
Book Review

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Reconstructing Your Worldview: The Four Core Beliefs You Need to Solve Complex Business Problems

by: Bartley J. Madden

Published 2014

by LearningWhatWorks

Naperville, Illinois, USA, 122pp

ISBN: 97809888596931 (hardcover)

Do not let the brevity of this book fool you; its 100 pages of text are packed with useful advice for anyone interested in reconstructing, reconceptualising or rethinking their worldview – a necessary task for economists. For those of us already engaged in reconstructing our worldview this book can help consolidate and lead to a constructive dialogue with other like-minded individuals. This book also makes a great supplement for any course, at any level, especially one emphasising critical thinking. In fact, I plan on requiring this book in my undergraduate principles of economics and my graduate (MBA) Managerial Economics, which says something about the book's versatility, and perhaps also says something about the state of economics education, that such a book works well at both the introductory and the advanced level.

Mr. Madden, a retired managing director at Credit Suisse/HOLT, offers four core beliefs, each integral to reconstructing one's worldview, and each palatable to most *IJPEE* readers. The four core beliefs, taken together are necessary to develop insights to solve real world problems.

After a nicely done introductory chapter, four chapters are devoted to explaining each of the core values. The chapters are peppered with real world entrepreneurs, thinkers, mavericks and business people (what does this say about economics that we even have to mention this?). The sixth chapter integrates the four core values to solve a current dilemma: how to re-align the US Federal Drug Administration with its core mission of providing 'better drugs, sooner, at lower cost'. The final chapter summarises and adds some provocative concluding thoughts. The book's ten pages of notes are informative and the 98 references will provide ample resources for further study.

The first core value is:

"perceptions are rooted in assumptions that are [based] on what has proved useful in the past, based typically on an application of linear cause-and-effect analysis (if X, then Y). However, an automatic reliance on our assumptions can inadvertently lead to bad decisions, especially so whenever a significant change in context occurs" (p.10).

If economics is to be reconceptualised we must question everything, especially the foundational assumptions. It is folly never to question assumptions while assuming they remain valid even if the context has changed (p.94). One need look no further than neoclassical economics, still ensconced in the assumptions and methodology of the 19th century.

The second core value is:

“Our perceptions, our thinking, and our use of language are intertwined to such a degree that unraveling the assumptions behind the words can be a useful step in building knowledge. This also facilitates a creative use of language to generate new opportunities for a future unshackled from obsolete assumptions” (p.28).

In order to reconceptualise economics, understanding its language is crucial: Does it elucidate, constrict, or confuse? Is the language conducive to moving forward or is it an obstacle? Does the language bully the neophyte [Fullbrook, (2009), p.19] or can the language move us forward? Madden writes,

“We all use descriptive language to create ‘facts’ and to describe our reality; this type of language, more often than not, binds and constrains us. Rewriting the future involves dealing with the past so that it no longer constrains us. In this way we can create space for new possibilities” (p.38).

I can think of no core value more necessary to reconstruct economics than this. The *IJPEE* has published two articles on deconstructing the language of economics (Wheat, 2009; Kapeller and Steinerberger, 2013) and we hope to publish more.

The third core belief is:

“Systems thinking is invaluable as a means to complement linear cause-and-effect analysis applied to isolated components of a system, to address the tendency toward an excessive focus on local efficiencies that can easily degrade overall system performance, and to powerfully identify and focus on fixing the key constraints” (p.42).

Much of economic pedagogy is concerned with partial equilibrium analysis while using simple calculus to optimise initial constraints. Systems thinking helps solve complex problems from a holistic perspective, and at least from my vantage, no problem is more pressing than global warming. Thus, “understanding complex ecosystems is not possible through a mindset that assumes that one individual acts on another in a neat, linear cause and effect chain” (p.56).

The fourth core belief is,

“Human behavior is purposeful, so it can be productively analyzed as a living control system that acts to maintain the perceptions of important variables as close as possible to preferred levels. In short behavior is control of perception. A control perspective reveals the underlying weakness in viewing the world primarily as stimulus – response experiences” (p.60).

Our purpose, argues Mr. Madden, is to control our surroundings in order to achieve favourable outcomes; but to do so we must adequately understand the assumptions, world view and system behaviour replete with positive and negative feedback loops. Perception is how our mind experiences the world. What we perceive affects what we do and what we do affects what we perceive. Behaviour is control of perception.

Madden then uses the four core values to help understand and re-align the efficacy of the FDA’s mission. This chapter is based on his book, *Free to Choose Medicine: Better Drugs Sooner at Lower Cost* (2012). But this is not an ideological paean to Milton Friedman, as Madden earlier had written,

“I continue to believe that a primary, and harmful, result of the methodology of positive economics has been to provide mathematically inclined researchers ‘cover’ in constructing mathematically elegant theories based on unrealistic assumptions that, in fact, stymie more insightful inquiry.” (Madden, 2006)

Mr. Madden uses the four principles to argue that the FDA has strayed from its original mission and thus proposes specific legislation to increase competition, enhance consumer decision-making, and attenuate the top-heavy, excessively bureaucratic control of the FDA. Perhaps Mr. Madden can next turn his attention to the energy industry?

Although Madden does not provide an explicit recipe, his four values can be used to critically study any problem such as global warming, poverty and inequality, and the most recent financial crisis.

It should be evident that significant overlap exists among the four values, e.g., “critical assumptions are often camouflaged, rather than clarified, by language” (p.74) and taken together should foster pluralist and holistic thinking among our students, which comports nicely with Hill and Myatt’s (2010) clarion call for ‘revolution from below’, that is, active engagement from students. One quick, illustrative example: Madden discusses the importance of systems thinking with insights from Eliyahu Goldratt and Jeff Cox. Madden writes,

“In my opinion, Goldratt’s most important contribution is the TOC (Theory of Constraints) thinking process. In the most fundamental terms, the primary TOC objective is to answer three questions: what to change; change what; and how to cause the change. This is a departure from standard approaches to problem solving, especially those seen in economics and finance that set up a problem as one of maximizing some variable given existing constraints. Goldratt was adamant that such compromises, based on accepting constraints, should be avoided. Instead, one should devise logical maps to help generate insights, enabling one to dissolve conflicts and any related compromises” (pp.50–51).

Wow! I wish someone had told me this before I began my undergraduate studies in economics.

Madden concludes his book with wonderful advice that all students should follow:

“The best way to implement the ideas in this book is not just to think in an abstract manner about the material. Rather be extraordinary attentive to the assumptions behind the words, observe problem situations firsthand in minute detail, ask ‘why?’ repeatedly in a systematic drilling-down to discover root causes of problems, and regularly experiment. In this manner, you will both experience and demonstrate the practical value of an improved worldview to yourself and to others” (p.101).

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