

## **Ethical Issues Underlying the Teaching of Economics**

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By

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### **Abstract**

The paper sets out to show how the ethics we apply in deciding what to teach as economics and how to teach it have a potentially decisive role in determining whether or not economics becomes a more pluralistic discipline focused on the real world. Attention is given to the slack permitted by the ambiguity of course descriptions and the possibility that this will end up being used to the benefit of the academic economist rather than result in the cause of real-world economics being pursued as vigorously as it might have been. Processes that operate to remove cognitive dissonance mean that economists are likely to be able to rationalise behaviour that short-changes real-world economics as being ethically acceptable. The paper therefore concludes that a charter specifying appropriate behaviour is needed. The paper also examines ethical issues involved in attracting students to courses that take a pluralistic, real-world perspective, and the potential for including ethical perspectives in economics teaching and thereby promoting behaviour that is more socially and environmentally responsible.

## **Introduction**

This paper raises ethical issues that any university teacher of economics ought to be aware of on a daily basis. However, some might regard the title as somewhat misleading, and therefore an ethically questionable choice, as its particular focus is on how the ethical stances of faculty members will determine the success of attempts to ensure that students are taught economics in a pluralistic manner with a concentration on understanding actual economies. I will call this kind of education a grounding in 'Real-World Economics' (RWE). It is very different from what is often provided, namely, a monist coverage of economics that puts theoretical tractability before real-world validity and does not attempt to alert students to the range of perspectives that exist within the discipline of economics.

In focusing on the ethical challenges involved in ensuring that students receive a RWE learning experience, I am taking a particular ethical stance throughout the paper: I believe it is wrong to operate in a monist manner by knowingly concealing alternative perspectives. Such a mode of teaching preaches that monopoly is a bad thing and yet operates as a monopolist when it comes to supplying a training in economics. If we believe freedom of choice is a good thing, then we should extend that freedom to new generations of economists and ensure that they can make well-informed choices when developing their skills as economists. If there exists a variety of approaches to economics that cannot be readily dismissed as logically incoherent or empirically irrelevant, then an ethical approach to the teaching of economics must be one that exposes students to these alternatives and lets them choose which ones to use as analytical tools. It is this ethical stance that underpins the pluralistic textbooks I have written

(Earl, 1995; Earl and Wakeley, 2005); it has been discussed at length, in contrast to the typical approach, by Dawson (2007).

The paper is structured as follows. First, I explore the ethical consequences of making trade-offs in the face of conflicting workplace and domestic goals. Secondly, I examine the problem of getting colleagues to teach in the RWE style and the kind of ethical stance that monists may employ when they opt not to adhere to the RWE spirit after being assigned to teach courses design in the RWE mode. Thirdly, I consider the question of how far it is ethically appropriate to go in disrupting an established study programme by following RWE principles. Fourthly, I consider the ethical issues involved in trying to attract more students to enrol in non-compulsory RWE courses in the midst of conventional study programmes. Fifthly, I focus on the potential of using the classroom as a venue for promoting ethical development among students. Finally, I provide some concluding comments.

## **1. Trade-offs, standards and the teaching of economics**

It needs to be stressed at the outset that many who teach in a monist manner are not doing so because they are unscrupulous, arrogant folk who believe that what they teach is the only approach that constitutes 'economic science' and that other approaches are, to use a phrase of Frank Hahn's, merely 'economic poetry'. Some may come into that category, but others are simply ignorant of alternative perspectives because of the monist training they have received and the failure of non-mainstream approaches to get discussed and cited within mainstream journals.

Those who knowingly fail to teach economics in a pluralistic manner can be thought of in terms of Williamson's (1975) work as behaving with 'opportunism': they guilefully exploit a situation of information impactedness (resulting from the lack of expertise of their students) for their own ends. If we want to model the behaviour of such economists in their own terms, the natural starting point is to consider their choices as acts of constrained optimization. We might think of them as having utility functions of the kind they normally assume and as deriving satisfaction from teaching (this might be positive or negative, depending on the economist in question), research and leisure activities, much as Williamson (1964/1967) adapted consumer theory and modelled managers as trading off profits against the pursuit of 'pet projects' and 'slack payments' such as the perks of the job. Given their preferences and the opportunity costs of rival ways of spending their time, an optimal combination will be implied.

In this way of modelling the economists' choice problem there are no ethical constraints. Indeed, a tendency to think about choice in this way is itself not conducive to operating in an ethical manner if one is aware of alternative economic perspectives but derives workplace utility mainly from playing with models and the kudos that comes from publishing in top-ranking journals. This is because the axiom of gross substitution diverts attention from the possibility that ethical considerations might pose constraints on action: this axiom implies that everything has its price and that everyone will, if the terms of a trade-off are successively improved, eventually give in to incentives to substitute in a particular direction. Such a view can be the start of a slippery slope. As Augier and March (2008, p. 103) point out,

In the longer run, the effect of a commitment to trade-offs is even more pernicious.... Reasonable people ... can come to see deeply held commitments, such as beliefs in realism and comprehension, as exchangeable goods, nice to have insofar as you can afford them but not closely linked to an inviolate sense of self. Loss of realism becomes an affordable cost rather than a personal failure.

It is a rejection of the idea that anything can, and should, be traded off against anything else if the price is right that lies at the heart of the question of ethics and it is the perceived difficulty of avoiding compromising principles that makes us feel ethically challenged.

The current academic environment reinforces tendencies for opportunistic economists to take classroom economics further away from the real world. Research audits that result in promotions being determined by success in publishing in 'core' journals limit the incentive to concentrate efforts on teaching. The audit process also results in staff being hired with a focus on their potential to publish in such journals, leading to an over-representation of staff whose interests lie in technical issues. Coursework then reflects the interests of staff by becoming increasingly focused on deterministic exercises, so students receive less training in how to engage in critical thinking and writing, which in turn raises the costs of mentoring and marking for those who continue to try to teach via traditional essay-based assignments. Those who are successful in publishing in high-ranking journals may be duly rewarded by funds being credited to their research accounts, enabling them to buy themselves out of tutorials and marking. With their teaching being outsourced to less experienced

tutors, it becomes all the more important to turn assignments into formal exercises that can be marked in a formulaic basis and that can be readily constructed as variants on past questions. All this liberates time to keep churning out articles of the kind that will generate the rewards that will limit the hours that the self-serving economist has to spend in the classroom, meanwhile keeping up the externality burden on those who teach in a pluralistic and discursive manner.

Tradeoffs cannot be avoided by those who allow their teaching to be further constrained by their ethical perspective on what it is right to teach and how teaching should be done to promote particular graduate attributes. The lexicographic pursuit of excellence in teaching real-world economics produces behaviour that looks psychologically dysfunctional and is disastrous for career development. Sad to say, something close to it can sometimes be observed: an obsession with gathering up-to-date material about the state of the economy or useful case studies that may be incorporated into lectures gets in the way of doing research. The continual efforts to improve lectures, tutorials and assignments not only gets in the way of research but also results in so much time being spent at the office that the obsessive teacher of RWE fails to 'get a life'. Ultimately, such an approach to teaching becomes unworkable, either because the head of department loses patience about the lack of research output or because even the process of continually upgrading lectures stalls due to the amount of real-world material that has been gathered. Unless obsessive-compulsive tendencies have been accompanied by the development of an effective filing system, attempts to improve classes will become bogged down due to difficulties of locating particular material within the office chaos, and by

increased agonizing over which of the exponentially-growing possible combinations of real-world items would be most effective in the classroom.

Contrary to the mainstream models of choice, economists *have* to satisfice, no matter how committed they are to being excellent teachers and pursuing the cause of RWE. Life is too short to be spent focused on finding better ways of fine-tuning at the margin to maximize some overall value; rather, the challenge is to move towards a set of achievable goals in teaching and research that will ensure ongoing employment and (if they are committed to it) the ability to serve the RWE mission without jeopardizing their health and preventing themselves from having a satisfactory life beyond work. If it seems that all of our goals cannot be met within the same period, we need to reflect carefully on what our priorities should be. As Loasby (1976, p. 6) recognizes, 'choice is a normative activity': if we cannot achieve everything we would like to achieve, we must ask where we would be right to make compromises.

If our goals are over-ambitious, we may try to avoid the hard question of where to moderate our aspirations by giving 'sequential attention to goals' (Cyert and March, 1963): we will sometimes sacrifice leisure to meet a teaching or research goal, but then be so exhausted we have to cut back on work; this may lead to teaching achievements being allowed slip to keep research on target, until an unsatisfactory teaching evaluation score results in a 'please explain' from our head of department, followed by a semester that is more focused on teaching, and so on. Such a way of addressing the conflict between our goals is a recipe for chronic stress, though for a time it may mean we achieve more at work than we would if we lowered our sights with one or more of our work-related

goals or were actually prepared to make trade-offs in the manner envisaged in the conventional theory of choice.

Ultimately, though, Real World Economists (RWEs) must moderate their teaching goals and rank them below those for leisure and research in order to ensure long-run survival. Minimum acceptable standard in respect of research and work/leisure balance are set by their employers and personal situations. If they do insufficient research, they probably will be out of a job and lose their ability to spread the RWE philosophy in an academic environment, and if they spend too much time with work in order to meet overly ambitious teaching and research goals, their domestic lives will fall apart, diverting their attention and interfering with their capacities to keep educating new generations of RWEs.

It is when teaching loads are low enough to permit some discretion that our ethical dilemmas really start surfacing: should we use the slack to improve what we do as teachers, do more research, or relax? Prospects for advancing the RWE cause are thus limited by a lack of commitment (opting for leisure) in slack environments and by rising expectations of employers for research and the growing tendency for research success to determine promotion. If we are ambitious and a RWE approach to teaching involves additional effort in preparing teaching resources, getting work marked and dealing with faculty politics, we will be less inclined to do what it takes to make RWE happen in the classroom.

Thirty years ago, there was more slack in the system and those practicing RWE would have felt less ethically challenged at work. Compared with today's taut academic environment, there was less pressure to crank out publications purely for the purpose of satisfying research audits and as means to promotion.

Outside of traditional universities, research expectations were rather limited and in the case of the UK this seems to have provided space for staff in the then polytechnics to acquire expertise in non-mainstream economics. Staff–student ratios were better and in general there was more time to read widely and reflect, probably also with less need to keep retooling due less turnover in courses because the sellers’ market for places in degree programmes reduced pressures to rethink course offerings to try to compete more strongly for students.

In the modern environment, there is often little room to make the kinds of investments needed to teach RWE, rather than teach simply by following conventional textbooks, unless one is prepared to risk major shortfalls in career achievement and/or rising domestic tensions. It is therefore incumbent on senior RWEs, whose career advancement opportunities have been exhausted, to forego research opportunities in order to devote time to producing the resources necessary to further the RWE cause in the classroom, thereby reducing the burden faced by the next generation of RWEs who have, despite the odds, managed to get their feet on the academic ladder.

## **2. Mainstream economists with pluralistic course prescriptions**

In the current high-pressure academic environment there is a greater concern among university managers than there used to be about the possibility of disappointed students making legal challenges about misleading advertising if courses do not deliver what was promised. (I am using the term ‘courses’ here to refer to individual subject units rather than programmes of subjects.) Course outlines have come to be seen as contracts between the university as supplier and the student as customer. However, this is an area where the product is often

a credence good (cf. Darby and Karni, 1973): the customer lacks the information and expertise required to judge whether what was promised was actually delivered (as well as whether the promised product is really the appropriate one to be agreeing to purchase). The customer also faces major personal costs in challenging the supplier about what was delivered and may be fearful of being penalised during subsequent interactions with the supplier if they make such a challenge. Unethical behaviour by lecturers who exploit this situation of information impactedness as they choose what they teach within a particular course rubric may thus go unchecked.

This situation is unfortunate, for it limits the capacity of RWEs to use the design of a faculty-approved course description as a lever to ensure that any mainstream economists who inherit their courses have to do whatever is necessary to deliver them according to the course description. Normally teaching allocations are made too late for faculty boards to approve changes in the wording of course descriptions for the coming year. When there is a change in the personnel on a course, the new instructor will therefore formally have to teach it under the existing course description the first time they deliver it. If the contract between the university and student were actually enforced, this would mean that a mainstream economist who inherited a pluralistic course would have to tool up to teach it in a pluralistic manner. Having thus tooled up, the incentive to try to get the course turned into something less pluralistic and more conventional in subsequent iterations would largely vanish: there would now be the fixed costs of doing the paperwork and lobbying colleagues to support it, plus any fixed costs of retooling classes into a more conventional mode, versus merely any additional costs of continuing to implement the course as it stands

for the next few years (for example, finding fresh case studies and training casual tutors in how to deal with them, rather than merely re-jigging numerical exercises).

The failure of course descriptions to be enforced as contractual promises means that what actually happens is rather different when teaching personnel are reassigned after a course has been specified at faculty level in pluralistic terms. An incoming mainstream economist may simply teach a mainstream version of the course, with minimal tooling up, in the knowledge that, if no-one complains in the first year that this is done, then after that it will be plain sailing: for the following year, the course rubric can be re-specified, though possibly even that will not seem necessary if the class is docile and there are no signs of unrest. The new instructor thereby gets more time to make headway with research and the attempt of the former pluralistic instructor to impose a pluralistic education in RWE as a kind of 'merit good' fails the moment he or she loses the course. The new instructor has not been forced to become more familiar with non-mainstream content that used to be taught and the previous instructor is left with a sense of failure as regards long-term course innovation aimed at steering teaching towards pluralistic RWE. Was it worth all the bother with paperwork in previous years that had been an attempt to forestall such behaviour?

That question has certainly been on my own mind a number of times during my career, when my attempts at ensuring long-term change were thwarted by mainstream successors taking the easy route. It happened at Lincoln University in New Zealand where the 'Microeconomics for Business and Marketing' course that led to my 1995 textbook was turned into 'intermediate

Varian' the moment I stood aside from it to go on sabbatical. More recently, it has happened at the University of Queensland with 'Behavioural and Evolutionary Economics', which the former Head of School, John Foster, and I had specified to ensure that both old and new behavioural economics were covered, along with Schumpeter- and Nelson and Winter-inspired material. The course was turned into a primer in happiness economics with some coverage of new behavioural economics but no sign of Herbert Simon, Schumpeter or Nelson and Winter; meanwhile, where once there had been an extensive reading list from journal articles, the set of 'learning resources' was pruned back to five items and students were advised that it would now involve an 'considerable degree of mathematical formalism', particularly in tutorials. The new instructor even managed to get the non-editable 'course description' part of the electronic course profile changed at faculty level (which would have required support from the new head of department) in time for the start of the academic year without any discussion at departmental level. Here, as in the previous case, the perpetrator got away with the changes.

RWEs need to have the courage to act as whistleblowers and try to nip such behaviour in the bud. Once someone has got away with revamping a RWE course like this, it is difficult to mount a rear-guard action. In the former case, on return from sabbatical, I sought to deal with the issue by getting approval for the course to be turned into two units, a mainstream microeconomics unit and a heterodox unit, but due to resource constraints the latter never got taught. It may also be a bad career move to be a whistleblower if (as in my second case) the perpetrator is a more senior member of staff and close to those currently running the department.

Those who pursue their self-interest and ignore the contractual aspect of the courses they have been assigned are unlikely to feel ethically challenged (especially if, as in my second case, they managed to get the terms of the contract changed at breakneck speed before the new customers sign up). Cognitive dissonance theory (Festinger, 1957, Earl and Wicklund, 1999) implies that self-deception is likely, for we all tend to try to remove dissonant cognitions by twisting how we perceive some things in order to enable us to continue to see other things in the way that we wish to perceive them. Thus, few academics will see themselves as lazy or self-serving folk who put their careers and domestic situations ahead of maintaining an unwavering focus on the real world and revealing to students the diversity of thought in economics. Rather, they will kid themselves that they are doing the ethically right thing by, say, reminding themselves that they are ‘covering in more detail the tools the class really needs most to understand in order to read the literature and do applied work’, and they will turn a blind eye to the question of whether what they are leaving out might actually have more claims to standing in empirical terms. We should recognize that the processes of cognitive dissonance reduction may result in them seeing it ethically *better* to teach economics that is familiar and in which they have a deeper grounding if the alternative is to do a rather poor job of covering unfamiliar material that they do not have enough time to master. In terms of Festinger’s theory, underlying concerns about the consequences of not being able to explain things so clearly, or about possible embarrassment in fielding questions from students, are likely to make them feel that what they are doing is ethically right for their class. Really, though, they ought to be requesting that

their head of department gives them enough space so that they can tool up properly to offer the RWE that the course was designed to be offered.

With a committed RWE in charge of a department of economics, faculty-approved course descriptions that enshrine pluralism and/or RWE provide a potentially powerful means of ensuring that newly allocated course instructors do not take the easy way out and avoid incurring the costs of covering all that the rubric specifies. The operative word is 'committed': the head needs to monitor carefully what is actually being said in course outlines and be prepared to veto them, afterwards following up with checks of what actually gets delivered in classroom (for example, via scrutinizing online material at the course's website). Few do this and despite the pretence that 'electronic course profiles' are being used to impose standards and constitute contractual arrangements with students, the signing off process all too frequently is left to administrative staff who lack the economics expertise and are merely checking that all the boxes have been filled, before clicking 'publish'.

### **3. Ethical challenges for real-world economists who inherit mainstream courses**

Weakly enforced course descriptions do, of course, provide opportunities for RWEs to make changes to that improve the real-world content of courses that they inherit. Indeed, where mainstream economists have used generic terms such as 'consumer theory' or 'a more advanced coverage of the theory of demand', RWEs can incorporate non-mainstream material without even feeling they are playing fast and loose with the approved description or that they would be vulnerable to challenges from students whose experiences did not match their

expectations. However, three issues with ethical aspects may stand in the way of doing this.

First, there is the question of commitment versus taking the easy road and continuing to deliver pretty much what their more conventional predecessors were delivering. Just as with mainstream economists who inherit courses developed by RWEs, the processes of cognitive dissonance reduction may allow them to tell themselves that this is the right thing to do. For example, consider what could happen if RWEs with professed commitments to radical political economy find themselves being asked to teach a course in business economics. They may end up using a completely conventional market-leading text in preference to a pluralistic alternative such as the one that Earl and Wakeley (2005) wrote for McGraw-Hill UK after this publisher's market research detected major dissatisfaction with conventional business economics texts (with an implied market of about 6000 copies per year), particularly within the 'new' universities in the UK). The barrier to taking a pluralistic approach would be the unfamiliarity of the heterodox material in Earl and Wakeley (2005) to specialists in radical political economy: the heterodox real-world alternatives that are emphasized on the microeconomics side are Austrian, evolutionary, old-behavioural and institutional approaches.

The problem, therefore, is much like that which a mainstream economist faces when presented with a pluralistic rubric except that, in this case, commitment as a radical political economist can result in a different way of justifying a failure to introduce the class to the alternative approaches. Any stylistic or expositional flaws in the book or inconvenient aspects of using it can be emphasized without comparing them with the more fundamental flaws in

coverage of the text that is adopted. The book can also be seen as overly inclined to paint a picture of the struggles capitalist enterprise faces in a changing world (and too inclined to attempt to show how to cope with them), whereas the standard paradigm is actually more aligned with a monopoly capital viewpoint via its greater emphasis on market structure, barriers to entry, and so on. Radical political economists might thus convince themselves that sticking with the conventional approach is a better strategy in terms of pushing their cause, despite the pluralistic text's determined attempt to offer real-world economics. (Certainly, the sales figures for Earl and Wakeley's text suggest that there is a big difference between what non-mainstream economists say about how they feel about conventional texts and their willingness to switch away from them.)

The second issue concerns the costs that switching to a pluralistic RWE approach may impose on one's colleagues, rather than the set-up costs that will have to be incurred personally. I was acutely aware of this in June 1984 when I arrived at the University of Tasmania and picked up the second-year course in Money and Banking. Despite its title, it was mostly being taught as a very conventional second-year macroeconomics course, sandwiched in a progression between very conventional first- and third-year macroeconomics courses. Students had already purchased the locally developed textbook (Challen and Hagger, 1981, the outgoing lecturer being Don Challen, who had been seconded to the Economic Policy Advisory Council in Canberra), and I knew there would be trouble if I asked them to buy anything else. After spending my first week agonizing about what to do, I decided I would turn the course into a pluralistic 'Post Keynesians versus Monetarists' treatment of how the financial system works and affects the rest of the economy. I thus spent my first lecture

presenting a critique of the IS-LM macro-model they had focused on in the first term, and explaining where the course would henceforth be going. I softened the blow by promising the class that each week there would be detailed lecture notes, and hence there would be no need to buy another textbook. These notes grew over the next few years and eventually were turned into a book (Earl, 1990). It is clear that this was the right thing to do: my students were not caught unawares by the crash of 1987 and it has been heartening to see that those who had the Post Keynesian experience under my guidance are nowadays disproportionately represented in senior positions in Australia's financial sector. Even so, what I did was such a shock to that first cohort of students that it took a month or so before I was able to overcome their resistance and convince my new head of department that all was well.

This experiment in getting Post Keynesian economics into the core of a very orthodox programme was, ultimately, doomed to failure. What was ethically right in terms of RWE as regards the content of the course was seen by colleagues as showing a failure to consider the difficulties it would cause for whoever tried to pick up the pieces of conventional macroeconomics in the third-year course that followed it in the economics major. After I was relieved of the course, it was replaced in the core by a standard intermediate macroeconomics course and, even in its new place as an optional unit, it became a conventional financial institutions course. As can be seen from the text that eventually resulted (Felmingham and Coleman, 1995, which does what it does rather well), the focus shifted to Australian institutional arrangements and applying portfolio choice theory, and away from contrasting orthodox monetary

theory with the Post Keynesian view that centres on financial instability and the endogenous nature of the money supply.

From the standpoint of my orthodox colleagues I had been in the wrong during the pluralistic interlude, inconsiderately imposing costs on them, which made it more of a challenge to get macroeconomics students to where they wanted them by the end of the third year. In terms of collegiality, my attempt to do RWE was an anti-social act, even though for the community at large we might argue that it was pro-social. The problem is how to take RWE forward without anti-social collegial consequences; if it cannot be solved, RWE will tend to blossom briefly, before being stamped on by those with the numbers to do so, despite RWEs pleading that their opponents look at the match between models and facts.

An alternative view is that if the chances of a collegial approach succeeding in getting a course delivered as RWE in the longer term are slim, then it is ethically appropriate, where the course is a prerequisite for other core courses, to make it as disruptive to one's colleagues as possible. From this perspective, RWEs should refuse to teach (or quietly fail to cover) standard ideas that their mainstream colleagues expect them to cover but which are riddled with logical flaws (such as the theory of perfect competition, whose critique by Sraffa (1925/1998, 1926), after over 85 years and hundreds of citations, still fails to permeate to practitioners of mainstream microeconomics) or that have been falsified by events (such as Ricardian equivalence, in the light of how electorates in Greece and Italy seemed surprised by austerity measures imposed after periods in which they had failed to remove governments were piling up massive debts). Mainstream economists teaching subsequent courses will then

have to consider carefully the opportunity costs of cutting other material in order to teach the missing concepts themselves. They may suffer embarrassment in the classroom if RWEs have neglected to inform them that they have not covered standard material that their orthodox predecessors used to cover.

Thoughts about this may give RWEs a guilty sense of *schadenfreude* (their guilt tempered by recalling bitter experience of their own due to unexpected discoveries that things such as the paradox of thrift have slipped out of the conventional first-year training). More importantly, RWEs may feel more comfortable about this strategy than the alternative approach of covering the material that their colleagues expect, but doing so in a way that exposes its limitations and leaves students wondering why they are being taught about it. However, there is then the risk that their non-RWE colleagues will find room to teach such material and do so without any reference to its limitations for making sense of the real-world economy. If bad ideas are to continue to be taught anyway, it may be better that those who know these ideas are bad introduce them and teach them as such.

The third ethical deterrent to RWEs making the most of opportunities to make courses more pluralistic and real-world-focused is the possibility that this will be a traumatic experience for their students and, in turn, may result in displays of hostility and poor teaching evaluations. The issue here is that conventional economics may lead students to expect a dualistic approach in the classroom, whereas pluralism and honesty about the limits to knowledge lead to a relativistic approach to the world that emphasizes the need to match analysis with context and to be prepared to live with indeterminacy. (I will not cover this issue in detail here, as I have elsewhere written at length about it about this issue

and strategies for limiting the trauma that students experience on being taken beyond a 'black and white' world — see Earl, 2000/2008). The problem would be much less acute if the break between dualism and relativism occurred on entry to university, where students were open to expecting things to be different from how they were at school, but the rot sets in when first-year courses seem pretty much like those at the end of high school.

The challenge for RWEs in a minority in a department of economics is how far and how rapidly they should push to take students away from dualism in the limited window they have at their disposal. If there are several courses that can be used to wean students away from dualism, then perhaps a gentler awakening should be coordinated between courses: this will increase the chances of students completing the progression between RWE courses if they are not compulsory units.

#### **4. Marketing real-world economics to students**

Related to the question of how to steer economics students from a dualistic view of the world towards contextual relativism is the broader question of the ethics of marketing courses that take a RWE approach. RWE is typically less challenging in terms of technique but far more demanding in terms of the ability to make mental connections and engage in lateral, open-ended thinking. RWE typically is also highly demanding as regards linguistic capabilities. It tends to appeal to, say, locally-grown students with backgrounds in arts, humanities and social sciences rather than, say, English-as-a-second-language students from cultures that teach in a dualistic manner and reward the ability to memorize rather than analyse or think critically. These differences contribute to the costs that instructors face in

trying to stick to RWE principles: assignments in words that develop research, analytical, critical thinking and report-writing skills require reflection and comments from assessors, and exam marking requires an ability to decipher handwriting if essay questions are set — numerically-based exercises are far easier to mark and less likely to result in time being chewed up defending one's marks to aggrieved students.

If compulsory 'core' courses are offered in the RWE spirit as 'merit goods', they can be escaped only by taking a different degree major. Heads of departments may therefore be wary of changes towards a less straightforward kind of teaching, for this poses a risk in terms of reduced departmental enrolments. They may also be aware that it may be difficult to get enough tutors with the kinds of capabilities required if one moves away from deterministic numerical workshops and assignments. RWEs of known commitments may therefore find that they are never put in front of key courses of the ECON101 kind so that their departments will avoid such issues. In any case, departmental politics will often mean that RWE is confined to optional units where the issue is much more one of how to market such courses than of being swamped with more students than one can handle properly. How far should RWEs go, then, when trying to entice students away from conventional units into courses in RWE?

There is the risk that the indeterminacy of pluralistic teaching will be mistaken during teaching evaluations for the lecturer not having explained things clearly. How far should RWEs risk this? If students prefer multiple-choice questions (MCQs) to essays, should RWEs do what it takes to come up with such questions as a means to attract students despite MCQs going against the grain of

a relativistic approach to teaching? If students have trouble coping with the linguistic demands entailed in learning about non-mainstream research programmes, should RWEs curry favour with them by using up lecture time playing videos that address real-world economics situations, and by dumbing-down what they attempt to present themselves, thereby reducing the risk of scoring poorly at evaluation time when students are asked to indicate the strength of their agreement with 'the lecturer explained things clearly'. Is it better that RWEs only achieve tiny audiences because RWE is perceived as involving 'too much reading' and/or other challenges, or that RWEs try to get into a position where they can at least sound warning bells to as many students as possible about the poor match between the real-world and what is being covered in other courses? Perhaps it is more important to sow the seeds of dissent about conventional economics than try to cram in a mass of RWE analysis at the cost of neither motivating the class about the need for an alternative view nor giving them enough time to get to grips with the alternatives.

## **5. Ethic in the economics classroom**

As well as being potentially dangerous to teach because graduates may end up using it as a guide to policy-making in the real world, conventional economics may have socially undesirable effects on the motivation of those who study it (cf., for example, Marwell and Ames, 1981; Frank, Gilovich and Regan, 1993). RWEs can use the way that they teach economics as a means of inculcating socially and environmentally responsible ways of thinking, rather than promoting a tendency

to view life as being about maximizing one's wealth and consuming as much as possible.

To do this, RWEs can emphasize the extent to which, in the real world, the 'moral dimension' (Etzioni, 1988) does shape choices, and highlight situations in which consumers, workers and producers ought to recognize moral issues as they choose. It is possible to bring moral issues into the economics classroom in a variety of ways, such as:

- By giving examples of people who live their lives according to ethical principles that are at odds with the principles of gross substitution (one example I have long used is vegan dietary choices, and more recently I have discussed the nature of individual identity in these terms, in the light of the work of Parsons, 2000).
- By pointing out that some economists who choose to be academics are incurring considerable opportunity costs in financial terms because they are foregoing opportunities to work in sectors that they see obsession with making money seemingly regardless of ethical considerations.
- By giving examples of the sacrifices it may be necessary to make to get RWE perspectives into print. An example that I use is the struggle Clive Spash had with his then employer, Australia's Commonwealth Scientific and Industrial Research Organization (CSIRO), to publish his critical survey on carbon trading, which eventually appeared, after his resignation, as Spash (2010).
- By showing (copyright permitting, of course!), and then getting the class to discuss, movies or documentaries about ethically questionable business and organizational behaviour (for example, *Three Dollars*, *The Insider*, *Super Size*

*Me, Enron: The Smartest Guys in the Room* and *The Inside Job*, the last of which exposes, amongst other things, how some economists contributed to generating the Global Financial Crisis via their work as highly-paid consultants to the financial sector).

However, in bringing business ethics into the economics classroom, RWEs need to be mindful of the risk that their attempts may prove counterproductive. This became apparent to me when I first started teaching students about Williamson's (1975) analysis of the economics of vertical integration with its gloomy focus on how opportunistic behaviour can result in contractual failures. In presenting real-world scenarios to the class and asking what might go wrong with a particular transaction, I was struck by the ingeniously guileful suggestions my students became able to make. While I was hoping to teach them how to avoid falling foul of the opportunism of others, I began to wonder whether teaching this sort of material might result in them learning how to be opportunistic in situations where it otherwise would never have crossed their minds to behave in such a way.

## **6. Conclusion**

This paper has aimed to highlight some of the ethical challenges entailed in getting more RWE into the economics curriculum. These have been framed with particular reference to the descriptions that faculties approve for courses in economics, which are both partly specified and partly enforced as contracts between the supplying institution and its student customers. The weak contracting relationship between students and academic economists opens up

discretion for the latter in how far they go in delivering RWE. The future of RWE in the classroom therefore depends considerably on the extent to which lecturers and professors pursue the RWE cause rather than taking easier routes that involve less risk of conflict with colleagues and less investment in new teaching resources. Because of the potential for economists to fail to see they are taking the easy way out due to their cognitive processes removing cognitive dissonance, it would be helpful if committed RWEs had some kind of charter to which they made public commitments, which specified appropriate modes of conduct in the face of conflicting demands on their time and in the face of political realities in their workplaces. If such a charter existed, those who refused to sign it would be making an implicit statement of their rejection of pluralism and lack of commitment to keeping their teaching focused on the real world.

Such an ethical charter would not be easy to design. In some circumstances it may help the cause of RWE to infuse courses with RWE content without informing colleagues that this is happening. However, if one incurs the costs of winning faculty approval for course descriptions that specify pluralistic and empirically-grounded analysis, there is some hope that those with an inclination to teach in the dominant manner will be given pause for thought. The chances of the latter actually following the spirit of such a course description will be increased if RWEs who have previously been teaching such courses adopt a strongly collegial approach and do all that they can to assist their previously less-enlightened colleagues to retool appropriately with minimum cost. An implied ethical principle here is that RWEs should not view the course materials that they have prepared as being their personal property and should instead make them freely available for their colleagues to use.

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