
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.

1 Contents of the current issue

1.1 Interview with Frank Stilwell

As editor of the *IJPEE*, it is both a privilege and honour to publish articles by or about people who have influenced me as a thinker. At the top of my list is Frank Stilwell, and perhaps if our profession had a hall of fame, he would be a unanimous inductee.

Unfortunately, I never had Frank as an instructor; instead he has influenced me via his prolific writings, especially his textbook, *Political Economy – The Contest of Economic Ideas* (2012). For me, the highest accolade of a book is that I never shelve it – it is always on my desk. *Political Economy* should be read by every student, for it elucidates our world like no other book. Stilwell writes in the book's preface that,

“political economy deals with issues that are fundamental to our individual and collective well-being. How wealth is created and used, the inequalities between rich and poor, and the tensions between economic growth and the environment are important illustrative concerns ... political economy emphasizes the desirability of seeing the big picture right from the outset, by coming to grips with how economic concerns connect with social and political concerns.”
[Stilwell, (2012), p.9]

Given the long-standing dominance of economics by neoclassical economists, and its constricted focus of study, it is necessary to jettison the term economics for the much older term political economy, a position also advocated by Bowles et al. (2005, p.51) in their textbook,

“We prefer the older term political economy (rather than economics) ... because one cannot understand contemporary societies very well unless politics, economics, psychology, and the other social science disciplines are all brought together to study the complexities of modern life. Another way of describing the political economy approach, then, is to say that it is interdisciplinary.”

Political economy is intrinsically interdisciplinary and pluralistic,

“Indeed this interdisciplinary character of political economy is one of its strengths. Real-world phenomena do not fit neatly into boxes labeled ‘economic’, ‘social’, ‘political’ or ‘cultural.’ Those categories have been constructed for academic convenience, and the disciplinary divisions – between economics, sociology, and political science, can impede a full understanding. Political economic analysis is enriched by drawing from these other disciplines, leading towards a more holistic approach to social science.” [Stilwell, (2012), p.3]

Not to mention that political economy returns us to our roots in which political economists were actively engaged with the big issues of their times.

The subtitle of Stilwell’s (2012, p.5) book is the ‘contest of ideas’ whereby “we recognize that for any economic issue there are competing explanations”; and needless to say “The contest of economic ideas is ongoing?” [Stilwell, (2012), p.374]. This disagreement and the diversity of thought not only is “the hallmark of an open society” [Stilwell, (2012), p.386] but any “progress in understanding and changing the world is likely to come from the clash of ideas” [Stilwell, (2012), pp.385–386].

Tim Thornton, a newly minted heterodox and pluralist political economist opens this issue with an interview conducted with Frank Stilwell, appropriately titled, ‘A conversation with Emeritus Professor Frank Stilwell, Department of Political Economy, University of Sydney’. As one of our referees wrote, “It is very fitting that the *IJPEE* pay tribute to a person who has advanced the pluralist cause over many years against strong opposition from varying quarters.” Thornton, wrote his doctoral thesis on *The Possibility of a Pluralist Economics Curriculum in Australian Universities: Historical Forces and Contemporary Strategies* in 2012 at LaTrobe University and thus is well-qualified to conduct this interview.

Thornton’s interview is interesting and touches upon many aspects of Stilwell’s life. Here, I would like to address one particular question which is important for the advancement of pluralism. In response to Thornton’s question, ‘Even if there is change at the research frontier do you think there could be changes in what is taught any time soon?’ Stilwell responded,

“There have always been novelties and bubbles in orthodox economics, but the core features of neoclassical theory from about 1870 onwards have been largely constant. There have been little changes, some different fashions here and there. I wouldn’t read too much into the likelihood of any of the recent adaptations actually undermining neoclassical economics. Indeed, I would argue the other way around: that, if you judge a theory by its influence in the real world, neoclassical economics is stronger than ever.”

This is also the conclusion reached by Fine and Milonakis in their important book (2009) that despite the myopic constricting of its purview, neoclassical economics has hegemonically extended its influences into the other social sciences, thus strengthening and fortifying its position.

1.2 Global dialogue on teaching economics

In the inaugural issue of the *IJPEE*, we introduced a section ‘global dialogue on teaching economics’ which hopefully will become a regular feature of the *IJPEE*. The objective is to “publish any aspect of pluralism or economics education from the vantage of a specific

region or country [in order] to raise pressing and provocative issues to foster a continuing global dialogue on reforming economics education” [Reardon, (2009), p.3].

It is my pleasure in this issue to publish George Argyrous and Tim Thornton’s article, ‘Disciplinary differentiation and institutional independence: a viable template for a pluralist economics’. Not surprisingly, the authors note, the general trend in Australia, as elsewhere, is away from pluralism and openness within economics. However, a bright spot in Australia is that “political economy is the only sub-discipline within the social science wing of the discipline that has not been in decline”. This is cause for some encouragement, although Argyrous and Thornton note that such growth has occurred largely outside traditional centres of economics teaching, such as economics departments and business schools, partly due, of course, to outright discrimination and ‘intellectual suppression’. Thus, the authors recommend that “such findings provide strong prima-facie evidence for the idea that political economy should seek greater independence and differentiation from traditional centers of economics teaching: independence in the form of a separate base within faculties of social science, differentiation in conceiving of itself as a separate academic discipline (the discipline of political economy).”

This conclusion is buttressed by an online survey – and thoroughly discussed in their article – conducted by the authors in March 2013 of political economy teaching in Australian universities in which among other questions, respondents were asked to respond to Frank Stilwell’s statement,

“It would be desirable to see more political economy departments proliferate around the country. If reforms depend on the tolerance, good will and liberalism of mainstream economists then one cannot have too much confidence of success. There’s nearly always a resident dissident or two, who might try and do innovate things, teach in a way that’s engaging to students and put on different types of courses, but they come and go, and the courses come and go with them, and the mainstream flows on forever. That’s why it is important to have a separate institutional base. In an ideal world you wouldn’t have to separate groups in this way, but in a less than ideal world this is probably the optimal situation.”

Of the 31 people who responded to this question, 22 (71%) were generally in agreement with Frank’s position, with most of the naysayers teaching from outside traditional economics departments. The online survey also provides interesting data on where heterodox researchers publish, what conferences they attend, the number of enrolments in political economy courses, textbooks used, specific pedagogies, etc.

Central to the development of political economy in Australia is the Department of Political Economy at the University Sydney. This department now teaches 41.5% of all political economy subjects in Australian universities. Its 2,500 enrolments across 38 subjects offer an encouraging example for institutional independence and intellectual differentiation. Part of this is due, of course, to Stilwell’s influence.

1.3 Articles on economics

Given extensive budget cuts, especially in academia, and stubbornly high unemployment rates across southern Europe, Luigi Bonaventura’s article ‘A discrimination matching model for academic recruitment’, is timely and highly interesting, especially in Italy where ‘low salaries, little competitiveness, few resources, bureaucracy, and the lack of a

meritocracy are all factors that discourage researchers from pursuing careers in their home country'. Contrast this with the EU policy of academic mobility and the EU-wide research networks and projects and we have a problem. Interestingly in Italy, Bonaventura notes only 2% of PhD students come from a foreign country compared to 26% of the USA and 35% of the UK students; and conversely a significant number of Italians are unable to land an academic job and hence must migrate to the USA and the UK. Bonaventura develops a theoretical model distinguishing between insider and outsider applicants and the significant obstacles confronting each. He uses his model to simulate the Italian labour market, and his empirical results confirm the presence of significant obstacles blocking a meritocratic recruitment system.

In his article 'A case of 'No man's land' in economics: price indexes and their applications', Carlos Guerrero de Lizardi notes that while index numbers are often used in economics to measure poverty and inflation, discussion of the underlying theoretical assumptions and foundations is rare except among specialists – hence, the 'no man's land'. His paper admirably attempts to redress this and in so doing provides an interesting and illuminating account of an issue that many of us take for granted. He begins with an historical account of the genesis of index numbers – namely, the measurement of the purchasing power of an Oxford student. This is followed by a critical analysis of the appropriate context and discussion of the conceptual framework for the consumer price index in the USA. Finally, he introduces the conceptual issues associated with the multidimensional poverty index as used in Mexico, which is conceived in terms of 'analytical spaces, social rights, economic wellbeing and the territorial context where the population interacts'. His paper provides a compelling argument to jettison the narrowly biased (yet comfortably acclimated) approach embedded in the CPI in favour of a more holistic and multidimensional approach. De Lizardi concludes, "As long as the theory of index numbers and its applications continue to be ignored by the average professional, relevant issues won't be analyzed." His perceptive discussion of the underlying issues goes a long way to redressing this imbalance. His paper should be required reading in the economics curriculum.

The article 'Not enough markets to sustain an invisible hand metaphor' is written by the father/son team of Hendrik and Matthew Van den Berg, both practising economists. The Van der Bergs empirically demonstrate that the

"proportion of human economic interactions carried out in the types of markets required by the invisible hand is much too small for self-interested individuals and profit-maximizing firms to generate welfare-maximizing aggregate outcomes. Therefore, the invisible hand is clearly an inaccurate metaphor with which to describe an economic system."

Stated more precisely, according to the Van den Bergs, 'the metaphor of the invisible hand is a myth'.

Yet, the metaphor continues not only to be taught as if an empirical verity, but also used to rationalise laissez faire policies. The authors note,

"Over the past four decades, mainstream economists have used the metaphor of the invisible hand to provide blanket cover for economic analysis that supported the full range of pro-market, pro-privatization, and anti-government policies that fall under the labels of *neoliberalism* or *Washington consensus*. Today, the metaphor is being used to bridle financial reregulation, suppress necessary policies to deal with the worsening distribution of income and

wealth, and to discourage regulatory mechanisms to stop humans' collective destruction of the natural environment.”

Indeed, we should jettison this outdated myth, stop paying homage to this 18th century deity and begin an ardent discussion of what constitutes an equitable economic system in which all can successfully provision. Amad Zaman, in an earlier *IJPEE* article dissecting the myth of the invisible hand metaphor, reached the same conclusion,

“Feeling compassion for others is an essential part of what it means to be a human being. The false idea that there are inexorable economic laws which govern our economic conditions, prevents us from feeling responsible for the economic misery surrounding us, and for taking action to reduce it. This article is a plea for action.” [Zaman, (2013), p.27]

It is important to realise that “we are not simply passive observers of political economic change: as active participants, our effectiveness depends on how we address the strategic question of what can be done” [Stilwell, (2012), p.4].

1.4 Articles on teaching economics

Most of us who teach economics have moved away from the traditional lecture in favour of more innovative ways of teaching. Students learn best when they can relate the somewhat arcane concepts of economics to their own world. In the article, ‘An assessment of teaching economics with *The Simpsons*’ author Shiou-Yen Chu discusses how *The Simpsons* – an animated television show based on the life of a fictional family in Springfield, USA has been used in economics to develop students’ critical thinking about economic decisions and to refresh and strengthen students’ understanding of economics with visual aids. I was surprised to learn that *The Simpsons* has been used extensively in the humanities and other social sciences.

Here, the author demonstrates how clips from *The Simpsons* can help students understand many economic concepts including profits, revenues and costs, supply and demand, normal goods, externalities, GDP, unemployment, inflation, exchange rates and money. Chen runs regression analysis testing the efficacy of watching *The Simpsons*. While difficult to control all variables that affect learning, the author finds somewhat limited but nevertheless encouraging support for *The Simpsons* as an efficacious technique. The author concludes “that qualitative results indicate that screening *The Simpsons* creates a relaxing and humorous atmosphere and engages students in learning economics. It can serve as a supplement to traditional lecture in a general education classroom.”

In his paper, ‘Integrating liberal arts into the finance curriculum: a suggested approach’, David Zalewski offers specific suggestions to incorporate critical thinking into the capstone finance course. For Zalewski such critical thinking encompasses ‘analytical thinking, multiple framing and the reflective exploration of meaning’. Crucial is a pluralist understanding of different perspectives. Although development of such thinking is traditionally relegated to the liberal arts, Zalewski argues it is important in finance courses for three reasons. One, finance traditionally is taught from a strict neoclassical perspective, with little introduction of alternative perspectives. Two, more employers want graduates who can think critically – that is, to approach complex questions with an open mind. And third, the most recent financial crisis is attributable to a failure of economics education. Zalewski offers specific suggestions for implementing such skills

in a capstone finance course, which he convincingly argues is more efficacious than integrating such thinking into all such courses.

Students, based on course assessment, enjoyed these innovations and ‘found the course relevant to their career preparation’. Zalewski also includes his syllabus which many teachers will find useful, even those who do not teach finance.

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