The Handbook of Pluralist Economics Education

Edited by
Jack Reardon

Routledge Advances in Heterodox Economics
In 2001 French university students petitioned their economics professors:

Most of us have chosen to study economics so as to acquire a deep understanding of the economic phenomena with which citizens of today are confronted. But the teaching that is offered, that is to say for the most part neoclassical theory or approaches derived from it, does not generally answer this expectation.

This petition spawned global movements for reforming economics education, with the goal of jettisoning the traditional monist approach of hegemonic intolerance in favour of pluralism – learning from diverse and opposing views across the ideological spectrum and the social sciences.

This book provides a blueprint for those interested in teaching from a pluralist perspective, regardless of ideology. It provides educators, policy makers, and students with helpful suggestions for implementing pluralism into pedagogy, by offering detailed suggestions and guidelines for incorporating pluralist approaches tailored to specific individual courses. The Handbook for Pluralist Economics Education specifically provides practical suggestions for professors willing to implement pluralism in the classroom and increases the pedagogical influence of pluralist economics while reducing the hegemony of monism at any level.

All the contributors in this volume were selected for their passionate commitment to reforming economics education. Those interested in this book will include postgraduate students of economics, professional economists, lecturers in political economy and labor studies, university and administration officials concerned with reforming economics education, and social science instructors interested in a multi-disciplinary approach.

**Jack Reardon** is Professor of Economics at Hamline University, Minnesota and is the editor and founder of the *International Journal of Pluralism and Economics Education.*
Over the past two decades, the intellectual agendas of heterodox economists have taken a decidedly pluralist turn. Leading thinkers have begun to move beyond the established paradigms of Austrian, feminist, Institutional-evolutionary, Marxian, Post Keynesian, radical, social, and Sraffian economics – opening up new lines of analysis, criticism, and dialogue among dissenting schools of thought. This cross-fertilization of ideas is creating a new generation of scholarship in which novel combinations of heterodox ideas are being brought to bear on important contemporary and historical problems.

*Routledge Advances in Heterodox Economics* aims to promote this new scholarship by publishing innovative books in heterodox economic theory, policy, philosophy, intellectual history, institutional history, and pedagogy. Syntheses or critical engagement of two or more heterodox traditions are especially encouraged.

1 **Ontology and Economics**
   Tony Lawson and his critics
   *Edited by Edward Fullbrook*

2 **Currencies, Capital Flows and Crises**
   A post Keynesian analysis of exchange rate determination
   *John T. Harvey*

3 **Radical Economics and Labor**
   *Frederic Lee and Jon Bekken*

4 **A History of Heterodox Economics**
   Challenging the mainstream in the twentieth century
   *Frederic Lee*
This series was previously published by The University of Michigan Press and the following books are available (please contact UMP for more information):

**Economics in Real Time**  
A theoretical reconstruction  
*John McDermott*

**Liberating Economics**  
Feminist perspectives on families, work, and globalization  
*Drucilla K. Barker and Susan F. Feiner*

**Socialism after Hayek**  
*Theodore A. Burczak*

**Future Directions for Heterodox Economics**  
*Edited by John T. Harvey and Robert F. Garnett, Jr.*

**Heterodox Macroeconomics**  
*Edited by Jonathan P. Goldstein and Michael G. Hillard*

**The Marginal Productivity Theory of Distribution**  
A critical history  
*John Pullen*

**Informal Work in Developed Nations**  
*Edited by Enrico A. Marcelli, Colin C. Williams and Pascale Jossart*

**The Foundations of Non-Equilibrium Economics**  
The principle of circular and cumulative causation  
*Edited by Sebastian Berger*

**The Handbook of Pluralist Economics Education**  
*Edited by Jack Reardon*
The Handbook of Pluralist Economics Education

Edited by Jack Reardon
Contents

List of figures ix
List of tables x
List of contributors xi
Acknowledgments xiv

PART I
The need for pluralism in economics education 1

1 Introduction and overview 3
JACK REARDON

2 The meltdown and economics textbooks 17
EDWARD FULLBROOK

3 A revolution from the margin: a student perspective 24
NICHOLAS DAN, NICHOLAS HOUPT, SEAN MALLIN, AND FELIPE WITCHGER

4 Why economics needs pluralism 32
BERNARD GUERRIEN AND SOPHIE JALLAIS

5 History of thought, methodology, and pluralism 43
SHEILA DOW

PART II
Reclaiming the principles course 55

6 The principles course 57
JULIE A. NELSON
Contents

7 Teaching economics as if time mattered 69
   I. DAVID WHEAT

PART III
Core theory courses 91

8 A pluralist approach to intermediate macroeconomics 93
   IRENE VAN STAVERN

9 A pluralist approach to microeconomics 120
   STEVE KEEN

10 Mathematics for pluralist economists 150
    STEVE KEEN

PART IV
Advanced courses/electives 169

11 Pluralism in labor economics 171
    DEL CHAMPLIN AND BARBARA A. WIENS-TUERS

12 Sustainability economics 181
    PETER SÖDERBAUM

13 International economics 199
    MARIA ALEJANDRA CAPORALE MADI AND
    JOSÉ RICARDO BARBOSA GONÇALVES

14 Money, credit, and finance in political economy: national,
   regional, and global dimensions 230
    PHILLIP ANTHONY O'HARA

15 Green economics: emerging pedagogy in an emerging
   discipline 256
    MIRIAM KENNET

PART V
Conclusion 265

16 Conclusion 267
    JACK REARDON

Author index 269
Subject index 273
Figures

7.1 Price behavior after a demand increase 75
7.2 Price–demand loop, C1 76
7.3 Price–supply loop, C2 78
7.4 The RealTime model 79
7.5 Behavior after a demand increase 82
7.6 Behavior after a supply increase 83
7.7 User interface of online version of price–supply–demand model 84
8.1 Adaptation of the macroeconomic flow 100
8A.1 Shape templates 115
9.1 Predictions of the Marshallian model 122
9.2 Simulation results 123
9.3 Convergence of individual outputs 123
9.4 Much higher profits result from the firms’ “rule of thumb” 124
9.5 Stigler’s proof 125
9.6 The belief that the firm faces a horizontal demand curve 126
9.7 U.S. firm size follows a “scale free” power law distribution 132
9.8 Eiteman’s representation of marginal product 136
9.9 No correlation between monopolist’s share of output and average price 139
9A.1 Mathcad implementation of a multi-agent simulation 143
10.1 The irrelevance of equilibrium for complex systems 153
10.2 The time path, average and equilibrium of Goodwin’s model 154
10.3 Incomes in the simple circuit model 158
10.4 The predator–prey model implemented as a dynamic flowchart 160
10.5 NetLogo multi-agent simulation of predator–prey interactions 161
10A.1 3D map of the Lorenz position 164
11.1 Approaches to labor market analysis 173
12.1 Decision-making as a matching process or matter of appropriateness 185
12.2 Decision-making in multiple-stage, positional terms 192
14.1 The circuit of money capital 232
14.2 Endogenous–exogenous finance 234
14.3 Interactive game between reserve bank and banks 235
14.4 Kaldorian dynamics of circular and cumulative causation 243
7.1 Default parameter assumptions 81
9.1 Starpower scoring table 131
9.2 The size distribution of U.S. firms 133
9.3 Blinder’s summary of his empirical results 135
9.4 Goods in Sippel’s experiment 137
9.5 Violations of axioms of revealed preference 137
9.6 Quantity strategy combinations for duopoly 141
9.7 Profit outcomes from quantity strategies 142
9.8 Profit outcomes from varying output at Keen equilibrium 142
9.9 Profit outcomes from varying output at Cournot equilibrium 143
10.1 Account flow dynamics in the simplest Circuitist model 157
12.1 A comparison of traditional and institutional economics 186
12.2 Competing interpretations of markets 188
12.3 Categories of approaches to decision processes and sustainability assessment 190
12.4 Categories of impacts in economic analysis 191
13.1 The international economy, 1900–1987 209
13.2 Most dynamic global importers, 1991–2000 212
13.3 Countries that contributed most to global trade growth, 1985–2000 212
13.4 Evolution of the technological structure of exports in developed countries 214
13.5 Evolution of the technological structure of exports in developing countries 214
13.6 U.S. current account, 1992–1997 216
13.8 Rate of growth of the institutional investors: selected countries, 1980–1990 222
14.1 Long waves and financial dynamics 240
14.2 Core elements of the taxes-drive-money approach v. orthodoxy 245
Contributors

Dell Champlin is Professor Emerita, Eastern Illinois University. Her research interests include institutional economics, labor, and public policy. She is co-editor, with Janet Knoedler, of the *Institutionalist Tradition in Labor Economics* (2004). She is currently working on a reader on the history of labor economic thought. dpchamplin@hotmail.com

Nicholas Dan is entering his senior year at the University of Notre Dame, majoring in Economics and German. He is interested in the history of economic thought and its implications for economic development and policy. He, along with Nicholas Houpt, Sean Mallin, and Felipe Witchger, were lead authors of the University of Notre Dame petition to reform economics education, which led to the Open Education Movement. ndan@nd.edu

Sheila Dow is Professor of Economics at the University of Stirling, Scotland, and Director of the Stirling Centre for Economic Methodology. Her research interests include the methodology and history of economics, money and banking and regional finance. She is the author of *Economic Methodology: An Inquiry* (2002). s.c.dow@stir.ac.uk

Edward Fullbrook is the founder and editor of the *Real World Economics Review* (formerly the *Post-Autistic Economics Review*) and webmaster of www.paecon.net. He is a research fellow in the School of Economics at the University of the West of England. His most recent book is *Pluralist Economics* (2008).

José Ricardo Barbosa Gonçalves is Professor at the State University of Campinas, Brazil. Author of *The Utopy of the Social Order*, his most recent publication is *Financialization, Employability and Their Impacts on Bank Workers’ Union Movement in Brazil (1994–2004)*. josericardobg@yahoo.com.br

Bernard Guerrien is an associate researcher at SAMOS (Statistique Appliquée et Modélisation Stochastique), affiliated to the Centre d’Économie de la Sorbonne, Paris. Active in economics education he was instrumental in the formation of the Post-Autistic Movement. bernard.guerrien@tele2.fr

Nicholas Houpt is a first-year law student at Columbia Law School and attended the University of Notre Dame as an undergraduate. His primary interest is the
environmental crisis, and how to formulate multi-faceted solutions from law, science, and economics. nhoupt@gmail.com

Sophie Jallais is Professor at the Université Paris 1 (Panthéon-Sorbonne). Her most recent book, co-authored with Bernard Guerrien, is *Microeconomia. Una perspectiva critica* (2008). sjallais@aol.com

Steve Keen is Professor of Economics and Finance at the University of Western Sydney, Australia. He is author of *Debunking Economics* (2001). Keen was one of few economists to predict the global financial crisis, and he maintains an influential blog at www.debtdeflation.com/blogs and an influential website www.debunkingeconomics.com

Miriam Kennet is a member of Mansfield College, and the Environmental Change Institute, Oxford University. She is co-founder of the Green Economics Institute, and founder and editor of the *International Journal of Green Economics*. greeneconomicsinstitute@yahoo.com

Maria Alejandra Caporale Madi is a Professor at the State University of Campinas, Brazil. Author of *Monetary Policy in Brazil: A Post-Keynesian Interpretation*, her most recent publication is *Corporate Social Responsibility and Market Society: Credit and Banking Inclusion in Brazil*. alejandra_madi@yahoo.com.br

Sean Mallin majored in Economics at the University of Notre Dame. He is attending the University of California, Irvine, to pursue a doctorate in Anthropology. His interests lie along and beyond the boundaries of economics, philosophy, anthropology, and cultural studies. He has written several articles on pluralism and economics education. sean.mallin@gmail.com

Julie A. Nelson teaches Economics at the University of Massachusetts, Boston. Her most recent books include *Macroeconomics in Context* (2008), co-authored with Neva Goodwin, and Jonathan Harris. She is also co-author with Mark Maier of *Introducing Economics: A Critical Guide for Teachers* (2007). julie.nelson@umb.edu

Philip Anthony O’Hara is Professor of Global Political Economy and Governance at Curtin University in Perth, Australia, and is director of its Global Political Economy Research Unit. He is author of *Growth and Development in the Global Political Economy* (Routledge, 2006), and co-author of *Economics: An Introduction to Traditional and Progressive Views* (2008). philohara1@yahoo.com

Jack Reardon teaches Economics at Hamline University in Minnesota. He is founder and editor of the *International Journal of Pluralism and Economics Education*. jreardon02@hamline.edu

Peter Söderbaum is Professor of Ecological Economics at Malardalen University, Sweden. His most recent book is *Understanding Sustainability Economics* (2008). peter.soderbaum@mdh.se
Irene van Staveren is Associate Professor of Feminist Development Economics, Institute of Social Studies, The Hague, and (part-time) Professor of Economics and Christian Ethics, Radboud University Nijmegen, The Netherlands. She recently co-edited the *Handbook of Economics and Ethics* (Edward Elgar, 2009). staveren@iss.nl

I. David Wheat is Associate Professor of System Dynamics, University of Bergen, Norway, and Adjunct Associate Professor of Economics, Virginia Western Community College, U.S.A. He is currently working on a new system dynamics managerial economics text. david.wheat@uib.no

Barbara A. Wiens-Tuers is an Assistant Professor of Economics at Penn State Altoona with affiliate status in Labor Studies and Employment Relations. She has published in a broad range of journals. She recently co-authored *Economics: An Introduction to Traditional and Progressive Views* (2007). baw16@psu.edu

Felipe Witchger is an Associate, specializing in Climate Change and Clean Energy, at Cambridge Energy Research Associates (Cambridge, Massachusetts). fwitchger@cer.com
Acknowledgments

All pluralist economists owe a debt of gratitude to Fred Lee, an energetic unifier of the many diverse fields of heterodox economics. Fred is synonymous with the International Confederation of Associations for Pluralism in Economics (ICAPE), founded in 1993, with its guiding principle, “Pluralism and intellectual progress are complements. This is not to say ‘anything goes,’ but that each tradition of thought ... adds something unique and valuable to economic scholarship.”

My debt to Fred, however, runs much deeper. I first met Fred in 2005 at the Western Social Science Association Annual Conference in Albuquerque. In addition to presenting my own paper, “Quantum Physics for Economics,” I had the daunting task of discussing Fred’s paper, “Teaching Graduate Neoclassical Microeconomics from a Heterodox Perspective,” in a panel session on economic education. What novel suggestions and/or criticisms could I, a relative unknown, possibly offer this giant of heterodox education?

Stuck in airport traffic on the way to the conference, I developed the idea for this book as a logical outgrowth of Fred’s paper. At least for me, it was a long but productive traffic jam!

Fred’s already significant contribution does not stop there, however. After reading my initial proposal for this book, which I presented at the 2007 ICAPE Conference in Salt Lake City, Fred tersely said, “You know, this is not a book proposal.” Nevertheless he offered helpful suggestions and was instrumental in landing Routledge as the publisher. Many, many thanks to Fred.

I also thank Yanis Varoufakis, visionary founder of the pluralist Doctoral Program in Economics at the University of Athens, for an invitation to lecture in October 2008. We had a vibrant and interesting discussion on the elements of pluralism, with many provocative questions raised. The discussion frames the contours of Chapter 1 of this volume. In addition, meeting and discussing with his students convinced me firsthand of the benefits of a pluralist education.

I am grateful for the wonderful opportunity to teach at Hamline University, an intellectually flourishing and enriching liberal arts school. I thank Julian Schuster, Dean of the Hamline School of Business, for his novel vision, his support of intellectual growth, and his personal friendship. Special thanks to Amy Zabinski, Petar Mirovic and David McCarthy for helping to put this manuscript together.
Finally, I thank my family – whose love and understanding are immeasurable. I thank my wife Laurie for her love and understanding while I was writing this book. And my delightful children Elizabeth and Patrick – who unfortunately had to learn firsthand the concept of opportunity cost. I hope their generation will have the intellectual resources to learn from each other in order to solve what promises to be a growing set of interconnected problems. It is for my children and their generation that I write this book.

St. Paul, Minnesota
January 26, 2009
Part I

The need for pluralism in economics education
1 Introduction and overview

Jack Reardon

In 1620, Frances Bacon urged that “a new beginning has to be made from the lowest foundations, unless one is content to go around in circles for ever, with meager, almost negligible progress” (2000: 31). Buoyed by the scientific optimism of the age, he impugned over-reliance on Aristotelian syllogisms, calling instead for induction, experimentation, and testing hypotheses. “The world,” argued Bacon, “must not be contracted to the narrow limits of the understanding (as it has been heretofore) but the understanding must be liberated and expanded to take in the image of the world as it is found to be” (2000: 226).

More than three centuries later, at the start of the new millennium, French university students petitioned their economics professors in the Baconian spirit, as follows:

Most of us have chosen to study economics so as to acquire a deep understanding of the economic phenomena with which citizens of today are confronted. But the teaching that is offered, that is to say for the most part neoclassical theory or approaches derived from it, does not generally answer this expectation.

(“Open Letter” 2000)

The petition launched the Post-Autistic Economics Movement, whose newsletter, the Post-Autistic Review, boasts 10,412 subscribers from over 150 countries.

In 2007, students at the University of Notre Dame posted a similar letter on the internet, in which they stated:

students deserve an education that explores the full range of ideas…. We oppose a situation in which neoclassical economic theory is taught to the exclusion of other theories … it is alarming that a student could easily graduate from Notre Dame with a degree in Economics, having never questioned the basic assumptions of or been presented with plausible alternatives to neoclassical economics.2

Certainly today’s students are just as concerned with grades and graduation as any in the past, but there is a new determination, a new Organon if you will,
that is rife. I recently attended a lecture by Howard Kunstler, author of the chilling novel *The World Made by Hand*. After listening to Mr. Kunstler’s sobering prognosis, a student asked, “Why do you assume we won’t have the determined ability and education to solve these problems that your generation gave to us?” Perhaps a generation ago, this student might have been dismissed as an outlier, but fortunately for us and the planet he is not. He, along with the French and American petition writers, are in the vanguard of a reformation of economics education, a determined movement for a New Organon.

The four Notre Dame students, lead authors of the Notre Dame petition, write in Chapter 3 this volume: “we are a generation with bold ambitions – to end global poverty, to solve the food crisis, to overcome global warming – but are handed an economic framework with stark and limited possibilities.” The students, frustrated by the inability of traditional economics courses to discuss contemporary problems, formed their own study groups, meeting once a week.

Picture this: a dozen or so students huddled around a table half-a-dozen people too small, talking about economics. These gatherings were centered on articles, chosen by the group in advance, to dissect, discuss, and debate. We relished the chance to talk about interesting and relevant topics that could not be done in most of our economics classes. We could engage each problem in a dialogue with traditional economics and political economy. We could question assumptions, interrogate generalities, and ask about the morality of it all. Try doing that in a traditional economics class. We have – it isn’t pretty.

Alfred Marshall, in the preface to the eighth edition of his highly influential *Principles of Economics*, wrote that “economic conditions are constantly changing, and each generation looks at its own problems in its own way” (1946 [1920]: v). Today’s world is rife with highly visible and interconnected problems, just to name a few, a growing environmental crisis, intractable poverty, a financial crisis – not the first and certainly not the last – and a surge of political instability in the midst of a tectonic global power shift away from the United States and toward Asia.

How can economics education be restructured to solve these problems?

Shearman and Smith (2007), in a sobering analysis of our current environmental predicament, urge revamping university education to train an elite corps to solve global warming, our most pressing problem. Since they blame democracy, with its myopic short-term focus as the preponderant cause, democracy in any form cannot be a solution. However, Shearman and Smith ignore the obvious question: who will train the educators?

While political democracy might be at fault, it is a mistake (an Aristotelian syllogism, if you will) to assume monism is superior in any form to a democracy or, better yet, a pluralism of ideas. The virtue of pluralism is that we can discuss different approaches, within the democratic context of ideas, as legitimate in their own right, whereas monism implies that only ideas compatible with an
accepted world view are allowable, while all others are disparaged as without merit. But no single discipline holds the answers to the “problems of our generation”; on the contrary, the authors of this book believe that our problems are complex, requiring a pluralist perspective. Confronted by serious problems, isn’t it better to have a panoply of different policies to choose from rather than one, since “in ideas as in nature, variety is the evolutionary fuel. When pluralism and variety disappear, innovation and progress may slow to a halt.… Pluralism is necessary for innovation and scientific advance” (Hodgson 1999: 13, emphasis in original).

But what is pluralism? Unfortunately, it is similar to other multi-faceted concepts like democracy and equality, rich in meaning but lacking a universally accepted definition. Indeed, “pluralism means different things to different people” (Vromen 2007: 65). At the same time, a simple definition of pluralism, which efficiently captures its many nuances is: “pluralism recognizes the legitimate existence of alternative ideologies, frameworks and reference.”

What is often misunderstood about pluralism, Sheila Dow writes in Chapter 5 of this volume, is that, while, on the one hand, pluralism accepts the legitimacy of other approaches on their own terms, pluralism is perfectly consistent with arguing against these terms. In other words, it is important to distinguish the argument that one’s own approach is preferable to others in terms of one’s own criteria, knowing that no one approach can claim the truth – the essence of pluralism – and arguing against alternatives because they are assumed demonstrably and intrinsically wrong – the essence of monism.

Indeed the antithesis of pluralism is monism. Monist pedagogy, by excluding discussion of alternatives and delegitimizing their existence, is tantamount to proselytization, and unfortunately “students who are proselytized cannot respect alternative views and thus cannot work together to solve problems” (Reardon 1995: 91). While pluralism respects and encourages debate and healthy skepticism, monism does not. Pluralism is consistent with the ideal of a university education, and “is an intrinsic part of intellectual development” (Amartya Sen quoted in Garnett 2005: 23). Monism is not.

One reason for the definitional confusion of pluralism is its existence on many different levels: ontology – how we understand reality; epistemology – how we construct knowledge about reality; theoretical – how theories of reality are developed; and methodological – how we approach the study of reality. To this I add another level: pedagogical – how we teach knowledge constructed about reality. A common thread uniting these levels is whether one believes the system under study is closed or open. If the former, then all variables affecting the outcome of the system are known. Descriptive and universal laws can be deduced and applied. If the latter, all variables are not known and thus all outcomes cannot be known. The existence of such “radical uncertainty” (Vant 2005: 246) belies the idea that any one viewpoint is the correct one, suggesting the
possibility of more than one correct view. Closed systems encourage monism at every level while disparaging alternative views; open systems, however, encourage pluralism.

The purpose of this book is to provide educators, policy makers and students with helpful suggestions for implementing pluralism in pedagogy, by offering detailed suggestions and guidelines for incorporating pluralist approaches tailored to specific individual courses.

It is assumed that heterodox economics readily embraces pluralism while orthodoxy eschews it in favor of monism. But this is a misleading simplification, for heterodox economists “often promote their own ideas and methods as superior to others and do not embrace pluralism” (Holcombe 2008: 52). After all, “disciplines are like tribes, they have a specific culture and specific habits, norms and rules, and they do not easily accept outsiders” (Weehuizen 2007: 165).

At the same time, some argue that orthodoxy has become more pluralist, especially at the methodological level. Diane Coyle ebulliently writes that economics is no longer the monolith it once was: “scholars working on the frontiers of economics have firmly put behind them the inward-looking reductionism which did indeed sometimes characterize the discipline in the past (2007: 3–4). But unfortunately, as Coyle herself laments, “we economists [don’t] teach what we preach” (2007: 250). Bowles et al. also concur that at least pedagogically mainstream economics is far from pluralist: “unfortunately, the teaching of economics to undergraduates has lagged behind what is widely understood by leading economists. The conventional neoclassical model is taught, often as if it were the only approach in the field” (2005: xvii–xviii).

The purpose of this volume is not to debate whether orthodoxy or heterodoxy is more pluralistic; rather it is to offer suggestions for instructors to incorporate pluralist methods into pedagogy, no matter the ideology.

If pluralism accepts the equal legitimacy of every alternative, can pluralism degenerate into unworkable relativism? What is the limit, if any, for the range and depth of alternative views?

As a former physics major with a keen interest in history and philosophy, who is writing a novel (isn’t everyone?), I stand at one end of the spectrum: I view disciplinary boundaries as fluid and amorphous rather than indelibly delineated. I see merit in combining disciplines to form new perspectives. Yet, at the same time, I believe in the efficacy of building a solid foundation in economics to understand society. This touches on the age-old debate of general education versus specialization. From my perspective, however, I welcome the scintillating benefits of fruitful encounters and mixing of different disciplines.

A good example of such a spirit is the book by Arturo Hermann, Institutional Economics and Psychoanalysis: How Can They Collaborate for a Better Understanding of Individual–Society Dynamics? (2007). His long title betrays his objective

institutional theory would benefit from considering psychoanalytic concepts in order to help shed a deeper light on the psychological and more
individual-based side of institutional dynamics; relatedly on the other hand, psychoanalytic theory would benefit in its application to social issues from considering institutional concepts, in order to help clarify the institutional and more collective-based side of psychological dynamics.

(2007: 9)

This is because “the issues of social science [are] so complex and intertwined that co-operation between many disciplines becomes paramount for understanding their dynamics” (Hermann 2007: 9).

To expect educators to be cognizant of every alternative so that every student can master each is a recipe for madness. Instead, pluralism should instill humility and a respectful curiosity about alternative views. Traditional economics has done an enormous disservice to education by pretending that economics is a done deal, with no outstanding areas of disagreement. Let’s not be afraid of controversy, debate and disagreement; rather, let’s welcome it as a way of moving economics forward.

Once we are convinced of the need for pluralism, the question arises how to teach specific courses within economics from a pluralist perspective. This book provides a blueprint for those interested in teaching from a pluralist perspective, regardless of ideology. A Handbook for Pluralist Economics Education offers practical approaches, syllabuses and exercises to stimulate critical thinking about “our world as it is found to be.” Specifically, the objectives of this book are: (1) to provide practical suggestions for professors willing to implement pluralism in the classroom; (2) to increase the pedagogical influence of pluralist economics while reducing the hegemony of monism at any level; (3) to increase critical thinking in economics; and (4) to increase student interest in economics.

The primary target for A Handbook for Pluralist Economics includes economics professors, professional economists, labor studies teachers, teachers of political economy, university and administration officials concerned with reforming economics education, and social science instructors interested in a multi-disciplinary approach.

The target also includes graduate students. I had the privilege of attending graduate school at the then pluralistic and iconoclastic University of Notre Dame. There I was exposed to different ideologies: Marxism, post-Keynesian economics, feminism, institutionalism, etc. There I read Marx, Keynes, Smith, Marshall, Veblen, and many others. But when I was asked to teach principles of economics for the first time, I, like most graduate students, was on my own. With a high opportunity cost to research available texts and pedagogical techniques, faced with pressure to finish the dissertation, I taught the course as it was taught to me – from a neoclassical monist approach. Graduate students and economics majors face a limited information bias, whose contours are delineated by mainstream ideology. Furthermore, given the high fixed costs of preparing a first course and of landing a tenure-track position, graduate students will likely continue the same pedagogy well into their careers.
This book is also intended for economics majors. I am convinced that students take economics not because they want to master the deductive method and reductionist way of thinking, but because they are curious about their rapidly changing world. Hopefully, this book will enable students to exert pressure from below for the urgently needed reform of economics education.

I initially asked all the contributors to this volume to structure their chapters identically. But in a book on pluralism what was I thinking of? Several authors objected (rightly so) that this is not pluralism. Their legitimate criticism underscored a conundrum that I wrestled with throughout this volume: Can a book offering insights into pluralist pedagogy offer a uniform formulaic recipe? If it can, it is nothing more than monism in disguise. Can a pluralistic approach ever be teleological? If a successful pluralist approach is implemented today, will pluralist teachers of the next generation be better? These are difficult questions without easy answers, which hopefully this book will elucidate.

Each author was selected for his/her enthusiastic contributions to pluralism and economics education. Admittedly, there is a self-selection bias here, but from my perspective the argument for pluralism has been successfully made (Fullbrook 2004; Groenewegen 2007). The purpose of this volume is to move ahead and offer advice for those interested in pluralist pedagogy.

Rather than use the labels “orthodoxy” and “heterodoxy,” the former suggesting a smug correctness and the latter a quixotic usurper suffering from perpetual inferiority, this volume will use the terms “traditional” and “political economy” respectively. Julie Nelson in Chapter 6 of this volume suggests that the term “traditional” is bereft of any assumption of correctness. She writes, “calling models traditional, basic, or simple further suggests that, while learning them may be necessary (for whatever reason), [we] will also venture beyond into more up-to-date and/or sophisticated explanations.”

Bowles et al. make a cogent argument for resuscitating the label political economy:

we prefer to use [this] older term to describe our approach 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.

(2005: 51)

Outline of the book

The book contains five parts: The need for pluralism in economics education; Reclaiming the principles course; Core theory courses; Advanced courses/electives; and Conclusion.
I Part I: The need for pluralism in economics education

Edward Fullbrook opens Chapter 2 with a scathing indictment of the economics profession’s failure to predict, understand, and take ownership of the current financial crisis: “Never has a profession betrayed the trust of society so acutely [and] never has one been in such desperate need of fundamental reform.” Fullbrook argues that our textbooks and courses instill fundamental misconceptions about how economies work and thus it is incumbent to reform economics education in order to prevent it from facilitating human disasters in the future.

Fullbrook analyzes the bestselling principles textbook by Mankiw, who, as chair of President’s Bush’s Council of Economic Advisors, was directly involved in the engineering of the current disaster, for clues as to how the economics profession and the public which it educates “becomes so ignorant, misinformed and unobservant of how economies work in the real world.” He finds the text guilty of Neoplatonism (holding as self-evident basic truths from which all else is deduced), excessive bullying techniques and emotive appeal, all designed to proselytize rather than to educate, and all anathema to the scientific method. Fullbrook ends his chapter with suggestions to think like a post-crash economist. The important issues he raises in his chapter are further addressed in Part II: Reclaiming the principles course.

After reading the petition from the University of Notre Dame students, I immediately invited the authors to submit a chapter to this volume. I was moved by their visceral and passionate plea for reform of economics education in order to better understand our rapidly changing world. Their argument for pluralism – not to replace one hegemony with another but “to enable a richer and deeper understanding of traditional economics” – constitutes true pluralism. “Learning economics as students normally do,” the authors write in Chapter 3, “that is, in a purely instrumental way, is bereft of a rich understanding of the historical evolution of the concepts and their implications.”

Bernard Guerrien, lead author of the French petition, and Sophie Jallais argue in Chapter 4 that in order for the seeds of pluralism to germinate, it is necessary to clear away the canonical debris of monist thought, which is unfortunately taught as inevitably true, something to be worshiped rather than critically analyzed. This is an important but often overlooked step in implementing pluralism: it is necessary to clear the deadwood to enable the forest to grow. Guerrien and Jallais demonstrate how, with the heretofore cherished concepts of trade, perfect and imperfect competition, and rationality.

I am pleased that the authors of these two important petitions contributed chapters to this volume. I hope that the two chapters together will connect to students and professors across the globe. At the same time I am dismayed, perplexed, but yet not surprised by the obdurate refusal of traditional economics to reexamine itself and engage in honest self-criticism in order to genuinely reform economics education. This reinforces my belief that the preponderant objective of traditional economics is to proselytize rather than educate.
There is no better indication of this than the willingness of traditional economics to jettison history of thought courses and even to disparage their utility despite their “harbour[ing] an enormous richness in ideas” (Vromen 2007: 80). A central theme of this book and a central precept of pluralism is the importance of history of thought. In Chapter 5 Sheila Dow rounds out Part I with detailed suggestions on how to include history of thought in any course. It is essential to dislodge the canonical and allow the seeds of pluralism to flourish. She writes, “since many students are exposed to the monist approach of traditional economics, the initial hurdle is for them to recognize that other approaches are also economics.” History of thought will accomplish this objective and will open the field to a “much wider and richer discourse.” Indeed, history of thought “is indispensable in demystifying the notion that things as they are now in economic theory were pre-ordained to become like this” (Vromen 2007: 80).

II Part II: Reclaiming the principles course

The second part of this volume contains two chapters on rescuing the principles course from the ossified tentacles of monism and teaching the course from a pluralist perspective.

For majors, the principles course is the first introduction to economics. As Julie Nelson writes in Chapter 6, “what is taught in principles courses strongly influences student self-selection into (or out of) continued work in economics, and is the first step in the socialization of the next generation of economists.” Unique among economics courses, however, the principles course attracts students from a wide variety of intellectual backgrounds and career interests.

The principles instructor plays a key role in shaping the economics discipline over the long run. Nelson poignantly asks:

who will you inspire to advance in economics – the student concerned about real world economic issues and committed to trying to make the world a better place, or the student primarily attracted by the elegance of models with a special affinity to equation solving and curve shifting? The answer to this question rests in your hands.

Since the definition of economics sets the tone for the whole course, why uncritically accept the scarcity means–ends definition, which unfortunately certified traditional economics as “the science of economizing, maximizing and efficiency devoted to serving business interests while severing ties with other social sciences” (Dowd 2004: 83). This definitional focus turned neoclassical economics inward, precluding it from asking broader and more germane questions, and starkly delineated it from the more humane pursuits of classical economics. One contemporary principles text, for example, begins, “part of teaching economics is teaching economic reasoning. Our discipline is built around deductive logic. Once we teach students a pattern of logic, we want and expect them to apply it to new circumstances” (Case and Fair 2005: xxxi). While deductive
logic is an important tool, it is only one among many that students should master, and deductive logic should not be the cornerstone of economic pedagogy. In 22 years of teaching the subject I have yet to meet a student lured into economics by the potential of mastering the deductive method.

Nelson suggests beginning the course with a broader, multi-faceted definition of economics, concomitant with political economy’s goal of making the world a better place: “economics is a concern for economic provisioning, or how societies organize themselves to sustain life and enhance its quality.” Using this definition will allow discussion directly relevant to today’s economic problems such as the survival and quality of life, wealth and income distribution, consumerism, globalization, and environmental problems.

Alfred Marshall wrote in the preface to his eighth edition:

the main concern of economics is thus with human beings who are impelled, for good and evil, to change and progress. [Thus] the central idea of economics, even when its foundations alone are under discussion, must be that of living force and movement.

(1946 [1920]: xv)

By strictly focusing on equilibrium in the principles course, traditional economics ignores the passage of time. This, according to David Wheat in Chapter 7, misleads students into thinking that time doesn’t matter, nor does the path taken to equilibrium: “students may learn pseudo-dynamic interpretative skills from their textbooks or instructors, but such knowledge can be a dangerous thing if it promotes misunderstanding of economic dynamics and naive expectations about the pace and path of ‘long-run’ outcomes.”

The ignorance of time belies the complexity of the actual economy and the numerous opportunities it affords for action and reaction. The “feedback approach” allows Professor Wheat to demonstrate how endogenous dynamic behavior arises from ordinary events: “the goal is to enable students to see – literally, to observe in a productive manner – both the structure and behavior of dynamic economic systems, thereby improving students’ mental models of how particular economies actually work.

III Part III: Core theory courses

This unit contains a chapter for each core course in economics: intermediate macro, intermediate micro and mathematics.

According to Irene van Staveren in Chapter 8 traditional economics suffers from three shortcomings: (1) the assumption that the macroeconomy is simply an aggregation of micro phenomena; (2), the gradual increase in topical complexity, which unfortunately sacrifices realistic feedback effects and the interrelatedness between economic agents; and (3) inclusion of a predictable set of core topics – inflation, growth, business cycles, unemployment, money, interest and trade, etc., while omitting important topics on externalities, disequilibria, risk,
instability, the unpaid economy, globalization, and the environment. Staveren suggests restructuring the syllabus to emphasize these critical, omitted and interrelated topics.

Rather than study actual firms, students in traditional microeconomics study hypothetical equilibrium profit and output conditions under different industry structures. Although changes from the existing equilibrium are acknowledged and comparisons between equilibria are made, “it is this equilibrium price that we are interested in, not in how the market gets to this equilibrium or how it might change over long periods of time” (Varian 2005: 3, emphasis in original).

The equilibrium emphasis dates from nineteenth-century physics envy where the search for the conditions of equilibrium of this and that arose in an era much enamored by science, most especially of Newtonian physics. The method – and much of the focus – of economics developed as though it were studying the very slowly and predictably changing forces of nature instead of the rapid, chaotic and uncertain processes of society.

But what firm is interested in equilibrium? Or even in attaining it? Rather firms want to break out of the limits set by price competition [by searching for] either monopoly power or breakthroughs, i.e., a new product, new way of recruiting labor, a new technology, or anything innovative that gives one firm an advantage over its rivals.

Competition is dynamic and not teleological. Thus, viewing the economy as nothing more than a series of equilibria is highly misleading.

Steve Keen’s two interrelated chapters, 9 and 10, on microeconomics and mathematics cogently argue that traditional economics uses the wrong math – calculus – to study the wrong problem – optimization under conditions of equilibrium. Keen first critiques then demolishes the traditional theory of the firm, which is built on spurious logic. Once this canonical underbrush has been cleared, Keen offers suggestions for teaching a more dynamic, realistic and evolutionary theory of the firm. In Chapter 10, he offers suggestions for teaching the necessary math – differential equations – to understand the evolution of the firm in today’s economy.

Analysis of static equilibrium requires differential calculus, which economic students typically learn, but analysis of the evolution of business and the process of competition requires differential equations and difference equations, which are seldom taught in the economics curriculum. Although understanding calculus is integral to a university education for its illustration of the intellectual capability of the human mind (Berlinski 1995) and for its widespread applicability (launching space satellites, predicting the movement of planets, etc.), calculus has been misappropriated to the study of the behavior of the firm.
**IV Part IV: Advanced courses electives**

This unit considers upper division courses taken either as a requirement for a specific field or as an elective. While space does not allow discussion of all possible course offerings, the discussed courses represent a broad and diverse sampling: labor economics, environmental economics, international economics, money and banking, and green economics.

Champlin and Wiens-Tuers in Chapter 11 on labor economics reminds us that until the first half of the twentieth century, labor economics was pluralist, with institutionalists and Marxists actively contributing. Unfortunately, Champlin and Wiens-Tuers note, contemporary labor economics “is not just a course that uses microeconomics; it is microeconomics.” Indeed traditional labor economics utilizes neoclassical blocks: utility maximization, supply and demand, isoquants, marginal productivity, equilibrium, and perfect competition. Students exposed only to traditional economics enroll in upper division courses with biased baggage. As one example, since perfect competition is extolled as ideal, any institutional intervention such as the minimum wage or labor unions can only distort otherwise beneficent results.

To reintroduce pluralism, Champlin and Wiens-Tuers suggest structuring the course around key issues of wages, discrimination, labor market structure, and the concept of labor itself, while discussing each from multiple perspectives. This will expose the underlying importance of power in market systems, too often ignored by the focus on equilibrium. Since traditional economics assumes market exchanges are voluntary, “coercive relationships are not in the picture because if everything that matters in an exchange has already been settled by contract, there is nothing for the exercise of power to be about” (Bowles *et al.* 2005: 58).

In the twilight of the carbon era, Peter Söderbaum, in Chapter 12 on environmental economics, notes the contemporary “power game between different actors about how to understand sustainability – business as usual or radical lifestyle changes?” Moving beyond traditional concepts of rational man and profit-maximization firms, Söderbaum discusses the political economic person and the political economic organization – multi-faceted individuals and businesses respectively – while introducing the decision-making tool of position analysis which facilitates dialogue and an interactive learning process, emphasizing active and continuous decision making by all interested parties. This is preferable to cost-benefit analysis, espoused by traditional economics, which relies heavily on the testimony of experts, along with the dubious assumption that all impacts can be monetarized. Söderbaum argues that the nature of pluralism itself is thought-provoking and piques student interest, especially the role of science versus ideology and how environmental decisions should be made.

While it is true that today “commerce and innovation – not plunder and expropriation – have proven to be the greatest engines of wealth creation” (Chua 2007: 326), power underlies the foundation and construction of institutions supporting trade and finance. Power determines how economic development is construed and who benefits from economic growth. Power determines whose
interests are recognized and thus who benefits from existing institutions. Thus the crucial question “is not primarily about coercion versus freedom, but about which coercive acts and which interests we defend, so that these interests may thrive” (Vant 2005: 82).

Maria Madi and José Gonçalves in Chapter 13 argue that the historical development of institutions is far more important in understanding international trade than static theories such as comparative advantage and the Hecksher–Ohlin–Samuelson Theorem. Pedagogically, the authors recommend connecting today’s events with the history of ideas and the historical evolution of current trade regimes, along with a rich, multi-media exposition to “prevent students from taking refuge in theory and abstraction.” A pluralist perspective is more amenable to asking and understanding important questions ignored by traditional economics such as whether trade confers equal benefits, how power affects the terms of trade, how economies develop with uneven resources, etc.

Traditional economics prescribes a one-size-fits-all model for trade, emphasizing the private sector while minimizing the public sector. This of course ignores the “historical fact that the rich countries did not develop on the basis of the policies and institutions that they now recommend to, and often force upon, the developing countries” (Chang 2004: 280).

Development is key, and key to development is the financial sector. History teaches that who controls global finance also controls trade and development. Central to all economies and hence economic pedagogy is the role of money and finance. The political economy perspective of money, credit, and finance is realistic, institutional, historical, and methodologically systemic. Such a perspective is critical to understanding the essence of capitalism and its recurrent financial crises. Phillip O’Hara writes in Chapter 14:

history matters in political economy; therefore a dynamic view of credit and finance is central to its core theory and policy. Successive institutional changes are embedded into the theory, so knowledge becomes relevant to changes in the real economy. The analysis is historical as different phases of evolution are delineated through time as hysteresis and path dependence impact the economy.

A generation ago green economics was disparaged but, as Thomas Friedman (2007) recently wrote,

the good news is that after traveling around America this past year, looking at how we use energy and the emerging alternatives, I can report that green really has gone Main Street – thanks to the perfect storm created by 9/11, Hurricane Katrina and the Internet revolution.

Green economics by its very nature is interdisciplinary, juxtaposing two oxymoronic terms, “green” and “economics,” which like two particles with the same charge could not be placed together just a generation ago. Ironically, the pendu-