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## Foreword

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**Biographical notes:** Jack Reardon is a Professor in the School of Business at Hamline University. 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. He is currently writing a principles of economics textbook to be published by Pluto Press in 2014.

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## 1 Introduction

It is a great joy to begin the fifth volume of the *IJPEE*. Although editing a global journal in economics education is laborious, it is both exciting and critically necessary. For education, as Schumacher wrote is “the most vital of all resources” [Schumacher, (1973, [1989]), p.84]; and indeed “education is our most important function as human beings: it is an investment in ourselves, future generations and the planet” [Reardon, (2009), p.267].

## 2 Contents of the current issue

A central objective of the *IJPEE* is to establish a dialogue with the social sciences and the myriad schools within economics. If the quintessence of pluralism is acceptance of the legitimacy of alternative views, then a logical step is to ascertain commonalities and entry points between the different views. Is this quixotic? Perhaps, for as Schumpeter (1954, p.27) warned,

“It is by no means certain that closer cooperation, so often clamored for by laymen [sic] who expect great things from cross-fertilization with a certainty untroubled by professional competence, would have been an unmixed blessing. For it could certainly not have brought net gains because there would have been some less of that efficiency which is the result of strict or narrow specialization... cross fertilization might easily result in cross-sterilization.”

Perhaps he is correct, but nevertheless, I feel the search for commonalities is well worth the effort, since the problems of our generation are not delineated by discipline, but require the active cooperation of all, which is best effectuated within a spirit of pluralism.

Our *IJPEE* series began with two articles on ‘original’ institutionalism, (i.e., the institutionalism of Veblen and Commons). In his article, ‘The original institutionalist

perspective on economy and its place in a pluralist paradigm', author Rick Adkisson (2010, p.368) argued, "Original institutionalism is by its very nature pluralistic. Incorporating specific ideas and concerns from other perspectives/subfields can help by providing the specialized knowledge necessary to analyze specific economic problems." However, he then notes "that although old institutionalism is amenable to pluralism, there are three theoretical no-nos that fundamentally conflict with the original institutionalist approach: theories that involve methodological individualism, mechanistic analogies and determinism" (2010, p.368). In other words, traditional hard-core neoclassical economics.

But is not neoclassical economics becoming more pluralistic, more open minded and more tolerant of other views? (Coyle, 2007; *passim*). Although neoclassical economics has recognised the importance of institutions in influencing individual behaviour, albeit minus the richness of the original institutionalists, unfortunately institutions, "are seen only as constraints on human choices, the rules they must follow when playing games with each other... Institutions are invented not least to reduce transaction costs. They are instruments that make exchange more predictable, simple, and efficient" [Vant, (2005), pp.11–12].

Nonetheless, with the inherent pluralism of original institutionalism and the recognition of the importance of some tenets of institutionalism (if somewhat tepid) by neoclassical economics does this constitute enough of a commonality, a common bridge to establish a dialogue?

In the lead article of the current issue, John Henry empirically tests this intriguing question by discussing Paul Seabright's recent book, *The Company of Strangers: A Natural History of Economic Life*, which purports to reach beyond the confines of neoclassical economics. Alas, Henry concludes,

"[*The Company of Strangers*] interprets (though in a much more interesting fashion) various social arrangements and developments in the same fundamental way as traditional neoclassical theory. Thus, money is a non-social, transaction costs-reducing means of exchange; reciprocity (or altruism) is self-interested; collective action whether in the form of socialism or mere government intervention is (usually) wrong-headed and potentially dangerous; the evolutionary process is of a 'natural history' nature, etc. I see nothing in this account that deviates from the fundamental neoclassical theory, nor adds anything substantial that would make this argument more vital, more interesting, more helpful in both understanding the world or in helping to frame policy that would make it a better place... I find that this work, while held up as an illustration of the modern, 'mainstream' developments in economic theory, does indeed constitute modifications only at the edges, the 'fringes of that theory'. The core elements are the same."

And as far as establishing a long-awaited bridge, Henry writes,

"Thus, no bridge between neoclassical economics and heterodoxy is constructed. Rather, the same chasm exists that has separated neoclassicism and institutionalism throughout their respective histories – it merely has assumed a different configuration."

Does this mean that the divide between institutionalism and neoclassical economics is too deep to enable commonalities? Should the search for entry points be abandoned and should we be contented to operate in separate cocoons, unaware of the work of others? While it is easy to advocate recognition of the legitimacy of alternative views, what does pluralism mean in practice? And what should be our overall goals? None of these

questions are easy to answer; Henry's analysis underscores the arduous task of establishing commonalities and a workable pluralism.

Neoclassical economics has a long history of parrying criticisms, disparaging the purveyors and establishing a protective belt around its core assumptions: No matter the events, the theory (and underlying assumptions) is protected. Thus, it should not be surprising that Gregory Mankiw (2009), author of one of the best-selling economics textbooks, wrote during the depths of the financial crisis, "We still have to teach the bread and butter issues, the gains from trade, supply and demand, the efficient properties of markets and so on. These topics will remain the bread and butter of introductory courses". The ability of neoclassical economics to shield itself from criticism is one reason neoclassical economics is not a science (Keen, 2012; *passim*).

Perhaps no better example than the dilution and enervation of Keynes' *General Theory*. Neoclassical economics has parried Keynes' central insights of aggregate demand, unemployment, speculation and uncertainty. Angel Asensio and H. Sonmez Atesoglu in their article, 'Accounting for uncertainty in a simple Keynesian model' offers a simple and very usable model in which both uncertainty and the endogeneity of money are paramount, thus bringing the model closer to reality and incorporating the useful insights of Keynes. Asensio and Atesoglu note that,

"in Keynes' economics, expectations and the related economic decisions depend on subjective and shifting 'views about the future', which has significant implications for the determination of income and interpreting and predicting the macro economy. The paper shows how changes in expectations lead to a 'shifting' equilibrium level of aggregate output."

A central concern of the *IJPEE* is economics education at the secondary and primary school level. In their article 'Economics literacy in children: the effects of the socio-economic context', Celeste Varum and Abigail Ferreira empirically investigate economics literacy in Portuguese third and fourth grade children. The authors collected data on 587 Portuguese children, and found that they have limited knowledge about economic issues along with a high variability of understanding. Varum and Ferreira's regression results indicate the importance of parental influences,

"Probably more important from a policy point of view, this study also illuminated the importance of parental influences on [children's] acquisition of economic knowledge. The result highlights the importance of promoting and encouraging the general adult population (particularly parents) to play a more active role in disseminating that knowledge with their children. If knowledge about economic issues is acquired from parents, it may be particularly beneficial to provide education to adults, fostering economic knowledge in the population as a whole and among more disadvantaged groups."

The question of course, remains how best to promote a pluralist economics education among parents and how this can be used to promote a pluralist economics education among children. It is self-defeating to proselytise parents in only one way of thinking, so that they in turn can proselytise the next generation. And in addition, as the authors note, "since the recent crisis young people are interested in learning about economics", this presents a golden opportunity to educate rather than proselytise. Perhaps one suggestion is to offer adult education and continuing education classes, taught pluralistically, especially for those who have never attended college.

Peter Earl in his article 'Bringing psychology and pluralism into the teaching of welfare economics' admits that "although economics has become much more open to

calling upon ideas and stylised facts from psychology, at the same time, however, new behavioural economics has employed a much narrower range of insights from psychology than it might have done.” In this fascinating paper, Earl offers specific suggestions for economists to move beyond the narrow confines of acceptable insights from psychology, allowing a broader and more holistic economics, and one amenable to pluralism. Armed with such insights,

“economists would be able to offer better policy advice if the curriculum were redesigned to ensure that students are exposed to a wider range of material than the dominant neoclassical approach [and] a range of psychological perspectives on consumer behaviour. Rather, standard consumer behaviour chapters must be supplemented with ones constructed from material from personality theory and from evolutionary, social, developmental and cognitive psychology [And unless done] we will see a continuation of tinkering at the edges that characterise the new behavioural approach to employing psychology in economics.”

Much debate has focused on whether the lecture as a pedagogical device is dead (see for example, Gunderman, 2013). While the lecture is ideally suited to an earlier age in which students passively received the wisdom of their professors; today, however, alternative pedagogies are increasingly emphasised, especially ones allowing students to practice and learn while doing. Such experiential techniques are by definition more pluralistic and less dogmatic since students can readily understand any theoretical shortcomings. Thomas D. Scheiding and Evan Gentry in their article ‘A local economy centre as experiential learning’ discusses his experience with a local economy centre (LEC) at Franklin & Marshall College, Pennsylvania. A LEC enables and fosters pluralism since, “students are required to critically consider neoclassical models and heterodox paradigms during their multi-year effort of preparing sound research relevant to the community. And by not being linked to a single course, the LEC becomes a permanently existing community resource.”

Although most of us agree on the necessity of pluralistic teaching, it is often difficult to implement a specific pluralist *modus operandi*. Scheiding and Gentry discuss the requisites for a LEC to succeed. The major drawback, of course, is the investment in time from staff and faculty, which might be formidable in today’s ambience of austere budgets, but nevertheless, at least in my opinion, is well worth the effort, especially if our goal is to help our students understand the world in which we live. For instructors interested in implementing a LEC, Scheiding and Gentry provide a much needed and helpful recipe.

If the goal of economics is to help individuals and societies to best provision, then economics education should focus on how this is done in the real world and the resulting obstacles. And yes, models are helpful to conceptualise this process but it is paramount that models are conceptualised within an ambience of pluralism and also critical thinking in which students understand the nexus between assumptions and policy conclusion. Calvin Blackwell and Gordon E. Dehler in their article ‘Beyond critical thinking: student learning through critical action in an undergraduate environmental economics course’ argue that we should, however, move beyond critical thinking into critical action, in order to ‘foster change to commonly accepted practices’.

Blackwell and Dehler discuss their environmental economics course in which students are asked to think critically in order to undertake critical action as a central learning endeavour in the economics classroom. Thus, students are asked to move beyond

critical thinking to apply what they have learned in a critical action project on campus designed to foster change. In the research paper, students had to identify an environmental problem, design an effective intervention to improve the situation, measure the actual impact of the intervention, and then reflect upon the entirety of the process.

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