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post-autistic economics review formerly newsletter

Issue no. 11; 30 January 2002
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The Perils of Pluralistic Teaching and How to Reduce Them

Peter E. Earl (University of Queensland, Australia)

Many academics involved in the Post-Autistic Economics movement probably presume that barriers to delivering the kind of pluralistic teaching and doctoral training advocated by the French students and Cambridge postgraduates reduce to politics and infrastructure. They presume it is a matter of having the numbers to get pluralistic policies through faculty committees and of having the necessary teaching resources; resistance from students is not seen as an issue. Certainly, the student petitioning that started off the movement gives the impression that pluralistic teaching modes will be widely welcomed by students that enrol for courses in economics, because such an approach to teaching has greater scientific integrity than the present approach by which the neoclassical hegemony sweeps alternative perspectives aside regardless of empirical evidence.

Such would once have been my own perspective. I had the privilege of receiving my undergraduate training at Cambridge at a time (1974–1977) when pluralistic teaching was the order of the day. I received contrasting perspectives on value and distribution from Frank Hahn, John Eatwell and Bob Rowthorn. When Ajit Singh, my director of studies, noticed that none of these approaches satisfied me in terms of how they dealt with problems of information and knowledge, he put me on the trail of behavioural economics despite it not being his habitual mode of thinking. My first lectureship was in a department (the University of Stirling, 1979-1984) which both offered subjects that were team-taught by staff with different perspectives and embraced the case study method of teaching management economics and marketing, with all that this entailed in opening the eyes of students to the indeterminacy of economic problem solving in real-world settings. Students at these institutions did not see pluralism as peculiar.

On moving to the University of Tasmania in 1984, I started having to do battle with non-UK-trained neoclassical economists who found it inconvenient to have me delivering Post Keynesian monetary/macro economics between their first- and third-year macroeconomics units. Eventually I was pushed out of economics and into teaching marketing and organizational behaviour, though not after having had an enjoyable time teaching a first year unit in Australian Political Economy that had a history of being taught in a pluralistic manner by UK-trained staff. It covered

classics by Galbraith, Friedman, Baran and Sweezy, Hirsch, G.B. Richardson, and so on, but it was taken mostly by Arts students, with Commerce and Economics students sticking to orthodox micro and macro papers.

The chance to teach a large pluralistic microeconomics class came when I took up the Chair in Economics at Lincoln University in New Zealand in 1991. I relished this as an opportunity to show non-pluralistic colleagues that it was possible to cover mainstream and behavioural/institutional approaches to business economics simultaneously without diluting their content. However, nothing had prepared me for the resistance I encountered from the students, who had no expectation of being taught in a pluralistic manner. They were used to multiple choice exercises and short answer types of problems and lacked experience in essay writing and open-ended problem solving. To them, economics was a matter of moving lines on graphs and the invitation 'discuss' meant 'describe', as indeed it did to most of my colleagues, as I discovered each time I acted as examinations moderator. The traditional UK-style tutorials in which students discussed economic puzzles were unfamiliar to the New Zealanders and their full-fee-paying Asian counterparts and many in the class (whether native English speakers or not) were unable to read at the level I expected (that of *The Times*, not *The Sun*). A thinking student's approach to economics, in which students were expected to battle to get to grips with unresolved debates in the discipline, was a shock to the majority of the class. Most were not economics majors and were simultaneously being spoon-fed marketing and management with overly simplistic texts whose bullet points they could learn and parrot back to their examiners. They had no intrinsic interest in economics as a subject for making sense of the world; it was taken merely as a hurdle en route to a degree that would provide better job opportunities.

At the time, I suspected that the problem was that I was working in a third-rate institution, many of whose students really should not have been at university at all. Even so, I taught the subject nine times and turned the teaching resources into a textbook (Earl, 1995), before I lost the political battle and saw it replaced by 'intermediate Varian'. However, having recently escaped to a university with much stricter entry requirements, I have experienced several months of a far more brutal resistance to pluralism than anything I encountered in New Zealand. Students who were used to knowing in advance whether or not they were handing in a high quality assignment got very aggressive when faced with a lecturer who expected them to read two or three original articles each week and do assignments for which they had no way of knowing whether they had understood the question in the 'right' way or used the 'right' piece of theory to wrestle with it. The upshot was a petition and a steady stream of e-mail complaints about virtually every aspect of the course, which grew into an organized campaign and gave me many sleepless nights, despite the support of a pluralistic head of department (John Foster) who had hired me knowing full well how I was going to teach. (I should add that the final set of grades was thoroughly satisfying; for the first time in ten years, I did not have to dumb my standards down, as most of the class had eventually got to grips with pluralism and open-ended problems – just as I had promised them that they would.)

If this is what happens with a class of able students in an age when most of the class typically consists of business/management students, nor economics majors, then those who try to teach in a pluralistic manner risk doing terrible things to their teaching evaluation scores and to their departmental enrolments. Economics done this way looks far harder and more threatening than a typical one-eyed mainstream offering, *even if it contains less maths*.

Much of this will not seem surprising to those who have read Pirsig's (1974) *Zen and the Art of Motorcycle Maintenance*, but there are some things that would-be pluralists can do to make their task a bit less harrowing that my first semester at the University of Queensland proved to be. With my new and, on average, far more able body of students, I made one serious mistake right at the start of the subject, exactly as I did when first

teaching in New Zealand: I presumed that students were used to the notion that a university is a place where ideas are debated openly and difficult issues are not dodged, rather than a place at which one receives the present state of knowledge in neatly packaged form without any diversions into the history of the discipline or the personalities and politics that shaped it. Students who are under the latter delusion will naturally be horrified if a lecturer challenges the wisdom of a textbook. When I did so with my 1991 class, they ran crying (well, almost) to the director of the education unit — and as a consequence I was introduced to an essential source for any would-be pluralistic teacher, namely the work of William Perry (1970) on student learning. Subsequent cohorts of my students in New Zealand reacted differently, and this seems in large part to have been due to me teaching them at the start of the subject about Perry's work, and including a discussion of it in the textbook I developed around the course. This was not presented to the Queensland students, who also, due to some accidents of history, were not using my text on that occasion.

Perry was an educational counsellor and he concluded that the presence of different ways of thinking within a classroom is the major barrier to satisfactory teacher/pupil interaction. (I have explored his work in relation to economics at some length elsewhere: see Earl, 2000.) According to Perry, less intellectually mature students operate in a dualistic mode, seeing things in a very black-and-white manner. There is real science versus quackery. Teachers dispense the truth; students are vessels into which it is to be poured and marks are awarded for showing that one can replicate the material. Dualistic thinkers have a hard time seeing what value student arguments could have in a class discussion, so they keep quiet and wait for wisdom from the teacher.

Perry identified a progression from dualism towards a kind of 'committed relativism' in which one has got used to the idea that knowledge is debatable and provisional, but becomes attached to particular theoretical frameworks after thinking long and hard about their efficacy relative to rivals in particular contexts. En route, there is a growing awareness that debates exist within a discipline. This is initially seen as reflecting 'good' versus 'bad' authorities but is then reframed in terms of 'it's not really an issue about whether the scientists are good or bad; they've just not yet got the data in that will enable them to resolve things'. When students then notice the persistence of debates despite ongoing data gathering, this initially raises questions about whether lecturers can even mark their work: what makes any idea an idea of quality is unclear. But gradually students come to see that it isn't a matter of scientists simply asserting their position is right but of arguing a case, which is what they realize everyone does in other parts of their lives. It is only by this stage that the student will be really comfortable with pluralistic teaching in which they are given contending perspectives and opportunities to test their fit in a variety of contexts and are then left to make up their minds with mentoring assistances from their teachers.

The transition from one level of intellectual development to another looks, in Perry's terms, likely to be quite painful, but if one explains to students what is going on, they seem to be far more receptive, particularly when they can see that in other parts of their lives they do tolerate, even enjoy, debate and ambiguity and can argue cases. The Post-Autistic economist's task would be much easier if introductory economics at university level broached the dualism/relativism issue by focusing on contending perspectives in a manner different from high-school economics. Unfortunately, the dominance of mainstream economics at the first year locks student expectations into continued faith in dualistic modes of learning about economics, making pluralistic teaching at intermediate and advance levels much more of a struggle.

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SUGGESTED CITATION:

Peter E. Earl (2002) "The Perils of Pluralistic Teaching and How to Reduce Them", *post-autistic economics review*: issue no. 11, January, article 1. http://www.btinternet.com/~pae_news/review/issue11.htm

The Tight Links Between Post-Keynesian and Feminist Economics

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My aim here is to show that there are tight methodological links between post-Keynesian economics, as I understand it, and feminist economics, as presented by Julie Nelson (1995) (who also argued why PAE needs feminism, in the October 2001 issue of the *PAE Newsletter*). I should point out that others, specifically Lee Levin, have also found substantial points of convergence between feminist economics and post-Keynesian economics.

In her paper, Nelson considers models, methods, topics, and pedagogy. The first three issues only will be dealt with here, but as the French students have shown in the autistic economics debate, pedagogy is also crucial.

Within the issue of models, Nelson questions the use and definition of rationality, as well as the role of methodological individualism; in methods, she discusses the realism of hypotheses; in topics, she challenges the neoclassical obsession with exchange economics. I shall show that these elements that Nelson highlights as key methodological features of feminist economics can also be found in the characterization of post-Keynesian economics.

In my book on post-Keynesian economics (Lavoie 1992a), and in a previously written article (1992b), I have argued that there are four essentials, or presuppositions, which distinguish post-Keynesian economics, along with several other heterodox schools such as the Institutionalists and most Marxists, from mainstream neoclassical economics. These four essentials can be set up as four antagonizing doublets, the first term of each doublet applying to neoclassical economics, while the second term applies to post-Keynesian economics and its heterodox brethren. These are: substantive or hyper rationality versus procedural or reasonable rationality; methodological individualism versus some form of organicism or holism; an instrumentalist/idealist ontology versus realism; exchange versus production.

In neoclassical economics, the assumed capacities of the individual are daunting: it is always possible for agents to optimize, and to behave as if the future could be predicted, with some probabilistic certainty. In post-Keynesian economics and other heterodox schools, agents have bounded capacities to acquire and treat information; in addition, their environment can be highly uncertain, as decisions to be taken themselves may change the future economic environment. Procedural rationality, or reasonable rationality, goes beyond maximization subject to constrained computational abilities. The solution sought can only be a satisfying one, for in general, no one knows what the optimal solution is, nor whether there ever existed such an optimal solution. Within this world, one is compelled to function on the basis of procedural rationality, often relying on rules, habits, and the judgment of others, who we assume to be better informed.

The use of rules, customs, and conventions brings in organicism, holism, and intersubjectivity. In post-Keynesian economics, individual behaviour is interdependent. Individuals are influenced

by their social environment, social classes, or gender. There is organic interdependence. For this reason, social classes and their institutions play a crucial role in the analysis. By contrast, the mainstream neoclassical agent is generally seen as an atomistic being, devoid of any class link or social attachment.

The third essential of post-Keynesian economics, related to epistemology, is realism. Realism is rather vague as it can be defined in many different ways, specially with the advent of critical and transcendental realism, but I shall define it as a school driving at putting forth realist hypotheses, based on stylized facts, and determined to offer explanations and tell a story. In neoclassical economics, a form of idealistic instrumentalism reigns. High-brow theory – general equilibrium theory – defines the hypotheses which are required to describe the world as they wish it would be; vulgar theory starts from these unrealistic premises to build partial equilibrium models and to test their models.

Finally there is the issue of the definition of economics. Mainstream economics is the science of scarcity, the study of the optimal allocation of scarce means. All models are variants or extensions of the exchange economy. Producers are arbitrageurs acting in a form of indirect exchange. By contrast, post-Keynesian economics is concerned, as the classical authors were, with production and distribution. The major issue is not how to allocate resources but rather how to get rid of unemployed resources and how to increase production and living standards.

These four essentials of post-Keynesian economics can be found in Nelson's depiction of feminist economics. She criticizes the mainstream "rational, autonomous, self-interested agent, successfully making optimizing choices subject to exogenously imposed constraints" (1995: 135). In place of this atomistic agent with hyper rationality, Nelson wishes an agent "socialized into family and community groups", a "dependent, emotional, connected" human being, in other words the organic economic actor that I described above.

For example, Nelson (1995: 136) points to models, such as wage efficiency models à la Akerlof, that emphasize the notions of fairness and equity. We know that these kinds of models have also long been advocated by Marxist economists; and post-Keynesian economists have also tied fairness to economic behaviour, for instance Adrian Wood in his theory of pay (1978). Nelson also points towards Keynes's notion of animal spirits and conventions, which are recurrent themes along with fundamental uncertainty and liquidity preference in post-Keynesian economics. Decisions in an environment of fundamental uncertainty, as pointed out above, cannot be guided by mainstream hyper rationality; it requires procedural rationality.

In some ways, Nelson (1995: 139) favours realism, as the post-Keynesians do. She denounces the neoclassical emphasis on "logic, without sufficient attention to grasping the big picture", which leads to "empty, out-of-touch exercises in pointless deduction ... for the sake of precision" – the idealism of a segment of neoclassical economics. Nelson recommends the use of metaphors and story-telling. As post-Keynesian Paul Davidson, has written on a number of occasions, it is better to be vaguely right than precisely wrong.

The fourth essential doublet, that of exchange versus production, is directly tackled by Nelson (1995: 142-143). She points out that classical economists used to be concerned with production and the distribution of all the necessaries and conveniences of life. This is contrasted to the neoclassical definition of our field, "the processes by which things-- goods, services, financial assets -- are exchanged. For her, the definition of economics should be based on "provisioning" rather than "marketization" or the use of a narrow model of individual choice.

There are other passages in Nelson's account of feminist economics which are reminiscent of ideas which have been long advocated by some post-Keynesian economists. For instance, when Nelson (1995: 137) says that "the feminist analysis suggests that there should not be just one economic model, but rather many economic models, depending on the usefulness of various modelling techniques in the various applications", one is struck with the similarity of such a statement with the Babylonian approach, the main proponent of which has been post-Keynesian Sheila Dow (1990). Her Babylonian approach sees research as examining an issue from "a variety of starting points" (1990: 146), by using a range of different methods and techniques (as also argued by Nelson (1995: 140)), and by using a pluralism of models.

Finally, Nelson (1995: 141) points out the objectivity of the researcher, which is the hallmark of positive economics as conceived by mainstream colleagues, is an illusion. This was also pointed out by post-Keynesian Joan Robinson, who argued that, since ideology and economics were intimately tied up, economics was little different from a branch of theology. Robinson loathed those who claimed objectivity in the social sciences, saying that they either deceived themselves or tried to deceive others. For Robinson (1964: 27), "the objectivity of science arises, not because the individual is impartial, but because individuals are continually testing each other's theories".

The post-autistic movement, that got started by the French students asking for more pluralism in the classroom, ironically contributes to more objectivity in economics.

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SUGGESTED CITATION:

Marc Lavoie (2002) "The Tight Links Between Post-Keynesian and Feminist Economics", *post-autistic economics review*: issue no. 11, January, article 2. http://www.btinternet.com/~pae_news/review/issue11.htm

Is the Concept of Economic Growth Autistic?

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Since Malthus, economists have been debating the "limits to growth" in an attempt to identify those factors that might lead to an inexorable slow-down in growth, or even to a "steady state". At the beginning of the 1970s, the studies carried out by the "Club of Rome" brought the terms of the debate up to date again, drawing on analyses of the increasing scarcity of natural resources. We will not engage with this debate, which is undoubtedly worthy of interest, for two reasons. Firstly, history can be said to have decided the matter, at least up to now: capitalism has repeatedly pushed back the limits in question and given the lie to prophecies inspired by the Malthusian approach. Secondly, and more importantly, it seems to us that the main question raised by the virtually unanimous assertion that growth needs to be as strong as possible concerns not the rate of growth but rather the concept itself and the tools used to measure increasing wealth. The issues addressed in debates on the limits to growth seldom include the limits of the concept itself.

The invention of growth

The concept of economic growth, in the sense attributed to it today [1], is a relatively recent

invention, a by-product, as it were, of industrialisation. It came into its own with Fordism, the three decades or so of growth and prosperity following the Second World War and the national accounting systems of the 20th century, which were themselves developed in a particular economic context, one that saw the expansion of heavy industry and the mass consumption of standardised goods. What is economic growth? It is the rate of increase, from one period to another, in the flows of goods produced and/or consumed within a given institutional space, which may be a firm, an industry, a national or regional territory, etc. However, if this statistical operation is to be carried out successfully from period to period, there has to be agreement on the nature of the goods whose "volumes" are being measured, and these goods should not be continually changing in nature or in quality. The ideal situation is one in which, firstly, the transformations carried out during the production process affect mainly the quantities of the goods produced rather than the nature and qualities of those goods. In this way, product standards remain unchanged from period to period. Secondly, there should be stable conventions governing the types of products to be included in the accounts.

Broadly speaking, these conditions were met during the "Fordist" period, which saw the expansion of the mass production and consumption of highly standardised goods and services that benefited from economies of scale, the mechanisation of agriculture, the heavy and inflexible automation of manufacturing industry (before the advent of the computer), the establishment of large retail outlets and other "retail factories", the increased take-up of banking services by households and their increasing connection to water, gas and electricity suppliers and to telephone networks, or even the development of "Fordist" tourism in the 1960s, the ideal type of which is of course the Spanish model. While it is true that the quality of these goods and services improved over time, it was the increase in their volume that was the major component of this mode of development, whose progress could be followed as the annual product flows and year-on-year increases were entered into the national accounts, providing a picture of economic growth. As far as households were concerned, the corresponding indicator of progress was the "standard of living", which was measured in the same way, on the basis of the annual flows consumed. Thus the criterion used to assess economic "well-being" was the level of consumption: the more goods and services were consumed, the higher economic well-being was judged to be. At the heart of this economy based on growth in the flows of standardised goods and services lay gains in labour productivity.

Contemporary economies, growth and productivity

Can the analysis of contemporary economies rely exclusively on the use of similar tools (growth, productivity, standard of living) to measure and evaluate their own progress? There must be considerable doubt about this.

As far as manufacturing industry is concerned, demassification (a term coined by Alvin Toffler as early as 1970 [2]), increasing variety, product innovations that reduce product life cycles and, in some cases, the introduction of individualised or "customised" products, together with the sale of integrated packages (products/services/after sales), have all served to weaken measurement conventions based on quality standards that were comparable over time.

The difficulties and uncertainties of these measurements are further compounded in the service sector. While some service industries are still at the "industrial" stage of providing standardised services, many others do not readily lend themselves to the application of the traditional industrial concepts. What do terms such as "growth" and "productivity gains" mean when applied to services such as consultancy, education, health, social welfare, research or insurance? Where are the standard product units that would make it possible to compare the quantities produced over time? If the production and diffusion of knowledge is playing an increasingly important role in the developed economies, what

are these units of knowledge whose increased volume is being followed?

One of the greatest ambiguities in the desperate and generally fruitless search for new "conventions" that would make such activities amenable to the application of the industrial concepts of growth and productivity can be illustrated by considering the case of health services. In such activities, is the product whose growth we are seeking to measure, and whose definition subsequently determines the measurement of productivity gains and standard of living, synonymous with the flows of actions, of medical and surgical treatments and of patients treated? Or should we look beyond these flows and recognise that what counts (the real "product") is the improvement in the health of the individuals and population concerned? If the flows approach is adopted, successful preventive policies, for example, will lead to reductions in the measurement of growth and standards of living! However, if priority is given in evaluations to improvements of state, those same preventive policies could be judged to be positive contributions to the individual and collective quality of life. This would constitute a shift away from (economic) growth towards (social and human) development. We would not, for all that, be abandoning the use of statistical indicators of that development (the name of Amartya Sen, a Nobel prize-winner in economics, is associated with important advances in this area linked to studies carried out under the auspices of the United Nations Development Programme), and there would still be a need for proper economic analyses of the effectiveness of the actions and services through which these improvements in state are to be achieved. What is different is the favoured indicator of progress (the others are not entirely dispensed with, however) and the conventions on which evaluation is based.

This example of the health care sector and its output indicators is in no sense specific. Similar dilemmas can be found in most activities based on the production and exchange of knowledge (education, research, consultancy of all kinds), in "relational" neighbourhood services (help for the elderly, childcare, etc.), social work, insurance, etc., that is in the vast majority of activities that have seen the strongest growth in employment over the past 25 years. Notions such as the growth in processing flows and productivity gains are of much less relevance in assessing progress in these sectors, which play a major role in developed economies. The increase in wealth, in value created or value added or in productive efficiency certainly seems to require mechanisms for assessing the effects or impacts of those activities on the proper functioning or development of the realities they operate on, whether they be individuals, organisations or technical or social systems. Does the wealth or value produced by a service that helps to maintain technical, economic or social systems, or even human beings, increase with the number of "trouble-shooting" interventions or repairs (which is the solution usually adopted by growth indicators) or, conversely, with the ability of that service to reduce the number and gravity of the dysfunctions? Is the wealth generating capacity of an educational system measured by the number of hours teaching delivered or the number of training sessions organised, or should we adopt different conventions for assessing the contribution of the education system to the development of its users' knowledge, personalities and socialisation?

The new growth of the "new economy", we are told, is based on the new information and communication technologies, which constitute a new, universal technological paradigm. This assessment is somewhat exaggerated, but let us accept for the moment that it is true. Can such an economy based on information, communication and knowledge be conceptualised and managed in terms of growth? The answer is obviously no: the relative "dematerialisation" of wealth has gone hand-in-hand with the gradual disappearance of those stable reference units used to measure agricultural and industrial output. True, it is possible to count software programs (or the lines of programming in each package), computers, Internet connections or bank transactions, but it is well known that "what counts" is processing and problem-solving capacity, reliability or the useful information that can be easily obtained by means of "intelligent" and "user-friendly" procedures. Once again, the progress of this information economy lies less in the growth of units produced than in the impact of these ICTs on the

functioning of other technical and human systems. This requires the services thus obtained to be evaluated from a development perspective that might include certain growth indicators but would not be reduced solely to such measures.

Financial criteria and the discourse on progress

Thus if the main pillars of contemporary developed economies are services, permanent innovation, knowledge and the new information and communication technologies, we can reasonably suppose that it requires us to move away from the economic growth paradigm towards a new paradigm based on the evaluation of economic and social development. In other words, we need to shift away from the economics of measuring flows and costs towards the socio-economics of judging improvements in state, quality and individual and collective well-being.

Now the advocates of the "new economy", namely some in the world of politics and the media and a handful of economists, have not reached this point. They extol the merits of their new model in the language of the old model, using the concepts that enabled economics to portray itself as a "hard" science, laying down technical laws comparable to the law of gravitation.

One objection can be raised here. Observation of the management practices adopted by firms in high-tech sectors and the financial institutions that support them clearly shows that these major players in the new economy have long understood that the realities they are managing can no longer be conceptualised with the old concepts. They have successfully put the growth paradigm into context... Neither Bill Gates and his kind nor the pension funds that influence the management of an increasing number of companies need the old micro and macro-economic concepts to manage the performance of the firms in their possession. Their tools are indicators of financial return or, to use the language of the day, of the "creation of shareholder value". However, beyond the boundaries of their companies and financial networks, what they need is a discourse that publicly legitimates their outstanding contribution to the public good. This is where the majority of economists, the economic media, Alan Greenspan and others play their part, making their statements in the name of prosperity, growth and productivity.

There are other ways of putting the growth paradigm into context than by imputing a monetary value to all the activities and all the products in competitive markets or the financial markets. In policy terms, the first point at issue in the observable present economy, is not the choice of strong growth rather than slow growth. Rather, it is the choice of a mode of thinking distinct from both the industrialist mode of judging progress inherited from the Fordist era (based on the notions of growth, productivity and standard of living) and the financial mode of calculating the shareholder value of all activities. This new mode would be one based on a pluralistic evaluation of social development, of quality of life and of the improvement in various individual and collective states. Putting both the growth and productivity paradigm and the financial magnitude paradigm into context simultaneously obviously does not mean we are depriving ourselves of economic and financial indicators, when relevant, as a means of quantifying increases in product flows and the efficiency with which those flows are produced, particularly in activities that produce relatively standardised goods and services. These indicators should be part - with others - of the development evaluation paradigm, but their role should be a subordinate one. What does the phrase "controlling health expenditure" mean, for example, if not a policy based, over and above statistical observation of the volume of medical and paramedical actions and their costs ("accounting control"), on assessments of the relevance of these practices to individual and collective health objectives under debate? Should home help services for the elderly be evaluated in terms of their ability to reduce old people's dependency, to give them as much autonomy as possible by cooperating with their relatives and with voluntary workers to that end, thereby reducing

the outside assistance required to the minimum? Or should they be measured on the basis of the volume of visits, actions or hours of intervention, in accordance with the argument that an increase in dependency encourages growth?

To conclude on a similar note, we will mention a modest but interesting attempt to suggest a possible path out of this dilemma. American researchers [3] have developed a synthetic national indicator of "social health" in the United States by aggregating nine existing social indicators that it has been possible to monitor statistically since 1959: the index of inequality between rich and poor, average weekly earnings, infant mortality, child poverty, the adolescent suicide rate, the murder rate, unemployment, old age poverty and the cost of care for the elderly that is not reimbursed. They then plotted the index of the growth of GDP and this national index of "social health" on the same graph. From 1959 until the early 1970s, the two indexes evolved in parallel with each other. In the mid-1970s, however, they became uncoupled from each other in spectacular fashion: GDP continued its remarkable growth, while the social health indicator fell sharply, particularly during the lengthy period between 1978 and 1993. Moreover, this finding is relatively insensitive to the weighting coefficients used to construct the synthetic social indicator. The main value of this type of research is not that it provides a definitive new objective measure of social progress, even less of Gross National Happiness, but that it feeds into debates on the development of more precise pluralistic evaluations based on a limited number of indicators whose significance lies in the fact they are the product of careful thought and discussion, rather than being chosen unilaterally by researchers or experts. This, among other things, is what makes the work of the UNDP (United Nations Development Program) on indicators of human development so interesting.

Notes

1 Our contemporary concepts have more distant origins, since they date from the early days of the Industrial Revolution, and in particular from the work of Malthus. However, it was not until the State took control of "industrial policy" and planning (in Europe, just after the Second World War) that these ideas led to the development of measuring tools, institutions and figures that could be fed into the public debate as indicators of progress.

2 Future Shock, New York, Bantam Books, 1970.

3 See Marque-Luisa Miringoff and Marc Miringoff, The Growing Gap Between Standard economic Indicators and the Nation's Social Health, Challenge, July 1996.

SUGGESTED CITATION:

Jean Gadrey (2002) "Is The Concept of Economics Growth Autistic", *post-autistic economics review*: issue no. 11, January, article 3. http://www.btinternet.com/~pae_news/review/issue11.htm

This essay's ideas are developed further in Jean Gadrey's book *Nouvelle économie nouveau mythe?* (2001). An English translation, *New Economy, New Myth?* will be published later this year by Routledge

Democracy and the Need for Pluralism in Economics

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The student initiative to challenge the dominance of the neoclassical paradigm at departments of economics in various parts of the world is extremely important. Why is this so? As I see it, the close to monopoly position of neoclassical economics is not compatible with normal ideas about democracy. Economics is science in some sense but at the same time ideology. Limiting economics to the neoclassical paradigm means imposing a serious ideological limitation. Departments of economics become political propaganda centers not very different from the many think tanks that we see these days in the USA and Europe. Instead, pluralism and paradigm-coexistence are needed for departments of economics. Having more than one theoretical perspective will mean that more than one ideological perspective is represented.

Economic Man assumptions imply that human beings are essentially consumers and wage

earners. Obviously, this is close to an ideology of consumerism and neo-liberalism. Among alternative ways of regarding human beings, men and women can be seen as Political Economic Persons, meaning that their roles as professionals, parents and citizens are also considered. Furthermore, Economic Man assumptions are tied to utilitarian ethics, which is merely one of numerous ethical theories. Our Political Economic Person, on the contrary, is guided by an ideological orientation that is not limited to one specific ethics.

Rather than the usual 'monetary reductionism' of the neoclassical perspective, economics and efficiency can be understood in multidimensional terms. While there are essential monetary impacts connected with road construction, for example, it is not clear that it is 'rational' to put a price in monetary terms on all kinds of impacts. If the issues that we face are complex, then thinking in terms of profiles of monetary and non-monetary impacts may be a better idea. If this philosophy, and at the same time ideology, is chosen, then monetary analysis will get the more limited role of a partial analysis.

Cost-Benefit Analysis (CBA) with its connected ideas about 'correct prices' for purposes of 'resource allocation' is another example of the ideological character of much neoclassical analysis. This approach is built on an idea of aggregation implying that it is meaningful to add all impacts in one-dimensional terms. It is furthermore built on a closed ideology in the sense that the analyst is able to point out or measure each impact correctly in monetary terms. In this way the analyst can arrive at recommendations about the 'best' alternative from a societal point of view. It is not difficult to understand that this role for the analyst of being expert in an extreme sense is attractive. But again, such conclusions imply that a specific ideology has been applied in terms of ideas about how to arrive at correct prices for each impact. Here again there are alternate, ideologically more open, approaches, such as Positional Analysis, built on ideas of keeping impacts separate and presenting multidimensional profiles for each alternative considered. The purpose of analysis becomes less one of solving a problem in a final sense and more one of illuminating an issue in relation to possibly relevant value or ideological orientations.

While CBA probably is something that should be abandoned as incompatible with democracy, other parts of neoclassical microeconomics may be more useful. In many ways neoclassical economics plays an important role in public debate. If students want to understand our history and the present situation it is good to learn some neoclassical economics at least for background purposes. At Mälardalen University, we started in 1995 an undergraduate ecological economics program, where the neoclassical and institutional paradigms are systematically compared already from the first course. In this way an alternative microeconomics is suggested in terms of views of human beings, of organizations, markets, efficiency, development or progress, social change processes etc. (Söderbaum 2000). Students are confronted with traditional texts in economics and business management as well as the alternative microeconomics indicated. In this way students become 'free to choose' which is - at least in their rhetoric - also the wish of neoclassical economists.

Readers of the *post-autistic economics review* may wonder how such a program could be designed and implemented. One explanation may be that ours is a relatively young university, which is expected to innovate with respect to interdisciplinary programs and where disciplinary barriers are not so strong. Another is probably that the ecological economics program is connected with a department where Business Management rather than Economics dominates the scene. More important, hopefully, is an understanding among an increasing number of actors that in relation to issues of environment and development, neoclassical economics is today more of a problem than a solution. Interdisciplinary approaches, such as ecological economics, are necessary if we want to reverse trends of environmental and social degradation in Sweden, in Europe and at a global level.

It should be noted that the Award by the Bank of Sweden in Memory of Alfred Nobel is part of the problem we are discussing. This award has probably contributed to making economics

more 'autistic' and to protecting the neoclassical paradigm. But occasionally economists who stand for a degree of pluralism and interdisciplinary approaches, such as Gunnar Myrdal, have been awarded. At a certain stage in his career, Myrdal left neoclassical theory behind and declared openly his sympathies for institutionalism (Myrdal 1978). In doing so, Myrdal pointed to the role of values not only in economics but in all social sciences and questioned claims of 'value-neutrality' concerning theories, methods or policy recommendations. "Values are always with us" in scientific research, Myrdal argues, and this holds for all steps from problem formulation, choice of theoretical framework, methods to be applied and the way results are presented. Unfortunately, most neoclassical economists and even some institutionalists persist with the belief that they can stand outside society and observe it objectively.

I will end this essay by returning to the important role of students as actors in influencing the way economics and business management is taught. At Uppsala University, there is a Center for Environmental and Development Studies, financed by the university but - with the exception of examinations - controlled largely by the students. The students by themselves arrange courses that they find urgent. Early this year three students made a study of the economics programs at Uppsala University, the Agricultural University Uppsala, two universities in Stockholm and two programs at Mälardalen University. In interviewing those responsible, their starting point was the fact that the mentioned universities all had signed the Copernicus University Charter implying that they were committed "to the principle and practice of environmental protection and sustainable development". At issue was how this commitment is reflected in the way economics is taught. Is there any systematic attempt to bring in environmental issues into teaching and courses? Is there a role for interdisciplinarity and for alternative perspectives in economics? The students found that with few exceptions very little had happened. In many cases, those responsible for the programs and courses did not even know about the Copernicus Charter and argued that since there were no difficulties in recruiting new students there were few incentives for change. But the story does not end with this. The students were financially supported by responsible governmental agencies and the Ministry of Education in Sweden has signalled that a conference will be arranged to follow up these important issues.

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SUGGESTED CITATION:

Peter Söderbaum (2002) "Democracy and the Need for Pluralism in Economics", *post-autistic economics review*: issue no. 11, January, article 4. http://www.btinternet.com/~pae_news/review/issue11.htm

Review of Steve Keen, *Debunking Economics*:

The Naked Emperor of the Social Sciences, London: Zed Books, 2001

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Steve Keen's *Debunking Economics* is a provocative book; deliberately so is my conjecture. The anti-Vietnam war movement in Adelaide dichotomised into either militants or moderates. I belonged to the second group, because I thought it the proper way for academics to play a public role in vital political and social issues. I also thought it would be counter-productive to do otherwise (no prize for guessing the respective weights attached to the two reasons). Steve, I'm sure, would have been a militant. Certainly that is his approach here. I worry that this may backfire, for I have sympathy with his aims and many of his arguments and judgements. Time will tell who is right (perhaps I could say that the militants wanted the Australian revolution to occur first, then the troops could be brought home and conscription abolished. The moderates thought it better to get an ALP government elected because these two objectives were core

items in Labor's election manifesto).

Keen's object is to go behind what is currently taught to economics undergraduates in order to reveal the conceptual bases of their instruction and the ideological purposes involved. He comes to his task with a thorough knowledge of the classics of the subject, of Adam Smith as well as of Karl Marx, and with considerable analytical skills of the modern sort. He is a graduate of the political economy movement at the University of Sydney, and his Ph.D. dissertation was an amalgam of the theories of Dick Goodwin and Hy Minsky, two modern maverick greats, both alas now dead.

Goodwin was a pupil and then a colleague of Wassily Leontief and Joseph Schumpeter at Harvard, and a pupil of Roy Harrod and Henry Phelps Brown at Oxford. He was much influenced by Maynard Keynes's writings and by Richard Kahn, Joan Robinson and Piero Sraffa of his Cambridge, England colleagues in the post-war period. Though he ceased to be a member of the communist party by the 1940s he remained an informed fan of Marx's writings, especially of Marx's deep knowledge of how capitalism works. (Joan Robinson used to say of Schumpeter that he was Marx with the adjectives changes.) This background, together with his love of Wicksell's economics and teaching physics at Harvard during World War II, led to Goodwin's pioneering contribution of models of cyclical growth. They incorporated his insight that trend and cycle are indissolubly mixed, not separable and determined by different sets of factors, as usually happens in orthodox economics.

Minsky also knew his Marx. He worked with Oskar Lange as a young man. His great contribution was to show how real and monetary factors interrelated to produce cycles as capitalist economies evolved through time. While he drew on the writings of Keynes and Michal Kalecki, his financial instability hypothesis associated with the analysis of the effects on firms and on the economy, of the non-realisation of the expected cash flows arising from investment projects, is highly original. It has proved of greater and greater value in our understanding in recent years of the financial instabilities and crises in the world economy. Keen's contribution is to put these two strands together to provide a structure for illuminating the malfunctionings of modern interrelated capitalist economies. He does this in a way which not only draws on the insights of our past masters but also employs the most modern of analytical techniques.

With such a background it is easy to understand his horror at the contents of modern textbooks. Increasingly they model the capitalist world as though it were conforming to the dictates of Frank Ramsey's benevolent dictator, choosing optimum paths of accumulation over time for all its citizens. Keynes's long run in which "we are all dead" (well, he's dead and we are in the long run, as an IMF wit recently put it) has returned to dominate our supposed understanding of what is happening. Short-term instabilities are viewed as mere aberrations, fluctuations around this long-period optimum trajectory.

Against this macroeconomic background, modern microeconomics has a bias towards examining the behaviour of competitive markets (as set out most fully and rigorously in the Arrow-Debreu model of general equilibrium), not as reference points but as approximations to what is actually going on. Of course, departures from them are taught, increasingly by the clever application of game theory. Moreover, the deficiencies of real markets of all sorts are examined in the light of the implications, for example, of the findings of the asymmetric information theorists (three of whom - George Akerlof, Michael Spence, and Joe Stiglitz - have just (10/10/01) been awarded this year's Nobel Prize. From Amartya Sen on, the Nobel Prize electors seem to be back on track).

While professional economists increasingly get to know of these and other developments, often through the pages of the excellent Journal of Economic Perspectives, the most used undergraduate textbooks are usually light years away from such enlightenment. Moreover, alternative approaches in our subject, economic history and the history of economic thought

are either being marginalized in, or driven out altogether from most undergraduate courses. Keen's book is directed against these trends. He examines what is taught in macroeconomic and microeconomic courses and what their deficiencies and shortcomings are. And he suggests alternatives, some of which come out of the many influences on him and his own contributions.

As I said, I understand his impatience and anger and I applaud his aims. I just worry that the tone of the book and, sometimes, his assertions may allow critics to sidetrack the arguments along byways which may seem plausible but ultimately miss the point - to the detriment of the training of future generations in what Keynes memorably called "our miserable subject".

Nevertheless, if I were given a free hand to design a course, I would urge my pupils to read both Keen's book and Hugh Stretton's marvelous alternative text (*Economics: A New Introduction*, published by Pluto in 1999) as well as the best of the mainstream texts now available. (I would also urge them to read some of the great originals too!) Only then would I feel they had been introduced to the appropriate material with which to make up their own minds what approach(es) to take in their studies. As it is, without the insights of a Keen and a Stretton (and of the past greats), I fear we are likely to produce well trained but uncritical cogs, the better to fit the needs of our modern industrialised societies. It is not the proper role of university teachers either to be hired prize fighters or produce them.

SUGGESTED CITATION:

Geoff Harcourt (2002) "Review of Steve Keen, *Debunking Economics: The Naked Emperor of the Social Sciences*", *post-autistic economics review* : issue no. 11, January, article 5.
http://www.btinternet.com/~pae_news/review/issue11.htm

This review originally appeared in the *Financial Review*

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