

ANNALS OF INQUIRY

IS IT TIME FOR A NEW ECONOMICS CURRICULUM?

“The Economy,” a new textbook, is designed for the post-neoliberal age.

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Illustration by Radhiah Anis

In the nineteen-forties, when the Massachusetts Institute of Technology was considering adopting a new economics textbook, the school's president received warnings about the book's author: "It is perfectly obvious that the young man is socially-minded if not strictly communistic," one correspondent wrote. The young man in question was the American economist Paul Samuelson, a future Nobel laureate. Samuelson's textbook "Economics," published in 1948, would dominate the

market for nearly half a century; it introduced a Keynesian vision—in which government would take a more active role in managing the economy and promoting full employment—to generations of students and sold millions of copies.

The writer who accused Samuelson of communism worked as an executive at the Bell Telephone Company. Another concerned letter came from an M.I.T. graduate who was now part of the management at the chemical company DuPont. He wanted any text adopted by M.I.T. to be “thoroughly objective and mature,” and worried that Samuelson was neither of these things. The objectivity sought by the businessmen seemed to require a commitment to small government and minimally regulated capitalism. After the Second World War and the Great Depression, however, a Keynesian outlook was ascendant.

The opposition to Samuelson’s book didn’t prevent its adoption at M.I.T. or other universities. But, by the early nineteen-fifties, a companion volume of readings had joined the syllabus at M.I.T., alongside Samuelson’s text. These readings, which were meant partly to respond to the notion that Samuelson harbored “un-American tendencies,” stressed the value of unrestrained free enterprise. In a sense, the critics of Samuelson’s textbook were right: an introductory economics curriculum has high political stakes. Samuelson was hardly a communist, but it was certainly true that he wanted to influence American politics. “I don’t care who writes a nation’s laws—or crafts its advanced treaties—if I can write its economics textbooks,” he wrote, in 1990. “The first lick is the privileged one, impinging on the beginner’s *tabula rasa* at its most impressionable state.”

Economics is a social science, driven by data and equations. But it is also deeply informed by politics, and economists, who have diverse political views, wrangle over ethical values and also numerical ones. In the same way that Samuelson helped to redefine economics education after the devastation of the Great Depression, an international team of collaborators is now seeking to change how the discipline is taught and to shape the world view of future economists. Led by Samuel Bowles and Wendy Carlin, the group aims to prepare students for a world transformed by the 2008 financial crisis, accelerating wealth inequality, climate change, and global pandemics. They say that their initiative—called CORE, for Curriculum Open-Access Resources in Economics, and anchored by a free online introductory textbook titled “The Economy”—will “teach economics as if the last thirty years had happened.”

In retrospect, it seems fair to say that a complacent overconfidence dominated mainstream economics in the early two-thousands. In 2003, the economist Robert Lucas, in his presidential address to the American Economic Association, claimed that the “central problem of depression prevention has been solved, for all practical purposes, and has in fact been solved for many decades.” Then came the 2008 crash—not a great depression, but certainly a great recession. Carlin, who teaches at University College London, felt that her field was under an accusatory gaze. “That was the moment when the finger was pointed at economists as having failed to realize that something was happening,” she told me recently. Queen Elizabeth II visited the London School of Economics in 2008, and asked the school’s professors why no one had seen the crisis coming.

Carlin, now in her mid-sixties, speaks in short, precise sentences, with a trace of an Australian accent. She moved to England as a Rhodes Scholar, at Oxford, in the late nineteen-seventies. Much of her early research focussed on the role of powerful unions in the German export economy, and she later authored three macroeconomics textbooks with the economist David Soskice. Carlin has known Bowles since the nineteen-eighties. Bowles’s outlook was shaped by his early exposure to global inequality—he had spent his formative years in India, where his father was the U.S. Ambassador—and by a letter he received from Martin Luther King, Jr., in 1968. Bowles had just earned his Ph.D. in economics and was teaching at Harvard; King had written to several economists in advance of his Poor People’s March. King’s letter included questions about why jobs were leaving city centers and how exactly education might promote greater equality. “I didn’t have a clue how to answer them,” Bowles recalled. In attempting to respond to King, he consulted colleagues with a range of specialties at Harvard; afterward, he concluded that he had learned more in that effort than in his entire previous training as an economist. He made a resolution: he would either try to expand the field of economics or leave it. Now eighty-two, he heads the Santa Fe Institute’s behavioral-sciences program and has published on subjects ranging from inequality in the Neolithic to the modern American educational system.

Carlin and Bowles began talking seriously about collaborating in 2011, at an event at the University of Massachusetts Amherst held in honor of Carlin’s late husband, the economist Andrew Glyn. They realized that they shared a common perspective on the limits of the *Homo economicus* view of people as farsighted and self-interested actors. They also held similar views on the importance of institutions,

the frequent imperfections of markets, and the value of game theory for modelling strategic interactions in the economy. In 2013, they sat down at Carlin's kitchen table, in Oxford, and began drafting plans for a new textbook.

During the next few years, they persuaded two dozen economists from around the world to contribute particular sections based on their expertise. In 2014, Carlin started teaching students from an early version of the text; by 2021, more than half of the eighty or so universities in the United Kingdom that offer an economics degree were using CORE's "The Economy" for at least one course. In the United States, the curriculum is now used in courses at eighty-six universities and community colleges, including Colorado State, the University of Southern California, the University of Notre Dame, and Yale. Its global reach is also considerable: sixty-three countries around the world use CORE, in more than five hundred courses total.

Compared with other textbooks, "The Economy" sometimes seems to reverse foreground and background. "Principles of Economics," written by the Harvard economist N. Gregory Mankiw, declares that "markets are usually a good way to organize economic activity"; "Macroeconomics," by Paul Krugman and Robin Wells, tells students that "markets move toward equilibrium." Bowles and Carlin, in contrast, present market failure as far more pervasive, and not as a rare deviation from a generally efficient and desirable status quo. Most economics textbooks, they argue, in a recent paper on economics pedagogy, lead students to "reasonably conclude that the economy is about interactions in competitive markets (a positive statement) that function pretty well (a normative one) and in which governments ought not to meddle." CORE provides reasons and evidence to challenge all three positions.

Recently, Bowles and Carlin published a statistical analysis, comparing the relative frequency of topics in CORE's "The Economy" with other textbooks. Some of the words that appear more commonly in "The Economy" are "Gini" (a measure of inequality), "bargaining," "environment," "global," and "democracy." Their analysis also shows that CORE offers greater coverage of economic history and thought, game theory, behavioral economics, and comparative international development. It's not that the other textbooks omit these topics entirely but that CORE foregrounds them. Bowles told me about an informal rule among publishers that no more than fifteen per cent of the material in a new textbook should deviate from the dominant ones. He estimates that the figure for CORE is

closer to seventy per cent.

What might have been radical thirty years ago may strike many young people today as obvious. After a summer of floods and fires, readers will not be shocked to learn that the economy depends on a functional ecology: “The economy is part of society, which is part of the biosphere,” the CORE textbook reads. The pandemic also has underscored how much economic activity consists of “goods and services that are produced within the household, such as meals or childcare (predominantly provided by women).” If taken seriously, such insights would probably require major changes to how we measure the economy and its performance. Using G.D.P. to assess economic growth without somehow including the costs of widespread environmental degradation or the value of domestic labor would be incoherent. CORE still relies on G.D.P., but it acknowledges some of the limits and criticisms that pertain to long-dominant models in economics.

CORE also presents a view of psychology in which people are motivated by more than self-interest. Carlin and Bowles point out that, although financial incentives are effective in some situations, paying people to do the right thing—picking up their children from preschool on time or donating blood—can backfire, crowding out our intrinsic motivation to act fairly and cooperate. As one chapter explains, “For many people, doing a good job is its own reward, and doing anything else would contradict their work ethic. Even for those not intrinsically motivated to work hard, feelings of responsibility for other employees or for one’s employer may provide strong work motivation.”

The creation of CORE was itself a meta-commentary on incentives. None of the textbook’s contributors were paid, and all donated their rights over the material to CORE, which is a registered charity. Bowles usually publishes research papers several times a year, but between 2014 and 2017 his résumé contains a large blank—he was occupied entirely with the project. CORE covers its operating expenses with funding from foundations and think tanks, such as the Omidyar Network, the Hewlett Foundation, and the Institute for New Economic Thinking. Students, professors, and anyone else who’s interested can download the entire CORE textbook for free. Other introductory textbooks are generally expensive; Mankiw’s sells for around a hundred and thirty dollars. One teacher from Arkansas State University calculated that using CORE will save his students a combined hundred thousand dollars annually.

Shifts in the economics curriculum can affect who takes economics. Max Kasy, an economics

D professor at Oxford, described the phenomenon. “Once, I had this really stark experience teaching advanced econometrics, which was, like, almost a hundred-per-cent white and Asian men taking it, and then teaching a class on economic inequality that was at a similar technical level, and it being almost a hundred-per-cent minority students and women,” he told me.

Bowles and Carlin have noted that women are dramatically underrepresented among undergraduate economics majors in the United States. Self-selection effects can create a vicious circle: the sorts of people who might change economics become less likely to study it in the first place. Anders Fremstad, an economics professor at Colorado State University who teaches microeconomics from the CORE textbook, told me, “Teaching a version of economics where there is no such thing as economic power, where we’re in the best of all possible worlds . . . I could see how it would not necessarily be a very interesting field for people from more marginalized groups.”

I spoke with nearly a dozen economists about CORE, and their opinions of the book varied widely. Mankiw told me that he makes a point of not commenting on competing textbooks. “It’s a little bit like asking the president of Coca-Cola what he thinks of the taste of Pepsi,” he said. But he argued that his own textbook already does many of the same things that CORE’s “The Economy” does: introducing behavioral economics, discussing inequality and institutions, addressing climate change, and presenting cases of market failures.

Jonathan Gruber, who teaches introductory economics at M.I.T., felt that CORE might introduce too much complexity for a foundational course. He worried that so much emphasis on the ethical and political dimensions of economics might make the subject feel like a different discipline altogether. “The question is, do you want the students to feel like they’re coming out of, you know, to be blunt, a sociology class or an economics class?” Gruber said. Still, he welcomed the greater emphasis on the imperfections of markets. “Economics is a right-wing science,” he told me. “We teach students that the market is always right. And that’s just wrong.”

Ha-Joon Chang, an economist at Cambridge University, praised CORE for incorporating more contemporary research, foregrounding real-world issues and data, and including more philosophical and political discussion than other leading textbooks. But he faulted its lack of intellectual pluralism. In his book, “Economics: The User’s Guide,” from 2014, Chang delineates nine major schools of economic thought: Austrian, behavioralist, classical, developmentalist, institutionalist, Keynesian,

Marxist, neoclassical, and Schumpeterian. Adding feminist economics, evolutionary economics, and ecological economics brings the number to twelve. He sees CORE as fundamentally neoclassical, and thus something of an intellectual monoculture. “All these different schools have been developed with different questions, different methodologies, different assumptions. So they are differently good at answering different kinds of questions,” he told me. “I’m not saying that neoclassical economics is particularly bad, but, in neoclassical economics, you don’t really question the underlying distribution of income, wealth, and power. People promoting that perspective have, frankly, more exposure, more research funding, more political support.”

The boundaries between “neutral” economic fact and debatable political assertion move over time. Samuelson’s book was attacked as subversive and leftist during the Red Scare and McCarthyism, but, following the nineteen-sixties, some saw the book as conservative scaffolding for conventional, pro-growth dogmas. “If one wishes to restructure society in order to achieve other values than maximizing output of material goods and services, Samuelson’s book is no help at all,” one professor wrote, in the early nineteen-seventies. Within the space of just twenty years, the book’s critics came to include those on the opposite ends of the political spectrum.

There’s no reason to think that this process will suddenly stop. Julie Nelson, an important figure in feminist economics who recently retired from the University of Massachusetts Boston, is critical of the standard textbooks and supportive of CORE, but she doesn’t think CORE goes far enough in reimagining the discipline. “They say they’re bringing in gender, but that’s because, you know, they use some female names as well as male names in the examples, as far as I can see,” she told me. It seems safe to say that many assumptions in present-day economics—about gender, the moral status of future generations, or the natural world—may, one day, appear hopelessly flawed.

Such changes are happening, on a small scale, all the time. In the spring of 2021, using CORE, Carlin was teaching microeconomics and macroeconomics to hundreds of undergraduates from more than a dozen countries at University College London. Bowles gave a guest lecture on inequality, presenting an expertly curated collection of data and imagery that documented the astounding increases in inequality that have occurred in the United States since 1980. Because of the pandemic, the course was conducted over Zoom, and students asked questions in the live chat. Why did worker wage growth in lower quintiles lag so far behind productivity after 1970? Would a perfectly equal

society actually be desirable? What could reduce levels of extreme inequality?

A lively discussion ensued. Answering this last question, one of the graduate assistants replied, “It’s not rocket science and many countries have done it: provide good education and health services and unemployment insurance, and provide the poor with access to a basic income (or basic goods).” The reason that so many people remain desperately poor, the assistant went on, “is *not* that we do not know how to avoid this. It is that they (and those who care about them) are not as powerful politically as those who would have to make some sacrifices to get this done.”

After the class, I spoke with a few U.C.L. students. A young woman from Armenia told me that she found the CORE textbook “totally shocking.” The book, she said, included the idea of self-interest, but “also added altruism, reciprocity, inequality aversion—it was just completely different.” She went on, “One of the key things that CORE does differently is depict people, economic agents, more realistically, more three-dimensionally.” This was also true of its depiction of economists. The book “really exposes periods where economists got things wrong,” she said. “It makes you take the models and the theories that we are taught with a pinch of salt. It’s not, you know, ‘You can learn these principles, and then analyze everything just by those principles.’ Just as the world is changing, you have to change as well.” Similarly, a young woman from India who was majoring in economics at U.C.L. told me that Carlin’s course, using the CORE curriculum, had been the only class in her field that moved beyond abstractions to make the real-world implications of economics clear.

I asked a German Belgian student in his second year what he thought of the course, and whether he believed it mattered what students learned in introductory economics. He replied by pulling up a quote from Keynes and reading it to me:

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.

In an essay from 1923, Keynes urged his colleagues to cultivate a broader vision. “Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is long past the ocean is flat again,” he wrote. Carlin and Bowles have written a useful textbook for navigating a turbulent time.

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Nick Romeo, a writer based in Athens, Greece, is working on a book about the people and ideas defining a new paradigm in economics.

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