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Book Review

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Contending Perspectives in Economics. A Guide to Contemporary Schools of Thought

by: John T. Harvey

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by Edward Elgar

15 Lansdown Road, Cheltenham,

Glos GL50 2JA, UK, 158pp

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John T. Harvey's *Contending Perspectives in Economics. A Guide to Contemporary Schools of Thought* is a contribution to the movement towards a more pluralistic curriculum in the study of economics. The context is made explicit throughout the book. Harvey mentions his six years as director of the International Confederation of Associations for Pluralism in Economics, and he cites the founding of this *Journal* in 2009 in evidence of the steps that that movement is taking.

Apart from the Introduction and Conclusion, *Contending Perspectives* consists of eight chapters – one on "Economics as a scientific discipline", and one each on neoclassical, Marxian, Austrian, post-Keynesian, institutionalist, new institutionalist, and feminist economics. Each of these chapters addressing a specific school of thought has a similar structure: (i) a description of the school, (ii) a discussion of the methods of analysis adopted by it, (iii) a brief statement of that school's view of human nature and justice, (iv) a discussion of the standards of behaviour of its members, (v) the contemporary activities of the school – the conferences they hold, the journals the publish in, and so on, (vi) criticisms of the school, and (vii) how its members might answer such criticisms, and finally (viii) some further reading. Each of these chapters has been fashioned with the aid of feedback from members of that school. The aim is to ensure that the discussion of each school is fair and recognisable to adherents of that school. This is perhaps more difficult that it sounds, since most of us implicitly characterise those with whom we disagree by the errors we think they commit.

The book is extremely well written and will certainly be appreciated by those students who consult it – everything Harvey discusses is made abundantly clear, the author's passion and sense of humour shine through, and he sustains the reader's interest. Harvey's intention – stated in the publisher's blurb on the back cover – is to provide a text which can be used in undergraduate (UG) degree programmes in economics in order to break down the monist manner in which the discipline is normally presented to students. This is eminently supportable. Most readers of this *Journal* will

need little persuasion that Harvey is absolutely right to condemn the monism of the discipline, with the mainstream, neoclassical economics, constituting itself the orthodoxy and all else, by exclusion, the heterodoxy.

The results, however, are mixed. For courses such as the book is designed to serve as text, it is really excellent. But – in my own country at least – the scope for developing and offering such courses, is almost nil. The problem is this. The book is both short, and, as you will understand from the list of contents given above, quite broad. The consequence is that it is quite general and, consequently, lacking in depth. The assumption is that the reader knows nothing about economics, so the author is limited in what he can say. For any UG course in economics, even in the first year, we should be able to assume that students know *something* about economics, and base our discussion of the various paradigms available in that existing knowledge, or present it as counterpoint: what the student thought was knowledge turns out in fact not to be so. In terms of its level, this book could be suggested as optional additional reading on an AS or A Level or first year UG principles module, in the same way that we routinely advise the students also to read the *Financial Times* and *The Economist*. But it would hardly fit with the curriculum: sixth form teachers and first year UG lecturers are almost universally not at liberty to design their own syllabus. It would be far more relevant to a second- or third-year module in alternative paradigms within the discipline, but then it would very much lack the depth required at that level of study. It is possible that the book would work better in educational systems where four-year bachelor's degrees are the norm, such as Scotland and the United States. It is possible lecturers could design their own course, incorporating a text such as this, in such systems, where first year study is roughly equivalent in level to English AS and A Levels, in subjects which students have not, or not yet, selected as their "major", but in which lecturers are not required to follow any particular curriculum.

A second significant problem with the book is its treatment of the "Neoclassical School" as a school of thought on a par with the others, such as Marxian and Austrian thought. This is not the case – in my own view at least. Firstly, it is perhaps more appropriate to view neoclassical thought as, not a school so much as a family of schools of thought. For example, just within macroeconomics, neoclassical (or "Old") Keynesianism, monetarism, new classical economics, real business cycles, new Keynesianism, and new neoclassical economics, are all schools of thought within the neoclassical paradigm which have emerged in mutual debate and controversy. Moreover, as the mainstream, neoclassicism is the language within which economic debate takes place, and it is therefore essential for scholars working in every school of thought to have a thorough grounding in neoclassical thought in order to participate in that debate. Hence, the weight given to the neoclassical school in *Contending Perspectives* – 20 pages out of 150 – is, in my view, simply inadequate. Consequences of the constraint of brevity that the author has imposed upon himself include:

- a discussion of neoclassical thought which doesn't mention the uneasy relationship between Marshallian partial equilibrium and Walrasian general equilibrium approaches which constitutes its history;
- a failure to discuss the significance of econometrics and mathematical economics – which are after all what neoclassical economics consists of today, and, connected with this, an account of neoclassical economics without benefit of diagrams or equations. There is some discussion of a loanable funds approach using the simplest, stripped down equations of national income and output, showing savings and investment as functions of the rate of interest, and there is a simple production possibility frontier and a demand diagram. But

there are no supply and demand equations, and no discussion or graphical illustration of these relationships.

- the absence of any discussion of pluralism *within* the mainstream – take the case of behavioural economics, and behavioural finance, for example: behaviouralism contradicts the neoclassical notion of the rational economic agent, but it is still acceptable to the mainstream, and not excluded as heterodox schools are. This is something worth exploring;

Given these omissions, it is difficult to know what the student is expected to know about neoclassical economics, and how that student is to make sense of the other schools, which can only really be understood via their points of contact and conflict with the mainstream. It would be far better to teach the student neoclassical economics in one module and then alternative paradigms in another module immediately afterwards, each school being taught by reference to what it shares with the mainstream, and where it diverges from it. Both heterodox and orthodox schools can then be treated at the required level of depth and sophistication.

The accounts given of the heterodox schools of thought are likewise constrained by space and by the assumptions made about the previous knowledge of the reader. The result again is a certain lack of depth. In the chapter on Marxian economics we have no discussion of the two circuits, C-M-C' and M-C-M', which are fundamental to understanding Marx's economics. I winced when I read Harvey's psychological interpretation of alienation. Harvey rightly notes that there is too much diversity to permit the identification of a single modern Marxist perspective, and that the appropriate strategy is to revert to Marx himself. But the notion that, for Marx, "alienation" was a matter of a lack job satisfaction is very wrong. Alienation is a demanding topic in studies of Marx, and is not essential for understanding Marxian economics. Getting it right would be a lengthy task, and conspicuously above the level of the rest of the book; better to leave it out.

Harvey discusses the seven schools of thought listed above. This is a choice, and I felt that there should have been some discussion of the basis on which that choice was made – what constitutes a school of thought and what motivated the selection he makes. We have a chapter on new institutionalism, although a strong case can be made that it is a member of the neoclassical family of schools of thought. And what about the Virginia School of political economy and Ordoliberalism: can they really be considered less distinct from neoclassical economics, or less significant than new institutionalism? Many more schools exist within the discipline but are not mentioned here, from critical realism and associative economics, to Islamic and Buddhist economics. It is not possible to discuss everything, and Harvey's choice is largely sensible, but we do need to know that this is a selection from a broader population, and that the borders between the various approaches are, not given once and for all, but both porous and contestable.