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Pragmatism and Economics: A Flexible Approach to Contemporary Challenges

[Economia e pragmatismo: uma leitura dos desafios contemporâneos]

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Abstract: Pragmatism in economics offers a flexible approach focused on addressing complex economic issues through practical, context-specific solutions. Unlike traditional economic theories reliant on rigid assumptions, pragmatism emphasizes evaluating policies and decisions based on their real-world outcomes rather than strict adherence to theoretical principles. Historically, pragmatism has influenced economic policy formation, particularly during crises or instability, when innovative and practical solutions are prioritized. Theoretically, pragmatism promotes a synthesis of quantitative and qualitative methods, encouraging economists to adopt flexible approaches using data and real-world contexts for decision-making. In practice, this approach has been applied to designing fiscal, monetary, and trade policies, enabling nations to navigate rapid changes in the global economy. Particularly in the modern context, with challenges such as climate change, economic inequality, and technological disruption, pragmatism provides an effective framework for balancing short-term and long-term interests. By prioritizing practicality and adaptability, pragmatism in economics not only addresses pressing issues but also fosters sustainable development in a constantly evolving world.
Keywords: Pragmatism; economics; economic policy; economic methodology; decision-making

Resumo: O pragmatismo, aplicado à área da Economia, oferece uma abordagem flexível focada em questões econômicas complexas através de soluções práticas, específicas para a área. Ao contrário de algumas teorias econômicas tradicionais, que se se constroem a partir de premissas rígidas, o pragmatismo enfatiza a validação de políticas e decisões tendo por base os resultados a que se almejam, em vez de abraçar cegamente certos princípios teóricos. De um ponto de vista estritamente histórico, o pragmatismo influenciou a formulação de políticas econômicas, especialmente em tempos de crise ou de instabilidade econômicas, ao tempo em que são se buscam soluções prática e inovadoras. De um ponto de vista teórico, ele busca promover uma síntese de métodos quantitativos e qualitativos, com o intuito de incentivar economistas a adotarem abordagens flexíveis. Para tal, promove o uso de dados e contextos reais para subsidiarem suas tomadas de decisão. Essa abordagem foi aplicada à formulação de políticas fiscais, monetárias e comerciais, na prática, o que permitiu que algumas nações implantem mudanças bruscas na economia global. Tendo desafios como mudanças climáticas, desigualdade econômica e disrupção tecnológica, por exemplo, o pragmatismo oferece uma estrutura capaz de equilibrar interesses de curto e longo prazo. Ao priorizar a aplicabilidade prática e capacidade adaptativa, o pragmatismo trata tanto de questões urgentes, como também incentiva o desenvolvimento sustentável em um mundo em constante evolução.
Palavras-chave: Pragmatismo; economia; política econômica; metodologia econômica; tomada de decisão

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1. Introduction

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Pragmatism, a quintessentially American philosophical school, has profoundly shaped thought across various academic and practical domains since the late 19th century. Pioneered by thinkers such as Charles Sanders Peirce, William James, and John Dewey, pragmatism is not only a theoretical system but also a practical approach to life and knowledge, emphasizing practicality, the consequences of actions, and the central role of experience in shaping understanding. Unlike traditional philosophies seeking absolute and immutable truths, pragmatism focuses on the adaptability and utility of ideas based on their effectiveness in solving problems. According to pragmatism, the "truth value" of an idea lies not in its alignment with a fixed objective reality but in its ability to function effectively in practice and deliver desired outcomes (Ormerod, 2006).

In economics, a field frequently confronted with complex and dynamic challenges, the relevance of pragmatism is increasingly evident. For decades, economics has developed through abstract theoretical models, often assuming perfect rationality of agents and market equilibrium. While these models provide a robust analytical framework, they sometimes struggle to explain or predict real-world economic phenomena, especially during crises or profound structural changes. The emergence of global financial crises, persistent inequality, and the urgency of climate change have highlighted the limitations of purely theoretical approaches, prompting a shift toward more practical, outcome-focused methods. In this context, pragmatism, with its emphasis on flexibility, experimentation, and learning from experience, emerges as a valuable framework that complements and enriches economic analysis. It does not seek to replace existing economic schools of thought but offers a methodological lens to evaluate and refine theories and policies based on their practical effectiveness.

Despite historical and theoretical connections between pragmatism and economics, academic literature still lacks a comprehensive and systematic exploration of how pragmatism can be explicitly integrated and applied in this field. Existing studies often focus on specific aspects, such as pragmatism's influence on institutional economics or behavioral economics, but rarely provide a holistic view of its role in economic methodology, policy design, and problem-solving (Frankel, 2016; Morgan, 2014). Specifically, there is a gap in analyzing how pragmatism's core principles, such as its focus on consequences, context, and adaptive inquiry, can be translated into specific analytical tools and policy frameworks. Thus, the central research question this paper seeks to address is: "How can pragmatism provide a methodological and policy framework to tackle contemporary economic challenges, particularly in the context of uncertainty and constant

change?" By addressing this question, the paper aims to bridge the gap in existing literature and provide a robust foundation for future research and applications.

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2. Theoretical Overview of Pragmatism

To understand the connection between pragmatism and economics, it is essential to provide an overview of pragmatism's core principles and philosophical origins. Pragmatism is not a rigid dogmatic system but a flexible approach centered on action, experience, and consequences. Rooted in the works of late 19th and early 20th-century American thinkers, pragmatism seeks to overcome the limitations of traditional philosophical systems and develop a knowledge framework better suited to the complexities of the real world.

Charles Sanders Peirce (1839 - 1914): Often considered the founder of pragmatism, Peirce was not only a philosopher but also a logician, mathematician, and scientist. He introduced the "pragmatic maxim" as a method to clarify the meaning of concepts, stating that the meaning of a concept lies in the sum of its practical consequences. If a concept makes no practical difference in experience, it lacks real significance. Peirce emphasized the role of "belief" and "doubt" in inquiry, viewing the purpose of investigation as moving from doubt to a stable state of belief. This belief is not fixed but adaptable in light of new evidence or problems. Peirce also believed that the scientific community, through collaboration and ongoing dialogue, is key to advancing toward truth, laying the foundation for the idea that knowledge is a social and evolving process rather than an individual discovery of a static reality.

William James (1842 - 1910): A renowned psychologist and philosopher, James popularized pragmatism through his lectures and writings, particularly in Pragmatism: A New Name for Some Old Ways of Thinking (1907). James focused on the psychological and individual aspects of pragmatism, arguing that the "truth value" of an idea depends on its utility, how it "works" in our lives, solves problems, and yields positive outcomes. He emphasized the diversity of human experience and the need for ideas to adapt to those experiences. James extended pragmatism to ethics and religion, asserting that beliefs can be evaluated based on their moral and psychological consequences. Though sometimes criticized for implying that "truth is whatever works," James sought to highlight that truth is a dynamic process shaped by our interactions with the world.

John Dewey (1859 - 1952): One of the most influential pragmatist thinkers, Dewey developed "instrumentalism," a branch of pragmatism viewing ideas and theories as tools for problem-solving and shaping experience rather than passive reflections of reality. For Dewey, inquiry

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is a dynamic process that begins with a problematic situation, followed by formulating and testing hypotheses, and adjusting or accepting them based on outcomes. A strong advocate of democracy as a way of life, not just a form of government, Dewey believed that true democracy requires active participation, open dialogue, and collective learning. His educational philosophy also reflected pragmatism, emphasizing learning through experience and practical problem-solving rather than passive knowledge transmission. Dewey's influence on economics lies in his focus on institutions, social evolution, and the need for public policies to address societal issues.

Other thinkers have also contributed to pragmatism's development. George Herbert Mead (1863 - 1931) developed a pragmatic sociological theory, focusing on the role of social interaction and language in shaping consciousness and identity. In the modern era, Richard Rorty (1931 - 2007), a key figure in "neo-pragmatism," reinterpreted pragmatic ideas in the context of post-analytic philosophy, emphasizing the contingency of language and the rejection of epistemological foundations. Despite differences in focus, these thinkers share a commitment to practicality, consequences, and experience as central to knowledge and action.

Pragmatism shares similarities and differences with other philosophies of social science. Compared to positivism, which seeks universal and objective laws through rigorous observation and measurement, pragmatism shares a commitment to empirical evidence but is more flexible in defining "evidence" and acknowledges the role of values in inquiry. Unlike positivism's strict requirements for falsifiable theories, pragmatism is less rigid. Post-positivism aligns more closely with pragmatism, recognizing knowledge as imperfect, theoretical, and fallible. Pragmatism goes further by emphasizing action and consequences in determining the meaning and value of knowledge. Compared to social constructivism, which focuses on knowledge and reality as socially constructed through interaction and language, pragmatism shares an emphasis on the social nature of knowledge but maintains a stronger commitment to ideas "working" in the real world to be considered valuable. Pragmatism bridges the understanding of constructed realities with the use of knowledge to address practical problems. Pragmatism offers a unique philosophical framework that is empirical, flexible, action-oriented, and context-sensitive, laying the groundwork for deeper exploration of its influence and potential in economics.

3. Pragmatism and the Evolution of Economic Thought

Although pragmatism is not a traditional economic school, its core principles have subtly but profoundly influenced the evolution of economic thought. Its emphasis on experience, consequences, and context has

resonated across various economic fields since the late 19th century.

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3.1. Pragmatism in Institutional Economics

Institutional economics is one of the earliest and clearest economic schools reflecting pragmatic principles. Emerging in the late 19th and early 20th centuries, institutional economists reacted against the increasing abstraction of neoclassical economics, which focused on static equilibrium models and assumptions of perfect rationality. Instead, they emphasized the role of institutions, habits, social norms, and evolutionary processes in shaping economic behavior.

Thorstein Veblen, a founder of institutional economics, offered sharp critiques of neoclassical economics. He rejected the notion of the "economic man" (Homo Economicus) as a perfectly rational, utility-maximizing agent, arguing that economic behavior is shaped by social "habits," "customs," and "institutions." Veblen's concepts of "conspicuous consumption" and "conspicuous leisure" demonstrated that economic behavior is influenced not only by rational calculations but also by social, psychological, and cultural factors. His view of economics as an evolutionary process, where institutions continuously adapt, clearly reflects pragmatism's emphasis on dynamism and learning from experience. Veblen sought not universal economic laws but an understanding of specific social processes (Hodgson, 2012; Chen & Galbraith, 2012).

John R. Commons, another influential institutional economist, developed a theory of economics centered on the concept of the "transaction" as the basic unit of economic analysis. For Commons, transactions were not merely exchanges of goods but social processes governed by rules, laws, and institutions. He emphasized "collective action" in shaping institutions and resolving conflicts of interest, viewing economics as a problem-solving science focused on practical solutions through institutional adjustments. His focus on the role of laws, agreements, and deliberate interventions to enhance social efficiency and fairness exemplifies pragmatic thinking (Kaufman, 2003).

Wesley Clair Mitchell significantly contributed to empirical economics and business cycle research. He emphasized the importance of collecting and analyzing real-world economic data to understand economic phenomena, rather than relying solely on theoretical deductions. Mitchell's work on business cycles highlighted the complexity and irregularity of economic fluctuations, challenging the idea of stable equilibrium. His methodology, centered on observation, measurement, and identifying patterns in real data, reflects a deeply pragmatic approach to economic research. The connection between early institutional economists and pragmatic principles is evident in their skepticism of abstract models, emphasis on context and evolution, and

commitment to solving real-world problems through a deep understanding of institutions and human behavior.

3.2. Influence on Welfare Economics and Public Economics

After World War II, with the increasing role of the state in the economy and growing attention to social issues, welfare economics and public economics flourished. While these fields often employed neoclassical analytical tools, their approaches bore pragmatic influences. Welfare economics, initially focused on pure efficiency criteria (e.g., Pareto optimality), gradually expanded to address income distribution and social justice. Concepts like "cost-benefit analysis" and "program evaluation" became essential tools. Their application reflects a pragmatic approach: public policies are evaluated not only based on theoretical compliance but also on their ability to generate tangible societal benefits that outweigh costs. The focus on measuring real-world policy impacts and comparing alternatives based on outcomes is a clear manifestation of pragmatic thinking.

3.3. Pragmatism and Behavioral Economics

The rise of behavioral economics in recent decades is one of the strongest testaments to pragmatism's relevance in contemporary economics. Behavioral economics directly challenges neoclassical assumptions of perfect rationality, integrating insights from psychology to explain how cognitive, emotional, and social factors influence economic decisions (Chetty, 2015; Camerer & Loewenstein, 2006). Behavioral economists like Daniel Kahneman and Amos Tversky demonstrated that people often exhibit "cognitive biases" and use "heuristics" (mental shortcuts) in decision-making, leading to behaviors deviating from rational model predictions. Examples include "anchoring bias," "confirmation bias," and the "framing effect," which show how information presentation or initial reference points significantly affect choices. Behavioral economics aligns with pragmatism by emphasizing experience and empirical evidence, relying on laboratory experiments and real-world observations to understand human behavior. It recognizes that behavior is not universal but context-specific. By exploring irrational behavior, behavioral economics provides tools for designing "nudge" policies, such as automatic enrollment in pension savings programs, to help people make better choices. This focus mirrors pragmatism's spirit of understanding how things work in practice and applying that knowledge to improve outcomes effectively.

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3.4. Pragmatism in Experimental Economics

Experimental economics, a rapidly growing field, uses controlled experiments to test economic theories and behaviors. Conducted in laboratories or natural settings (field experiments), these experiments manipulate variables and observe responses to test hypotheses about behavior, market mechanisms, and institutional designs. The pragmatic nature of experimental economics lies in its commitment to direct empirical evidence and the ability to test policy ideas in controlled environments. It allows researchers to "experiment" with policies on a small scale before broader implementation, learning from outcomes and refining solutions, a clear reflection of pragmatism's "inquiry and experimentation" principle.

3.5. Pragmatism and Other Economic Schools

Neoclassical Economics: While neoclassical economics and pragmatism differ fundamentally in methodology and assumptions, pragmatism does not entirely reject neoclassical tools. Instead, it views them as useful in certain contexts but not as perfect reflections of reality. Neoclassical economics seeks universal laws and equilibrium, while pragmatism emphasizes context, disequilibrium, and the dynamic nature of economic systems (Yefimov, 2004). A pragmatic economist might use optimization models but always tests their relevance against real-world data and policy outcomes. Keynesian and Post-Keynesian Economics: Keynesian economics, with its focus on aggregate demand, uncertainty, and the need for government intervention to stabilize the economy, shares some commonalities with pragmatism. Its flexibility in fiscal and monetary policies, as opposed to rigid rules, reflects a pragmatic approach to macroeconomic management. Post-Keynesian economists also emphasize inherent uncertainty and the role of institutions, aligning with pragmatic views of a dynamic, imperfect world.

Development Economics: In development economics, pragmatism is particularly relevant. "One-size-fits-all" development models often fail due to institutional, cultural, and historical differences. A pragmatic approach prioritizes context-specific solutions, encouraging policy experimentation and learning from pilot programs. For example, randomized controlled trials (RCTs) to evaluate development interventions (e.g., education, health, or microfinance programs) reflect pragmatism's focus on real-world evidence of what "works." While pragmatism has not directly created an economic school, its principles have permeated various fields, fostering a more flexible, context-sensitive, and problem-solving-oriented economics. From the rise of institutional economics to the development of behavioral and experimental economics, pragmatism's influence has shaped a more

adaptable and relevant discipline.

4. Practical Applications of Pragmatism in Economic Policy

Pragmatism, with its emphasis on practicality, consequences, and adaptability, has significant applications in designing and implementing economic policies. This approach enables policymakers to move beyond the rigidity of purely theoretical models, focusing on solving real-world problems and achieving specific goals in an ever-changing context.

4.1. Macroeconomic Policy

In macroeconomics, where decisions can impact entire economies, a pragmatic approach is particularly valuable in responding to shocks and volatility. Modern central banks often adopt a pragmatic approach to monetary policy. Rather than strictly adhering to fixed monetary rules (e.g., money supply targets), they employ "flexible inflation targeting" or "dual mandate" frameworks (balancing price stability and maximum employment). This allows them to adjust interest rates, conduct open market operations, and use unconventional tools (e.g., quantitative easing or negative interest rates) based on real-time economic data, financial market conditions, and macroeconomic stability goals. For instance, during and after the 2008–2009 global financial crisis, major central banks like the U.S. Federal Reserve (Fed) and the European Central Bank (ECB) implemented unprecedented measures, demonstrating flexibility and willingness to experiment to prevent financial system collapse and stimulate the economy. This is a clear testament to pragmatic thinking, where actions are evaluated based on their real-world consequences in maintaining stability and growth.

Similarly, fiscal policy (government spending and taxation) is often managed pragmatically, particularly during recessions or crises. Rather than focusing solely on short-term budget balancing, governments may implement large-scale stimulus packages (e.g., increased infrastructure spending or tax cuts) to boost aggregate demand and create jobs. The use of "automatic stabilizers," such as increased unemployment benefits during recessions, reflects a pragmatic approach, where policies are designed to respond automatically to business cycle changes without requiring new interventions. During the COVID-19 pandemic, many countries deployed massive fiscal relief and stimulus packages, prioritizing economic and social stability over traditional fiscal rules in the short term. Economic crises, whether financial, health-related, or energy-driven, often demand a pragmatic approach to management. In such situations, policymakers cannot rely on established theoretical models but must respond quickly, experiment with diverse solutions, and learn from outcomes. For example, establishing financial stability funds, debt guarantee programs, or emergency liquidity

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measures during crises are pragmatic actions designed to address urgent issues and prevent worse outcomes, even if untested previously.

4.2. Development and Poverty Reduction Policies

In the context of development economics, where challenges are diverse and complex, pragmatism offers a flexible and effective framework. Randomized Controlled Trials (RCTs) in Development: Pioneered by economists like Abhijit Banerjee, Esther Duflo, and Michael Kremer (2019 Nobel laureates), RCTs exemplify pragmatic methodology in development economics. Instead of relying on general development theories, RCTs test the causal impact of specific interventions (e.g., providing textbooks, vaccination programs, or microfinance) on a small scale. By comparing treatment and control groups, RCTs provide robust evidence of what "works" and what doesn't, enabling policies to be refined and scaled effectively. This directly reflects pragmatism's "experiment and learn" principle.

Pragmatism rejects "one-size-fits-all" development models, recognizing that solutions effective in one country or region may not work elsewhere due to institutional, cultural, or political differences (Headey, 2009). A pragmatic approach prioritizes designing flexible, context-specific policies, encouraging community participation to identify local needs and priorities. Successful poverty reduction programs often involve local stakeholders to ensure relevance and effectiveness. Social welfare programs (e.g., health insurance, unemployment benefits, pensions) also benefit from a pragmatic approach. Rather than relying solely on theoretical models of labor markets or savings behavior, pragmatic policymakers consider real-world data on population needs, government fiscal capacity, and the actual impact of existing programs. These programs are continuously adjusted based on feedback from beneficiaries and periodic evaluations to ensure they effectively reduce poverty and enhance social welfare.

4.3. Labor Market Policies

Pragmatism can also address complex labor market issues, where institutional and behavioral factors play significant roles. In the context of rapid technological and economic structural changes, workforce training and retraining programs are essential. A pragmatic approach focuses not only on providing training but also on continuously evaluating its effectiveness in improving skills, employability, and income. Training programs must be designed based on real-world labor market needs and adjusted as those needs evolve. Unemployment support policies, such as benefits and job placement services, can also be designed pragmatically. Instead of providing fixed benefits, programs can be tailored to encourage

active job searching, offer additional training, or support relocation to areas with better job opportunities. Regular evaluation of these policies' impact on labor market reentry and dependency levels is critical.

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4.4. Environmental and Climate Change Policies

When addressing complex and urgent environmental issues like climate change, pragmatism provides a flexible framework for designing effective solutions. A pragmatic environmental policy approach does not rely on a single tool (e.g., carbon taxes or direct regulations) but combines multiple mechanisms to achieve environmental goals. For example, using cap-and-trade systems alongside energy efficiency standards and renewable energy subsidies reflects a pragmatic approach, selecting tools based on their ability to reduce emissions and promote sustainability. Policy effectiveness is evaluated based on tangible environmental indicators (e.g., emission reductions, air quality) rather than theoretical compliance. Behavioral economics, a pragmatic offshoot, can also design more effective environmental policies. By understanding human cognitive biases and heuristics, policymakers can create "nudges" to encourage eco-friendly behavior, such as displaying real-time energy consumption to promote conservation or setting renewable energy as the default option.

4.5. Innovation and Technology Policies

In the context of the knowledge economy and innovation, pragmatism encourages a flexible, experimental approach to technology policy. Rather than "picking winners" by supporting specific technologies, a pragmatic innovation policy creates an environment that fosters experimentation, learning, and adaptation. This may include funding basic research, establishing regulatory "sandboxes" for new technologies, and creating mechanisms to scale successful solutions. Failures are seen as part of the learning process, with policies continuously adjusted based on insights gained from innovation efforts. Pragmatism provides a powerful framework for designing and implementing effective economic policies. By prioritizing real-world outcomes, encouraging experimentation, and being context-sensitive, it enables policymakers to navigate the complexity and uncertainty of the modern world, fostering positive and sustainable change (Bastalich, 2010; Rooney et al., 2005; Davis & Dingel, 2019).

5. Challenges, Limitations, and Critiques

Despite its potential benefits for economics, applying pragmatism is not without significant challenges, limitations, and critiques. Recognizing

these is essential for a balanced and progressive understanding of pragmatism's role in the field. Pragmatism in economics faces several methodological challenges. First, it lacks a unified theoretical framework, unlike neoclassical economics, which relies on optimization and equilibrium principles. This makes it difficult to construct broadly testable macroeconomic or microeconomic predictions, complicating integration into mainstream economics. Second, measuring the practical consequences of policies is challenging due to their ripple effects across multiple channels, time lags, and interference from other factors, requiring sophisticated econometric techniques and reliable data. Policy objectives often conflict (e.g., economic growth versus environmental protection), adding complexity. Finally, pragmatism's context-specific nature, while a strength in addressing specific problems, limits generalizability. A policy effective in one context may not succeed elsewhere due to institutional, cultural, or economic differences, necessitating careful analysis before application. Pragmatism's core principle of evaluating ideas and policies based on practical consequences is complex to implement. Policy impacts can spread across multiple channels, affect diverse groups, and manifest with significant time lags. Distinguishing a policy's causal effects from external factors (e.g., unrelated economic events or concurrent policies) requires advanced econometric techniques and reliable data, which are not always available. Even with data, defining "desired outcomes" is challenging, as policy goals are often multidimensional and conflicting (e.g., economic growth versus environmental protection).

Pragmatism's emphasis on context and specific situations, while a strength, poses challenges for generalizing findings. A policy that "works" in one context (e.g., a poverty reduction program in a specific village) may not yield similar results elsewhere due to differing institutional, cultural, or economic conditions. This complicates transferring knowledge and lessons learned, requiring careful contextual analysis before applying proven solutions. Another critique is the risk of pragmatism sliding into "opportunism" or lacking a solid ethical foundation. Overemphasizing "what works" without clear guiding principles may lead to policies driven by short-term interests, political pressures, or narrow goals, neglecting long-term or broader societal values. This is particularly concerning in political systems where policymakers may prioritize immediate political gains, even if unsustainable or harmful in the long run. Without a clear ethical framework, pragmatism may be misinterpreted as a "means justify the ends" philosophy, potentially overlooking issues of fairness, human rights, or core ethical principles in policymaking (Morgan, 2020).

Pragmatism encourages learning from experience and experimentation, but in situations of "deep uncertainty", where even probability distributions for future outcomes are unknowable (e.g., extreme climate change, unprecedented pandemics, or disruptive technologies), past experience

may not provide reliable guidance. In such cases, experimentation can be costly or irreversible, and learning from mistakes may have catastrophic consequences. Pragmatism needs to develop stronger tools and frameworks, such as "robust decision-making" or "scenario planning," to address such uncertainties.

Critiques from Other Economic Schools

Neoclassical Economics: Neoclassical economists may criticize pragmatism for lacking mathematical rigor and theoretical consistency. They argue that an excessive focus on specific problems and empirical evidence may undermine the development of general, robust theories, which are foundational to economic science's progress. Marxist and Radical Economics: Radical schools may critique pragmatism for overlooking fundamental issues of power structures, exploitation, and systemic inequality. They argue that focusing on "what works" may obscure the need for deeper structural changes in the economic system. Austrian Economics: Austrian economists may argue that government interventions, even those driven by pragmatic thinking, can lead to unintended consequences due to the complexity of economic systems and the limits of centralized knowledge.

6. The Future of Pragmatism in Economics

Despite the discussed challenges and limitations, pragmatism holds a significant and growing role in the future of economics. In an increasingly complex, volatile, and uncertain world, the need for a flexible, adaptive, and solution-focused approach is more pressing than ever. Pragmatism, as a philosophy of action and learning, offers a powerful framework to address emerging challenges and shape a more relevant and effective economics. Its future lies in deeper convergence and integration with emerging research fields that share an emphasis on complexity, dynamism, and behavior (Kołodko, 2021).

Complexity Economics: This field studies the economy as a complex, adaptive system where agents interact with each other and their environment, leading to emergent phenomena that cannot be predicted from individual behaviors. Complexity economics rejects static equilibrium and emphasizes evolutionary processes, uncertainty, and nonlinearity. Its alignment with pragmatism is clear: both focus on processes over end states, dynamism over stasis, and learning from real-world interactions. Integrating agent-based models (ABMs) from complexity economics into pragmatic analysis could provide stronger tools for simulating policy consequences and exploring future scenarios.

Big Data Economics: The explosion of big data and advanced analytics

offers unprecedented opportunities to understand economic phenomena. Big data economics, with its ability to process and analyze vast datasets, can provide rich empirical evidence to inform pragmatic policy decisions. Rather than relying on small surveys or aggregated data, economists can use big data to identify behavioral patterns, evaluate micro-level policy impacts, and uncover new relationships. However, a pragmatic approach also emphasizes that big data is not a final answer but a tool to be used cautiously, with awareness of potential biases and limitations. Neuroeconomics: This field combines insights from neuroscience, psychology, and economics to study the brain mechanisms behind economic decisions. By exploring how the brain processes information, assesses risks, and makes choices, neuroeconomics offers deeper insights into behavioral biases and irrational factors influencing economic behavior. These insights can enhance the design of more effective "nudge" policies and behavioral interventions, aligning with pragmatism's focus on understanding and shaping real-world economic behavior. The future of pragmatism in economics will also see increased diversification of empirical inquiry methods. Beyond traditional RCTs, new policy evaluation methods, such as quasi-experimental designs, evidence synthesis, and rapid evaluation techniques, will provide timely feedback for policymakers. The emphasis will be on using a diverse "toolbox" of methods to gain the most comprehensive understanding of policy impacts.

Policy Labs and Regulatory Sandboxes: To foster pragmatic policy experimentation, "policy labs" and "regulatory sandboxes" will become more prevalent. Policy labs are dedicated units within governments or research organizations designed to test new policy ideas on a small scale before broader implementation. Regulatory sandboxes allow companies to experiment with innovative products or services in a controlled environment with temporarily relaxed regulations. Both mechanisms create spaces for learning from experience, refining, and improving solutions before full deployment, reflecting a pragmatic approach to policy innovation. Pragmatism's interdisciplinary nature will continue to drive dialogue and collaboration between economics and other fields. To address complex economic issues, economists must move beyond traditional boundaries. Collaboration with psychologists (to understand individual behavior), sociologists (to understand social structures and institutions), political scientists (to understand decision-making and power dynamics), and philosophers (to clarify assumptions and values) will become increasingly vital. This interdisciplinary dialogue will enrich economic analysis and foster more comprehensive solutions. The future of pragmatic economic policy will require greater stakeholder engagement, including the public, businesses, NGOs, and community groups. Policymaking will become more democratic and inclusive, with ideas discussed, debated, and refined through collective learning, aligning with Dewey's emphasis on democracy

as a process of social inquiry.

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7. Conclusion

This paper provides a comprehensive exploration of the relationship between pragmatism and economics, from its philosophical origins to its practical applications and associated challenges. Pragmatism is not a distinct economic school but a flexible and robust methodology that enriches how we approach complex economic issues. In a volatile and uncertain world, where traditional economic models sometimes fail to explain or predict events, the pragmatic approach offers essential flexibility. It encourages policy innovation and adaptability to emerging challenges, from climate change to global pandemics and the fourth industrial revolution.

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