
Foreword

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Biographical notes: Jack Reardon is a Professor in the School of Business at Hamline University. He is an Adjunct Professor at the University of Science and Technology of China in Hefei, China and Visiting Professor at Dr. Gaur Hari Singhania Institute of Management and Research, Kanpur, 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 Commentaries on financial and economics education

In addition to full-length articles, the *IJPEE* welcomes shorter commentaries. In this issue, we are pleased to publish two commentaries on financial and economics education: ‘Economics and personal finance education are complements, not substitutes’, by Deborah M. Figart; and ‘The value of thinking in finance courses’ by Haiyun Zhao. One of the by-products of the financial crisis is a re-examination of economics education and financial education. How can we design and conceptualise economics so that future crises are prevented? Each of the two commentaries sheds light on this important question.

Focusing on the state of financial and economics education in the USA, Figart notes, in an interesting and sobering statistic, that in 2008, 62% of American high school students taking the financial literacy test (survey) by the JumpStart Coalition for Personal Financial Literacy failed; the mean score was only 47.5%. After briefly discussing The Council for Economic Education and the JumpStart Coalition for Personal Financial Literacy, two umbrella organisations designed to promote economics and financial education respectively, Figart argues against embedding economics within personal finance or vice-versa as is often done in many school districts; rather she makes a convincing argument that “both economics and personal finance should have a home of their own within the K – 12 curriculum. Neither will get the attention it deserves in the minds of district administrators, principals and teachers, if one is subsumed under the other.”

Haiyun Zhao has consistently argued in her previous work that economic theory (and policy) should not be imported wholesale from the west, but should be modified and adapted to fit the special conditions of China. Helpful in this endeavour is to develop and encourage critical student thinking, which “not only allows students to accept concepts

from the textbook, but also connects actual situations with the theory, while constructing new ideas or new values out of the textbook.” This has not been encouraged to the same extent as in the west, given the cultural tradition of encouraging learning to succeed on the examinations. But, as Zhao writes,

“as the economy changes, so should economic theory. Economic principles are formulated within a specific culture and without these conditions the principles lose their relevancy. As such, economic education must stimulate students’ creative thinking, leading to the understanding of the economic theory appropriate to the Chinese characteristics.”

1.2 Articles on economics

As a physics major who switched to economics, I was perplexed why blanket assertions were offered as basic axioms without empirical proof. I slowly realised that neoclassical economics retains certain core methodological propositions accepted as faith, with doubters ostracised if they dared question them. A preponderant such axiom, familiar to all beginning students, is that individuals maximise their utility subject to a budget constraint. Mehmet Karacuka and Asad Zaman, in their article ‘The empirical evidence against neoclassical utility theory: a review of the literature’ note,

“Despite the claims to objectivity and factuality set out clearly in Microeconomic textbooks, the model of consumer behavior is introduced and justified on the ground of ‘rationality’ – clearly a normative concept. If this microeconomic theory is positive as claimed, then it should be backed up by observations of consumer behavior which confirm its factuality. No such evidence is presented, because none exists.”

Zaman and Karacuka present a systematic and helpful review of the literature documenting evidence against the blanket assumption of utility maximisation. It is hard to disagree with their conclusion,

“In this paper we criticized utility maximization theory on many grounds. The defenders of this theory argue that, even based on false assumptions, utility theory predicts human behavior well. However, the empirical evidences prove the opposite. The straitjacket of a wrong, pre-scientific, methodology can lead even the best minds to theories grossly in conflict with observations. Most of the current efforts at reform do not go far enough in challenging methodology. They seek to achieve conformity with observations while retaining existing economic methodology. We feel that this is not sufficient. Radical methodological changes are required for progress. The world of economics awaits its Copernicus.”

1.3 Articles incorporating pluralism into the classroom

Sara Bothun’s article ‘Is market power destructive? An undergraduate assignment using Adam Smith’s criticisms of monopolies’ offers an interesting in-class exercise designed to encourage critical thinking and active participation. If students are active participants, she notes, they will likely leave with a better grasp of the material and a more favourable view of the course. Bothun writes,

“The formation of [student] opinions may be motivated by prior experiences (for example, if a student’s parents voice a particular political stance); by one’s peers; or by simply paying attention during lectures. If an instructor ignores these opinions, she is missing a great opportunity to teach students to be critical thinkers.”

This exercise asks students to speculate what Adam Smith would say about a specific industry/store with market power in the USA. Would Smith think the store/industry is a hindrance to capitalism, or would Smith argue that the store/industry is NOT a hindrance to capitalism? In addition to encouraging critical thinking, Bothun argues this exercise familiarises students with the writings of Adam Smith; allows students to apply a relatively straightforward economic concept to a complex world problem; challenges students' notions of whether free markets are always good or bad; and allows students to practice using economic theory to make sophisticated arguments. Bothun also provides helpful suggestions for instructions, preparation, and grading.

In the inaugural issue of this journal, Steve Ziliak (2009) introduced haiku economics as a new field of inquiry bridging the gap between the arts and sciences. Haiku, of Japanese origin, is concise and terse – traditionally only three lines of 17 syllables, alternating 5-7-5. According to Ziliak, “the unique strength of haiku economics is its ability to deliver big stories, insights and meanings about economics and the economy itself – at minimum cost” [Ziliak, (2009), p.114].

In this issue, Cecil Bohanon in his article ‘Haiku, art and economics: a pedagogical exercise’ offers detailed instructions of a fascinating assignment requiring students in his principles of microeconomics course to write a haiku that is linked to an economic concept and to a visual work of art at the university art museum (Ball State University in Muncie, Indiana). Cecil notes that “such an exercise presumably promotes interdisciplinary awareness – and re-enforces the notion that economic concepts can be seen in life and society not just in abstract diagrams and equations.” Such a ‘triple pairing’ of haiku, visual art and economic concepts is consistent with the ideals of a university, and additionally, efficacious in helping students remember basic economic concepts.

1.4 Articles incorporating pluralism into the curriculum

Terrence McDonough's article, ‘Integrating heterodox economics into the orthodox introductory course’, addresses a common dilemma for all professors interested in implementing pluralism: “how to include a pluralist perspective within the essentially monist [and frequently pre-designed] framework of the orthodox introductory course.” I have often argued that a long-term solution is to thoroughly reconceptualise each course so that pluralism is integral, and that the course sequence itself is re-assessed and redesigned. But the issue remains what to do in the immediate period when the courses are not pluralist and in many situations the textbook, selected by the department is not pluralist either. Typically, this is done by adding the pluralist material to the end of the course, adopting a reader, or an alternative text to read in conjunction with the main text. Each is problematic since it gives students the unequivocal message that the heterodox material is not as important as the neoclassical which is covered first and foremost, “There is neoclassical economics and then there are the alternatives, rather than a true plurality of approaches.”

As an efficacious alternative, McDonough suggests a multi-paradigm approach which recognises the different competing ideologies in economics while giving each equal weight. McDonough utilises the neoclassical, Marxist, and institutional/Post Keynesian paradigms, although the approach can be augmented to include other perspectives such as feminist and ecological economics. The multi-paradigm approach is advantageous since

“it connects between different economic schools and policy positions in a compact and comprehensible way,” without giving undue preference to any. McDonough offers actual strategies and examples for professors to use.

McDonough concludes by noting that a chief objection to the multi-paradigm approach is that beginning students are not intellectually mature enough to handle multiple perspectives. But McDonough cogently writes,

“Such an argument would never be accepted in the context of an introductory sociology or political science course. An introduction to the subject is precisely the place where students and instructors must grapple with the existence of multiple perspectives, however difficult this might be. It is the contention of a pedagogical pluralism that this struggle is precisely the arena necessary to achieve a clearer and fuller understanding.”

I could not agree more.

Jerry Hallier and Roger Sugden, in their article ‘Socio-management and heterodox economics: a new socially valuable direction for economic education’ lay the groundwork for a new discipline: socio-management. One of the after-effects of the recent financial crisis is an intensification of the re-examination of the role of business education. After all, many of the culprits received MBAs and many of theories taught in business schools either encouraged or condoned the excessive and profligate behaviour that precipitated and characterised the crisis. However, most such efforts at reform, according to Hallier and Sugden, have been ineffective “because the lenses through which schools assess social and social economic activity continue to have essentially unchanged constraints. That is problematic for various reasons, not least because it tends to impose predetermined ends on the activities of schools.”

As an efficacious alternative, Hallier and Sugden proffer the trans-disciplinary field of socio-management which,

“entails the rigorous examination of the effects and responsibilities of managing social and social economic activity by reference to the design of research and educational agendas and projects that are driven by the full array of historical, current and potential managing activity, whatever that examination may require.”

Hallier and Sugden argue that it is necessary “to interlace the separate insights of all academic perspectives that might have something significant to contribute.” Although easier said than done, the authors provide copious helpful suggestions and exercises to get the ball rolling including,

“an integrated combination of dedicated workshops, conference sessions and virtual interactions, accompanied by dissemination to engage a widening set of contributors. [A] group of willing academics could undertake a process focused on three interacting sets of activity: (1) identifying key questions; (2) developing the range of more detailed topics that the key questions imply for a research agenda and teaching curriculum; (3) determining the fields (disciplines and subjects) from which insights might be gained.”

Creating a new trans-discipline which relies on contributions from all other disciplines is a daunting challenge, but fully consistent with what I believe is necessary for the reconceptualisation of economics education. An added benefit inaugurating this new field is that heterodox economics would

“figure in the innovation of economics education as currently practiced in business and management schools [since socio-management] necessitates conceptual and integrative effort that crosses and questions existing disciplines and subjects, and that spans the world, drawing on diverse viewpoints associated with varied capabilities, experiences, nationalities and cultures.’

2 Conclusions

With the conclusion of the fourth issue of volume three I thank all who made this volume possible; and a special thanks to our readers and contributors for making the *IJPEE* a vibrant journal.

Reference

Ziliak, S.T. (2009) ‘Haiku economics: little teaching aids for big economic pluralists’, *International Journal of Pluralism and Economics Education*, Vol. 1, Nos. 1/2, pp.108–129.