
Foreword

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1 Contents of the current issue

1.1 *Teaching pluralist economics*

Certainly a defining feature of any economic system is its ability to provision; and a central question in its ability to provision is the role of money. How is money created? How is it used? How is it regulated, controlled? Who benefits from its creation? These highly pertinent questions should be the central focus of economics and economics education. Unfortunately, they are not. Money has been persistently ignored in economics, swept under the rug so to speak, telling students that money is neutral and that it is exogenous, i.e., effectively controlled by a central bank.

A key tenet uniting heterodox economics is that money, rather than exogenous, is endogenous – i.e., created by economic conditions. And, thanks to transparency making clearly visible central bank operations, it is “difficult to argue against the view that the money supply is endogenous and demand-led” [Lavoie, (2014), p.183]. But alas, and so typical, “these changes have not yet entered [into] the textbook representations of orthodox theory, despite incorporation into the more advanced macro models” [Lavoie, (2014), p.183].

Perhaps to a non-economist such a debate is trivial and nonsensical – tantamount to scholars debating during the Middle Ages how many angels can dance on the head of a pin.¹ After all, money expands with economic activity, so what difference does it make if money is exogenous or endogenous? But for understanding how an economy functions, and how our institutions can help provision for all, this issue matters a great deal. Thus, “if we are to develop an economics that is relevant to capitalism, then it must be a strictly monetary dynamic theory in which finance plays a fundamentally destabilizing role” [Keen, (2011), p.356].

Most readers of this journal agree that the money supply is endogenous.² But exactly what does endogenous mean, and what does it imply? David Wheat in his article ‘Teaching endogenous money with systems thinking and simulation tools’ does the literature a great service by consolidating the debate and restructuring it along carefully nuanced definitions. Wheat also introduces system dynamics to simulate the differences in monetary behaviour emanating from the two perspectives; and to demonstrate, rather convincingly, that the money supply is endogenous.

Wheat kills two birds so to speak: suggesting how to teach that the money supply is endogenous; and demonstrating the efficacy of system dynamics “as a method of scientific inquiry as well as a simulation tool.” (Good news: his paper requires no prior knowledge of SD, and is very easy to learn.) Wheat concludes,

“A pluralist pedagogical approach to the money supply process (‘teaching it both ways’) pays dividends. As in comparative research, the instructional value often emerges when similarities or differences generate ‘aha moments’ for students. Diagrams are always helpful, and especially in this case when they illustrate the systemic differences between endogenous and exogenous processes. When those same diagrams contain embedded equations that enable simulating and comparing the behavior emerging from contrasting structures, previous mental models can be challenged. And, when computer models can be operated and modified by the students, knowledge construction occurs and new mental models take shape. Learning happens.”

One of the unfortunate and unpalatable features of introductory neoclassical texts is using highly abstract and deductive models right off the bat, which disengages the student. The student, eager to begin understanding the economy, very quickly realises that economics is more like a “branch of applied mathematics, where the aim is not to explain real processes and outcomes in the economic world, [giving] economics the perception as a technical and rarefied discipline, of questionable relevance and limited practical use” [Hodgson, (1999), p.6 and 9].

While models are necessary to simplify and thus elucidate, and if used right can enable student understanding and increase student eagerness to learn more; unfortunately most models do not. In his paper ‘A nutty model for teaching macroeconomic models’ Kevin Capehart suggests a simple exercise to understand how models work, how they are used, and their criticisms/shortcomings. Specifically, he discusses Basil Moore’s peanut multiplier theory of income determination, a simple model whose ‘logic is easy to follow.’ Student feedback suggests positive reaction to this exercise: enabling understanding and providing a solid basis to understand more complex models – a much cherished asset in economics. Capehart notes,

“Students who learn the nutty model are then in a better position to scrutinize standard models. By encouraging scrutiny of such models, students will hopefully start to learn not just the science of thinking in terms of models but also the art of choosing relevant models.”

Soon after the recent financial crisis, Fullbrook (2009, p.22) noted that:

“if universities continued to use for nuclear engineering a textbook by an engineer who had headed a team managing a nuclear power plant that without external causes exploded creating huge devastation, there would be a public outcry. There should be a similar outcry if Mankiw-type textbooks continue to be foisted on the world’s million or so young people who every year in good faith take up the study of economics.”

Absent is any notable outrage amongst the public. Partly this is due to the aloofness of the economics profession – the disconnect that Earle et al. (2017) describe so well, but partly due to the refusal of neoclassical economics to take ownership that their fundamental teaching is fundamentally wrong, especially since the “human error propagated by a virulent ideology skilfully camouflaged as science” has caused so much suffering [Fullbrook, (2009), p.22].

Fforde in his article, 'Beyond the models: a case study of the management of epistemological issues in teaching a globalisation and the world economy subject seven years after the start of the global financial crisis' discusses how to teach a globalisation course pluralistically while implicating neoclassical economics, yet engaging students in the real problems of the day, while maintaining student interest. Admittedly not an easy task, yet I found his insights and recommendations very helpful and easily assimilated, no matter the course. Fforde writes,

"It is possible to teach students how to appreciate and understand economics *if an epistemological approach is taken*. This treats economics as a non-predictive science, comparable to other social sciences, and so to be taught by exposition of its subjective empirics and particular ways of theorising about the world. Modern students, coming out of primary and secondary schools environment where 'it is true for you' and issues of identity treated as flexible and self-determined (in a nutshell 'typical millennials') can learn about the important science of economics if the approach is framed as such. Evidence suggests that they enjoy it, and it allows them to appreciate the important roles economists' beliefs have played historically."

1.2 Global dialogue on pluralism

I prefer (as do many others) the broader term 'political economy' vis-à-vis the narrow and constricting label 'economics'. Political economy by definition is interdisciplinary and pluralistic, as Bowles et al. (2005) write,

"We prefer to use the older term political economy (rather than economics) to describe our approach because one cannot understand contemporary societies very well unless politics, economics, 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." [Bowles et al., (2005), p.51]

Using political economy as a definitional label makes an immediate statement about the direction and stated objectives of the discipline: Political economy educates; a narrow economic perspective proselytises.

Pat Cantrall and David Mitchell in their paper 'Enhancing pluralism in the undergraduate economics curriculum by incorporating a political economy approach' offer numerous suggestions for incorporating pluralism into undergraduate courses (ranging from principles through intermediate to the senior capstone). As the authors nicely demonstrate, a political economy approach enables asking questions – the essence of a liberal education, and a broader understanding of how and why our economy functions,

"Weaving political economy into traditional courses makes for a better course. If we do not explain why public policies exist, students can leave their economics courses thinking that economics is just a peculiar series of ideas without any cohesive organization. They can learn that protectionism is bad but still exists; rent control is bad but still exists; immigration is good but we control it. Without a thorough explanation of why these controversial policies exist, students cannot connect the parts of the courses into a cohesive whole."

Since the inaugural issue of the *IJPEE* we have offered the *IJPEE* as a forum to understand how pluralism is conceptualised and implemented in different parts of the world. Watson et al. in their article 'Real world economics: the peculiar case of applied

economics provision in England and Wales,' ask an important question: is applied economics inherently more pluralist than theoretical economics? Superficially one would answer yes: isn't the latter by definition abstract, deductive and abstruse; whereas applied economics immerses into politics and policy?

Perhaps surprising (at least to me) the authors found the opposite,

"Applied economics – rather than testing the boundaries of economic analysis – is typically focused on reaffirming this truth [and] becomes easy prey for the repetition of neoclassical metaphors [while] to maintain this repetition, the breadth of analysis covered is curtailed."

Thus, instead of offering more applied economics courses, and/or tweaking the courses around the edges, the authors suggest as one solution, perhaps history of thought...where students would be free from the rigid closed language of neoclassical economics to consider the most important, yet strangely overlooked, economic questions: 'how so' and 'why'. And the authors go one step further and suggest focusing on,

"'wicked problems'. Examples include terrorism, global climate change, poverty, crime, pandemics, and stem cell use, all ideal vehicles for the pluralist perspective as there is no consensus over policy and therefore a vital and immediate need to evolve a substantial debate between the different solutions offered by alternative viewpoints. Pluralism, rather than being a posture that one adopts, should refer to the liberated intellectual space which accommodates differing voices without any single one dominating at the expense of the others."

We are pleased to see more economics professors adopt pluralism as well as more departments although the latter is certainly more difficult given the often pervasive inertia and obstacles to overcome. Finn Olesen and Mogens Ove Madsen in their article 'Problem based learning: a non-mainstream way to teach economics' discuss their efforts to redo their economics department at Aalborg University in Denmark. Their new economics program is pluralistic, with a tilt toward Post-Keynesian economics, and a strong emphasis on problem based learning (PBL). Not only does their article inform about the positive situation at Aalborg, but it provides a handy primer and strong rationale for adopting PBL, a natural ally of pluralism. According to the authors,

"PBL learning is student centered, in which students do not have the necessary prior knowledge to solve a particular problem – otherwise it would just be an exercise. PBL instead attempts to acquire new knowledge in order to solve a problem. New knowledge is therefore triggered by student need, not by the teacher's perception of student needs. Teaching is thus not linear but typically recursive, suggesting that the student achieves a better insight of the subject and its relevant problem areas."

Combining pluralism and PBL, creates a very positive learning experience at Aalborg University,

"We encourage students to reflect critically on the results of economic analyses – a 'must' in the PBL approach. In summary, our pedagogy enables our students to conduct relevant economic analyses of real life problems, often with an interdisciplinary approach. Fortunately, our graduates generally have no problem finding employment upon graduation – it seems that the demand for hiring well-educated, critically minded young economists is presently adequate."

1.3 The teaching commons

A defining characteristic of neoclassical economics is that rational “agents seek to optimize explicit goals in their behavior” [Earle et al., (2017), p.38]. Profits for firms and utility for consumers. For beginning students this gratuitous assumption (along with the equally gratuitous assumption that atomistic agents act alone) can be alienating, counter-intuitive and disengaging. In her article ‘Rational choice, independent utility and the inclusive classroom’ Lisa Saunders shares her interesting and fruitful exercise from her course, *The Political Economy of Women*, to empirically investigate the validity of this gratuitous assumption. Specifically, the exercise asks her students their motivation of everyday decisions: independent or interdependent? Their responses are then critiqued by fellow students. It is during this interchange (and ensuing) dialogue that students realise that very few everyday decisions are made independently, or done to maximise an independent utility function. Saunders concludes,

“The exercise ends in a moment of shared understanding by students from very different backgrounds, skill levels, and political persuasions about how assumptions help economists develop theory. It is a small step toward learning how to think critically about the theories they will encounter. It is empowering for the students, and an effective way for the instructor to teach that questioning assumptions is an important part of the analytical process.”

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Notes

- 1 At the same time, “it may astonish non-economists to learn that conventionally trained economists ignore the role of credit and private debt in the economy...An economic theory that ignores the role of money and debt in a market economy cannot possibly make sense of the complex, monetary, credit-based economy in which we live. Yet that is the theory that has dominated economics for the last half-century. If the market economy is to have a future, this widely believed but inherently delusional model has to be jettisoned” [Keen, (2011), p.6].

- 2 And speaking of the destabilising role of finance, (and credit) no better primer than Veblen's (1996 [1904]) *The Theory of the Business Enterprise*. He writes, "During the free swing of that buoyant enterprise that characterizes an era of prosperity contracts are entered into with a somewhat easy scrutiny of property values available to secure a contract...The heightened capitalization becomes the basis of an extensive ramification of credit in the way of contracts (orders); at the same time the volume of loan credit, in set form, is also greatly increased during an era of prosperity" [Veblen, (1996 [1904]), p.198]. And, at least from my perspective, no better exposition of the inner workings of capitalism than Veblen's book, especially as we try to understand platform capitalism (Srniczek, 2017) while fathoming possibilities for post-capitalism (Mason, 2015).