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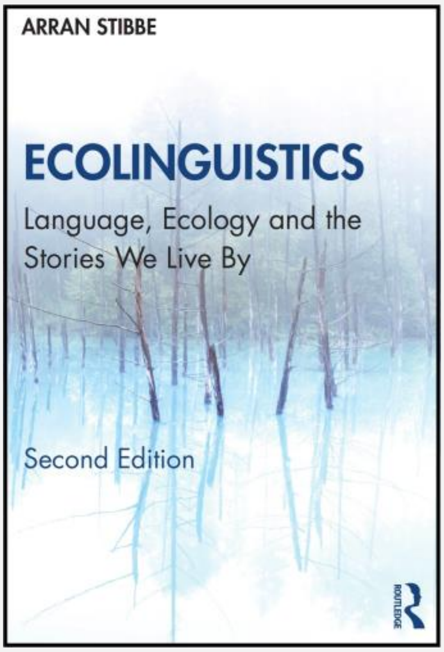
Ecolinguistics and economics: the power of language to build worlds

By Arran Stibbe, Professor of Ecological Linguistics, University of Gloucestershire

I am an ecolinguist, which means I analyse texts to reveal hidden stories and question whether those stories encourage us to protect or destroy the ecosystems that life depends on. This covers everything from analysing advertisements to reveal the techniques they use to encourage us to buy unnecessary and environmentally damaging products, right through to how nature poetry can encourage us to reengage with and appreciate the natural world. The importance of this endeavour is well summed up by the following quotes:



- *Stories are the secret reservoir of values: change the stories that individuals or nations live by and you change the individuals and nations themselves* (Ben Okri 1996, p. 21).
- *Stories bear tremendous creative power. Through them we coordinate human activity, focus attention and intention, define roles, identify what is important and even what is real* (Charles Eisenstein 2011, p. 2*).*

At the core of ecolinguistics is the idea that some of the stories industrial civilisation is based on are not working, because society is becoming increasingly unequal and increasingly destructive of the environment. These 'stories' are not the kind that are read to children at bedtime, shared around a fire, or conveyed through anecdotes in formal speeches. Instead they exist behind and between the lines of the texts that surround us - the news reports that describe the 'bad news' about a drop in Christmas sales, or the 'good news' that airline profits are up, or the advertisements promising us that we will be better people if we purchase the unnecessary goods they are promoting.

More technically, I define stories as cognitive structures in the minds of individuals which influence how they think, talk and act. When stories are widespread across a culture I call them the 'stories we live by'. A simple example is the story PROFIT IS GOOD, which appears so commonly in the media that it goes without question: whenever the profits of a company go up the media portrays this as unqualified good news, no matter how ecologically damaging the company is, how badly it treats its staff, or how damaging its products are for consumers. This story encourages reckless profiteering at the expense of people and the environment. A more balanced story would describe the success of companies in terms of a triple-bottom-line of social, environmental as well as economic performance.

There is, in fact an interesting logic of the triple-bottom-line. Sustainability is often defined in terms of *People, Planet, Profit* or *Society, Environment, Economy.* But the danger of this is that the pursuit of profit itself is then deemed to be part of the actions a corporation takes towards sustainability. It may then become the primary one, with people and planet given a secondary place, and we end up with sustainability having little meaning except perhaps some solar panels on the HQ or a few donations to charity.

In one research project I looked at TED talks about sustainable business and examined the logical relationship between profit and the more altruistic aspects of people, planet, society and environment. Texts 1-4 (see Appendix) are some of the talks I examined. I identified a spectrum in the TED talks, from instrumental expressions at one end to altruistic ones on the other. On the instrumental end, sustainability was seen as *a route towards* profit, as in the following example:

- *About 80 percent of global CEOs see sustainability as the route to growth in innovation and leading to competitive advantage in their industries…So how are companies actually leveraging sustainability to drive hard business results?* (Chris McKnett, State Street, Text 1)

Slightly more altruistic is making a profit while *at the same time* benefiting society:

- How *to make a profit while making a difference* (Audrey Choi, Morgan Stanley, Text 2)

Then even more altruistic is making a profit *in order to* benefit society:

- Profit is the *magic*. Why? Because that profit allows whatever solution we've created to be infinitely scalable. Because if *we* make a profit we can do it for 10, 100, a million, 100 million, a billion. The solution becomes self-sustaining (Michael Porter, Harvard Business School, Text 3)

There's one level of altruism above this one, where profit isn't mentioned at all and only the benefits to society are mentioned:

- We have a *sustainability strategy* called 'people and planet positive' to help guide our business to have a positive impact on the world. Why would we not want to have a positive impact on the world as a business (Steve Howard, IKEA, Text 4)

These statements can be analysed according to *means* and *ends*. The crucial difference is whether profit is seen as a means for the end of doing something beneficial for the world, or whether profit is seen as an end in itself, with benefiting the world just a path towards making a profit. It is, of course, crucial for institutions of all kinds to be aware of the 'logic of means and ends' in their communications, their strategy documents, and more fundamentally, in the conceptualisation of the institution itself.

I have analysed a great variety of texts from pork industry guidebooks to Japanese haiku in my search for destructive and beneficial ways of using language. But without a doubt the most eye-opening and important texts I've examined are economics textbooks. At first it may be puzzling why an ecological linguist would analyse economics books, but ecolinguistics is concerned with texts that *influence people to protect or destroy the environment* rather than a narrow focus on texts *about the environment.* The concepts of economics are dominant in society and can have a profound influence on how people behave, and therefore on how they treat the environment. And these concepts are both constructed and communicated through language.

I am using the term 'discourse' to describe a particular set of linguistic features that are commonly used by a group in society. These linguistic features convey underlying stories that influence how people think, talk and act. Of course, there is a great variety of economics textbooks written by authors with different ways of conceptualising and writing about the world and so there are many different discourses of economics that find themselves in textbooks. However, in analysing some of the common textbooks used in universities around the world I did find a particular discourse which was very common: *the discourse of neoclassical economics*. This discourse uses a particular cluster of words in specific ways: *consumer, utility, rational, efficiency, well-off* etc., and has particular characteristic grammatical features. Behind these features are stories, and one of the key stories IS HUMANS ARE FUNDAMENTALLY SELFISH. I will discuss some examples of the characteristic language of neoclassical economics by looking at examples from four major economics textbooks (Texts 4-8 in the Appendix).

Before beginning the analysis, I should point out that I am not critiquing the textbooks themselves, which may make use of multiple discourses and may problematise neoclassical economics in other places within the books. Instead I am critiquing the pattern of language associated with neoclassical economics, which finds its way not only into textbooks but also across many areas of social life from politics to media to everyday conversation. It is an extremely dominant way of using language, with important consequences for influencing how people treat the environment. That is why my book *Ecolinguistics: language, ecology and the stories we live by* (Stibbe forthcoming) starts with a detailed examination of the discourse of neoclassical economics before going on to other discourses such as climate change denial, nature writing or other discourses which are more directly about ecological issues. This article is based on the book.

The discourse of neoclassical economics often represents itself as merely describing the world as it already exists, but can instead be thought of as *world building.* That's not to say that the world build by the discourse bears no relation to the real world, but it is a simplified account which focuses in certain aspects while overlooking other aspects. The discourse creates a small set of characters for the world it builds, for example:

- *Microeconomics deals with the behaviour of individual economic units. These units include consumers, workers, investors, owners of land, business firms…* (Text 5:3).

I say the 'discourse' creates the characters because it's not just this particular book dividing the world into consumers, workers, etc – this is a pattern which runs across many economics books, political documents, newspapers and other places. The discourse simplifies the complexity of humanity into characters labelled 'consumers' or 'owners' who are all assumed to think and act in the same way. Machin and Mayr (2012, p. 81) point out that this kind of functionalisation can 'reduce people to a role which may in fact be assigned by the writer'.

The characters are represented by the discourse as thinking and doing various things (i.e., mental and material processes). Consumers are represented as engaging in mental processes such as 'choosing', 'selecting', 'deciding', 'preferring', and 'wishing'; and material processes such as 'buying', 'paying', 'purchasing', 'trading', 'switching', 'obtaining' or 'entering' the market. With very few exceptions, the processes revolve around deciding what to buy and then buying it, i.e., the consumer is represented as a pure economic actor rather than a multi-dimensional person whose economic behaviour is part of a larger context of life.

The goals that consumers are represented as trying to achieve are all self-centered, e.g., 'the highest level of satisfaction', 'utility', 'wellbeing', 'being well off' and 'do(ing) as well as possible'. For example:

- *consumers maximise utility* (Text 5:149).
- *[consumers] decide…what goods and services to buy…to achieve the highest possible level of satisfaction* (Text 6:6).
- *consumers usually select market baskets that make them as well off as possible* (Text 5:69).
- *[consumers] maximise their wellbeing by trading off the purchase of more of some goods for the purchase of less of others* (Text 5:4).

From an ecological perspective, the problem with this kind of discourse is that it represents the purchase of goods and services as the *only path* towards wellbeing and satisfaction, overlooking non-monetary paths such as sharing goods and services, spending time with friends, enjoying local nature, growing vegetables, learning new things or helping other people. The 'consumer' is a fictional character who spends their days only seeking satisfaction through purchase, but the danger is that influential economic, political and advertising discourses can shape real people to become more like the consumer. We've seen that in higher education where students are increasingly seeing themselves as consumers purchasing a service rather than students seeking an education.

A story which runs through the discourse of neoclassical economics is that HUMANS ARE FUNDAMENTALLY SELFISH. We can see this story in how consumers are represented as never being satisfied:

- *We believe that these assumptions hold for most people in most situations… More **is** better than less: Goods are assumed to be desirable – i.e., to be good. Consequently, **consumers always prefer more of any good to less**. In addition, consumers are never satisfied or satiated; **more is always better, even if just a little better*** (Text 5:70, emphasis in original).
- *people, both rich and poor, want more than they can have* (Text 7:22).

Of course, humans are not naturally insatiable, which is why the advertising industry works so hard to bring into being the kind of consumer that neoclassical economics describes. Daly and Cobb (1994, p. 87) put it:

> *If nonsatiety were the natural state of human nature then aggressive want-stimulating advertising would not be necessary, nor would the barrage of novelty aimed at promoting dissatisfaction with last year's model. The system attempts to remake people to fit its own presuppositions. If people's wants are not naturally insatiable we must make them so, in order to keep the system going.*

The story that HUMANS ARE FUNDAMENTALLY SELFISH is also visible in how *owners* are described. The following is how one of the textbooks describes a character 'Caroline', who is used as a metonym to describe the behaviour of company owners in general:

- *It is conceivable that Caroline started her firm because of an altruistic desire to provide the world with cookies…More likely, Caroline started her business to make money. Economists normally assume that the goal of a firm is to maximise profit, and they find that this assumption works well in most cases…Caroline's objective is to make her firm's profit as large as possible* (Text 6:260).

Notice how the certainty starts off very low ('*conceivable*') when an altruistic goal of providing the world with cookies is considered. It then gets higher ('more *likely*') when the motive of money is considered. And then even higher ('works well in *most* cases') when the goal is maximising profit. By the end, the certainty is very high ('Caroline's objective *is…*') when the goal is making 'profit as large as possible'. This plays down the possibility that owners of companies want to do something useful for the world and instead makes the self-centred goal of profit seem to be their obvious motivation.

The story of humans being selfish extends also to managers:

- *Can the owners of a firm ever be sure that their managers will pursue the business strategy most appropriate to the owner's goals (i.e., profit maximisation)?* (Text 7:9).
- *As a manager of a firm, what are you interested in? A higher salary, greater power or prestige, greater sales, better working conditions, or greater popularity with your subordinates?* (Text 7:12).

The first quotation uses presupposition to express the goals of the owner as obviously being 'profit maximisation', but offers the enticing possibility that managers have freedom to depart from this goal in their day to day running of a corporation. Except that what the manager is representing as doing with their freedom is limited to a narrow list of self-centred goals – salary, power, sales, personal working conditions and popularity. The text could instead have talked about managers using their freedom to improve the environmental performance of the company, provide a better working environment for staff or offer high quality goods which genuinely benefit consumers. The danger is that a would-be manager reading a textbook like this is presented only with a narrow identity for the kind the manager they will become in the future rather than a set of possible paths.

One final aspect to draw attention to is the erasure of the natural world from the discourse of neoclassical economics. One of the textbooks gives the example of production at a bakery:

- *The kitchen and its equipment are the bakery's capital, the workers hired to make the bread are its labour and the loaves of bread are its output. The bakery's production function shows that the number of loaves produced depends on the amount of equipment and the number of workers…doubling the amount of equipment and the number of workers doubles the amount of bread produced* (Text 8, p.45).

What is missing from this is the wheat that goes into the bread, as well as the plants that the wheat came from, the pesticides and fertilisers used to grow the plants, the fuel used in harvesting and transporting the crop, the water used for irrigation, any damage to the topsoil, and all other environmental considerations. The same book formalises this into a general equation for the 'production function' (F), defined as:

- *Y = F(K,L) where Y is the number of units produced (the firm's output), K the number of machines used (the amount of capital), and L the number of hours worked by the firm's employees (the amount of labour). The firm produces more output if it has more machines or if its employees work more hours.* (Text 8:47)

Within the equation there is nothing to represent the natural resource which have been damaged or destroyed in order to produce the goods. Williams and McNeill (2005, p. 8) confirm that the above text is not just an isolated example:

- *Raw materials used as inputs in the production process, and any other services provided by the natural environment, were omitted from consideration altogether. Amazingly, they still are. First year economics students are still taught in almost all of the currently popular textbooks that businesses manufacture their products using only labour and machines!*

More generally, Gare (1996, p. 148) describes how neoclassical economics 'virtually excluded nature from consciousness. The economic process was represented as a circular diagram between production and consumption within a completely closed system'.

Ecolinguistics does not only critique discourses which are seen as problematic in ecological terms. It also seeks out beneficial discourses which can encourage people to value the ecosystems which life depends on and find paths towards wellbeing that do not require excess consumption. I will discuss examples from a range of different sources which present alternative viewpoints on economics (Text 9-12 in Appendix).

The first example comes from an investment company advertisement in the magazine *Ethical Consumer:*

- *You may be concerned about the environment, human rights, better employment practices or promoting third world development and cooperatives. Our financial planning [takes account] of your values. We and our clients aim to make a positive difference to the world in which we all live* (Text 9:10).

Like the example of the manager above, this shapes identities through providing a narrow list of possible choices for the reader to consider. Except in this case it is shaping the identity of an 'ethical investor' by restricting the list to altruistic concerns: the environment, human rights, better employment practices, and third world development. Financial considerations such as the accumulation of profit are not mentioned at all.

A more extensive example is Charles Eisenstein's book *Sacred Economics*. Eisenstein's book explicitly declares that a new story is necessary:

- *Anonymity, depersonalisation, personalisation of wealth, endless growth, ecological despoliation, social turmoil and irredeemable crisis are built into our economic system so deeply that nothing less than a transformation of the defining Story of the People will heal it.* (Text 10: 2).

Eisenstein not only declares that a new story is necessary, he also uses language in a particular way that conveys a very different story to that of neoclassical economics:

- *The social dividend, the internalisation of costs, degrowth, abundance and the gift economy, all take us away from the mentality of struggle, of survival, and therefore of utilitarian efficiency, and towards our true state of gratitude: of reverence for what we have received and of desire to give equally, or better, from our endowment. We wish to leave the world a more beautiful place than we entered it* (Text 10:434).

The idea of the 'social dividend' and 'gift economy' convey the story that economics encompasses more than just situations where money changes hands. The text describes it as an obvious fact that human nature is fundamentally altruistic by presupposing that 'our true state' consists of gratitude, reverence and a desire to give. The expression 'We wish to leave the world a more beautiful place' creates solidarity with the reader by including both author and reader in the pronoun 'we', and expresses with high certainty what the reader desires.

Eisenstein is opposing the neoclassical economics story that HUMANS ARE FUNDAMENTALLY SELFISH with the story that HUMANS ARE FUNDAMENTALLY ALTRUISTIC. Now we could ask which of these stories are true, but human nature is complex and it is possible to describe it in different ways. What is more important is that texts can become self-fulfilling prophesies. A manager who reads economics textbooks and only finds models of selfishness may not consider alternative paths when forging their future identity. Grant (2013) describes evidence from multiple sources that economics students become less altruistic and more selfish through studying traditional economics degrees, concluding that 'Even thinking about economics can make us less compassionate.' Blackmore and Holmes (2013, p. 13) describe evidence that texts which appeal to economic benefit can 'erode our environmental concern, our long-term thinking, our civic motivation and even our wellbeing. Such communications instead make us more materialistic, less likely to act environmentally (such as recycling or conserving water), and less motivated to volunteer or be politically active'. It would be too strong to say that what we read determines our worldview, but certainly it can influence us, particularly if certain paths are absent from what we read.

Another example comes from Tim Jackson's book *Prosperity without Growth*. This book provides an alternative story to PROFIT IS GOOD, but instead of PROFIT IS BAD (which would not be helpful at all) he tells the story PROSPERITY IS GOOD. This story could potentially have all of the disadvantages of a focus on profit, given the usual way that 'prosperity' is equated with financial excess in popular culture. However, Jackson uses language in ways that redefine prosperity:

- *For at the end of the day, prosperity goes beyond material pleasures. It transcends material concerns. It resides in the quality of our lives and in the health and happiness of our families. It is present in the strength of our relationships and our trust in the community. It is evidenced by our satisfaction at work and our sense of shared meaning and purpose. It hangs on our potential to participate fully in the life of society. Prosperity consists in our ability to flourish as human beings – within the ecological limits of a finite planet* (Text 11:5).

Jackson therefore shifts prosperity away from finance and materiality towards things which provide wellbeing without causing ecological destruction. The term 'prosperity' is a highly positive term in English, so PROSPERITY IS GOOD is likely to be much more persuasive than LESS IS GOOD, since 'less' as a marked term is never going to sound positive.

On final example of redefinition is the Kingdom of Bhutan's major efforts to replace the dominant story INCREASED GROSS NATIONAL PRODUCT IS THE GOAL OF SOCIETY with INCREASED GROSS NATIONAL HAPPINESS IS THE GOAL OF SOCIETY (as described in Text 12). Happiness is a concept which is both intrinsically positive in English and is less vulnerable to reinterpretation in financial terms than *utility* or *prosperity*. There is a danger, however, that happiness as a goal could be perceived as a selfish pursuit of personal feelings of contentment, along the lines of the consumer in neoclassical economics who seeks to maximise his/her own satisfaction. The Prime Minister of Bhutan explicitly attempts to steer the definition of happiness away from this:

- *We have now clearly distinguished the 'happiness'…in GNH from the fleeting, pleasurable 'feel good' moods so often associated with that term. We know that true abiding happiness cannot exist while others suffer, and comes only from serving others, living in harmony with nature, and realising our innate wisdom* (Text 12 :7).

To conclude, the discourse of neoclassical economics does not transparently 'describe' the world, it 'builds' the world in a particular fashion. It creates certain characters – the consumer, the owner, the producer, the manager. And it endows these characters with personalities, identities, desires and goals. The characters are not entirely different from real people, but people are complex and the kind of simplifications that a characterisation like this makes are necessarily selective. The characters constructed by the discourse of neoclassical economics are fundamentally selfish, wanting only to maximise profit, sales, salary, status or satisfaction, without a thought given to others or the natural world. This is not the only story possible, however – other versions are possible. That is what, ultimately, a story is – a selective, narrow, simplified representation which is not necessarily 'false' but only one version among many possible versions.

A key task of ecolinguists is firstly to reveal stories which underlie the types of language used in economics. The second step is to question those stories from an ecological perspective - do they encourage people to find wellbeing in ways that do not harm the environment? Where the stories of industrial civilisation are leading towards increased inequality and environmental destruction, the third step is to search for new stories to live by. This involves examining texts both locally and from around the world which are based on very different worldviews.

And. I say 'the task of ecolinguists' but actually I think that everyone should become an ecolinguist: economists, politicians, business leaders, economics students and everyone else should become aware of the language being used to build the world around them and search for positive ways of using language which can help bring into being the kind of world they want to see.

To this end, the *International Ecolinguistics Association* has created an online course *The Stories We Live By* (storiesweliveby.org.uk). In keeping with the sentiments in this article, the course is completely free, with volunteer tutors offering assistance in 11 languages, and free materials available for teachers to use in class. So far the materials have mostly been used in environmental education, language and social science courses but it would be excellent to see them used in the heart of where they are most needed: economics and business courses.

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APPENDIX: Texts analysed in this paper

TED TALKS

Text 1 Chris McKnett (2014) *The investment logic for sustainability*. TED www.ted.com/talks/chris_mcknett_the_investment_logic_for_sustainability

Text 2 Audrey Choi (2015) *How to make a profit while making a difference*. TED www.ted.com/talks/audrey_choi_how_to_make_a_profit_while_making_a_difference

Text 3 Porter, Michael (2014) *The case for letting business solve social problems.* TED *www.ted.com/talks/michael_porter_the_case_for_letting_business_solve_social_problems*

Text 4 Steve Howard (2013) *Lets go all-in on selling sustainability.* TED www.ted.com/talks/steve_howard_let_s_go_all_in_on_selling_sustainability

ECONOMICS TEXTBOOKS

Text 5 Pindyck, R. and Rubinfeld, D., 2012. *Microeconomics* (8th edition). London: Pearson.

Text 6 Mankiw, G., 2011., *Principles of Microeconomics* (6th edition). Nashville: South-Western.

Text 7 Sloman, J. and Jones, E., 2011. *Economics and the Business Environment* (3rd edition). London: Prentice Hall.

Text 8 Mankiw, N., 2003. *Macroeconomics* (5th edition). New York: Worth Publishing.

NEW ECONOMICS SOURCES

Text 9 *Ethical Consumer Magazine.* Jan/Feb 2014

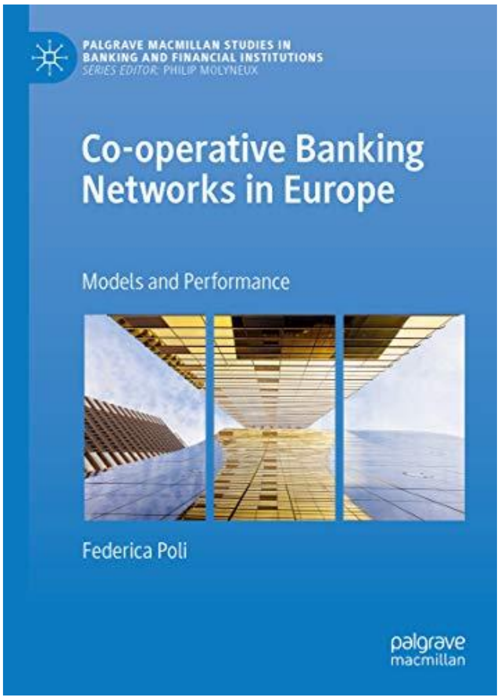
Text 10 Eisenstein, C., 2011. *Sacred economics: money, gift, and society in the age of transition.* Berkeley: Evolver Editions.

Text 11 Jackson, T., 2011. *Prosperity without Growth.* London: Routledge.

Text 12 Alkire, S., Ura, K., Wangdi, K., Zangmo, T., 2012. *A short guide to Gross National Happiness Index*. Centre for Bhutan Studies. http://www.grossnationalhappiness.com/wp-content/uploads/2012/04/Short-GNH-Index-edited.pdf

Review of Poli, F (2019) *Co-operative Banking Networks in Europe: Models and Performance*, Palgrave Macmillan

By Mitja Stefancic



This book, written by Federica Poli, Associate Professor of Banking at the Università Cattolica del Sacro Cuore in Milan, Italy, offers an informative survey of the characteristics of different types of co-operative banks' networks across several European countries. It also describes strategies of integration. Precisely, co-operative banking systems in the following European countries are discussed: Austria, Finland, France, Germany, Italy and the Netherlands. The book is clearly written and can be recommended not only to academic researchers but also to students on their masters' and doctoral programmes who are focusing their research efforts on alternative models of banking.

As stated by the author in the preface, the book attempts to fill an important gap in empirical studies on co-operative banks by properly accounting for the distinctive features of the networks to which such banks belong. This is particularly important due to the fact that 'the vast majority of European co-operative banks are organized in networks, which vary from loose associations to cohesive groups where membership may or may not be compulsory. Forms of membership vary from country to country, as do governance structures and risk management mechanisms' (p. viii).

The book is organised into nine chapters. Chapter 1 outlines co-operative banks' historical roots. Chapter 2 discusses the rationale for co-operative banking networks, which are considered as being particularly important in 'generating social capital which in turn is vital in banking to minimize adverse selection and moral hazards and to impose discipline on the bank management' (p. 68). Chapters 3 – 8 focus on banking networks in the mentioned European countries, all of which have an outstanding tradition in co-operative banking, with a significant presence of co-operative banks on their national markets. Finally, in Chapter 9 the sample of co-operative banks from the selected countries is used to test – over different time periods – the existence of significant differences between the co-operative banking sector and shareholder-oriented banks.

Poli is successful in shedding light on the remarkable peculiarities of co-operative banking groups and networks under investigation. For example, the organizational models adopted by Austrian co-operative banks are based on formal networks, albeit with changing degrees of integration. These networks are made up of legally autonomous local institutions at the regional and national level whose capital belongs to local banks, thus creating an inverted ownership structure. In Finland, the main co-operative banking networks are generally highly integrated (even though some individual banks are rather reluctant to be part of a formal organisational framework) whereas in France leading co-operative banking groups have adopted hybrid structures whereby networks of French credit institutions are affiliated to a central body which is currently under substantial control of the affiliated banks.

Throughout the book Poli convincingly argues that a number of differences between shareholder banks and co-operative banks indeed persist in European countries while chances for further developments in co-operative banking are largely preserved for the years to come. The author finds that only in the case of the Netherlands there is no clear difference between the co-operative banking model and the shareholder-oriented model of banking. The book both supports and upgrades the findings of other economists and scholars (organizational sociologists, experts in co-operative policies etc.) who have focused their research on co-operative banking – for instance by acknowledging the fact that the indicators of co-operative banks' profitability and operating efficiency are generally more satisfactory in more integrated networks. Furthermore, it is noted that strategically integrated co-operative banking groups 'are less focused on trading over time, thus demonstrating their *lower* propensity to short-term investment horizons and speculation' (p. 382).

Amongst others, the following characteristics which differentiate co-operative banks from joint-stock banks are singled out in the book (p. 382 and elsewhere): the equity held as a proportion of total assets (%) by the more integrated co-operative networks is always higher than that of the corresponding joint-stock banks; stakeholder-oriented banking groups provide significant contributions to the development of local economies and have less intense links with financial markets; also, in comparison to standard commercial banks co-operative banks are on average less prone to engage in speculation and in risky financial operations.

On the other hand, according to Poli, one should not neglect the market threats and challenges for European co-operative banks (p. 389), namely: the rapid pace of digitalization of banking; the constant pressure on profitability; and restrictions imposed by the regulators (with regulations often designed with large joint-stock banks in mind). The Italian economist therefore raises awareness of the challenges ahead for co-operative banks, for instance the need to provide an adequate response to the increasing digitalization in banking and so-called 'fintech phenomena' as well as the need to mobilize the participation of co-operative members to a greater extent. As she suggests, 'in today's digital world, technology challenges the way banking relationships are managed in a banking business model, including in the co-operative sector, which places relationships and inclusion at the centre of its distinctive mission' (p. 395).

The book could be further developed in future by accounting for the co-operative banking networks present in other important European countries such as Belgium and Spain. Ultimately, the book also manages to stimulate further debate on co-operative banking by opening up a number of potential questions. For instance, why are co-operative banks and co-operative banking networks underrepresented in some European countries and macro-regions as for example in Eastern Europe? These are some of the questions that could further improve the valuable findings in Poli's insightful book that is recommended reading for those interested in contemporary banking and current trends in financial intermediation.

Selected quotes from the book

'As shareholder-oriented banks, co-operatives are subject to some potential sources of conflicts of interest with regard to the relations between members and depositors or borrowers and those between members and managers' (p. 28)

'[For the Netherlands] the data reported show that overall co-operative and shareholder-oriented banking do show less significant differences in their outcomes than in other countries surveyed in the book. The co-operative banking group exhibits a capitalization which is statistically significantly higher than that of commercial banks. This implies that co-operative banking in the Netherlands retains a superior ability to face banking risks. However, if we compare the two business models, taking into account their asset and liability allocative choices, we find that there are strong similarities' (p. 376)

'The weakening of the degree of independence of local banks is the price that has generally been paid in return for ensuring the greater resilience of the entire sector and its values and principles. In parallel, the progress of network organizations, perhaps mostly externally influenced, has required the strengthening of the co-operative identity' (p. 390)

'Among the co-operative banking groups, those in the northern Europe seem to have entered the market for crowdfunding initiatives more decisively through forms of collaboration with existing platforms and investments in their own technological financial market places. Digitalization will increasingly cover other operational areas, from payments to consulting and financial investment, and even insurance, affecting both the design of products, and their delivery' (p. 393)

Teaching Economics of Covid-19

By Ceyhun Elgin, Bogazici University, Turkey

In this note, I share my experience of designing and teaching an undergraduate course on the economics of COVID-19.

Since January 2020, The COVID-19 pandemic has spread to all countries and territories in the world, causing more than 23.1 million cases and about 800 thousand deaths as of August, 22nd 2020. (Roser, Ritchie, & Ortiz-Ospina, 2020). It has foremost created a public health crisis, but this has also led to an economic crisis. Almost all countries in the world have gone into an economic recession; however, the magnitude of the economic downturn varies significantly across countries.

Although there are some contradictory results in the literature, there are some findings that the demand for education is countercyclical, i.e., it increases above and beyond its long-run trend during economic recessions (Barr and Turner, 2013). This may or may not be generalized globally; however, my experience as an economics professor suggests that the demand for an economics major is also countercyclical. Students get substantially more interest in the economic issues around them during economic downturns and demand that their courses help improve their understanding of the economy. Unfortunately, not all courses or instructors are ready to satisfy these demands of the students.

In fact, I remember teaching Intermediate Macroeconomics at the University of Minnesota back in Fall 2008 at the peak of the global financial crisis. As expected, at that time, students were extremely eager and motivated to learn the causes and dynamics of the crisis. To be honest, as a third-year Ph. D. student, I was not well prepared to fully deliver what they wanted. I remember closely following the textbook and talking about the total factor productivity changes as the primary source of business cycle movements and long-run economic growth, which really did not make much sense to the students or even to me.

In May 2020, following the call of the chair of the Economics Department for faculty members to offer elective courses in the summer school, I volunteered to teach an elective course in economics during the Summer Term of Bogazici University in Turkey. I have already taught several elective courses in different institutions, including Economic Policy, Research Methodology in Economics, Public Economics, International Economics, Turkish Economy, Labor Economics, Quantitative Analysis of Macroeconomics, Economics of the European Union, Growth and Development, Poverty and Discrimination, etc. As I already have well-designed lecture notes for these courses, it would have been much easier for me to teach one of these; however, I really did not want to repeat the shame of the Fall 2008 and wanted to offer a course that helps my students to understand the current economic developments.

The course was well-received in the university, and 64 students registered for it during the regular registration period. Eventually, the number of students has gone up to 66 after the add-drop period. The first day of classes was Tuesday, August 4th and the last of day classes will be September 14th.

As my plans for offering the course were finalized in early June, there was really not much time to prepare. Thankfully, with different co-authors, I have been doing research on different economic aspects of the COVID-19 pandemic since mid-March. Moreover, being COVID-19 positive back in April further sparked my interest on the issue. These efforts have resulted in several different pieces of working papers of mine and it also allowed me to read a large portion of the public health and economics literature on the disease. Fortunately, neither my co-authors nor I are alone with this interest, as the number of economics papers on COVID-19 has been growing at an exponential rate since late March 2020. Indeed, searching for papers containing the word COVID in the REPEC paper depository gives a result of 4281 papers as of August 22nd, 2020. Moreover, CEPR, a renowned European research center, has decided to build a new free and online journal titled *Covid Economics, Vetted and Real-Time Papers* that publishes papers on the intersection of economics and COVID-19. As of August 21st, 2020, the journal has published 43 issues with at least four papers in each issue. Moreover, the Core Team has designed a web-page specifically to include teaching resources for the economics of COVID-19. Similarly, the Federal Reserve Bank of St. Louis has a website on teaching COVID-19 economics.

The summer course lasts for six weeks in total and we meet three times a week with the students, each meeting lasting for two lectures of 50 minutes. Due to the pandemic, the course is delivered remotely via Zoom, and students are graded based on their performances in different grade components. These are class participation (5%), three reading reports (24%), group presentation of an academic paper (35%), and a take-home final exam (36%). Attendance is not mandatory but strongly recommended. However, active participation in in-class discussions is needed for the first grading component. Moreover, students are also required to read, summarize and criticize one assigned paper in every other week (so three papers in total) and also form a group of 1 to 4 students and present a paper during one of the lectures. Finally, there will also be a take-home final exam at the end of the semester.

In terms of the content, the course consists of two parts. In the first part, which lasted for two full weeks of the summer term (therefore corresponds to full four weeks of a regular fall or spring term), I basically shared several recent datasets with the students and also have presented findings of different papers I co-authored. To this end, first, we have started going over the evolution of the pandemic and we have investigated the evolution of the infection and the fatality rate throughout the world. Moreover, as an introduction to the economics of COVID-19, we also have gone through the World Economic Outlook of the IMF (published in April 2020 and revised in June 2020) and the Global Economic Prospects of the World Bank (published in June 2020). Next, we have dived into the analysis of the economic policy responses of national governments. Both IMF and the ILO have useful policy trackers and on top of these, our paper (Elgin, Basbug and Yalaman, 2020) quantified the policy responses in a comprehensive dataset covering responses in different policy dimensions (fiscal, monetary and balance of payment policies) for 168 economies. In one of the lectures, we also e-visited the Turkey office of the World Bank, where the World Bank local staff presented us the Turkish Economic Monitor before it was made public later on that day.

In the second part of the course, which started in the third week, students have started to make their group presentations, where each presentation is expected to last about 20-25 minutes followed by an in-class discussion. I provided a long list of papers (most of which are not yet published) in the syllabus and the presented papers have been chosen by the groups on a first-come-first-served basis throughout the first two weeks of classes. Group presentations sparked a great interest not only by presenters but also by the audience and we have lively discussions after each presentation. The order of the presentations is thematic and closely follows the reading list provided in the syllabus. Accordingly, its first section, titled as Economics and Economies during COVID-19, contains papers investigating the aggregate economic impact of the pandemic generally written from a cross-country perspective. There are several papers in this section that, for example, investigate the role of the political regimes in countries' responsiveness, how the helicopter money policy is used to compact the crisis, or how the informal sector size may determine the size of the fiscal policy packages adopted by governments. The second section focuses on the gender aspects of the pandemic. The gender gap interacts significantly with the economic effects of the pandemic. There are several papers in this section that look at the impact on the child-care market, gender equality and discrimination, as well as the gender gap in mental well-being. The third section is on the labor market effects. The effect of the pandemic on unemployment as well as other labor market variables is the main concern here. Moreover, the rise of remote work is also discussed here. The ability to work remotely is substantially different across different jobs and individuals and this will likely be another source of income inequality during the pandemic. The next section is on other effects including financial effects, direct effects of government stringency measures and effects on inequality. Finally, the last section emphasizes public health aspects. Socioeconomic determinants of infections and mortality, cultural differences in the spread of the disease, optimal quarantine and testing policies are among the topics that are discussed within this section.

Since most of the higher education instruction throughout the world has switched to remote teaching in the middle of Spring 2020, most professors have been complaining about the declining level of attendance and interaction in economics courses, and as an instructor who has taught undergraduate public economics, and graduate international economics in Spring, to be honest, I also was one of them. However, during the summer term, I am extremely satisfied by the level of attendance and participation in the remote lectures. I honestly don't think that my teaching quality and skills have changed significantly from Spring to the Summer term. That is why I believe that the main reason behind this interest is that we extensively cover current issues during the lectures and students really have a high motivation to improve their understanding of what currently happens around them. Surely, one cannot expect that all economics courses in the 2020-2021 academic year to include discussions of the economics of COVID-19, however, as I have outlined above, my experience suggests that students' interests are further sparked when they actually see the usefulness and relevance of what they are being taught.

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Interview with Benjamin Tippet on the concept of class

By Mitja Stefancic

Benjamin Tippet is representing a younger generation of British economists. He is currently focusing his academic research on the determinants of wealth concentration, particularly in relation to the role of class, financialisation and government fiscal policy.

Tippet has recently published his first book *Split: Class Divides Uncovered* (Pluto Press, 2020). The book provides an introduction to capital and labour in the 21st century by posing the question of how ordinary people could possibly react in order to get back control of their lives.

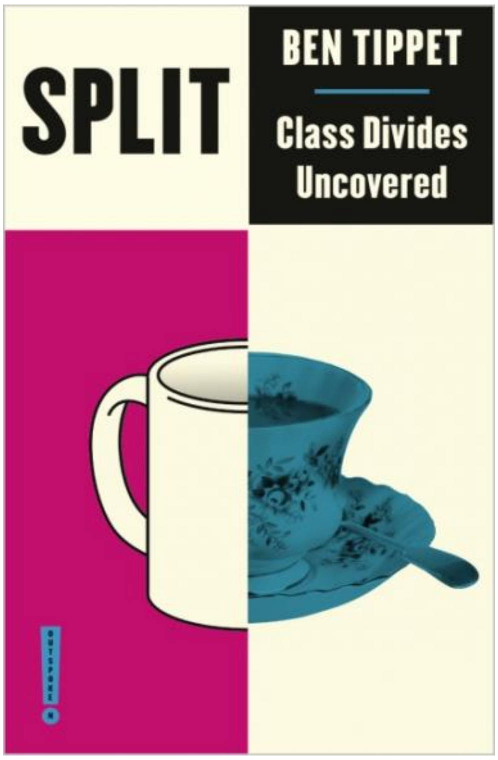
The publication of the book appeared to be a good occasion for a short interview with the author.

Q1 When did you start writing your book and what are the key messages in it?

I started to write my book after running a series of workshops for UK students who attended their last years of secondary school. The aim of the workshops was to discuss issues of class and economic inequality. I got inspired by a number of definitions students used in order to define class, according to their own understanding of the concept. Some of them argued that it can be defined by reference to musical and food tastes and personal preferences, or even in terms of one's own accent. Some students put forward the idea that class should be conceived of as the difference between a liberal metropolitan elite and the traditional industrial working class. Still others argued that class is no longer a relevant concept in modern day society.

While running the workshop I noticed, however, that one aspect did not get sufficient attention from the students who attended them – that is, the argument that class is related to the ownership of assets as well as of the means of production and goods within the society. The lack of attention paid to such an economic dimension of the concept appears to be even more telling when considered together with the statement from Warren Buffett, who suggested that 'you either make money while you sleep or you work until you die'. Interestingly enough, this gap is not present only in the understanding of what class is among many young people in the UK, but also in British politics in general.

I observed that a Marxist type of analysis of issues related to class and inequality is either ridiculed by official politics or simply ignored by professional policy makers. On the other hand, taking into account social statistics on Britain from the last 40 years, it becomes clear that this type of analysis is becoming more and more relevant to explain the increasing gap between those who make money just because they own assets and those who have to perform waged labour in order to survive day by day. Otherwise stated, the divide between a wealthy capitalist class which maintains the ownership of the assets and is therefore able to generate income, and, on the other hand, a wider group of precarious workforce members seems to be the trajectory towards which our societies are heading.



I am an activist and an educator. My previous experience in running the above-mentioned workshops with secondary school students played a role in shaping the content of *Split: Class divides uncovered*. The aim of the book is to provide an accessible introduction to the theory of class by considering how the notion of class relates to different aspects of our lives – for instance to housing, gender, race, the environment, politics, the state. In pursuing such a goal, I decided to write a book based on accessible stories, with a number of cultural references and examples, without spending too much time on economic theorising.

Q2 You've just mentioned the importance of narrating stories… Is there any room for including alternative economic methodologies – such as

story-telling or perhaps some critical approaches – into mainstream economics?

This is a good point. One of the most successful economic books published in the last years is Thomas Piketty's *Capital in the Twenty-First Century* (2014), which became an international bestseller. It is a rigorous academic book while at the same time it *does* have a clear narrative in it. Among other things, Picketty argues in it that economists are currently too much obsessed with building mathematical models in order to describe economic phenomena or the ways in which the economy works. I agree with such an observation.

In fact, when you read economics papers, the authors often start by stating that their aim is to present a simple model, which is then specified in 40 pages of differential equations or whatever. In this way economics becomes simply impenetrable to non-trained persons and ordinary people. It seems as if the whole thing is designed to create a barrier preventing people from accessing the content of such papers. Luckily, this does not apply to all economists. There is also some very good research out there which is accessible to a wider audience.

Nevertheless, one needs to pay attention to the current trend leading towards the formalisation of contemporary economics: from my point of view, if something appears to be formalistic and complex, it does not necessarily mean that it does not have an ideological basis/perspective, used for instance to justify the existence of inequalities within a given society. This is where I see the valuable contribution coming from Marxist, Feminist or Post-Keynesian economics – namely, in the capability to criticize mainstream economics by means of concepts such as 'gender' and 'class'.

Q3 Are you suggesting that the variables capturing the various 'class' dimensions should be better integrated into economic models?

In a sense, this is already happening. One of the most influential models for the labour market is based on the so-called efficiency wage hypothesis, that is, the idea that you have to pay people above their marginal product in order to effectively incentivise them to go to work. It is assumed that work is something costly for people as they like leisure and prefer spending time reading at home or engaging with pastimes rather than going to work. Otherwise stated, they need to be properly stimulated in order to carry on working throughout the day. These tasks, it is argued, are generally performed by professional supervisors and managers on the labour market. Such type of model was formalised by Joseph Stiglitz in the 1970s, when he managed to bring some elements of Marxist analysis into a neoclassical framework of analysis. I personally believe that such an approach is becoming again important in the mainstream economics literature.

Some heterodox elements are already present in the existing neoclassical models and in the neoclassical economic literature. Furthermore there are also theories of bargaining based on the idea that people aren't paid much. And, because of that, different classes and groups exist in the society: rentiers, capitalists, workers, shareholders and managers. These different groups bargain over rent within a social and economic system.

Finally, looking at my own research, I often refer to work as one of the defining traits of class – one in which class exposes itself. One of the things that attract me to Post-Keynesian and Marxist economics is the fact that they start the analysis from a perspective that refers primarily to classes, therefore enabling to uncover how the analysis of class relates to a set of macroeconomic variables. Such an approach appears to be particularly promising.

Q4 Considering the UK, do class divisions represent an issue in the country?

Over the last twelve years, the wealth of the thousand richest persons living in the UK has almost tripled. This means that there is a huge concentration of wealth in the hands of a relatively small number of citizens. On the other hand, in the same period the wealth of the average person in the UK simply stagnated. A return to the pre-crisis levels (e.g. those registered before year 2007) has been achieved only in February 2020. Yet now there is another important systemic crisis which is developing due to the Covid-19 pandemic. There is evidence showing that wealth concentration in the hands of the few is going to further increase over the next years if things are left unchanged. In such case, this will very likely result in a significant increase in unemployment among the British population.

All this will inevitably have rather depressing effects on wages. The UK could witness another 12-year period in which wealthy people may continue increasing their wealth while average pay and wages will continue to stagnate. I should point out, however, that this is not a natural process of the market economy. Instead, wise political choices and policies could prevent this scenario from occurring.

Q5 Is the current social and economic model viable for the future? Do you have any policy considerations that you would like to share?

Well-designed taxation is an important instrument of wealth redistribution: there are simple tax policies that could be easily applied to effectively redistribute wealth and prevent an increase in poverty in the UK and elsewhere. A better understanding of the determinants of wealth concentration over time could help in designing equitable policies for wealth redistribution.

There are also other factors which seem to play a role in the economy but have been very much neglected by economists during the last few decades. What I am finding in my own research is that declining union density is by far the most significant factor in explaining the phenomenon of wealth concentration. This means that as workers become less represented and less powerful due to a variety of reasons, they are also less able to shape the economy in their own interests. This leads to an increasing wealth concentration because it enables capitalists to effectively take control of the economy.

As I argue in my book, since the 1980s we are witnessing a decrease in the power of working class organisations and trade union movements in the UK. For example, in 1985, 45.3 per cent of the British workforce were in a trade union, whereas nowadays only 23 per cent are. The lack of union representation is particularly critical for the younger generations.

There are nonetheless quite a few options to empower working people. Looking at the UK, such options should comprise a reform of the trade union legislation, the provision of benefits and support to people experiencing long periods of unemployment, and, finally, a set of policies to retrain people into jobs in a way to prevent an additional crisis that we are facing – namely, the risk of an ecological and environmental collapse.

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