

**Towards Real Pluralism in Economics**  
**An Introduction to the Proceedings Issue of the 2017 ICAPE Conference**

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**Abstract**

This paper describes the contributions made by the nine articles constituting this proceedings issue for the 2017 conference of the International Confederation of Associations for Pluralism in Economics (ICAPE). Following the descriptions of the articles, the paper identifies some common themes as a first step in finding the essence of modern pluralistic economics. Drawing on these papers and other key materials, the paper then offers an initial attempt at constructing 10 principles of pluralistic economics, and 2 principles regarding the economics profession. The paper concludes with a call for unity among pluralistic economists.

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**Introduction**

For some years now we have heard mainstream economists discuss how much more open economics has become. Evidently they consider small doses of new institutional economics and behavioral economics, both of which are still outside of the mainstream core, to be a vast departure from the mainstream orthodoxy. However, if they were to turn to a publication like this one or attend a conference of the International Confederation of Associations for Pluralism in Economics (ICAPE), they might understand what real pluralism looks like.

This issue of the *American Review of Political Economy* is devoted to papers from the 2017 ICAPE Conference, held January 5, 2017 at Roosevelt University in Chicago. Over 120 scholars convened in Chicago for the conference, and some of them chose to submit their work for this special proceedings issue.

The papers are representative of the diversity of approaches at the conference: all of the major

progressive heterodox approaches were represented, including Marxist, Institutionalist, Feminist, Post-Keynesian, and Social Economics.<sup>1</sup> Currently, the diversity of approaches is the signature strength of pluralism. In that diversity of approaches we gain many insights into the economy that cannot be discovered by a narrow, mainstream approach. Unfortunately, the lack of unification among heterodox approaches also presents a problem. Heterodox economists make up a minority of the profession, and their approaches are splintered between numerous different methodologies and focuses. Thus, we have a splintered heterodoxy confronting a monolithic, seemingly all-powerful

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<sup>1</sup> No Austrian economists submitted papers for the conference so their perspective is not included here. Some economists consider Austrian economics to be closer to the mainstream than to other heterodox schools of thought since there have been Nobel Prize winners from the Austrian perspective and some Austrian analysis has been incorporated into the mainstream, especially public choice analysis. Others consider Austrian economics to be another important heterodox strain that has been largely excluded from the mainstream. This is an interesting topic which we hope to explore at future ICAPE conferences.

orthodoxy. Even though pluralism is responsible for the development of our distinctive insights, our lack of unification makes it more difficult to make inroads into the mainstream. When someone asks what heterodox economists believe or what pluralism in economics means, the answer is not a simple one. If the participants at the ICAPE conference were asked to define heterodox economics or economic pluralism, we would likely get dozens of different definitions.

It is this article's contention that, at the same time we continue to explore the different approaches that give pluralistic economics its strength in developing unique and powerful insights into the economy, we also should attempt to develop a common methodological and theoretical core. If we could develop such a core, and circulate it in a compelling form in our publications, we would be more unified and better equipped to confront the monolithic mainstream. If nothing else, it would be easier to answer the questions we often get from our mainstream colleagues regarding what heterodox economics is and what economic pluralism might look like in practice.

In what follows below, this paper describes the contributions made by the nine articles constituting this proceedings issue. Following the descriptions of the papers, the paper identifies some common themes as a first step in analyzing the methods and theories common to modern heterodox economics. Drawing on these papers and other key materials, the paper offers an initial attempt at constructing 10 principles of pluralistic economics, and 2 principles regarding the economics profession. The paper begins by describing the papers from the conference that were accepted for this issue.

### **The Papers**

The volume begins with three papers that frame issues related to pluralism and how it should be practiced. The paper by Camille Baulant, "How Happiness can lead to more Efficiency? A New Paradigm Adapted to the World Knowledge

Economy," is emblematic of a pluralistic approach in that it analyzes both the competitive and the cooperative side of the market economy. Baulant utilizes a complexity approach to develop a paradigm that will contribute to inclusive growth and thereby improve both efficiency and happiness. By improving happiness via structures that foster cooperation, organizations can achieve greater productivity and efficiency, achieving competitive advantages. This is an often neglected area and Baulant's approach could move the field in a useful direction that would have significant benefits to firms and their workers.

Geert L. Dhondt, Mathieu Dufour, Jay Hamilton and Ian J. Seda-Irizarry offer a fascinating example of how heterodox economists can build a pluralistic program and department in their article, "Developing Heterodox Economics Curriculum: The Case of John Jay College." Dhondt *et al.* persuaded their administration that pluralism was important in the wake of the financial crisis. Their success can be attributed to their student-centered focus, and their willingness to embrace assessment to document their successful implementation of a pluralistic curriculum. In addition to their successful establishment of a pluralistic department when pluralism is in retreat in most universities, their pluralistic curriculum itself is worthy of consideration by heterodox economists. The first course introduces students to economics as well as global capitalism. They add a course on understanding economic data, intermediate courses on political economy, macroeconomics, microeconomics and statistics, and an upper level course on the history of economic thought. It would be interesting for pluralistic economists to develop a set of models for how departments and curricula should be structured for presentation to our mainstream colleagues. This might spark some interesting dialogue with the mainstream.

In another paper that addresses how pluralistic approaches might be structured, Robert Williams, in his paper, "Federal Wealth Policies in Support of

Jim Crow: Using an Anti-Racist Perspective to Inform Political Economy,” demonstrates how racial wealth gaps are a legacy of the past that fundamentally structure opportunities in the modern era. Williams proposes that political economists incorporate five components of an anti-racist approach: 1. Expanding awareness of the current consequences of our racialized past, 2. Recognizing the contemporary sources of organizational and systemic racism, 3. Acknowledging white supremacy as the obverse of racism, 4. Recognizing the role of intersectionality, and 5. Discerning required changes to achieve substantive (racial) equality. Although political economists have long advocated racial equality, Williams provides an extremely useful taxonomy to incorporate such values directly into a variety of frameworks. It would be useful for pluralistic economists to have similar guides for how to incorporate other core heterodox approaches.

Two other papers in this volume take up issues of inequality with respect to race and gender, a topic that receives scant attention in most of mainstream economics. Zarrina H. Juraqulova and Robin Bartlett examine issues related to women and minorities being shut out of opportunities in the economics profession in their paper, “The Allied Social Science Meetings: Diversity versus Inclusivity.” They note that the Allied Social Science Association (ASSA) meetings seem to be “like-minded economists talking just to each other” and excluding different voices, especially heterodox economists, female economists and economists of color. The Program Committee that selects which papers will be presented at the ASSA conference is still overwhelmingly male, and the percentage of men on the committee *increased* from 60% in 1993 to 71% in 2014. It is also overwhelmingly controlled by economists from top 10 economics programs. Economists from the top 20 programs dominate even more ASSA sessions than previously, increasing their share from 30.7% of papers presented in 1983-1984 to 37.1% in 2013-2014. The percentage of papers presented by

women in ASSA sessions did increase, but on average there are fewer women in top 20 programs than in other economics programs. In sum, despite the formation of committees in the American Economic Association to address inequities with respect to women and minorities, the Committee on the Status of Women in the Economics Profession and the Committee on the Status of Minority Groups in the Economics Profession, the game is still rigged in favor of white, male economists from a narrow group of top mainstream economics departments. This has the effect of reducing access to informal networks and the top journal in economics, the *American Economic Review*, limiting the career opportunities for women and other under-represented groups. This article is important in documenting the extent to which the American Economic Association has not made significant strides in key areas to diversify the profession in terms of race and gender.

This volume also contains a richly detailed paper on the gender gap in education by Regina Gemignani and Quentin Wodon entitled “Gender Roles and Girls’ Education in Burkina Faso: A Tale of Heterogeneity between Rural Communities.” Their careful work on the ground in three different communities allows the authors to identify the “root causes of the gender gap in education.” All three communities they study are in the same country, rural, poor and have Muslim populations, implying a common culture. But the authors demonstrate in compelling fashion that community context matters, and matters a lot. In one district, cost of education is the major factor limiting access to education for girls. However, in the other two communities cultural and religious factors are the main drivers of the gender gap. In these communities, “Gender roles that emphasize separate spheres for men and women and view girls only as future mothers and wives reduce the scope for formal education.” This analysis demonstrates the importance of qualitative work on the ground in communities to truly understand the factors driving gender inequality in

education. And, it demonstrates the usefulness of careful analysis of regions and cultures, as opposed to a one-size-fits-all formulation that is all too typical of some mainstream development work.

Regional patterns also emerge in the paper by Richard V. Adkisson and James T. Peach, who engage in “An Analysis of the 2016 U.S. Republican Presidential Primary Election.” The authors analyze how county-level ideological and socioeconomic conditions affected voting patterns in the Republican primary. They find that counties in which the population was older, less evangelical, less Hispanic, less educated, higher income, and included larger numbers of veterans were more likely to vote for Trump, as were counties in economic distress. Trump was able to assemble an interesting coalition of disaffected and establishment Republican voters. This article provides important insights into the political realities of modern America and the fracturing of the Republican electorate that will affect coming elections. Adkisson and Peach use a productive combination of empirical methods and regional variables to gain a deeper understanding of the modern political landscape in the U.S.

Masato Miyazaki also analyzes regional differences in his paper, “Investment Expenditures of Local municipalities in Japan in the 2000s.” As the central government of Japan implemented austerity from 1999 to 2006, municipalities were forced to issue bonds to cover local expenditures. But, as Miyazaki demonstrates, wealthy communities were able to issue more bonds to sustain local expenditures than poor communities, so poor communities were less able to fund public works. This exacerbated inequality, furthering the processes of cumulative causation and backwash effects already at play in these regions. This is one more nail in the coffin of austerity, a dangerously ineffective policy approach that nonetheless continues to be utilized by poorly run governments around the world.

The special issue concludes with two papers that utilize a modern, critical Marxist approach to economic issues. Bruce Parry and Melvin Rothenberg develop a “Modern Marxist” approach from a philosophical perspective in their paper, “Modern Capitalism and Modern Marxism.” Utilizing Marx’s surplus value approach, they argue that job-destroying electronic technology is transforming capitalism and, by fostering poverty, unemployment, and environmental devastation, destabilizing it. The combination of modern robotics with “superexploitation” in “neocolonies” (developing countries with low wages where firms from developed countries locate production) is steadily eroding middle classes around the world. This is causing an explosion of debt as people try to maintain their lifestyles in the face of stagnant or falling wages, which is creating another point of instability. Addressing these problems will require national labor movements that are united internationally and that can overcome fractures along the lines of race, gender, and ethnicity. One of the signature strengths of Marxist analysis is its ability to identify the factors massing to create the next big crisis. Global inequality coupled with climate change are the two most important fracture points which could provoke major shifts in the global economy. Anyone who is not watching these trends carefully understands little of the large-scale dynamics of global capitalism.

Jesús Muñoz utilizes a similar approach in his paper which asks, “Is Marx’s Theory Evolutionary or Revolutionary?” One of the most important trends on modern Marxism is the movement away from a deterministic approach in which the economy changes according to unavoidable laws. Instead, “Critical Marxism” studies the evolution of the economy and focuses on the need for political movements, unwilling to rely in the inevitability of communism predicted by deterministic Marxism. History, it seems, supports Critical Marxists in that capitalism continues to evolve, although the need for political activism for an alternative system

remains. In siding with the evolutionary Marx, Muñoz helps to show that Marxism itself has evolved from its deterministic phase. This is a trend we see in most heterodox schools of thought, as a more evolutionary, institutionalist approach has become the norm.

Some interesting themes emerge from these papers. First, pluralistic approaches are still evolving. The analytical approaches and methods are not as settled as they are in mainstream economics. Although, this paper will argue below that there are some significant areas of convergence. Second, pluralistic economists are particularly gifted at contextual analysis, unearthing regional differences that are often glossed over in mainstream analysis. Third, pluralistic economists are much more concerned with issues of inequality and social justice than mainstream economists. This is a primary focus of much of the best work by heterodox economists. Finally, in analyzing the factors provoking crises and change, pluralistic economists are well poised to predict the next economic crisis. Given these themes, the next section seeks to identify more concretely the areas of convergence we see in modern pluralistic economics.

### *Principles of Pluralistic, Heterodox Economics*

One of the major problems with modern pluralism is its inability to offer a clearly defined alternative to mainstream economics. To begin to rectify this situation, below the paper offers some common principles that can be found in heterodox work over the last several decades. This list is very preliminary, and I hope that others will engage with the list in order to refine and improve it. Note that this list draws heavily on previous efforts by heterodox economists to distill the essence of particular pluralistic approaches, especially Knoedler and Underwood (2003), Cohn (2003) and Schneider and Shackelford (2001). My proposal for 10 Principles of Pluralistic, Heterodox Economics that link modern approaches is as follows.

1. **Social provisioning is a crucial aspect of an economic system, and provisioning depends on more than GDP growth and market activities.** How a society provides the necessities of life to its members is the fundamental task of an economic system, not just issues of choice and scarcity that form the focus of much mainstream economics. Choice and scarcity are social constructs rather than objective phenomena.
  - **Human wellbeing depends on more than growth in Gross Domestic Product (GDP).** Inequality and poverty, access to health and education, and a host of other issues are key elements in determining human well-being. Growth in GDP captures only a small portion of the crucial factors, and ignores the detrimental impact of GDP growth on the environment.
  - **Non-market activities are important.** Even in capitalism, non-market activities are important to the economy and to social provisioning. Much work of value takes place outside of the formal economic system.
2. **Labor is much more than a commodity; it is central to life and community.** Work can lead to alienation, or it can be meaningful and rewarding. Society should strive to create meaningful work for all, and for a more equitable distribution of society's resources. Labor should not simply be allocated via an unregulated or lightly regulated market system.
3. **Race, gender and class are important economic factors.** Race, gender and class

are crucial social constructs that are fundamental in shaping an economic system. One cannot understand modern economic society without knowing the history and ongoing dynamics of race, gender and class. Sexual orientation is another area in which we regularly find discriminatory practices so it too needs to be incorporated into our analysis.

4. **People organize themselves into groups, and these are central to the functioning of the economy.** Economics is not just the study of individuals. Households, larger groups, classes and institutions all affect economic behavior. People are fundamentally group animals and understanding group dynamics is important in any sophisticated analysis of the economy.
5. **People are complex: they are rational and irrational, influenced by culture, and they compete, cooperate and care.** Economic actors are not rational automatons with perfect information. Human beings are complex, social beings living in households, working in groups, and shaped by class and culture. Sometimes people are rational and sometimes they are not.
  - **Culture matters.** Human behavior is shaped significantly by class, culture and society, including the economic system in which people live. When people are rational, they are still operating with a cultural context that shapes their tastes, preferences and behaviors. Culture is one of the most important factors in understanding behavior.
  - **People compete, cooperate and care.** People certainly compete with each other in some contexts, but they also cooperate with and care for each other. A full economic analysis includes all of these dimensions. Too much economic analysis emphasizes only the competitive aspect of human behavior rather than the cooperative and caring aspects.
  - **Economics should be interdisciplinary.** The scope of economics needs to be broad enough to incorporate insights from psychology, neuroscience, political science, history, philosophy, ecological science, and other relevant disciplines. Too much that is important is left out when these disciplines are excluded.
6. **Power structures are an essential aspect of all economic systems.** Capitalism as well as all other economic systems involve power dynamics and inequities of some sort. These must be analyzed carefully and in detail to understand how power structures affect economic outcomes. Many choices in capitalism are coerced rather than free.
  - **Economic systems are human creations shaped by governments and powerful interests.** There is no such thing as a “natural” economic system. All economic systems grow out of particular cultures and class relationships and are shaped by human actions.
  - **Capitalism is flawed in key respects.** Capitalist firms often exploit workers and the environment

unless properly checked.

Competition in capitalism can be a race to the bottom as well as a spur to innovation. Large firms tend to have too much power and laborers too little in capitalist systems.

Alternatives to capitalism should be considered seriously, as should methods to incorporate countervailing powers to those of capitalists and the other vested interests.

- **Labor and social movements frequently clash with existing power structures.** This can often be a good thing in changing society to be fairer and more equitable.

7. **Economic systems are evolutionary and prone to crises.** Systems evolve and change over time, and they do not usually tend towards a stable equilibrium. Conflicts and changes in technology cause major shifts in economic systems. Economic crises occur with disturbing regularity, and these crises often prompt significant change. Economists should focus as much on the forces causing change and fueling crises as they do on the forces bringing markets to short term equilibria.

8. **Ecology is fundamental to economics.** Economists cannot continue to ignore the ecological basis for the economy. Much traditional economics almost completely ignores the impact of economic activity on the environment. As climate change intensifies and some resources become scarce, it is irresponsible to continue with such analysis.

9. **Government can improve economic outcomes in capitalism.** Market failures are endemic to a capitalist system, and government action can and often does improve market outcomes.

- **Government spending is particularly important in enacting stabilization policies.** Austerity has been proven to be a disastrous policy in recessions. Crises can be shortened and economic outcomes improved with counter-cyclical stabilization policy.

10. **Many economic relationships are uncertain rather than fixed.** The focus in the mainstream on identifying universal economic laws is not always appropriate. Investment is uncertain and subject to animal spirits. The relationship between money and prices and inflation and unemployment is not fixed. Money is endogenous, complex, and driven by bank behavior, rather than being exclusively exogenous. There is no natural tendency towards full employment. Effective demand is often more important than supply side factors in driving aggregate economic activity. Aggregate production functions are overly simplistic and do not accurately capture the dynamics of economic growth. Putting these examples together, one of the signs of a good economist is someone who knows which ideas apply under what circumstances.

Given the narrow focus of the profession of economics, we also need some principles about the economics profession itself, which is taken up in the next section.

### Principles about the Profession of Economics

Given the inherent flaws in mainstream economics, we also need some principles to guide how economists should approach the field and how they should conduct themselves in order to achieve the best possible results when it comes to economic analysis. Two principles that the profession should adhere to are the following.

1. **Economics is not value free.** Ideology shapes all forms of economic analysis. By excluding heterodox economics, mainstream economists are making a value choice. By acknowledging ideological content, economists can make a more accurate evaluation of policy implications.
2. **Pluralism in economics is a good thing.** There are many different types of economic analysis utilizing a variety of quantitative and qualitative methods; pluralism is beneficial because it increases the range of insights of the profession.

Mainstream economics is too insular. Mainstream economics has systematically excluded heterodox economics from graduate programs, textbooks, and journals, in the process losing many useful ideas and theories. This needs to change.

If all departments became more pluralistic and all journals began publishing high quality work by economists from all perspectives, economic analysis would improve and the profession would be less likely to experience cases such as the failure of almost all mainstream economists to predict the financial crisis. Heterodox economists were much more successful in anticipating the crisis, demonstrating conclusively the usefulness of heterodox approaches.

Pluralistic economists should set up models of pluralistic curricula, textbooks, journals, syllabi and departments. We should collaborate on such efforts,

and share our materials with our mainstream colleagues.

### Towards a Unified, Pluralistic Economics

Although the principles highlighted above are consistent with the major strains of progressive heterodox economics,<sup>2</sup> there are some significant differences between the various schools of thought. For example, there are differences between progressive heterodox economists and radical heterodox economists regarding whether capitalism should be reformed or a completely different economic system, such as democratic socialism, installed. We also see a difference of focus, and different entry points into analysis. Radical political and Marxist economists tend to focus on class as the most important aspect of analysis. Institutionalists focus more broadly on institutions, and many tend to eschew class analysis. Feminists focus on gender and patriarchy along with the household as the locus of economic activity. Post-Keynesians focus on uncertainty and financial fragility, along with economic policies to reduce instability. Social economists elevate ethical considerations in their analysis, another area frequently ignored by the mainstream. There is also little agreement on value theory—even within Marxist economics there is substantial debate over the labor theory of value.

These differences, however, are signs of robust discussion and debate rather than evidence of weakness. After three decades working with some incredibly smart economists from all of the various heterodox schools of thought, I see more that brings us together than separates us. The separate silos of heterodox economics inhibit productive dialogue and cross-pollination. In silos we also run the risk of groupthink that has proved so devastating for much of mainstream economics, and we certainly do not want to emulate that.

Furthermore, unity is crucial at this juncture in resisting the steady elimination of pluralism by

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<sup>2</sup> The list of principles excludes the insights of Austrian economists, who were not represented at the conference or in the papers in this special issue.

mainstream economics. In pluralistic unity there is strength. Thus, I encourage heterodox economists to continue coming to ICAPE conferences, sharing their best ideas, and working to build a stronger, more pluralistic economics profession. I look forward to hearing your ideas on how we can do that.

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