

Transformation of Economics Education. Current Challenges and Ways Ahead

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How do students perceive economics education?

Let's review some examples from state-of-the-art economics textbooks.

Can economics reflect real life as it claims?

R. Frank, E. Cartwright, *Microeconomics and Behaviour (1st Ed.)*, p. 17 “Many economists and other behavioural scientists remain sceptical about the importance of duty and other unselfish motives. They feel that the larger material payoffs associated with selfish behaviour so strongly dominate other motives that, as a first approximation, **we may safely ignore non-egoistic motives.**”

Can economics reflect real life as it claims?

R. Frank, E. Cartwright, *Microeconomics and Behaviour (1st Ed.)*, p. 34 “Indeed, it has been said that the surest way to destroy a city, short of dropping a nuclear bomb on it, is to pass a rent control law. **Basic supply and demand is again all we need to see clearly the nature of the difficulties.**”

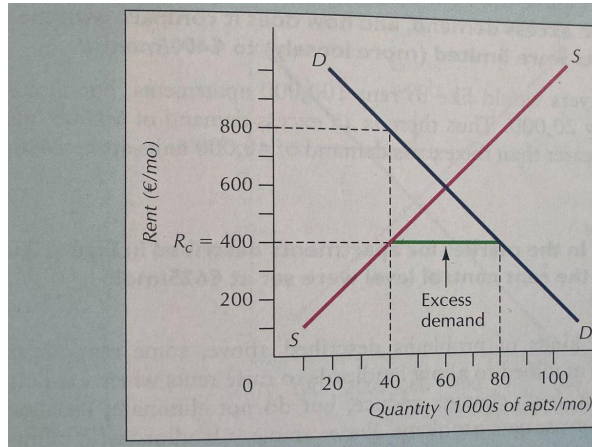


FIGURE 2.6
Rent Controls

With the rent control level set at €400 a month, there is an excess demand of 40,000 apartments a month.

Can economics reflect real life as it claims?

R. Frank, E. Cartwright, *Microeconomics and Behaviour (1st Ed.)*, p. 598 “[...] that the most efficient solution to a public policy problem is one that enables both rich and poor alike to do better than before.”

Can economics reflect real life as it claims?

G. Mankiw, *Economics*, “[...] other explanations must be of secondary importance. For example, it might be tempting to credit labour unions or minimum-wage laws for the rise in living standards of American workers over the past century. **Yet the real hero of American workers is their rising productivity.**”

Can economics reflect real life as it claims?

G. Mankiw, *Economics*, “Consider how a seat belt law alters a driver's **cost-benefit calculation**. Seat belts make accidents less costly because they reduce the likelihood of injury or death. In other words, seat belts reduce the benefits of slow and careful driving. People respond to seat belts as they would to an improvement in road conditions-by driving faster and less carefully. The result of a seat belt law, therefore, is a larger number of accidents.”

Can economics reflect real life as it claims?

Mishkin (2016), The Economics of Money, Banking, and Financial Markets, (p. 80) “A financial intermediary does this by borrowing funds from lender-savers and then using these funds to make loans to borrower-spenders. The ultimate result is that funds have been transferred from [...] the lender-savers [...] to the borrower-spender with the help of the financial intermediary (the bank). [...] The process of indirect financing using financial intermediaries, called financial intermediation, is the primary route for moving funds from lenders to borrowers.”

Can economics reflect real life as it claims?

Bank of England, Quarterly Bulletin 2014 Q1 “Money creation in practice differs from some popular misconceptions – banks do not act simply as intermediaries, lending out deposits that savers place with them, and nor do they ‘multiply up’ central bank money to create new loans and deposits.”

Can economics reflect real life as it claims?

Ben Bernanke (2006): “In my judgment, these developments, on net, have provided significant benefits. Borrowers have more choices and greater access to credit; lenders and investors are better able to measure and manage risk; and, because of the dispersion of financial risks to those more willing and able to bear them, the economy and the financial system are **more resilient**. To be sure, rapid financial innovation carries some risks, if new instruments are used improperly or if the market infrastructure that facilitates the trading of those instruments is inadequate. Regulators must be aware of and ready to mitigate those risks. Overall, however, the public interest is served both by the prudent use of new financial instruments and by the improvements in risk-measurement and risk-management practices that prudent use requires.”

Can economics reflect real life as it claims?

Congressman Henry Waxman (2008): "My question is simple. Were you wrong?"

Alan Greenspan (2008): "Partially ... I made a mistake in presuming that the self-interest of organisations, specifically banks, is such that they were best capable of protecting shareholders and equity in the firms ... I **discovered a flaw in the model** that I perceived is the critical functioning structure that defines how the world works. I had been going for 40 years with considerable evidence that it was working exceptionally well. The overall view I take of regulation is, I took an oath of office when I became Federal Reserve chairman. I'm here to uphold the laws of the land passed by Congress, not my own predilections."

Can economics reflect real life as it claims?

Ben Bernanke (2009): “Like weather forecasters, economic forecasters must deal with a system that is extraordinarily complex, that is subject to random shocks, and about which our data and understanding will always be imperfect.”

How do students perceive economics education?

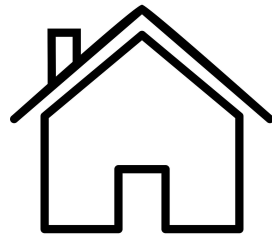
Incredible homogeneity in (introductory) economics courses:

- **Uniform Course Structure:** Courses often mirror state-of-the-art textbooks
- **Global Curriculum:** Similar course content across institutions worldwide
- **Neoclassical Framework:** Predominance of neoclassical economics as per Beckenbach et al. (2016)
- **Textbook Dominance:** 60-80% market share held by a few leading textbooks

How do you perceive the debates around economics and its education? Are there similar thoughts/criticisms?

Economics has a strong teaching architecture.

Textbooks define its content and form.



Research on Teaching Economics to Undergraduates[†]

SAM ALLGOOD, WILLIAM B. WALSTAD, AND JOHN J. SIEGFRIED^{*}

This survey summarizes the main research findings about teaching economics to undergraduates. After briefly reviewing the history of research on undergraduate economic education, it discusses the status of the economics major—numbers and trends, goals, coursework, outcomes, and the principles courses. Some economic theory is used to explain the likely effects of pedagogical decisions of faculty and the learning choices that students make. Major results from empirical research are reviewed from the professor perspective on such topics as teaching methods, online technology, class size, and textbooks. Studies of student learning are discussed in relation to study time, grades, attendance, math aptitude, and cheating. The last section discusses changes in the composition of faculty who teach undergraduate economics and effects from changes in instructional technology and then presents findings from the research about measuring teaching effectiveness and the value of teacher training. (JEL A22, I23, J44)

The coursework for the economics major has not changed substantially since 1980 with most institutions requiring the same set of ten courses (two principles, two intermediate theory, statistics or quantitative analysis, and five electives). The number of institutions requiring a course in econometrics has increased substantially, suggesting the growing importance of technical rigor in the discipline and the value of numeracy in the workplace. A decrease in the number of

3.2 Goals and Objectives of the Major

There is broad consensus among economics faculty that enabling students to understand how and when it is appropriate to ‘think like an economist’ is the overarching goal of undergraduate economic education (Siegfried et al. 1991; Siegfried 1998). This approach to economic education typically involves using deductive reasoning in conjunction with parsimonious models to help understand economic phenomena. It also involves identifying trade-offs in the context of constraints, recognizing implicit opportunity costs, distinguishing positive from normative analysis, recognizing incentives, tracing the behavioral implications of changes, exploring the consequences of aggregation, and searching for unintended





40 years and 4 paradigm shifts call for an update

Philosophy of Science

- Weaker demands, methodological pluralism, reflexivity

Content

- Plurality of behavior models, organizational forms, methods

Methodology

- Reflexive Methodology, Positive description of norms, art of facilitating

Didactics

- Competences, Critical Thinking and Formative Learning

Content Gap - What economists do.

A few years ago... *“economists new one big thing” the model of competitive markets, the most intellectually complete paradigm in the discipline ... A kind of theory of ideal gases for economics”* (Tirole 2017, p. 27) but the intellectual world in economics has changed as less and less economists *“are guided throughout their lives by a single idea, and often try to convince their protégés to take the same path.”* But they increasingly *“regard universal theories with suspicion and are often engaged in a variety of approaches. They move from one line of research to another when they think they have arrived at a point of diminishing returns in the first.”* (ebd. p.28).

Towards a benchmark for new economics education

An open list of criteria.



Ways ahead: criteria for a transformation of economics education

1. Aim: Which core values should underlie the content?
2. Content: What should be included? What role does research play?
3. Didactics: What should economic teaching look like?
4. Pragmatism: How does a curriculum change come about? What is needed?

Transforming economics education - our collection of criteria

Pragmatism

Pressure
open
• students (people already change behavior high school)
• faculty

Jump on a different board/wagon
=> Lynggaard, eg AI
=> Tarjan Hoose

Start teaching & learning together
(Prof's & students & each other)

Public Assessment
(include more assessment change subject)

Use impact assessments not to limit or restrict budget allocation & innovation

open minds
(especially parents & profs)

policy change, ie which commitments are addressed for advice

Value change of funding institutions

Incentives / Resources for profs & sections



NOVOO

Aim

human rights

global awareness

well-being of humans
and non-humans

DDGs for
SDGs

see the
curriculum
Education for S. Dev.
by UNESCO 2017
→ Kompetenzmoddell Nord-
see in Lehrplan

- Differentiation of content
- Students develop the competence to understand the values behind each article / approach
- Debates & discussions

Core values:
Well-being for
ALL
(leave no one behind)
19 Sept 2030
(SDG 2015)

life satisfaction
justice
ecological values

Content

Classes like "history of thought" compulsory

What does want to go into economics?

different schools of thought

research as preparation for education

experience

every person is part of the economy what are their thoughts? (every day experience)

real world examples + applications

future - culture
→ reflect on what cannot / could not be experienced

philosophy of science (ontology, epistemology, methodology)

history of thought

learn about different approaches to organize the provision and distribution of goods and services (classification)



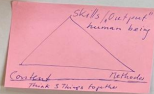
novos
BUSINESS LINE

2. Didactics

Inter- and trans-disciplinary

Focus on reflection and personal development for their own sake

Value-based experiential and reflexive approaches



Interdisciplinary teaching

re-evaluation of teacher-student hierarchy in line of information accessability through means → reflection, not indoctrination

PT focus more on teaching (pedagogy) not research only

Service learning
Citizen science
... (siehe UNESCO 2012)

interdisciplinarity

→ Promote Transdisciplinarity
over Vision

STUDENT-CENTERED
[EDUCATION Focusses on curriculum - did.]

inner development
goals - determine what
- (can be done) → reflect

Social imagination
(How should the world look like in future?)