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The CORE Project: thoughts on a new economic didactics

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The Inter-University Research Centre Ezio Tarantelli (CIRET) every year organises a lecture in memory of the late homonymous Italian economist, held at the Economics Faculty of Sapienza University. This year's keynote lecturer was Professor Wendy Carlin (University College of London), who was invited to present the CORE Project: Economics for a Changing World – of which she is one of the leaders. This project was born with the purpose of rebuilding economics' teaching in undergraduate programs, in order to reinforce their link with the most relevant and pressing issues of the contemporary debate. The proponents of CORE have recently published a textbook, *The Economy*, edited in several countries, including Italy. The intent of these notes is to present and assess briefly the main novelties introduced by CORE's manual.

Wendy Carlin and Samuel Bowles, in the forthcoming publication "What students learn in 101: Time for a Change", carry out a topic-based comparison across the most used introductory economics textbooks since the 19th century up to now. Carlin and Bowles emphasize that, in the early second post-war period, there was a strong link between the studies in economics and the contemporary problems of the society, under the Keynesian influence. For instance, Professor Paul Samuelson, whose manual has been adopted by universities all over the world for decades, had the main goal of training the "policymakers of tomorrow" to prevent another Great Depression.

Nowadays, things are very different. Carlin and Bowles stress the differences between Samuelson's book and two of the most currently adopted economics textbooks, *Principles of Economics* by Mankiw (2018) and *Economics* by Krugman and Wells (2015). Those manuals were originally written at the end of the last Century, hence they can be considered sons of the Great Moderation era.

These textbooks give a remarkable space to microeconomics, sacrificing the attention previously given to the analysis of macroeconomic problems. In particular, the importance given to the analysis of the single agent behaviour in the perfectly competitive markets has risen to the detriment of the tools in the hands of the policymakers. There are good reasons to believe that the *laissez-faire* ideology, which has characterised the Great Moderation era, had a notable influence on the economics' teaching and, as a consequence, has deprived the students of the necessary means to understand and interpret the current times.

In the attempt to face these shortcomings, the proponents of the CORE project decided to give a voice to the students, asking them which are the most pressing issues that a modern introductory manual of economics should deal with. The proponents have conducted this survey in the economics departments of several universities worldwide. The main response of the students was that economics should deal with inequalities, unemployment, economic crises, migrations and financialisation of the economies.

Keeping these suggestions in mind, they produced a textbook that, as anticipated, sharply differs from the most common ones. To make a comparison, we take as a reference Mankiw's *Principles of Economics* (eight edition).

For what concerns the contents, less space is devoted to perfect competition and money demand and supply in order to analyse in greater detail institutional aspects of economic processes (Unit 5), game theory and behavioural economics (Unit 4).

For what concerns methodology, particular attention is dedicated to the historical developments of economic processes. In this respect, alongside a very interesting first chapter providing a definition of capitalism, many boxes throughout the text recall the views of important economists with respect to the various topics. Also, the authors constantly refer to empirical data that allow to verify the theories proposed.

Innovation, it is worth underlining, means not revolution. Some elements of standard economic analysis such as the production function, the utility function and the market remain important categories to interpret the functioning of the economic system. But it is also due reminding that *The Economy* is a textbook for “Economics 101” courses, embedded in educational curricula which widely use these standard concepts. Not mentioning them could be of great damage to the students willing to continue their studies in the field.

The most important innovation of the CORE manual, that feeds hope for the diffusion of a more pluralist and integrated vision of economics, is not in the single topics, but in the way they are blended together to explain complex economic phenomena. An example may clarify this point.

The labour market is dealt with in Chapter 18 of Mankiw’s textbook and in Unit 9 of *The Economy*. In the former it is introduced as an ordinary market, while in the latter its specificities are widely pointed out. In Mankiw’s textbook, equilibrium is represented as the intersection of the labour demand and supply curves, implying the existence of a wage level that clears the market. In the CORE manual, on the other hand, equilibrium in the labour market is identified by the intersection of two curves that summarize the interaction between different agents (workers, firms and consumers) with contrasting goals. Such conflict is the reason for the presence of some degree of structural involuntary unemployment in every equilibrium point.

In short, *The Economy* takes into greater consideration the complexity of economic processes and of the social relations that underlie them. Getting (and getting students) used to think in this open-minded fashion is the key to revitalise a discipline that during the years has lost sight of its nature of a social science.

It is out of our reach to give an overall opinion on the CORE project as a whole, given that we have not examined in depth the manual it has produced. But we can try to express some general observations, considering what has emerged during Wendy Carlin’s presentation in Rome.

If one is concerned with the direction economics is taking (or rather, it has been following for a long time), both from a scientific and a didactic point of view, CORE can be surely seen as an encouraging first step towards greater attention to “what happens in the real world” and to pluralism.

Features that in most cases are excluded or only marginally included into mainstream teaching are now taken into account. As an example, it is assumed that human beings are not only “maximizing rational individuals”, but can also take economic choices based on ethical principles (according to what behavioural economics has found); there is place for markets in which, because of incomplete information and/or imperfect competition, supply or demand excesses persist, even when equilibrium

is reached (which is particularly true for labour and credit markets); it is acknowledged that institutions play a fundamental role, distributive conflicts are admitted, and so on and so forth.

It is equally encouraging that the manual shows how these features allow for a better explanation of those economic problems that are urgent nowadays, but that have been overlooked in the recent past. The result is a positive integration of new and traditional concepts, allowing to include topics that are usually neglected by the most common manuals.

Other strengths of *The Economy* are the constant connection to empirical data and economic history up to the most recent events and the pluralistic approach. In fact, economists and scholars (such as K. Marx, H. Minsky and H. Simon, among others) belonging to school of thoughts different from the so called “new-neoclassical synthesis” are also encompassed in the manual.

These are unquestionable merits. But there some open questions remain anyway. Above all, some are asking whether it is the time to move further in criticizing mainstream economics and abandon completely its cornerstones. This leads immediately to another point, that is, whether it is the case to aim to reform not only “Economics 101”, but entire curricula of bachelor and master courses of economics.

In this perspective, the appreciable attempt to blend heterodox and orthodox theoretical contributions into a new consensus, may be at risk of picking from the former only what is beneficial to the “storytelling” of the book, hence, of misrepresenting the heterodox theories by marginalising their strongest critiques to mainstream economics.

An alternative approach could be to present separately the various economic theories, without melting them in a unique narration. Anyway, as professor Carlin herself has declared, CORE’s pluralism does not proceed by “juxtaposition”, but by “assimilation”. This has of course to do with each one’s conception of economics as a social science. In particular, whether it should resemble hard sciences, where paradigms follow each other and do not coexist, or else it should detach itself from them and let a number of diverse paradigms “compete” with each other, on the basis of their capacity to offer satisfactory answers to different questions.