

Pluralism in the economics curriculum

Andrew Mearman, University of Leeds
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This booklet gives examples of three ways in which economics can be taught pluralistically in a university course:

[1. Enriching an 'orthodox' module](#)

This approach uses heterodox concepts to shed new light on orthodox concepts essentially following a standard textbook treatment augmented by heterodox material. This 'orthodox-plus' approach is probably the most common form of 'heterodox' module, given that most undergraduate teaching is orthodox and opportunities to teach exclusively heterodox material are limited.

[2. A module that focuses on an alternative system of thought](#)

For example, a module might aim to provide students with a rich understanding of the way of thinking found either in a specific strand of heterodox thought, such as Marxism, Post-Keynesianism; or in a synthesised heterodox approach to, say, microeconomics. These modules are rare in the UK and remain unusual in other countries, such as the USA.

[3. Teaching orthodox and heterodox economics as 'contending perspectives'](#)

A series of topics of interest or theoretical concerns are taught first from one perspective, then from the other, allowing comparison. [Barone \(1991\)](#) describes an entire programme organised around this principle. The new programme at Greenwich is designed along these lines.

It can be read in conjunction with the chapter "[Teaching Heterodox Economics and Pluralism](#)" in the Handbook for Economics Lecturers, where the three approaches are discussed in sections 2, 3, and 4 respectively. Alternatively, you might already

be persuaded of the virtue of diversifying the curriculum and want more specific examples of what has been tried in universities.

For the purpose of this document, heterodox means neither simply ‘non-orthodox’ nor ‘non-neoclassical’. Nor is it defined merely in terms of new versus old, i.e. new economic research versus old textbook theory. Rather, it constitutes a set of key characteristics found in the writings of heterodox economists. A summary of these is presented in Figure 1.

Figure 1: A non-exhaustive series of heterodox principles

1. Methodology (rather than just *method*) is important to understanding economics.
2. Human actors are social and less than perfectly rational, driven by habits, routines, culture and tradition.
3. While theories of the individual are useful, so are theories of aggregate or collective outcomes. Further, neither the individual nor the aggregate can be understood in isolation from the other. The micro/macro distinction may be invalid.
4. Economic systems are complex, evolving and unpredictable – and consequently equilibrium models should be viewed sceptically.
5. History and time are important (reflecting (4)).
6. All economic theories are fallible and, reflecting (4), there is contemporary relevance of the history of thought to understanding economics.
7. Pluralism, i.e. multiple perspectives, is advocated (following on from (4) and (6)).
8. Formal mathematical and statistical methods should not be presumed to be superior. Other methods and data types are valuable.
9. Facts and values are inseparable.
10. Power is an important determinant of economic outcomes (cf. [Ozanne, 2016](#)).

This issue of defining “heterodox economics” is treated at greater length in [Section 1.1](#) of the handbook chapter.

1. Enriching an orthodox module

An example of how heterodox criticisms can be valuable in the process of critical teaching involves consumer theory. This may be studied at either introductory or intermediate level. Particularly in the latter case, the treatment often involves noting the assumptions underpinning indifference curve analysis, including rationality, transitivity and completeness. The assumptions are covered in most textbooks. A lot can be gained by critically examining the assumptions. Heterodox texts can be crucial in this regard. For example, [Dorman \(2014a\)](#) discusses whether the assumptions hold in reality. Significantly, they examine experimental evidence

that throws doubt on the assumptions ([Becker \(2004\)](#) also notes this example). In so doing, the authors introduce students to a body of work of growing importance in economics. This is an easy innovation to make given the welter of theoretical and empirical literature now available on behavioural economics.

On that theme, another piece of heterodox work which is accessible to lower-level undergraduate students is [Tomer's \(2001\)](#) critique of 'economic man'. Tomer examines 'economic man' from a particular psychological perspective. Economic man is self-interested, rational, separate from his environment, unchanging and unreflective. Tomer argues that economic man applies to only a minority of humans, for a small portion of their lives. Again, the orthodox concepts are interrogated – and understood – and an alternative body of theory is introduced.

Consumer theory is a particularly rich area for drawing on heterodox critiques and enriching the teaching of orthodox material. Veblen's concept of conspicuous consumption allows the assumption of independence of preferences and prices made in orthodox consumer theory to be questioned. Galbraith's thoughts on advertising ([1958](#), [1967](#)), which echo some contemporary mainstream work by, for example, [McCloskey \(1994\)](#) on rhetoric, and [Mullainathan and Shleifer \(2005\)](#) on finance, are an engaging and accessible source for evaluating advertisements. The new literature on behavioural economics allows for a much richer consideration of consumer behaviour than was typically delivered. A similar approach can be taken throughout the module.

Tables 1a and 1b show suggested content and key questions for introductory and intermediate level microeconomics modules.

Table 1a: Introductory Micro module ('orthodox-plus')

Topic	Heterodox angle
What is economics?	Question positive/normative distinction; note variety of definitions of economics
S&D and markets	Note: markets as institutions
Demand curves	Note: up-sloping demand; question law of demand; Veblen; Figure 6: biscuit experiment
Elasticity	How do firms calculate elasticities? Can they? Do demand curves exist?
Production and costs	Does the law of diminishing returns hold? Question shape of average cost curve; Figure 4: paper aeroplanes
Profit maximisation	Goals of the firm? (See Mallin, 2009). Mark-up pricing

Factor markets	Workers getting their marginal product? Marx
Structure–Conduct–Performance	Stress barriers to entry. Austrian school
Market failure	Question distributional fairness
Government intervention	Political arguments for intervention; distribution; Figure 3: Kemp/Wunder market game

Table 1b: Intermediate Micro module (orthodox-plus)

Topic	Heterodox angle
Consumer theory	Tomer on economic man; Galbraith on advertising; Figure 8: media watching exercise; persuasion; experimental evidence
Household choice theory	Critique of Becker; altruism; cooperative and non-cooperative equilibria (Himmelweit <i>et al.</i>)
Analysis of choice under risk	Problem of non-probabilistic uncertainty? Question the value of the expected utility hypothesis under uncertainty
Analysis of long-term decision making	Assumptions made? Discounting and the environment?
Decision-making and asymmetric information	Power structures and information flow: to whom?
Isoquant theory	Figure 2: Brokken and Bywater (1982)
Labour markets	Query about exploitation; labour market discrimination
Market structure and efficiency	Austrian critique; contestability; monopoly capital
Game theory	Limitations of? Implications of game theory for conventional theory?
Price discrimination	Question informational assumptions
General equilibrium analysis	Institutional analysis of markets; question assumptions; social markets (Himmelweit <i>et al.</i> 2001). Figure 3: Kemp/Wunder game

Both the introductory (Table 1a) and intermediate (Table 1b) modules look standard in their list of topics, except, perhaps, for the addition of household choice theory. The emphasis remains on communicating the key orthodox concepts, but

this is assisted by employing the heterodox angle. Of course, given time constraints and the abilities of the students, the content will vary, as will the extent to which one can engage with the critical literature. However, note that in many cases, the critical literature will assist in learning the key concepts. Two examples of this are shown in Figures 2 and 3.

Figure 2: The Brokken and Bywater (1982) article on cattle feed

[The authors ask](#) whether in the case of cattle feed isoquants are convex. The instructor can choose the extent and depth to which this is explored. For example, in a one-lecture/one-seminar model, it is quite feasible to devote half a seminar to the article. The students are asked to read it beforehand and therefore should have some understanding of it but, in the seminar, points of confusion can briefly be clarified. Most of the time is taken drawing out the implications of the article for economic theory. For instance, discussion focuses on the value of the convexity assumption. This assumption resonates with students from studying indifference curves, and it is useful when the students consider general equilibrium analysis later in the module.

The author has found that by reading the article, students deepen their understanding of isoquants, learn about a practical case, and are exposed to empirical analysis and techniques. The article also provides the opportunity to discuss the nature of assumptions, models and theory more broadly.

Figure 3: Kemp and Wunder (2007) market game

A simulation [developed by Kemp and Wunder](#) demonstrates how an apparently conventional classroom experiment can enhance knowledge of orthodox concepts whilst being enriched by a heterodox perspective. The game essentially runs as follows: scarce factors of production (including, importantly, entrepreneurship) are allocated equally amongst individual students, except that land is allocated on a first come, first served basis. No capital is distributed, because it must be produced through labour. Students must trade their labour and land (if they have any) in order to (get capital and) produce enough for material subsistence. Any surplus can be spent on luxury goods. The winner of the game is the one who accumulates the most commodities (goods). Money is introduced through the State (played by the instructor) purchasing privately owned factors of production.

Like the majority of these market experiments, this one attempts to demonstrate the functioning of competitive markets and their outcomes. However, there are some differences from the ordinary. For example, entrepreneurial units are introduced to the game, allowing inventions to enter the market and either succeed or fail. This introduces a dynamic element to the game. This can be interpreted as a heterodox

augmentation of the game: dynamics and entrepreneurialism are key tenets of Austrian economics. All production involves capital, but capital must be developed, showing that it does not merely exist as if on trees.

The game attempts to demonstrate several important concepts. First, it shows how resources, market interaction and politics work to produce and distribute resources throughout the community. The role of the State in allocation decisions is significant in this regard. The first two of these notions are conventional, and the third a little more controversial but in principle can lead to a treatment of market failure in terms of, for instance, rent seeking. Further, it could prelude a discussion of the role of legal systems in conditioning economic activity. That could be said to reflect a Commonsian tradition within institutionalism, as well as the recent literature by, for example, Posner.

Second, the game aims to demonstrate the role of innovation on economic development and performance. Again, this is something of a departure from a standard microeconomics module and suggests an Austrian influence. The game can also be used in a macroeconomics module.

Third, the game demonstrates how initial allocations affect final allocations. As Kemp and Wunder report, a crucial element of the game is that students are required to discuss their feelings about it. In particular, they are encouraged to give their opinions about:

1. the workability of the economic system;
2. what they considered to be their important learning experience;
3. whether they felt that the system was just;
4. whether the simulation changed any of their attitudes about economy and society.

This process of reflection is a significant element of the educational process.

In the cases of Tables 1a and 1b a few comments can be made on omissions. For example, in Table 1a, possibly some of the time normally allocated to deriving long-term cost curves, repeatedly calculating elasticities or practising the perfect competition diagram will be sacrificed. However, the concepts and key implications of those topics would be retained.

To make space for the inclusion of heterodox perspectives in an orthodox module, something must be omitted, but what? This is significant precisely because an objection to the above proposal is that key concepts are omitted. There is no single model for an introductory or intermediate microeconomics module, so it impossible to state categorically whether the modules in Tables 1a and 1b match such a standard. However, the author would argue that in terms of topics and

concepts covered, they do. Comparing the module structures to [the Economics Benchmarking Statement](#) reveals no relevant omissions.

The examples here have been focused on microeconomics. This is because macroeconomics has typically always been taught more comparatively, e.g. by examining debates between Keynesians and classical economists. With the dominance of the new consensus model, this is changing, though. Nonetheless, Section 3 of this booklet discusses an introductory macroeconomics module at the University of the West of England which attempts to teach according to contending perspectives. Similarly, that section presents an introductory survey module at Leicester University, which presents contending perspectives via engagement with a series of real-world problems. Insights from these modules can easily be applied to the examples above.

A module which attempts to enrich an orthodox module with heterodox content is presented in Figure 4.

Figure 4: An ‘orthodox-plus’ module

A second year module in banking and finance at the University of Greenwich enriches a fairly standard module with the targeted introduction of non-standard material. The module begins with an overview of the financial system, moving on to financial intermediaries. It then takes a slight departure by investigating shadow banking and some key concepts such as repurchasing agreements. It offers orthodox-plus material in three key ways. One is through variation in content: in the discussion of money creation, the topic is taught as a debate between exogenous and endogenous money views. Further, and perhaps more controversially, the module’s treatment of financial crises explicitly contrasts mainstream explanations of financial crises with Minsky’s financial instability hypothesis.

Second, the module deploys a variety of readings. It uses a foundation text, [Mishkin \(2013\)](#), throughout the module. Thus we can denote the module as essentially orthodox. However, at key points, different readings are used. Crucially, as well as using interlocutors of Minsky, these readings include an original Minsky work ([1992](#)). This reflects the desire to encourage students to read the original unadulterated text, thereby enhancing students’ understanding of the history of economic thought. Third, the module explicitly aims at achieving wider educational skills such as critical thinking.

More specialist modules can offer further opportunities for ‘orthodox-plus’ formulations. Often this is necessary given a lack of orthodox material in certain areas, and/or significant heterodox contributions there. For example, a module on economic growth would look rather bare if it comprised only classical models, such as the Harrod-Domar, plus the neoclassical Solow model. An adequate

module must also include so-called ‘endogenous growth theory’, which some regard as being post-neoclassical. Indeed, arguably the theory of cumulative causation – and therefore of Veblen (the originator of the term) and the family of Kaldorian growth models – ought be included in any growth module, given that it is in many ways a precursor to endogenous growth theory. Drawing on the heterodox theories does not reduce the module’s content or technical level.

Other examples include:

- A module on banking and finance formerly taught at Stirling University draws on neoclassical theory but, because of the nature of the literature and the relative paucity of orthodox treatments, necessarily draws on heterodox theories of banking and (other) financial institutions.
- [Dayal \(2013\)](#) discusses a course on public economics taught at the Institute for Economic Growth in Delhi, India. The module innovates in three ways. First it separates the module content into unconventional sections. Second, it includes an explicitly institutionalist slant, partly via an introductory section. Third, it has an empirical section, which encourages students to interrogate the theoretical content, which remains predominantly orthodox.
- [Lee \(2010\)](#) describes a graduate microeconomics module taught at University of Missouri-Kansas City. The module employs a strategy for teaching orthodox microeconomics, but critically. The core orthodox material is delivered, but always this material is also problematized. Lee reflects the heterodox focus on history of thought by delivering the standard content via an historical narrative.

[Section 2 of the handbook chapter](#) considers the strengths of the orthodox-plus approach.

2. The Heterodox module approach

A sample outline for a heterodox module, applicable to a number of levels, is shown in Table 2. In developing the module outline here, a higher level module is in mind but it is easily employed at level 1 when suitable adjustments are made for background, technical competence and maturity.

Table 2: Heterodox intermediate microeconomics module

Topic	Detail
What is heterodoxy?	Single unified approach or plurality of approaches?
Theories in microeconomics	What is a theory and what makes it good?
Key concepts in heterodoxy	Should microeconomics exist? Individualism or social? Class and power. Systems versus atoms. Uncertainty. Equilibrium

Theories of individual behaviour in consumption	Behavioural and institutional theory; conception of 'economic man'; Veblen , Galbraith; Figure 7: Biscuit experiment; Figure 8: Media watching
Households as consumption and production units	Marx; institutionalists; feminist theory
Firms	Why do firms exist? Responses to uncertainty (Galbraith); more effective exploitation (Marxists)
Firms as production units	Exploitation; Marx; Sraffa; modern Marxists; ecological implications; Figure 5: paper aeroplanes
Firms and pricing	Post-Keynesian theories; evidence on pricing and costs
Competition and markets	Classical/Marxian 'globules of capital' approach; Post-Keynesian monopoly capital approach; Austrian theory
Markets	Institutional approaches. 'Real markets'. Keynesian beauty contest. Markets as failing mechanisms. Capital markets and efficiency. How markets and ecology interact. Figure 3: Kemp/Wunder game
Government policy	Rationale? Income distribution. Ecological issues.

Immediately, that approach raises the concept of pluralism, which in [Figure 1](#) was offered as a key tenet of heterodoxy. Thus heterodoxy advocates a range of perspectives and does not require that they are consistent. This is an interesting claim in itself. What do students think of it? What do their responses to that question tell us? Thereafter, the focus is on substantive areas. Space precludes a full discussion of these but an exercise discussed in [Figure 5](#) allows us to see the heterodox approach in action. This example is one which could be used in an orthodox-plus module, a contending perspectives module or a heterodox module.

Figure 5: Production of paper aeroplanes

A useful exercise – which needs to occur in seminars – is to ask students to design a simple product and then its production process. A good example is a paper aeroplane (see [Rubin, 2002](#)). Students could form groups – or firms – and be invited to compete with each other on how much to produce. This is an interactive tool that students find enjoyable.

Several lessons can be learned from the activity, such as the connection between design complexity and productive complexity, and the possible trade-off between complexity and productive volume. In this sense, the paper aeroplane exercise is richer than moving flowerpots or tennis balls. Different students will choose different production methods: some will opt for individuals making entire

aeroplanes; or teams; or production lines. If the exercise is done in stages – for example by gradually increasing the number of people involved in the production process – students can reflect on past performance, learn, and make judgements about what is effective.

In many cases, students will change their production methods. The results from the different rounds of production, with different amounts of labour employed, could easily be used to discuss marginal productivity (and whether it diminishes) and economies of scale. That could then lead to the theory of diminishing marginal productivity and of the U-shaped average cost curve. Equally, though, the results could suggest that diminishing marginal returns fail to occur; similarly, diseconomies may not occur.

All of the outcomes described in Figure 5 could be achieved on any module. Indeed, the exercise could be employed on a standard introductory microeconomics module. What is the heterodox value-added? Actually, the exercise illustrates several of the heterodox principles discussed in Figure 1. What if the game produces cost curves that do not form nice U-shapes and instead exhibit economies but not diseconomies of scale? That illustrates a theoretical point but also principle 4, on the unpredictability of economic cases. It also illustrates principle 6 on the fallibility of theories. Further, if different groups produce different results, principle 5 is illustrated: that history and time are important in determining economic outcomes.

In terms of theory, a finding of continuous economies of scale allows the L-shaped average cost curve to then be introduced. That curve has implications for the firm – for instance, it does not have an optimal size and is limited only by the amount it can sell (as Adam Smith noted). The L-shaped cost curve also has effects on pricing. There is a wealth of empirical literature on economies of scale and on the processes by which firms set prices. It is easy to go from the simple example of a paper aeroplane production process into discussion of heterodox pricing theories, such as Andrews' normal cost theory and Means' administered prices. Both of these theories are based on distinct theories of production and industrial organisation. This opens up new avenues for the students. The story of Hall and Hitch and their investigations into pricing offer an interesting case study of real research and an example of the case study method in economics. That illustrates heterodox principle 1, on the importance of methodological understanding.

Heterodox principle 5 stresses the importance of the history of economic thought. The paper aeroplanes exercise allows historical references to be made. One example is Smith's discussion of the division of labour. For example, by examining and reflecting on the data the students have produced, one is led to examine concepts such as the division of labour. To what extent did students engage in specialisation, or did they manufacture complete aeroplanes? What are the implications for the level of production, the firm and – reflecting Smith's own

concern – the workers within the division of labour? Do the students prefer to see individually fulfilled workers, or the highest production possible?

The question of the ethics of the firm is then relevant. That reflects heterodox principle 9 in Figure 1: facts and values are inseparable. While that topic cannot be discussed in great depth it is another hallmark of a heterodox approach that questions of value are not banished to a normative box. For instance, can we say what a worker ought to receive from labour? Veblen, for one, says we cannot, except that such questions have social contexts. Marx, on the other hand, argued that workers should receive the fruits of their labours and that when they did not, they were being exploited. Do students agree? What is the potential for exploitation in the production processes they have designed? The Marxist account of [Bowles and Gintis \(1985\)](#) argues that production can be increased simply by increasing monitoring and, thereby, effort levels. Were the students producing more aeroplanes because their production methods were more *efficient*, or were they simply being forced to work harder? That discussion highlights heterodox principle 10, on the importance of power in economics.

There are several ways to run heterodox modules. One way is to discuss a specific paradigm. An example of this approach is discussed in Figure 6.

Figure 6: A feminist module on globalisation

[Warnecke \(2009\)](#) describes a module on gender and globalisation taught at Rollins College. One aspect of a feminist teaching strategy is to highlight gendered aspects of a phenomenon; hence the module examined topics such as international trade, migration and job security, with greater focus on how these things affected different genders in different ways. Further, the module deployed several pedagogical aspects as discussed in [section 1.1.2](#) of the handbook chapter. For instance, Warnecke left open the topics of three class discussions late in the module and allowed students to propose topics on anything connecting gender and globalisation.

Additionally, throughout the module, each topic was considered using different perspectives. These two aspects were challenging for both the students and the instructor. Warnecke explains how she prepared the ground for both the discussions of gender and the deployment of different perspectives: this is crucial for success of such an approach. Overall the module received very good feedback about its content and the process of learning.

There are other examples of single paradigm modules, particularly on Institutionalism, in the USA. Such modules tend to have specific characteristics:

- Methodology underpins the institutionalist theory. John Dewey, for example, was a pragmatist philosopher on whom institutionalists draw

extensively. Dewey embraced a dialectical method. Similarly, Veblen and others stressed key distinctions in the economy, their maintenance, effects and their breakdown. Other key methodological tenets are the stress on systems, evolution and change, valuation, and the complex nature of the individual. These concepts can then be applied to theoretical issues. A commonly chosen issue is the analysis of work, as developed in particular by Juliet Schor.

- Material from other disciplines, such as social psychology, is crucial. Students on these institutionalist modules are encouraged to read other disciplines', which is useful for a discussion of human nature, a common feature of institutionalist modules.
- A historical approach is adopted, usually involving a historical account of economic development, in chronological order, beginning with pre-modern, through modern, on to contemporary economies dominated by large corporations. As institutionalist modules, they focus on the development of institutions over time. Also, their definition of institution is typical of the tradition, being much broader than simply defining an institution as a corporate body; rather, an institution includes habits of thought and of mind.
- Many courses also involve the integration of ecological concerns into the economics syllabus.

Other angles to take are:

- *Political economy*: [Mavroudeas \(2013\)](#) describes a first year module at the University of Macedonia, Greece, on political economy with a focus on Marxism. The course aims at providing an understanding of the economy. Consistent with the discussion in [section 1.1.1 of the handbook chapter](#), the module combines the history of economics and of economies with methodological discussion. The module is in three parts, the first two setting the context for the main section of the module on Marxist political economy. The main concern therein is value, and how the nature of value affects capitalist accumulation and reproduction. The module addresses key theoretical debates in Marxism such as the so-called 'transformation problem', but roots all of these in discussion of contemporary reality.
- A module in *Comparative Economic Thought* at Galway offers a different way to deliver a heterodox module. The module begins with a brief critical presentation of the neoclassical approach, and then proceeds into a series of alternatives, including Post-Keynesian, Cambridge, Marxian and Institutional. There is no attempt here to offer a single, unified heterodox approach. Rather, the different schools of thought are offered individually and students are invited to compare them. In this module the emphasis is on literature and on critique. The comparative analysis involved is clear, not least from the title of the module.
- *A single coherent heterodox approach*: [Goodwin and Harris \(2001\)](#) present a heterodox microeconomics module, based on a microeconomics text

called *Microeconomics in Context*. They advocate a new paradigm: contextual economics, which combines elements of ecological, feminist, institutionalist, Marxist, radical, and even (reconfigured) neoclassical economics which attempts to synthesise elements of those parts. Their position is that orthodox micro systematically ignores issues of context, particularly ecological issues (a common complaint). When the text presents standard microeconomic concepts, they are always positioned in the relevant contexts. Thus, the module structure focuses on a series of topics: the relationship between wealth, consumption, well-being and ecological balance; historical perspectives on capitalism; markets, industrialisation and culture; household labour and child rearing; trends in corporate growth and market power; wage differentials and income inequality; and environmental externalities and intergenerational equity.

[Section 3 of the handbook chapter](#) considers the advantages and opportunities of a heterodox module.

3. The ‘contending perspectives’ approach

Table 3a shows a module structure (plus readings and selected activities) for an Introductory Microeconomics module taught over one semester at a US college. Table 3b provides a contrast between the structure of a contending perspectives module and a conventional module.

Table 3a: Introductory microeconomics module (contending perspectives)

Topic	Heterodox resources (orthodox resources assumed readily available)
<p>Introduction to economics</p> <p>What is economics? How is economics done? Some views on economics</p>	<p>Stretton, Chs. 1–3, 5, 7</p>
<p>Orthodox and heterodox perspectives on economics</p>	<p>Heilbroner, <i>Teachings from the Worldly Philosophy (TWP)</i>, Chs. I–II, pp. 333–336, 208–211, 219–235, 297–330</p> <p>Stretton, Chs. 7–10</p> <p>Heilbroner, <i>The Worldly Philosophers (WP)</i>, Chs. 1–2, 10</p>
<p>Demand</p> <p>Basic principles of demand; elasticity</p>	<p>Heilbroner, WP, Ch. 8</p> <p>Heilbroner, TWP, Ch. V, pp. 247–263</p> <p>Dollars and Sense, 2016, Chs. 2-3</p>

	<p>Stretton, Chs. 19–27</p> <p>Veblen</p> <p>Figure 7: biscuit experiment</p>
<p>Demand and advertising</p> <p>Informational advertising vs. persuasive advertising</p>	<p>Figure 8: Media watching exercise</p>
<p>Firms and production</p> <p>Costs, revenues and production</p>	<p>Dollars and Sense, 2016, Ch. 4</p> <p>Stretton, Ch. 31–35</p> <p>Smith, Book I, Ch. 1</p> <p>Heilbroner, WP, Chs. 3, 6</p> <p>Heilbroner, TWP, pp. 73–86, 90–95, Ch. IV</p> <p>Marx, Karl (1867) <i>Capital</i>, Vol. 1, Chs. 1 (sections 1, 2 and 4), 7</p> <p>Figure 5: paper aeroplane experiment</p>
<p>Firms and competition</p> <p>Competition, monopoly, oligopoly and mergers</p>	<p>Dollars and Sense, 2016, Ch. 5</p>
<p>Profits</p> <p>Mechanics of profitability</p>	
<p>Profits</p> <p>Consequences of profitability</p>	
<p>Markets</p> <p>Supply and demand analysis</p>	<p>Heilbroner, WP, Chs. 3, 9</p> <p>Heilbroner, TWP, pp. 55–98, 235–238</p> <p>Stretton, Chs. 40–42</p> <p>Market experiment</p>
<p>Markets</p> <p>The free markets approach. How free are ‘free markets’? Do markets work? Stock markets</p>	<p>Dollars and Sense, 2016, Chs. 6-8</p> <p>Stretton, Ch. 36–9</p>

	Keynes , Chs. 12 and 19 Figure 3: Kemp/Wunder
Markets and government Various views on the market–government relationship. Public goods, etc.	Dollars and Sense, 2016, Chs. 9-10 Heilbroner, WP, Chs. 5–6, 10 Heilbroner, TWP, pp. 98–105, 275–296

Table 3b: Contending perspectives module contrasted with a standard module (introductory microeconomics)

Contending perspectives	Standard
Introduction to economics What is economics? How is economics done? Some views on economics	Introduction to Economics What is economics? How is economics done?
Orthodox and heterodox perspectives on economics	Markets Supply and demand analysis
Demand Basic principles of demand; elasticity	Demand curves
Demand and advertising Informational advertising vs. persuasive advertising	Elasticity
Firms and production Costs, revenues and production	Production and costs
Firms and competition Competition, monopoly, oligopoly and mergers	Profit maximisation
Profits Mechanics of profitability	Factor markets
Profits Consequences of profitability	Structure–Conduct–Performance: Perfect competition
Markets Supply and demand analysis	Structure–Conduct–Performance: Monopoly

<p>Markets</p> <p>The free markets approach. How free are ‘free markets’? Do markets work? Stock markets</p>	<p>Market failure</p> <p>Public goods and externalities</p>
<p>Markets and government</p> <p>Various views on the market–government relationship. Public goods, etc.</p>	<p>Government intervention</p>

Although the readings in Table 3a suggest that Stretton is being used extensively, the author did not require students to buy the book. Certain key parts of the book were placed in a reader and many copies were placed in the library for reference. Other key readings, such as short handouts and newspaper articles, were placed in the reader.

In the author’s contending perspectives module, there were two recommended texts: *Real World Micro* ([Dollars and Sense, 2016](#)), which encompassed a heterodox slant on real-world issues connected to consumers (such as credit card companies’ marketing schemes), firms (such as price gouging), markets (living wage movements), government policy (such as welfare reform), plus environmental and globalisation articles; and Heilbroner’s *Worldly Philosophers*. As Earl discusses, it may be useful to explain how economists came to their own views; but in any case, Heilbroner’s book adds some colour to the thoughts of famous economists in terms of their personal backgrounds and their historical context. Thus, engagement is achieved, as is the heterodox attention to history of thought. As shown in Table 3a, the readings from Heilbroner are interspersed into the programme as appropriate to invigorate certain topics. An alternative is to teach a block of history of thought at the beginning of the course ([Barone, 1991](#)).

One benefit to the teacher of such a module is that allows flexible thinking about the order of topics. A teacher could in theory adopt the conventional ordering of topics and begin with markets. The students learn the supply and demand diagram in order to grasp the concept of scarcity and its relation to price movements. Indeed, the first time the author ran the module, that was the path chosen. However, it is unnecessary to teach supply and demand first; moreover, that order is in many ways strange. For instance, we know that markets are where buyers and sellers meet yet we discuss markets well before buyers and sellers are discussed. Further, in a traditional introductory microeconomics module, we begin with markets and often end with them, i.e. through market failure and the role of government. It may make more sense to group those topics together.

Alternatively, we treat the level 1 micro in the same way as we do at level 2: we begin with the consumer rather than with the market. One way of introducing the topic of demand is to run a classroom experiment, as discussed in Figure 7.

Figure 7: Chocolate chip biscuit experiment

One student volunteers to eat chocolate chip biscuits. They are asked to eat a biscuit and to rate the satisfaction they get from it as ten, as a standard by which to gauge further biscuits. They are then asked to eat successive biscuits. The objective is to test the principle of diminishing marginal utility. In most cases when the author ran this experiment, the resulting marginal utility curve was anything but smooth, but about half the time it was generally downward sloping. The students are then asked to consider what the results mean for the theory that demand curves are smoothly downward sloping. Some students will respond that as an approximation it is good enough. Others will simply argue that the results refute it. For example, the heterodox concern with history, discussed already, and concern that *ceteris paribus* is an unreasonable assumption, brings into question the ability to plot a demand curve at all. These objections in turn are countered, for example, by the argument that the demand curve need not be fact, but is illuminating. The ground for this discussion has been set by the discussion of economic method earlier.

The biscuit experiment is useful in another way. It illustrates the usefulness and difficulties of classroom experiments. In a typical American classroom, the invitation to eat biscuits would invariably be accompanied by a query as to where the milk was, given that usually biscuits and milk are eaten together. The author had to explain that the milk might corrupt the experimental conditions and could not be allowed. The fact that eating biscuits without a drink may cause less satisfaction for successive units was significant to the experiment. Some students also picked up on the fact that chocolate chip cookies were being used. Chocolate chip cookies can never, of course, be assumed identical: the obvious variable being the volume of chocolate in each biscuit. Good students realise that the experimental results may simply reflect the chocolate content of successive biscuits.

Further discussion can illuminate that students' responses to the results may be conditioned by their prior beliefs about orthodox/heterodox and concepts such as *ceteris paribus*. The biscuit experiment is therefore a good exercise in any microeconomics module, but it is particularly effective in a contending perspectives framework because it follows from and leads into differences between the orthodox and heterodox approaches.

At level 1, it is possible to discuss constrained maximisation, even without the formal framework or indifference curve analysis. By introducing the orthodox approach first, in which maximisation is a key element, the notion of constrained maximisation is intuitively more understandable. Similarly, though, by being made aware of heterodox objections, the student is already primed to criticise the notion. Students are thus able to ask questions about the demand curve itself, even as fundamental as questioning its existence.

The discussion of demand may lead into a discussion of the formation of preferences. Again, at introductory level, there need be no detailed discussion of the assumptions underlying demand theory. However, it is possible to state that choice is a product of prices, preferences and income; and that preferences are unexplained in the orthodox approach. Students may ask what the sources of preferences are. Various sources can be used to identify several factors, including the law, peer groups, families, religion and other traditions. This discussion leads into a heterodox theory of persuasion. At this point, as above, a discussion of Veblen can be slotted in, and students will become familiar with the concept of conspicuous consumption. At higher levels, one can examine at length heterodox critiques of the orthodox model of the consumer. However, at introductory level this is not necessary. Nevertheless, one can take the simple contrast that in the orthodox approach, advertising is informative, and in the heterodox approach, advertising is persuasive. This can lead to an interesting lecture and classroom discussion of a selection of advertisements. A way of exploring advertisements is to give students an assignment that involves watching television or some other media. It is assumed that students would enjoy this. The assignment is described in Figure 8.

Figure 8: Media watching assignment

The essence of the assignment as originally designed is that students watch a specific 30-minute commercial television programme and note its time, channel and content. They then note all the advertisements shown during the programme. From that list they are then asked to infer what audience the programme's advertisers believe is watching it and what message(s) the advertiser is attempting to send. They are then asked to analyse in detail one of the advertisements in a similar way to that done in class. This could be the subject of a student presentation.

Further, the analysis of advertisements can be a good examination or test question: present the students with an advertisement (or several) and ask them to analyse it from an orthodox and heterodox perspective and to contrast the two. The student should first be able to explain the essential points about the orthodox and heterodox perspectives on the consumer. Thus, their retention of the material is assessed. But their understanding can also be tested. The student should be able to identify what about the advertisement is informative and what is persuasive. Further, the student should say how the advertisement seeks to persuade and which social norms or pressures are being appealed to by the advertisement.

The exercise can be modified for other media too. Students could go to a film and note the adverts shown there. Commercial radio is another option, with little modification required from the TV assignment. Podcasts and vodcasts from commercial providers can be used similarly. However, streamed content offers a different challenge because of the interactive nature of advertising: providers know

an individual's previous behaviour, age group and possibly identity and can tailor content to them. Again, this can be a learning opportunity for all participants (including the tutor) to consider internet advertising. For instance, students can consider how advertising is embedded into content. Consequently, they may become aware of such advertising as never before.

That form of assignment illustrates the key elements in assessment using the contending perspectives approach. First, ascertain that the material has been understood. Second, apply the knowledge to an issue. So far, so conventional. Third, ask the students to compare the contending approaches; and fourth – perhaps most difficult of all – ask them to reach a reasonable, argued position on the merits of the theories. Another way to do this is simply to ask the students to write a paper on which theory of the consumer is best. The weak student will merely express their understanding of the theories. A better student will be able to compare the theories and identify their weaknesses. A good student will understand what is meant by 'best' in the context of a theory and reach a clear conclusion that weighs up the pros and cons of each approach. This assessment method might be called 'opinion essays', but essentially, the essays are reasoned arguments towards a particular view. The student's ability to present a clear structured argument and, where necessary, evidence, will be crucial.

The pattern of the module described so far continues throughout. From Table 3a, we can see that the next topic covered is the firm. The paper aeroplane exercise (Figure 5) above is useful here. Again, as with the biscuits experiment, it can be used simply to test an orthodox precept. It can also be useful as an experimental method for discussion by the students. Further though, as outlined above, the experiment leads into a discussion of production, costs, prices and profits. Orthodox U-shaped average costs can be compared with their heterodox L-shaped counterparts. Marginalist pricing can be compared to mark-up pricing. At higher levels, more detailed treatments of full-cost and normal-cost pricing theories can be undertaken. Again, the students' understanding of the topic can be assessed by an essay in which they are asked to reach a position and construct an argument for it. It may be the case that as in [Salemi \(2005\)](#), less detail is presented on cost curves; however, their critical analysis means that the concepts are being reinforced. Again, private study allows for practice and revision of key diagrams or formulae.

The treatment of market structure in this module is less detailed than in an orthodox module. Nonetheless, those concepts are encountered. Furthermore, the length of time discussing profits, their origin and their effects, is a stimulating and useful addition. The students exit with a much broader concept of profit and of the firm in its social environment than otherwise would have occurred.

As noted already, the structure of this module is different from a standard introductory framework because, thus far, there has been little if any formal

discussion of markets. 'Markets' is the final main topic covered. Again, the basic supply and demand analysis can be considered. This could even be applied, in a very basic way, to labour, which is a topic not covered in the module although usually it would be. Now, of course, students are more primed to be critical of markets and to enquire whether the supply and demand formulation is correct. Some students may even question the notion of equilibrium. This is another crucial concept in economics, which is often taken for granted: economists think in terms of equilibrium – why? Students who have already questioned *ceteris paribus* may be less likely than others to merely accept the importance and validity of equilibrium. Once again, the student is encouraged to interrogate that concept in order to understand and justify its use.

The market exercise (Figure 3) discussed above may be useful at this point in the module. To reiterate, that exercise can be run as a simple game of seeing markets clearly. However, with the additional heterodox material, students can see that the process towards equilibrium is complicated by a number of factors. The questions raised in the game about the role of the State, the institutional features of markets and the distributional (and other) outcomes of markets lead nicely into a comparison between the free market approach and its criticisms, and into a discussion of market failure and the role of government. It is even possible to cover general equilibrium, if only conceptually, at this point, because the students have seen the necessary component parts, such as perfect competition; but they are also more likely to understand the use of a model such as general equilibrium and to be able to reconcile its apparently fantastic assumptions with the need to model, because that issue has already been covered several times.

The heterodox value added can also be shown in a discussion of market failure which, to many heterodox economists, is a misnomer since many of the so-called rigidities in markets are in fact features which make markets function. An example is long-term contracts. Students are able to see an orthodox model in which long-term contracts are a distortion, but also understand from a heterodox perspective that such contracts may be a response to uncertainty. That thought process could then lead into a consideration of risk. If done at level 1, the discussion may be necessarily brief.

An introductory macroeconomics module on at the University of the West of England, Bristol, UK is discussed in Figure 9.

Figure 9: A Contending perspectives macroeconomics module

This module is delivered over one semester for six hours per week, so is more intensive than a typical module. It uses this space to cover more topics, such as sustainability. The module also introduces special topics, which may change to reflect current events. It also has time to adopt a contending perspectives approach. Like most macroeconomics modules it is organised around topics such as growth,

unemployment and inflation. It looks at each one from two main perspectives. One of these is orthodox macroeconomics. The other is heterodox, more specifically Post Keynesianism – it especially draws on the work of Michal Kalecki. This contrast is deployed throughout the module.

So for example, on money: the teachers compared the money multiplier approach with the endogenous money approach. An alternative might be to draw on [Modern Monetary Theory](#). The module also contrasts the Solow growth model and IS-LM with the Kaleckian model. It juxtaposed monetarist, New Keynesian and Post Keynesian approaches to inflation and unemployment (and their relation). As a final example of the contending perspectives approach, on financial balances, students were asked to consider the Ricardian equivalence and the twin deficit approach with Post Keynesian (including Godleyan perspectives). Students were encouraged to think about the differences and similarities between the different approaches and in some tutorials data were provided (e.g. UK financial balances, wage share and growth in the Eurozone) in order to help them reflect on the theories.

Significantly, the module uses a multi-resource approach, including drawing from CORE. Articles from the Bank of England, and those by Godley and others, were combined with texts, for instance the book on Post Keynesianism by [Lavoie \(2014\)](#). This may have reflected that no existing text covers all the relevant material. However, an alternative could be [Dorman \(2014b\)](#). A final point to note about the module is that it also adopts a multi-faceted assessment strategy, including an exam, a literature review (recently this was on de-growth), multiple-choice questions, and a group presentation. Thus students were thoroughly assessed, usually with a formative purpose.

Some other examples of contending perspectives modules are:-

- [Harvey \(2014\)](#) evaluates a module on contending perspectives delivered at Texas Christian University. The module was the model for a specialist textbook, [Harvey \(2015\)](#), which introduces a large range of alternatives, including orthodox economics. Core reading is supplemented by YouTube videos. An interesting feature of the module is that it commences with questions about logic, and science. This creates a base from which students can appraise the various approaches they meet. A key purpose of considering the nature of science is to explain how messy it is, and how biases are an important part of it. This prepares students for biases within readings, and alerts them to their own tutor's biases. This is clearly aimed at critical, autonomous thinking. The other feature of the module is the use of a large set (around 120) study questions. These range from being quite factual (for example: What is conspicuous consumption?) to more discursive (for instance: In what sense are definitions and statistical categories value-

laden?). These questions are used in class but also might be on the exams on the module.

- [McDonough \(2012\)](#) explains how he integrated heterodox criticism into a standard introductory economics module at the National University of Ireland, Galway. This module is a stepping-stone to a contending perspectives module but retains a standard textbook order of topics. The module exposes students to Marxist and institutionalist approaches, as well as to orthodox material. The key here is that the heterodox material is introduced early on and considered throughout.
- A first year core Economics for Management module at the University of Leicester, taught to approximately 200 students every year, offers a different approach to contending perspectives. This module may be the only contact with Economics these Management students have, so there is more scope to give them a flavour of the subject, expose them to different views, teach relevant content, and without any pressure to prepare them for higher level economics. The module starts with a discussion of the nature of economics and its scope (from the breadth of Smith and Marx, say, to the narrower focus of neoclassicals, then ‘colonisation’ and ‘fortress economics’) and a discussion of relationship/distinction between wealth and value. This then leads into a discussion of theories of markets, in which neo-classical views on how markets work are contrasted with a Stiglitz-type critique of the neoclassical; and then Austrian views contrast with the Marxian. This material provides a base for subsequent lectures, with markets as thread which holds them together. For example, globalisation is treated as the expansion of markets. Money and finance are discussed in the context of financial markets. Markets relating to climate change, education and intellectual property are also considered.
- [Parrique \(2015\)](#) presents a module delivered at Uppsala University, Sweden, which discusses “issues of political economy in the context of the Anthropocene”. Specifically, it examines globalisation and sustainability. Thus it represents a species of pluralist, problem-based module, many of which consider environmental questions; however, they reflect different principles from those found in orthodox environmental economics modules.

[Section 4 of the handbook chapter](#) discusses general points about contending perspectives modules, including some common objections.

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