ECONOMIC PRINCIPLES IN THE
INTERNATIONAL HANDBOOK ON TEACHING AND LEARNING ECONOMICS *

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ABSTRACT

This review argues that Hoyt and McGoldrick’s International Handbook is an excellent resource. Its chapters are intellectually stimulating with a variety of pedagogical approaches described and evaluated, and with some excellent ideas for the teaching of principles courses in particular. Its chapters on these issues do, however, have two problems. The first is that they ignore the fact that universities reward academics for research rather than teaching. The incentives to take up the ideas presented in the Handbook are, therefore, poor. The second is that principles teachers need effective communication skills, and many do not naturally possess such skills. These skills can be learned, but this requires appropriate teaching and learning programs for tutors and new academicians, and these are frequently not available or are under-resourced.

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The International Handbook on Teaching and Learning Economics (Hoyt & McGoldrick 2012) is an essential reference for all economics instructors. It discusses issues related to teaching techniques, the use of technology in teaching, good assessment practices, and curricula development, which together make up the bread and butter of modern university economics education. The foundation of this education is, however, provided in the principles courses, dealing with essential ideas

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in both microeconomics and macroeconomics. Four chapters in the *International Handbook* deal with these courses, and this review focuses solely on these chapters.

To some degree, these four chapters share a common concern: the need to rethink how courses are structured in response to declining enrolments and the share of students taking economics across all bachelor’s degrees. In addition, economics has the lowest share of women across bachelor’s courses, and this also needs to be addressed. The overall picture of principles courses painted by these four chapters is that courses are too broad, too abstract, place too much stress on theory, have too many objectives, attempt to be too encyclopaedic, and place unnecessary emphasis on economic models (*cf.* Brandis 1985, Taylor 1950, and Wankat 2002). Together, these entries suggest that principles courses should be less dense, more broadly based, welcoming, and made more interesting by focusing on concepts rather than models.

The chapter by Geoffrey Schneider analyses the purpose, structure and content of principles courses. He suggests that the major goals of these courses are firstly to improve students’ abilities to think like economists, and secondly to enhance their economic literacy so that they may function as good citizens by making more informed decisions and by voting intelligently. But, he argues, the way principles courses are structured means that they often fail to achieve these objectives. They need, therefore, to be restructured by enhancing the role of critical thinking, by focusing on real economic issues rather than abstract models, and by incorporating treatments of debates among economists.

Schneider considers various approaches to enhancing the curriculum. Firstly, he argues that students can be encouraged to “think like economists” by using chains of deductive reasoning in conjunction with models that are relatively simple. Many instructors interpret this approach as asking students to study a wide variety of basic economic models but Schneider argues that keeping things simpler and applying a smaller number of workhorse models to the real world is a better and more engaging approach than trying to cover all possible models.

Secondly, Schneider suggests that economic literacy can be cultivated by focusing on the fundamental propositions of economics (such as those developed by the Council of Economic Education). This he argues is a significant improvement over the encyclopaedic model-
based approach. It involves a shorter list of topics, a narrower range of tools, and focuses on issues that are more relevant to students’ lives.

Thirdly, Schneider is of the view that a social issues approach can foster student interest by connecting students to issues of real world significance, and this can also enable them to make well-informed decisions.

Finally, Schneider advocates a historical approach to structuring and teaching principles courses that uncovers the underlying philosophies employed by economists over the years. This exposes students to debates over how economies should be managed and has the potential to link these debates to contemporary political disagreements about policy which in turn helps to make students more educated voters. Schneider notes that there may be substantial overlap between these four suggestions for improving the principles course. He stresses the need to teach students the limitations of the models considered in class, to help students develop the ability to judge which model should be applied to which circumstances, and to understand that the economy is too complex to be fully reduced to a single theory or model. All of these dimensions of Schneider’s analysis are salutary and worthy of careful attention by the average university economics instructor.

The chapter by Jane Lopus and Lynn Paringer provides a useful discussion of the textbooks available for principles courses. They suggest that the introductory textbook market is monopolistically competitive with similar products and limited scope for innovation. This is reflected, they suggest, by the fact that the textbook industry has gone through major mergers and acquisitions over the past two decades which has resulted in a more concentrated market with only a few players. Most well-known principles textbooks have nearly the same organizational format of microeconomics followed by macroeconomics, and are close to each other in length - around 800-900 pages. They share the same level of moderate difficulty and tend to chart a balanced political perspective between strictly liberal and strongly conservative standpoints.

This chapter makes a unique contribution through its analysis of textbook markets. It asserts that publishers believe ‘one size fits all’ so that they try to include the main topics of micro and macro in one textbook, forcing academicians to rely on it as the main point of reference in their courses. The result is the production of a range of similar economic encyclopaedia that are really too big for first year
students to digest in one semester, and that are frequently very expensive to purchase. This brings into question the value of basing principles courses on books which attempt to cover this volume of material in such a concentrated period of time.

Lopus and Paringer also consider the role of modern add-ons to the principles textbook and whether these resources are useful or effective. They examine the roles of online learning management programs as a way to more effectively engage students, of the cheaper e-book alternative to large printed textbooks, of using auto-graded on-line assignments with detailed feedback, and of trying to focus on a deeper approach to learning by tailoring activity sequences to individual students. The availability of such add-ons allows publishers to benefit from higher revenue by avoiding the used textbook market, but, suggest Lopus and Paringer, there may be real learning advantages to students from the availability of such resources.

Klos & Trenton (1969) argued some time ago that students with two semesters of economics demonstrated no greater mastery of economic literacy than students with only one semester. This is reflected in the stance of a number of chapters in the *International Handbook* that there is no real problem with having only a single semester of principles in the economics major. Hence their tendency to recommend a reduction in learning content since the assumption is that it is too hard to teach the standard textbook content in only one semester. But perhaps the problem is not with the volume of content to be taught but how it is taught. I have personally had reasonable success in my own teaching with a “three-tiered approach”. I have firstly explained economic concepts in relatively simply and brief terms. I secondly reinforce this initial conceptual discussion with significant use of story-telling. I thirdly amplify the story with moderate use of appropriate graphs and equations to introduce some more technical treatment of the material. This allows students to engage with the graphs more readily because they have ideas already in place from the first two steps. Students seem to enjoy learning economics much more with this approach, and their learning is enhanced. It also obviates the need to cut topics. Whether or not other teachers would find this approach useful, the point is that thinking more carefully about how we teach may be the real issue not how much material there is to cover.

Having said this, Robert Frank’s chapter strongly asserts that less is more. He cites Ferraro & Taylor (2005) who posed a multiple choice
question about opportunity cost to 270 undergraduate students who had already studied some economics, with only 7.4% getting the correct answer. The same question was posed to 88 students who had never studied economics, with 17.2% answering it correctly. To add insult to injury, the same question was asked to 199 professional economists at the annual American Economic Association meetings in 2005, where only 21.6% chose the correct answer. A person picking the answer randomly from four possibilities would of course have answered correctly in 25% of cases. Frank reiterates the point of earlier chapters in the *International Handbook* that the major reason students fail to master such basic concepts as opportunity cost is the “encyclopaedic approach” we take to microeconomic principles education. By trying to teach so many topics, and doing it so mathematically, students often miss the intuition behind economic ideas. The encyclopaedic approach thus ends up generating very shallow learning in our students. We need instead to have a short, well-articulated list of integrated topics that we present to students, according to Frank, we need to limit coverage to this list, and we need to expose students to repeated applications of the core ideas it contains. By attempting less, he argues, we will end up teaching more, and students will also learn more deeply. Examples of the way we can repeatedly expose students to this limited range of ideas include problems, issues, policies, puzzles, and reflections on contemporary news stories.

But there is also a problem with restructuring principles courses to have less content, according to Frank, in that intermediate courses would then need to start from scratch, as if students had never taken an introductory course. This may not, however, be the case if restructuring principles courses to have less content, by Frank’s own argument, implies deeper learning of the material covered. Intermediate teachers should be able to effectively build upon this more thoroughly learned knowledge with only minor modifications to the structure of intermediate courses. Frank’s approach to teaching principles is thus worthy of consideration.

Another contributing factor to the ineffectiveness of principles courses is what Frank calls the “instructor knowledge gap”. This is generated when instructors themselves have not mastered the concepts they are trying to teach, and it represents a very dangerous waste of resources since additional effort is then required to re-educate students down the track.
William McEachern’s chapter examines courses in macroeconomic principles. He begins by noting that economics is all about scarcity, and that students’ cognitive abilities and powers of concertation are scarce resources. Since competition for students’ attention is more intense nowadays, introductory courses need to be logical, internally consistent, intelligible, and they need to offer students some idea of how the economy actually works. A well-conceived and well-executed macro-principles course thus needs to teach students more about society and human behaviour than they can acquire without the course. Students need to leave the class with a sense of admiration for the power of economic ideas, says McEachern, and this should govern how courses are designed and taught. Introductory courses should assist students to think analytically and critically about the economy, and to comprehend newspaper accounts of economic events and issues.

Macroeconomics examines the forest, says McEachern, not the trees. While we should link microeconomics with macroeconomics, we also need to emphasise the unique contribution of macroeconomics. While students started to question the validity of economics after the 2008 Global Financial Crisis, since the discipline did not appear to predict nor prevent the crisis, we need to tell them that we eventually learn more about how the economy works from events such as the financial crisis and the great recession than we do from the more modest business fluctuations.

McEachern suggests six ways to generate and sustain the interest of students. Firstly, each class should start with a hook, he argues. This could be a question, a problem, a controversy, an example, a parable, an analogy, a relevant joke, some interesting news or an outrageous statement. But whatever it is, the purpose of the hook is to capture the attention of students, and to cause them to ask questions that the rest of the class will help them answer. Secondly, the lecturer should draw on the power of narrative to maintain student attention. Stories have a privileged position in the brain, a point also emphasised in Robert Frank’s chapter, and they can be very effective for maintaining student engagement with the learning process. This makes a great deal of sense given my own experience. Thirdly, the teacher should show evidence of their own enthusiasm and affection for economics. This is infectious and can play a very effective part in generating and sustaining student interest. Fourthly, interest flows from variety, so using theories, facts, statistics, graphs, anecdotes, examples, analogies, humorous stories,
questions, opinions, discussions, role-playing, team activities, online sites and personal observations are all ways to keep students wondering what is coming next and staying focused on the class. Fifthly, teaching and learning are both easier when students are initially confronted with something familiar, and then bridges are built from the familiar to the new. Sixthly, material should be offered with “desirable difficulty”. Material that is too hard will cause students to disengage because they can’t follow what is going on. Material that is too easy leaves students wondering what value is added by their taking the class, and their attention moves to other, more interesting things (such as their i-phones). Pitching models, examples and activities at the right level is thus crucial for on-going student engagement.

Overall, these four chapters identify a range of useful perspectives for the teaching of principles courses that deserve close attention. There is, however, an important point that they overlook. Text books are designed in an encyclopaedic fashion and principles courses are structured on the basis of such books because academicians are too busy with their research to think more carefully and creatively about how texts could otherwise be laid out. Universities reward academics for research rather than teaching. Lecturers are not promoted for designing well-structured courses or writing creative approaches to teaching economics but for publishing papers in highly ranked journals. Academicians do not, therefore, have the interest, motivation or incentive to restructure introductory course content to inspire other teachers or students. The opportunity cost of their time is just too high.

A second point overlooked by these four chapters is that teachers really need effective communication skills to be successful in the classroom, and many do not naturally possess such skills. They can be learned but this requires appropriate teaching and learning programs for tutors and new academicians, and these are frequently not available or are under-resourced. Better principles teaching will require better support for principles teachers.

In conclusion, Hoyt and McGoldrick’s book is an excellent resource. Its chapters are intellectually stimulating with a variety of pedagogical approaches described and evaluated, and with some excellent ideas for the teaching of principles courses. It has a wide collection of reflections on teaching, textbook selection, student engagement and performance, curricula design, assessment and online strategies. It is a must-read for all economics instructors.
References


