
Foreword

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Sandy Ming and Jonathan Warner open this issue with a parable on rational expectations. A parable, of course is fiction, albeit with a moral tale to tell. Here at the *IJPEE* we have published several articles on using fiction to understand economics, including a special issue, *Economics and the Novel*. And as a novelist myself, I feel fiction is more efficacious than non-fiction to help us understand the complexity of human behaviour. This parable investigates rational expectations¹ run amuck, taken to the logical extreme, where eventually only randomised surprise policies are efficacious. But, as Ming and Warner write, in the real world, non-random policies *do* work, even when announced well ahead of time.² This parable, which, by the way, had its genesis in a class project, can be used in any macroeconomics class, and will no doubt lead to interesting class discussion, and a foundation for further, more in-depth study.

One of my favourite (and subsequently influential courses) as a graduate student was ‘economic methodology’, where we learned a wide variety of research methods.³ And, that all research methods have something to offer, and thus no one method should have a monopoly. In fact, I have found that in my own work quantitative and qualitative methods are complementary not only for the same topic, but also in the same research paper.

Enter Ioana Negru, and her insightful article ‘On mixed methods research and pluralism in economics’, which investigates the benefits of mixed methods research. She concludes,

“Economics as a discipline would benefit from the use of mixed methods research design ... and the increased flexibility in exploring methods from both social and natural sciences. This would increase the validity and reliability of economic research, eliminating bias and error from the collection and analyzing of data. Furthermore, mixed methods research would enable the discovery of new data and the use of exploratory research.”

Since our first issue, the *IJPEE* has endorsed all types of pluralism, especially transdisciplinary and interdisciplinary. We are also proud to have published articles on history, physics, sociology, psychology, and anthropology. Bas Dommerholt continues this tradition in his article, ‘Revisiting the origin of money: from precious metals to work: alternative pathways on the origin of currency and its impact on modern economics’. This article is perfect for educators who are interested in providing their students with an historically accurate understanding of money, helping to eradicate the myths still perpetuated in neoclassical textbooks, despite overwhelming contravening evidence.⁴

All great thinkers are paradoxical in their writing, saying different things with a different emphasis within the same body of work. Sometimes they introduce dead-ends,

and sometimes flash-in-the pan nuggets that profound later-day readers. This is the way great minds work. We see this in Keynes, in Marshall, in Marx, and of course, Adam Smith.

Effectuating a successful transition to Net Zero by 2050 will require a staggering amount of investment, “approximately \$275 trillion in physical capital alone” [Montgomery and Van Clieaf, (2023), p.3]. Such a transformation is necessary to keep the average global temperature from rising above 1.5 degrees (Celsius) since the beginning of the Industrial Revolution. Unfortunately, the disciplines of economics, finance, and accounting are ill-equipped to effectuate such a change and will have to be radically transformed. We plan on publishing a special issue on this topic with a call for papers.

Starting us on the road to reconceptualisation is Christian Fahrback’s paper, ‘Transformative finance’. In the *transformational* change to Net Zero, finance will play a key, *transformative* role. While the two italicised words are similar and sometimes confused, they do have a nuanced difference which is important. Specifically, transformational change,

“Involves a shift in paradigm ... it always requires shifts in leadership mindset, behavior, and the company’s culture. Successful transformational change comes from innovation, maximum stakeholder commitment and engagement, and new ways of thinking and doing things. [It] demands breakthroughs in conventional wisdom...And it requires new leadership mindsets, strategies, and skills.” [Montgomery and Van Clieaf, (2023), p.223]

On the other hand, ‘transformative’ is something that has the capacity to effectuate change. And clearly, finance does. In addition, it is important that in any transformational change, such as Net Zero, the traditional silos that have long barricaded each discipline must be eradicated. Fahrback’s paper is an effective first step.

When I was a graduate student, I had an affinity for reading taxonomies and/or reviews of the literature; they helped consolidate my thinking around a topic and stimulated further review and scholarship. I still retain a strong predilection for such articles, and now as *IJPEE* editor I enjoy publishing them for the added reason that they spark further advances in the specific field of knowledge, enabling science to proceed in the Kuhnian sense. Christoph Schank, Moritz Botts and Johannes Hirata, in their article ‘Mapping the field of a diverse discipline – towards a taxonomy of business ethics’, develops a taxonomy of business ethics with epistemological, ontological, normative, and methodological dimensions as differentiation criteria. They apply this taxonomy to several approaches in order to work out the analytical potential for the elaboration of commonalities and differences. Shank et al. conclude,

“A close look at just three German-language approaches to business ethics already reveals a rather complex picture. The international diversity of business ethics schools of thought is even more impressive. Amidst all apparent differences, however, all of them seem to share the same starting point that the diagnosis that orthodox economics, while not being a value-free science, lacks a proper account of the relationship between ethics and economics.”

A not unsurprising conclusion. Shanks et al. then invites readers to improve their taxonomy and apply it to other business ethics approaches. Please take them up on their offer.

Perhaps one of the most stimulating books that I have read in a while is *Economy Studies: A Guide to Rethinking Economics Education*. Not only does the book solidly

endorse the pluralist agenda but it provides a wealth of how-to recipes and suggestions. I was so impressed that I asked the authors to publish a symposium on where to next take critical studies and how to move forward.⁵ In their book, de Muijnck and Tieleman (2021, p.108) urge that “Ideas and suggestions on how to diversify and decolonise economics are ... very much welcome ... and we are always looking for more people to help in creating change.” I couldn’t agree more, and indeed, a much-needed task. I asked Junaid Jahangir, who was already writing reviews of several such books to consolidate them into a review essay along the lines suggested by de Muijnck and Tieleman. The result is his very informative and insightful book review essay, *Pluralism, Real World, and Decolonization: A Review Essay*. As Jahangir writes,

“...de Muijnck and Tieleman express concern that economics textbooks often focus on the US economy and sideline topics like race, the care economy, power, discrimination, racism, colonialism, exploitation, and unequal life chances. They argue for including the work of women, the global South, and minority economists. This is important, as including the voices of such economists allows us to address topics on economic inequality and the care economy, which have usually been ignored in the theories constructed by privileged white men. Overall, through such a change in economics pedagogy, de Muijnck and Tieleman call for the decolonization of economics. This review is my suggestion/contribution and I hope it can be effectively used by others.”

It is a nicely done contribution! And his five books neatly fit the bill. And don’t worry, Jahangir will have more reviews for us in the near future.

References

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Notes

- 1 To clarify: “The rational expectations hypothesis refers to a choice by the economist about how to model behavior. A rational expectations model is one where the agents in the model use [it] and all available information to forecast and therefore do not make systematic errors” [Carlin and Soskice, (2015), p.123].

- 2 I personally do not like the tinge of anti-democracy with rational expectations theory. Specifically, it is assumed that the elites conduct and implement policy without any direct input from citizens. The only role of the latter is to anticipate (albeit based on sophisticated knowledge) policies, and if correct, will nullify the effort. While “models with rational expectation provide powerful insights about the dangers of neglecting how individuals and households respond to changes in the economic or policy environment” [Carlin and Soskice, (2015), p.124], at the same time for me, rational expectations, and the whole edifice of the econocracy, is incompatible with “one of our greatest political traditions, liberal democracy” [Earle et al., (2017), p.18].
- 3 I still read *Patterns of Discovery in the Social Sciences* by Diesing (1971), a classic in the field. Another favourite ‘how-to’ of mine is the *Handbook of Research Methods in Heterodox Economics* by Lee and Cronin (2016). A winning one-two combination!
- 4 See for example Graeber (2022) and Greitens (2022).
- 5 We published the special issue in *IJPEE*, Vol. 14, No. 2.