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Observations on the Use of Textbooks in the Teaching of Principles of Economics: A Comment

Karl Case

First, it was a great pleasure to spot on page one of Michael Boskin's paper the following parenthetical comment: "How anyone can be serious about teaching macro to students who have not had micro . . . is becoming increasingly incomprehensible." When Ray Fair and I agreed to write our principles book for Prentice-Hall, we insisted that microeconomics be presented first. At the beginning, there was a great deal of apprehension at Prentice-Hall. The reason, of course, was that most of the leading books have macro first. Prentice-Hall did not trust us, so we did a survey, and about 85 percent of the respondents, professional economists, said that micro should be presented first.

My department, like most of yours I am sure, has debated back and forth over the years the relative merits of requiring the whole sequence in principles with micro first and macro second. Harvard has done it for years that way. So far, the answer in my department has been no. Let them take macro first because it somehow is supposed to "hook them" despite the obvious pedagogical cost. I am convinced that is wrong. I think that if micro is taught well, it is just as big a hook. In any event, I think we should get together and form a cartel and require a full year of economics for all students and make them take micro first.

I also want to comment on Boskin's point that "the encyclopedic-like structure of most principles textbooks tends almost de facto to underemphasize basic economic concepts, such as scarcity, opportunity cost, and marginality." Not unrelated to that point is Boskin's comment about retention: "Students are not retaining much of what we teach."

I agree with him. We need to focus more attention on, and devote more time to, key concepts. We need to teach them harder. But if we do that—and I sense almost a consensus here that we should—we have to understand that it will increase the already-wide gulf between the "discipline" of economics and the principles course. I realized this morning that the business of teaching principles of economics and producing textbooks has become a specialized enterprise that is very distant from what the profession is doing.

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Principles textbooks are no longer introductions to the discipline. At some point, the discipline outgrew what could be captured reasonably in nine hundred pages. It is no longer really a survey course. As early as 1952, the American Economic Association (AEA) sponsored a conference to discuss the fact that there was simply too much material for principles textbooks to handle.

If the discipline of economics is what we economists do and think about, and if that is what is in the journals, then the proper way to learn it is to learn technique and then read the journals in special field courses. If that is the discipline, then the way to introduce it is with a good intermediate theory course. Abolish the principles course and publish an economic dictionary to define some key terms. That is the MIT solution.

Wellesley and MIT have a running battle. We are affiliated institutions, and there is cross-registration in all of our courses. Students receive automatic course credit for enrolling in courses at the opposite institution. But Wellesley will not give its economic majors credit for taking the introductory course at MIT, and MIT will not give its majors credit for taking the principles course at Wellesley. I might point out that at MIT one can satisfy the humanities requirement by taking graduate econometrics. In the principles course at MIT, an intermediate textbook is used and students work with Lagrange multipliers on the second day. Wellesley argues that its students are not prepared to continue in the Wellesley economics curriculum after completing the introductory course at MIT. MIT argues that its students are not prepared to go on in economics after completing Wellesley's principles course. We are both right.

MIT turns out brilliant students who can manipulate any model, but a few of them have not thought for ten seconds about what they are modeling and why they are doing it. This same tension exists when we recruit people to teach the principles course. Typically, the people who teach principles are graduate students and young, freshly minted Ph.D.'s. The amount of material one has to master to get a degree these days is quite astonishing. I would bet that 50 percent of the key concepts presented in a principles of economics course are taught only in that course. The content of our principles textbook, then, is increasingly unfamiliar to our best graduate students.

This is not a new phenomenon. I taught the beginning economics course at Harvard for the first time in 1972. What I had to teach had nothing to do with what I had been studying in graduate school, and I thank God that Elizabeth Allison asked me to do it. I had forgotten why I was in the discipline. I had been in the army for three years prior to coming to Harvard. I essentially had to learn all the basics from Lipsey and Steiner while I was teaching that course.

What the MIT approach misses is what the principles textbooks must provide. It is not really an introduction to the discipline anymore; it is, rather, what you ought to know before we let you near the discipline. It seems to me there are four issues. First, principles textbooks must provide a clear

statement of the subject matter. There is remarkable agreement across textbooks on what the enterprise is all about: Every society has been endowed by nature and previous generations with some finite set of resources, broadly defined. Somehow, every society, whether one person on an island or 240 million Americans, uses those resources to satisfy wants. We all seem to agree that the enterprise is to understand that process and, for some, to make it work better.

Second, there is a set of concepts that everyone in this room considers important in understanding the nature of any economic system. There is also remarkable agreement about which ones are most important—choice, trade-offs, opportunity costs, capital, sunk cost, rent, and so forth. These concepts the principles textbook must teach well.

Third, most of us agree that there is a body of theory using these concepts that offers some insights into the functioning of society. That core body of theory must be related to the world at some elementary level in order for principles students to warm up to it and to retain it. This body includes basic competitive market theory, theories of market failure, and the basic structure of macro. Historically, the way we made the connection between theory and the world was by telling stories. But as theory has become more elegant and more precisely stated, we have drifted away from telling stories. We now specify the model and write it down explicitly. Most of the graduate students coming out today are not great storytellers. What made Chicago price theory so compelling was that once you learned it, it explained everything. The way it was taught was through story after story after story. The fact that we are not training graduate students to tell stories anymore puts a greater burden on the textbook.

There is, of course, another side to the Chicago approach. That is, once learned it becomes revealed truth and explains all things. But with the appropriate cautions, we need a bit less precision and more storytelling at the principles level.

What I interpret as Boskin's theme, then, is to pump up these basic areas: (1) statement of the enterprise, (2) the core concepts, and (3) basic theory (with more and better storytelling). Those three areas have to be presented, and presented well, for us to be successful. But, alas, we are also an academic discipline, and we have to survey to some extent. There are competing paradigms. There are controversies. There is a massive empirical literature that has been accumulated over the years. All of this must be surveyed to some extent. But if we do a good job on the first three areas of the textbook, there is not a great deal of room left, and that means we have an enormous problem of choice.

If we follow Boskin's suggestion, then we have an even bigger choice problem than we did before. As we reduce the amount of surveying that we do, the gap between the principles course and what we do as professional economists will become wider. The widening gap will be a source of increasing tension for those of us who teach principles and those of us who write principles textbooks.

Finally, Boskin says that he does not want the book to set the agenda. Here, I disagree. I want everyone taking the course to hear the purpose of the enterprise loud and clear. It may be the last time they ever hear it. I want everyone to come into my intermediate courses knowing twenty concepts well, with none missing. These concepts need to be written down. Whether or not the students take economics again, I want them to be able to tell stories. Beyond that, my colleagues can do what they want in their courses, but up to there we need to set the agenda with the textbook. When I came out of graduate school, I desperately needed an agenda. I think it is the way we bring people back from the frontier to the real enterprise. Actually, I think that teaching the beginning course probably should be a requirement for the Ph.D.

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