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Students' hopes dashed over 'crash' course in economics teaching

By Claire Jones

The international financial crisis has sparked calls for a radical rethink of economics teaching, with critics calling for professors of the dismal science to pay more attention to finance and history. But students from the birthplace of the Industrial Revolution have had their hopes for a course on financial crashes dashed after the University of Manchester refused to put it on next year's syllabus.

A group of students, the Post-Crash Economics Society, had devised a course – Bubbles, Panics and Crashes: an Introduction to Alternative Theories of Crisis – with the support of some of Manchester's academic staff, as a module for third-year students at the university, a member of the prestigious Russell Group.

Last week, after months of campaigning and petitioning of fellow students, the economics department rejected it. "We were all very shocked and angry at the decision," said Joe Earle, a member of the society.

The push by groups such as the Post-Crash society to break with the mechanistic and abstract approach that has dominated the field in recent decades has won widespread backing from prominent academics and policy makers.

Andy Haldane, the Bank of England's chief economist-designate, said in a foreword written for the society's manifesto, due to be published next week: "The economy in crisis behaved more like slime descending a warehouse wall than Newton's pendulum, its motion more organic than harmonic."

"Employers of economists, like the Bank of England, stand to benefit from…evolution in the economics curriculum…it requires eclecticism in the choice of methodology, a knowledge of political economy, an appreciation of institutions an understanding of money and banking," he added.

Wendy Carlin, professor of economics at University College London, who is directing a project at the Institute for New Economics Thinking, a think-tank set up by billionaire financier George Soros, said at a conference last year that students had become "disenchanted" and lecturers "embarrassed" by the way economics is taught.

The proposed course at Manchester built on a series of evening lectures run by the Post-Crash Economics Society this year and was based on a module already taught at the University of York, another member of the Russell Group. Mr Earle said: "We felt we'd put forward our message well and people had told us we had the victory. We feel we've been treated disingenuously."

The reading list proposed by the students included articles from so-called Austrian school economists and included papers by staff at the Bank for International Settlements, the so-called central bankers' bank, who were among the few to warn of the dangers building up in the global financial system before the Lehman Brothers' collapse.

"If you look at the reading list, it's not wildly radical – it's balanced. But in the standard undergraduate course you wouldn't see any of that. It just goes to show how narrow the curriculum is," said James Meadway, an economist at the New Economics Foundation think-tank. "There is a complete failure to admit that there's something fundamentally wrong with economics, and that it led to the crisis being missed in 2008."

The University of Manchester said: "We have decided not to run the Bubbles, Panics and Crashes module next academic year, but will launch other new economics-run modules to address broader areas of the economics curriculum."

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