Part I: Foundations
This part lays the groundwork for the rest of the book. It starts with the central philosophy of the book, explaining the title ‘Economy Studies’. From there, we set out three principles that provide a backing structure for the ten building blocks, which form the next part of the book. The next chapter discusses the need to diversify and decolonize our discipline. We end this part with a brief chapter on didactics, suggesting three points of attention regarding the practice of economics teaching.

The Philosophy of Economy Studies

When designing courses in economics, or even an entire programme, there are endless choices to be made: central subject matter, theoretical focus, style of teaching, what materials to use, how to sequence courses and what to test students on. In the chapter Philosophy, we start with the question that lies at the foundation of all these choices: what should economics education focus on? We broadly identify two answers to that question. Answer A: organise education around a specific method of analysis or way of thinking. Answer B: organise it around a subject matter.

Answer A implies separate programmes for the neoclassical approach to human life and society, programmes for the institutional approach, others for the Marxian approach, etc. We explain why in this book we instead choose answer B: a programme centred on a specific subject matter. Political science focuses on politics. Biology studies living organisms. Economics, then, focuses on the economy. Subsequently, we define what we mean by ‘the economy’, discuss where its boundaries lie and how we might deal with its interfaces to other aspects of the world, such as the political, the social and the ecological.

Principles

In the following three chapters of part I, we set out the three main principles of our framework: Pluralism, Real-World and Values respectively.

The first principle, Pluralism, focuses on the current dominance of a single approach in mainstream economics education, and our contrasting argument for theoretical and methodological pluralism. Learning to use
analytical tools such as theories and research methods is the primary purpose of an academic education. We argue that a truly academic education requires a foundation of pluralism: the side-by-side use of fundamentally different, incommensurate approaches to studying the economy. We set out two basic reasons to support such pluralism: it helps students to gain a richer diversity of insights, and it gives them a clearer perspective on the limitations of any single approach, thus facilitating critical thinking.

The second principle, Real-World, concerns the current focus on mathematical abstraction and methodological techniques. We suggest focusing more attention on the real-world economy instead. ‘Real-world economics’ has long been a core demand of the Rethinking Economics movement. It is an ideal that seems self-evident; who would actively reject the real world in their teaching? Still, it is not easy to put into practice. We set out several forms of concrete knowledge about the real world which we believe to be crucial, and provide suggestions on how to implement this in teaching.

The third principle, Values, discusses the notion of value-free science. There is a tendency to try to banish normative issues entirely or contain them in an isolated course on ethics. This leaves students blind to the normative aspects of economic topics and unable to articulate moral dilemmas clearly and critically reflect upon them. Values, our moral principles and beliefs, are an integral aspect of economic dynamics, and deserve a central place in economics programmes. In fact, besides sheer curiosity, they are the entire reason we study economics, and the reason that it is the most prominent social science today: economic dynamics matter for almost everything we care about. This principle is about helping students to become aware of the value aspects of economic questions and to be comfortable with discussing them, in their role as an academically trained thinker and researcher. That does not mean making everything normative. It means learning to identify the normative and positive, seeing underlying values when they are relevant and focusing on the normative aspects of concrete economic issues, rather than only discussing general ethical philosophies.

These three principles overlap with the old idea of a tripartite distinction within economics (Colander, 2001; Keynes, 1891). Real-World is related to the art of economics, also called applied economics, which is about concrete actual cases and how to deal with them as economists. Pluralism is most closely related to the science of economics, sometimes called positive economics, which is concerned with analytical tools for understanding how economies work. Finally, the ideas in the chapter Values build on the ethics of economics, also known as normative economics, which is concerned with judgements of importance and value.
The three do not exist in isolation from each other; they are connected in various ways. For instance, the real world cannot be seen directly but only through lenses that allow focus: analytical tools. Using a diversity of lenses helps to understand it better (pluralism). However, even then, we need to be aware that embedded and sometimes hidden inside these different tools, lie different values. We may try hard to be neutral, but what we observe in practice is coloured by our own personal views.

What should be the balance between these three principles in terms of teaching time? Academic tradition tends to focus nearly all of its attention on teaching analytical tools. While we agree that analytical tools deserve the majority of students’ attention, we feel a more equal balance is necessary. A good economics education includes explicit discussion of the normative aspects of issues, and is built on a base of knowledge of the real world. In fact, even if pure analysis is all you want to teach, your teaching will be improved by including the other two principles. Students will be more motivated and analytically sharpened by the real-world material, and better able to separate judgements from analysis thanks to the clarity about values.

**Diversifying and Decolonising Economics**

Following the principles, we discuss the problem of diversity in economics. Our discipline has historically been dominated by white upper- and middle-class men from western Europe and the US, and is still so today. This has led to severe biases in our body of theory and in the teaching practices of our field. The ideas of female, global south, ethnic minority and lower-class scholars have frequently been ignored, both in research and in education. The same applies to their economic realities, values, interests and ways of organising economic processes. In addition, the existing culture and structure of the discipline make it hard for women, ethnic minorities and people from a lower socio-economic class to enter.

In this chapter, we provide a brief overview of the problem. We also discuss several potential causes, weighing the evidence on each of them. Finally, we discuss several paths towards diversifying and decolonising economics. This will not only help marginalised groups, important though that is. It will also make economics education itself better for all students, offering them a broader, more realistic and more relevant set of ideas and realities.
The Didactics of Economics Education

We end the Foundations part with a chapter on the didactics of economics education. Improving economics education is not simply a matter of changing what is taught, but also how it is taught. A good course is more than just a good syllabus: it requires effective teaching. The chapter focuses on three didactical issues that are of particular relevance for economics education: communication and collaboration, open and critical discussion, and diversity in teaching techniques.

Figure 4: An overview of Part I: Foundations.
Foundation 1

The Philosophy of Economy Studies

Economics should be taught as the study of a subject matter, the economy, using all relevant approaches, rather than as a narrowly defined method of thinking.
1. What Should Economics Education Be About?

2. What is the Economy?

3. Boundaries of the Economy

4. Conclusion
In this chapter, we attempt to answer a fundamental question on economics education: should it be taught as a specific method of thought, which can be applied to any subject matter? Or, should it be taught as a study of a concrete subject matter: the economy, as lawyers study the legal system? We argue the latter, based on the idea that the study of the economy is a vital social function and the primary reason for most students to study economics.

In the second part of the chapter, we define what exactly we mean by ‘the economy’: economies are open systems of resource extraction, production, distribution, consumption and waste disposal through which societies provision themselves to sustain life and enhance its quality.

We then discuss the question of how the economy is related to other systems: When do we still call something a part of the economy and at what point have we crossed over into other territories? Here we discuss the economy’s relation to the natural world, to the social world and its geographical scope, and discuss how to work with these boundaries.
“What do economists study? What do they do? They study the economic system.

Marshall, in the Principles of Economics defined economics thus: ‘Political Economy, or Economics, is a study of man’s actions in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of wellbeing.’ A modern economist, Stigler, has phrased it differently: ‘Economics is the study of the operation of economic organizations, and economic organizations are social (and rarely individual) arrangements to deal with the production and distribution of economic goods and services.’

Both of these definitions of economics emphasize that economists study certain kinds of activity.”

Ronald Coase (1978, p. 206)
1 What Should Economics Education Be About?

The theme of this book is: *how economics education should be organised, to best prepare students for their future roles in society*. In other words, what should economics education be about? There are broadly two potential answers to that question: organising education around a specific method of analysis or organising it around a subject, the economy (Akerlof, 2020).

What would the first answer imply? We would get separate programmes for different theoretical approaches, which subsequently could be applied to different subject matters including for example trade, the labour market, marriage, political party competition, religion, etc. One could imagine a separate programme for the neoclassical approach to human life, another for the institutional approach to human life, programmes for the Marxian approach, etc. Proponents of this view generally claim that while such an approach to the field is by definition limiting, these very limits form its power. Namely, a single, coherent and long-established intellectual framework has the advantage of being more practically useful. Students become experts in a particular method and can communicate effectively and consistently given their shared established syntax, as well as apply and build upon the works of others using the same toolkit.

In economics, this view has become more popular since the 1960s (Backhouse & Medema, 2009a). Before this period, the other view, seeing economics as the study of the economy as subject-matter, was dominant. In fact, the idea that economics is about studying economies has been around in many forms for as long as the field itself has existed (Backhouse & Medema, 2009b). In the classical period, Jean-Baptiste Say (1803, p. 6) described political economy as the “science” about “the production, distribution, and consumption of wealth”. Around the turn of the 20th century, the discipline changed its name from political economy to economics in order to sound more like a modern scientific discipline and to distance itself from its former political image. The core content of the field remained, however, largely unchanged.

In 1932, Lionel Robbins (1932, pp. 15-17) proposed a radically different definition of economics, defining it around a method, rather than a subject-matter, saying: “Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses … any kind of human behaviour falls within the scope of Economic Generalisations. ... There are no limitations on the subject-matter of Economic Science.”
Initially, there was strong resistance to this new definition for economics as being about the rational choice approach to all of human life, or in Backhouse and Medena’s (2009a, p. 805) words: “This definition laid a foundation that could be seen as justifying both the narrowing of economic theory to the theory of constrained maximization or rational choice and economists’ ventures into other social science fields. Though often presented as self-evidently correct, both the definition itself and the developments that it has been used to support were keenly contested”.

Economists, such as Ronald Coase, Frank Knight, James Buchanan, and Kenneth Boulding, argued it was too deductive and anti-empirical, and at the same time too narrow in how topics could be studied and too broad in terms of which topics it concerns (Backhouse & Medema, 2009a). Knight (1933, p. 4) wrote, for example, that it is an ‘error’ and ‘vice’ to ‘look upon life too exclusively under this aspect of scientific rationality [economising]’ and argued instead that economics is about studying ‘the social organization of economic activity’.

Despite these various criticisms, this definition and approach to economics has become more popular since the 1960s. Gary Becker was perhaps its most notable proponent, promoting this approach as ‘the economic approach’, which he described as follows: “The combined assumptions of maximizing behavior, market equilibrium, and stable preferences, used relentlessly and unflinchingly, form the heart of the economic approach as I see it.” (Becker, 1976, p. 5). With this ‘economic’ approach, he proposed we can understand an enormous variety of topics, ranging from traditional economic topics, to topics including marriage, raising kids, education, politics, law, crime, discrimination, and even suicide, as being rational decision making amid scarcity (Becker, 1973, 1976, 2010; Fine & Milonakis, 2009; Grossbard, 1993; Kimenyi & Shughart, 1986).

But while this approach to economics has become more popular, it has by no means become universally accepted. Two of the most popular economics textbooks today, for example, define economics as the study of the economy as subject-matter: Krugman & Wells (2012, p. 12) write “economics is the social science that studies the production, distribution, and consumption of goods and services” and the CORE Team (2017, p. 38) defines economics as “the study of how people interact with each other and with their natural surroundings in providing their livelihoods”.

While the monistic approach, economics as a method, has some benefits, organising economics education along the lines of one approach creates the risk of replacing the mission with the instrument. The goal of academic programmes is to teach students to understand the world: theories and
methods are simply the means to achieve this end. Centring programmes around certain approaches tends to create intellectual silos, where students are taught to be like-minded and adhere to the approach taught in that programme. This approach is therefore often described as teaching students to “think like an economist” (Hoyt & McGoldrick, 2012; Siegfried et al., 1991; Tieleman et al., 2017). The danger in this approach is that it “allows each professor to think of the training that they provide as essentially getting the student to think like him or herself” (Colander & McGoldrick, 2010, p. 16). As such, the opportunity is lost to help students through open and critical discussions develop their ability to think independently and critically evaluate all the information they are exposed to (on a daily basis) both in their role as future economists and members of society. Or in the words of Raveaud (2009, p. 255):

“While students need to be reassured that their professors know better than they do, they also like to be puzzled. They are students, after all, not guinea pigs! Our role as teachers is not to give them ready-made answers. It is to provide them with the tools and opportunities they need in order to learn to think for themselves about the relative value of competing economic ideas, institutions and policies in the face of genuine uncertainty about which one is ‘right’.”

In this chapter, we argue for the second answer. That is, to teach economics centred on a specific subject matter: the economy. What would academic education look like in this case? Biologists investigate living things and the ecosystems they form. Sociology is the study of society and social relations. Medical doctors focus on the human body, its health and how to maintain and restore it. Legal scholars study the legal system, rights and obligations. Political scientists investigate politics, the dynamics of power and governance. Economists, then, study the economy. The title of this book, Economy Studies, serves to emphasise this point.

2 What is the Economy?

But what exactly is the economy? The term economy originally comes from the ancient Greek word oikonomia, meaning ‘household management’ (Samuels et al., 2008). The most common modern reformulation of the definition of the economy is the production, distribution and consumption of goods and services. In jargon, it is also known as the social provisioning process: the activities, interactions and structures that lead to the provision of the material means of life (Jo, 2016). Furthermore, recent developments and insights concerning ecological issues show that resource extraction and waste disposal are also crucial economic processes, besides production, distribution and consumption (Goodwin et al., 2019). As such, one could say economies are open systems of resource extraction, production,
distribution, consumption and waste disposal through which societies provision themselves to sustain life and enhance its quality.

To be clear – political science, sociology, anthropology, law, economics – these are all concerned with human beings and social processes. There is no separate entity called the ‘economy’, just as there is no isolated thing called ‘culture’ or ‘politics’. Social life is highly complex and consists of many dimensions. But in order to study it effectively, scholars have intellectually distinguished different domains of that larger social life. The social science disciplines each study one of those domains or aspects of society, and for economics that is the material provisioning aspect: the ‘economy’.

Before we move on, we need to explain further what we mean by ‘the economy’, by defining what makes up an economy and subsequently defining its boundaries as well as its relation to neighbouring fields.

The economy can be seen as the sphere in which we carry out practical actions for our needs. We produce things for ourselves and others, we make deals and shake hands and we work together on projects, often in exchange for money. We spend most of our waking hours during adult life working in jobs to ‘make a living’. We distribute, and redistribute, resources amongst each other. We do care work for each other, sometimes paid but often unpaid. In short, we do our best to provide for ourselves and each other.

On their own, these interactions seem simple, yet through them we quickly become entangled into larger systems. We engage in all sorts of organisations to coordinate our actions. We form professional associations and labour unions to represent our collective interests. We operate in companies, through which we become involved in supply chains stretching across the globe. We try to ensure that the more vulnerable members of our society, and the natural world on which we depend, are also taken care of. We erect complex structures of government to provide material, legal, educational and other infrastructure. In short, from the simple aim of provisioning for our needs, emerges a complex global system with its own dynamics and tendencies, which nobody has quite ‘designed’, but which we all influence, and which influences us, in many ways.

These dynamics of human material provisioning, from individual actions, interactions and bonds to larger organisations, institutions, agreements and their emergent dynamics, together form the ‘economy’. But what kind of thing does that make the economy? It has been described as a machine, a network, an ecology, a system as well as many other metaphors. Several different analytic approaches conceptualise the economy and its workings differently, each contributing new insights (see Building Block 8: Economic...
Theories and its online resources). As we explain in more detail in the chapter Foundation 2: Pluralism, we argue that students should become familiar with these different ways of looking at economies. Throughout the book we sometimes refer to ‘the economic system’ as a synonym for the economy. We do not imply any particular conception of the economy by this.

3 Boundaries of the Economy

While there is broad agreement that certain systems and dynamics are clearly part of the economy, there is a lot of debate about the exact definition and the boundaries of the field. We do not pretend to be able to resolve these issues. Instead, we encourage teachers to openly discuss these debates with students (see also Building Block 1: Introducing the Economy). Still, for a book called Economy Studies, basing its philosophy on the concept of the economy, it is necessary to at least provide a working definition with boundaries. Here we discuss the economy’s relation to the natural world, to the social world and its geographical scope.

First, nature. We believe that the interactions between the economy and nature fall, to a large part, within the scope of economics. For example, the extraction of resources and the dumping of refuse are crucial activities in the human material provisioning processes, which often follow economic dynamics. The internal workings of nature, on the other hand, are the domain of the natural sciences. There are at the same time various fields, of rapidly increasing importance, where economists need to cooperate with natural scientists such as in the food industry. We need to better understand how economies are shaped by nature and how economic processes, in turn, influence nature.

For example, throughout most of history, economic cycles could only be understood by taking into account the agricultural cycles (Heilbroner, 1953). While agricultural cycles have lost some of their importance to economic dynamics, natural processes do remain crucial. The growing and harvesting of crops is heavily influenced by topsoil erosion, climate change and the extinction of pollinating insects. Economic dynamics (price competition, the drive for higher short-term efficiency, etc.) systematically affect the natural world, and the consequences in turn limit our ability to grow food to sustain ourselves: economics.

As the man-made ecological challenges of our world multiply, natural processes seem to be regaining their importance for the workings of economies. Even the sector seemingly least connected to the physical world, the financial sector, is increasingly concerned with the effects of
climate change (European-Commission, 2021; Wamsley, 2020). Ecological economists have a particular focus on these matters and provide useful teaching material on this. However, the connection with nature goes beyond ecological questions. Health- and technology-related issues are also relevant to the economy, with matters such as aging populations, mechanisation, automation, and, as has become very clear recently, pandemics. In sum, precisely because it is hard to draw an exact boundary between ‘nature’ and ‘economy’, the interactions between these two deserve a clear place in economics education.

Secondly, there is a boundary between the economy and the social world, where the latter stretches beyond our actions for practical needs. Here, too, we argue for paying attention to the boundary. Again, this does not mean we are advocating that all social phenomena should be studied by economists. The dynamics of voting behaviour and workings of political parties do still belong to political science; the ways in which information circulates in society to communication studies; the effects of educational practices and policies are still the domain of educational science and the causes of crime and recidivism of criminology – to name but a few. However, we do believe it is important to consider the interactions between the two spheres. Politics, information, education and crime are all highly important for our understanding of how economies work, despite being the subject matter of other disciplines. To be sure, economists using the rational choice approach have also contributed to research on many of these topics. While we applaud such interdisciplinary research endeavours, we do not suggest including such insights in economics education. Economics education should focus on understanding the economy, not on a specific method of investigation.

Interdisciplinary cooperation is thus needed to understand how the material provisioning aspect of human societies interacts with other social matters. The economy-oriented sub-disciplines within sociology, anthropology, geography and political science seem to be particularly well-suited to gain knowledge about these interactions. Some economic theoretical approaches, such as institutional and feminist economics, have also paid particular attention to the interactions between the economic and the wider social world. We suggest giving students a brief overview of these fields, so that they will know ‘who to talk to’ concerning matters spanning various disciplines.

Third and finally, economies have particular geographical boundaries. The term ‘the economy’ is often used to refer to the national economy. When we use it in this book, we generally do not presume any such specific scale level. Economies can be analysed at any scale of organisation and
geography: a household economy, a local economy, a national economy, the global economy. At each level, one can look at bundles of actions (of resource extraction, production, distribution, consumption and waste disposal) as well as the interactions and relations within and between these ‘economies’.

We do think it is important to sensitise students to the main differences between these scale levels, and to teach them to pay attention to the ways in which these levels are related to each other. An example could be global value chains, where production facilities around the world interact with households, local economies, national economies, and with the global economy at large. We suggest a flexible geographical approach that allows one to choose and change the level of analysis in order to best understand the matter at hand. This is crucial because the different scale levels also have different relevant theoretical and methodological approaches.

4 Conclusion

To conclude, we argue that the aim of economics education should be to study the economy. The rest of the book is concerned with the ‘what’ and the ‘how’ of this general principle, containing building blocks of knowledge, suggestions for teaching material and much more. However, whilst reading the more detailed content of this book, we do hope that you will keep something in mind: these concrete recommendations are not the core of what we are trying to contribute. We are most happy to discuss and question the value of using specific teaching materials, specific theoretical frameworks, and even entire building blocks that we propose. After all, students generally do not retain most of the details, certainly not years after their programme.

What we hope students will retain from a good economics programme is the habit of studying the economy as it is, rather than as an abstract construct, and to think about it in a diversity of ways, independent of fixed theoretical formats. We hope students gain an intuition for various economic dynamics and an appreciation of how deeply the economy is interwoven with the other aspects of our life and world. An ability to see the many different values underlying various economic questions and the confidence that, when faced with a concrete economic problem, they can identify a few different starting points and be able to think through the problem because they know the different places to look, having already practised this during their training. If these basic notions stick, then in our eyes, a programme has been successful, regardless of its exact theoretical and methodological contents.
Foundation 2

Pluralism

Diversity of theories and methods offers students a broader range of insights and helps them see the difference between the map and the territory.
Practical Suggestions for Pluralist Teaching

What We Mean by Pluralism: Four Common Straw Men

Why Pluralism Is Important

Why Pluralism Is Important

Practical Suggestions for Pluralist Teaching
The primary purpose of academic education is learning to dissect important questions with the help of analytical tools. To be able to understand complex economic topics, a diversity of theories and research methods is needed. No single approach is able to fully capture all aspects and dimensions of the economy, so pluralism is not only useful but imperative. We therefore argue that economics education should have a foundation of pluralism: the side-by-side use of fundamentally different approaches to studying the economy.

The economic world is large and complex. To grasp its workings and many elements, we need to use different perspectives and methods as each enables us to better see and understand certain aspects. Furthermore, these different approaches can lead to starkly different insights even when the exact same aspect of the economy is studied. For these reasons, only using one approach can never lead to a full and complete understanding of the economy and using multiple approaches will improve our understanding.

The chapter starts with an overview of what pluralism is, followed by a section describing four common false or ‘straw men’ versions of pluralism. We then discuss the question whether the latest mainstream is automatically also the best version of a science. Then, we turn to the reasons why teaching in a pluralist manner is important for the intellectual development of students. The chapter ends with some practical notes on how to teach in a pluralist manner and what challenges may occur.
“The world is better served by syncretic economists and policymakers who can hold multiple ideas in their heads than by ‘one-handed’ economists who promote one big idea regardless of context.”

Dani Rodrik (2011, p. 134)

1 What We Mean by Pluralism

Pluralism is about looking at the world from a broad variety of vantage points (Fullbrook, 2008; Garnett Jr et al., 2009). In economics education, this means teaching perspectives that make different assumptions, focus on disparate economic problems, use different units of analysis, apply various methodological approaches, and have distinct ways of reasoning.

The Indian parable of the blind men and the elephant is a beautiful illustration of what pluralism entails. None of the men have ever come across an elephant before, and they can only conceptualise what it is by touching it. The first man’s hand lands on the trunk of the elephant, so he thinks it must be a type of snake. The second touches its ear, and says it is a fan. The third places his hands on a leg, and argues that that an elephant must be a kind of tree. The fourth man encounters the side of the elephant like a wall. The fifth man holds the tail and feels a rope. The last man feels the tusk, thinking it to be a spear. Whilst all of their perceptions of the elephant are real, they are incomplete pictures of what an elephant is, and by combining all of these perspectives together, our knowledge is enhanced.

Similarly, all economic theories are incomplete pictures of the world. Any model (whether or not it uses mathematics) is a simplification or an abstraction of the real world. The art of creating a good model or theory is in selecting the most important aspects of the phenomena or process to focus on. However, it is not possible to include an infinite range of variables or concepts in a theory, and even if it was, it would be too unwieldy to use in analysis. Instead, different approaches should be taught and used in tandem, just like the blind men sharing their knowledge about the elephant.
Although one could view the use of a variety of models within the confines of a single theoretical approach as pluralist, we argue that this is not the case. It is as if you would go to a restaurant and get a menu with a wide variety of dishes made up of courgette: roasted courgette, courgette pie, courgette pizza, courgette fritters, courgette soup, stuffed courgette, courgette bread, courgette pasta, courgette pancakes, etc. No one could deny the diversity of dishes, but at a more fundamental level the menu is severely limited in its options. Pluralism requires openness in terms of making fundamentally different theoretical assumptions.

In most contemporary economics programmes, neoclassical economics takes up ⅘ or more of teaching time in theory courses, while all other approaches are largely ignored or marginalised (Proctor, 2019). We suggest that the proportion devoted to neoclassical economics should instead be roughly ⅕.

A proper scientific approach requires us to take seriously relevant ideas about how economies work, irrespective of who developed the idea. There are many important ideas that have been developed outside of academic economics. In particular many other social scientists and philosophers have studied economic topics, leading to the development of the behavioural, feminist and institutional schools of thought.

The subfields of economic history, political economy, economic sociology, economic anthropology, and economic geography have also arisen from the interaction of economics with other social sciences. Various natural scientists, such as biologists and physicists, have also analysed economic topics, contributing to approaches such as econophysics, ecological economics, systems thinking and complexity economics. Ideas from these fields should be taken just as seriously as those developed within economics.

*Interdisciplinary Economics* provides an overview of five neighbouring subdisciplines, such as economic sociology. [economy.st/interdisciplin](http://economy.st/interdisciplin)

Furthermore, it is not only academics who think about economic matters. Many important economic thinkers worked as policy makers, investors, activists or journalists and were never trained as academic economists. For instance, Karl Marx was a journalist and author. David Ricardo was a stockbroker and then a Member of Parliament. Neither ever held
academic positions, but both still had a huge influence on economics. It would be a waste if economics education would ignore all these important contributions simply because these people do not have the label of being an academic economist. Modern-day examples of such thinkers would include journalists such as Rana Foroohar of the Financial Times, policy makers such as Andy Haldane of the Bank of England or investors like George Soros.

Finally, pluralism goes beyond theory: diversity in research methods is also required. Time series and other descriptive statistics can provide a quick insight in trends and developments. Interviews or other textual forms of knowledge can provide a richer structural understanding, through the eyes of insiders. Direct observation can highlight different aspects yet again, showing for instance how economic interactions are interwoven with other social dynamics. Geographical overviews can show the physical shape of a sector or supply chain and help students understand the role of practical and political factors. Historical and institutional methods can give valuable understanding of processes and change.

Methods courses in current programmes tend to exclude all the above, focusing instead purely on quantitative data analysis. We suggest spending perhaps ¼ of methods teaching time on this, to make space for some of the above approaches. In addition to including diverse research methods, pluralism means teaching when and why each method should be used, as well as what their underlying assumptions are. Without such diversity, crucial aspects of the world would be ignored, creating collective blind spots. For details, see Building Block 7: Research Methods & Philosophy of Science.

2 What We Do Not Mean by Pluralism: Four Common Straw Men

Under this heading, we set out four popular straw men versions of pluralism: relativism, pseudoscience, political diversity, and strategic pluralism. For each of these four, we explain why it is not what we mean by pluralism.

Pluralism, not relativism

We believe that a combination of approaches is required to gain a good understanding of the economy. In the words of Martyn (2017, p. 1): “[Pluralism] does not reject [neoclassical] economics, it rather suggests that this is only one part of the story. It frees us from both scepticism (nothing goes) and relativism (anything goes)”. 
Diversity and openness in thinking should be disciplined by how they help us understand the real world. Embracing pluralism does not mean embracing relativism. We are not saying that all approaches are always equal, but rather that for different economic questions, it will be different perspectives that are the most useful. For example, when teaching how economic agents make decisions, the neoclassical, behavioural and institutional perspectives could be taught. Whereas for labour economics, the feminist, Marxist and post-Keynesian perspectives could be taught.

The way to decide which approach is superior for a specific case is to compare to what degree different approaches are capable, or incapable, of providing a good explanation of the phenomena in question. This has also been called ‘disciplined eclecticism’, as it does not rigidly hold on to one single paradigm, but at the same time does not allow for an ‘anything goes’ approach (INET, 2011).

**Scientific diversity, not pseudoscience**

While we argue for going beyond the current mainstream, we do support having clear boundaries. Amongst others, pseudoscience, conspiracy theories, climate change denial and creationism have no place in the curriculum.

Where, then, should we draw the line? Distinguishing science from pseudoscience is not as simple as it might look. It has been a core topic of debate within the philosophy of science, referred to as the demarcation problem. There are many ways in which one can conceptualise what the scientific method is. A perspective often referred to by mainstream economists is falsificationism, formulated by Karl Popper in *The Logic of Scientific Discovery* in 1934, which argues one should try to falsify hypotheses, as opposed to trying to verify them. Another influential approach is instrumentalism, proposed by Milton Friedman in *The Methodology of Positive Economics* in 1953, arguing that theories should be judged based on the simplicity and fruitfulness of their predictions, not the realisticness of the theory. These approaches have received substantial criticism since their publication, both for proposing an undesirable principle for demarcation and for not providing an accurate description of what economists actually do (Boumans & Davis, 2015; Maas, 2014; Thornton, 2016). Since then many different methodological ideas have been developed. The following categories outlined by Coates (2005) and Thornton (2016), of the many criteria on the basis of which theories could be evaluated, seem most relevant:

- Explanatory coherence: Internal consistency
- Explanatory power: Fit with evidence and ability to explain or predict real-world phenomena
- Explanatory reach: The scope and depth of explanation, although more is not necessarily better
- Explanatory openness: The flexibility and capacity to absorb new insights and adapt to new circumstances
- Explanatory impact: Influence on the world, ability to help solve real-world problems and the values associated with the theory.

In sum, there is certainly pluralism within the field of philosophy of science (see also Building Block 7: Research Methods & Philosophy of Science). However, while the exact definition of ‘science’ remains contested, we are confident that you will find the vast majority of ideas in this book clearly within the realm of science.

**Intellectual diversity, not political diversity**

The issue at hand here is teaching students different scientific approaches, not teaching them different political ideas. Of course, it is important that economic programmes are not indoctrinating students into a particular ideology, but that is not the problem we are trying to address here. We don’t have the impression that economics programmes are systematically skewed toward left-wing or right-wing ideas. The issue we raise here is that economics education is theoretically homogenous.

The dominant neoclassical approach can be combined with various political beliefs. Research on the political beliefs of economists shows that most economists self-identify as centre-left or (socially) liberal (Berggren et al., 2009; Colander, 2008; Colander & Klamer, 1987; De Benedictis & Di Maio, 2011; Klein & Stern, 2006; van Dalen & Klamer, 1996; van Dalen et al., 2015a). The common critique that most economists are free-market right-wing ideologues is therefore ungrounded. Most programmes today include both new classical and new Keynesian macroeconomics, which respectively typically have right-wing and left-wing policy conclusions. Political diversity is there. Both, however, are based on the neoclassical assumptions of the homo economicus with farsighted rationality, who as an isolated individual is driven by utility maximisation and arrives at equilibria in markets through the price mechanism. Theoretical diversity, then, is lacking.

We argue not for including left-wing or right-wing ideas in economics education, but instead for including ideas that are built on different theoretical assumptions, irrespective of what policy conclusions they might lead to.
Pluralism, not a new dominant paradigm

Advocates of pluralism are sometimes accused of another motive, strategic pluralism (Jackson, 2018; Sent, 2006). That is, they would only be interested in pluralism insofar as this would give their personally favoured approach more room. The true motivation behind the scenes is then to turn their own approach into the new dominant paradigm, thereby undoing pluralism. As such, pluralism would be a temporary stepping-stone towards a new paradigm.

In some cases, this accusation may be correct. Rather than truly believing in pluralism, some might indeed see it as an instrumental tool to promote their own ideas. We are, however, firmly opposed to replacing the current monopoly of ideas with a new monopoly. As we described above, the problem is not neoclassical economics. Neoclassical economics is, in fact, a very useful approach to help us understand some economic topics, so we do not want to remove it from economics education. The problem we address in this chapter is that mainstream economics education focuses almost exclusively on one approach, which simply happens to be neoclassical economics. Replacing the old paradigm with a new one or expanding the current paradigm, for example by incorporating behavioural economics, does not solve the problem. A diversity of theories and methods is needed, not another dominant paradigm.

A good example to explain this is the influential and innovative textbook *The Economy* by the CORE team (2017). Their book shares our core philosophy: economics should be defined as the study of economic systems, not the application of a specific method. It also contains many of the concrete topics we call for in our building blocks: history of the economy, prominent treatment of political-economic systems, serious attention for institutions, capstone chapters on major economic challenges of our time, and much more real-world knowledge in general. In short, *The Economy* is a great textbook, which we highly recommend.

However, in terms of pluralism it is important to realise that this textbook replaces the conventional paradigm with a new one, which they call ‘the new benchmark’. Bowles and Carlin (2020), the team’s lead authors, describe their approach as embracing ‘pluralism-by-integration’, as it builds a synthesis out of insights from multiple schools of thought, aiming to create one coherent framework. This means that ideas that are complementary to each other are included, while ideas that are in conflict with each other are not included.

While this is a great step in the right direction, ‘pluralism-by-integration’ remains somewhat of an oxymoron when it comes to education. Pluralism
means including multiple, plural, approaches, while integration refers to constructing one approach. So, while the new emerging benchmark is much broader than the old neoclassical framework, the risk of pluralism-by-integration is that students will still get the impression that the textbook and the teacher simply present ‘the truth’ about the economy, rather than as presenting one possible synthesis out of a diversity of economic ideas.

In this book, we make the case for a different kind of pluralism: ‘pluralism-by-juxtaposition’. That is, to teach students about multiple contrasting approaches and debates between them. We think this is vital: being able to deal with economic debates and conflicting ideas by making independent and informed judgements and admitting intellectual uncertainty is a core skill for any economist (Denis, 2009; Eliassen, 2016). As long as students are not exposed to the existence of multiple contrasting perspectives and debates, we give them the impression that there is only one way of looking at issues that is relevant enough to learn about. This may hamper their ability and skills in independent and critical thinking, and increasing the risk of groupthink in their later professional lives.

This should not be read as a dismissal or rejection of The Economy. The point is rather that we also advocate taking the next step: incorporating conflicting ideas and ‘pluralism-by-juxtaposition’. The textbook is an excellent ingredient for such teaching: it incorporates new ideas and insights, and pays more attention to empirics, history and institutions. We highly recommend using it. And while they do not make this explicit in their textbook, the CORE team also very much encourages pluralism-by-juxtaposition programmes, with one ingredient being their textbook (Carlin, 2021).

Sometimes it is argued that teaching students conflicting approaches will lead to inconsistent and incoherent reasoning. We believe the opposite is true. By teaching students how and when ideas are in conflict with each other, they learn to identify contradictions and deal with them. Pluralism in teaching does not mean that students should believe conflicting ideas simultaneously (Courvisanos et al., 2016; de Langhe, 2009). What it means is that students should become aware of the conflicting ideas and acquire the skills to form an independent and informed opinion on issues (Mearman et al., 2011). The key difference is between ‘having knowledge of’ and ‘believing exclusively in’. If one would have to trust one approach without having knowledge of the different ideas and approaches, this would require blind faith in the approach which is scientifically unjustifiable. As such, being able to deal with a diversity of ideas and make informed judgements “is an intrinsic part of intellectual development” (Sen, 2005, p. 3).
Whig History: 
Is the Mainstream of the Moment Always the Best?

Some economists feel that whatever change the economic discipline has undergone over the years has been for the better, the so-called ‘Whig history’ interpretation (Samuelson, 1987). The term Whig history was first coined by the English historian Herbert Butterfield in 1931 to describe interpretations of history that saw everything as constantly becoming better, and specifically saw the British constitutional settlement as one of the highest achievements in human history (Butterfield, 1931).

Applied to the development of economics, this implies that knowledge just keeps on accumulating and that the science of economics progresses linearly. In this view, the only cause of change within the discipline is improvement and all of the good ideas of the past have been incorporated in the mainstream. Mainstream as a category, therefore, becomes synonymous with ‘the best’. Anything outside it is by definition irrelevant, and the past becomes an imperfect version of the present. From this perspective, it is no problem that mainstream economics in the second half of the 20th century increasingly came to be dominated by neoclassical economics, since its dominance can only be a result of its superiority (A. Freeman et al., 2014).

Such a simplistic view of scientific progress is certainly attractive. However, historians of economic thought and other experts on developments within economics generally view Whig history as incorrect. They view it as overly optimistic regarding the internal workings of science and note that it ignores all external influences on science. In decades of research, they have identified many other important factors that influence the development of economics. The most important among these are the organisational structures within universities and other research institutions, social networks, path dependencies, changes in the economy itself, and the cultural and political context in which economic thinkers operate.

Such institutional factors have prevented relevant ideas from being incorporated within the mainstream, while they also have prevented dominant ideas from being properly scrutinised. Or in W. Arthur Lewis’ (1955, p. 174) words: “Collective judgment of new ideas is so often wrong that it is arguable that progress depends on individuals being free to back their own judgment despite collective disapproval”. The history of economic thought thus casts serious doubt on the assumption that the current mainstream is always necessarily better (e.g. Akerlof, 2020; Backhouse, 1994; Blaug, 2001; Cedrini & Fontana, 2018; Cedrini & Fontana, 2015; Colander & Landreth, 1998; Davis, 2006; Dequech, 2017; Dow, 2009; Fourcade, 2009; Gans & Shepherd, 1994; Gräbner & Strunk, 2020; Lee, 2009; Morgan & Rutherford, 1998; Samuels et al., 2008; Weintraub, 2002).
In short, allowing only one approach is problematic, since it can neither be assumed that this dominant approach is the ‘best’ approach, nor that it has incorporated all of the relevant ideas from other approaches.

Rethinking the History of Economic Thought & Methods provides a more inclusive history of the field, including teaching materials.

economy.st/rethinkinghistory

3 Why Pluralism Is Important

Pluralism is a critical feature of any economics education. To fully answer any question about an economy, an economist must look at the problem from multiple perspectives that utilise different assumptions, units of analysis and methodological approaches. Economies are such enormously complex systems that they require different perspectives to understand their many elements. In addition, even for the same aspect of the economy, different perspectives often provide startlingly different insights. In the language of philosophy of science, the former point refers to an ontological reason for pluralism and the latter to an epistemological reason (de Langhe, 2009; Lawson, 2012; Salanti & Screpanti, 1997). Hence, no one approach provides a full and complete understanding of economies. Or in Chang’s (2014, p. 453) words:

“As the saying goes, ‘he who has a hammer sees everything as a nail’. If you approach a problem from a particular theoretical point of view, you will end up asking only certain questions and answering them in particular ways. You might be lucky, and the problem you are facing might be a ‘nail’ for which your ‘hammer’ is the most appropriate tool. But, more often than not, you will need to have an array of tools available to you.

You are bound to have your favourite theory. There is nothing wrong with using one or two more than others – we all do. But please don’t be a man (or a woman) with a hammer – still less someone unaware that there are other tools available. To extend the analogy, use a Swiss army knife instead, with different tools for different tasks.”

To give an example, neoclassical economics takes the individual as its unit of analysis, assumes that humans are rational and relatively independent of their society, and uses mostly quantitative methods to assess formalised hypotheses. In contrast, institutional economics takes institutions and
systems as its unit of analysis, assumes that humans are heavily influenced by their social context and uses more qualitative methods and broad reasoning to answer questions. None of these choices are wrong, even though they are very different.

The value of pluralism is that both of these perspectives can be used to answer the same question. The insights that are gained from both perspectives can be combined to give the economist a fuller picture of the problem in front of them, and when they contradict each other help us arrive at sharper analyses. Beyond knowledge of the relevant perspectives, this also requires students to be able to think for themselves. Once the models and theories they have used have yielded their output, an economist must use their own judgement on how much weight to place on the various results obtained, particularly when the results lead to incompatible conclusions.

Not every perspective is equally valuable for any given situation, they all have their points of focus and blind spots. Economics students need to be taught a broad range of perspectives during their education so that they have a bigger toolbox of analytical tools to use in their professional lives. This will allow them to be of far greater value to their future employers and society at large, as Andy Ross (2018, p. 2), former deputy director Government Economic Service in the UK, explains:

“The need for pluralism is self-evident to practising economists in their day-to-day work, even when, for exposition purposes, such approaches must be played down in final reports to stakeholders. Some economists fear that pluralism equates to ‘anything goes’ or implies that economics is all just a matter of opinion. Yet the opposite is true. Pluralism demands critical evaluation in order to select the right tools for the job in hand. Most of the mistakes in economics that I encounter have not arisen from technical errors, but from failing to appreciate whether the methods and data used are appropriate.”

Beyond the direct benefits of providing budding economists with a broader knowledge base, pluralism also teaches intellectual humility and open-mindedness. When students are being taught only one way of thinking, they may develop the unfortunate idea that this is the best, or the only reasonable way to think about the economy. Such ideas are detrimental to intellectual development and real-world applications. In contrast, an economist trained in the pluralist tradition is used to comparing and combining competing viewpoints, and well aware that even the approach that they are most convinced by personally does not have a monopoly on truth. A good economist is modest and tries to
understand other scholars, especially when they have a different point of view. Sometimes it is said that pluralism is undesirable because it is uncomfortable for students when the teacher cannot ‘simply tell how the world truly works’ and instead has a complicated story about scientific doubt and different possible explanations (Denis, 2009). We would, however, argue that cognitive comfort should never be the goal of academic education. Confronting students with the complex reality and teaching them to question and investigate, rather than to believe and assume, should be central. Or as Max Weber (2009, p. 147) put it: “The primary task of a useful teacher is to teach his students to recognize ‘inconvenient’ facts”.

Pluralism encourages creativity and innovation. Indeed, pluralism is more than a worthwhile addition to a programme: it is essential for the training of critical and creative open minds. If everyone is supposed to think in the same way, existing ideas are less likely to be criticised and new ideas are less likely to develop. All ideas and assumptions should be open to questioning. Students should be given the chance to study different schools of thoughts and methodologies, irrespective of whether the idea goes against the status quo or mainstream approach within the field.

Teaching students multiple perspectives on the same issue also allows for the easy integration of critical thinking into any course or programme, something that is normally very difficult to achieve. Pluralism supports students in developing their own critical thinking process; they are forced to consider the potentially contradictory concepts and assumptions that they are being taught. It can be included only in a rudimentary fashion by critiquing the single model or perspective that is presented. Although students might be encouraged to think about what the problems or limitations are, if they have never been taught other perspectives it remains very hard for them to challenge what they learn. Moreover, students can then be encouraged to question the logical soundness of their own interpretations of those ideas. In this way, pluralism, especially when combined with the integration of critical thinking, can lead to improved economic understanding.

Pluralist education, furthermore, helps students learn to effectively communicate with people coming from a different perspective. As their education teaches them that there are multiple perspectives on issues and focuses on developing skills to understand and compare these perspectives, students will be better prepared to work in interdisciplinary teams and communicate with non-economists. However, sometimes it is argued that pluralism will complicate communication among economists, as it means they would use different approaches rather than all adhering to the same approach (Gräbner & Strunk, 2020). If economists would
isolate in groups based on economic approach and only have knowledge of
their own favoured approach, communication among economists would
indeed become more difficult. But what we are proposing here is, however,
something else. We are advocating to help students become familiar with
the main different economic approaches, so that in their later career they
will be better able to effectively communicate with economists who use
different approaches than they do.

Finally, teaching only one perspective can have harmful performative
effects (Parvin, 1992). Learning only one approach will not only limit the
thinking of students, it will also influence their behaviour. One example
is how several empirical studies have found that the current dominance
of neoclassical theory has caused students to behave more like the homo
economicus, calculated and self-interested (Aldred, 2019; Bauman &
Rose, 2011; Wang et al., 2011). To prevent such performative effects, it is
important to expose students to different ideas about the economy and
human nature, and hence a range of counterbalancing influences on their
development.

Teaching only one approach will also have consequences at the societal
level for outcomes in areas such as human wellbeing, the natural
environment, and income, gender and racial inequality. This is because
economic thinking has a key influence on policymaking. The way we
understand how an economy works – and should work – changes how we
behave and how policies and other decisions are advised and made.

4 Practical Suggestions for Pluralist Teaching

A common objection from academic economists to incorporating pluralism
into their teaching is that it would be too confusing for their students.
However, it is in fact standard practice in every other social science:
sociology, geography, political science and so on. In these disciplines,
several major schools of thought or individual thinkers are juxtaposed with
each other within the same course, often within the same lecture. Students
seem to have little trouble with this. The challenge is, however, to change
the teaching, as the current monist approach is deeply ingrained in the
materials and practices used by most economics educators. This book aims
to help broaden these materials and practices.

However valuable and worthwhile pluralism may be, committing to
pluralism in educating opens up a thorny and ongoing question. If not all
approaches should be taught all the time, then what approaches should be
taught, and when? We suggest focusing on the most important ideas and insights on every topic when teaching theories. So, for each topic, one does not try to teach all or just one theory, but one teaches a couple of theories which are most relevant. To assist with this, in the chapter Tool 1: Pragmatic Pluralism we have applied this logic to twelve core economic topics. For each topic, we provide suggestions of which approaches are most helpful, including literature references.

Different perspectives can enhance and complement each other, as they concern different aspects of a topic. But approaches can also be in conflict and contradict each other, when they provide opposing explanations of the same phenomenon. We suggest teaching students both about ideas that are in conflict with each other and about ideas that go together.

For instance, the efficient market hypothesis and the financial instability hypothesis are in fundamental contradiction with each other. For any concrete real-world situation, when one of these theories accurately describes it, the other one is bound to be less accurate, or even completely useless – for that particular situation. The credit theory of money and theory of earmarking money, however, are complementary to each other: they can both be true at the same time, describing different facets of the same situation.

Finally, it is important to get students started on pluralism early on. People speaking one language find it very hard to learn a second one, but people who have already learned several languages have the mental apparatus to abstract from “language” and see it in a way that helps them to incorporate the subtle differences of another tongue. Hence, we do not believe that every plausible approach needs to be taught in order to be effectively pluralist: get students started and they will continue on their own. Throughout the building blocks, we suggest both advanced and entry-level teaching materials to get students thinking in open and pluralist ways. In Building Block 8: Economies Theories, we focus specifically on ways to teach theoretical pluralism.
Teaching more concrete knowledge about actual economies gives students motivation, helps them to anchor theory to something in the real world, and gives them a basis of knowledge to build on.
1. What We Mean by Real-World Knowledge

2. Why To Teach Real-World Knowledge

3. Forms of Real-World Knowledge

4. Practical Suggestions for Teaching Real-World Knowledge
Real-world economics has long been a core demand of the *Rethinking Economics* movement. It is an ideal that you cannot really be against; who would actively reject the real world in their teaching? Still, it is not easy to put into practice. In this chapter, we set out how economics education could be enriched by systematically incorporating real-world knowledge.

By ‘real-world knowledge’ we mean concrete knowledge about economic sectors, actors, institutions and history. In this way it goes beyond giving ‘real-world examples’ that illustrate theoretical ideas. Real-world knowledge is a goal in itself, not merely an instrument to help students understand theory. We believe that making space for such knowledge makes an economics programme far more worthwhile, informative, and relevant to almost anything one might do after graduating. It also makes a programme considerably more enjoyable, motivating students and enabling them to relate more actively to the theoretical parts of the programme.

This chapter starts with a more detailed explanation of the term, including the questions: is there such a thing as raw ‘real-world’ knowledge, what types of real-world knowledge are we referring to, and is this the same as empirics? We then provide an overview of the various reasons for including more real-world knowledge in programmes: motivation, anchoring theory, and professional applicability. Finally, we provide a number of practical suggestions for implementing this principle in economics courses.
“A man who thinks that economics is only a matter for professors forgets that this is the science that has sent men to the barricades. A man who has looked into an economics textbook and concluded that economics is boring, is like a man who has read a primer on logistics and decided that the study of warfare must be dull.”

Robert Heilbroner (1953, p. 14)

1 What We Mean By Real-World Knowledge

The notion of real-world knowledge is closely related to the concept of ‘idiographic’ knowledge within philosophy of science. It refers to knowledge of the particular, unique, and contingent. It is contrasted with the ‘nomothetic’ approach which is about arriving at universal laws through generalisation. For instance, an understanding of the financial instability hypothesis is nomothetic knowledge, whereas familiarity with the main events and dynamics in the 2007-2008 financial crisis is idiographic knowledge.

As economics became more and more focused on the nomothetic approach and general laws, idiographic knowledge has drifted out of sight (Wallerstein et al., 2003). This is problematic, as both idiographic and nomothetic knowledge are required for a good understanding of the world that can then inform actions and decisions. Economics education would greatly benefit from systematically including idiographic knowledge, restoring the balance between the two approaches.

Is there such a thing as pure real-world knowledge?

A frequent objection to the argument for teaching more real-world knowledge is this: ‘There is no such thing as real-world knowledge, everything is an interpretation!’ On an abstract epistemological level, we agree with that statement. There is no such thing as a raw presentation of reality. If we want to meaningfully make sense of what we see and hear, we need
to interpret. And, this interpretation must be conducted through some sort of assumptions or theory. The kind of real-world knowledge we argue for, however, does not require any sophisticated mathematical models or epistemological discussions.

The theoretical assumptions that one holds shape one’s interpretation and framing of real-world developments. A book by a more evolutionary-inclined economic historian will present historical facts differently from an economic historian with more Keynesian inclinations. While both deal with the same reality, they arrive at different interpretations of this reality. This highlights why it is important to combine real-world knowledge with pluralism. Students need to become aware of the multiple ways in which reality can be interpreted and presented. Still, they will agree about most of the historical facts. For example, a sustained period of privatisation and marketisation would be seen as an important event by many schools of thought, even if they drew very different conclusions about the consequences.

We are simply arguing for exposing students, as much as possible, to the real world. Let them experience economic processes for themselves. Teach them basic stylised facts about the economy around them. Introduce them to different historical situations. Let them observe directly how organisations work. Give them a basic understanding of the specific institutions shaping the economy. Stimulate them to observe their own behaviour as consumers and workers. In general, just make sure they get some mud on their shoes.

**The ‘empirical revolution’ in research**

Is ‘real-world economics’ the same as ‘empirics’? In short: not quite.

Real-world knowledge is about exposing students, as much as possible, to actual economic processes and providing them with a wide variety of factual information. On the other hand, “Empirical work in positive economics is designed to test and develop theories” (Davis, 2002, p. 167). So, while real-world knowledge can never be completely theory-free, as discussed above, it is not focused on general theories and explaining causal mechanisms, as empirical research is.

As such, it is also different from the ‘empirical revolution’ within research. This term is used to refer to the trend among mainstream top journals in recent decades to pay more attention to empirical analyses. This trend is one that we support, but it does not mean that economics has become increasingly a-theoretical. As Cherrier (2016, p. 2) writes, “economics has not really gone “from theory to data,” but has rather experienced a profound
redefinition of the relationship of theoretical to empirical work”. Rather than having rediscovered empirical research, the discipline has further developed the way empirical research is done and how it connects to theory. In Rodrik’s (2015, p. 201) words “The standards of the profession now require much greater attention to the quality of data, to causal inference from evidence and a variety of statistical pitfalls”.

While we applaud doing more, and more careful, statistical analysis, this is not what we are arguing for in this ‘real-world’ principle. Instead, what we are proposing is more direct observations of the complex and messy real world. Advanced statistical analysis is a different activity: once these messy observations have been transformed into stylised and clean data, statistical analysis might be conducted.

Nor is this principle simply about raw data and statistics. We also suggest that students go out of the classroom to directly observe economic phenomena and speak to the people directly experiencing them. In general, we suggest that a plurality of approaches be used to confront students with the real world. Gathering concrete knowledge of the economic world from as many sources as possible, trying to understand how they fit together. That is what we argue for.

So, while students should also learn how to conduct good economic research combining theory and empirics, this principle focuses on teaching students concrete knowledge about actual economies.

2 Why To Teach Real-World Knowledge

While virtually no one is actively against teaching real-world knowledge, many professors do not prioritise it. We have often heard arguments like: “Of course, students find it interesting to talk about recent events, but they can read the newspaper in their own time.” ... “History is fascinating and relevant, of course. But students can read history books in their own time. Now, mathematics, they won’t learn by themselves.” ... “Applying economic theory to the real world? That comes later, at the master or PhD level. First they need to learn the basics.” Many professors see real-world knowledge as an interesting and sometimes even fun addition, but not as a serious and foundational element of economics education because of its specific nature and their tendency to teach at a more abstract level.

We strongly disagree. Real-world knowledge should be at the centre of economics education. Understanding the real-world economy should
be the ultimate goal of economics. Luckily, this is a core motivation of students. Many chose to study economics because they wanted to understand the economic and social world around them. Methods and theories are tools to better understand the real world, but they are not the goal itself. While we understand why professors focus on teaching students analytical tools, we think it is vitally important students also learn how to apply and contextualise those tools. The only way for students to grasp the relevance of the tools they are being taught is to see how they relate to reality. Once they do, they will also remember and apply the theory better.

It is also key to realise that on average less than 3% of economics bachelor students go on to do a PhD (Colander & McGoldrick, 2010; de Goede et al., 2014). For the other 97%, who go on to become professional, rather than academic, economists, learning pure theory is not a goal in itself as they need to be prepared to apply economics in practice.

Another frequently heard objection is the idea that all real-world knowledge is fleeting, whereas economic theory is timeless. While this is true to an extent, teaching theory only on this basis would be akin to lawyers learning only to think about legal systems in the abstract, but not learn the laws of today. After all, every year new laws are introduced and others are struck from the books, so why bother learning anything about actual laws or landmark cases? A good education combines these two forms of knowledge: theoretical and real-world.

In addition to the question of motivation, a lack of attention to real-world economics greatly increases the risk that students will confuse theory with the real world itself (Clower, 1995; Morgan, 2012). Metaphorically speaking, the map gets mistaken for the territory (Korzybski, 1931). Stepping outside the classroom and engaging with the real economy helps counter such effects. Through real-world knowledge, the contingency of theoretical models is put into a sharper focus.

An example may serve to clarify. If one teaches students different theories and models about unemployment, students might quickly become lost in the equations. The practical concept of unemployment is defined somewhere, but it is not discussed in detail. In such a situation, students often quickly forget the theories once they have passed the exam, as the significance of the ideas never quite reached them. The different models were simply different characters in the equations one had to memorise and work with. Even by the end of the temporary, structural, frictional, cyclical, voluntary, and involuntary unemployment are all too often still just abstract terms. This does not help students to retain the theory, nor will it help them much in recognising these patterns in the real world later on in their working life.
Now let’s imagine taking a different approach to teaching these theories on unemployment. The first lesson of a master’s course on unemployment is not in a lecture hall, but at the government (un)employment offices. The concept of unemployment is introduced to students through informal conversations they have with actual people who are unemployed. The second lesson is devoted to giving a factual and historical overview of the topic, with the help of readings, videos and statistics on the history of unemployment up to the current day. The third and fourth lesson consist of guest lectures by and discussions with a union organiser and an economist working for the employers’ association.

Having focused on the real world in the first four lessons, the class turns to the different theories on unemployment in the fifth lesson. Still, the connection to the real world is kept alive and present. Later on in the course, students are given the exercise to interview different stakeholders: long- and short-term unemployed people, those who were previously unemployed, employers, and people who work at the unemployment office or the ministry of social affairs, in order to better understand how they view the issue. The course then explains the current institutions and policies regarding unemployment. This is done in a guest lecture by a policy economist working at the ministry of social affairs, who also provides real-world case studies and current policy problems as exercises for students to work on in the course.

Through these various ways of incorporating the real world in the course, students will not only have acquired knowledge about the actual economy around them, but will most likely also have learned more about the theories and remember them for longer because they acquire real meaning.

It is not only students who emphasise the significance of real-world knowledge. Professional economists and their employers do so as well. In a recent survey of Dutch economists, the majority ranked ‘profound knowledge of the national economy’ and ‘the ability to place issues within their historical context’ among the top five skills a professional economist should have (van Dalen et al., 2015b). Furthermore, a UK study among employers of economics graduates found that one of the top three skills economists need to have is the “application of economic knowledge to real-world problems” (Yurko, 2018). One consultancy employer (anonymously) said:

“It’s important that graduates have had some hands-on experience of trying to work through the use of those [economic] tools for a practical question. So, when the rubber hits the road: how do you go from some sort of perfect way of answering something to the pragmatic way that understands the intricacies of the problems involved, tries to use real world data, understands the human
Another employer, working at a major financial institution, noted that the high degree of abstraction in economics degrees frequently leads to frustrations among graduates, and can hinder them in their careers:

“Economics graduates tend to be quite linear in their thinking. Therefore, there is a sort of resilience aspect, a complacency within economics graduates to think that because they’ve understood something on paper, why is the actual practical application of these things so damn tough? Well, it’s partly because what they’ve learnt is not actually relevant to the much more ambiguous, holistic, 360 thesis. So, I think there’s a sort of frustration that an economics graduate may develop in their career, which may hinder their career, which is they feel like they have moved so far away from the nice box of their learning into a very messy place.”
(Yurko, 2018, p. 10)

Despite its widely recognised relevance and importance, real-world knowledge seems to lack stature within the academic discipline of economics (Fullbrook, 2007). Many have argued that the obsessive focus on the technicalities of analytical tools has made the work of economists less relevant to the world around us (Colander, 2001). Krugman notes how the love for abstraction has led to wrong and damaging policy advice, saying that “the economics profession went astray because economists, as a group, mistook beauty, clad in impressive-looking mathematics, for truth” (2009, p. 2).

In sum: real-world knowledge improves understanding of theory and ensures this is retained in the long run rather than forgotten, enabling the application of analytical tools in practice in a responsible and correct manner. The vast majority of undergraduate economics students do not progress to further study and a career in academia, so for undergraduate programmes in particular, prioritisation of technicalities over applications is inappropriate.

3 Forms of Real-World Knowledge

There are many forms of real-world knowledge about the economy. Here we highlight a few important ways in which it could be incorporated into economics education: historical knowledge, basic knowledge of the current economy, and knowledge of the main economic challenges of today.

First, teaching history is a great way of exposing students to the different and changing economic realities that have existed. Think of the various
waves of colonisation and globalisation. Think of the rise of capitalism and socialism, and the historical development of monetary systems. Consider the ways that economic organisations have changed throughout history, how industries have evolved through technological progress, how people's lives have changed because of the changing nature of work and consumption, and how government policies have differed over time. Look at the recurrent economic up- and down-swings, from the 19th century and the 1930s Great Depression to the 2008 Great Recession and the economic downturn caused by the COVID-19 pandemic.

Not only are these topics fascinating to learn about, they also expose students to a vast array of facts and events, giving them concrete knowledge about economies. This will allow them to better understand how things evolved and came to be. Additionally, learning about the diversity of economic patterns and forms of organisation throughout history helps students get a better feeling for the wide variety of future possibilities that exist. As such, teaching economic history will help students to better grasp current phenomena and come to realise that economies are ever-changing. Armed with knowledge of the past they become better economists in the present and future. For further discussion, see Building Block 3: Economy History.

Second, it is worthwhile for students to gain an understanding of the economy that currently exists around them. That overview could include its central governing institutions, the different sectors and growth poles, as well as basic facts on issues such as growth, income and wealth inequality, carbon footprint, biodiversity, inflation, (un)employment, wages, profit, productivity, investment, current accounts, levels of debt, and the structure of social stratification. A good economist knows the basic shape of the economic landscape around them. Such knowledge allows students to place ideas in context. Institutional knowledge provides insight in the actual structures of economies and the relations between their main sectors and actors. Sectoral overviews provide an entry point into actual economic dynamics, all the while giving students a setting to try out the theories they learn. For further discussion, see Building Block 2: Know Your Own Economy.

Third, economists need to be acquainted with the main economic challenges our society faces today. Examples are climate change, financial and economic crises, rising wealth and income inequality, hunger and poverty, pandemics, a lack of education and development of human capital, and gender and ethnic disparities within economic relationships. As well as learning about these problems in a global context, focusing on the problems (and the aspects of those problems) that are most relevant for their own country or region will better equip them to be of use to their
societies after they complete their studies. This will also be more engaging for students, as they are more likely to have a personal connection to the problems being discussed in their classes.

Much of economic theory and policy work is concerned with these major challenges. Understanding exactly what is going on comes prior to explaining why it is happening and what should be done about it. We suggest paying explicit and substantial attention to teaching these matters to students in economics programmes, by devoting lectures and readings to such factual information. For further discussion, see Building Block 1: Introducing the Economy and Building Block 9: Problems & Proposals.

4 Practical Suggestions for Teaching Real-World Knowledge

One fruitful looking glass into real-world economic structures and developments is the traditional or mainstream media. Go beyond the common suggestion to ‘start your class with today’s newspaper’ and for example suggest that students take a (trial) subscription to the Financial Times, subscribe to digital newsletters, high-quality blogs, podcasts or video series, or follow any other economics-focused media. Even if their reading is not directly related to the class at hand, this will help students to explore the territory of economics on their own, making them more motivated and knowledgeable students throughout the programme.

Most students will need more than a mention of a few media outlet names to get started. It can help to make these materials an integral part of teaching, at least for some classes, to set the gears in motion. One way to include this in a regular bachelor programme would be assigning one student or group each week to give an update of the recent economic news, and include at least one other stylised economic fact, insight or argument that they personally find fascinating. Another might be to set media materials as required reading or listening, to be debated in a seminar. One way or another, educators need to kick-start their students, to take them by the hand and help them explore the sometimes intimidating world of economic discourse.

For example, climate change may be the predominant societal challenge of our time. Yet we know few students who would, on their own, start reading IPCC reports, evaluations of the European carbon dioxide cap-and-trade system, or research on how climate change will impact the Dutch economy. However, in the rare cases that we have seen professors assign such reading, students were happy to be pushed into this opportunity. This led
to lively discussions in class, about both climate change and the economic drivers behind it. Students appeared to learn much more from this than from more abstract readings.

Besides reading, there are many other ways in which students can learn about the real world. Teachers can invite guest lectures from outside academia, whether that may be government employees, entrepreneurs, private sector workers, non-governmental organisations (NGOs), or trade union members. Alternatively, teachers can organise excursions to visit organisations to get a more direct impression of the topic at hand. A course on financial economics could, for example, visit a (central) bank or stock exchange. A longer and more intense version of this would be to allow and stimulate students to do internships at such places.

All this may seem like stating the obvious. After all, nobody is against more inspired students. But there is a tricky bind here which we need to address: lack of time. Most economics professors we know have a strong sense of duty to at least put their students through the essentials of the subject. Again, students can read the newspaper for the rest of their lives, and they might yet dive into the fascinating world of economic history. But they will never practice statistical regression or study pure theory on their own. So, feeling that they have to focus the limited attention of students on the core theory, professors often end up focusing strongly on the types of material that most students find very dry. The students then quickly become tired from this diet of abstraction only, and the professors conclude that they are not motivated.

The problem here is zero-sum thinking. The way out of this double bind is to spend more time on the real-world material. Not as a footnote in the first lecture or a ‘case study’ box in a textbook, but as an integral part of the programme. It does of course require some time to kick-start students in their explorations, and this may initially feel like a waste of precious teaching time. But it pays off. We are convinced that by helping students to continuously build the bridge between day-to-day events and economic theory and data, professors can engage the long-term interest of many more of their students, thus ensuring themselves of a far more involved audience throughout the programme. When students can see how the theoretical knowledge from their classes helps them to understand the world around them they are also far more likely to internalise this knowledge, to genuinely understand the theories and models that they are taught, rather than merely memorising them. The time spent to get students interested repays itself many times over.
Foundation 4

Values

Value judgements are at the core of economic questions. Students should learn to distinguish between different values and learn to discuss them rather than sweep them under the carpet.
Practical Suggestions for Teaching to Understand Values

1. Positive vs Normative?

2. Common Misconceptions: What We Do Not Mean

3. Where in Economics Do Values Play a Role?

4. Practical Suggestions for Teaching to Understand Values
Economics, at its core, is about sustaining life and enhancing its quality through improving economic systems. What quality of life is, however, depends on value judgements. Values are thus at the core of economics. It is crucial that economics students develop a strong understanding of the role of values in economic systems and in any analysis they make of these systems. From this understanding, they can inform those making decisions on the relevant values at hand, and are aware of any values embedded in their own theories and methods.

An understanding of the values that are at play in economic questions can be gained in part through thought experiments and mental exercises, but ethical philosophy in itself is not enough. Students should be confronted with real-world scenarios, challenges and policy decisions and asked to assess them against a range of value standards to see that contrasting conclusions can be reached by economic analysis when the foundational values are changed. In addition, we believe that economists’ work needs to be grounded in the concerns of actual people, through conversations and surveys of them. This habit starts at the undergraduate level.

The chapter starts with an overview of the various reasons for teaching students to understand and highlight values in their economic work. In the next section, we engage with various counter-arguments. The third section sets out three ways in which values play a role in economics: as outcomes of economic processes, as causal factors in economic processes, and as embedded in academic tools. Finally, we provide a number of practical suggestions for implementing this principle in economics courses.
“Economics, as it has emerged, can be made more productive by paying greater and more explicit attention to ethical considerations.”

Amartya Sen (1987, p. 9)

Economic problems are never merely intellectual puzzles. At their core, economic problems are problems because they impact people’s lives and the Earth’s ecosystem more broadly. The ultimate goal of economists’ work is to improve economic systems of resource extraction, production, distribution, consumption and waste disposal through which societies provision themselves, so that people can better achieve what they find important. In other words, what they define to be a higher quality of life. To be able to determine what constitutes an improvement in the quality of life and thus to the economic system however, we need to make judgments about values (Wilber, 2004). Therefore, it is crucial that economists are able to understand the different values that play a role in an economic issue. Values are an integral aspect of economic dynamics. Keynes, for this reason, wrote that “Economics is essentially a moral science. That is to say, it employs introspection and judgement of value.” (1938, p. 2). An organising principle of economics education should thus be to teach students to understand the role of values in economies and in economics as a discipline.

By values we refer to notions of what is important or good. It is useful here to distinguish between values (abstract concepts about what is good or important) and norms (how one should act in concrete ways). This is also different from the more narrow concept of economic value (Mazzucato, 2018), although the two are related to each other. Ideas about economic value are at the core of economic theories, making them an important aspect of teaching theory. However, in this chapter we focus less on economic theories, and more on the different values that are involved in economic processes.

1 Positive vs. Normative?

Current economics programmes often begin with juxtaposing normative and positive economics. Normative economics, being concerned with the ‘what ought to be’ questions, is said to be for philosophers and politicians, while economists, as true objective scientists, are said to concern themselves solely with positive economics, the technical ‘what is’ types of
questions (Butler, 2009). Frequently cited in this regard is the following statement in Robert Solow’s essay *Science and ideology in economics*, pushing back against those arguing for explicit inclusion of values in economic analysis: “It is as if we were to discover that it is impossible to render an operating-room perfectly sterile, and conclude that therefore one might as well do surgery in a sewer” (1994, p. 240). The metaphor in the above quote is frequently presented in class as an argument that values are something filthy and dangerous that are to be kept out at all costs.

If we read on, it becomes clear that Solow did not intend any such thing. His suggestion is rather to try to differentiate between value judgements and scientific analysis, and to show both clearly in their own right. The final sentence of the essay sums it up: “[T]here is sense in a determined effort to see both that issues of value-conflict do not get smothered in smooth pseudo-science and that conflicts susceptible of a scientific answer not get submerged in a flood of ideology impervious to analysis and evidence” (Solow, 1994, p. 251). Both are crucial, both deserve the attention of the economic researcher. And it is vital to teach students to see the difference between them.

So why do we frequently hear economists say that their work is non-normative, that they are objectively performing positive analysis? You never hear chemists saying that: it is very hard to imagine such a thing as normative chemistry. Nor do you hear literature reviewers say it, because they are expected to make value judgements. The reason we as economists say this is because our terrain is so intensely normatively charged, and so we attempt to abstract from value judgements, as we explore in more detail later. The outward appearance of positivity and objectivity can be sustained as long as all economists use the same set of normative assumptions to underlie their work (such as that prices reflect value), but that does not make economics value-free.

This is not to say that we economists are consciously cheating everyone. Most economists we know have strongly internalised this professional ethic of the ‘technical’ advisor: they honestly attempt not to impose their private views. It is merely to say: the fact that many of us pride ourselves on being ‘positive’ scientists does not mean that normative considerations do not play a large role in our field of expertise. It is rather the reverse: because it involves so many thorny normative issues, we try to limit and flag our subjectivity wherever we can.

We agree that economists should try not to let their personal views affect their analysis. But we believe that the best solution is not to blind ourselves to the normative, to treat it as toxic. We should rather put it into the limelight. In other aspects of our society, we have also found that with
difficult issues, transparency and active engagement are more effective than burying it and pretending it does not exist.

The idea of the economist as a neutral technical advisor carries within it another danger: advisors generally work for those in power. Most of us do not see ourselves as servants to kings and CEOs, and would rather be seen as serving ‘the people’. But the distinction is a fine one. If we do not carefully watch whose interests are being served, but instead focus on limiting our analysis to the technical, rather than the normative, we can easily find ourselves simply reproducing or even exacerbating the existing power relations in society (Roncaglia, 2017).

A productive approach to teaching students to be aware of values is to openly discuss them in class. Through discussing normative issues, students sharpen their analytical skills and critical thinking on the role of values, inside and outside their own minds, when studying economic topics. Doing the opposite, making values into a taboo or relegating them into a single course on ethics, makes students blind to values when doing their analyses. The goal of economics education should not be to train students to quietly or tacitly hide value-judgements. This leaves students unable to discuss and analyse them properly, teaching them at best to play hide and seek with regards to value. Instead, it should be standard practice in economics courses to uncover (potentially difficult to identify) values and openly discuss them. In turn, this transparency and clarity can help society in its economic decision making.

2 Common Misconceptions: What We Do Not Mean

To prevent misconceptions, we briefly explain what we do not mean by teaching understanding the role of values in economies.

First and foremost, we are not advocating to teach students certain values. Academic education should teach students how to think critically and independently. Trying to instil normative ideas in them would amount to indoctrination (perhaps with the exception of professional codes of ethics). A key difference between education and indoctrination is that the former tries to present a complete picture, with pros and cons, strengths and weaknesses, the status quo and alternatives, while the latter one-sidedly and uncritically presents arguments to convince the audience of something.
When discussing policies, ideas, or ways of organising the economy, it is crucial that teachers do not try to convince students of the superiority of one, but instead present a broad range of evidence, arguments, and alternatives, to allow students to critically assess and evaluate choices for themselves. And perhaps most importantly, students should be allowed to question and examine any assumption and argument.

This is not merely a theoretical notion. Today, there are lobby groups actively working to promote certain political ideas within economics education. To give an example, one of the most important organisations focusing on economics education in the US is the Foundation for Economic Education (FEE). It is partially funded by the billionaire brothers Charles and David Koch and promotes according to its own mission statement “individual liberty, free-market economics, entrepreneurship, private property, high moral character, and limited government” (FEE, 2021, p. 1). While some of these notions are fairly empty or open to interpretation, such as ‘high moral character’ (who could be against that?), others form a very specific and politically motivated package of economic thought.

In doing so, the FEE made “the case against pluralism” in economics education, arguing only free market ideas should be taught. Using a politically charged Whig history argument, they claim that their favoured ideas are simply scientifically better than other ideas (see also the box Whig history: Is the mainstream of the moment always the best? in chapter Foundation 2: Pluralism). They stated that left-wing, but theoretically very different economic thinkers, such as Marx and Veblen, were rejected “not because of political views, ... but rather because their theories were seen as fatally flawed”, while conceptually distinct but both “free market economists, like Milton Friedman and Friedrich Hayek, ... rose to prominence by using logic and evidence” (FEE, 2017, p. 1).

This is just one illustration of an interest group. We equally oppose the monopolisation of economic education by for example Marxian ideas, as was the case in several communist countries. Such politically motivated campaigns to exclude ideas from being taught to students have no legitimacy and should be rejected by any economist, irrespective of their personal political views or theoretical preferences.

Secondly, while we acknowledge that it is impossible to fully separate positive and normative issues, we do not advocate blending the two together. Like Solow (1994), we think it is best to distinguish positive from normative where possible and treat them independently. As such, we firmly oppose treating normative issues as taboo and instead argue for explicitly including them in economics education. When teaching a
course on a topic, the values concerned should be treated as a distinct and important element. A course on labour, for example, would be incomplete without explicitly discussing and treating the different values that are involved in labour processes and arrangements such as equity, autonomy and efficiency.

Thirdly, we do not think economists should be the ones making normative decisions for society. In a democratic society such decisions should be made by citizens, either directly or via elected representatives. Therefore, we do not advocate training economics students to make normative decisions and defend them with sophisticated ethical arguments. Instead, students should learn to inform those who make decisions about the values that are relevant for the economic issue at hand. They need to be able to transparently present different economic decisions together with their underlying values and how these might clash.

Clearly revealing and setting out the values concerned also helps economists to avoid imposing their own value-judgements, even if unconsciously, on society’s decisions. It is about preventing normative decisions from being hidden inside complex models, so that value-judgements can be made in a transparent and democratic manner.

3 Where in Economics Do Values Play a Role?

We advocate teaching students three complementary angles to understand the role of values in economics. First, values are found in the (intended and unintended) outcomes of economic processes. Second, values are causal factors in economic processes. Third, values are embedded in academic tools. We will discuss these three in turn.

**Values regarding outcomes of economic processes**

First, we discuss values regarding economic outcomes: to what degree is the resulting situation just, efficient, fair, sustainable etc.? For many economists this will be the most familiar category of the three. When making a decision, a normative valuation is needed. Values determine what is seen as a desired outcome and what is not. In this way a normative judgement can be combined with theoretical reasoning to construct policy recommendations. To be clear, we do not think this entire valuation process should be done by economists, or that our own personal values should determine economic decision making. We think the values of all those involved should be determinative.
The role of economists in policy making, therefore, is to uncover the values concerned and help others understand how they relate to the potential decisions. In economic research and teaching, normative aspects are too frequently smothered, to use Solow’s words, in the notion of ‘efficiency’. Colander (1992, p. 196) explains that textbooks often give “the impression that discussions of efficiency belong in positive economics”, while this is clearly not the case. “[A]chieving economic efficiency is not an end in itself, but is a debatable, normative goal which often will conflict with other normative goals society might have”. We always need to ask: efficiency of what? Yes, least input for most output, but what input and output? And when we deal with more than one category of inputs and outputs, we need to determine their relative importance. Often we assume that the market determines this for us, justly. But we know that requires additional moral and analytical arguments, even within a neoclassical framework as there are market imperfections and externalities (Wight, 2017). Inequities, furthermore, can make efficient outcomes be undesirable, because as Sen put it “a society or an economy can be Pareto-optimal and still be perfectly disgusting” (1987, p. 22). For all these various reasons, a good economist needs to see values, name them, and lay them out clearly for the audience, as an integral part of their research and teaching.

A brief example might be helpful here. When the famous pin factory example of Adam Smith is cited, often only the efficiency aspect of the division of labour is discussed. This, however, leaves out the worries Smith had about how the division of labour would degrade and alienate the workers in the pin factory. He wrote that the worker “becomes as stupid and ignorant as it is possible for a human creature to become” because of the extreme focus on one tiny task (Smith, 1776, pp. 178-179). He even argued that the division of labour could cause “the almost entire corruption and degeneracy of the great body of the people. ... unless the government takes some pains to prevent it”. In other words, Adam Smith identified efficiency as only one of the many values of concern when discussing the division of labour. This is a model for teaching and research in general.

This aspect of values is made more concrete in Building Block 1: Introducing the Economy and Building Block 10: Economics for a Better World.

**Values are causal variables in economic processes**

The second place of values in economic thinking is as causal variables in economic processes. That is, the values people hold affect their behaviour, and this has systemic consequences. This makes values important drivers of economic action. As such, they cannot remain unstudied if we want to understand how economies work. Recently, this has attracted more attention in economic research and we believe that economics education should follow suit.
Values are also connected to economic forms of organisation. There is, for example, a well-established literature on how values relate to markets: markets can function only when private property is respected and enforced (North, 1990; Robinson & Acemoglu, 2012), and cheating or hiding of defects, because of information asymmetry, is not prevalent (Akerlof, 1978). But the market is also accompanied by the moral logic of one dollar one vote, giving rise to debates about whether markets are morally civilising or degrading (Fourcade & Healy, 2007; Hirschman, 1982). It also important to pay attention how power relations are related to values. For instance, ideals regarding the ‘proper’ role of men and women can make it harder for women to achieve economic independence and success.

When discussing values as drivers of economic processes, it is worthwhile spending time on the question of how people’s values are formed and actively shaped into norms or desires by economic actors. Important examples of this are religion, education and the marketing industry. A lot of time, effort and money is being spent to influence what people value, so this cannot be left out of the picture when educating future generations of economists.

This aspect of values is made more concrete in Building Block 5: Economic Organisations & Mechanisms, Building Block 6: Political-Economic Systems and Building Block 8: Economic Theories.

**Values are embedded in analytical tools of economists**

Finally, the third category of values in economics are those that are embedded in analytical tools. Normative issues do not only arise when choosing between several policy options. They enter at every stage of the research process: choosing which topic to study, which question to ask, which research methods to use, which statistics to create or study, and which theories to use to get a grip on the complexity of the real world. All these choices have consequences for the conclusions reached by economic analysis. This also shows why pluralism of theories, methods and research foci is important: it helps students to see the different sides to the story.

Take for instance the technique of cost-benefit analysis (Boardman et al., 2017). It tries to quantitatively estimate costs and benefits which, indeed, makes it a very attractive instrument to policymakers and one that professional economists frequently work with. But it also has serious drawbacks and reasons to be cautious when applying it, to pay explicit attention to its limitations. Perhaps most importantly: it makes normative trade-offs and decisions invisible, especially for non-economists.
Due to the need to monetize or quantify costs and benefits, CBA has to make normative decisions. To arrive at the estimated costs and benefits, CBA touches upon two normative issues. First of all, by looking at overall net benefits, it is not able to deal with the socio-economic distributional effects of the benefits and costs. Secondly, how to measure the unmeasurable? Some things are difficult to qualify in monetary terms, possibly making use of people’s willingness-to-pay. For things, such as human life or the loss of biodiversity and animal species, there are important normative debates about whether it makes sense to ‘put a price on life and everything else’. In sum, only by making many, and often highly debatable, normative decisions about how to value things, it becomes possible to come up with seemingly simple numbers that tell us what the “costs and benefits” of policy options are.

What is often neglected is transparency about the moral dilemmas involved in policy decisions and to pay attention to how different value-judgements might lead to different results in terms of the “costs and benefits”. Because the CBA process is opaque to non-economists, economists have to make an effort to highlight the value choices they have used and showcase how alternative value choices would have led to different conclusions.

Additionally, certain value-judgements simply cannot be made when using cost-benefit analysis. For instance, the normative decision not to value a human life in terms of dollars is incompatible with cost-benefit analysis: it requires a single, universal unit of measurement to do the calculations. And even if we do decide to monetarily value human life, how do we determine the price of one? The most common method is to look at wage differentials between more and less risky jobs. We personally do not know a better method. But this is based on assumptions about information and calculation that are difficult to confirm, and it leads straight to the cynical suggestion that the lives of people living in rich countries much more valuable than those living in poor countries. A related issue is that certain normative concerns can less easily be translated into costs or benefits. Take the principles of justice and fairness. Does it make sense to put monetary values on just or unjust punishments, protections or violations of human rights, and fair treatment or discrimination in the labour market?

Again, this is a moral choice, often disguised as merely a technical choice. Do we follow the market logic of one dollar one vote? Or the democratic logic of one person one vote? Or another ethical rule altogether? And how do we value the lives of future generations? Do we use financial market interest rates or some rule of thumb to discount the value of the lives of our grandchildren and their grandchildren?
Valuing human life is far from the only moral issue when doing cost-benefit analysis. It is a normative choice to monetarily value everything as if it were a consumption good, ranging from having a park nearby, to spending time with your children and being physically and mentally healthy. The list goes on.

Even for market decisions, a cost-benefit analysis is not value-free. Is the market price paid by the highest bidder the same as something’s value? Is the value of a thousand dollars the same to a rich and to a poor person? There are many highly debated normative issues, so we think it is important for economists to lay these out in the open and discuss them explicitly, helping non-economists to see through the technical equations and models.

To be clear, all this is not an argument against such approaches. We think that a cost-benefit analysis is a very useful policy tool. However, what we suggest is to treat the normative aspects explicitly and teach students how to discuss these with non-economists.

Furthermore, normative issues play a role beyond welfare economics. As described above, simply by choosing to include or exclude something in the analysis, we are already making a value judgement. For example, when looking at the effects of a policy, very different conclusions can be reached depending upon whether one only looks at the aggregate GDP figure, or also at the income distribution, or at how the effects of the policy differ between men and women, ethnic groups or regions. Different theoretical frameworks also highlight different values.

For instance, most economic approaches featured in this book focus their lens almost exclusively on values of human wellbeing, which itself is understood in different ways by the various approaches. It is not that they explicitly argue that ecological destruction and resource depletion are irrelevant, but these processes are simply not an integral part of the analysis; they can only be tacked on afterwards. Each approach simply has its own focus points and blind spots.

Does that mean theory has a political stance, left or right? Not necessarily. They just help to identify the relevant values more clearly. Based on the same value of allocative efficiency, neoclassical economists have made a wide range of politically conflicting policy recommendations, basing themselves on a wide range of assumptions. One neoclassical economist, focusing on externalities and market imperfections, may suggest government intervention, while in the same real-world situation another neoclassical economist, specialised in government failures, may suggest a laissez-faire approach.
In the below box, *The normative aspects of theoretical approaches*, we briefly discuss the values embedded in various perspectives. Additionally, this aspect of values is made more concrete in *Building Block 8: Economic Theories* and *Building Block 10: Economics for a Better World*.

### The Normative Aspects of Theoretical Approaches

In this box, we explore four examples of theoretical approaches: neoclassical, Marxian, Austrian and ecological, and what they strive towards. Each approach aims to understand the economy. At the same time, they all contain elements of *utopia* and *dystopia*. Here we focus specifically on what this says about their ideals and what pitfalls they caution us to avoid. These normative aspects of theories also allow us to understand the motivation of scholars.

Some theories focus more on utopia, such as the neoclassical school. The notion of ‘imperfect’ markets suggests that although we may never quite reach it, it is worth striving toward such a thing as a ‘perfect’ market. To do so, we must remove market ‘failures’, making them function more ‘efficiently’, and achieve ever more ‘optimal’ outcomes.

The optimal outcome for society is achieved when each individual is able to freely and in an informed manner choose the bundle of goods that they prefer given the constraints, and the productive resources are allocated in the most efficient manner (Morgan, 2015). In other words, the neoclassical school is about harnessing market mechanisms to maximize the benefits of the consumer side of humanity. The raison-d’être of neoclassical economics seems to be: we should study markets, because they can be a great force for good, if properly harnessed.

Other schools, such as the Marxian approach, tend more toward the dystopian. That is, they show us all the horrible places we might end up if the dynamics work as they are described. Think for a moment how it feels if someone dear to you has created something special for you personally. This is what Marxian thought warns us about losing. It describes the alienation of living in a system where you have no human connection with the people for whose benefit you work all day, producing clothing, food or other things, nor with the people who in turn work for you, the people with whom you work and even yourself. Marx’s scholarly motivation was to warn us about what is lost as capitalist production becomes the standard.

This school has other warnings: the gruesome image of capitalism as an unthinking machine that eats up more and more of society and nature. While the bourgeoisie is frequently portrayed as exploitative in Marxian writing, capitalists themselves are also trapped in this war-like market competition. It should,
however, also be noted that Marx at times praises capitalism for its strengths. Take, for example, the Communist Manifesto in which he and Engels wrote about the enormous economic progress and innovation capitalism causes: “It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals” (1848, p. 6).

The Austrian school also alerts us to a potential dystopia: that of an economic system which is managed too actively, making it a big tangle of bureaucracy. This stifles independent initiative, they say, and does more harm than good. The Austrians also describe utopia. They believe that people themselves know best what is good for them; leave them free to pursue their own goals, and they will creatively organize economic life based on local and tacit knowledge to the benefit of everyone (Schulak & Unterköfler, 2011).

The last example, ecological economics, has a dystopian focus on the vital ecosystem aspects that are at risk of breaking down and also clearly describes the utopian vision of an economy in harmony with nature and focused on broad human wellbeing, rather than material production and consumption. Ecological economists strive to inform how surpassing planetary boundaries wreaks havoc on human society and on planetary life more broadly and simultaneously search for ways to prevent this (Daly & Farley, 2011).

4 Practical Suggestions for Teaching to Understand Values

What are practical ways to integrate thinking about values in economic teaching?

Firstly, it is crucial that values are not only discussed as abstract concepts but discussed in the real world. Students should learn to go out and engage with people to learn what they find important and what concerns them. In this way, students develop the habit of moving beyond armchair philosophy and engaging with the values of the people actually involved in issues. When teaching students to understand values, it can thus be helpful to alternate between teaching different normative principles and visions in class and giving students exercises to find out how citizens think about normative economic dilemmas in the real world.

For instance, when teaching labour economics and discussing the concept of the natural rate of unemployment, or the flexibility of labour markets, it might be informative for students to talk with workers, unemployed people and employers. This will help them to understand the different
values that are at stake: in a job we value not only what each month’s salary will allow us to buy, but also the dignity of a social identity, a sense of purpose, the community of colleagues, a measure of security, and so on. Conversely, employers care about cost, but also about reliability, long-term continuity, flexibility, workplace relationships, and so on. This is not standard in economics courses today, but sociologists, anthropologists and human geographers are quite used to doing it, starting in year one of their bachelor programmes. One option is to simply ask colleagues from these departments for some practical pointers on how to integrate this in regular economics classes.

Secondly, uncovering values and normative discussions should be integrated into ordinary classes rather than taught separately. Simply ask, when introducing new material on economic dynamics: what values are at play here? Or, when introducing a new theory or research method: what does this tool allow us to see, and what may fall outside our view? Let students think about it for a few minutes, highlight several relevant values yourself, and let the students discuss. And then continue with the analytical and technical aspects. Just as developing methodological skills is best done by both focusing on it in separate methodology lectures and by applying it to specific cases of theoretical and practical interest, ethics should not be an isolated element in economics education but incorporated in the entire programme.

Would such classroom discussions not be a form of indoctrination, by professors forcing their personal values onto their students? We believe the reverse: only by bringing issues of normativity to the fore can students learn to independently think about them. It is a matter of intellectual honesty to openly discuss the values embedded in analytical approaches and economic discussions. By explicitly discussing values, students not only become better able to spot and understand them, they also become better able to articulate them and ‘dare’ to openly talk about them with each other even when they conflict. This is a particularly important skill because communicating normative concerns and dilemmas involved in economic issues clearly to non-economists is not easy but is nevertheless a crucial aspect of economists’ work.
Foundation 5

Diversifying and Decolonising Economics

Respecting women, minority, lower class and Global South economists and taking their contributions seriously will improve everyone’s understanding of the economy.
1 The Problem

2 Causes

3 Practical Suggestions for Tackling the Issue
Economics has historically been, and is still, dominated by white upper and middle class men. This has caused important biases in economic thinking and in the community of our discipline. The ideas of women, Global South, minority and lower class scholars have frequently been ignored, both in research and in education. The same applies to their economic realities, values, interests and ways of organising economic processes. Currently, women and minorities face more hurdles in economics than men and white people do. Causes for this range from subtle but pervasive unconscious biases to outright sexual harassment from colleagues.

We need to diversify and decolonise economics. That includes: working to decrease those additional barriers which women, minorities, Global South and lower class scholars currently face, quite apart from the normal entry requirements of ability and interest. It also includes making the concepts of our global discipline more representative of the worldwide diversity of economic arrangements and ideas.

This will not only help marginalised groups, important though that is. It will also make economics education itself better for all students, offering them a broader, more realistic and more relevant set of ideas and realities.

The chapter starts with a brief overview of the problems of underrepresentation of women and minorities in our discipline and some of the main challenges they are facing. We then discuss a number of potential causes for these problems and evaluate where the fundamental bottlenecks might lie. Third, we discuss several paths towards tackling these issues, from actively acknowledging them to teaching different material and using different didactic techniques.
“We are tired of leaders in the field refusing to see problems happening right under their noses. And we are tired of having these problems distract from what we came here to do: meaningful, high-quality economic research.”

An open letter regarding harassment and discrimination in the economics profession signed by hundreds of graduate students and research assistants a few days before the annual meeting of the American Economic Association in 2018.

A note before we start. While we are trying to help diversify and decolonise economics, this book only goes so far. Much remains to be done. What’s more, as the main authors of this book are two young white university educated middle-class men from the Netherlands, the book has an inevitable bias towards our own experiences. Ideas and suggestions on how to diversify and decolonise economics are therefore very much welcome. With the international movements of Rethinking Economics and Diversifying and Decolonising Economics, we will keep on working on these matters and are always looking for more people to help in creating change.

1 The Problem

First, we present some basic numbers illustrating which social groups are underrepresented and which are overrepresented within economics. While each of these numbers deserves a more detailed analysis, we go over them rather briefly, to show the general pattern: economics as a discipline is dominated by white men, while other groups are underrepresented. Second, we compare economics to other disciplines to see how much of the problem is specific to the discipline of economics.

Underrepresentation

In the US, UK and Australia, over the last decades roughly one third of undergraduate economics students are women (Tetlow, 2018). In 2014 in the US, 2% of economics doctorate degrees were awarded to racial minority women, 8% to minority men, 29% to white women, and 62% to white men (Bayer & Rouse, 2016). Worldwide, on average 19% of economists are women (Boring & Zignago, 2018). When countries are compared, Thailand
and Eastern European countries, such as Romania, Croatia, Bulgaria and Russia, have relatively high female representation at around 40-50% of economists, while countries such as Saudi Arabia, Ghana, Israel, Japan and Brazil have relatively low representation at around 7-15% (IDEAS, 2021).

In the US, only 6% of tenured and tenure-track economists and 4% of full professors are black or Hispanic (Bayer & Rouse, 2016). There are virtually no black editors at the top economics journals (Casselman & Tankersley, 2020). There is a 20% gender gap in achieving tenure and one of 50% in promotion to full professor (Da Costa, 2017).

The Global South is strongly underrepresented in global economics journals and conferences. Even within the field of development economics, this is true as only 10% of papers published in 2018 were (co-)authored by someone from the Global South (Naritomi et al., 2020).

The most prestigious prize in the discipline, The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, has been awarded to 86 people, as of 2020. Among its winners there are one black man (Arthur Lewis in 1979), two Indian men (Amartya Sen in 1998 and Abhijit Banerjee in 2019), two white women (Elinor Ostrom in 2009 and Esther Duflo in 2019) and 81 white men.

Our discipline has a long way to go towards creating a culture that treats everyone equally and fairly, as the findings of the 2019 ‘Professional Climate Survey’ of the American Economic Association made clear (Allgood et al., 2019). Almost half of all black and half of all female economists experienced discrimination. Only 14% of black economists felt that black people are respected in the discipline and only 45% of all respondents felt that minorities are respected. Economists with a disability or other sexual orientation were also found to experience more discrimination. The survey also showed that about half of female economists declined to present at work or a seminar to avoid disrespectful behaviour.

Perhaps even more alarming, sexual harassment seems to be widespread. 42% of female economists experienced sexual comments or behaviour from colleagues or students, 10% were stalked by a colleague, 7% were threatened if they were not romantically or sexually cooperative, 2% experienced sexual assault: being fondled, kissed or rubbed up against private body parts, had their clothes removed without consent, and/or were penetrated, fingered, or made to have oral sex without consent, 6% experienced attempted sexual assault, and 12% were touched in a different way that made them uncomfortable. The #MeToo movement also brought to light a broader culture of sexist behaviour in economics. Perhaps most
famously, Alice Wu showed how misogynistic and toxic the language on economics jobs websites is (Wu, 2017).

The existing underrepresentation of women, minorities, lower class and Global South scholars has many undesirable consequences for the discipline, but perhaps one of the most direct is a lower quality of research. A good example is *Invisible Women* by Caroline Criado-Perez (2019), a data-packed exposition of the many ways in which women are left out of the data and the many ways in which this makes products and policies less than suitable for women, in some cases even dangerous or deadly. As she makes clear, from daily life to workplace organisation, from the design of physical products to the institutions of public life, a more representative group of researchers, designers and managers leads to better outcomes.

**The problem is bigger in economics than in other disciplines**

Underrepresentation of women and minorities is not exclusively a problem of the economics discipline, but it is relatively large here. Today’s societies are characterised by multiple forms of social inequity and discrimination. Solving all problems related to unequal chances and unfair treatment within economics will thus be difficult as long as the larger society remains so unequal. However, the available research indicates that economics is doing worse than other disciplines (Bayer & Rouse, 2016). This is sad news. But it also means that quite some progress can already be made within the discipline without having to do the difficult work of forerunning the rest of society.

Besides outright harassment and bodily violation, there are many more subtle ways in which women face a tougher environment than men do in our discipline. Compared to other math-intensive fields, economics has the largest gender gaps in terms of salaries, job satisfaction, promotion and tenure rates (Bayer & Rouse, 2016; Ceci et al., 2014; Ginther & Kahn, 2004). And rather than displaying progress over time, some inequalities seem to have increased over the last decades (Dolar, 2021; Lundberg & Stearns, 2019). The gender gap in salaries of economics professors has, for example, increased from female salaries being 95% of male salaries in 1995 to 75% in 2010 (Ceci et al., 2014).

2 Causes

Why are women and minorities so badly underrepresented in economics? Is it because women and minorities have less inherent ability or less interest in economics? Or is the discipline somehow biased in favour of white men, making it more likely that they become (highly placed) economists? In other words, is it a supply side or demand side problem?
Is underrepresentation caused by less talent for, or interest in, economics?

First, we discuss the hypothesis that underrepresentation of women and minorities is at least partially a question of talent. The discipline of economics has become heavily mathematized over the last decades. This strong emphasis on mathematical skills is sometimes given as a reason for why there are less women in economics. This is based on the stereotype that men would be better at mathematics than women (Halpern et al., 2007). If the required level of mathematical skill was key, the problem should be similar in other math-intensive disciplines, such as science, technology, engineering and mathematics (STEM). This is, however, not the case. While all of these fields have historically been dominated by white men, in economics in particular the problem seems to be persistent (Varathan, 2017). Related explanations that the lack of role models, or strict grading, within economics would scare women off, are also implausible as this was also the case in other math-intensive fields. Research, furthermore, indicates that the level of math preparation of students does not explain the underrepresentation of women and minorities (Bayer & Rouse, 2016; Crawford et al., 2018). In sum, explaining, or justifying, unequal outcomes based on ‘talent’ is not convincing.

Second, might the underrepresentation of women and minorities be a matter of research interests? Surveys do indicate that women are less interested in economics (Bayer & Rouse, 2016; Harvey, 2019). But, we must ask, why is this the case? Do women and minorities have a ‘natural’ lack of interest for the economy? Or is the discipline shaped by the concerns and experiences of white men, thereby seeming less relevant to other social groups? This is also connected to our discussion in the earlier chapter Philosophy of what the discipline is, and should be, about.

Men are overrepresented in real and fictional examples in economics textbooks (Stevenson & Zlotnik, 2018). Many parts of mainstream economics focus on what are sometimes described as stereotypical masculine topics, such as impersonal markets and ‘the rational man’, who cold-heartedly maximizes his own utility (Nelson, 2018). Stereotypically feminine aspects of the economy, on the other hand, are often ignored, whether it is unpaid labour, care or housework, all of which are often described as altruistic, warm and loving.

Similarly, issues related to race and ethnicity are understudied. From 1990 to 2018 only 0.4% of the papers published in the top five economics journals dealt with race or ethnicity (Francis & Opoku-Agyeman, 2020). Economics produces less race-related research than other social sciences (Advani et al., 2021; Bayer, 2018). While economists do seem to know
this, they underestimate the differences by overestimating the amount of race-related research that is done in economics. They, furthermore, overestimate the amount of progress that is made over the last decades, as there was only an increase of about 10% in race-related research from 1980-2000 to 2000-2020 while the median estimate by economists was an increase of roughly 40% (Advani et al., 2021).

Geographically, there is a strong bias in favour of the US. From 1985 to 2005, there were more economics papers about the US than the rest of the world combined, as only 1.5% of all papers in the top five economics journals were about other countries than the US (Das et al., 2013). For economics education, it is problematic that most economics textbooks are written from a US perspective, causing many students to learn more about the US than their own country.

But it is also about how we explain certain economic phenomena. If we, for example, want to understand why some people earn more than others do, what theoretical explanations do we give students? Currently, economics courses typically provide answers that are more likely to resonate with (relatively privileged) white men than with women and minorities. As one observer put it (Harvey, 2019, p. 1):

“The core explanation of the determination of wages in the typical economics classroom centers on the idea that your salary equals some objective measure of your actual contribution (in econ talk, the wage rate is equal to the marginal product of labor). If you earn $5/hour, that’s sad but it’s what you deserve. And if women earn less than men even in the same profession, then that’s simply the objective, scientifically-valid judgement of ‘the market’... Now stop and think about it: who among the members of an introductory-level economics class is this likely to attract? For whom is ‘you get what you deserve’ likely to strike a chord? Women? People of colour? White males? I’m sure I don’t have to answer that.”

The current focus of the discipline, which is on the types of topics and approaches to which the more privileged groups in society have most affinity, could certainly explain why women and minorities feel less drawn towards economics. However, were the discipline redefined to its original definition, as being the science of human provisioning, there need be no reason for a bias towards the interests of white men. This would, however, require a serious reorientation. It would imply bringing in topics that are currently too often neglected, such as discrimination, patriarchy, sexism, racism, imperialism, colonialism, slavery, exploitation and unequal life chances, but also unpaid labour, care, reciprocity, gift economies, commons, and non-western ways of organising economic processes.
Illustrations of Racism and Discrimination in Economics Over Its History

Historically, discrimination was widespread and very explicit in society at large, including within the discipline of economics. Over time, discrimination has become less accepted and is less often expressed openly. Nevertheless, it still exists. So far, we have mainly focused on systematic research to get a better understanding of the issue. But it is important to also look at specific examples that illustrate how hostile economics can be to marginalised groups. Below, we provide a few examples, in chronological order, to help us get a better understanding and feeling for what discrimination in economics is.

The most common nickname of the discipline is the “dismal science of supply and demand”. It is worth noting that this term was originally coined by Thomas Carlyle in his essay called “Occasional Discourse on the Negro Question” published in 1849 (pp. 530-532). He argued for the reintroduction of slavery in order to restore productivity. While white men should be left free in accordance with classical liberal thinking, the “idle Black man in the West Indies” should, instead, be “compelled to work as he was fit, and to do the Maker’s will who had constructed him”. He based his claim on the economic discipline which he described as “[n]ot a “gay science”, but a dreary, desolate and, indeed, quite abject and distressing one; what we might call, by way of eminence, the dismal science”.

Around the turn of the century, the academic discipline began to take shape, under its new name economics, rather than the old one, political economy. One of the founders of the American Economics Association, Richard Ely, wrote in 1898 (p. 781): “The problem is to keep the most unfit from reproduction, and to encourage the reproduction of those who are really the superior members of society ... There are classes in every modern community composed of those who are virtually children, and who require paternal and fostering care, the aim of which should be the highest development of which they are capable. We may instance the negros, who are for the most part grownup children, and should be treated as such.”

Half a century later, the economics discipline had grown enormously in size as well as in influence. During the time of the Civil Rights Movement in 1962, one of the white male winners of the The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, George Stigler, wrote a small piece called ‘The Problem of the Negro’. He set to tone of the article by opening with “The task of our time has been to make the Negro discontented with himself, not with the white man”. He continued on writing (1962, p. 4): “Consider the Negro as a neighbor. He is frequently repelled and avoided by the white man, but is it only color prejudice? On the contrary, it is because the Negro family is, on average, a loose, morally lax, group, and brings with its presence a rapid rise in crime and vandalism. No statutes, no sermons, no demonstrations, will obtain for the Negro the liking and respect that sober virtues
commend. And the leaders of Negro thought: they blame the crime and immorality upon the slums and the low income - as if individual responsibility could be bought with a thousand dollars a year.”

More recently in the age of Twitter in 2020, the editor of one of the top five economics journals, Harald Uhlig of the Journal of Political Economy, likened the Black Lives Matter protesters to “flat-earthers and creationists” as response to the protests following the killing of George Floyd. Again, coming back to the narrative of childishness, he wrote on twitter: “Oh well. Time for sensible adults to enter back into the room and have serious, earnest, respectful conversations about it all. … Look: I understand, that some out there still wish to go and protest and say #defundpolice and all kinds of stuff, while you are still young and responsibility does not matter. Enjoy! Express yourself! Just don’t break anything, ok? And be back by 8 pm.” Later that week, it became clear that it was not a one-off incident but a recurring pattern for Harald Uhlig. The black economist Bocar A. Ba wrote a few days later to Harald Uhlig, his former teacher: “I sat in your class in Winter 2014: (1) You talked about scheduling a class on MLK [Martin Luther King] Day (2) You made fun of Dr. King and people honoring him (3) You sarcastically asked me in front of everyone whether I was offended”.

Unintentional biases and discrimination

A third hypothesis: might the underrepresentation of women and minorities be caused by systemic biases? Rather than looking for an explanation on the supply side with the behaviour, decisions, talents or interests of underrepresented groups, here we look at the demand side and the biases that exist within the discipline.

It is important to note here that the majority of these demand side problems are not the result of intentional discrimination, but of unconscious biases. A growing body of psychological evidence indicates that large parts of human behaviour are characterised by unconscious assumptions and decisions. It is important to note here that while having unconscious biases seems to be an inherent part of human nature, the kinds and types of biases we have come from the society and culture we live in. Implicit biases and social stereotypes play important roles in our cognitive processes (Greenwald & Banaji, 1995; Greenwald & Krieger, 2006). Similar patterns are being found by economists who study discrimination on the labour and housing markets (Bertrand & Mullainathan, 2004; Ihlanfeldt & Mayock, 2009). But the fact that a bias is unintentional rather than active malice is no excuse for keeping quiet about it or not trying to solve it. After all, it still has a negative impact for those on the receiving end of discrimination or marginalisation. If anything, it is harder to face unconscious biases: those holding the biases
Tend to get defensive and deny that there is any problem at all.

Today’s pervasive biases generally do not take the form of open and explicit racism or sexism. Instead, biases mainly come from people who do not think they are discriminating, often claiming to be ‘colour-blind’, fair and objective in their judgements. As such, discrimination does not only come from dominant social groups, but can unfortunately also be internalised and reproduced by members of the marginalised groups themselves. For instance, studies indicate that there is widespread bias in academic hiring in favour of white men. This bias seems to live not only in white men, but also in those minorities who do make it into the discipline: research found ‘no evidence that women benefited from contacting female faculty, nor that black or Hispanic students benefited from contacting same-race faculty’ (Bayer & Rouse, 2016, p. 229). Working through such biases takes a lot of effort, and it is understandable if some members of relatively marginalised groups who do make it into the field do not always manage to find the additional energy required to also act as role models or mentors.

The gender bias also shows up in various forms of review, such as publication peer review, credit distribution between co-authors and teaching reviews by students. Female economists face higher publishing standards and longer peer-review processes (Hengel, 2017), are given less credit when they co-author with men (Sarsons et al., 2021), and female teachers systematically receive lower teaching evaluations from male students than male teachers do (Mengel et al., 2019).

Discrimination can also be embedded in procedures, policies, rules, and routines of organisations, often referred to as institutionalised or systemic discrimination (Lopez, 2000). Seemingly neutral practices can disadvantage people based on their gender, ethnicity/race and other supposedly irrelevant background characteristics. Research among the top 50 economics departments, for example, found that ‘gender-neutral’ policies to stop the tenure clock for new parents had the undesirable effect of increasing tenure rates of men and decreasing those of women (Antecol et al., 2018). Economics, compared to other disciplines, hires more from elite universities and programmes. This seemingly merit-based practice, unfortunately, reproduces social inequalities as the chances for getting into an elite programme are unequally spread (Wu, 2005). Similarly, the practice of only hiring junior job candidates that finished their PhD within six years disproportionately affects racial and ethnic minorities (Bayer & Rouse, 2016).
Part I

The culture of the economics discipline

The discipline of economics also has a unique culture. Economics is notorious, also among other disciplines, for being particularly combative, arrogant, authoritarian, and having infamously aggressive seminars (Fourcade et al., 2015; Nelson, 2019). While this relatively harsh culture affects everyone within the discipline, it has a disproportionate impact on women and minorities. Research, for example, shows that female and minority students feel less comfortable asking questions in class, felt less often that the professor cared about whether they were learning the material, and had less frequently the feeling that ‘people like me can become economists’ (Bayer et al., 2020).

Behavioural norms are also generally created by the dominant social group, creating often invisible barriers for other social groups. Many first-generation college students, for example, are less likely to approach teachers as they often feel it is not appropriate to ‘bother’ the teacher with their problems (Strassmann & Starr, 2009). Many teachers, however, perceive this as a lack of commitment, rather than a cultural difference, causing first-generation students to receive less help and worse assessments from teachers. Also, between men and women behaviour differs. Male students have, for example, more intellectual self-confidence than female students, which is related to what is called the impostor syndrome (Carlin et al., 2018).

Furthermore, because white men are generally dominant in the discipline, many people have the impression that their situation and perspectives are the ‘normal’ ones, while those of other social groups are ‘special’. This misconception causes relatively particular interests of white men to be often presented as the general interests, while concerns of large social groups are perceived as ‘niche’ subjects. Surveys among students show that female and minority students felt more often that important aspects of the studied issues were overlooked and felt less often that examples given by professors were relatable to their lives (Bayer et al., 2020).

In sum, while unconscious biases are a fundamental part of human nature and our societies, there is a clear pattern in economics favouring white people and favouring men, and the skewness is larger than in neighbouring disciplines. Our discipline clearly has work to do.
3 Practical Suggestions for Tackling the Issue

What can we do to tackle the issues of underrepresentation, bias and discrimination in economics education? We suggest three points. Firstly, we need to actively and openly acknowledge the problem. Secondly, we can teach in different ways. Thirdly, we can broaden the content of what we teach.

Acknowledging the problems

The first step in solving any problem is acknowledging its existence. This sounds easier than it is, in particular because one of the main causes of the problem is unintentional bias and discrimination. It is very human to deny the existence of one’s wrongdoings and weaknesses, but until we manage to honestly look at ourselves in the mirror it is unlikely that we will be able to change our patterns of behaviour. This does not mean that we are ‘bad’ people, or that we should see ourselves as such. It just requires us to acknowledge that our behaviour is not morally perfect. We all grow up in societies with biases and discrimination, and if we do not actively work against them, it is likely that we will reproduce and perpetuate them.

Surveys indicate that currently, awareness of the problem is still often lacking. 82% of US economists agreed that when judging a statement, only the content should matter and not the author (Javdani & Chang, 2019). However, when statements are randomly assigned to male and female names, male economists agree significantly more often with a statement if it is assigned to a male, rather than a female, name, which is not the case for female economists. Nevertheless, 72% of male assistant professors and 87% of male professors do not think the profession has a serious gender problem (Javdani, 2019).

In the broader economy, male economists also assume there is less gender inequality than female economists do. Male economists are 42% more likely to think that labour market opportunities are equal for men and women (May et al., 2014). Furthermore, male economists were 26% less likely than female economists to agree with the following statement: “Unlike most other science and social science disciplines, economics has made little progress in closing its gender gap over the last several decades. Given the field’s prominence in determining public policy, this is a serious issue. Whether explicit or more subtle, intentional or not, the hurdles that women face in economics are very real.” (May et al., 2014, p. 33).
So how can we raise more awareness? We can start by educating ourselves and continue with our close colleagues. One example of how this could be done is the open letter ‘regarding harassment and discrimination in the economics profession’ signed by hundreds of graduate students and research assistants a few days before the annual meeting of the American Economic Association in 2018, also cited at the beginning of the chapter. The letter called for the creation and enforcement of department-level standards of conduct and a discipline-wide reporting system to document bad behaviour so that young economists do not have to rely on ‘whisper networks’ to protect themselves, often from senior and established economists.

Furthermore, it is important that we recognize and acknowledge that diversifying and decolonising economics education will not only help marginalised groups (Perry, 2020), but also everyone’s understanding of economies and work as an economist as it gives us broader, more realistic and relevant knowledge. We have to realise it is not just a problem of marginalised groups, it is a problem for all of us.

**Change how we teach**

A popular approach to tackling underrepresentation is training and mentoring of women and minorities (Sandberg, 2013). While this can help build personal alliances and skills, it does not tackle the underlying structural issue in the profession (Zandt, 2013). The international network Diversifying and Decolonising Economics, therefore, argues we should not try to resolve the problem by changing the behaviour of marginalised groups, but instead change the dominant culture and structures that create biases and discrimination. This starts with the way we teach.

Fortunately, studies indicate there are many concrete steps that could be taken to make our teaching more inclusive.

First, make more use of active learning, whether it is with peer instruction, classroom experiments, or open discussions. Economics is still primarily taught in passive ways with traditional lecturing. A meta-analysis of 225 studies among STEM programmes found that all students, but women and minorities in particular, benefit from active learning (S. Freeman et al., 2014). A key reason for this seems to be that active learning activities strengthen a sense of community and self-efficacy among underrepresented groups which often have to deal with stereotype threats and microaggression in the classroom (Theobald et al., 2020). Another cause seems to be that underrepresented groups have often done fewer (quality) active learning activities in their earlier education than overrepresented groups and therefore develop more by engaging in them. Furthermore, it seems that active learning activities combined with
a demonstrated commitment to inclusivity is disproportionately more effective in enhancing the performance of underrepresented groups, which brings us to the next point.

Second, explicitly value diversity. Research indicates that giving cues about valuing diversity in terms of social identity improves minorities and women’s sense of belonging, while promoting a neutral, or ‘colour-blind’, philosophy increases experienced identity threats (Bayer & Rouse, 2016; Purdie-Vaughns et al., 2008). A basic way to do this is to pay attention to representation of women and minorities in examples and materials that are used. While many textbooks are shifting towards a more gender- and ethnic-balanced distribution of examples, the standard human in most quantitative work still appears to be a white male (Perez, 2019). If more balanced materials of the right type and quality are not available, a first step is to mention this in class when presenting or assigning them, to make students more aware.

Third, debias teaching and assessing, as well as hiring and admissions, practices. If we organize our activities in specific ways, we can minimize the effect of biases that are some inherent human behaviour (Soll et al., 2014). We can, for example, make evaluations less-biased by ‘removing identifiers, minimizing time pressure and distractions, discrediting feelings of connection or chemistry, committing to fair and relevant admissions or hiring criteria before learning applicants’ race or gender, collecting more evidence on candidates’ competencies, creating accountability, and strategically setting default options and other nudges’ (Bayer & Rouse, 2016, p. 237). And regarding hiring, it helps not to make use of referrals from traditional networks, elite programmes and test score cut-offs.

Finally, it is important to be aware of potential unintended consequences and dilemmas. Research, for example, indicates that the desire to have equal gender representation on university committees, while having fewer female than male faculty members, causes female academics to spend more time on service and less on research on which academic success is (largely) based (Bayer & Rouse, 2016). To improve equal chances, white men can more often take on ‘less promotable’ tasks, which are necessary for the organisation but irrelevant for one’s career advancement such as serving on a committee, writing a report or organising an event, as these are often disproportionately performed by women and minorities (Babcock et al., 2017).

**Change what we teach**

Last but not least, we need to rethink the contents of economics education. This means recognising contributions of economists from marginalised
groups and making students aware of them. But it also means paying more attention to the lived experiences and concerns of marginalised societal groups. As such, it has implications for virtually every economics course. Below, we briefly discuss these implications, for each of our three organising principles: real-world, pluralism, values.

First, real-world. When studying, we always have to make choices in terms of what topic and aspects to focus on. In these choices, we need to become less biased and pay more attention to currently understudied and under-taught topics, such as discrimination, patriarchy, sexism, racism, imperialism, colonialism, slavery, exploitation, unpaid labour, care, reciprocity, gift economies, commons, and non-western ways of organising economic processes. So when we teach a course on an economic topic, theory, empirical analysis, policy, institutions, or history, we need to bring in the experiences of women, minorities, lower classes, and the Global South. This is especially important when mainly relying on standard US textbooks, which are generally written by white middle or upper class men. Try to also make use of studies and material created by women, local, minority and/or lower class economists. Decolonize teaching materials (Basole & Jayadev, 2018; Chelwa, 2016). This is not only important for these groups themselves, but also for all economics students as it gives them a better, less biased and broader understanding of the economy.

Second, pluralism. This chapter shows that the issue of diversity in economics relates not only to ideas and tools, but also to people and identities. While thoughts can theoretically be separated from thinkers, in practice they often go together. For example, the theories advanced by privileged white men have historically often ignored issues of power imbalances, discrimination and exploitation, because they less often experienced or observed the negative impacts of these phenomena in their own personal lives. So when teaching economic theories, we need to bring in ideas from the Global South, women, minority, and lower class economists. Again, this is not to please these groups but to open and decolonize all of our economic thinking and broaden the domain of considered knowledge. Two recent examples of ideas from the Global South may serve to illustrate. Comaroff and Comaroff (2012) argue that the Global North can learn from theories developed in the Global South as it is increasingly experiencing similar phenomena such as economic informality, rising inequality, and austerity. To understand dynamics and (core-periphery) relationships within the eurozone, dependency theory and structuralist economics, which are mainly developed by Latin American economists, seem particularly useful (Kvangraven et al., 2017).
Third, values. As we explained in the previous chapter, it is important to pay attention and explicitly discuss normative assumptions and aspects. Assuming to be neutral, universal or objective, in practice often means being blind to one’s own position. Therefore, it is important to actively ask and investigate what other people’s and groups’ concerns, values and interests are, rather than assuming to know them. Research shows, for example, that male and female economists, also when controlled for PhD attainment and job position, have different normative views related to government regulation, income distribution, and linking labour standards to import openness (May et al., 2014). The underrepresentation of women and minorities in economics causes their concerns and views to also be underrepresented. Therefore, it is critical that we bring in normative ideas and concerns from different groups when teaching.

In terms of values, it is also important to help students realise that many of the concepts in economic theory, whether mainstream or heterodox, are grounded in western ideas and value concepts. For instance, the autonomous individual, whether selfish or not, plays a large role in our theories. But the western culture of individualism is much less self-evident or even accepted in many other parts of the world. Other value concepts exist in every language or culture, yet carry other connotations: the average Thai, Englishman or Burundian might mean something quite different when they use words like freedom, fairness or wellbeing.

The worldwide diversity of economically relevant concepts goes beyond the matter of value judgements or cultural norms of what is worthwhile. Seemingly neutral and factual economic entities and relationships like a household, a company, an employer-employee relationship and a business deal can also have very different structures and implications from one place to another. Unfortunately, we have few ready-to-implement suggestions as to how to get this point across. One possibility would be to ask an anthropologist, sociologist or historian, for a guest lecture or workshop, just to briefly expose students to the diversity of cultures, social inequalities, and the diversity of economic relationships and forms that exist today or have existed in the past.

Resources

In this chapter, we hope to have flagged some important issues, but we fully recognize that more is needed to diversify and decolonize economics education. Fortunately, there is a growing body of well-designed resources that can help with this. Here, we provide a brief overview of a few useful books, articles and chapters.
- **Reclaiming Economics for Future Generations** by Nicola Scott, Lucy Ambler, and Joe Earle, forthcoming. A book about the need to diversify, decolonize and democratize economics education written by active members of the international *Rethinking Economics* movement, based in the UK.

- **Valuing Us All: Feminist Pedagogy and Economics** by April Laskey Aerni and KimMarie McGoldrick, from 1999. A collection of essays discussing both changing what is taught and how it is taught in order to make economics education more inclusive.


- **A Better Economics for the Indian Context** by Amit Basole and Arjun Jayadev, from 2018. This article reflects on using the new textbook *The Economy* by the CORE team in undergraduate education in India and discusses the need for a different version of the book that would better fit the Indian context.

- **Decolonising SOAS Learning and Teaching Toolkit for Programme and Module Convenors** by the Decolonising SOAS Working Group, from 2018. This report provides practical suggestions on how to decolonize courses by using inclusive pedagogies and tackling colonial and racialised discrimination and privilege.

- **Decolonizing the university** by Gurminder K. Bhambra, Dalia Gebrial, Kerem Nişancioğlu, from 2018. This collection of essays provides critical reflections and practical suggestions by academics, students and activists, and was inspired by student protests in South Africa which in turn triggered a global discussion about decolonising universities.

- **Decolonisation in Universities: The politics of knowledge** by Jonathan Jansen, from 2019. This collection of essays discusses what decolonisation is, why it is important, its difficulties and problems, practical cases and examples of decolonising programmes in universities located in Africa, and ideas for how to move forward.

- **Postcolonialism Meets Economics** by S. Charusheela, Eiman Zein-Elabdin, from 2004. A collection of essays exploring colonial and hegemonic aspects of classical and contemporary economics and how a postcolonial economics would look.

- **How to Be an Antiracist** by Ibram X. Kendi, from 2019. A popular and controversial book arguing we should look at racism from a consequentialist perspective, meaning that we should not care about whether intentions are ‘racist’ and instead focus on whether policies create inequitable outcomes between social groups.
Improving economics education is not only a matter of changing what is taught, but also how it is taught.
Improving economics education is not only a matter of changing what is taught, but also how it is taught. A good course is more than just a good syllabus: it requires effective teaching. Most students will remember a good teacher making a horrible subject interesting or even fun to study, and vice versa.

There are many ways of teaching economics and we do not claim nor believe that there is one single best approach. While different situations and aspects of learning call for different techniques, there are three didactical issues that seem to be of particular relevance throughout economics education.

First, many studies have indicated that economics education could be improved by paying more attention to teaching students to communicate and collaborate. In addition, there have been worrying indications that economics education often fails to facilitate open, critical, but also respectful, discussions. Finally, more diverse and relevant formats of teaching and examining could be used to make economics education more lively and connected to the real world. Towards the end of the chapter, we also suggest useful resources that relate more specifically to varying the ways in which we teach, even if the content often remains the same.
“We make a crucial distinction between formal literacy, where the subject matter is a fixed body of knowledge which participants are encouraged to learn unquestioningly, and substantive literacy, where participants are encouraged to interrogate and critique the subject matter and develop their own independent judgements.”


We start this chapter with two non-specialist skills, communication and collaboration, which we believe deserve more attention in the curriculum. We then turn to the culture of our classrooms, arguing for a more open, less hierarchical style of teaching, which stimulates students to start thinking for themselves. Finally, we discuss the need to make the programme content more relevant for the students, and offer a variety of teaching and assessment techniques that help students to better master and retain the material.

1 Communication and Collaboration

Firstly, communication and collaboration skills are a crucial part of becoming an effective economist, as well as growing as a human being. A survey among Dutch professional economists found that being able to make economics simple and understandable is the second most important skill for a professional economist (van Dalen et al., 2015b). Multiple studies among UK employers also found that good communication and working well in teams are both vital skills for economists (O’Doherty et al., 2007; Pomorina, 2012; The Economics Network, 2015; Yurko, 2018).

Noting their importance, research also indicates that there is room for improvement in economics education in these areas. A study among UK employers of economics graduates summarised the need for better communication skills as follows (Yurko, 2018, p. 4):

“Although data analysis and IT abilities fared relatively well in terms of employer satisfaction, employers across all of the aforementioned surveys believed economics
graduates’ communication and application skills needed further development. For example, 40% of the employers surveyed in 2012 believed economics graduate appointees had ‘not very high’ critical self-awareness, followed by inadequate written communication skills and the ability to apply what had been learned in a wider context.

While the prominence of these skills broadly reflects the priority given to generic competencies within the entire graduate employer population, the technical nature of economic analyses requires a particularly demanding set of communication abilities. This is illustrated by employers’ focus on the communication of economic concepts and analyses to non-economist audiences, a requirement that emerged regardless of occupational sector, organisational size, or type of graduate job provided by their organisations.”

This lack of communication skills can have severe consequences as it can lead to misunderstandings, misinformed decision makers and citizens, and a distrust of economists. A survey among UK citizens found that only 12% felt that “politicians and the media talk about economics in a way that is accessible and easy to understand” (Rethinking Economics & Economy, 2018). Furthermore, only 25% of the UK public trusts economists, while 71% trusts scientists.

So what does this mean for the didactics of economics education? On a very basic level it simply means that students should learn how to communicate and collaborate, and practise this wherever possible. On a more detailed level, we suggest the following: written communication, oral communication, and practice.

**Written communication**

In a survey among employers of economics graduates, several respondents also emphasised the value of learning to communicate economic ideas to different audiences and in various styles of communication (Yurko, 2018). Economists frequently communicate in written form, so it is useful to learn how to write for different audiences. Currently, many programmes spend most attention on writing academic research articles. This is great, but it can also overshadow other forms of written communication that may be even more important for students, as most of them will go on to be professional economists rather than academic economists.

A better balance between various styles of writing might be found by assigning students to write practical reports that are commonly published by and within public and private organisations. Students could also be tasked to write pieces for the general public, like blogs, newspaper articles or columns. The goal here is not so much to learn how to write amazing stories, but rather to communicate to non-economists in a clear and accessible manner.
Oral communication

Besides written communication, oral communication is another very useful skill, also contributing to students’ general cooperation skills. Again, there are various styles here: presenting for other economists, but also communicating with non-economists. Besides giving presentations, learning how to productively debate can be very useful. This is not only for those aspiring to go into politics: in virtually every field people discuss with each other what they could best do.

In general, it is important that students learn to communicate with different audiences, such as fellow economists, hands-on policy makers or private sector workers, and the general public. These groups require different styles and forms of communication with different levels of complexity and different foci. Policy makers and private sector workers may be mainly interested in practical applications and implications, while academic economists might be more interested in the analytical arguments and empirical procedures. As such, one has to change what one discusses when addressing an audience. Framing and choice of words are crucial here, as one British consultancy employer explained (Yurko, 2018, p. 8): “...in particular [we’re] looking for the ability to be able to explain economics to people who aren’t economists. It’s the ability to explain economics concepts without relying on economics jargon, using plain English, and being able to explain the intuition behind economic theory.”

Practise, practise, practise

A final suggestion. We believe that the best way to learn something is by actually doing it. In this case, it means actually communicating with different audiences. Of course, the teacher still plays an important role in this and the first times practicing can be in class with students among each other. But it can be very helpful for students to go out and actually communicate with policy makers, private sector workers, and of course members of the general public.

The latter is probably most easily achieved. An assignment might be to write or present something for some of their friends or family members. This allows the student to practise communicating about economic concepts with non-experts. A way to practise interaction with policy makers and private sector workers might be through exercises on actual cases the professional is currently working on. This way the students can actually help the professional, who in turn can be asked to assess and give feedback to the students, both on the content and way of communicating it. Building Block 9, Problems & Proposals, goes into this in more detail.
2 Open and Critical Discussions

Most economics professors are in favour of open and critical discussions. Nonetheless many have argued economics education could be more open and critical by allowing for more reflection and questioning of assumptions and arguments. As a British government employer argued (Yurko, 2018, p. 10): “...it’s that sense of critical thinking which doesn’t always come through in economics degrees because, and I know I’m generalising, but there’s a lot of assumptions or knowledge that aren’t necessarily challenged quite early on in the economics degree. Which, I think, does make a better government economist if you’re able to critically think through, for example, whether that neoclassical welfare framework is appropriate or not.”

Whenever an economic theory, model or perspective is being taught, the content should be presented critically. This means that instead of merely listing the assumptions of a theory, they should be discussed and challenged. When might these assumptions hold and when is the theory likely to be useful? This also means discussing the limitations of a model as well as how to solve the algebraic equations within it. How could students combine the outputs of the model with the context of the economy that they are studying?

Is it worth the time invested?

Because time available in class is normally fixed, we appreciate that more time spent being critical means less time available to teach technicalities and let students memorise content. For two main reasons we think the gains of this change are worth the cost. Firstly, learning is a process where knowledge is internalised and not only memorised. Critical thinking is a crucial part of this internalisation, as well as being vital to understand the logical connections between different ideas. This means that even though less time may be spent directly teaching content, students will still understand that content better by the end of the course. Second, critical thinking is necessary for students to actively use their newly acquired knowledge, by applying it to the real world. To make useful recommendations to decision-makers, economists need to be able to choose between competing ways of understanding the world, know how to contextualise the output of their chosen model(s) and understand the limitations of the methods that they have used.

However, there does not need to be a direct trade-off between time spent learning content and learning critical thinking. There are also ways to expand the time available for learning. Students should be encouraged to read material in advance of classes, so that their thinking and learning processes have already started. By the time they reach university, students
should be capable of learning much of the core content of their studies through readings, videos and other media on their own. This means that contact hours with staff such as lectures and tutorials can be reserved for the more complicated content, and for the development of critical thinking.

Another important aspect of being critical is being able to reflect and examine our own ideas and assumptions. A critical mind brings modesty through a better understanding of the limitations of theoretical and methodological tools. Students should be able to challenge and critically reflect on the topics that are being taught; and to think critically about their own understanding and opinions. Critical thinking skills are vital in order to arm students against biases and manipulation. These skills will empower the students to be more independent and creative in their thinking, the rewards of which will be greater success later on in their work life.

**Classroom culture: authoritarian or open?**

In our experience, it is powerful when teaching staff not only allow open discussions, but actively encourage them – allowing students to raise points, including those that run counter to the professor’s personal beliefs. A crucial factor in this is awareness of hierarchical relations. The students are subordinate to the teacher and have (almost by definition) less knowledge and experience of the topics. Thus, unsurprisingly, many students are cautious to speak out and share their thoughts. This hesitation can be remedied by treating students with respect, especially when they dare to challenge the teacher’s views. A more horizontal teaching dynamic will open up the space for students to be more proactive and critical towards the material they are being taught.

Unfortunately, the fairly harsh and direct debating style that seems to characterise the research side of the discipline can sometimes seep into teaching, resulting in a dismissive and authoritarian classroom style. It is a dangerous situation when a teacher uses the fact that they know best as justification to brush off counter arguments or critiques from their class. While the teacher will almost by definition know more about the topic at hand, this patently fails to create a suitable environment for students to query, interrogate and, by extension, understand what they are being taught. A telling example of this was given by Prof. Stephanie Kelton (2018, min 26-28), recounting an experience from her student days:

“When I was at [the University of] Cambridge and I was taking a graduate macro theory course ... Willem Buiter is the professor, he is teaching IS-LM theory. So I am sitting there in this big class and there is nothing critical at all being said about this model ... So I raised my hand and I posed some questions regarding loanable funds and money. And he [Willem Buiter] turned red in
the face. That was not welcome and he looked at me and made an example of me in the class. He pointed at me and said: “If you are the type of person who thinks money is important, you are probably the same type of person who would enjoy beating yourself with the rubber hose.” It was meant to put me in my place and to tell me there are things one does not talk about.”

The point here is not this specific example, but rather how it reflects a broader concern about the classroom, and by extension the discipline; that it is not a space for open, engaged discussion (Fourcade et al., 2015; Wu, 2017). In a welcome development, various associations of economists have recently adopted professional codes of conduct to prevent such behaviour. And we hope this will also help prevent such behaviour in economics education.

It is important that teachers stimulate and facilitate discussions, rather than suppress them. And in such discussions it is key that everyone has a chance to speak up, so that they are not dominated by a handful of loud students. Diversity is often a challenge here: white people and men are often more comfortable being vocal than other groups. Students often feel that the bar for questioning the material being taught in economics is set very high. At many universities, it is extremely rare for economics students to raise their hands in a class, where many go through an entire degree without actively participating.

**Teaching techniques that stimulate independent thinking**

This is also related to how the subject is taught. Instead of teaching economics as a set of scientific facts, teachers could aim to bring up arguments that can be debated, encouraging students to participate in their own learning. Here it is vital that teachers ask open-ended questions that can open up the space for students to share their analytical reflections. In this way, teachers can work towards creating an open space for active discussion and joint learning.

A final dimension specific to economics is that one’s mathematical skills are taken as a proxy for general intelligence. To be sure, mathematics is a very useful skill for economists: crucial in some corners of the profession, a useful adjunct in others. But rather than being treated as one of many kinds of knowledge students have to learn, it is often used as a selection mechanism, painting any student less talented in mathematics as unfit to be an economist and not to be taken as seriously in discussions. This is not right. The ability to think clearly is not by a long stretch the same as the ability to solve a mathematical equation.
Lively and Relevant Education

It is very important that economics is taught in a lively way with room for creativity and imagination, and which makes clear why its contents are so relevant. It is important to motivate and stimulate students to become engaged and interested in the topics that are discussed. This is especially important given the life stage people generally are in while studying.

Teaching a difficult audience

Academic students can be a challenging audience. Most students are fairly young when they start studying economics, between the age of 18 and 20. Frequently having moved to a new city, an unfamiliar world, they try to make friends, often already before the first day of the programme through introduction weeks and sometimes even more ritualised initiations. While entering this new environment, they slowly learn to become more independent, frequently living on their own for the first time.

In this stage of life between adolescence and adulthood, many students are strongly distracted by the freedom of student life, partying, drinking, and having fun with friends. For some, this leads to a minimum-effort policy in terms of studying. It can take great effort from academic teaching staff to get these students to study and focus on their programme. Teachers just have to hope that they have given these young people some valuable insights, knowledge and skills that will stay with them for (a bit) longer than until the exam.

Against this background, it helps when the teaching of economics is done in as lively, creative and clearly relevant a manner as possible. Below we give a number of suggestions on how to do so: make it relevant, and use diverse teaching and assessment methods.

Relevance

It is crucial that students understand why the material being taught is worth learning. If this is lost on them, motivation will quickly slip away. Unfortunately, it is no trivial matter to get students to grasp the relevance of every aspect of economics programmes. So how can we ensure that students realise why the material at hand is worth learning?

A first step is simply explaining: why are you teaching something? The first lecture of a course is a good time to do so: set out the various reasons why the contents of the course are relevant for the students to learn. Second, make frequent links to the real world. In Foundation 3: Real-World we suggest ways to do this, including the use of newspapers, blogs, guest lectures, visits to economic organisations, policy reports, and case studies.
Third, it helps when students develop a better understanding of how their professional future might look, and how this material would be useful then. This can be done by facilitating career orientation and personal self-reflection. Another way to help in this regard is making them more familiar with the roles economists play in society, through guest lectures, visits, and perhaps even more effective internships. Such an internship could be very big, being full time for half a year. But it could also be quite brief and small, for example being only one day a week lasting for a couple of months. These smaller internships are probably more suitable for earlier on in economics programmes, while the more extensive ones fit better at the end.

**Diverse teaching and assessment methods**

Besides helping students understand the relevance of what they are learning, it can help to experiment with different teaching and assessment methods, creatively using a broad range of different and active learning strategies and tools.

Research shows that active learning strategies, such as cooperative learning exercises, classroom experiments, and case studies, result in better learning outcomes, higher test scores and longer retention, especially when there is repetition in the content (Hoyt & McGoldrick, 2012, p. 331). So far, however, economics remains taught mainly through traditional lectures in which students are largely passive (Watts & Schaur, 2011).

As for different active learning strategies, well established approaches one might make use of are differentiated learning, vicarious or observational learning, problem-based learning, and blended learning. Each having different ideas about how differentiated or universal the teaching material should be, how active or passive students should be in class, how to use digital or physical experiences, and whether to focus on individual or group exercises. Differentiated learning, as the term suggests, believes in differentiation, meaning that students in the same class get different assignments, explanations and/or materials based on their personal interests, preferred learning styles, abilities and levels. Vicarious and observational learning focus on learning from the experiences of others and observing their behaviour, and can be done through guest lectures, field trips and exercises, and internships. Problem-based learning is about working through the processes of solving open-ended problems in small groups. Blended learning is about effectively combining online and in-person classroom education, enabling teachers to benefit from both their strengths. And there are many other useful approaches that teachers could benefit from, some of which are also covered in the resources described below.
It is also an option to involve students, particularly in more advanced courses, in the selection of the material. One could, for example, ask the students to select one piece, chapter or paper, on the economy, or specific topic at hand, that they find good or insightful and let them write and present a short introduction into the text for the rest of the class (Dow, 2009). Besides letting students participate in selecting teaching material, one can also ask them to come up with real-world examples that can help illustrate theoretical concepts. One could do this in class but also as an assignment, grading students based on how unique, well-chosen and explained the example is. And this brings us to the next point: assessment methods.

For assessment there are also many methods. A useful distinction is between formative and summative assessment, the former focusing on monitoring students’ progress and the latter focusing on evaluating students’ knowledge or skills. Examples of formative assessment methods are: rubrics, (active) participation in class, handing in weekly notes on readings, peer- and self-assessment. And summative assessment is often done with the help of written and oral exams, projects, and presentations.

It is important that assessment methods complement the students’ learning process and their understanding of the economy. Examination methods where students are encouraged to cram are more likely to result in students forgetting the material they have been taught. Examples of this are time-constrained exams and non-open ended questions, frequently used in the UK (Earle et al., 2016). Assessment design should be made in such a way that fosters cognition and critical thinking, enabling students to apply their newly acquired knowledge in the real world. Moreover, this will contribute to rewarding the students that have spent time reflecting on the subject and demonstrates a better understanding of the material. We should see assessments as an integral part of the learning process, not only as a means in itself. They are a chance for students to spend time to think independently about what they have been taught.

Once you start redesigning the educational process, a wide field of unexpected possibilities opens up. Three interesting examples are service learning programmes, the Cusanus Hochschule and the Schumacher College. Service learning, as described in Putting the invisible hand to work by McGoldrick and Ziegert, is about using service activities in local communities to help students better understand the economy and develop their skills at applying this knowledge. An added benefit of this approach is that not only the students learn from their service activities, the local communities can also be strengthened by it and it makes economics more accessible and connected to citizens. Cusanus is a young and independent
academic institution in a small German town where most students live on campus only part-time, to attend the intensive block seminars which form the heart of its program. In these week-long sessions, topics are treated in context, including extensive exchanges between teachers and students and active group work. Schumacher students live on the (UK) campus full time, working together in other ways besides studying, such as growing 50% of their own food. Both of these institutions have economic questions at the core of their programmes, but actively interweave these with a broader set of social and ecological questions.

Resources

In this chapter, we hope to have flagged some important issues, but we fully recognize that more is needed to improve the didactics of economics education. Fortunately, there are many good resources that can help with this. Here we provide a short overview of useful books, journals, and online resources and communities.

Books

- *International Handbook on Teaching and Learning Economics* by Gail M. Hoyt and KimMarie McGoldrick, from 2012. A rich and useful collection of essays both on the content and didactics of economics education with chapters on case use, context-rich problems, cooperative learning exercises, improving classroom discussion, classroom experiments, interactive lecture demonstrations, just-in-time teaching, Socratic teaching, feminist pedagogy, economic blogs, integrating media and response systems, distance education, and using literature, novels, and poetry.

- *Teaching Economics: More Alternatives to Chalk and Talk* by William E. Becker, Michael Watts, and Suzanne R. Becker, from 2006. Another useful collection of essays focusing on moving away from traditional lecture and textbook based teaching with chapters on classroom experiments, cooperative learning, case studies, active learning techniques in large lecture classes, using digital technologies, team term papers and presentations, and, in our opinion very important and inspiring, having fun in the classroom.

- *Teaching Economics: Perspectives on Innovative Economics Education*, by Joshua Hall and Kerianne Lawson, from 2019. This more recent book on how economics can be taught is filled with concrete examples and exercises, explores new opportunities like using video games, music and medical experiences when teaching economics.

- *Putting the invisible hand to work: Concepts and models for service learning in economics*, by KimMarie McGoldrick and Andrea L. Ziegert, from 2002. This collection of essays introduces the reader to what service learning
is, explains why it can be useful, provides guidelines and resources, and gives examples of applications with chapters on land economics, forensic economics, access to health care, non-profit organisations, volunteer work, and a statistics course.

**Journals**

Besides these books, there are also useful academic journals containing a broad literature on the different ways of teaching economics. A useful literature review to start with could be ‘Research on teaching economics to undergraduates’ by Allgood, Walstad and Siegfried, from 2015.

Examples of journals on economics education are:

- **The Journal of Economic Education (JEE)** was founded in 1969 and is to this day an important journal for research on how economics is, and should be, taught.
- **The International Review of Economics Education (IREE)** was launched in 2003 by the Economics Network of the UK’s Higher Education Academy and has since 2013 been published by Elsevier.
- **The Australasian Journal of Economics Education (AJEE)**, founded in 2004, has ten objectives, including improving the pedagogy of economics, the relation between teaching and research, and paying more attention to interdisciplinary issues, history, economic philosophy and implicit assumptions.
- **The International Journal of Pluralism and Economics Education (IJPEE)** was launched just after the start of the global financial crisis in 2009 to bring together a diverse community of scholars to investigate and share knowledge about how economics could be taught in a pluralist way.
- **The Journal of Economics Teaching (JET)** was founded in 2015 and focuses on innovating economics pedagogy and sharing insights to economics teachers at all educational levels.
- **Perspectives on Economic Education Research (PEER)** was launched in 2005 and has a strong tradition of research on active learning activities, such as experiments and case studies.
- **The Journal of Economics and Economic Education Research (JEEER)** was founded in 2000 and covers a broad range of issues, from micro- and macroeconomics to normative, environmental and financial economics.
- **Citizenship, Social and Economics Education (CSEE)** started in 1996 and has a broad focus on the role of social and economics education in society.
- **The Journal for Economics Educators (JEE)** was founded in the 1990s and is published online by the Tennessee Economics Association.
- **The Computers in Higher Education Economics Review (CHEER)** existed from 1987 to 2011, when it was incorporated into the IREE.
Online resources and communities

It can also be helpful to learn directly from other teachers and share experiences and insights with each other. Many countries have multiple didactical organisations as well as associations for economics teachers, especially on high school level.

- The American Economic Association, for example, provides an useful overview of teaching resources, ideas for classroom experiences and giving examples to illustrate concepts: https://www.aeaweb.org/resources/teachers
- Another useful source might be the UK-based Economics Network, which offers an enormous amount of sessions, advice and materials, such as the Handbook for Economics Lecturers: https://www.economicsnetwork.ac.uk/
- The Institute for New Economic Thinking offers a platform for exchange of academic teaching materials, discussion and peer-to-peer exchange at https://inated.org
- Exploring Economics is an open access, e-learning platform on pluralist economics. Here you can discover and study a variety of economic theories, methods and topics. https://www.exploring-economics.org
- Economics Education offers a range of materials and links on the movement to make economics education more diverse and socially relevant: https://www.economicseducation.org
- Finally, using games and experiments to teach students about microeconomics, industrial organisation, game theory, behavioural economics and coordination and allocation mechanisms has become increasingly popular. A useful and interesting tool for learning more about this is Economics Games: https://economics-games.com/