

# A New Way to Learn Economics

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With the new school year starting, there is good news for incoming students of economics—and anybody else who wants to learn about issues like inequality, globalization, and the most efficient ways to tackle climate change. A group of economists from both sides of the Atlantic, part of a project called *CORE* Econ, has put together a new introductory economics curriculum, one that is modern, comprehensive, and freely available online.

In this country, many colleges encourage Econ 101 students to buy (or rent) expensive textbooks, which can cost [up to three hundred dollars](#), or [even more](#) for some hardcover editions. The *CORE* curriculum includes a lengthy e-book titled “[The Economy](#),” lecture slides, and quizzes to test understanding. Some of the material has already been used successfully at colleges like University College London and Sciences Po, in Paris.

The project is a collaborative effort that emerged after the world financial crisis of 2008–9, and the ensuing Great Recession, when many students (and teachers) complained that existing textbooks didn’t do a good job of explaining what was happening. In many countries, groups of students demanded an overhaul in how economics was taught, with less emphasis on free-market doctrines and more emphasis on real-world problems.

Traditional, wallet-busting introductory textbooks do cover topics like pollution, rising inequality, and speculative busts. But in many cases this material comes after lengthy explanations of more traditional topics: supply-and-demand curves, consumer preferences, the theory of the firm, gains from trade, and the efficiency properties of atomized, competitive markets. In his highly popular “[Principles of Economics](#),” Harvard’s N. Gregory Mankiw

begins by listing a set of ten basic principles, which include “Rational people think at the margin,” “Trade can make everybody better off,” and “Markets are usually a good way to organize economic activity.”

The *CORE* approach isn’t particularly radical. (Students looking for expositions of Marxian economics or modern monetary theory will have to look elsewhere.) But it treats perfectly competitive markets as special cases rather than the norm, trying to incorporate from the very beginning the progress economists have made during the past forty years or so in analyzing more complex situations: when firms have some monopoly power; people aren’t fully rational; a lot of key information is privately held; and the gains generated by trade, innovation, and finance are distributed very unevenly. The *CORE* curriculum tries to incorporate these insights, and others, from the beginning. It also takes economic history seriously.

The e-book begins with a discussion of inequality. One of first things students learn is that, in 2014, the “90/10 ratio”—the average income of the richest ten per cent of households divided by the average income of the poorest ten per cent—was 5.4 in Norway, sixteen in the United States, and a hundred and forty-five in Botswana. Then comes a discussion of how to measure standards of living, and a section on the famous “hockey stick” graph, which shows how these standards have risen exponentially since the industrial revolution.

The text stresses that technical progress is the primary force driving economic growth. Citing the Yale economist William Nordhaus’s famous study of the development of electric lighting, it illustrates how standard economic statistics, such as the gross domestic product, sometimes fail to fully account for this progress. Befitting a twenty-first-century text, sections devoted to the causes and consequences of technological innovation recur throughout the e-book, and the information economy receives its own chapter. So do globalization, the environment, and economic cataclysms,

such as the Depression and the global financial crisis.

Given the breadth of its coverage, the *CORE* curriculum may be challenging to some students, but it takes advantage of being a native online product. (In Britain, a paperback version of the e-book is also available.) The presentation features lots of graphs and charts, and, in some cases, students can download data sets to create their own. The quizzes are interactive, and the presentation is enlivened by potted biographies of famous dead economists (Smith, Keynes, etc.) as well as video interviews with eminent living ones, such as Thomas Piketty.

Unlike most textbooks, the *CORE* e-book was produced by a large team of collaborators. More than twenty economists from both sides of the Atlantic and from India, Colombia, Chile, and Turkey contributed to it. (Two of them, Suresh Naidu and Rajiv Sethi, teach at Columbia and Barnard, respectively.) The coordinators of the project were Wendy Carlin, of University College London, Sam Bowles, of the Santa Fe Institute, and Margaret Stevens, of Oxford University. The Institute for New Economic Thinking provided some funding to help get things off the ground.

The members of the *CORE* team deserve credit for responding to the critics of economics without pandering to them. They have produced a careful but engrossing curriculum that will hopefully draw more young people into economics, and encourage them to continue their studies. (At University College London, students who took the *CORE* course did better in subsequent economics classes than earlier cohorts who took a more traditional introductory course.)

But the *CORE* material isn't just for incoming students. It will also reward the attention of general readers and people who think they are already reasonably conversant with economics. (Personal testimony: Having gone through some

of the material in detail, I think I might finally understand the Malthusian model and how to calculate bank leverage ratios!) All this, and the price can't be beat.