Teaching Economics after Major Crises: the Financial-Economic Crisis and the SARS-COV2 Pandemic

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Abstract: Global and European challenges by the beginning of the 21st century have an intensity and severity comparable with the ones by the beginning of the 20th century, though different partially in nature: a harrowing financial-economic crisis followed nowadays by a global pandemic. The challenges at European Union level and at national level are not only of economic nature, or related to the operation of the education systems' at all levels, but also some are particularised. Such a particularised approach requires also teaching economics and the creation of an economic culture for experts and the public alike. The present paper intends to achieve two essential objectives. The first is analysing possible delta-convergence in Romania against the other member-states. The second is posing, possibly answering the questions about what is, and how it is relevant for economic education from the perspective of orthodox and heterodox approaches for changing the economy from a textbook science to an integrative science for practitioners in the economic fields, and for future experts interested in economic research.

Keywords: *economics; (neo)institutional economics; quality of education; teaching economics; pandemic.*

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1. State of affairs in the European Union and the national education system – challenges and opportunities – delta-convergence analysis

The challenges for the European education systems are in the second decade of the years two thousands comparable in broad lines with the ones by the beginning of the 20th century. The imperative of opening access to education for all socio-economic categories, reducing as much as possible early school leaving and especially early school leaving in rural and remote areas, devising specific approaches for the NEET categories, improving the absorption degree of young upper-secondary or tertiary education graduates on the labour market. Identifying transitions that are as smooth and promising as possible towards an active life that meets simultaneously the conditions and requirements provided by work-life balance policies.

For the whole of the European Union, early school leaving represents currently 10.6% as compared with the target by 10% or less for the age group 18 to 24 year olds and it is higher among men (12.2%) than for women (8.9%). Another issues that needs to be more intensively approached is that early school leaving is higher among immigrants (20.2%) as compared to the trend for the EU-born young cohorts, respectively 9.5% (Education and Training Monitor, 2019).

The targets regarding the employment of young graduates set by 82% for the youths enrolled in either vocational or general upper secondary education, and for the young graduates of tertiary education varies from 79.5% for upper secondary vocational education to 85.5% for graduates of tertiary education as regards the age group 20 to 34 years of age (Eurostat, EU-LFS 2018).

Moreover, it is necessary to diminish the numbers of youths with poor results as regards reading, mathematics and sciences, cases where the target set by 15% or less for all three items registers variations around 20% more or less (PISA, 2015). To this is added the requirement of improving the participation of adults to the various forms of vocational education and training throughout their active life (lifelong learning), where the shares are extremely low for all ISCED levels, as compared with the target by 15%.

Pursuing the objectives of economic growth has led frequently both Old Member-States, Former Member-States of Convergence and Cohesion, and the New Member-States as well to neglecting – despite official statements – investments for improving the educational infrastructures, for encouraging processes of lifelong learning/improved training and, hence, the

weakening in the statutes and prestige of the teachers was just a step away. One major goal of the European Agenda, as stated by the Education and Training Monitor 2019 for the time horizon after 2020, is to provide measures for rectifying this state-of-affairs.

In this context, we propose to use the definition regarding institutions, and institutional architectures, according to North (1990). He defines them as laws and norms according to which the society operates through its actors based on implicit agreement to the respective norms, thereby ensuring the functioning and interaction between the main stakeholders – players in Northian terms – in the main markets of the economic-social life. To this first definition, we add the reformulation suggested by Greif (2006) according to which institutions are sets of norms, rules, procedures, regulations, that contain both incentives and sanctions that ensure the full functioning of the norm. This (Neo)institutionalist-economic view is one of the possible ways of identifying the interventions needed at both economic and social level for ensuring the operation as close to the optimum as possible of any system.

From the above-mentioned, we suggest considering the unwanted pandemic as an opportunity for initiating a process of identifying and strengthening, or for creating the premises for first informal emergence of endogenous institutions that in time could be formalised if they show their utility and practicality. These might be particularised for the own national education system and/or in the incremental process of transitioning from informal to formal transferred at European level. Moreover, it could provide the time for reflection and initiating targeted debates about the way in which economics should be taught in upper-secondary education and at tertiary level so as to answer actually the unpredictable but accelerated challenges of the next period by discussing about the imperative of ‘institutionalising’ an economic culture for experts and non-experts alike. This is necessary we believe in order to meet complex challenges, irrespective if we talk about ‘white or black swans’, as the current pandemic is according to a recent interview of Roubini rather a white swan, and not a black one (Cox, 2020).

One of the well-known issues on which we are not going to insist in the present analysis is the reform and transformation process underwent by the Romanian education system over the last 30 years. However, in this framework we consider as useful to identify the outcome of these transformative processes by performing a delta-convergence analysis from the institutional viewpoint between the national education system and the systems of the other European Union member-states. The reform of the educational systems is often discussed at European level as well, but the

question is related towards the direction these reforms should follow in the context of increased external complexity of the related and correlated institutionalised systems to which education is connected permanently either directly or mediated.

Putting to good use the institutional perspective as defined above increases in significance, in our opinion, especially in the case of situations or circumstances that impose analysing the state-of-affairs and realising efficient interventions in crisis contexts of various nature. This institutional perspective, though overshadowed by mainstream economics for most of the second half of the 20th century increased in relevance together with the challenges brought with it by swift technological process, digitalisation and AI emergence (North, 1990; Persson & Tabellini, 2003; Greif, 2006; Acemoglu and Robinson, 2013; Frey & Osborne, 2013). The return to this economic thinking trend that was less highlighted receives certain confirmation by recent studies and analyses according to which GDP should be 'de-institutionalised' for ensuring economic sustainability aimed to the development, welfare and progress of the societies (Stiglitz et al. 2010, 2018). This implies aiming at the main systems, and to equal extent institutions at the same time respectively education, labour market, and health. For all these three institutions significant evolutions are registered as regards the main types of active capital, that is human capital, social capital in the restrictive meaning as capacity to generate networks based on specific criteria for achieving common goals, and institutional capital that ensures the optimum, or as close to the optimum as possible of all systems. Achieving specific objectives in both education (where, for instance, cognitive capital is of significance), and in the systems depending implicitly on the education system, respectively the labour market is increasingly more related to creating new types of capital that are increasingly more intangible and that multiply in the context of digitalisation and increased AI-based knowledge economy and society. The role of these types of capital is augmented, in our opinion, by the current pandemic crisis. From this perspective, on short-term, we suggest to approach this context as opportunity for analysing the main institutional pillars that by targeted interventions could be put to good use for optimising the educational system.

In this respect, delta-convergence becomes relevant due to the existence of the institutionalised objective of achieving convergence between the EU member-states. Currently, the most used types of convergence are β and σ – convergence, especially in the field of social, fiscal and migration policies. Leaving aside these convergence analyses, that show lacks due to the absence of conclusive data for long and conclusive time intervals, and

that fail frequently to capture the national specifics and particularities, there is yet another type of convergence, the delta-convergence. This type of convergence might indicate more clearly the 'distance' that a country must cover from economic, social and institutional viewpoint for achieving the general convergence objective (Heinze & Knill, 2007; Bleiklie, 2001; Heichel, Pape, & Sommerer, 2005).

In this context, we notice that Romania registered relative progress as regards elaborating key-strategies. However, the implementation continues to be slow, and the main difficulties are related, in our opinion, to the absence of a sound institutional architecture. This strengthened institutional architecture would allow for accelerating the processes of embedding endogenously created institutional architectures that would aim to include on wide scale individuals from disadvantaged socio-economic groups, more specifically those from rural areas and poorer regions of development that are placed below the national average – the so-called poverty poles from the southern and north-eastern parts of the country. Moreover, a strengthened institutional architecture could support better the adjustment of the curricula of upper secondary and tertiary education to the requirements of a labour market demanding increasingly complex skills and competences, and improve the financing of the education system. The policies and measures in this respect would also encourage more the realisation of intensive activities of research-development and innovation both in the intramural environment of universities, but also by cooperation with the business environment.

The first institutional pillar that should be analysed at several levels is the one of the education as institution in itself, and that must be addressed equitably to all age groups, including adults active currently in the labour market. This approach could bring improvements in ensuring both the effective transition from school in the labour market, and the creation of opportunities for career advancement and personal professional/vocational fulfilment.

In this respect, delta-convergence was analysed based on the data provided by the *Global Competitiveness Index* databank and the *World Governance Indicators* from the World Bank, for analysing the distance against the optimum, respectively the score of 7 for Romania as regards the quality of education. In the first year of our analysis, 2007, Romania had a score by 3.26 and a score by 4.20 for the last year of the analysis (2018). This shows that Romania is circumscribed to the general trend of increased delta-convergence of the member-states. At the same time, is found an increase in delta-convergence as regards access to internet for students enrolled in the

educational system. However, this general trend shows particularities as regards access to internet. Thus, the distance to the score of 7, decreased in the time interval 2007-2018 from 3.17 points to only 2.92 points in the last year of analysis. Nonetheless, significant differences could be identified at national level, as regards the rural and urban areas, with the former still suffering from shortcomings. Significantly, at EU level is noticed the same average trend with regard to the access of schools to this already relevant and institutionalised sub-component of the education system as regards quality. Another relevant institutionalised sub-component that places Romania in the general European trend but this time showing distinct risks of delta-divergence is the quality of the training process for the teaching staff. In this case, after a relative increase in delta-convergence over the period 2009-2010, when the distance was by 2.87 points against the optimum 7 score, the distance increased to a level comparable to the one in 2007 for the year 2018, respectively 3.70.

The most relevant institutional pillars that would require further analysis for understanding the developments within the education system are those that might assist in identifying the coordination and cooperation potential with the business environment, and the potential of developing wide-reaching programmes of public-private cooperation. These two directions would provide suitable platforms for solving the main issues related to the quality of the infrastructure for education, as well as for retaining educated and/or talented youths in the country, and for diminishing youths' migration in general. It should not be neglected that from their perspective, this pandemic episode will not have significant impact, and they will again pursue better opportunities if merit and upward social and professional mobility will not be improved by strengthened institutional architectures.

The present pandemic has shown that the education system still requires improvement of its institutional architectures as a whole, and on sub-components for being able to trigger the mitigation mechanisms as required on a case-to-case basis in case of unpredictable and atypical crises based on rules, norms and procedures accompanied by well-defined incentives and sanctions.

2. Paradigmatic change generated by the context in teaching economics and the economic education

The recent global and European history shows two specific moments in time signalling the necessity of reconsidering the

teaching/learning paradigm of economics as discipline and for shaping the general economic culture. The first such moment was the financial-economic crisis of 2008-2010, and the second is the current pandemic.

This finding is confirmed also by some recent approaches in the international specialised literature that draw attention on one hand to the fact that the ‘queen of social sciences’ has changed into an ‘econocracy’ by excessive mathematisation. This in turn has led to massive disengagement of public interest and involvement in national and European level initiatives of (re)starting economic engines and supporting economic initiatives and plans in economic sectors, on the labour market and at social level (Bertocco, 2017; Payson, 2017). Moreover, in the period following the financial-economic crisis, associations of students studying economics, together with representatives of the academic environment underpinned that *teaching economics is in crisis too, not only the economy* (ISIPE, 2014). This perspective was shared also by politicians (for instance, Angela Merkel, 2014), and by acknowledged representatives of some international and European organisations (for instance, Blanchard et al., 2010) and renowned economists at international level (Rodrik & Subramanian, 2003; Sen, Fitoussi, Stiglitz, 2009; 2018).

The main arguments are focused on pluralism, which implies the risk of even more fragmentation and simultaneous diversification of the discipline (Colander, 2010; Elsner & Lee, 2010). Nonetheless, this might be the starting point for integrating mainstream economics and more unorthodox viewpoints such as (Neo)institutional economics or behavioural economics that would allow for building up a more objective basis closer to the requirements of social nature that the economy must satisfy for being able to go ‘beyond GDP’ (Sen-Stiglitz-Fitoussi Report, 2009).

The SARS-COV2 (COVID-2019) pandemic is from this viewpoint an opportunity because of the slow-down imposed to the global and European education systems for rethinking and reconsidering what and how is taught, as to bring closer economics to the complex realities of a knowledge-based economy and society. This would allow for new developments and evolutions in the economic thinking at national level, and global level as well for generating the background of pluralist education in the field of economics. Thus, teaching standard curricula associated to teaching alternatives that are less used up to date, and non-standard at the same time, like the two examples mentioned above, might trigger a general improvement in the economic education process. This might bring about a renewal in the perspectives of experts, and an increase in the economic culture level in general, by emphasising the role of economy as social science

on which societal learning is based, thus contributing to the improvement of cognitive capacities, and to real and actual problem-solving (Fine, 2019, Dow, 2019).

The paradigm change in the context of the still on recovery European Union economy faced with a pandemic context should pursue three main and inclusive directions:

- a) In teaching/learning economics at national and European level, the diversification of approaches should be pursued by including unorthodox economic perspectives represented at national and/or international level. This would allow first for bringing 'closer' – *beyond GDP* – to the interests of the people working and living in the real economy, and not based on *econocracy*-generated theories. Thus, whether policies are intended for the financial-banking, or for the labour market, or the social and health systems a more unitary, and perhaps solidary perspective could be achieved, by avoiding also the current types of divergence in the approaches of experts, that are mainly dependent on the status, and position of the member-states they represent. In this manner, future economists active in the field of business, but also those aiming at a fundamental or applied research or academic career in economics would gain more freedom in 'thinking outside the box' and access to informal economic culture at national, European, and international level.
- b) Increasing the flexibility of the teaching-learning process, and better access to economic culture for both experts and individuals interested in economic phenomena. This might be achieved by improving access options for students and public to specialised interactive online platforms at national and international (European) level where various ideas and solutions could be identified and tested as pilots for various crises like the current SARS-COV2 pandemic.
- c) Generating a common European framework for understanding and interpreting general and particularised economic culture, according to the traditional inherited economic culture of each member-state that could be used and possibly transferred if identified as good practice at European and international level. This would facilitate the creation of a shared economic language that promotes pluralism of ideas and approaches ensuring better-shared and inclusive understanding of the major economic goals of convergence and cohesion. Moreover, it would open for

future experts, and scholars in the economic sciences the opportunity of developing new economic solutions and even economic theories adjusted to an increasingly more automated and AI-dependent economic and social environment. This environment seems to show also higher unpredictability from both economic perspective and evolution of natural phenomena that impose either adopting *Green Deal*-type, or *lockdown* solutions like the current pandemic, signalling the need of such new or revised economic theories on which the fundamentals of policy actions are based.

3. Instead of conclusions

The current period is shaped by the two major crises occurred over a short period of time from the historical viewpoint and still bears the fingerprint of uncertainty as regards the direction that education systems should assume at national and global level. Some risks are already known, such as early school leaving, access to education inequality and inequity, access to major sub-components like modern infrastructures with endowments meeting the requirements of a knowledge-based economy and society. Moreover, another important aspect refers to the quality of the teaching staff that needs further improvement, and increase in the prestige of the profession that was subjected to decrease at both national and European level.

There are questions to which there are no rapid answers about measures to be taken for not impairing the educational process in the school-, and university year 2019-2020, as not to put at risk the future of the generations in the terminal years at the various levels of studying.

Yet more questions emerge about the way in which certain disciplines, especially in social sciences should be recalibrated as regards what and how should be taught and transferred from the academic environment not only to students but to society, at large. It might be that economics needs, together with the other disciplines, to transform again from a discipline turned into an *econocracy* to what was its initial purpose i.e. to observe, analyse, and interpret from a pluralistic standpoint processes occurring in real life and which determine actually the development and modernisation of societies as a whole.

If economic science, thinking and discipline could realise a successful transition towards a pluralistic and more open discipline, fit to embed and transfer innovative and non-mainstream economic perspectives next to the

mainstream ones, then the discipline could open new ways in several fields from optimising economic processes in real life, to better and more cooperating societies. In this respect, considering the new types of competences and skills required in society, and in particular on the labour market, and taking account of the necessity to go 'beyond GDP', (neo)institutional economics might be a bridge for gaining wider perspective. This means that, without neglecting the significant role of GDP in reflecting economic developments, a new more social and societal bent economic thinking could be developed. The new economy would need to operate on the basis of new institutions and institutional architectures corresponding to the knowledge-based economy, operating increasingly more digitalised and with the aid of AI (which is a game-changer in itself), as old ones disappear, or are incrementally transformed as to guarantee better functioning of the various economic mechanisms. More emphasis should be laid therefore on developing sounder and more solidarity based mechanisms of coordination and cooperation that may be activated in cases of severe and unexpected crises, with unpredictable effects on, at least, short- and medium-term.

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