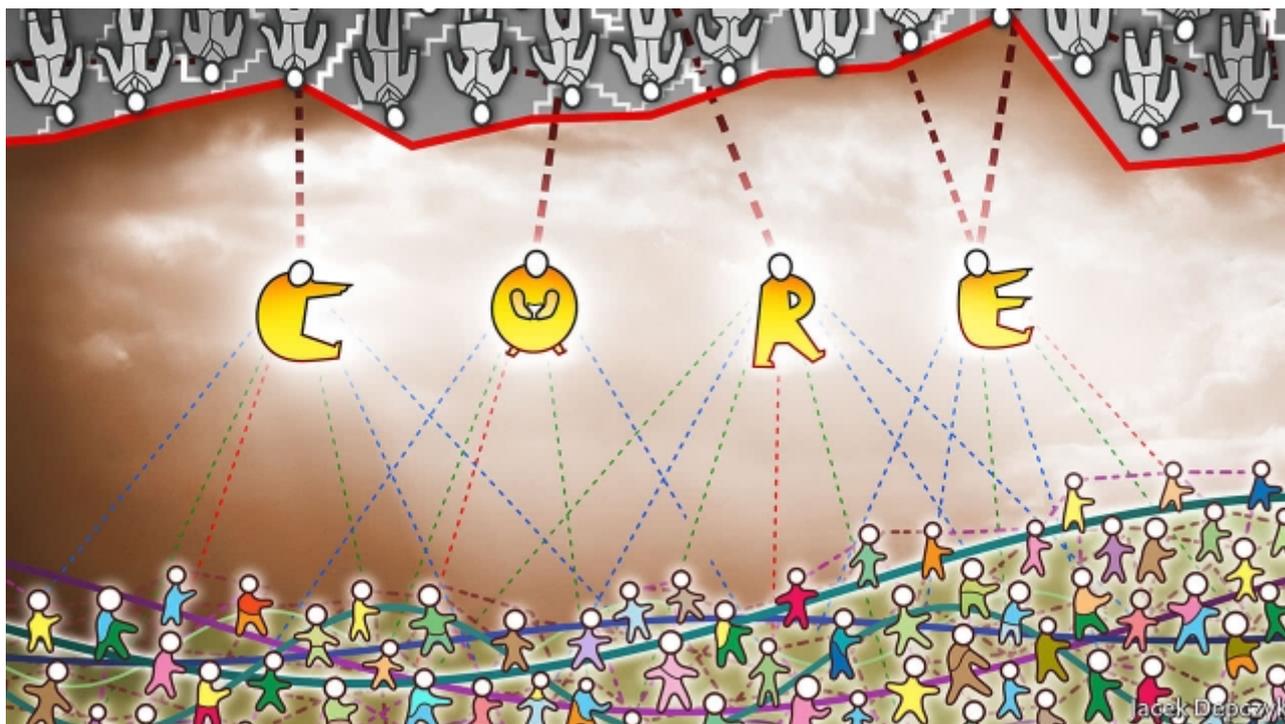


## Free exchange

# The teaching of economics gets an overdue overhaul

*Students are forced to grapple with the real world from the very beginning of their courses*



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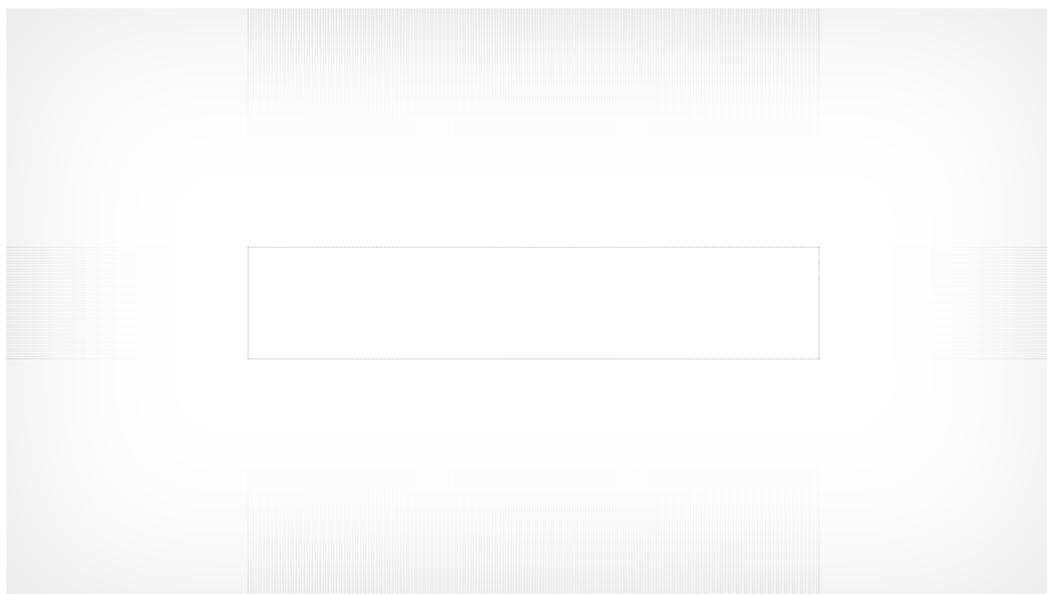
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ECONOMISTS can be a haughty bunch. But a decade of trauma has had a chastening effect. They are rethinking old ideas, asking new questions and occasionally welcoming heretics back into the fold. Change, however, has been slow to reach the university economics curriculum. Many institutions still pump students through introductory courses untainted by recent economic history or the market shortcomings it illuminates. A few plucky reformers are working to correct that: a grand and overdue idea. Overhauling the way economics is taught ought to produce

students more able to understand the modern world. Even better, it should improve economics itself.

The dismal science it may be, but economics is popular on campus. It accounts for more than 10% of degrees awarded at elite universities each year, by one estimate, and many more students take an introductory class as part of their general-education requirements. Teachers of such courses aim to grab the attention of their glassy-eyed audience, to acquaint students with the basics of the subject and, ideally, to equip them to apply economic reasoning to the real world. Economics teaches that incentives matter and trade-offs are unavoidable. It shows how naive attempts to fix social problems, from poverty to climate change, can have unintended consequences. Introductory economics, at its best, enables people to see the unstated assumptions and hidden costs behind the rosy promises of politicians and businessmen.

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Yet the standard curriculum is hardly calibrated to impart these lessons. Most introductory texts begin with the simplest of models. Workers are paid according to their productivity; trade never makes anyone worse off; and government

BAGEHOT'S NOTE

interventions in the market always generate a “deadweight loss”. Practising economists know that these statements are

more true at some times than others. But the all-important exceptions are taught quite late in the curriculum—or, often, only in more advanced courses taken by those pursuing an economics degree. Other disciplines are also taught simply at first. New physics students learn mechanics through models stripped of all but the simplest elements. The risk is low, however, that a student who drops a physics course will think he lives in a frictionless vacuum.

Students pay \$300 or more for textbooks explaining that in competitive markets the price of a good should fall to the cost of producing an additional unit, and unsurprisingly regurgitate the expected answers. A study of 170 economics modules taught at seven universities found that marks in exams favoured the ability to “operate a model” over proofs of independent judgment.

The CORE project (for Curriculum Open-access Resources in Economics) seeks to change all this. It sprang from student protests in Chile in 2011 over the perceived shortcomings of their lessons. A Chilean professor, Oscar Landerretche, worked with other economists to design a new curriculum. He, Sam Bowles, of the Santa Fe Institute, Wendy Carlin, of University College London (UCL), and Margaret Stevens, of Oxford University, painstakingly knitted contributions from economists around the world into a text that is free, online and offers interactive charts and videos of star economists. That text is the basis of economics modules taught by a small but growing number of instructors.

“The Economy”, as the book is economically titled, covers the usual subjects, but in a very different way. It begins with the biggest of big pictures, explaining how capitalism and industrialisation transformed the world, inviting students to contemplate how it arrived at where it is today. Messy complications, from environmental damage to inequality, are placed firmly in the foreground. It explains cost curves, as other introductory texts do, but in the context of the Industrial Revolution, thus exposing students to debates about why industrialisation kicked off when and where it did. Thomas Malthus’s ideas are

used to teach students the uses and limitations of economic models, combining technical instruction with a valuable lesson from the history of economic thought. “The Economy” does not dumb down economics; it uses maths readily, keeping students engaged through the topicality of the material. Quite early on, students have lessons in the weirdness in economics—from game theory to power dynamics within firms—that makes the subject fascinating and useful but are skimmed over in most introductory courses.

Teaching the CORE curriculum feels like doing honest work, says Rajiv Sethi, of Barnard College, who contributed to the CORE textbook. Academic economists do not hide from students the complications they grapple with in their own research. Homa Zarghamee, also at Barnard, appreciates having to spend less time “unteaching”, ie, explaining to students why the perfect-competition result they learned does not actually hold in most cases. A student who does not finish the course will not be left with a misleading idea of economics, she notes.

### **Esprit de CORE**

Early results are promising. Assessments at UCL found that CORE students performed better in subsequent intermediate courses than non-CORE counterparts. Anecdotally, at least, students seem more engaged in CORE courses and graduate assistants less pained by the prospect of teaching them.

The hopes for CORE are much more ambitious than simply providing non-economists exposed to the material with a clearer idea of what economics is all about. The new curriculum may also help departments retain students drawn to economics as a way to understand the world’s great challenges, and not simply as a place to play with elegant models. That could mean, eventually, a broader array of perspectives within economics departments, bigger and bolder research questions—and fewer profession-shaking traumas in future.

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