



The University of Manchester Post-Crash Economics Society

Economics, Education and Unlearning:

Economics Education at the University of Manchester

The Post-Crash Economics Society

With a Foreword by Andrew Haldane (Bank of England)

Published by the Post-Crash Economics Society at the University of Manchester- April 2014.

Email: post.crasheconomics@gmail.com

Address: The Post-Crash Economics Society, University of Manchester Students' Union, Oxford Road, Manchester, M13 9PR.

Acknowledgements: We would like to thank Andy Haldane for kindly agreeing to write a foreword for our report. We would also like to thank Victoria Chick, Ha Joon Chang and all the other economists who have supported our society and Patricia Elder for her help in editing this document. Finally, we would like to thank Devrim Sakir Yilmaz for his fantastic teaching and his brave commitment to economics.

Contents of the report may be quoted or reproduced for non-commercial purposes provided that the source of information is acknowledged.

Contents Page

FORWORD BY ANDREW HALDANE: THE REVOLUTION IN ECONOMICS	3
EXECUTIVE SUMMARY	7
INTRODUCTION	12
SECTION 1: WHAT'S WRONG WITH ECONOMICS EDUCATION AT MANCHESTER?	14
SECTION 2: ANALYSIS OF CORE MICRO AND MACRO MODULES	19
SECTION 3: THE FORMATION OF THE STATUS QUO AND ITS REPRODUCTION	23
SECTION 4: RESPONDING TO ARGUMENTS AGAINST CHANGE	25
SECTION 5: THE COMPELLING CASE FOR REFORM	32
SECTION 6: REAL CONSTRAINTS TO CHANGE AT MANCHESTER	42
SECTION 7: PRINCIPLES OF A POST-CRASH ECONOMICS EDUCATION AND SOME PRACTICAL REFORMS	45
CONCLUSION: WHY IS THE CRISIS SO IMPORTANT?	51
APPENDIX 1: RESPONSE TO THE INSTITUTE FOR NEW ECONOMIC THINKING'S CORE PROGRAMME	53
BIBLIOGRAPHY	56

The Revolution in Economics

By Andrew Haldane, Executive Director for Financial Stability at the Bank of England

Adam Smith is generally thought to be the father of economics. The reason for that is his book *The Wealth of Nations*, published in 1776. This book reached a number of startling, almost miraculous, conclusions. Among these was that the pursuit of self-interest, at the level of an individual household or firm, resulted in aggregate outcomes which could be optimal for society as a whole. In other words, the Invisible Hand was benign and benevolent. Competition was good. Greed was good.

On Smith's shoulders, the fundamental theorems of welfare economics were built. These formed the theoretical bedrock of 20th century economics. Out of these foundations were constructed optimising models of the economy with aesthetically beautiful properties – dynamic, stochastic general equilibrium models. These typically embedded an equilibrium which was unique, stationary and efficient. And they typically embodied expectations which were ordered and rational. The dynamics of the resulting socio-economic models were classically Newtonian, resembling the damped harmonic motion of Newton's pendulum.

Not surprisingly, the mathematical techniques used to derive and solve these models were also a straight lift and shift from theoretical physics. And, to complete the physics-envy, economists' methodological approach was explicitly deductive. That enabled macro-economics, as a fledgling (and perhaps rather self-conscious) discipline, to be built on optimising foundations. These gave the impression of rigour and solidity. Micro-founded models were not only simple and beautiful, but also more suitable for policy analysis care of the Lucas critique.

In the light of the financial crisis, those foundations no longer look so secure. Unbridled competition, in the financial sector and elsewhere, was shown not to have served wider society well. Greed, taken to excess, was found to have been bad. The Invisible Hand could, if pushed too far, prove malign and malevolent, contributing to the biggest loss of global

incomes and output since the 1930s. The pursuit of self-interest, by individual firms and by individuals within these firms, has left society poorer.

The crisis has also laid bare the latent inadequacies of economic models with unique stationary equilibria and rational expectations. These models have failed to make sense of the sorts of extreme macro-economic events, such as crises, recessions and depressions, which matter most to society. The expectations of agents, when push came to shove, proved to be anything but rational, instead driven by the fear of the herd or the unknown. The economy in crisis behaved more like slime descending a warehouse wall than Newton's pendulum, its motion more organic than harmonic.

In this light, it is time to rethink some of the basic building blocks of economics. And in this rethink we could do worse than return to Adam Smith. For just prior to the *Wealth of Nations*, Smith had produced a rather different book. It was called *The Theory of Moral Sentiments* and was published in 1759. In it, Smith emphasizes cooperation, as distinct from competition, as a way of satisfying society's needs. It places centre-stage concepts such as reciprocity and fairness, values rather than value.

Experimental research makes clear the importance of these concepts when studying decision-making in socio-economic systems. Fairness and reciprocity, rather than self-interest, emerge from the simplest imaginable games of human interaction. The "Ultimatum Game" is one in which a money offering – say, £100 - is shared between two parties, with one party taking the lead in the offer and the second choosing to accept or reject that offer. The twist comes in the fact that, if the offer is rejected, both parties receive nothing.

So what offer should the first party make? The self-interested rational expectations solution – if you like, Smith 1776 vintage – is to offer the lowest amount possible, such as £1. Why? Because it would be irrational for the second party to reject that offer because doing so makes them worse off. Yet reject it they do, consistently so, in experimental trials.

The reason is that the offer violates the second party's sense of fairness – in other words, Smith 1759 vintage. And for that reason, the offer made by the first party is very rarely the lowest-possible, self-interested one. Typically, it is closer to a sharing of the spoils.

Reciprocity and fairness are centre-stage. The same has been found in numerous other socio-interactive games. These confirm we are a co-operative species every bit as much as a competitive one. This is hardly a surprising conclusion for sociologists and anthropologists. But for economists it turns the world on its head.

The good news is that there are signs economics may be going back to the future. If the *Wealth of Nations* was the book for the 20th century, the *Theory of Moral Sentiments* may be the book for the 21st. Smith is being rediscovered in his true colours – as political scientist, sociologist and moral philosopher. This is evidenced in the upsurge in interest in integrating the insights from other disciplines into economics: history, psychology, anthropology, evolutionary biology, sociology and neuroscience, to name but six.

This, and the intrigue and pain of the crisis, has added to the lustre of economics as a discipline. This is reflected in the record number of applications to universities. This renewed interest, at grass roots level, offers the discipline a real opportunity; it is the silver lining to the dark cloud created by the financial crisis. But it is an opportunity that can only be seized if the grass roots are adequately fed and watered. And that is where the economics curriculum comes into the picture.

Four years ago, George Soros set up the Institute for New Economic Thinking (INET) to stimulate a refresh and reset of the economics discipline and, within that, economics teaching. Two years ago, Gregory Mankiw's undergraduate economics class at Harvard walked-out at the narrowness of the curriculum. Here in the UK, Wendy Carlin from UCL is leading a project to reform the economics curriculum among a number of UK universities, with sponsorship from INET. These are all encouraging steps in the right direction.

But change, to be durable, needs also to come from the next generation. That is why this report, from the Post-Crash Economics Society at the University of Manchester, is so very welcome. It suggests a groundswell, not just of interest but of concern, among the student population about the current shape of the economics curriculum among UK universities. Although the most prominent example of student activism on this front, it is by no means the only, with more than half a dozen universities also part of what appears to be an increasingly vocal movement.

The agenda set out in this Report is exciting and compelling. While not exhaustive, it begins to break open some of the economics discipline's self-imposed shackles. Some of this is discovery of the new – for example, in the area of evolutionary, neuro and behavioural economics. But a large part is rediscovery of the old – or, in some cases, dusting down of the neglected – for example, in the area of institutional economics, economic history and money and banking.

The proposed methodology is pluralist. It is also cross-disciplinary. It combines deductive and inductive methods. For economists, data-mining – the ultimate in inductive methods – remains a dirty word. For many other professions these days, it is a potential goldmine. This methodological blindspot is one economists need quickly to eradicate.

Employers of economists, like the Bank of England, stand to benefit from such an evolution in the economics curriculum. Answering effectively public policy questions of the future requires an understanding of the past. It also requires eclecticism in the choice of methodology, a knowledge of political economy, an appreciation of institutions, an understanding of money and banking. A revamped economics curriculum could serve these needs, and hence those of public policy, well.

The power of economics is that it affects real lives in real ways; it matters. And it is because it matters and because it affects us all that the profession, still fledgling, needs to be in a perpetual state of renewal. The crisis is bringing about that renewal. Reports such as this, if acted on wisely, would help make that renewal permanent and on-going. I hope it is acted on and wisely.

Executive Summary

This report represents the most comprehensive statement to date of the University of Manchester Post-Crash Economics Society's (PCES) critique of economics education in the UK. It is based on research carried out at the University of Manchester by members of the Manchester PCES committee. However, the findings of this report are highly relevant to economics education on a national and international level because of the relative homogeneity of undergraduate economics education. Widespread student discontent is illustrated by the presence of similar societies at Cambridge, London School of Economics, Sheffield, Glasgow, Essex, University College London and the School of Oriental and African Studies.

The purpose of this report is to provide a detailed, evidence-based argument outlining the shortcomings of economics education at the University of Manchester. Our economics education has raised one paradigm, often referred to as neoclassical economics, to the sole object of study. Alternative perspectives have been marginalised. This stifles innovation, damages creativity and suppresses constructive criticisms that are so vital for economic understanding. Furthermore, the study of ethics, politics and history are almost completely absent from the syllabus. We propose that economics cannot be understood with all these aspects excluded; the discipline must be redefined.

Significant reform of the syllabus is necessary. At Manchester economics education as it currently stands fails to meet the University's own standards for an undergraduate degree. On a national level the increasing narrowness of economics education has led to the technicalisation of economic debate. Economic policies are increasingly seen to represent scientific truth as opposed to the prescriptions of one paradigm. Lack of diversity within the discipline stifles innovation and leads to hubris.

This report is not only a critique of the status quo. Our society's ethos is based on constructively engaging with our Economics Department. In the latter sections we outline a set of principles that, if adopted, would provide an economics education better able to meet the needs of students, the discipline and society. We also set out short and medium term

reforms that we believe the University of Manchester ought to consider. In short, we argue for pluralism of perspectives and the inclusion of ethics, history and politics. We advocate an approach that begins with economic phenomena and then gives students a toolkit to evaluate how well different perspectives can explain it. The discipline should be conceptualised as an ecosystem, as the importance of diversity and the cross-fertilisation of paradigms are key to success.

We acknowledge that we are only students and some may attempt to dismiss our arguments as youthfully naïve or misinformed. Our argument is idealistic in the sense that it is challenging economics as a discipline, asking it to do much more to equip the next generation with the skills to address the challenges our world faces. However, we hope that our idealism is tempered by our approach to campaigning in which we aspire to combine high standards of academic rigor and professionalism. We have carried out extensive research to substantiate the arguments we make and have engaged constructively with our department to provide alternatives as well as criticisms. Our arguments are rooted in established principles of academic debate, method and development.

We are aware of the limitations of our knowledge and we aim to be humble in recognising that we don't have all of the answers. For this reason it is significant that we have been supported by a number of prominent economists, journalists and policy makers including Andrew Haldane, Ha-Joon Chang, Victoria Chick, Stephen Davies and Lord Robert Skidelsky. They add experience and authority to our campaign.

But why is the content of the economics curriculum a national issue? Why should anyone care who economics departments hire? Because 'economics affects real lives in real ways' as Andrew Haldane states in his foreword to this report. Economists have enormous power and responsibility. They are at once public servants and private actors who must navigate a host of conflicting interests. The quality of their advice and guidance is essential to our society's future prosperity and sustainability as evidenced so clearly by the Financial Crisis. Questions of how future economists are trained and who gets to use the title economist are, we believe, some of the defining issues of our times. The ability to define economic

reality and our society's economic priorities is at stake. The state of economics affects everyone.

We have written this report in the hope that it provokes debate about the state of economics education in the UK. Reform must come from individual universities and from national bodies such as the Higher Education Funding Council for England (HEFCE). Britain has a proud and distinguished history of economic thought. Without significant reforms the future will be darker.

Key findings:

- Economics education at Manchester has elevated one economic paradigm, often called neoclassical economics, to the sole object of study. Other schools of thought such as institutional, evolutionary, Austrian, post-Keynesian, Marxist, feminist and ecological economics are almost completely absent.
- The consequence of the above is to preclude the development of meaningful critical thinking and evaluation. In the absence of fundamental disagreement over methodology, assumptions, objectives and definitions, the practice of being critical is reduced to technical and predictive disagreements. A discipline with a broader knowledge of alternative perspectives will be more internally self-critical and aware of the limits of its knowledge. Universities cannot justify this monopoly of one economic paradigm.
- The ethics of being an economist and the ethical consequences of economic policies are almost completely absent from the syllabus.
- History of economic thought is an optional third year module which students are put off taking due to it requiring essay writing skills that have not been extensively developed elsewhere in the degree. Very little economic history is taught. Students finish an economics degree without any knowledge of momentous economic events from the Great Depression to the break-up of the Bretton Woods Monetary System.

- When taken together, these points mean that economics students are taught the economic theory of one perspective as if it represented universally established truth or law.
- This state of affairs violates the University's own guidelines for undergraduate education at Manchester. The Manchester Matrix sets out the knowledge and skills the University expects graduates to have. To take just one example, it states that university education should 'prepare graduates for citizenship and leadership in diverse, global environments'. In a discipline such as economics this seems particularly relevant, and yet social, political and philosophical issues are divorced from the discipline and are removed to optional modules in other departments. Pure economics students are encouraged not to take these modules as they are seen as less valuable.
- Syllabuses are almost homogenous at many English universities. Widespread support for our society in Manchester and the emergence of similar societies at ten universities around the country shows that many are frustrated with the current situation.
- Fifteen years ago the Economics Department at Manchester was pluralist and alternative perspectives and economic history had a far greater place on the syllabus. Since then academics that research in alternative perspectives have been marginalised within the department and aren't replaced on a like for like basis when they retire or leave.
- A significant cause of this great narrowing is how research funding (REF) in economics is allocated. The journals that are highly ranked espouse a neoclassical perspective and as a result universities like Manchester, whose central aim is to climb the research rankings, will only hire academics that adhere to this school of thought. The prioritisation of research over all else means that many university economics departments have become closed shops to economists who do not follow this prescribed agenda, regardless of the positive impact they could have on teaching and understanding.
- A range of graduate employers of economists support calls for a more pluralist and critical education. The Government Economics Service, the largest employer of

graduate economists, advises applicants against a ‘dogged adherence to... a set of axiomatic rules for theoretic consistency’. Instead it looks for candidates that are ‘intellectually pluralistic’. Multiple employers including as the Bank of England and the big-four accountancy firms are similarly calling for better-equipped economic graduates.

- These points combine to make a compelling case for significant reform.

In conclusion, the University must ensure that the academic environment within the Economics Department is open and representative of the diversity of economics. This is the only way we can produce economists of the calibre needed to face approaching economic challenges. The cost of maintaining the status quo is too high.

Introduction

"I don't care who writes a nation's laws, or crafts its treatises, if I can write its economics textbooks."

Paul Samuelson

The Post-Crash Economics Society was set up by the students of the University of Manchester in December 2012 to campaign for changes to the syllabus and teaching of economics at the University of Manchester. A year on we have provoked and contributed to international debate around questions such as what makes a good economist and what makes a good economics education. We have written a petition in which we outline our concerns with economics education and what changes we want to see. Our aim as a society is not just to criticise the status quo but also to engage constructively with the Economics Department and the University of Manchester to identify realistic and practical reforms. This report has six purposes:

- To outline our arguments for extensive reform of economics education at the University of Manchester in greater depth and to provide supporting evidence to substantiate our claims.
- To identify some of the factors which have played a role in the formation and reproduction of the current state of affairs.
- To respond to a number of common counter-arguments against reforming economics education at the University of Manchester.
- To identify the constraints that the University of Manchester faces and suggest how these constraints could be worked around.
- To provide a set of principles that we believe are a necessary part of an economics education.
- To outline a set of realistic and practical recommendations for reform based upon these principles.

In this report, we focus on economics education at the University of Manchester. It is where we study and where we have the most direct influence in pushing for change. However, it is important that we emphasise that the problems we identify are certainly not limited to Manchester and are in fact international in scale. An Institute for New Economic Thinking (INET) report illustrates the relative homogeneity of economics education at the 12 leading universities in Britain and suggests that the findings of this report are relevant to universities around the country (Wigstrom, 2011). A large number of economics students around the country clearly feel similarly. We have met students at Cambridge, the London School of Economics, University College London, Exeter, Essex, Glasgow, Sheffield and the School of African and Oriental Studies all of whom are running similar societies and campaigns. We hope that this report will help them to develop their campaigns and argue effectively for change. Any real solution to the national shortcomings of economics education will have to combine both local reforms at individual universities and national reforms by higher education funding bodies and the government.

In the last few months the state of economics education and the Post-Crash Economics Society has been the subject of national and international media coverage and discussion. Throughout the coverage and discussion there has been a fairly broad consensus that economics education must be reformed. There is less consensus on the extent and breadth of reform that would be desirable and on deciding what the right mechanisms for implementing these reforms might be. In Britain, the CORE programme run by INET and led by Wendy Carlin is providing an influential road map for economics reform. Wendy, in a recent Financial Times op-ed, argues that “economics explains our world – but economics degrees don’t” (2013). This diagnosis places the blame for the state of economics education on the universities but not on the wider discipline as a whole. To the contrary, we argue that economics education is inextricably linked to the discipline and that its problems often mirror problems with the wider discipline (see appendix A for our full response to CORE). We cannot improve economics education in undergraduate courses alone. We must also address related problems in research funding and the wider profession.

To provide evidence for our arguments we have carried out an analysis of the economics modules on offer at Manchester. We have attempted to be academically rigorous and to support all of our arguments with evidence. We have tried to clearly identify where we have sourced our evidence and explain the methods we have used to collect it. Of course as a student society we are limited by time, resources and expertise and so we haven't been able to complete as extensive an analysis as we would have wished. Having said that we do believe that our argument as it is presented in this report is a compelling and accurate one and must be taken seriously by our Economics Department, the University of Manchester and by other universities around the country.

Section 1: What's wrong with economics education at Manchester?

(1) It fails to cover other schools of thought or ways of doing economics in any systematic way.

The object of study of 'economics' is confused with a single methodological framework used to interpret the economy. Commonly known as neoclassical economics, this school is characterised by an approach where individual agents seek to optimise their preferences under exogenously imposed constraints. However, competing definitions of economics could easily be offered:

- Social reproduction – how does a firm, family, society reproduce itself? (the classical definition);
- The study of production, distribution and exchange (neoclassical economics typically focuses only on the latter);
- The study of markets and the enterprise system; and
- The interactions between exchange, culture and gender.

We are often told that we are really not looking for 'economics' and hence should be studying other things. However, this would only be acceptable if we were to assume, and to accept, that 'economics' as it is currently studied is correctly defined. We are instead arguing that it *cannot* be defined in this narrow manner alone and that doing so is unjustified and leads to dogma. A wealth of knowledge and research exists in all

of these areas shown above and more, much of which many economists have either marginalised or are unaware of. Of those mainstream economists who do concede that alternative theories provide useful insights, many simply argue that they can be annexed into a neoclassical framework. The question of why this is necessary and justified needs to be explored.

(2) It fails to look in any depth at the assumptions or methodology of the economic theories and models we are taught.

Students are not taught when a particular theory may be applicable and when it may not be: in Musgrave's terminology, the domain of theories is not clearly defined (Musgrave, 1981). Economics bears some analogy to engineering, where various principles are used to establish theories that work well enough for practical purposes. Yet unlike engineering, the relevance and applicability of particular theories in particular situations are not as clear in economics. Engineers know which types of gas are sufficiently well approximated by the 'perfect gas' model, but how are economists supposed to know in which types of industries firms will conform to, for example, the Cournot or Bertrand models, if either? We believe that economics students must be able to analyse the assumptions and methodology of a theory. These tools will enable students to judge not only the validity (logical coherence) but also the *soundness* (empirical relevance) of economic theory for themselves.

(3) It places little emphasis on the application of economic theory to understand economic phenomena and little value on substantive knowledge of the national and international economy and its history.

Typically courses are taught deductively, beginning with the assumptions or axioms, and logically deducing theory 'rigorously' from microfoundations. At best, the implications of the theory are shown to be loosely consistent with a few stylised facts toward the end of the course, but this is not good enough, for several reasons. First, stylised facts are not the same as extensive empirical investigation and very rarely does there seem to be rigorous testing of falsifiable predictions as required by positivist epistemology.

Second, many of these stylised facts are trivial: for example, intertemporal macroeconomics is consistent with the idea that governments will run deficits followed by surpluses, a simple observation which is explained in an unnecessarily mathematical and at times, somewhat convoluted manner.

Third, stylised facts can be consistent with many theories. For example, the fact that the money supply is correlated with economic growth is consistent with both endogenous and exogenous money theories, as shown by e.g. Kaldor (1982) or Tobin (1970). We argue instead that economics should be taught inductively wherever possible. On this approach evidence is presented – statistical data, historical analysis, case studies, experiments etc. – and then the theories which plausibly accord with the evidence should be taught as interpretations of that evidence.

(4) There is little economic history and one optional third year history of economic thought module.

The history of economic thought module is not running this year because the lecturer is unwell. We appreciate this is unavoidable, but unfortunately there is no one else in the Department willing or able to teach the course. If economic theory is a representation of social reality, there is an inescapable historical specificity to any theory. At the extreme, a theory of how hunter-gatherers organise themselves would clearly differ from a theory of capitalism. However, even within capitalist theories, welfare state capitalism might function differently to laissez-faire capitalism, or a predominantly service-based economy might function differently to a manufacturing-based economy. The relevance of the fact that Keynes' General Theory was published in the midst of the Great Depression is hard to dispute. Understanding where theories came from, and why, will help students to make better judgements about interpreting and applying theory to analysis of economic phenomena as discussed in (2) above.

(5) There is little to no emphasis on the ethics, philosophy and politics of economics.

Economists often proceed with their analysis as if it is a purely quantitative, value-free and scientific enterprise. However, we do not believe this is possible, as questions about the economy inevitably involve value judgments. For instance, which metric should we evaluate the economy by and how should we measure it? What is presumed to be 'good' or 'bad'? Can we ethically justify recommending policies, and if so why? Currently value judgments are implicit within the theories we are taught: for example, efficiency and growth are generally presumed to be a good thing. We learn the axioms of utility and we learn how to build a theory from them but we spend little to no time discussing whether utility is an adequate concept of value and welfare. It seems even more absurd that we can have a field entitled 'welfare economics' and insist that questions about values are obvious or subsidiary.

(6) It fails to adequately train students to have many of the skills that are vital to succeed in the working world.

Tutorials consist of copying problem sets off the board rather than discussing economic ideas and 18 out of 48 modules have 50% or more marks given by multiple-choice. Only 11 out of 48 modules even include the words "critical", "evaluate" or "compare" in learning objectives. The consequence is an economics education that trains students to digest economic theory and regurgitate it in exams, but never question the assumptions that underpin it. This means that the development of skills such as written communication, explaining economic concepts to non-specialist audiences and problem solving are grossly underdeveloped. Another key skill that is missing from our economics education is judgement. 'Judgement consists in choice: in recognising why one explanation of the phenomena is superior to another'; why one line of reasoning leads to misleading results and another to illuminating results; 'and why in the light of evidence this, and not that, explanation should be preferred' (Freeman, 2007, pg. 11).

(7) It doesn't place emphasis on developing the tools to be able to critically evaluate economic theory and the lack of pluralism prevents critical comparison.

The student is not taught the tools that are needed to be able to judge which abstractions are defensible and which are not and which reasoning is preferable. Students are penalised for considering variety and rewarded for reproducing existing thought by rote, since overwhelming priority is given to demonstrating the ability to apply a prescribed, allegedly homogeneous theory. Science consists in testing theories against evidence to determine which is best but the state of affairs outlined in (1) and (2) above prevents this (Freeman, pg. 10).

The result is that 'economics' as it is currently taught unjustifiably emphasises its scientific status. We have already seen a common objection to our society is that only mainstream economists do 'real' economics. Some economists go even further and argue that economics is inherently better than the other social sciences (Lazear, 1999).

Not all economists are prone to such bravado, but we do believe that in general they do not do enough to teach students about its limitations. This is linked to and reinforces the broad outcome of teaching economic theory as truth, which comes to the surface when economic ideas are communicated to non-economic audiences with the implicit assumption that the economist is necessarily right. Such thinking is demonstrated in popular books like *Freakonomics*, *The Undercover Economist*, *The Accidental Theorist* and *The Economic Naturalist*. If economics education entailed a greater appreciation of the ethical, historical and political foundations of the discipline, an appreciation of alternative approaches and a more evidence (less axiom) based approach, we believe this would go some way toward alleviating these problems.

Section 2: Analysis of core micro and macro modules

The University of Manchester provides 12 undergraduate micro and macro modules which make up a quarter of modules available. These modules are the backbone of an undergraduate economics degree at The University of Manchester. All economics students do first and second year modules and the vast majority do third year modules. An analysis of these modules provides evidence of the problems with economics education we identified in Section 1. We use the notation (Section 1 (x)) to highlight when our analysis corroborates the arguments in the previous section, where x represents the specific point. This analysis was compiled using the module course outlines, past papers and in some cases our own experiences of the modules.

First year:

ECON10041 Principles of Micro and ECON10042 Principles of Macro (For those without A level economics), ECON10081 UK Micro and ECON100082 UK Macro (For those with A level economics).

- 100% of marks awarded by multiple choice exam for both Principles modules in first year.
- UK Micro and Macro have 90% awarded by multiple choice exams and the other 10% is an essay. However, this essay is only 1,000 words long and students get 100% for handing it in on time. This means that many students don't widely research the topic or fully engage with the material.

Micro and Macro Principles are a delivery of neoclassical theory and students are expected to learn the theory by rote. There is no mention of what school of thought is being taught or that there are any other schools of thought. It is presented as facts about the world which leads to the possibility of students believing that these ideas represent indisputable truths (Section 1 (1)). Keynes is mentioned briefly in Macro Principles but the ideas presented are actually those of John Hicks and his version of Keynesian thought, rather than of Keynes himself. There is no time given to looking at the underlying assumptions in either

of these two modules, very little real world application and no historical context as to where these ideas came from (Section 1 (2), (3) and (4)). Apart from the odd mention of economic growth in China and hyperinflation there is no proper analysis of how the theory taught is applied to these examples. The most concerning thing is the complete lack of critical engagement and opportunity for the students to discuss what they are learning. Tutorials comprise of working through problem sets and there is no opportunity to discuss the material in any real depth with the teaching assistants and lecturers (Section 1(6) and (7)).

In UK Micro and Macro the multiple-choice structure of both exams rewards the ability to regurgitate textbook information, and fails to encourage students to think analytically about economic problems. Students become disillusioned with the wider challenges of economics and are immersed in learning a set of diagrams and equations. Furthermore, according to the mark scheme in UK Micro, marks are awarded for mentioning all the pricing theories which are taught but if a student provides an in-depth discussion of the economic implications of one or two pricing theories this goes unrewarded. In-depth analysis of theories shows a much greater economic understanding but is disregarded in place of the ability to repeat given information. This is a missed opportunity for students to learn skills of critical reflection (Section 1(6) and (7)). This system of memorising information to pass an exam leaves students with fragmented 'bits' of theory rather than a solid base to build economic knowledge on.

Second year:

Micro IIA and Micro IIB. Macro 2A and Macro 2B

- Micro IIA and IIB both have multiple choice final exams, worth 67% and 70% of the module respectively. Both have a midterm exam: for IIA it is a collection of short essay questions (33%), while for IIB it is a mathematical exercise (30%).
- Macro IIA only has a final exam, which is 50% multiple choice and 50% a mathematical exercise. Macro IIB is 30% a multiple choice midterm exam and 70% a final exam which consist of mathematical/diagrammatic/logical derivation of key theories.

There are similarities between Micro IIA and Macro IIB: both consist solely of deriving neoclassical theories with optimising agents, using words, algebra or diagrams (Section 1(1) and (3)). Similarly, Micro IIB and Macro IIA both consist of using neoclassical theory to solve mathematical problems and possibly being asked to comment on the “economic intuition” behind the results you get. Again this fits the problem as set out in Section 1(1) and (3), but it also fits (2), as no attempt is made to discern *whether* the theory learnt is relevant or not. All modules lack the elements raised in Section 1(4) and 1(6), and thus students are left with only abstract theories and little knowledge of where they came from, when it is appropriate to apply them or how to explain their implications to a general audience. There is a small effort to do the latter in a Macro IIA tutorial, but it isn’t a significant part of the course.

Third year:

Micro III (20 credits), Macro IIIA, Macro IIIB and Advanced Macro. BA and BEconSci students are not currently given the option to write a dissertation.

- ECON30600 Micro III: Semester 1 has one formative essay during term time and the final exam is 2 essay questions (100%). Semester 2 is a midterm essay (33%) and a final exam (67%). The course uses the concept of rationally optimising individuals to understand a variety of types of markets: insurance, information asymmetry, public goods and more. The explanations are generally diagrammatic and/or mathematical.
- ECON30611 Macro IIIA: 90% final exam, 10% midterm essay. Both of these consist largely in deriving a mathematical model and commenting on its policy implications.
- ECON30612 Macro IIIB: 90% final exam, 10% midterm essay.

Micro III and Macro IIIA highlight a number of issues set out in Section 1. There is only one type of model taught (even if it has numerous iterations) (Section 1(1)), while students are simply required to regurgitate the taught models (Section 1(7)), and the models are taught deductively (Section 1(3)). Section 1(5) is particularly relevant for Macro IIIA, as it discusses the ‘correct’ policies for central banks to pursue. The lecturer repeatedly implies that elected politicians cannot be trusted as they are opportunistic and so central banks may need to be independent. What of the ethical implications of separating policy from

democracy? Or of the political debate surrounding the motives of politicians (e.g. Lewin 1991)? If economists claim that such debates are outside the domain of economics, then economics should refrain from commenting on policy at all.

It is true that Microeconomics III discusses some of the problems with expected utility theory, but this begs a few further questions: why, if the theory is so obviously wrong (which seems to be implied), should it be taught at all? Why is it at least not presented alongside some alternatives? Why not, as we argue in (Section 1(3)), lead with *actual studies* of how people make choices in the face of risk and go from there?

Summary

We believe that an analysis of the core Micro and Macro substantiates all of the flaws we identify with economics education at Manchester in Section 1. The subject matter, teaching approaches and style of examination we have highlighted in this analysis are broadly reflective of all the economics modules at Manchester. There are exceptions and differences between modules of course and we hope to follow up this report with further analysis of economics modules. Despite these differences, the broad norm is for examinations to require regurgitation of theory as reflected by the prevalence of multiple choice exams, highlighted in our core Micro and Macro analysis. All in all 18 out of 48 modules have 50% or more of the mark graded by multiple choice examination and 9 have 90% or more.

We do know that in the first year 'Studying Economics' module (only open to BEconSci students) students have to do a presentation on an influential historical economist. However, each group only covers one economist which is not enough to give students a coherent picture of the historical context of economic theory. The modules 'History of Economic Thought' and 'Property and Justice: From Grotius to Rawls' do significantly differ from the core Micro and Macro modules but they are third year optional modules. This means that, as these two new topics are introduced at the last stages of the degree very few economics students are prepared to take them. The subject matter and teaching approach is unfamiliar and so presents a great risk when students are trying to ensure as high mark as possible in their final year. The development stream of modules does cover some alternative theories and is more applied to the real world. One learning objective in

Development Economics 3, “evaluate critically the rise of FDI and TNCs and their role in the development of emerging market economies” is conspicuous as one of the few exceptions to the general norm. A central objective of economics education reform at Manchester must be the core Macro and Micro syllabus, as it is currently deeply flawed and yet also the backbone of all economics degrees.

Section 3: The formation of the status quo and its reproduction

“He who knows only his own side of the case doesn’t know much about it. His reasons may be good, and no-one may have been able to refute them; but if he is equally unable to refute the reasons on the opposite side, and doesn’t even know what they are, he has no ground for preferring either opinion.”

John Stuart Mill, *On Liberty*

As little as 15 years ago the Economics Department at Manchester had a considerably wider range of professors who self-identified with different economic paradigms and had very different research agendas. This led to a far more eclectic undergraduate syllabus with modules such as comparative economic theory, comparative economic systems and alternative perspectives on developing economies being available for students to study. The Economics Department has radically changed in composition in the last 15 years and it is these changes that are the root cause of many of the problems we outlined in Section 1.

The Power to Define what is and isn’t Economics

The Research Excellence Framework (REF) and academic journals have the power to define what is and isn’t economics and within that, what is good economics and bad economics. REF determines how much research funding each university gets and is a label of research prowess. Every four years a panel of leading academic economists grade departments on the basis of individual publications whose academic quality is inferred from the status and ranking of economics journals. The problem is that there are no recognisably heterodox

economists on this panel and that the grading is done behind closed doors with only departmental ratings published. The outcome of the REF rating process is to elevate the neoclassical framework to the standard by which all economics research is judged. Departments and individual lecturers are forced to respond to the definitions of economics set by these bodies. Universities push economics departments to improve their research rankings, which in turn increases research funding and the University's prestige. All academics will be familiar with the pressure to produce publishable work as the primary indicator of their academic quality and a significant determinant of their career progression. This means that academic economists must work with neoclassical assumptions and methodology if they wish to secure academic tenure and advance within the leading economics departments.

The Great Narrowing

The Department at Manchester is becoming more homogenous over time. As non-mainstream Manchester professors have retired from expanding departments they have been replaced by young recruits. These recruits represent a narrow range of mainstream economists who had been published, or were more likely to be published, in the mainstream American Journals (Big 5: AER, Chicago etc). This homogeneity puts the Department in the position of not having the capability to teach other schools of thought or history of economic thought. As mentioned above, this year the professor who taught history of economic thought was unwell and Manchester had to cancel the course. In one of the biggest economics departments in the country it is shocking that only one professor is willing and able to teach history of economic thought. This narrowing process reinforces itself; now many young lecturers and teaching assistants aren't able to facilitate critical discussions including alternative economic perspectives in tutorials because their economics education has lacked those elements.

This monoculture also makes it easier for professors to believe that their way is the only way to do economics or at least that it is the only valid way which in turn justifies its status as the only kind of economics taught at our university. Many of our lecturers sincerely believe that the economic paradigm their methods represent is the only legitimate way of

doing economics. The academic costs of these beliefs are high. There is a culture of active hostility towards professors who don't follow the dominant desirable research agenda. One recently retired professor from Manchester reported to us how he was told by another member of staff that he would be left to "wither on the branch". Another professor described the process he had been through elsewhere in another university economics department as an "ethnic cleansing". The recruits which replace them are young and orthodox products of a PhD system dominated by orthodoxy economics. This has created a diaspora as non-mainstream economists at Manchester have been stripped of their titles as economists and pushed out to peripheral positions in development studies and such-like while various kinds of heterodox political economy have taken root in the business school, politics, geography and history departments.

This process is supported by the technicalisation of mainstream economics. In the mainstream of economics, quantitative methods and algebraic formalisation have supreme status whilst qualitative approaches are deemed inferior. This makes it easier to identify and isolate those economists whose research programmes do not follow the prescribed technical approach and to argue that political economists in the business school or geography are not doing economics. A move to separate normative and positive economics has been pushed to its logical conclusion with normative economics disappearing and the discipline claiming it is 'value-free' and 'neutral'. It is also the process that has allowed economics to cut itself off from communication with other social sciences such as political science or sociology while claiming superiority over them.

Section 4: Responding to arguments against change

We already teach Marx and Keynes, both of whom provide different ways of doing economics

Our critics have attempted to caricature our society as demanding "more Keynes and Marx". However, our argument is far broader: we are calling for an evidence based, pluralistic economics education. We can use the treatment of Marx and Keynes in

the syllabus to demonstrate that the way that thinkers are taught is just as important as their presence.

Marx is the subject of a presentation done in first year by BEconSci students though each student is assigned a different economist so only one group will actually study Marx. He is also present on the history of thought course. The key point is that any reference to Marx is compartmentalised from the economic theory proper and his contribution is judged to be historical and now superseded (he is given some time in developmental economics modules though these are the exception).

We argue that it would be far more valuable to use Marx's theories of crisis, exploitation, class struggle and the reserve army of unemployed as a lens through which to understand business cycles, income distribution and the labour market. For example, pedagogically useful comparisons can be made between Marx's argument that Capitalism needs a certain level of unemployment to operate and the Non-Accelerating Inflation Rate of Unemployment (NAIRU) which suggests something similar but takes a very different normative perspective.

Teaching of Keynes in mainstream economics is not really Keynes. It's John Hicks, who developed IS/LM independently in debates with Dennis Robertson and other economists during the 1920s, well before the general theory was published (Tily, 2010). The 'Old-Keynesian' Phillips Curve also had nothing to do with Keynes, who emphasised the role of expectations in his work. Students at Manchester are not exposed to Keynes' theories first hand and are definitely not exposed to modern post-Keynesianism, which has developed and built on Keynes' framework substantially.

Some would argue that poring over old texts is not the proper way to do a social science, and we agree to an extent. We only wish that particular thinkers' theories be taught insofar as they are relevant, and we think that these theories should be presented in their historical context where possible. Given that the field of

economics clearly hasn't found all the answers someone like Keynes can clearly contribute to that search. It may be wise to teach thinkers from original texts if one wants to access their ideas rather than relying on watered-down impressions.

There is no such thing as neoclassical economics; there is simply the science of economics and everything else is either bad economics or a different discipline

This criticism stems from the conflation of the neoclassical economic paradigm, as it exists at this point in time, with economics as a discipline. Heterodox economics may be bad *neoclassical* economics – by definition, it employs different assumptions, methodology, and definitions. However, it is not necessarily bad economics. Even if neoclassical economics is better, it must still be challenged in economics education by other theories. Academic progress often comes from overturning existing accepted wisdom and norms. If neoclassical economics is conflated with economic truth then this leaves little room for falsification and debate.

Economics cannot be a science in the normal sense of the word, as it deals with people. This means that (a) repeated experiments are not possible; (b) the object under study will interact with the observer; (c) conscious actions – whether of policymakers or economic agents themselves - are involved, and these actions will affect the action of others, making moral questions inescapable.

The fact that mainstream economists wish to define their approach as *the* approach does not make it so. In fact, neoclassical economics can be easily identified not as a 'scientific' enterprise (which, on its own terms, would entail far more focus on falsification) but as a particular methodological approach. Numerous attempts have been made to do this (Arnsperger & Varoufakis, 2006; Lawson, 2013). The basic framework boils down to individual agents making choices under conditions of scarcity, interacting through markets to produce an equilibrium outcome. There is a degree of disagreement over this definition, and it is doubtful that any concise set of properties could hope to define *every single theory* taught, endorsed or researched

by mainstream economists, but the overwhelming majority of theories do seem to fit this definition.

There are however, alternative approaches. Indeed, we have been running a lecture series on heterodox economics, having already covered institutional, ecological, Austrian, feminist and post-Keynesian economics. These perspectives represent alternatives to neoclassical economics rather than deviations from or exceptions to it. They proceed from a different level of analysis than individual agents and/or emphasise different phenomena than preferences as crucial for understanding economic processes.

Economists are very critical and we teach students to be critical

There are indeed debates in mainstream economics which involve criticism, but these are limited, largely relate to policy and never disrupt the 'neoclassical' or marginalist framework outlined above. The philosopher of science, Imre Lakatos, discusses how scientific communities attempt to reproduce themselves: by allowing dispute at the periphery of the paradigm while attempting to protect the core of the paradigm from challenge (Keen, 2011, pp.406-7). A University of Manchester lecturer demonstrates this in his 'open letter' to our society, first stating that "there is a lot of disagreement among economists about pretty much everything", then going on to acknowledge that "economists do generally agree on some things."

At the moment these "things" which include methodology, assumptions and the objectives of economics are implicit and unquestioned in economics degrees and the wider discipline. We argue that the economics students should be taught about the core of the neoclassical paradigm in a critical environment and that they should also be taught a number of alternative approaches.

There is a toolkit that you need to learn and there isn't space to do other things.

We understand that when you study a subject at degree level, you should be required to explore it in depth. However, we believe that instead of every student simply gaining a thorough and in-depth understanding of abstract macro and micro theory, they should all be given a good, empirically oriented grounding in various economic theories, and then have the option to pursue, in depth, the area of economics they choose. The vast majority of undergraduates are not going to go onto higher studies and so tailoring the degree towards the most abstract theory is illogical. Instead, the rigorous formal development of micro and macro theory can be confined to optional modules for those who wish to pursue higher education further.

On top of this, economics degrees actually contain a surprising amount of unnecessary material. There is repetition across the modules: there is a lot of crossover between microeconomics and business economics – for example, game theory models of oligopoly are covered in similar ways in business economics IIA, mathematical economics I and business economics II. UK Microeconomics as a whole is very similar to business economics IIB, something pointed out by one of our tutors. Micro IIA, IIB and III cover a lot of the same ground with respect to utility theory.

Further, in the words of academic economist Michael Joffe, economists teach “theories now known to be untrue” (Joffe, 2011). These include: the U-shaped cost curve (and marginalist pricing in general), expected utility theory, Real Business Cycle explanations of recessions. In our experience, lecturers often note in passing - or if questioned - that these theories are not particularly illuminating, yet they remain on the curriculum.

You get to criticise economic theory at a post-graduate level. It is too complicated to cover at undergraduate level

This is completely unacceptable. Many economics student never go on to post-graduate level and can leave university believing that the economic theory represents uncontested truth. If economic theory is too complicated for undergraduates this has disturbing consequences for the public who must accept economic policy because it is too complicated to criticise. However, we deny that this has to be the case.

Our economics education is restricted by its use of the neoclassical framework as the only starting point. Neoclassical models are built from a highly abstract, reductionist perspective and the maths gets very complicated very quickly once major assumptions are dropped. Alternative approaches include modelling aggregate variables and flows between sectors, or class (bargaining power) models of income distribution, or basic cost-plus rules for pricing. These approaches can be used to address perceived inadequacies without making things overly complicated.

Economics is more popular than ever and the salary and employment prospects of our graduates are consistently high. This shows that we are teaching the right content in the right way

Looking through the UCAS applications for economics degrees, a couple of things stand out. First, there is a sharp jump from 2006 to 2007, possibly because books like *Freakonomics* and *The Undercover Economist* became popular. Second, the number is roughly stationary until 2009, where there is another sharp jump, possibly attributable to the crisis. Both of these facts suggest there is a strong interest in economics as a field, but this says nothing about the popularity of the substantive content of economics degrees. In fact, we believe that for a substantial number of students there is a large gap between their expectations of economics and the reality of their degrees. This is evidenced by the popularity of our society and the growth of similar student societies across the country. We believe there is a silent

majority whose expectations aren't met but who are just told 'this is what economics is'. These students just have to get on with doing it because they have no obvious alternative. For students making university choices there is highly imperfect information on content as most prospective students won't understand technical course guides and the top universities all provide a nearly identical product in the shape of their economics degrees. There is little real choice or information upon which to make a choice and a lack of competition as a result. To compound matters students cannot just return their products if they don't like it as the costs of this decision are huge in terms of fees and housing costs foregone. As a result high applications to do economics cannot be used to demonstrate that students are happy with economics courses.

Likewise, relatively high employment and salary rates cannot be used to demonstrate that employers are happy with economics students and that economics degrees adequately prepare students for work. A report commissioned by the Bank of England demonstrated that a majority of employers were concerned about economics graduates ability to communicate economic ideas to a non-specialist audience among other things (Pomorina, 2012). Economics must train students to develop this skill along with others such as critical judgement and problem solving because without these, economics is just a significantly worse engineering, maths or physics degree. In difficult economic times for all graduates and rising fees for students, it isn't good enough to claim that enough is being done to prepare graduates or the working world when our analysis, along with that of the Bank of England's, shows that there are significant areas for improvement.

We try to talk about applying theory to economic phenomena but students just aren't interested. They just ask whether it is on the exam or not.

This highlights why any change needs to be fundamental and structural, not just tacked on to the end of courses or as a couple of optional third year modules. If students have the majority of their degree evaluated by multiple choice questions

and quantitative exams, where there is a good possibility of getting a high first, they will shy away from writing essays or reports, where it is more difficult to get a higher mark and where the skills they need to achieve these marks are conspicuously underdeveloped. If a good proportion of the course is necessarily essays, reports and presentations, and if a dissertation is mandatory, everybody is in the same boat and it saves a race to the bottom.

Your problem is with macroeconomics; most of us aren't even macroeconomists

As our name implies, we believe the 2008 financial crisis represents a major failure of macroeconomics. However, this doesn't mean our criticisms are limited to macroeconomics. For one, it can be argued that many of macroeconomics' problems stem from its 'microfoundations', which rely on problematic microeconomic concepts such as utility, capital, market clearing and so forth (Keen, 2011). Second, there is the problem that microeconomics and macroeconomics are intrinsically linked, and not just in the direction of the former to the latter: for example, since people demonstrate higher risk aversion in recessions than in booms, can we talk about their utility functions without discussing the macroeconomic environment in which they are operating? Third, regardless of the crash, there has been vigorous debate about microeconomics as well as macroeconomics for some time and it is important that students understand the areas of contestation and have the tools to be able to evaluate competing microeconomic theories.

Section 5: The compelling case for reform

So far we have set out that there is an urgent and vital need to address problems with economics education at Manchester. In this section, we will attempt to demonstrate that this responsibility falls on the University of Manchester as a whole and not just the Economics Department. We strongly believe that this is an issue which the University must

address seriously and robustly. The current state of affairs represents a stain on its reputation and will cause the University long-term reputational and academic damage if it isn't remedied.

Crucially, the University's current plan for improvement in the future does not address these problems. It has prioritised research in its 2020 strategy in the belief that improvements in research improve undergraduate degree standards and teaching quality. The University's strategic aim to achieve an 'outstanding learning and student experience', is often framed in terms of making research more central to teaching i.e. to 'promote research-informed teaching by embedding research in teaching' (University of Manchester, 2011, pp12-13). However, in the case of economics we have argued that the University's research driven focus has been hugely detrimental to teaching standards and to the quality of economics education as a whole. Therefore, Manchester must develop and implement an alternative strategy to improve the quality of economics education. Conversely, if Manchester can improve economics education it can become one of the most desirable places to study undergraduate economics in Britain. The University has an obligation to change but this responsibility also presents a massive opportunity. Curriculum reform at Manchester can make a real difference to the future of economics and contribute to knowledge which can aid human progress.

Teaching Standards

The University of Manchester has set out what it believes the purposes of an undergraduate education are in the Manchester Matrix. This document sets out standards for what students should be taught and what skills and qualities they should have when they graduate. We argue that economics at Manchester falls a long way short of many of these standards and that the University has a pressing responsibility to take action to ensure that it does meet these standards as quickly as possible.

The Purposes of a Manchester Education	Graduate Attributes	Assessment Criteria	How economics education falls short
1. To develop critical thinking and higher order conceptual reasoning and analytical skills	Manchester graduates will have been encouraged to develop their intellectual curiosity, will have learned how to learn, will have a clear grasp of the fundamental differences between fact and opinion, truth and falsity, validity and invalidity, and will have acquired the basic intellectual tools of logical analysis and critical inquiry.	Logical reasoning Analysis Synthesis Evaluation	Students are penalised for considering variety and rewarded for reproducing existing thought by rote, since overwhelming weight in teaching and examination is given to demonstrating the ability to reproduce a prescribed, allegedly homogeneous theory. This approach devalues “intellectual curiosity” and “critical thinking”, it fails to give students the tools to distinguish between good and bad theory.
2. To promote mastery of a discipline	Manchester graduates will have mastered the epistemological, methodological and essential knowledge base of at least one discipline or taught in the University, acquiring a basic understanding of the processes of inquiry and research through which existing paradigms are evaluated and new knowledge created in that discipline or disciplines	Knowledge Epistemology Methodology Comprehension Application	The neoclassical analytical and conceptual framework is elevated to the object of study of economics and other branches of economics are defined out of the discipline. This necessarily prevents mastery of economics as a whole. Likewise, the presentation of the neoclassical paradigm without alternatives precludes sound evaluation of its strength and weaknesses. The methodological and epistemological “processes of inquiry” are undervalued and as a result students don’t have the tools to evaluate the neoclassical paradigm or create “new knowledge”. The absence of focus on developing skills such as judgement prevents students knowing when economic theory can be applied to economic phenomena.
3. To broaden intellectual and cultural interests	Manchester graduates will be encouraged to value knowledge for its own sake, and to appreciate virtuosity and creativity, whether in art, music, science, literature or any other medium through which human discourse and human culture are advanced and enriched.	Intellectual curiosity Cultural awareness Understanding of the historical development and cultural context of particular traditions, disciplines or bodies of knowledge	The lack of real world application and economic history combine to make economic theory seem abstract, universal and rootless. As a result students have very little knowledge of the “historical development” of economics. Similarly the disconnection of economics from a broader analysis of society through institutional and sociological lenses prevents any real knowledge of “cultural context”. Promoting “intellectual curiosity” isn’t a central part of the syllabus, teaching methods or examinations.

<p>4. To prepare graduates for professional and vocational work</p>	<p>Manchester graduates in professional disciplines will have the knowledge and advanced technical skills demanded in an increasingly sophisticated and rapidly changing professional workplace, and will have been provided with opportunities to develop accompanying skills of initiative, teamwork and professional communication.</p>	<p>Professional knowledge Professional Skills Professional Qualities Communication and Team work</p>	<p>The overwhelming dominance of multiple choice and short answer questions means that students are not taught to develop strong written or oral communication skills. The lack of option to do a dissertation highlights a failure to give students the opportunity to develop research skills and independent thinking. The high level of abstraction means that many graduates have not had any experience analysing economic phenomena directly or communicating economic ideas to a non-specialist audience.</p>
<p>5. To challenge and equip students to confront personal values and make ethical judgements</p>	<p>Manchester graduates will have been provided with opportunities to develop personal qualities of independence of mind and to take responsibility for the values, norms, assumptions and beliefs that guide their behaviour as individuals and citizens.</p>	<p>Ethical awareness Grasp of ethical principles Awareness of relevant professional ethics</p>	<p>There is a distinct lack of focus on both the ethics of being an economist and the ethical consequences of economic theory. Furthermore, the values and norms economic theory is based upon are implicit because it attempts to present itself as scientific and value free. As a result students are taught not to question “values, norms, assumptions and beliefs” which fails to equip them “to confront personal values and make ethical judgements”.</p>
<p>6. To prepare graduates for citizenship and leadership in diverse, global environments</p>	<p>Manchester graduates will have been encouraged and enabled to confront their own civic values and responsibilities as local, regional and global citizens.</p>	<p>Awareness of social, political and environmental issues Sense of social responsibility Leadership skills</p>	<p>We argue that previous purposes of a Manchester Education 1-5 are necessary preconditions of being prepared for “citizenship and leadership” and that as a result of economics education fails to deliver on this aim. “Social” and “political” issues are divorced from economics proper and are removed to optional modules in other disciplines which pure economics students are encouraged not to take as they are seen as less valuable. There is a lack of opportunity to analyse philosophically concepts such as value, growth and efficiency and as a result students do not have tools to critically interrogate the “environmental” consequences concepts like growth may have.</p>

<p>7. To develop advanced skills of written and verbal communication</p>	<p>Manchester graduates will be equipped with advanced skills of written and verbal communication.</p>	<p>Ability to communicate verbally and in writing lucidly, accurately, relevantly, succinctly and engagingly</p>	<p>The overwhelming focus on multiple choice and short answer forms of examination and the lack of option to do a dissertation highlights a lack of value placed on developing economics students with "advanced skills of written and verbal communication". Furthermore the disconnection between economic theory and real world analysis and application prevents students developing a strong ability to communicate economic ideas.</p>
<p>8. To promote equality and diversity.</p>	<p>Manchester graduates will have been educated in an environment that embraces and values cultural diversity, and that is fundamentally committed to equality of opportunity regardless of gender, race, disability, religious or other beliefs, sexual orientation or age.</p>	<p>A key consideration informing the design, development, delivery and assessment of all Manchester curricula</p>	<p>The narrowness and closed nature of the Economics Department and syllabus precludes the establishment of "an environment that embraces and values cultural diversity". Opportunity is not equal when it comes to deciding which academics to hire and which graduates to offer PhDs to, but is instead based on conformity to the neoclassical paradigm we have described.</p>

Figure 1¹

Academic Integrity

The University of Manchester has a responsibility to ensure that the academic environment within the Economics Department is open and representative of the diversity of economics. It is not academically justifiable to have a department monopolised by academics largely representing one economic paradigm. This disciplinary homogeneity has many negative side effects. As mentioned the environment becomes hostile to those academics whose research agendas do not fit the dominant paradigm. Sometimes this is explicit but at other times it is more implicit and structural in the form of non-mainstream PhD students not being offered jobs or retiring professors not being replaced on a like-for-like basis. In this way homogeneity reinforces itself by driving out elements which do not fit.

As we have explained these processes are driven by the REF and the status ranking of American neoclassical journals. It also encourages complacency and arrogance among

¹ Adapted version of the Manchester Matrix available at: <http://documents.manchester.ac.uk/display.aspx?DocID=9804>

economists who are surrounded by those who work within a similar economic paradigm and employ similar assumptions and methodology. As we have shown in this situation academics can disagree and debate peripheral issues but all agree on the hard core of their discipline and are subsequently lulled into believing that the hard core is indisputably the only scientific way to do economics. We argue that the University must take positive steps to broaden the representation of economic paradigms within the Department because this is a precondition for many of the higher order, critical teaching aims the University sets itself. Until there is more diversity in the Department it won't be able to expose students to deep critical discussion and comparison of alternative and competing economic theory (Matrix purpose 1). Furthermore, economics education will certainly not be able to promote the *full* mastery of a discipline (Matrix purpose 2).

Social Responsibility

Economics is a public good. Our societies rely on economists to help manage our economies in the way we rely on engineers to build bridges and plumbers to fix boilers. Thousands of economics students each year graduate and fill positions in think tanks, policy circles, businesses, media organisations and vital economic institutions like the Bank of England, the Government Economic Service and HM Treasury.

A situation in which the vast majority of professional economists, economic commentators, politicians and academics have studied only one dominant economic paradigm is unacceptable as we struggle to manage economic crisis and achieve sustainable prosperity. As a result our society has no organised ability to critically question the foundations, assumptions and practices of the economic status quo. We find ourselves in a situation in which government, business, media, monetary institutions and academia are united in propagating a particular economic worldview which is all too often assumed to be natural or universal.

This monoculture in public and academic economics is particularly damaging because economics is a technical area which requires experts to mediate and disseminate economic analysis to the wider public. Thus, these 'experts' have huge influence over the public

narrative around the economy. National perceptions about the health of the economy are of central importance to society and political discourse.

Five years after the onset of Financial Crash in 2008, which signified a systemic crisis for mainstream economics, the public and academic debate has been marked by a distinct lack of economic alternatives or even alternative economic explanations. This crisis had an enormous effect on the lives of everyone in Britain and the world and it just illustrates the centrality of the economy to public life and national wealth. Other economic paradigms have a lot to offer neoclassical economics particularly in regard to understanding times of crisis (Minsky's financial instability hypothesis being the most obvious example). The University of Manchester has a social responsibility to ensure that future generations of economists can provide a better service to society. A discipline with a broader knowledge of alternative and competing economic theories will be more internally self-critical and more aware of the limits of its knowledge. It will thus be better able to manage the economy on behalf of the public. Economists must in an important way be servants of the public interest (Matrix purpose 6). This also returns to our earlier argument about the need for economics education to cover the ethics of being an economist and the ethical consequences of economic theory.

Major employers want graduates with skills and competencies economics education doesn't currently provide

The Government Economic Service's Deputy Director, Andy Ross, recently elaborated on the qualities he looks for². He backs up our call for greater critical thinking within economics, because it "produces better economists". He advises applicants to the GES to stay away from "dogged adherence to... a set of axiomatic rules for theoretic consistency". Yet the neoclassical paradigm within which university economics is taught does just that.

Ross also looks for candidates that are "intellectually pluralistic". He argues that economics is "improved" when exposed to other disciplines, such as "politics and international relations".

² Available at <http://www.civilservice.gov.uk/networks/ges>

The call for skills beyond those developed on a current economics degree is echoed by the 'big four' accountancy firms. Deloitte look for the ability to be "clear, expressive and concise". Yet the minimal writing demands in an economics degree today means that graduates have little experience of this.

The ability to solve practical problems is another competency required repeatedly by the firms. KPMG look for "strong problem-solvers" who are "happy to adapt". An economics degree certainly demands problem solving, but problems of a highly abstract, theoretical nature: not what these firms look for. This focus on practicality is reinforced by their calls for knowledge of current economic issues with PWC looking for those with an "understanding of current business issues". However, the lack of real-world focus on an economics degree mean this will be a rare quality amongst economics graduates.

Finally, Ernst and Young look for those that recognise "the value of different...points of view" and that by "respecting these differences we enrich our perspectives". The way mainstream economics is taught today could be said to do quite the opposite. From these remarks it's clear that reforming economics education would benefit employers. There's a sad irony in the fact that economics degrees fail to serve or support the economy. Beyond business, economics graduates' job prospects would be bolstered further, as would the University of Manchester's standing as its alumni fill positions in respected institutions such as the GES and the UK's most respected accountancy firms.

Student Demand/Student offer

We set up a petition to highlight the level of student support for our Bubbles, Panics and Crashes module being put on next year and 245 economics students at Manchester signed it in under 3 weeks. This builds on the first petition we created when we set up in 2013 which outlines what is wrong with economics education and what we want to see changed. It received 492 signatures of which 144 have identified themselves as BA or BeconSci students at Manchester and another 82 signatories study economics as part of a joint honours. The signatures on our petition show that there is significant demand for economics

education reform along the principles we outline and that the University of Manchester has the responsibility to take this demand very seriously.

Another factor that illustrates the demand for economics education reform is the large attendance at our society's events. At our first event we estimate 160 people attended and at our first lecture in our lecture series this term entitled 'What you won't learn in an economics degree' over 350 people attended. Our subsequent 'What you won't learn' lectures have attracted 60-90 students and our 'Bubbles, Panics and Crashes' module held every other week attracts about 60 students. Considering that these academic economics lectures are voluntary and not for credit, often running until 7pm or 8pm on a week night, it is quite extraordinary to have received such a high turn-out for such a high volume of events and it convincingly demonstrates a real desire among students for a broader more critical economics syllabus.

As we have mentioned previously applications for places to study economics have increased steadily since 2006. It is undoubtedly the case that a significant factor in influencing this growth has been the prominence of economic events in the news since the financial crisis in 2008. There is a real desire among students to learn about the British and international economies and understand more about how they operate in the real world and much of this focuses around the global recession. It is shocking that the only economics module to cover different theories of economic crisis alongside an analysis of real world data is the optional 'Bubbles, Panics and Crashes' module that we run and it is little surprise that it has proved so popular. Many students are embarrassed because they cannot use their economics education to explain the causes and consequences of the Financial Crisis to their friends and family. There is a real student demand for these concerns to be addressed.

Change can be positive for the University

The last powerful argument for reforming economics education is that it can be a hugely positive process for the Economics Department and the University of Manchester if it is embraced and publicised.

We have argued that while there is a growing demand for economics undergraduate education, the quality of supply is failing to meet student expectations. This is reflected in the emergence of the Post-Crash Economics Society at Manchester and similar societies at Cambridge, LSE, UCL and Essex and the many students who have got in touch with us keen to set up their own societies.

The University of Manchester was home to the Industrial Revolution and the Marginalist Revolution in economics. It is a city of innovation and open thinking. Substantial reform of economics education at Manchester would receive international news coverage and could be used to illustrate that aspect of the University and city brand. Likewise the recent University advertising campaign that centred round individuals making a difference is a template for how economics education reform can be positive. A key message to communicate would be that The University of Manchester is a world leader in improving economics education after the Financial Crisis and through its core academic values is preparing tomorrow's economists to be able to confront the challenges of the future.

The Economics Department would also improve as a result of reform as argued in the section on academic responsibility above. The economists in the Department would have a more interesting, pluralist environment to work in because they would be working alongside economists who employed fundamentally different assumptions and methodologies. Likewise it is probable that the cross-fertilisation of these ideas would produce better academic work from both mainstream and non-mainstream economists alike.

Finally reforms would improve the student experience and skills of economics undergraduates at Manchester. These arguments don't need repeating here. We sincerely believe that the arguments we are making in favour of reform can be used to benefit the whole University and cement its reputation as a world leader.

Section 6: Real constraints to change at Manchester

We understand that lone universities and lecturers face significant institutional, economic and cultural constraints. How can you change the syllabus if that means undergraduates won't have a chance of studying further at Oxbridge? How can you make the degree less quantitative if that means students will have less chance of getting a job in the City of London? How can you make *any* changes if regulations or funding considerations prevent you from doing so? While we can see there are real and significant constraints to change they are not insurmountable. The University has a pressing responsibility to support the Economics Department in taking steps to remove or sidestep these constraints to reform.

Research Excellence Framework

There is a widespread assumption that better research ratings equals better quality of the undergraduate degree offered because students will be taught by academics who are at the cutting edge of their field. In the case of economics at Manchester the pursuit of higher research ratings for prestige and funding has exacerbated the problems of economics education. The University must develop an alternative economics strategy which allows the Economics Department to continue to pursue good REF scores while hiring some top quality non-mainstream academics. One method is to set out a number of non-mainstream posts within the Economics Department that must be filled by academics who are able to fulfil a broader range of teaching roles including non-mainstream economic theory and history of economic thought. These academics could then be entered into the REF panels for different disciplines so that they were still valuable to the University's overall ranking. However, as we have illustrated above, individuals within the Department sometimes see their approach to economics as the only legitimate one and consequently would not hire a non-mainstream economist given the choice. Because of this we feel it is important that the creation of criteria for hiring new staff is not left solely to the Department. This is vital if Manchester is to ensure that academics who don't follow the dominant research paradigm are not to be discriminated against.

Lack of Resources

We are told that part of the problem is resources and that the fees from economics students are used to subsidise other courses at the University. However, we haven't been given access to the financial records of the Economics Department and School of Social Sciences and so we cannot judge to what extent a lack of resources is a constraint on curriculum choices and teaching style. We are told that funding pressures are partly responsible for large classes, multiple choice exams and the lack of option to do a dissertation. If this is the case then the University has an obligation to ensure that the Economic Department has enough resources to address the concerns we are raising. It is not acceptable to continue using the economics courses at Manchester as a cash cow to fund other courses and building projects until substantial improvements to economics education have been made, particularly when economics students are now paying £9,000 a year.

Making sure that graduates have the opportunity to do masters at the top universities

We believe that the more abstract theoretical and mathematical modules should still be available, but would be optional courses for those truly interested in pursuing economic theory. Perhaps then, it would even be possible to make them harder and hence prepare future academics for difficult post-graduate courses. As an undergraduate going on to work in the City or in the GES is it really necessary to know the axiomatic foundations of consumer and producer theory to understand demand-supply? The University certainly doesn't do this for econometrics, skipping over the theory for undergraduate purposes, and it seems to work well. Instead students should be given an empirically oriented grounding in various economic theories, and then have the option to pursue, in depth, the area of economics they choose.

Tailoring the degree towards the most abstract theory does not make sense as the vast majority of undergraduates are not going to go on to become academic economists. Instead, the rigorous basics of micro and macro theory can be confined to optional modules for those who wish to pursue higher education further; in fact, this would possibly serve as

an opportunity to make them more rigorous and hence better prepare students who intend to pursue a graduate education at top institutions like Oxbridge.

However, this cannot be an excuse to cut off an elite group who will go on to become academic economists from the rest who have a broader but, as some of our lecturers argue, a less rigorous and inferior economics education. We believe that the University's flagship economics course needs more of a focus on the politics and ethics of economic theory as much as, if not more than, everyone else because its students will be the guardians of economic progress in the future. It is irresponsible to teach this group one approach to economics as if it was the only one. Whatever path economics students take it is essential that they are exposed to critical and pluralistic economics because of the benefits this has to both their own education and to the future of the discipline.

Lack of broad expertise in the Department

As we have highlighted there is now a monoculture in the Economics Department at Manchester meaning that the Department will find it difficult to reform in the way we are asking. It also means that our economics education becomes steadily narrower over time. This year the Business Economics 2 module changed lecturer and the content which covered alternative theories of the firm and competition was relegated to the optional reading by the new lecturer. What broadness of approach, real world application and critical slant there is in economics education at Manchester is related to individual lecturers rather the Department policy. When these individual lecturers leave or are on sick leave, as in the case of History of Economic Thought and Business Economics 2, the content is often revised to fit more closely with the rest of the modules or the module is just scrapped. This is why we have highlighted the importance of ensuring that non-mainstream professors are hired by the Department who have teaching capabilities that no one else in the Department has.

Section 7: Principles of a Post-Crash economics education and some practical reforms

“The master-economist must possess a rare combination of gifts.... He must be mathematician, historian, statesman, philosopher -- in some degree. He must understand symbols and speak in words. He must contemplate the particular, in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must be entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood, as aloof and incorruptible as an artist, yet sometimes as near to earth as a politician.” J.M. Keynes

Principles of reform

At the moment there is a monopoly on what is and isn't economics and within that, what is good and bad economics. This isn't justifiable and is damaging for the many reasons we have outlined. The burden of proof is now on our professors to justify the neoclassical monopoly on economics education or to accept that it should once again be opened to competition and debate. Contestation and fundamental disagreement should not be organised out of the discipline as it is a vital part of academic practice and progress. It is also a vital part of undergraduate education.

While we believe that economics should be more open it also shouldn't be that anything goes. This raises the question of what standards should be used to distinguish good economics from bad and thus to decide what economic theory is taught. This is of course a tension that is a part of any discipline.

Students must always be exposed to more than one economic paradigm. This is because in economics, as in other social sciences, theory plays a performative part in influencing reality. If the vast majority of economics students believe that neoclassical economics is all that there is to economics then in a sense that becomes true and possible alternatives are closed off. Any dominant school of thought in economics needs to be constantly scrutinised

to ensure that it retains its predictive and explanatory power and the only way to do this effectively is by holding it up against other schools of thought which dispute the fundamentals it is built upon. Milton Friedman argued that *“there is no such thing as different schools of economics; there is only good economics and bad economics”* This is a clever tactic for organising out schools of thought that do not fit with your definitions of reality, assumptions, methods and objectives and the result is a bad academy. Learning about many schools of thought side by side and in conversation with each other is the only way economics students can reach what is currently below the surface. A critical comparative approach gives students the opportunity to think about how well theories can explain and predict external economic phenomena, what values they are based on, whether they can justify their assumptions and how they differ in core definitions of things like the purpose of economics, markets, states and agents.

We would like to see an economics education which begins with the study of economic problems. In this approach the economic phenomena are outlined and the student is given a toolkit and must evaluate the strengths and weaknesses of how different theories explain different phenomena.

A core objective should be to introduce disciplined eclecticism which is the principle that different models and theories can be applied or are most useful in different situations. A substantial level of pluralism in economics education, defined as a consideration of a variety of theories before forming judgements, is a necessary condition for disciplined eclecticism. On this view economic theory is not universally applicable and much depends much on institutional, historical and social contexts.

There are a number of ways that the University of Manchester can embed pluralism as a key principle of economics education as outlined by the Economics Network (Mearman 2007, pp.7-27). One option is to introduce alternative economic paradigms into current modules or to add modules which focus on an alternative schools of thought such as post-Keynesianism. Another option is to develop competing perspectives modules which cover various economic phenomena (such as inflation and unemployment) and explores how

different paradigms seek to explain them. These approaches all have varying merits and deficiencies including how easy they are to implement. Economics reform at Manchester will involve experimenting with possible solutions and working closely with student input.

Another crucial part of this toolkit is knowledge of institutional power structures and politics. Economic analysis must take into account power and politics or it risks, as Ronald Coase famously argued; only being fit to model “individuals exchanging nuts for berries on the edge of the forest”.

Both the ethics of being an economist and a consideration of the ethical consequences of economic theory are vital part of the Post-Crash economist’s toolkit. Economists work closely with the powerful, but yet must also be public servants and this creates potential conflicts of interest. Economists have huge influence in society and in shaping political discourse and with that influence come significant ethical questions. For example what happens when the market-clearing wage is below subsistence level? Does anybody have a responsibility to prevent this happening and if so who? These ethical questions are a fundamental and intrinsic part of economic theory and should be woven into the fabric of core modules not marginalised in non-economic optional modules.

The philosophy of economics ought to be a central part of core economics modules. Key economic concepts such as value, efficiency, growth and the economic man must be discussed beyond just cursory definitions. It is also vital that students are taught about key theories in the philosophy of social sciences such as those of Popper, Kuhn and Friedman. Which assumptions are justified in a scientific theory and how rigorous must the ability to falsify a theory be? What are the virtues and flaws of different methodologies and how can we choose a suitable approach to fit our needs?

History of economic thought and economic history are essential for students to be able to evaluate the quality of economic theory. To understand the historical development of a particular model or economic paradigm provides an invaluable insight into the problems it was designed to solve and how context influenced its formation. This is a vital

counterweight to the hubristic belief that economic theory can represent universal truth and the refusal to recognise the limits to our knowledge. Economic history is vital for all economics students because history offers many important lessons for the discipline. For example, an analysis of historic crashes from the Tulip mania to The Great Depressions gives the modern economist the context in which to understand our present economic systems.

All of the elements above are required for students to be able to be critical and aware of the limitations of the discipline. Critical theory requires that the practitioner examines and lays bare the presuppositions of a theory and to do this it must evaluate the choice of assumptions, methodology and wider contexts both historical and present. If the modernist enlightenment impulse is to try to know everything, or to know with certainty, economics must be a bit more humble and recognise the complexity and uncertainty in economic systems and human behaviour.

Economics degrees are currently designed for the tiny fraction of students who go on to become academic economists not the vast majority who go on to professional work. Thus undergraduate degrees attempt to provide the toolkit students need to be an academic economist working within a neoclassical paradigm. We think economics education should be far more grounded in the practical reality of our economy and economic life. Can an economics graduate read and engage with Financial Times articles? Can they read the national accounts? Do they know what data the ONS releases on the economy? Can they interpret and analyse that data? Can they use their economics knowledge to analyse economic events in the news? These are the questions we should be asking.

There is a self-filtering mechanism that leads students towards picking optional modules that complement and reflect pedagogic norms set in the core micro and macro modules. After the first year Macro and Micro modules which are quantitative and multiple choice, students then choose modules in later years which reflect that content matter and style of examination. Thus 'History of Economic Thought' and 'Property and Justice' are chosen by very few students. This is compounded by the fact that you can only get 70-80% in essays and you can get up to 100% in quantitative exams. This could give the impression that

quantitative and multiple choice modules are intrinsically more popular and encourage their growth. For this reason substantial changes need to be implemented from the start of the degree so that critical and communication skills can be developed from the outset. It is important that changes are not confined to optional modules in later years but are woven into the core modules throughout the degree. By making them optional the burden is placed too highly on individuals to take the hard or unfamiliar route thereby exposing them to unfair competition with other students who can pick up easier marks in familiar quantitative multiple choice modules.

Short-Term Reforms

- Utilise the capabilities of academics that research alternative economic perspectives in the Manchester Business School, International Political Economy, Geography and History to put on non-mainstream modules. There are templates with the existing University College program and LSE 100. This is only a short-term solution as changes really need to happen within the Economics Department. If they do not take place inside the Department, other ways of doing economics will continue to be defined as something other than economics.
- Utilise the Department's limited capability to teach non-mainstream economics. The optional, not-for-credit module we've been running with a staff member in economics should be put on for credits next year. 'Bubbles, Panics & Crashes', teaches first about the history of financial crises and then about competing interpretations of these. The module encompasses general historical trends, key mechanics of the financial sector and policy debates as well as theory.
- Train teaching assistants to be able to facilitate discussions in tutorials. Problem sheets should have to be done before and linked to assessment to make sure they are completed. This means that students will develop an understanding of the field through an on-going process, rather than saving it all up to rattle off a few multiple choice questions in the summer.
- Add three lectures onto the macro and micro modules to study critical interpretations and alternative theories. Many economics lectures end fairly early in the semester so there is definitely space to do this. In the medium term these

changes should be woven into the fabric of all core micro and macro modules and not just tacked on at the end.

- Lecturers should outline key assumptions, introduce empirical data sets and attempt to explore the methodological framework being used when teaching economic theory. This means that students will be more aware of the foundations that theories are based on and gives them the opportunity to reflect on how well each theory explains economic data.

Medium Term Reforms

We have labelled these reforms medium term because we realise that they will not happen overnight. However, we wish to see real evidence that the Economics Department are taking the steps to implement these reforms in the short-term.

- Redesign modules to phase out multiple choice exams wherever possible. Make essay writing and presentations more prominent in order to develop written and verbal communication skills. Provide substantive assessment of students' ability to engage with and criticise theory and to develop arguments for positions in which there is no one correct answer.
- Economic theory should be linked to bigger picture political social and ethical questions e.g. should governments intervene in the market? What if any are the limits to markets?
- A module similar to Studying Economics but for all economics students. Introduce landscape of different paradigms and contested nature of economics.
- Data first approach - analyse which theories explain empirical data best at different specific points.
- Map out the full economic landscape to all undergraduates. Introduce competing paradigms and major debates. Make critical tools available to judge which theories are better or worse.
- All economics students should do a dissertation. It could be a short dissertation which are 20 credits and 9,000 words. Dissertations should give students the chance

to critically consider how alternative economic perspectives approach a certain question and develop their own independent argument based on that engagement.

- Open ‘closed shop’ Economics Department by hiring non-mainstream economists. This will involve the University recognising that its research development strategy as represented in the Manchester 2020 document is detrimental for economics education. It must develop an alternative economic strategy in which a push for higher research rankings is combined with a commitment to hiring non-mainstream economists in the economics department.
- Redesign core micro and macro modules. Introduce other economic paradigms including institutional, complexity, evolutionary, post-Keynesian, feminist, ecological and Austrian economics into the core modules. Comparatively examine definitions, objectives, assumptions, methodology and implications of economic perspectives. How well do they explain and predict economic phenomena. History of economic thought and economic history should be woven into core modules as a pedagogical tool for teaching theories and models.

Conclusion: Why is the Crisis so important?

“When we don’t have controversy, it is sorely missed and difficult to create artificially; so how absurd it is—how worse than absurd—to deprive oneself of it when it occurs spontaneously!”

John Stuart Mill, *On Liberty*

The Financial Crisis illustrated to us that no economic paradigm has enough of the answers to be given the power to define what is and isn’t economics. Instead students must be taught a broader range of theories and the toolkit to be able to critically evaluate, compare and in the final analysis judge which theories provide better answers to the economic phenomena that constitute our economies.

Our argument for reform is reasonable. We are not attempting to claim that neoclassical economics is wrong or that it ought to be wiped from the syllabus at Manchester, our argument does not depend on this. We only claim that there has developed a state of affairs in which a certain method of doing economics has become ascendant and gained a monopoly along with the power to define what is good and bad economics. This power is tied to political and institutional processes in which economics departments have become increasingly homogenous over time. All this has had a knock on effect on economics education and as a result we are increasingly being taught one way of doing economics as if it represented universal economic truth. This process must be reversed for the sake of students, the discipline and society. In the history of economics, at every juncture when new insights have been gained into the workings of markets, institutions and processes like innovation or cyclicalities, this has occurred because existing conventional wisdom has been overturned. Failure to place variety, plurality, diversity, contestation, criticism, discussion, debate, argument and, not least, the confrontation of theory with evidence at the centre of economics education is short-sighted and dangerous when the discipline of economics owes its existence and continuance to these very faculties. (Freeman 2007, pp. 8-9).

It is ironic that since we have started the Post-Crash Economics Society we have spent a lot of our time debating with people the relative merits of a neoclassical approach versus the flaws of various heterodox approaches. Our discussions with our professors that have brought a culture of debate and contestation back into economics and both our education and the academic environment within the Department have improved as a result. This is what is lacking from our economics education and is really what we are asking for.

We hope that the Economics Department and the University senior management will accept the reasonableness of our arguments and take seriously our propositions for reform. We ask that the University of Manchester provide a formal response to this report to outline areas which they agree with us and where they disagree with us. We also ask that they provide us a timetable for any economics education reforms they plan to make as a result of this report. This latter point is vital so that economics education reform is not swallowed by institutional inertia and so that economics students can hold their University to account.

Appendix 1: Response to the Institute for New Economic Thinking's CORE programme

We would like to start by congratulating the INET CORE project. The current state of economics education is not good enough and the CORE project has recognised these shortcomings and is acting to improve upon them. This response to CORE in part looks to highlight the positive inroads it is making. However, overall we want to stress why the project in its current form falls drastically short of our desires. There is one major reason why we cannot endorse CORE; it has once again dismissed alternative perspectives of economics. It does not appear to count them as relevant or useful and has not included them in its curriculum reform plans. It is therefore incompatible with our vision for a reformed economics curriculum.

To begin, we will examine the positive aspects of the CORE project. Judging by the materials we have seen, the CORE curriculum is a vast improvement on current mainstream textbooks in many ways. One of the most prominent improvements is the significant increase in real world data and empirical evidence. The new curriculum looks at the world and provides economic interpretations of what it can see. We are greatly in favour of this approach and feel it is the only way in which people studying the discipline relate to what they are being taught. Another positive side effect of this, and one that the CORE curriculum embraces fully, is the inclusion of economic history throughout its modules. It looks at the effects of economic decisions and offers explanations as to why these effects came about. It should be mentioned that there are dangers with this which must be considered: for example, what data should we rely on for analysing the economy and which periods of history do students need to know about? What can be covered in one degree is of course limited and so where attention is focused is crucial to consider. We feel we are unable to comment on the way in which CORE deals with these problems until the completed curriculum is rolled out at the beginning of the next academic year.

The inclusion of history is a demonstration of another positive change delivered by the CORE curriculum; the inclusion of relevant but arguably separate disciplines. A comprehensive teaching of economics is impossible without the inclusion of history, politics, ethics, sociology and other social sciences. Human behaviour is multifaceted and the social

sciences are inextricably intertwined. The CORE curriculum recognises this and looks at the implications of economic decisions through a variety of lenses. This is very promising, though it must again be stressed that only once we see the full syllabus will we be able to fully ascertain whether this is done to an adequate extent.

CORE also uses modern interactive technology which may well be beneficial. It makes the material easier to access and engage with, which is an asset that will make it popular with students for both superficial and substantive reasons. This list of benefits is not exhaustive and we believe that any student studying the CORE textbook will conclude their education considerably better than education led by pre-CORE textbooks. We therefore agree that it is an improvement on what we have today. However, we would like to emphasise that we still fundamentally disagree with some important aspects of CORE and do not believe that it will produce the type of economists that society needs. Let us explain the reasons why.

Firstly, we are not convinced that the way to improve economics education most effectively is to concentrate on 'textbooks'. Though good textbooks are a massive help to dedicated and resourceful teachers, they will do nothing to help less dedicated teachers. CORE will help lecturers that are willing to seek out and explore its benefits but it will not help those who aren't. This therefore leads us to propose more investment in teacher training and changes in hiring policy in relevant areas, shifting focus from research prowess to teaching ability. Universities must find a better balance between improving their research positions and providing the quality of teaching that will ensure economists are fit for purpose.

Secondly, and most importantly, critical skills are vital skills to nurture in any burgeoning economist. Economists must be able to utilise a large amount of knowledge and draw on theories that interpret or explain different events and patterns. They must be able to judge the applicability of a theory in some contexts, and its limitations in others, as well as being able to learn from their mistakes. We do not believe that this level of critical engagement is possible if one remains completely within one paradigm. Pluralism is absolutely necessary, not only to give us a breadth of ideas to draw upon, but also to help us to understand dominant ideas in much more depth. Understanding the values and methodologies that form a competing theory sheds light on the values and methodologies of the dominant theory. This need not be a battleground, it can be an environment in which contrasting

ideas coexist, coming to each other's aid wherever appropriate. Without pluralism of economic perspectives our mastery of the discipline is impossible, as is our ability to acknowledge that the economic theories we use are fallible. Our capacity to critique and develop the progression of our field of study is greatly reduced.

The monopoly of neoclassical economics and the absence of any competing theories is the biggest failing of the CORE project. This is why we do not believe it will produce the humble, tolerant, creative and adaptable economists needed to face future economic problems. We think it is worth noting here that INET's first attempt at devising curriculum reform, led by Robert Skidelsky, was open to other approaches. Whilst the material was not as developed as the current project, it suggested a genuine desire to embrace pluralism and the form of education which we favour. The "highly abstract approach emphasising optimising behaviour, stable preferences and equilibrium" was seen as limited and an open approach to answering economic questions was stressed throughout³. A rediscovery of these principles at INET and the CORE project would be welcome.

Ultimately, CORE in its current form seems to be a good tool to assist passionate teachers in teaching mainstream economics and is an improvement on current syllabuses. Yet despite its virtues, it must not be mistaken for the radical restructuring of economics education we need.

³ http://ineteconomics.org/sites/inet.civicaactions.net/files/Problems_and_Principles.pdf

Bibliography

Arnsperger, Christian and Varoufakis, Yanis (2006), "What Is Neoclassical Economics?", *Post-Autistic Economics Review*, Issue no. 38, 1st July.

Bezemer, Dirk (2009), "No One Saw This Coming: Understanding Financial Crisis Through Accounting Models", *Research Report 09002*, University of Groningen, Research Institute SOM (Systems, Organisations and Management).

Carlin, Wendy (2013) "Economics explains our world – but economics degrees don't", *Financial Times*, 17th November. Available at: <http://www.ft.com/cms/s/0/74cd0b94-4de6-11e3-8fa5-00144feabdc0.html#axzz2mLDnXqBi> (Accessed on 02/12/13).

Coyle, Diane et al. (2013), "Teaching Economics After the Crisis: Report from the Steering Group", *Royal Economics Society Newsletter*, May 2013. Available at: <http://www.res.org.uk/view/article7Apr13Features.html> (Accessed 02/12/13).

Duesenberry, J. S (1949), *Income, Saving and the Theory of Consumer Behaviour*, Cambridge: Harvard University Press.

Freeman, Alan (2007), "Catechism versus pluralism: the heterodox response to the national undergraduate curriculum proposed by the UK Quality Assurance Authority", The University of Greenwich. Available at: http://mpa.ub.unimuenchen.de/6832/1/MPRA_paper_6832.pdf (Accessed on 14/04/14).

Joffe, Michael (2013), "Teaching Evidence-Based Economics", *Royal Economics Society Newsletter*. Available at: <http://www.res.org.uk/view/art6Oct13Features.html> (Accessed 02/12/13).

Kaldor, Nicholas (1982), *The Scourge of Monetarism*, Oxford: Oxford University Press.

Keen, Steven (2011), *Debunking Economics*, 2nd edition, London: Zed Books Ltd.

Lawson, Tony (2013), "What is this 'school' called neoclassical economics?", *Cambridge Journal of Economics*.

Lazear, Edward (1999), "Economic Imperialism", Nation Bureau of Economic Research, Cambridge Massachusetts.

Lee Frederic, Pham Xuan, and Gu, Gyun (2013). "The UK Research Assessment Exercise and the narrowing of UK economics, *Cambridge Journal of Economics*, 37, 693–717.

Lewin, Leif and Lavery, Donald (1991) *Self-Interest and Public Interest in Western Politics*, Oxford: Oxford University Press.

Mearman Andrew. (2007) "Teaching heterodox economics concepts", The Economics Network, Accessible at <http://www.economicsnetwork.ac.uk/handbook/heterodox/> (Accessed on 02/12/13).

Mearman, Andrew, and Papa, Aspasia, and Don J., Webber (2013) "Why do students study economics?" *Economics Working Paper Series 1303*, University of West England.

Musgrave, Alan (1981), "'Unreal Assumptions' in Economic Theory: the F-twist Untwisted", *Kyklos*, Vol. 34, No. 3, 377-387.

Pomorina, Inna (2012) "Economics Graduates' Skills and Employability Survey", *Economics Network and the Higher Education Academy*.

Tily, Geoff (2010), *Keynes Betrayed: The General Theory, the Rate of Interest and 'Keynesian' Economics*, Basingstoke: Palgrave Macmillan.

Tobin, James (1970) "Money and Income: Post Hoc Ergo Propter Hoc?", *The Quarterly Journal of Economics*, Vol. 84, No. 2, 301-317.

University of Manchester. *Manchester 2020 Strategic Plan* (November, 2011). Available: <http://www.manchester.ac.uk/aboutus/vision/> (Accessed on 02/12/13)

Wigstrom, Christian (2011) "A Survey of Undergraduate Economics Programmes in the UK", *Institute of New Economic Thinking Curriculum Committee*. Available:

<http://ineteconomics.org/research-programs/curriculum-committee> (Accessed 02/12/13)

Wilson David and Dixon William (2009) "Performing Economics: A Critique of 'Teaching and Learning'", *International Review of Economics Education*, Vol. 8, No. 2, 91-105.

Blank Page

