

Blog on Elinor Ostrom

Section 1: My Commitment to Reforming Economics Education

Alfred Marshall wrote in his best-selling principles of economics text that "economic conditions are constantly changing, and each generation looks at its own problems in its own way" (Marshall 1920, p. v.]). Our generation is confronted with many problems including climate change, environmental damage, a global financial crisis, a palpable disparity in income and wealth, escalating debt, and a health care crisis. These problems are mutually reinforcing and will only worsen. At the center, however, is the discipline of economics itself and economics education, which obfuscates the interrelationship of our problems, inures its students to human suffering, ignores our environment and abnegates thoughtful discussion of the human predicament.

Our current focus on economic growth puts us on a collision course with the environment: unless we change our ways to become sustainable, ecological catastrophe is inevitable. While many of us have clarified what it means to be sustainable as well as delineating the contours of a sustainable economy, it is also incumbent to focus on the obstacles preventing transition from our current unsustainable position to sustainability.

One such obstacle is the complexity of the term sustainability itself: much like the concepts democracy and freedom, it is multi-faceted and exists at three different levels: (1) business as usual, (2) social and ecological modernization, and (3) Radical interpretation (Söderbaum, 2008, pp. 14-20). Of the three only the last implies "a major shift in paradigm, ideology and institutional framework" (Söderbaum, 2008 p. 16). Nevertheless, the multi-faceted definition enables individuals and corporations to hide behind a veneer of sustainability by practicing sustainability on either the first two levels to assuage public opinion, while continuing business as usual.

Another obstacle (and for me most formidable) is neoclassical economics, and more specifically neoclassical economics education, or perhaps more accurately, neoclassical economics proselytization, which provides students with a 19th century map to study 21st century problems, and is thus worse than nothing.

In a survey of introductory economics principles textbooks it was found that such textbooks "are poorly suited for Econ101 courses at institutions that have made a commitment to sustainability and are seeking to integrate sustainability across the curriculum (Green 2012, p. 213)." And of course, "what is in the textbooks shapes what is taught in the classroom" (Stilwell, 2012, p. 388). The author's (Tom Green) specific critiques underscores the formidable obstacles posed by neoclassical economics and neoclassical education. Indeed as mentioned elsewhere neoclassical economics textbooks are part and parcel of a much broader nexus of obstacles, including "university departments, associations, journals, classification systems, economics 101 textbooks, and its basic narrative [which] collectively and interactively block any effort at meaningful reform (Fullbrook 2010).

Green suggests several solutions for surmounting the obstacles. One is to investigate the referee process for textbooks and academic journals. This is a good example of self-selection bias where referees can be selected to stamp their neoclassical imprimatur, while rejecting any works that challenge the neoclassical citadel.¹

A second suggestion is to write textbooks that espouse both sustainability and pluralism. I am pleased to announce I am writing a principles of economics textbook entitled, *Principles of Economics for a Pluralist, Progressive and Sustainable World*, to be published by Pluto Press, based in London. As the only textbook to emphasize both pluralism and sustainability, we look forward to directly competing with current best sellers in the principles market. My co-authors, Maria Madi, a specialist in international macroeconomics from Sao Paulo, Brazil; and Molly Scott Cato, a specialist in green economics and sustainability from the United Kingdom, offer an international and varied expertise that will be tough to beat. We hope to have the textbook available for classroom adoption by fall 2013. We will follow this with a labor economics textbook.

In addition, I am founding editor of a new journal in economics education -- *The International Journal of Pluralism and Economics Education*, published by Inderscience (www.inderscience.com). I founded the journal in 2009 to encourage

¹ I have also written a little on the obstacles posed by the referee process (Reardon 2008). This is an important issue which I would like to return.

pluralism in pedagogy and to re-conceptualize how we teach economics. So far the IJPEE has exceeded expectations: we have published almost 100 articles in 26 issues, with Volume 4, No. 3 currently in press. Specifically pertaining to educating the world about sustainability we have first of all appointed five dedicated and highly knowledgeable individuals to the IJPEE Board of Editors: Peter Söderbaum (Sweden); Miriam Kennet (UK and founding editor of the *International Journal of Green Economics*); Malgorzata Dereniowska (Poland); Mauro Bonilla (Columbia) and Dzineta Dimante (Latvia).

Second, we have launched we published a Mini-Symposium on the Environment (Vol. 3, No. 2) and launched a special ongoing series on Sustainable Development and Economic Growth (Vol. 3, No. 1). And third, we have launched a series on 'dialoging between the social sciences with primers on sociology, psychoanalysis and anthropology.' If economics is to help solve our problems we must learn from other disciplines, for we "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" [Bowles et al., (2005), p.51]. And we launched another series on 'bridging the disciplines within economics' with articles on old institutionalism and to date.

In 2009 I published my book, *The Handbook of Pluralist Economics Education* (Routledge 2009) provides recipes for professors interested in implementing pluralism in the classroom. And in addition, I was just invited to co-edit a blog on economics education for the World Economics Association.

I look forward to working with like-minded individuals across the globe to re-conceptualize economics to make it more sustainable and pluralist. The key to success for reformation of economics and economics education is to make it pluralist. Easier said than done! Pluralism is useful² because, "no paradigm or theoretical perspective can claim universal applicability, i.e., usefulness for all kinds of all problems. Each paradigm or theoretical perspective may have something to offer and preference for one theoretical perspective over another is . . . partly a matter of ideology" (Söderbaum 2008, p. 10). And pluralism exposes students to different viewpoints and the democratic interaction of ideas which can lead to a

² For a full exposition on the benefits of pluralism please see (Reardon 2012).

"transformative dialogue," and help move economics forward (Söderbaum and Brown, 2011).

Section Two: The Importance of Elinor Ostrom's work

I welcomed Elinor Ostrom's receipt of the Bank of Sweden's Prize in Economics as an indication of the importance of pluralism and moving beyond the traditional boundaries separating the social sciences. Granted this movement should have occurred a long time ago as Robert Skidelsky noted,

"after Keynes, economists should have aligned their discipline with other social scientists concerned with human behaviour. Keynes opened the way to political economy; but economists opted for a regressive research programme, disguised by sophisticated mathematics that set it apart.... [nevertheless] the present crisis gives us an opportunity to try again" (2009).

Ostrom's work also comports with the objectives of the IJPEE to dialogue between the social sciences.

Unfortunately Ostrom's beliefs are symptomatic of the hegemony of neoclassical economics—she assimilates the concepts, dogma and ideology of neoclassical concomitant with a quasi non-toleration of dissenting views. This is why it is necessary to counter this vision with a more pluralist conception which in turn is necessary for understanding and incorporating sustainability.

Nevertheless, her work on the commons represents an important stepping stone in correcting the mis-education perpetrated by neoclassical economics on this subject as Tom Green notes,

"the textbooks conflate open access (where no property rights are defined and there are no management rules, enforcement mechanisms or sanctions) with common property regimes (where the members of a group have defined property rights to exploit a common pool resource under a set of collectively derived rules and use enforcement mechanisms and apply sanctions to ensure compliance)" (Green 2012, p. 209).

It is also important to understand the commons because this is the front line (so to speak) in the current battle between free market ideology propelled by neoclassical economists and opponents arguing for a more constructive role of

government. The role of government is being re-evaluated and re-conceptualized and the commons is the preponderant area of investigation. Even stalwart neoclassical economists contend that if the market does not work in a particular area or on a particular issue then this provides the rationale for government redress.

Notwithstanding the mis-conception between open access and the commons, neoclassical economists are wont to suggest property rights as an efficacious solution for negative externalities such as air pollution, and climate change. As Frank Stilwell notes, "The greater significance . . . is Ostrom's challenge to the market-state dualism in economic thought³" (Stilwell 2012, p.44). While presented this at times as novel insight, it has been well-established in most other schools of thought within economics, especially old institutional economics. Yet at the same time, Ostrom's work is necessary to counter the mis-education by neoclassical economists on this important point as Green notes,

"While private property rights can sometimes lead to improved environmental outcomes, the textbook story is too simplistic. In many instances both empirical data and economic theory show that private property regimes are likely to lead to resource overexploitation or environmental degradation" (2012, p. 210).

Of course, the irony is that defining and legalizing property rights must entail an active (and ideological government) as evidenced in its very definition, "A property right is a social relation. It is a relationship between the rights holder and the rights regards under a specific authority structure like the state granting legitimacy and security to a specific resource or benefit stream" (Vant 2005, p. 254). The key phrase here is 'social relation ' and as such, property rights "have to be defined and defended through the socio-political processes" (Vant 2005, p. 254). A crucial omission in the neoclassical analysis of property rights is power which is assumed away with the gratuitous assumption of properly working markets⁴. Thus the importance of perspectives offered by sociology and political

³ Stilwell also notes that Ostrom is the first female winner of the Economics Nobel, following 62 males (Stilwell 2012, p. 44).

⁴ For a good discussion of the concept of power which emphasis on the insights of John Kenneth Galbraith, see (Stilwell 2012, pp. 229-240). For a theoretical discussion of the contours of power see (Reardon, Madi and Cato 2013).

science, as well as all other disciplines within economics, which begin with the existence (and hence its use) of power.

If we are to move towards a sustainable economy, the issues of the commons, property rights, and the role of the government must be addressed from a genuinely pluralist perspective, which gives active legitimacy to all relevant views and not just the dominant ones. Pluralism is a necessary foundation for understanding and creating a useful dialogue. If a reformed economics is to help make the world a better place -- and it must -- then economics must be concerned with justice, which in turn is interconnected at many levels with pluralist dialogue since, "not only are dialogue and communication part of the subject matter of the theory of justice . . . it is also the case that the nature, robustness and reach of the theories proposed themselves depend on contributions from discussion and discourse" (Sen 2009, pp. 88-89).

Unfortunately the obstacles preventing adoption of sustainability are formidable, but nevertheless it is our task to reform economics so it is no longer monist and hegemonic. To do so we must educate our students rather than proselytize them. In future blogs and my paper presented to the Institute I will recommend specific solutions. The goal of our workshop should be an extension of Ostrom's work from a truly pluralist perspective and I look forward to contributing!

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