

A SURVEY OF UNDERGRADUATE ECONOMICS PROGRAMMES IN THE UK

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Executive Summary

- Structures of economic degrees are close to identical across surveyed universities
- Courses in microeconomics emphasise theory and mathematics
- Courses in macroeconomics emphasise application and policy
- While theoretically more diverse than micro courses, macro courses rely heavily on New Classical thought
- Only two out of twelve universities require students to take courses discussing economics from a qualitative perspective such as history of economic thought, economic history and philosophy of economics

Introduction

The economic crisis that hit the world in 2008 has put the role of economic theory and practice at the forefront of public attention. And this, in turn, has spurred an interest in how the subject is taught at university. This paper surveys the structure and content of undergraduate economics degree programmes in the twelve UK universities whose economics departments ranked the highest in the most recent Research Assessment Exercise (RAE 2008): LSE, UCL, Essex, Oxford, Warwick, Bristol, Nottingham, Queen Mary, Cambridge, Manchester, Royal Holloway and Southampton¹. These universities will from now on be referred to as RAE12.

The survey is conducted on three levels: first, it explores the universe of all economics-related degree programmes; second, narrowing the focus to single-honours economics programmes, it looks at their course structure; and finally – to the extent possible – it reviews course reading lists and detailed academic content. On all levels, particular attention is paid with regard to the distinction between compulsory and optional content, and the provision of qualitative courses such as history of economic thought, philosophy of economics and economic history. Courses in mathematics and econometrics are mentioned but their content has not been reviewed.

I consciously refrain from polemical discussion and value statements. Instead, the objective is to show “what is out there”. Once this foundation has been laid, it is the purpose of the INET Economics Curriculum Committee (ECC) to discuss the flaws and merits of current economics curricula and how they might be reformed.

¹ RAE does explicitly not provide ranking tables of universities or individual departments but estimates what fraction of research is found in four different point categories. Based on this system I have constructed a list. It should be noted, however, that my ranking does not take RAE 2008 staff-student ratio estimates into account.

Economics as part of joint-honours programmes

Apart from ‘pure’ single-honours economics degree programmes (see below), students can choose to study economics in at least two forms. They can take individual economics courses as optional components of numerable degree programmes both within and outside the social sciences; and students can read economics as a core subject in combination with a restricted number of other disciplines – forming so-called joint-honours programmes.

The number of joint-honours programmes at the surveyed universities ranges from 1 (Cambridge only offers “Land Economy”: Environment, Law and Economics) to 14 (Manchester)² with a median around 7. The most common programmes are Economics and Mathematics, Economics and Finance, Economics and Management, and Economics and Politics. Other popular programmes include Economics and History, Economics and Philosophy, Politics, Philosophy and Economics (PPE), and Economics and Accounting while some programmes only are offered by one or two universities: e.g. Economics with Music (Southampton), Economics and Criminology (Manchester), Industrial Economics (Warwick and Nottingham) and Materials, Economics and Management (Oxford).

Although a review of these programmes is beyond the scope of this survey, general observation indicates that few joint-honours programmes include truly interdisciplinary courses. The often mentioned ‘interdisciplinarity’ is achieved on a macro level – i.e. in virtue of having taken courses from various disciplines – rather than on a micro level – i.e. by discussing similar issues *within* one and the same course from the perspective of different disciplines. Interdisciplinary ‘Projects’ constitute exceptions from this general rule. Such projects typically require students to produce an essay (4,000-7,500 words) using literature across disciplines. However, in the majority of cases where a Project is included in the curriculum, it is optional and can be exchanged for additional single-discipline courses.

Combining this lack of micro-level interdisciplinarity with a second general observation – that students can specialise in one of their disciplines or even drop one altogether – makes it difficult to assess the extent to which economics joint-honour students actually study economics. Generally, economists do not consider joint-honours degrees to provide an adequate training in the discipline. This motivates this survey’s focus on single-honour economics degree programmes.

Overview of single-honours economics programmes

With the exception of Oxford³, all RAE12 universities offer three-year single-honours economics programmes. In many cases, these programmes are marketed as leading to careers in finance and

² I have not included joint-honours programmes that simply mirror another in terms of emphasis. So, for instance, you can read either “economics and history” or “history and economics” at a number of universities. These are still only counted as one programme.

³ Though this makes the Oxford programme *structure* difficult to compare with the other RAE12, I review the *content* of the economics component of the Oxford PPE degree.

industry. The Southampton programme website features a photo of stock price movements and a representative student is quoted saying “Economics seemed like an ideal choice after my A levels. [...] I felt that it would be an excellent degree to provide a gateway into the financial working sector upon graduating”. The focus on offering skills marketable to employers is made particularly clear in the case of Essex which has a section titled “these employable skills you receive from this course” next to the sections covering course requirements etc.

But also the role of economics in devising public policy and understanding global (non-financial) trends are brought forward as arguments for choosing the programme – albeit less frequently than its role to prepare students for the City. UCL writes: ‘At the end of the programme students should be equipped to evaluate policy proposals logically on a sound theoretical basis’ and Oxford argues that ‘An appreciation of economics and the general workings of the economy has become increasingly necessary to make sense of governmental policy-making, the conduct of businesses and the enormous changes in economic systems occurring throughout the world’. The Queen Mary prospect is unique in explicitly mentioning a further career in academia after finishing the undergraduate economics degree but most universities do bring it up as a possibility elsewhere in more detailed presentations of their courses.

Across RAE12, economics programmes follow a very similar degree structure and there is a strong general consensus that ‘Microeconomics, macroeconomics, mathematics, and statistics form the core of this degree’ (Nottingham). This is reflected in the make-up of compulsory courses which, with minor variation, follows the outline below.

First year:

- Introduction to economics (possibly divided into separate micro and macro courses)
- Introduction to mathematical techniques for economists
- Additional courses (compulsory and optional, depending on university)

Second year:

- Intermediate microeconomics
- Intermediate macroeconomics
- Econometrics (not compulsory at Manchester)
- Additional courses (compulsory and optional, depending on university)

Third year:

- Four to six optional courses, sometimes including an independent research project
- a few universities have compulsory elements

Yet around this core, there is university-specific variation as to the freedom students enjoy to shape their degrees – both with regard to the proportions of courses that are optional and compulsory, and with regard to range of available option courses in each year of the programme.

Course content

Microeconomics

Most RAE12 universities emphasise the dominant role of microeconomic theory within the discipline as a whole. Southampton, for instance, writes that '[a]rguably, all of modern economics is an application of microeconomic principles'. Similarly, Queen Mary's combined micro-macro introduction puts a heavy emphasis on the studying of micro economics specifying the topics covered as

'demand, supply and price in consumer markets; demand, supply and price in labour markets: returns to education, the New Deal; competitive equilibrium: optimality; trade; market power; price discrimination, oligopoly, government policy; externalities and the environment; public goods, taxes and free-riding; globalisation; growth'

where only 'growth', 'the New Deal' and 'government policy' are clear macro topics. This impression is further strengthened by looking at the two most common books suggested as inspiration to new students ahead of starting their programmes: Hartford's *Undercover Economist* and Levitt and Dubner's *Freakonomics*.

Typically, students are not required to have taken A-level Economics prior to commencing their degree but A-level mathematics is almost always a necessary requirement. Nonetheless, some RAE12 (e.g. LSE, UCL, Manchester) recognise that students start at different levels of numerical fluency and do therefore offer multiple microeconomics (and accompanying statistics/mathematics) courses at different levels of mathematical ability in the first year as well as later in the degree.

While there is some variation in the detailed course content between different universities, Cambridge's description of its introductory micro course is representative:

'The paper deals with the following: the theory of the consumer; choice and demand; the theory of the producer, costs, and supply; supply, demand, and market equilibrium; partial and general equilibrium; market equilibrium under various forms of industrial structure; introduction to welfare economics; simultaneous-move games: dominant strategies and Nash equilibrium in pure and mixed strategies; Cournot, Bertrand and Hotelling models; simple dynamic games: backward induction and subgame-perfect equilibrium; elementary theory of repeated games.'

The most common text books for first-year microeconomics include:

- Frank, R. (2006) *Microeconomics and Behavior* (McGraw-Hill)
- Morgan, C., Katz, M., and Rosen, H (2005) *Microeconomics* (McGraw-Hill)
- Perloff, J. (2008) *Microeconomics: Theory and Application* (Pearson)
- Sloman, J. (2006) *Economics* (Prentice-Hall)
- Varian, H. (2006) *Intermediate Microeconomics* (WW Norton & Co)

In most cases, the second-year micro course is a direct extension of the introductory module. So, for instance, at Warwick first-year micro students study 'consumer and producer theory, market

structures and welfare economics’ while second-year micro students are taught ‘consumer and producer theory; industry and general equilibrium; problems of social decisions, information and uncertainty’. The fact that different universities use the same books in different years serves further to illustrate the close affiliation between first and second-year micro. Whereas LSE recommends Perloff as a second-year textbook, Warwick refers to it in the first year; yet at the same time second-year Warwick students consult Varian while that book is used by first-year students at Oxford.

By the time students reach their third year, few observations can be made that are valid across RAE12. While most universities offer third-year micro courses, they are compulsory only at Cambridge and Manchester. Further, due to variation in the number of maths and econometrics courses that students take in their first two years, the range of optional third-year micro courses can look very different. Most universities offer courses covering specific aspects of micro theory and application such as game theory, applied microeconomics, industrial economics and economics of information.

Casual observation suggests that the current debate on uncertainty – as opposed to risk – is left largely untouched in undergraduate micro courses. And even when the title of a lecture series suggests the contrary, closer scrutiny often supports this observation. For instance, the optional third-year microeconomic course at Oxford offers 4 lectures on ‘risk and uncertainty’ but the mentioning of ‘uncertainty’ in the first lecture title is in fact the only time that ‘uncertainty’ shows up throughout the four lecture handouts.

Macroeconomics

Compulsory courses in macroeconomics are typically more diverse than those in micro. In part this is because of the greater perceived pluralism inherent in the subject. Nottingham writes: ‘Unlike (in general) microeconomics, there have been many ‘schools of thought’ in macroeconomic theory and policy’. Nonetheless, on the introductory level, most RAE12 macro courses cover roughly the same topics. LSE’s introductory macro module is representative. It covers

‘Measurement of the aggregate economy; money & inflation; trade & exchange rates; unemployment; economic fluctuations; stabilization policy; government debt; growth & development’

The most popular macro textbooks include:

- Barro, R. (2008) *Macroeconomics: A Modern Approach (International Edition)* (Thomson South Western)
- Blanchard, O. (2005) *Macroeconomics* (Prentice Hall)
- Mankiw, G., and Taylor, M. (2008) *Macroeconomics: European Edition* (Worth publishers)
- Sloman, J. (2009) *Economics* (Prentice Hall)

Just as in the case of microeconomics, second-year macro courses are mostly designed as direct extensions of first-year material. However, because of recognised divisions within the macro discipline, second-year courses tend to shift attention from mere national accounting to

introducing students to policy. The second-year macro course at Warwick is particularly clear an example of this. Among other, it covers the following topics:

Keynesian/Classical Controversies. The Keynesian/Classical controversy is a common theme running through; revision of AS–AD; rational expectations and the New Classical macroeconomics; nominal contracts, menu costs and the New Keynesian macroeconomics; new labour market models; political business cycles

and

Macroeconomic Policy Issues. The theory of stabilisation policy and its application to the choice of exchange rate regime; the time–consistency, inflation–bias problem and its application to nominal targeting regimes; optimal currency area theory and its application to the Eurozone

The choice of text book at Oxford (Carlin and Soskice, see below) is also indicative of an eclectic approach to teaching macro. However, even in instances where alternatives to the new classical orthodoxy are on the course plan it is not uncommon that they are treated as self-contained topics dealing with ‘being different’ rather than as paradigms of equal standing that underlie the analysis of macroeconomics as a whole. New classical thinking is assumed as a default position. Thus, ‘the natural rate of unemployment’ or ‘rational expectations’ are mentioned in the course outlines without necessarily being flagged as concepts affiliated with a clear conceptualisation of the economy – a conceptualisation to which there are alternatives.

Similarly to the situation in microeconomics, second-year macro courses frequently use the same textbooks as their first-year predecessors. Yet a few new show up on several reading lists:

- Carlin, W., and D. Soskice (2005) *Macroeconomics: Imperfections, Institutions and Policies* (Oxford University Press) (main text at Oxford)
- Copeland, L. (2004) *Exchange Rates and International Finance* (Prentice-Hall)
- Romer, D. (2001) *Advanced Macroeconomics* (McGraw–Hill)
- Weil, D. (2008) *Economic Growth* (Pearson)
- Williamson, S. (2005) *Macroeconomics* (Addison Wesley)

Only Cambridge and Manchester require students to take courses in macroeconomic theory in their third year. However, most RAE12 offer optional modules. While there are a number of these aimed specifically at developing students’ grasp of theory, the large majority are looking at contemporary macroeconomic phenomena for the purpose of furthering students’ understanding of policy. This is true for optional macro models in all three years of the programme⁴. Examples are ‘Selected topics in macroeconomics’ at Queen Mary, ‘Current economic issues’ at Bristol (this course does include a small component of micro topics like contracting), ‘Economics of European Integration’ at Royal Holloway and ‘International Financial Regulation and Policy’ at Essex. Southampton is particularly stark an example of the more-policy-than-theory trend in that it does not offer *any* courses explicitly dealing with macro theory beyond the first year.

Economic History, History of Economic Thought and other qualitative courses

⁴ In a sense, macro courses’ focus on policy mirrors micro courses’ focus on maths.

Out of the twelve surveyed universities only two – Warwick and Cambridge – require their single-honours economics students to take courses in economic history. And only an additional five (LSE, Essex, Oxford, Manchester and Royal Holloway) even offer optional economic-history modules. In almost all cases where such options exist, they are very much focused on British economic history. While the start and end date of the period to be covered varies from case to case, the first-year Cambridge course is representative of the content:

'The paper is concerned with three main themes in the industrial development of Britain between 1750 and 1939: the industrial revolution, growth and trade in the industrial economy up to 1914, and the inter-war upheavals. It also covers some of the demographic and social changes associated with this industrial development. Specific topics covered include the long-run growth of output, productivity, and the standard of living; the costs of growth; demographic change; capital accumulation and technical progress; entrepreneurship; foreign trade, the export of capital, and the role of the Empire; changes in the industrial structure; the labour market; and government economic policy'

The compulsory first-year course in 'World Economy: history and theory' at Warwick with its much broader geographical outlook is an exception to this course plan.

Further, discounting the special case of the Oxford PPE degree, Cambridge is unique in requiring its students to take a course – 'Politics' – discussing the 'political and sociological aspects of economics'. And while most RAE12 give its single-honours economics students the option of taking courses from other social science departments, not all universities offer courses that specifically discuss economics and economic theory from outside the mainstream micro and macro perspectives.

LSE, UCL, Oxford, Bristol and Manchester offer optional courses in the history of economic thought. The content of these courses varies significantly more between universities than in the cases of micro and macroeconomics, and even economic history. This may be a result of the fact that none of these courses are structured around a central text. Rather, it is in their nature to discuss a number of contesting texts, the compilation of which is the responsibility of the individual course convenor. It is therefore difficult to give a sense of the content of these courses without making invalid generalisations. The content of the Bristol course shown below is therefore merely one example of what history of economic thought modules may look like:

'Introduction; intellectual and historical context. Adam Smith: value; distribution; the progress of opulence; laissez-faire and the "Adam Smith problem". David Ricardo: value and the invariable standard; wages, rent and profit; possibility of gluts; accumulation and the stationary state. Karl Marx: value, surplus value and exploitation; the transformation problem; falling rate of profit.'

LSE and UCL are particularly strong in the field of qualitative economics courses, offering options such as 'The Evolution of Economic Policy in Advanced Economies' (LSE), 'Philosophy of Economics' (LSE) and 'Ethics of Applied Economics' (UCL) on top of their history of economic thought and economic history courses. Cambridge's focus is more within sociology, offering 'Modern Society' – a course providing 'an introduction to the sociological

analysis of modern societies’ – to single-honours students as a continuation of the compulsory first-year ‘Politics’ course mentioned above.

However, the course that stands out most among these qualitative courses is ‘Explanations in Economics’ at Nottingham. The outline states:

‘An introduction to some contemporary controversies concerning the nature & state of explanation in economics. The unit considers questions such as: how do explanations in economics work; are economic theories too unrealistic; what are the problems of theory choice & theory testing; is economic theory progressing; what are the similarities and differences between economics and natural sciences such as physics? The first half of the module introduces some relevant selected topics in philosophy of science and illustrates their connections with economics. The second half of the module examines the practice of economics through a series of case studies focussing on particular areas of theoretical and/or applied economics. The emphasis of the unit is on philosophical oriented questions with practical significance. No prior knowledge of philosophy is assumed.’

An additional option course in ‘Political Economy’ is offered by the same university.

It is generally recognised that even at universities offering qualitative courses, ‘good students’ are pointed by their supervisors in the direction of quantitative options as a way of preparing them for further studies and careers in industry.

Conclusion

Single-honours economics degrees at the twelve surveyed UK universities share a large number of characteristics. They share a course structure with compulsory micro, macro and quantitative courses in the first two years, and a third year based almost entirely on options; they emphasise the mathematics on the micro side and the policy on the macro side; and they are almost entirely devoid of compulsory qualitative elements.