

Sheila Dow
Foundations for New Economic Thinking: a Collection of Essays.

Palgrave Macmillan, Basingstoke, Hampshire, 2012,
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Reviewed by Stuart Birks

This publication draws on over 30 years' work by Sheila Dow on methodology and modes of thought. Over this time she has repeatedly argued for broader and more flexible approaches to economics. Her reasoning is the product of extensive academic debate, primarily in the UK. Coincidentally, this provides insights into the evolution of ideas, as well as the barriers evident in academic institutions (the sociology of knowledge):

Scientific communities form around shared ontological beliefs, epistemologies and methodologies, out of which emerge distinctive sets of methods and theories, expressed in terms with meanings shared by the community. Arguably, elements of ideology inevitably are embedded in what is ultimately a belief system.

Not surprisingly, much of the debate is in reaction to the dominance of 'mainstream economics'. She is critical of its emphasis on formal mathematical models as the preferred, if not the only, approach to take. Dow advocates methodological pluralism (awareness and acceptance of more than one valid methodology) and pluralism of method (using more than one method in a piece of research). In contrast, she sees mainstream economists as only able or willing to acknowledge as economics those analyses which use their accepted tool kit. Challenging this narrowness, she says:

economics would benefit from a wider acceptance of the legitimacy of a broader range of approaches than the mainstream, from learning about the content of different paradigms, and from engaging in debate across paradigms.

Key to her analysis is a representation of levels on which differences can be observed. She and Tony Lawson both emphasise ontology. However, Dow does not agree with Lawson's critical realism, considering it overemphasises the unsuitability of closed systems to offer explanations of an open-system ontology. Lawson's point is perhaps weaker than might at first appear. Given that we are constrained by the classifications and meanings associated with language, any representation will be flawed. Dow suggests that the closest we can get to a true ontology is a 'world view', and Lawson also states that attempts to describe the real world are inevitably abstractions.

At the broadest level, then, people may have different world views or types of abstraction. While Dow refers to economics, the point is clear if we compare the various social sciences. For example, economics, sociology, psychology and political science all have literature on unemployment. However, they each have their own perceptions of unemployment. This process has been described elsewhere as 'framing', comprising 'selection, emphasis, exclusion and elaboration' (Severin & Tankard, 1997, p. 230). These decisions are products of bodies of thought and their associated concepts, classifications and, more generally, language.

There is then the choice of methodology. Dow groups mainstream theory within a specific methodology, that of mathematically based deductive reasoning with closed systems (fully internally defined, as are all mathematical and graphical models) and decision making by participants who are atomistic (independent), as contrasted with organic (interactive and evolutionary), rational and possessing exogenous preferences.

Interestingly, at one point she takes an approach that she describes as 'textual analysis'. This is of particular relevance in discussion of mainstream economics. Many mainstream economists come from a quantitative background, to the extent that it can be seen as the only legitimate way to undertake economics research. From this perspective, use of textual data is dismissed as 'just literature review'. However, textual data are valuable and should not be overlooked. Consequently a label such as this is useful as a rhetorical tool to enhance the authority associated with the approach.

Dow highlights one important aspect of methodological distinctions, as described by Caldwell (1986), namely that it can be misleading to criticise one methodology by the criteria of another. Positivist

mainstream economists are seen as having a narrow perspective and may not be aware of this dimension. This indicates a perceived problem if mainstream economists are to debate with others.

As an example that might fit Dow's point, econometricians consider it important to control for other variables. They commonly aim to achieve this by means of a vector of control variables. Others may argue that there no justification for this specific functional form, so the effect is a purely arbitrary distortion.

The next level is that of alternative theories, and these may be based on different methodologies. This is an important point and central to Dow's concerns. It means that, if an issue is framed as one of choice over competing theories, then there may not be a unique, universal set of criteria on which to base this choice. Of course, various heterodox schools of thought may also have an equally constrained perspective as to criteria.

A further final layer is the application of theory to the real world. At each of these levels, world view, methodology, theory, and application, there is scope for disagreement. Dow argues that the nature of the disagreement is not understood without recognition of these levels.

Any analysis involves framing, and language is instrumental in determining the options considered. This is apparent in the use of concepts, several of which are discussed throughout the book. These include: dualism versus Babylonian thought; organic versus atomistic; mathematical and ordinary logic; conventionalism; event regularities; 'situated rationality'; aleatory and epistemic uncertainty; and subjective and objective uncertainty. It also leads to recognition 'that facts are theory-laden, and that theories are paradigm-laden'. Nevertheless, Dow describes theories as 'representations of reality', while it might be more accurate to consider them as analogies. This point is contained, but not recognised, where she quotes Lucas:

a 'theory' is not a collection of assertions about the behaviour of the actual economy but rather an explicit set of instructions for building a parallel or analogue system.

There is much that is useful in the book. Not least, it provides a broad context in which to interpret the development of economic ideas. It also illustrates the nature of some debates that are required and why they may not occur. At the same time, it can be seen as an example of context

shaping the development of ideas through reaction to dominant groups. It is suggested that the mainstream is dismissive of the pluralist and heterodox, but it is also apparent that the latter are operating in the shadow of the mainstream. Were they to look in other directions they may see additional options for change. Two such options are outlined here.

First, considering the nature of data in all its forms (qualitative and quantitative), mainstream economics has focused on techniques which use only a small component of this information. Surely, if as economists we are to be efficient in our research, then we should consider using the resources that are available to us. Data, broadly defined, include types beyond those conventionally used by economists. These could include material such as policy documents, news media coverage, parliamentary debates, numerical information other than large data sets, and even concepts and research findings from other disciplines. Rather than justifying inclusion of data that are used, perhaps there should be a justification given as to why other information is disregarded. This is currently not expected.

Second, many of the issues of concern to economists are also covered in other disciplines, and with good reason. How can economists justify an approach that distinguishes between, say, economics and politics, whereby the economy can be viewed in isolation? As Dixit (1996, p. xv) has said of this:

Markets and governments are both facts of economic life, and they interact in complex ways. We cannot find feasible improvements by wishing away one of the components.

Kuhn (1970, p. 5) makes a related point when he describes normal science as, 'a strenuous and devoted attempt to force nature into the conceptual boxes supplied by a professional education'. We are not only teaching our students what they can do, but also constraining them to stay within the bounds that our disciplines have set.

Political economy has been described as follows:

All strands of political economic analysis, drawing on the conceptual frameworks of Marxism, institutional economics, post-Keynesian economics, feminist and environmental studies, have used a method that has been historically based and empirically grounded. Moreover, all strands recognise that useful

social science analysis must cross received disciplinary boundaries and that other disciplines have also brought important insights to bear on understanding economic and social order and development (Butler, Jones, & Stilwell., 2009).

This provides an example that economists in general could seek to emulate.

References

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David Lee

Stanley Melbourne Bruce: Australian Internationalist,

Continuum, London, 2011, pp. 246, \$153.

Reviewed by Kosmas Tsokhas

David Lee's biography of Prime Minister Stanley Melbourne Bruce (1883-1967) has been reviewed and discussed in online media, in the daily press and in scholarly journals. Why so much interest in Bruce at this time? For one reason or another, Lee's book has coincided with an expansive interplay of writing and researching on contemporary issues that also preoccupied Bruce. These include the implications of international investment and trade for unequal distributions of wealth between nations; the struggles between trade unions and employers over