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## **With Piketty and paper planes**

*An online textbook supported by investor George Soros wants to modernise economics, but its breakthrough is yet to be seen. German students are now responding with their own teaching project.*

For the roughly 400 economics students at Humboldt University, their introduction to economics in the past semester was quite unusual. Professor Nikolaus Wolf asked them in the main auditorium of the university to build paper planes. The economic historian formed several teams and made them compete. Wolf wanted students to understand the phenomenon of diminishing returns. And he was successful: when a group grew, the production of paper planes in the lecture theatre rose disproportionately. The academic paper planes game is not Wolf's idea, but that of a textbook that he uses for his lectures. The project is called "Curriculum Open-Access Resources in Economics" (CORE). It includes a freely available online textbook, which was developed under the guidance of Wendy Carlin, a professor of economics. "CORE is capable of introducing students to economics in a new and innovative way," says Wolf in praise. The interactive textbook "not only describes ideal models, but also confronts theories with concrete examples and historical parallels with reality." In contrast to traditional textbooks, the history of economic ideas also plays a big role. CORE is made for new students, but not exclusively so. The project is a response to the continuing legitimacy crisis of the kind of economics that is strongly oriented towards neoclassical abstract models and methods. Critics say that economics is too distant from reality and that it missed the warning signs before the financial crisis. Smaller student numbers are most likely a consequence of the dusty and over-mathematical teaching of economics at many universities. "We have to put economics into a more social context – and address topics such as inequality, globalization, migration and environmental problems like climate change more directly," says Professor Carlin, who is also a member of CORE's steering group. She thinks that it is important to make young people more enthusiastic about the possible contributions of economics to our understanding of the world. How does that work? The first unit of CORE ("The capitalist revolution") is an example; it describes the historic roots of inequality. What follows are 19 further units, explaining among other things technological change, growth, and topics in behavioural economics that are relevant to all of us. The mafia and pirate ships serve as illustrative examples. Videos of contributions by prominent economists like James Heckman or Thomas Piketty make the teaching material less monotonous. Mathematical models are also taught, embedded as interactives that appear at the touch of a button. Twenty economists from around the world were involved in the creation of CORE, a further 300 of them provide material for free.

## **Money by illustrious donors**

CORE is financed by donations and has so far consumed around £500,000. The overall financial plan extends to roughly £1.5 million. The list of donors includes the UK Treasury and the Bank of England. Another important financier, even if indirectly, is George Soros. The Institute of New Economic Thinking (INET) that he co-founded provided £426,000, while his Open Society Foundations donated a further £480,000. Soros? Is it really the philanthropist-turned hard-core capitalist, whose speculations against the British pound brought the European currency system to the brink of collapse in the early 90s, that now wants to introduce a new view of economics to students? Professor Carlin's response to this question is decisive: Soros decides "neither at INET nor at the Open Society Foundations about the distribution of donations." She underlines that he also never influenced CORE content: "CORE is independent from its donors." And, although she was present at

a meeting of economists that Soros organized in 2010, “the idea for CORE was born several years later.” The responses to CORE so far have satisfied Carlin. Roughly 35,000 people have downloaded the ebook and around 2,800 teachers are registered on the website, with more than 400 from Germany. However, Professor Carlin cannot state the actual number of institutions using CORE. Among the most well-known examples besides University College London and the Humboldt University Berlin are the universities of Toulouse, Manchester and Siena. In 2016, Carlin presented the project in workshops at the annual conference of the *Verein fuer Socialpolitik* (VfS), the biggest association of economists in the German-speaking world, as well as the German central bank and the American Economic Association. For this year, she has received invitations from Australia, New Zealand, France, Spain and South Africa. Yet, this interest from across the world cannot conceal the fact that CORE has not yet made its breakthrough. In Berlin, Wolf is the only German economist so far who is actively using the textbook. Only Jena and Heidelberg are known to still be considering it. One of the reasons is the language barrier – CORE is only available in English, French and Italian as of now. Another reason is the strongly formalised economics curriculum in Germany, which means that standard textbooks like those written by Greg Mankiw and Hal Varian are still indispensable. Achim Wambach, the president of the VfS, says: “CORE has brought about a content discussion in economics, but the textbook does not fit into many of the teaching structures of German universities.” Studies of the *Netzwerk Plurale Oekonomie* (NPÖ) that unites around 30 science-critical student groups complain that economic history and reflective subjects still do not play a role in the economics undergraduate degree, and that the teaching material is strictly neoclassical. The groups’ reaction to CORE is similarly cautious. NPÖ executive Daniel Obst (28) says the project is “old wine in new bottles.” He thinks that admittedly the project makes considerable progress didactically. Topics like distributional justice and minimum wage policy get discussed with empirical insights and not, as is often the case in economics, with models with little connection to reality. However, this is not enough for the often fundamentally market-sceptical critics of the economic mainstream.

“CORE is based on the dominant neoclassical paradigm and doesn’t radically question its fundamental assumptions such as efficient markets, perfect competition and rational behaviour,” says Obst. Therefore Obst, who is currently undertaking his Master’s at the University of Cologne, has teamed up with some fellow students to develop a competitor for CORE. The platform *Exploring Economics* went online at the end of 2016. Its aim is to “deal with topics that are not even part of usual degrees in economics,” says Obst. Thus, it includes sections about the Austrian School and post-Keynesianism, but also about topics that are less often demanded, such as Marxism or feminist economics. Another part of it is a kind of “economics YouTube”, featuring explanation videos. One supporter of the portal, whose site was accessed more than 40,000 times according to Obst, is the Till van Treeck, Professor of Social Economics at the University of Duisburg-Essen, one of the leading thinkers about pluralism in the future of economics. A review system through which every article written by a student is read by a professor is designed to ensure high quality, though it appears it is not working optimally yet. *WirtschaftsWoche* asked Thorsten Polleit, the president of the Ludwig-von-Mises-Institute, to look at the text about the Austrian School. His verdict: “I would not recommend this text to my students. The fundamental development processes within the Austrian School are not very clear.”

### **Also available in print from July**

CORE is also developing. Professor Carlin has announced an updated version with two new chapters about labour market policy and the complex relationship between democracy and capitalism. For the first time, CORE will also be available in print, although of course the printed version will not be free. The book will be distributed by Oxford University Press under the title *The Economy* and will cost £40. Carlin believes that, after all, students prefer to rely on a physical textbook before exams, just like in the old days.