University. The Netherlands.)

Chapter 7: Statistics/Econometrics: Incorporating Economic Dynamics (Steve Keen University of Western Sydney Australia)

Unit Three: Upper Division Undergraduate Courses

Chapter 8: Labor Economics. (Dell Champlin. Eastern Illinois University. USA)

Chapter 9: International Economics. (Maria Alejandra Madi, Instituto de Economia – UNICAMP Brazil).

Chapter 10: Environmental/Energy Economics. (Peter Soderbaum , Malardalen University. Sweden)

Chapter 11: Development Economics. (Qais Aslam, Lahore University. Pakistan)Chapter 12: Monetary Economics. (Phil O'Hara. Curtin University of Technology. Australia)