
Foreword

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Biographical notes: Jack Reardon is a Professor at the School of Business at Hamline University. He is an Adjunct Professor at the University of Science and Technology of China in Hefei, China. He also lectures frequently at Beijing Institute of Technology, Mansfield College (Oxford), Dr. Gaur Hari Singhania Institute of Management and Research, Kanpur, India and Visva-Bharati University in Santiniketan, India. His research interests include energy and the environment, economic education and labour economics. His most recent book, *The Handbook of Pluralist Economics Education*, was published by Routledge in 2009.

1 Contents of the current issue

1.1 Articles on pluralism

We are privileged to open this issue with Irene van Staveren's Inaugural Lecture, upon accepting the Endowed Chair of Pluralist Development Economics at the International Institute of Social Studies, Erasmus University in Rotterdam. Irene's books are familiar to many readers of the *IJPEE*, especially *The Values of Economics – An Aristotelian Perspective* (van Staveren, 2001a), *The Feminist Economics of Trade* (van Staveren, 2001b) and the *Handbook of Economics and Ethics* (van Staveren, 2009); as is her active work in promoting pluralism.

Monism in economics has failed and van Staveren passionately advocates pluralism to enable economics to help solve our world's many problems including global warming, persistent poverty and the financial crisis. Her passion for using economics to help make the world a better place is palpable as she writes, "what matters most is that development economic research contributes to development, to the improvement of the position of millions of poor men, women and children". She gives numerous examples of useful pluralist economic analysis within the context of economic development in Africa and argues that "economics can only advance when it is genuinely pluralist, stimulating full competition in the market place of ideas".

Pluralism does not mean that all the schools within economics meld into one; rather, pluralism "is a process of trial and error to find modes of mutual understanding between methodologies". Needless to say such a task is not easy,

“Obviously such engagements are not without friction... it is not an easy task to bridge minds on economics, but a task worthwhile to embrace, I find, if only because the current state of economics is not very likely to help solve the problems that matter today, in particular those of poverty, instability and global warming. Our goal is not to meld all theories into one, but recognise the benefits of a true pluralist diversity while at the same constructing useful bridges of dialogue.”

In Volume I of the *IJPEE* we launched a series to ‘find modes of mutual understanding’ among the many disciplines of economics and another series to construct ‘useful bridges of dialogue’ between economics and the other social sciences. In this issue, Fu-Lai Tony Yu of The Chinese University of Hong Kong, and Gary Moon-Cheung Shiu of Hong Kong Shue Yan University continue our series on ‘modes of mutual understanding’ with an article on Austrian economics.

After tracing the founding of Austrian economics to the publication of Carl Menger’s *Grundsätze (Principle of Economics)*, the authors discuss the major tenets of Austrian economics including methodological subjectivism, economics as an interpretative science, the knowledge and coordination problems, the role of the entrepreneur, and business cycle theory. As required for articles in this series, copious references and sources are provided for the interested reader. The authors then discuss ‘modes of mutual understanding’ between Austrian economics and other schools within economics including public choice, feminist economics, new institutional economics and evolutionary economics. The authors demonstrate how Austrian economics can elucidate current problems such as the financial crisis and climate change.

1.2 Special series on measurement and conceptualisation in economics

This issue of the *IJPEE* launches a special series on measurement and conceptualisation in economics. Our objective is to develop effective and pluralist solutions to improve measurement in economics in order to improve the accuracy with which we measure and observe our economy and hence the efficacy of public policies. Our series begins with the article, ‘Measuring human capital – a scientific utopia?’ by Irina Ion of the Academy of Economic Studies of Bucharest. Ion notes the importance of measurement in any science,

“The essential tenets of science are to observe phenomena, to define variables, methods and procedures, to test empirically previously formulated hypothesis and to draw and justify conclusions. Measurement is necessary in economics, because it serves the scientific purpose of identifying, computing, comparing and forecasting economic variables.”

But alas, scientific exactness has been elusive in the social sciences and particularly economics, superbly illustrated by the human capital research paradigm. Despite the simplicity of its basic tenets; e.g., investment in education will increase human capital and hence earnings, how is education measured? How is schooling differentiated between the individual’s intrinsic abilities? How to measure differences in quality of education? Irina discusses these and other conceptual and measurement difficulties within the human capital paradigm. She concludes, “economists need to mix research instruments of economics, psychology, sociology, social sociology, etc., because they may offer different insights on the complex human being. In other words, a pluralistic approach is needed for a more correct estimation of human capital”. Future articles in this series will both expand upon Ion’s suggestions and examine how the sciences measure and

conceptualise. Of course, we will also ask whether accurate measurement and conceptualisation is even possible.

1.3 *Articles incorporating pluralism into the classroom*

A central objective of the *IJPEE* is to offer readers specific suggestions to use pluralism in the classroom. The *IJPEE* will continue to publish papers on what we can learn from the financial crisis and how the crisis can be used to reconceptualise economics and improve pedagogy. In ‘Teaching about financial crises: a methodological approach’, David A. Zalewski, of Providence College (USA) argues that the inductive method used by financial practitioners and by heterodox economists enables more effective understanding of the evolution of the financial system than the deductive method used by neoclassical economists. Zalewski offers several strategies to incorporate the inductive approach into the pedagogy of finance courses. He concludes the paper with positive results from student valuation of his pedagogy.

The efficacy of inductive reasoning (and learning) figures prominently in Erik K. Olsen’s article, ‘Experience and pluralist pedagogy: service learning as a means and an end’. Olsen, at the University of Missouri-Kansas City, asks, “is *how* economics taught shaped by *what* is being taught?” The answer is yes: Given the emphasis of neoclassical economics on deductive reasoning with a concomitant distaste for direct experience, didactic instruction is ideally suited for neoclassical economics; whereas pluralism and heterodox economics is much more interested in inductive reasoning and direct experience which comports with service learning. Heterodox economics, according to Olsen is conducive to service learning and conversely, service learning promotes pluralism,

“Incorporating experiential learning into an economics course, and community-based service learning in particular, can enable students to discover that economic phenomena are not ultimately reducible to the maximizing behavior of self-interested individuals. And if the social environment students encounter outside the classroom differs from that portrayed in economics textbooks, then this disjuncture provides a powerful lever for discussing other ways of thinking about economics.”

Like most of us who teach in business schools we feel somewhat culpable for the financial crisis, which explains why we are keen to re-examine business pedagogy and its curriculum. In an influential book, Datar et al. (2010, p.7) write, “we believe business schools are at a crossroads and will have to take a hard look at their value propositions... to remain relevant, business schools will have to rethink many of their cherished assumptions. They will have to reexamine their curricula and move in new directions”. The direction for Datar et al. is clear,

“When problems are complex, effective solutions usually require an integrated, holistic perspective: the ability to apply multiple lenses and link differing points of view ...a multi-functional, multidisciplinary perspective [is] especially important when addressing the most pressing business challenges today, such as sustainability, innovation and the global economic crisis.” (2010, p.90)

No better place to begin in the business curriculum than managerial economics which offers a highly abstract and deductive set of concepts tinged with neoclassical orthodoxy

while eschewing an inductive and active-learning pedagogy to explain how the economy works. Daniel R. Marburger of Arkansas State University urges,

“Managerial economics [to move] away from its roots in intermediate microeconomic theory to an applied case-oriented approach that reflects the kinds of decisions business managers actually make. Abstract concepts that have minimal value to business managers should be cast aside in favor of theory that most directly lends itself to practical application. Rather than bring the business manager into the empirical world of the academic economist, managerial economics must [show] how theory relates to strategy and practical application.”

Marburger suggests the case study as effective pedagogy in managerial economics, which “places the student in the role of active decision-maker, examining a situation faced by an actual firm, evaluating the firm’s environment, considering alternatives, and ultimately incorporating chapter content to recommend a solution”. The case study comports with the endorsement of hands-on learning and the inductive approach by other papers in this issue.

1.4 Understanding current economic events through a pluralist lens

Robert Gordon (2011, p.571) in his widely-read textbook, *Macroeconomics*, writes that “the outcome of historical events often challenges theorists and overturns theories leading to the evolution of new theories. Events cause the evolution of ideas”. Given recent events such as the financial crisis, youth unrest, the crisis in the Eurozone, etc., the *IJPEE* believes that if economics is to become useful in solving our problems it must be reconceptualised to become more pluralist. Economics and economic theory must advance but as van Staveren reminds us in this issue, “economics can only advance when it is genuinely pluralist, stimulating full competition in the market place of ideas”. To focus our efforts, this issue of the *IJPEE* launches a new series ‘Understanding current economic events through a pluralist lens’.

In the first article in this series, Costas Panayotakis, a sociologist at the New York City College of Technology, discusses the root causes of the global youth revolt. He rejects the proffered hypothesis that youth unrest is due to newfound technological expertise (e.g., face book and twitter) or failure of youth in the Arab world to adjust their values to the new realities of globalisation. Instead he argues that,

“The revolutionary upsurge in the Arab world [is] symptomatic of a broader phenomenon: the growing inability of a global capitalist system in crisis to provide young people across the world with a bright and hopeful future. It is because of this inability that youth protest is neither unique to the Arab world nor likely to subside any time soon.”

Central are the neoliberal policies which ‘benefited from and further reinforced the political authoritarianism of most rulers in the Arab world’.

The next three articles discuss the Eurozone crisis from a pluralist perspective. Costas Panayotakis returns in this section with an insightful paper ‘Democracy and the capitalist crisis: the case of Greece’. Panayotakis discusses how the Greek crisis illustrates the tensions between capitalism and democracy and the extent to which the structural power relations of the former undermine political institutions. He shows that the ‘solutions’ imposed on the Greek people by the IMF and the EU has delegitimised the political system. Panayotakis concludes that,

“Political democracy needs to be complemented by economic democracy – that all citizens should have an equal say over the priorities served by the economic system. Until and unless this is achieved, the privatization of profits in good times and the socialization of losses in bad will continue to undermine economic well-being by exacerbating problems associated with ‘moral hazard’; it will also continue to undermine political democracy by breeding cynicism and political apathy.”

Zoe Pittaki, a doctoral student in economics at the University of Athens, argues that the Greek crisis is a function of an economics education that proselytises and trains, while neglecting the cultivation of ethical values – necessary at the very least to preserve the fabric of modern society. She concludes her brief essay with an exhortation to return to a study of the classical Greek philosophers for moral guidance. A brief digression: any journal that focuses on improving education should welcome contributions of students at all levels, especially graduate students who are at the forefront of research.

The final article in this series by Yanis Varoufakis of the University of Athens and Stuart Holland of the University of Coimbra (UK) entitled, ‘A modest proposal for Europe: a two-part plan for overcoming the eurozone’s crisis, redesigning its crumbling architecture, and reinvigorating the European Project’ is self-explanatory. The authors argue that if policy makers focus on only one aspect of the crisis – sovereign debt – while ignoring the other aspect – the crisis in the stricken banking sector and its recessionary effects – economic and political conditions will deteriorate until the euro’s breaking point is reached. This paper offers practical political solutions within the current architecture.

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