

CHANGING COURSE

THE EVOLUTION OF ECONOMICS TEACHING

Economics teaching is getting an online reboot from Professor Wendy Carlin of University College London, with her CORE project and e-textbooks. These try to engage students with “narratives” (the maths comes later) taken from real-world examples, starting with the economics topic that interests them most. The words highlighted overleaf are taken from one of CORE’s student questionnaires – inequality looms large, it seems, in almost all of them.

A favourite “narrative” of Professor Carlin’s is the approach to the distribution of prizes taken by pirates, on which we apparently have a lot of historical data, showing this was (is?) a lot more egalitarian than the approach of the merchant navy. A slightly less wacky example explains how mobile phones changed the lives of fishermen off the Indian coast, helping them to direct their catches towards the village where demand was greatest, thus demonstrating the law of one price.

Some major universities have taken note (maybe they are beginning to demonstrate the law of one course). So how has economics teaching changed in Frontier’s lifetime? Sarah Hogg and Gus O’Donnell talk to two of Frontier’s economists, Andrew Leicester and Callum Cheshire, who by coincidence started their careers at the same sixth form college – one in the 1990s, the other in the 2010s.

SUSTAINABILITY
DIGITALISATION

CAPITALISM

ETHICS

EQUAL PAY

FINANCIAL CRISIS

DEMOGRAPHIC CHANGE

BASIC INCOME

BRIBERY

TAX

CLIMATE CHANGE

ENERGY

GROWTH

FAIRNESS

RARE RESOURCES

TRADING MARKETS

SUSTAINABLE PRODUCTION

MIGRATION

DEVELOPMENT ECONOMICS

US ELECTION

POVERTY

INTERNATIONAL MONETARY SYSTEMS

POLITICS

FUTURE

ECONOMIC CRISIS

REDISTRIBUTION OF WEALTH

ENVIRONMENT

GLOBAL IMBALANCES

GLOBAL WARMING

NEGATIVE EXTERNALITIES

INEQUALITY

WITH
ANDREW LEICESTER (AL)
CALLUM CHESHIRE (CC)
SARAH HOGG (SH)
GUS O'DONNELL (GO'D)

&

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SH: Andrew, Callum: what made you choose economics to begin with, way back at A level?

AL: There weren't any "pop econ" books like *Freakonomics* around then to pull me in, and I can't pretend it was the state of the world around me! I read the college's prospectus at high school: it had a short introduction to all the possible choices, and I vividly remember that the first line for this subject was: "Economics is about matching limited resources to unlimited demand". So I thought: well, maybe that sounds interesting. In 1998 there weren't many of us taking the A level – 10 to 15 out of a year group of 200. It was a bit of a "boys' subject" – only a couple of girls in the class. I had been thinking about reading maths at university, but I enjoyed economics enough to choose it instead, to read at Cambridge.

CC: There were twice as many of us taking economics A level in 2012. It wasn't that long – after the financial crisis, and we wanted to know what on earth the banks had been up to. (What was this thing called a sub-prime mortgage, anyway?) I'd been thinking of reading history, but opted for economics at Birmingham instead. My class was still mostly boys; the girls tended to choose psychology.

SH: Maybe they were smart enough to know that the psychologists were getting ready to mount a takeover – that behavioural economics was going to be the big new thing. Ah well, at least there's a behavioural strand to A level economics nowadays.

AL: But the gender imbalance doesn't seem to have changed much. I checked: for economics A level entries nationwide in 2017–18, the male-to-female ratio was more than two to one. Mind you, the girls did better: 34.1% got A or A* compared with only 29.4% of boys.

SH: What was the A level course like in your time?

AL: Macro and microeconomics were treated quite distinctly. We did a bit of political economy – a whistle-stop tour in macro of how political thinking evolved from Keynesian demand management through to monetarism, for example. And one part of the final exam was based on real-world case-study applications, but otherwise I got a thorough grounding in some standard theory – demand and supply, equilibrium, profit maximisation, demand elasticities – which was a good preparation for university.

CC: With more of us on the course, it was a bit broader, and teachers made quite a good effort to relate theory to the real world, teaching us about “natural monopoly” from life, for example. Everything was still based on the assumption that people behave “rationally”, however.

SH: So what were you taught as undergraduates? What were the “hot button” topics? And who were the superstars?

AL: First year, the basics, plus more economic history and political economy. It was interesting to see how theories we were being taught could be applied to data pieced together from the industrial revolution, for example. After that you could basically go “hard” – into econometrics – or “soft” – into public economics: development, labour markets, etc. Plenty of industrial economics, but no behavioural stuff yet. Of course we all did some mathematical economics – Jim Mirrlees was still lecturing at the time, on optimal tax theory, and Nobel prize winners have a pull! But we were also attracted by the new policy areas, like environmental economics, studying “externalities” and looking at carbon pricing models. So that wasn’t wasted!

CC: The basics for us in the first year, too, then wider options. The economics of the EU was a favourite topic in 2012! Lots of financial economics, following the crash. And public policy – how were governments responding – public austerity, quantitative easing? Mervyn King was still lecturing at Birmingham when I was there, followed by Peter Sinclair, and they were both crowd-pullers.

SH: What about your fellow students?

AL: There were two groups: the wannabe investment bankers, who did lots of quant and fought for the best internships – and the rest of us. Overall the diversity was a bit better than at A level but still a long way from gender parity and economics still isn’t there. I did some more data-mining, and it seems that even today, men studying economics at university outnumber women two to one.

SH: Mind you, it’s all better than in the 1960s, when only three Cambridge colleges even admitted women – and only five in my time at Oxford. But then you have to remember that Cambridge didn’t actually award full degrees to women until the late 1940s.

GO’D: And this gender disparity was very evident among the teaching staff. My first job was lecturing in the Department of Political Economy at Glasgow University and the staff were predominately male. The few women on the staff were truly exceptional. (I remember Diane Dawson, who was snapped up by Cambridge, and Mary Gregory, who went to Oxford.)

CC: Quite a few of my contemporaries were still heading for investment banking, even after the crash – or the Big Four accountancy firms. But behavioural economics had become a popular option, and students were thinking more widely. Even so, I didn’t really begin to focus on tools I use today until my master’s degree.

AL: Me neither. I hadn’t done much rigorous policy evaluation, proper cost–benefit analysis, till I studied for my master’s. It felt like undergrad teaching wasn’t really guided by how people might use economic models and tools later on in their careers.

SH: So what do you think economics students are learning now? Trade theory used to be a big Cambridge subject – is everybody going to start focusing on it again, now the world trading system’s under threat?

AL: There’s so much that is changing; partly because markets are changing so fast, partly because behavioural science and the ability to manage and mine large datasets is making so many more issues tractable to economics techniques. And also because policy aims are changing, with more focus on the environment and well-being, less on income and output. You should talk to Gus about that...

GO’D: I have given many seminars and lectures on well-being and behaviour change and their implications for public policy at universities around the UK and more widely. I get a lot of interest from students and lecturers from a number of disciplines. Actually the group least likely to attend are economics lecturers, which says a lot about the distance we still have to travel to get academic economists sufficiently interested in public policy.