

The Times, 12 September 2017

The financial crisis demands a new type of economics

Part of any good university education is learning which questions to ask. Back in 2012, what economics students at Manchester University wanted to know was why their course felt so irrelevant. Their world had been defined by a financial crisis, a global recession, rising inequality and a collapse in productivity. Economics was supposed to have the answers. Instead, they were regurgitating discredited old theories in an academic bubble.

Frustrated by what they considered to be an intransigent establishment, they set up the Post-Crash Economics Society and started campaigning for a course upgrade. They persuaded a sympathetic lecturer, Sakir Devrim Yilmaz, to teach *Bubbles, Panics and Crashes* outside the syllabus. They targeted the National Student Survey, lobbying third-year undergraduates to score the economics course badly in an attempt to force change, and they launched a manifesto for a modern syllabus.

The manifesto hit the mark. Post-Crash's co-founder, Joe Earle, had ambitiously asked Andy Haldane, the Bank of England's counter-conventional chief economist, to write a forward. He delivered four pages, declaring that "employers of economists, like the Bank, stand to benefit from such an evolution in the economics curriculum", and the student revolution went mainstream.

Post-Crash may have been the noisiest but was not the only student body angling for change. Dissatisfied students formed groups across the country and overseas. Yuan Yang, a Cambridge student leader, recognised the trend and set up a network, Rethinking Economics, which now has nearly 100 student associations in 30 countries.

Lecturers were not deaf to the frustration. In 2013, Wendy Carlin, professor at UCL, began work on a new open-access, digital curriculum that started with the principle "what are our students asking, what are they curious about?", she says. The project, called CORE, was financed by George Soros's Institute for New Economic Thinking and went live as a test site in 2014. This month, Oxford University Press produced the accompanying textbook.

CORE promises to be the biggest shake-up since Paul Samuelson's *Economics* became the standard bearer for introductory texts in 1948. Since then, the discipline has evolved enormously, from the advent of behavioural economics to the belated incorporation of finance into economic models, but the pace of change to courses has been glacial. Even Ms Carlin, who produced textbooks in 1990, 2006 and 2015, says the syllabus has been "unsatisfying".

At university, the jobs market has been treated like any other, decided by supply and demand. "We know the picture we teach is incomplete," she says. Unemployment, or oversupply of labour, is essential to the equation because workers need to know they can be replaced so make an effort. The point touches on behavioural economics, which is incorporated into CORE alongside a wide range of ideas that post-date Mr Samuelson's *Economics*.

To be relevant, the course is structured not around principles but questions asked by students across the world. Inequality, productivity, financial stability, automation and the environment topped their concerns, so the course shows how the teachings of Adam Smith, David Ricardo, John Maynard Keynes, Friedrich Hayek, Hyman Minsky and John Nash can help to solve them, and more.

It's engaging, too. Previous courses tended to be heavy on theory and light on history but, in popular Freakonomics fashion, CORE uses fun context. The constitutions of 17th-century pirate and merchant ships are used to illuminate how contract law can lead to inequality, for example. Pirates were fairer, it turns out.

CORE has already been adopted by Russell Group universities in the UK and the top schools in France. In all, 33 universities are using it, from Germany and Italy to the US. It's not before time. Economics has become hugely popular (student numbers have ballooned 63 per cent since the crisis to 8,670) as people look for answers to some of the most pressing problems since the 1970s. The degree has never been more relevant and it deserves the teaching to match.