
REMAPPING DEBATE

Asking "Why" and "Why Not"

For U.S. universities, a failing grade in economics

Original Reporting | By Mike Alberti | Alternative models, Economy, Education

WHY SO NARROW?

Remapping Debate begins a four-part series on the consequences of how economics is and is not taught to undergraduates in the United States. One school of thought — neoclassical economics — has continued its long dominance, a status quo unchanged by its failure to predict or account for the current financial crisis. Here in Part 1 of the series, we look at some basic precepts of neoclassical economics, the divergent perspectives that are ignored, and the charge that the current system fails to foster critical thinking in economics students.

In Part 2 of the series, [also published today](#), we examine the way that neoclassical economics presents itself as a neutral and fact-based discipline, despite ample evidence that it is committed to promoting a specific set of values.

In Part 3, we will look closely at the curriculum that exists at most schools; the wide-ranging impacts on students (including who is attracted to and repelled by the field in terms ranging from deciding to take introductory courses, to majoring as an undergraduate, to going on to graduate work in the field); and at what would be involved in adopting more pluralistic curricula.

Finally, in Part 4, we will investigate the obstacles that stand in the way of changing how economics is taught to undergraduates, and ask supporters of the status quo to explain why they believe that both students and society at large would not benefit from a more open, inclusive curriculum.

— *Editor*

Feb. 8, 2012 — In early November of last year, several dozen students walked out of an introductory microeconomics course at Harvard University taught by N. Gregory Mankiw, a former economic adviser to President George W. Bush and a current advisor to Republican Presidential candidate Mitt Romney. In an [open letter](#) to the professor, whose Principles of Economics is the most widely used economics textbook in the country, the students wrote that they were walking out “in order to express [their] discontent with the bias inherent in this introductory economics course.”

“We were getting a very narrow, one-sided view of economics,” said Rachel Sandalow-Ash, a freshman at Harvard who helped to organize the walkout.

That Harvard students — like their counterparts at virtually every other college and university in the U.S. — study almost exclusively “mainstream” or “neoclassical” economics may seem especially surprising in light of a Great Recession that was neither predicted nor accounted for by neoclassical models, a downturn that many critics say was an outgrowth of the U.S. having pursued the policy prescriptions of neoclassical economists so religiously.

“The possibility that a crisis might occur is just outside of the neoclassical framework, so of course they were singularly unequipped to handle it when it did” said David Ruccio, a professor of economics at the University of Notre Dame. “The possibility, or even the inevitability, of crisis is far more central to other schools of thought. If we want students to have a understanding of what has actually happened, they need to be exposed to that.”

But the longstanding dominance of neoclassical economics is especially entrenched in the academy. Most students are rarely, if ever, given an opportunity to study any of a number of other perspectives — such as post–Keynesian, behavioral, Marxian, institutionalist, feminist, or ecological economics — each of which presents a different picture of society. Without a more diverse education, many economists and educators say, students are not encouraged to think critically about, or question the assumptions underlying, what they are learning. Even more disturbingly, students are effectively encouraged to internalize a narrow set of values and principles that have been sold to them as being purely factual or “neutral,” not recognizing that they have been presented with a limited perspective on how the world operates.

“Presenting an entirely mainstream perspective and not teaching economics as the contested discipline it is, is fundamentally dishonest,” said Geoffrey Schneider of Bucknell University.

“These students are adults,” said Frederic Lee, a professor of economics at the University of Missouri–Kansas City. “They can fight wars for us, have children, vote, but they’re not allowed to be introduced to alternative viewpoints.”

According to Lee, the narrowness of economics education can have profound implications, for both students and society at large.

Sandalow–Ash agreed. Education should not be seen “only as a means to an economic end, but as a means to a political end,” she said. “We’re not just training workers but also citizens, and we want to teach students to criticize the institutions around them,” she added, saying that doing so is the way to ensure that “democracy works.”

A narrow education

Prime among the fundamental principles and assumptions of neoclassical economics is the premise of *Homo Economicus*, or “rational economic man.” Students are taught that human beings will always act “rationally” to pursue their own interests. Consumers will always try to maximize their “utility” — or satisfaction — while businesses will always seek to maximize their profits.

Neoclassical economics also places a heavy emphasis on markets as representing the best way to organize economic activity. In models of well–functioning markets, all the participants have equivalent

access to the information needed make informed decisions in order to pursue their own self-interest, or “perfect information.” (See box below.)

Another fundamental precept of neoclassical economics is that markets tend naturally to “equilibrium,” meaning that supply will equal demand unless there is an outside disruption. Markets are assumed to be a preferable way of organizing economic activity because they are said to allocate resources efficiently, which in turn, neoclassicists say, makes economic growth possible.

Perfect information? Perfect competition?

Neoclassical economics proceeds on the assumption that, in most markets, all participants will have full and equal information. As a result, consumers are said to be able to make the best possible decisions about what they are buying and producers who make the best products will therefore be rewarded. The validity of the assumption and the predicted results have come under a barrage of criticism from many heterodox schools of thought.

In connection with health care, for example, different players know more about different elements of information (and can exert varying levels of power). Patients know more about their actual health than do insurance companies, but the insurance providers know more about costs. Physicians tend to have most information about treatment options appropriate for a particular patient.

“If you take the time to think about it, it becomes clear that we’re actually a very information poor society,” said Robert Prasch of Middlebury. “People make economic decisions everyday without knowing very much. We buy computers and cars without knowing anything about how they work or how they were made. How often do we know when the business that makes your car is polluting a river? If you’re renting an apartment, how much do you actually know about the property and its history?”

Similarly, the concept of perfect competition, which depends on perfect information, has also been heavily criticized for ignoring the role that power plays in a market. Perfect competition assumes that all producers have no power — and, thus, equal power — to influence the price at which goods are sold to consumers. According to David Ruccio of Notre Dame, some schools of economic thought reject the concept of perfect competition as being inapplicable to nearly every market.

“It’s a fantasy,” he said. “Most markets you can think of don’t follow those rules. You might get close to perfect competition if the market is for mom-and-pop grocery stores and there are a lot of them and they’re all very small. But we live in a world of gigantic national and multinational corporations that have a tremendous amount of power to set prices above what the market would otherwise bear.”

Other schools of thought begin with different assumptions and draw different conclusions. These various perspectives constitute what is often called “heterodox” economics. Some, like Marxian economics, predate neoclassical economics, while others, like ecological economics, have come about relatively recently, partly to fill perceived gaps in neoclassical theory.

A HOMOGENIZED CURRICULUM

The curricular structure and major requirements in economics departments in the United States is strikingly similar across colleges and universities. In their first year, students are generally required to take introductory courses in microeconomics and macroeconomics, which are sometimes substituted for with a single-semester “principles” course. Majors are encouraged to take either introductory calculus or introductory statistics or both in their first year.

In the second year, majors are generally required to take intermediate microeconomics and macroeconomics courses and a third course called “econometrics,” as well as more advanced math courses such as linear algebra. The introductory and intermediate microeconomics and macroeconomics courses plus econometrics are often referred to as the “core curriculum.”

In their third and fourth years, majors are given more flexibility to choose electives or “field” courses, such as finance, labor economics, international trade or monetary theory, which are generally taught from a neoclassical perspective. Some schools may offer electives on the history of economic thought or political economy, but these courses are rarely required. For students wishing to go on to graduate school in economics, substantially more mathematics courses are usually recommended, such as differential equations, game theory, and advanced geometry.

But neoclassical economic theory remains by far the dominant paradigm in the discipline as a whole, and that dominance is even more concentrated at the undergraduate level. [More than half](#) of undergraduate students will take at least one class in economics during their time in college. In the 2008–2009 school year, over [26,000 students](#) were awarded a bachelor’s degree in the field. But regardless of which of the approximately 3,000 economics departments they study in, the curriculum and course content is likely to be remarkably similar.

That is because over the last several decades a [homogenized model of an undergraduate economics curriculum](#) has proliferated in the United States and, to a slightly lesser degree, abroad (see sidebar). There remain a [handful of schools](#) in the country that explicitly endeavor to expose students to other perspectives and give them access to the tools that they provide, but these programs are becoming increasingly scarce.

“If you want to learn about Marxism, or feminist economics, or institutionalism, you need to go to study at one of these dozen or so schools,” said John Reardon, a visiting professor of management and economics at Hamline University and the editor in chief of the [International Journal of Pluralism and Economics Education](#).

Robert Prasch, an economics professor at Middlebury College, explained that while other university departments often focus on a dominant school of thought, economics is unique among disciplines in the

intensity of its reluctance to offer students any exposure to alternative perspectives. “There’s a sense in most departments [other than economics] that they have to provide a portfolio of outlooks and attitudes,” he said. “If you had an English department without any feminist content, they’d say, ‘We have to go hire somebody.’ Or if a history department didn’t have someone teaching post–colonial studies or a psychology department didn’t teach behaviorism, they’d say, ‘Wow, we need to fix that.’”

Critical thinking

According to many heterodox economists, in order to encourage students to think critically, it is necessary to offer them a variety of perspectives and theoretical frameworks.

“Students need to be taught that whenever they’re looking at the world, in any discipline, they’re looking through a particular pair of glasses,” said Steve Cohn, a professor economics at Knox College. “They’re generalizing and making assumptions. The danger is when you don’t realize what assumptions you’re making.”

Advocates of including multiple perspectives in economics education, who sometimes call themselves “pluralists,” believe that providing students with alternate perspectives makes it easier for them to recognize the assumptions being made in each case. Most advocates for pluralism in economics education believe that neoclassical economics is useful in many contexts and does present a meaningful analysis of the economy. They do not argue that it should not be taught, but that it should be presented as one perspective among many and that students should be allowed to judge for themselves the relevance of a particular model.

“Students are almost never given an opportunity to question the assumptions that are presented to them,” said Neva Goodwin of Tufts University. “They are just expected to accept them.”

Two essential elements of critical thinking, many say, are, first, being able to identify the fact that a decision to select one of many possibilities is called for, and, second, trying to arrive at that decision in the most informed way possible. While many students in economics may learn to think logically or analytically, Cohn said, they are rarely encouraged to think critically in their economics courses, because the assumptions of neoclassical economics are not presented as assumptions, but as facts. This arises from the common presentation of economics as a hard science, like physics, as opposed to a social science, like sociology.

One of the first things students learn from Mankiw’s textbook, for example, is that economics is based on the “scientific method.” While Mankiw briefly addresses the role of assumptions in economic thinking, he defends that use by comparing them explicitly to the assumptions made by physicists and biologists.

“Students are almost never given an opportunity to question the assumptions that are presented to them,” said Neva Goodwin, co–director of the Global Development and Environment Institute at Tufts University. “They are just expected to accept them.” (See box below.)

According to David Ruccio, a professor at large at the University of Notre Dame, it is only since World War II that students have been able to graduate with a degree in economics without being exposed to any alternate perspectives. “You used to get some of the more critical perspectives in a required political economy course, or a history of economic thought course, and there would have probably been some electives on Marxism or institutionalism” he said. “Those courses have mostly gone away.” (See box on next page.)

Geoffrey Schneider, associate professor of economics and the director of the Teaching and Learning Center at Bucknell University, believes that economics professors have a responsibility to be straightforward with students about the limitations of every economic theory, including neoclassical economics. “Presenting an entirely mainstream perspective and not teaching economics as the contested discipline it is, is fundamentally dishonest,” he said.

But he also believes that students are missing out under this model of teaching: “Students lose the ability to look at the menu of excellent economic ideas out there and to choose the ones that you find the most meaningful. They lose the ability to analyze the real world.”

The myth of “rational economic man”

To illustrate the problem, Goodwin used the example of *Homo Economicus*, which assumes that the pursuit of self–interest is a fundamental part of human nature. “What about students who come in believing strongly in altruism?” she asked “Wouldn’t students want the opportunity to consider the possibility that people make choices for a lot of different reasons?”

“You are told that this is something universal, that it applies to all cultures in all of history, that this would apply to a Cro–Magnon community,” said Frederic Lee of the University of Missouri–Kansas City. “But another perspective would ask, ‘How distinctive is this to capitalism as a specific social system? How does decision making change in other kinds of systems?’”

And Robert Prasch, a professor of economics at Middlebury College, added that consumer identity is also not accounted for by the concept of Rational Economic Man: “This model does not fully explain why a biker–guy wouldn’t buy a Honda motorcycle. We know it’s because he wants a Harley. So, identity affects consumption. When you strip away all the messiness of identity, you have individual agents who are taking care of themselves, and that’s probably not a description of humanity that students would recognize if they were encouraged to think about it.”

And according to Martha Starr, professor of economics at American University, if they are not exposed to alternate viewpoints and encouraged to think critically about them, students are missing the opportunity to develop a skill that will serve them, and the rest of society, later on in their lives.

“Teaching students to think critically is really a crucial input to a vibrant democracy because it opens people eyes,” she said. “It allows them to evaluate things that are going on in the economy and form a [sound] opinion about them. It teaches them to recognize the reasoning around somebody’s argument.

“Those sorts of skills are really what students carry with them out of the classroom,” she said. “They’ll have that long after they’ve forgotten what’s in the numerator and what’s in the denominator of the consumer price index.”

Part 2 of the series is available [here](#).

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An ahistorical field?

Until the 1980s, undergraduate students in economics were generally required to take a course in economic history or the history of economic thought, or both. Over the last twenty years, however, those requirements have been dropped from the curriculum in nearly all undergraduate programs, and even many graduate programs do not require them.

This ahistorical view of economics, according to David Ruccio of Notre Dame, deprives students of fundamental knowledge about the field they are studying and how it has developed. “The implication for students is that what exists now has always existed and will always exist,” he said. “It allows for the impression that there is only one perspective on economics and ignores the multiplicity of perspectives that have existed and exist today.”

Julie Nelson, chair of the economics department at the University of Massachusetts Boston, agreed. “Not having those courses removes the context from the theories and makes them seem like they’re divinely ordained,” she said. “There’s no sense that economics is created by people.”

According to Frederic Lee of the University of Missouri–Kansas City, “if you were actually teaching them about the economy, you might have to talk about the rise of capitalism and the industrial revolution,” he said. “You’d need to talk about American history and the plantation economy and the attack on workers in the 1880s and the Great Depression and the military–industrial complex and the Cold War. These are just some examples to illustrate that without the history we have no place to understand what we mean by capitalism, which is essentially what they’re studying.”