

Narrative in teaching economics

A Memo on a case of curricular reform in economics at the University of Chile.

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Introduction

Economics has advanced an enormous distance from the Walrasian paradigm and the Neo classical synthesis. However, undergraduate curriculums continue to heavily favour these views of what economics is and what tools it provides for understanding contemporary public problems. Amazingly, students continue to be taught that any deviation from these paradigms is a "market failure", an "anomaly", a "special case" that must be addressed in advanced or elective courses. Since most undergrads (a.k.a. business majors) only have introductory courses; this means that an overwhelming majority of university students that are treated to economics teaching are treated to a naive and outdated version of economics.

It is no wonder that during the turmoil of the Sub Prime Mortgage Crisis and the Year of the Protester one issue that came up around economics campuses all over the world was the failure of economics to properly address financial behaviour, inequality, environmental issues, non market or contractual forms of collective organization and a whole range of issues. Basically students around the world manifested their dissatisfaction with what was being taught to them because they felt the questions they had were not being answered. This dissatisfaction is not surprising when you recognize that in practice, the bulk of modern economics is almost being hidden from them.

At face value, the problem seems to have an interesting subtext. Employers (even of business majors) recognize that what is being taught as economics to undergrads is insufficient, naive and even false. Privately there are no greater enthusiasts of behavioural science than businessmen. However, many of them seem to believe that university teaching of economics must serve a mostly ideological purpose and this "other" learning can be achieved in practice. This cynicism has prevented "market" pressure from forcing universities to change; hence, the importance of student movements and pressure.

Many schools of economics around the world are facing these pressures and many are experimenting solutions that are specific to their particulars and idiosyncrasies. This memo describes some of the lessons learnt from one of these processes: the comprehensive curricular reform in economics and business being implemented since 2012 at the undergraduate School of Economics and Business of the University of Chile.

Why Chile matters

Anybody that has been around economics for long enough knows that Chile was during a

long time a showcase for neoliberal Chicago School style economics. There is, probably, no other country where the public policies advocated by this school have been applied so comprehensively, structurally and for such a long period. Chile has one of the most anti-union labour laws in the world, has a tax system just shy of worsening income distribution, has one of the most comprehensive and old privatized school voucher system and many other characteristics that made it a favourite of Washington Consensus advocates. Moreover, during the 20 years of left of centre administrations that followed the military dictatorship; the basic structures of the economy were not affected. Rather, their failings were addressed with aggressive social protection and welfare policies as well as aggressive Keynesian style macro financial stabilization and prudential policies. Nevertheless, the country combined economic growth with a sustained status as one of the most unequal and unfair economies in the world. As economic growth made the middle class grow and as the challenge of pervasive and widespread poverty was left in the past this situation became untenable.

The triggering factor of the 2011 protests was global. The Sub Prime Mortgage Crisis of 2008 set the stage for the 2011 wave of global protests started by the Arab Spring. Also, the fact that the left of centre coalition that had governed Chile since the return to democracy lost the elections to the conservatives for the first time in late 2009, "liberated" social movements from an implicit political agreement that bound them to certain limitations. The result was the most massive wave of student protests seen in Chile since the 60s. Initially the issue was in satisfaction with the shrinking and decreased quality of public education. However, soon the movement acquired a more general and massive character including environmental, local and social issues. At some point, a country with 17 million citizens was witnessing half a million protesters in many cities coming out repeatedly to protest. The effect on Chilean politics cannot be understated. The protest radically moved the policy agenda to the left and set the stage for the return of the left to government in 2014.

The School of Economics and Business of the University of Chile found itself in the thick of these events. Geographically the school is located at the epicentre of the protests and shares the campus with the headquarters of the main student organization that was leading the movement. Very naturally, the students of the school projected their participation in the national movement towards their school as a critique of the curriculum. They indicted this curriculum as one of the sources of the policies being applied that had consistently destroyed public education and sustained inequality. This detonated (and inspired) some faculty that had longstanding critiques of what was being taught. The result was a comprehensive curricular reform, implemented in 2012 and currently in its second year of application. The author of this memo was drafted as School Director to design and implement this reform.

The centrality of Chile in the pantheon of neoliberal policies makes this reform process particularly relevant. One must admit that the hegemony of pro market policies in Chile was reflected in universities for a long time, with the absence of space for profound

critical approaches and a very skewed curriculum. The two main universities (the U. of Chile and the Catholic U.) form an overwhelming proportion of the country's elite in its undergraduate program (particularly those in economics and business). Changes in what is taught at this level could be crucially important.

The critique of the students and the reform

Students had many critiques towards the curriculum. As we mentioned before, so did many academics that had voiced their views for a long time or "came out of the closet" as a result of the protests. Business majors felt that: (i) there was no space for discussion or formation in business ethics; (ii) there was very limited curricular space for corporate social responsibility issues; (iii) there was a mediocre approach towards understanding human behaviour reflected in the absence of curricular space for psychology and sociology; and (iv) there was close to none curricular space for environmental issues. Economics majors felt that: (i) although income distribution was studied and measured as a phenomenon, there was very little said about how to diminish it substantially; (ii) there was close to no treatment of non market non contractual collective organizations; (iii) there was a limited and simplistic approach (public choice) towards power and politics that they associated with the curricular absence of philosophy, political science and sociology and (iv) there was a skewed methodological approach by which the "burden of proof" had an ideological bias that reflected an ideological choice.

The reform, naturally, was very comprehensive. This is important to note, because the challenge of change in curricular structure for economics and business undergrads is not only limited to the content of economics courses. The whole curricular structure has a role today in perpetuating certain views and has to be transformed to help in the transformation. Amongst other things we: (i) tripled the amount of time in private internships as a graduating requirement; (ii) established a social internship as a graduating requirement; (iii) tripled the space for philosophy, sociology, psychology, political science and other disciplines; (iv) refocused the math courses from mechanical exercising towards problem solving and from calculus centrism towards statistics and metrics; and (v) introduced a communications program focused on content analysis. There are arguments we constructed to justify why each of these changes plays an important curricular role in reforming undergraduate economics and business teaching. In the name of brevity we shall not discuss them in this memo.

The problem with economics courses

The problem with reforming and updating undergraduate curriculums lies with professors. Professors are the problem. Some of them honestly believe that there is nothing wrong with contemporary undergraduate economics teaching that is dominated by the Walrasian paradigm and the Neoclassical Synthesis. Others are so eager to embrace any approach that is radically different that they are willing to concede that economics has had no advances relative to those ideas; they are willing, in effect, to renege on economics and

concede that it is those ideas. This is not a helpful approach. In addition professors at teaching oriented universities or those following teaching oriented careers have a burden of courses so large that their residual time to dedicate to substantial innovation that is not ready to go in mainstream textbooks and materials is very limited. Moreover, professors at research oriented universities (like mine) or in research oriented careers have no incentives to dedicate cognitive resources to this type of innovation.

This situation creates a substantial challenge for new economic thinking. The reason is that, unfortunately, new economics is slightly more complicated than old Walrasian economics. This, of course, reflects the fact that the world is more complicated than that approach reflected. But it has the downside that it is more difficult to teach at an undergraduate level and it makes it very hard for a professor that want's to do it on his own. Hence the crucial importance of efforts to create updated, available course materials; such as those being created in the INET CORE project.

I will argue towards the end of this memo that this is not sufficient. The reason is that the realities of incentives faced by professors, such as those described above, are not only overcome by the availability of materials.

The problem of narrative

One of the reasons it is not sufficient is that professors have to construct narratives about the contents that they teach. In economics and business there is an enormous structure of media constantly reinforcing a certain narrative about what it means to teach economics. There are increasing efforts by content producers in some of these outlets to change the message but is still marginal.

Narrative is crucial to teaching because it explains why things must be done in a certain way. Professors have a role in proposing (not imposing) one or many possible narratives. Best professors usually are able to propose several, advocate their own and still leave the student enough liberty to choose theirs. Narrative means addressing questions such as: why are we studying this? Why in this way? How is this related to the structures of meaning that sustain me as a student? As a scholar? As a citizen? What is allowed and what is not allowed with this material we are learning?

An example: microeconomics as a political economy

To illustrate this approach it may be useful to discuss one particular course in the University of Chile reform. This course is a fourth semester course that students take after an IntroEcon, an IntroMicro and an IntroMacro course. The course is called Political Economy and is subtitled Microeconomics as a Political Economy.

The course starts with an explanation of its name, arguing that it is dedicated to the understanding of collective problems and their inevitable result: power. The argument is

that markets are one sort of collective, firms are another and both are very important but not necessarily unique. Power may take the form of wealth, and this is very important but not necessarily unique. The course then proceeds to explain how contemporary economics addresses these issues and provides a range of tools that can be used to analyze collective problems and power. The course presents five families of political problems associated to economics tools. The first is "public problems" (public goods and commons as a first deviation from the Walrasian paradigm); the second is "fear" (risk aversion and its consequences); the third is "delegation" (agency and contracts); the fourth is "coordination" (games) and the fifth is "scale and appropriability" (market power).

Throughout the course a narrative is presented: the problem of collectives and power. In each case the students are told that they form part of a debate which is not solved and which has different positions in each case reflected in pro market, pro civil or pro state solutions. The message, hopefully, is that economic is interesting, useful and fun. The message, also, is that they can be part of the discussion, not just receivers and replicators of doctrine. There is a particular stress on the fact that there are many open questions, insufficiencies and things that are up to them and these failing have all political colours. Finally, there is a message that so called "market failures" are really "market normalities", the features of reality which they will have to face.

By no means are we arguing in this memo that this particular narrative is the one everybody should use. Narratives created by professors are particular to them; reflect their history and idiosyncrasies. That is why we need professors: so that students are exposed to many narratives and choose or construct their own. We just want to argue that this is the way we should construct curriculums: as narratives.

A proposal

This necessity of narrative makes efforts for curricular reform in economics particularly demanding. We need to set up a structure of sharing not only new research in economics and new economics thinking among scholars, but of sharing ways to teach these new ideas to undergraduates in a responsible, feasible and fun way; and also, of sharing narratives to embed these models and ideas that fill them of meaning and significance.

In my view we need a community and school for economics teachers. Maybe INET can do this.