TEACHING ECONOMICS[1]

A PASSAGE TO INDIA

For many years I have been employed as a teacher of theoretical economics. I would like to believe that I earn my living honestly, but I often have doubts. I am concerned particularly for India and other developing countries whose economic doctrines come to them mainly from England and in English. Is what we are giving them helpful to their development?

In Cambridge, one or two of our best men, in most years, come from the sub-continent. This is not at all surprising. If talent is fairly evenly distributed in various populations, there must be ten potentially first-class men there for every one bred in Britain and where economic problems are of great importance and in the natural science not very well endowed, a larger proportion of talent is attracted to the subject than with us. A small proportion come to English Universities, but a small proportion of a large total is quite an appreciable number.

These good men who come to us to be taught (and the not so good ones also) go home often to teach in their turn, and their pupils, too, become teachers and influence thought through other channels. Moreover, the books and the subjects chosen for examinations bear the stamp of English teaching. We have a great responsibility on our shoulders. Are we doing more harm or good?

In a gloomy mood, I think of the harm. Most students, of course, approach their studies merely with the aim of passing an examination and acquiring a degree. (This is not a matter of natural talent but of character and circumstance. Some who are naturally brilliant may set themselves this limited aim. Some less clever may be more serious.) The exam-passers learn the trick of saying what is expected; of *not* asking themselves what is meant by what they are saying, (for that is disturbing and dangerous and may lead to losing marks), of repeating the particular formula which sounds as if it was relevant to each particular question. In India, especially, where the ancient belief in the power of words as such is still strong, this comes quite naturally. The exam-passer who does well becomes in due course, an examiner, and by then he has quite lost any doubts he may once have had to stifle. He has come to think that this sort of thing really is education. And so the system feeds on itself.

What about the few who are serious, who really want to learn something? What do we do for them? The serious student is often attracted to economics by humanitarian feeling and patriotism—he wants to learn how to choose economic policies that will increase human welfare. Orthodox teaching deflects these feelings into the dreary desert of Welfare Economics, a system of ideas based on a

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[1] Joan Robinson "Teaching Economics, in *Collected Papers* Vol 3. 1-6. (Oxford: Basil Blackwell, 1965). Originally in *Economic Weekly (Bombay) January 1960.*

mechanistic psychology of a completely individualistic pursuit of pleasure and avoidance of pain which no one believes to be a correct account of human nature, dished up in algebraical formulae which do not pretend to be applicable to actual data. As he goes deeper into the matter, he reads some brilliant and subtle authors who debunk the whole subject and show conclusively that its whole methodology was inadmissible. For most, this is too bitter a pill to swallow and they desperately cling to some scraps of what they have learned because no other way has been offered of formulating the vague benevolent feelings with which they began.

The serious student was hoping, also, to learn something that would help him make up his mind on the great question that lies open before all developing countries. How far can private-enterprise capitalism be made to serve national ends? Why is it that the Socialist countries appear to develop faster than the democracies? Is the cost they exact from their people necessary, or could the job be done with less pain? Must he make an all-or-none choice or is there a middle way?

He soon begins to notice that, without any overt discussion of the question, he is being indoctrinated with notions soaked in a prejudice for *laissez-faire*. This is partly the result of a mere time lag. Nineteenth century economic teaching was built up round the conception of the merits of the free market, and in particular, of free trade, (which at that time favoured British national interests, though it was damaging to India); the modern text-books are still much influenced by the masters of that period. It is partly the result of the choice of curriculum. A large proportion of the time is taken up by the theory of relative prices. The question of the distribution of *given* resources amongst alternative ends, subject to the condition that there is an equitable (and not very unequal) distribution of purchasing power among the families concerned, lends itself to exhibiting a free market in a favourable light; the student is required to work out exercises devised to show how, in these conditions, interference with the free play of the forces of supply and demand causes harm to the individuals who make up the market. All this is very complicated, and when modified by modern embellishments such as the theory of oligopoly and imperfect competition, may well occupy a year of lectures and reading. If the serious student has the hardihood to ask: But are resources given, and is income distributed equitably? he is made to feel foolish. Do you not understand that these are necessary simplifying assumptions for the analysis of prices? You cannot be expected to do everything at once.

It is true that you cannot, in the time available, teach everything that we would like. But why do we pick out for treatment just that selection of topics that is least likely to raise any questions of fundamental importance?

Trudging through these arid lands, the serious student still hopes to learn something about development planning, inflation and all that concerns the burning question of India today. Here the mere pressure of events has forced some new questions into the curriculum and a new theoretical apparatus of capital/output ratios and growth rates has been hastily botched up to meet the need. Systematic teaching, however,

for the most part still rests at the stage of the old equilibrium theory. Take for example, the question of choosing the capital/output ratio in framing the plans for industrialization. The text-book theory says no more than that, if we compare two economies, each already in equilibrium, with the same total value of capital already in existence in each, the one with the lower level of real wages will have (on certain stated assumptions about competition, etc.) a higher level of employment. That is where the argument is left. If the student falls into the trap of concluding that cutting wages would cause employment to increase, very likely no one will go out of their way to explain why this is a *non-sequitur*.

The prestige of the teachers and the books bears down on the serious student with a heavy weight. He learns to distrust his native common sense and to curb his generous impulses. He submits himself to a course of miseducation and comes out, not 'by the same door wherein he went' but by another door, in the wrong street.

So in my gloomy mood. But even at the gloomiest, I do not think of giving up. The subject does exist. For better of worse it has become the basis of a flourishing profession. There is no stopping it now. We must keep on pegging away and try to make the best of it.

II

How should I like to see teaching reformed? First let us not bother about the exam passers. Whatever we teach they will reduce to slogans, and new slogans cannot be more mis-educating than the old ones. If the new ones are less easy to detach from reality, they might even be a shade less mis-educating.

For the serious students, I would take the bull by the horns and start from the beginning to discuss various types of economic system. Every society (except Robinson Crusoe) has to have some rules of the game for organizing production and the distribution of the product. *Laissez-faire* capitalism is only one of the possible set of rules, and one in fact which is unplayable in a pure form. It always has to be mixed with some measure of collective control. The Indian scene provides some examples of pre-capitalist, capitalist and socialist games being played side by side. Students acquainted with the old fast vanishing world can help in trying to puzzle out the economic analysis of its functioning and to test out the meaning of concepts such as wages and capital in non-capitalist contexts.

Adam Smith, Ricardo, Marx, Marshall and Keynes would be treated in terms of the model of an economic system that they each had in mind and of the actual problems that each sought to solve.

I should displace the theory of the relative prices of commodities from the centre of the picture and make the main topic production, accumulation and distribution, looked at from the point of view of an economy taken as a whole. Keynes' General Theory then falls into place as the short-period section of a truly general theory.

Here price theory comes in as an element in the theory of distribution, for the relation of prices to money wages in the industrial sector of an economy is one of the determinants of the distribution of the proceeds between workers and capitalists or the state, and the relation of agricultural production to manufacturing prices is the main determinant of distribution between sectors of the economy.

Markets and the laws of supply and demand I should treat not only in terms of an ideal equilibrium already achieved, but also in terms of actual dealings in commodities, with their tendency to develop cobweb cycles, and the violent shocks that are given from time to time to the communities dependent on them.

Welfare I would treat in human terms and teach the students to look, not for 'preference surfaces', but for objective tests of standards of nutrition and health.

In all this I should emphasize that economic theory, in itself, preaches no doctrines and cannot establish any universally valid laws. It is a method of ordering ideas and formulating questions. For this reason, I should pay a good deal of attention to method. I should insist on the distinction between an accounting identity, a statement of equilibrium conditions and a summary of economic facts. $Y \equiv C + S$, (where Y is net value of national income of a period, C is the value of purchases of consumable goods and S, net savings) is an identity. The word 'net' covers a balancing factor (amortization of pre-existing capital) which makes the two sides equal by definition. $S = sY$ (where s is the proportion of income *normally* saved) is a statement of conditions of equilibrium; its whole significance lies in the sense given to *normally*. A table of figures giving estimates of S and Y over some past period is a statement, *expost*, of supposed facts; its significance depends largely on the reliability of the estimates. None of these tells us anything about causation; models built with these bricks will never stand up. To find causal relations we must know how individuals behave and how the behaviour of various groups reacts on each other. I should try to break down the awe that students feel for formulae, not so as to induce a sceptical drift into intellectual nihilism, but so as to form the habit of picking them to pieces and putting them together again with the ambiguities cleaned off, and keeping them firmly in their place as useful adjuncts to common sense, not as substitutes for it.

All this sound dry and formalistic but, illustrated with precise imaginary simple examples, and then with rough and inexact actual examples, leading up to questions of real importance, it can be made interesting and educational for the serious students. The exam-passers will not be any the worse for it.

A generation well educated, resistant to fudging, imbued with the humility and the pride of genuine scientists, could make contributions both to knowledge and to the conduct of affairs that no one need be ashamed of.

Returning from this happy day-dream, my gloom is all the deeper. To write down what I want to see emphasizes how unlikely it is that I ever shall. But, courage! We

must try as best we may to do a little good here and there to set the scales against all the harm.