

# WEA Commentaries\*

A publication of the World Economics Association.  
 To *plurality*. The Association will encourage the free exploration of economic reality from any perspective that adds to the sum of our understanding. To this end it advocates plurality of thought, method and philosophy.

\* Formerly the World Economics Association Newsletter

Volume 12, Issue 1

April 2022

## Inside this issue:

|   |                  |                                    |
|---|------------------|------------------------------------|
| <b>What Caused Russia to Invade Ukraine?</b><br><i>David Lane</i>   | <b><u>2</u></b>  | <b><u><a href="#">html</a></u></b> |
| <b>Economic Implications of MOOCs in Higher Education:<br/>An Indian perspective</b><br><i>Binay Kumar Pathak</i> | <b><u>7</u></b>  | <b><u><a href="#">html</a></u></b> |
| <b>An interview with Andrea Terzi on the current situation in<br/>the euro zone and Italy in particular</b>       | <b><u>9</u></b>  | <b><u><a href="#">html</a></u></b> |
| <b>Rethinking economics: an interview with Sam de Muijnck and<br/>Joris Tieleman</b>                              | <b><u>10</u></b> | <b><u><a href="#">html</a></u></b> |
| <b>WEA contact details</b>  | <b><u>12</u></b> |                                    |

**WEA young  
economists  
Facebook group**  
(now 6000+ members)

*Past Commentaries available at:*

**<https://www.worldeconomicsassociation.org/commentaries/>**

**World Economics  
Association**  
*Voluntary annual  
membership fees:*

**<http://www.worldeconomicsassociation.org/membership/annualfees>**

## **WEA Pedagogy Blog**

**...welcomes posts about your experiences and suggestions on teaching and learning economics, with a strong focus on methods leading to deep understanding of current real world economic issues.**

## What Caused Russia to Invade Ukraine?

By [David Lane](#) (Emmanuel College, University of Cambridge)

The horrors of war following the invasion of Ukraine by Russia in March 2022 could not have been more graphically portrayed in the Western mass media. Russia has been subject to international public condemnation accompanied by devastating economic and political sanctions. The underlying causes of the conflict, however, have received relatively little attention. On one side, President Putin and his associates are presented as an imperialist elite seeking to expand the territory of Russia. The other side, which has had less media coverage, contends that the underlying drivers are Western political interests promoting the expansion of NATO to destroy Russia. There is one chorus to both sides: the enemy is the cause of war.

The causes of war are far deeper than personal or collective ambition. Carl von Clausewitz regarded war as a continuation of politics by other (military and economic) means. Historical and social conditions shape the trajectory of politics. Understanding the political context explains why political leaders resort to war. Notably, Maynard Keynes, in *The Economic Consequences of the Peace* (1919), emphasised the harsh and harmful conditions imposed by the Allies on Germany after the First World War which, he contended, would destabilise Germany, and indeed later did create the political preconditions for the rise of Hitler and the Second World War.

### The Footprint

War in Europe was far from the mind of Michael Gorbachev when in 1986 he embarked on the policy of perestroika. He sought to return the Soviet Union to its spiritual home in Europe, to 're-join civilisation'. The expectations in both the West and in the communist countries were that perestroika would bring in a new era of peace, stability and prosperity. None of these objectives was achieved. The USSR lost the Cold War.

In shaping the contours of the post-communist societies, historical institutional factors as well as the policies of the Western countries played an important part. The faults and contradictions in the post-communist transition have led to instability, internal wars and inter-ethnic conflicts in many of the former republics and regions of the Soviet Union, of which the crisis in Ukraine is the latest example.

The 'transformation' of the socialist states had five components: the creation of new sovereign nation states, setting up a capitalist market system, the institution of democratic competitive electoral politics in a pluralist civil society, and the normalisation of political relations with the West. While these factors are all interrelated, two particularly stand out with respect to the crisis which has afflicted Russia's relationship with Ukraine. Namely, the settlement of the post-Soviet states in the international and economic political order, and the problematic constitution of Ukraine as a sovereign nation state.

### The Problematic International Dimension

President Gorbachev sought a respected place for the Soviet Union in the world political order and he succeeded in transforming East-West relations. As George Bush put it in December 1989: 'We don't consider you an enemy any more' - a sentiment shared by a wide political spectrum of Western commentators. In securing an economic and political agreements with the West, however, Gorbachev had offered unconditional removal of Soviet military forces from Eastern Europe. In return for agreeing to the unification of Germany, he had received a 'promise' from Western negotiators that NATO would not move 'one inch' to the East. There was a failure here in Soviet negotiations: no Treaty or binding written agreement was made with NATO concerning European security. While the Warsaw Pact was quickly dissolved, not only did NATO continue, but it duly expanded to include the former eastern socialist European states and the former Baltic republics of the USSR. An alternative policy might have consisted of concurrent dissolution both of the Warsaw Pact and NATO in favour of a new security agreement for Europe which could have come under the auspices of the Organisation for Security and Cooperation in Europe (OSCE). This could have entailed a form of collective security for all the European countries. A security agreement acting as a shell to the concept of a [common civilisation home](#) might have been achieved.

What transpired, however, was a process by which each European country had the right to choose its own security policy - to join any political or military alliance. These rights were defined in the Helsinki Final Act of 1975 to which the USSR had subscribed. The reasoning here is that a state cannot be truly 'independent' if it lacks the power to join the alliances it believes will further its own security interests. This forms the basis of the Ukrainian government's politically legitimate right to join NATO, a right moreover which is implied in the USSR's recognition of the Helsinki Agreement.

### The Norms of International Relations

Whether NATO should accept Ukraine, however, is another matter. Acceptance of Ukraine into NATO could concur-

rently constitute a 'threat' to Russia, as it extends a hostile military alliance right up to its borders. The norms and practices of international relations have always limited the freedom of sovereign states to act 'in their own interests' if those interests are considered a threat to other states. This is the basis of the Monroe Doctrine, originating in 1823, which defined 'areas of influence' of the USA and limited the formation of military pacts between European powers and the Americas. On the reasoning of this doctrine, the USA, under President Kennedy, claimed that Cuba, a sovereign state, did not have the right to secure missiles from the Soviet Union as they would threaten the security of the United States. The USA would be justified in using force against Cuba to stop this happening. Similar reasoning would apply now to any hypothetical application by Mexico to join a Russian or Chinese-inspired military alliance. The USA undoubtedly would not allow it.

In current political practice, countries condemn illegal aggression of one state against another state, except, when they feel threatened, they do just that. President George W. Bush, for example, invaded Iraq and President Nixon authorised a bombing campaign against Vietnam – even though the 'threat' to the United States was remote. At the present time, Turkey has invaded Syria. None of these illegal actions can be held, morally, to condone other illegal actions, including the Russian invasion of Ukraine. They do, however, constitute widely accepted norms of political action which states often claim are legitimate when they defend 'higher level' Western civilisational values, or state security. Western democracies, for example, in the Second World War, destroyed civilian populations by bombing and devastating Dresden and Hamburg and, more recently, Iraq.

A similar situation has occurred with respect to Russia's objection to Ukraine's application to join NATO which, if granted, would have advanced NATO to its borders. The Astana Declaration of the OSCE (Organisation on Security and Cooperation in Europe) made in December 2010 has been interpreted by Sergei Lavrov, Russia's Foreign Minister, to mean that states do not have any uncontested right to strengthen their security when it involves a threat to, or is at the expense of, the security of other states<sup>1</sup>. NATO enlargement to include Ukraine is considered by Russia as such a security threat. The policy of NATO expansion has long been criticised as destabilising international relations. Notably in the letter to President Clinton, signed in June 1997, by fifty prominent foreign policy statesmen<sup>2</sup> who presciently warned that 'the current U.S.-led effort to expand NATO....[is] a policy error of historic proportions [which] ... will decrease allied security and unsettle European stability.' In other words, the 'rights' of states have to be limited if they undermine other objectives such as peaceful relations between states.

One side to the dilemma posed by the present war is Ukraine's claim that Russia's use of armed force is illegal. On the other side, legitimacy is based on the norms and practice of international behaviour between states. Russia claims to be acting within currently accepted practice: states use force, even when it is illegal, to protect their spheres of interest. Thus, there are two conflicting logics underlying the legitimacy of the warring sides: the illegality of the use of force; and the right of self-defence against actual or, as in this case, potential attack. When diplomacy breaks down, as Clausewitz contended, war threatens. The antidote is not to stoke the fires of war but to resolve the disagreements to preserve the peace and introduce institutions and agreements which promote mutual security.

### **The Problematic Ukrainian State Formation**

The other major precipitant to the Russian invasion stems from the faults in the constitution of the state formations which followed the breakup of the USSR. Russia contests the internal policy of the Ukrainian state which harms Russian speaking citizens whom Russia seeks to protect.

The Soviet Union, constituted by Federative Republics, was formed in 1922 on the basis of guberniia (provinces) constituting the Russian Empire. Lenin strongly advocated a federal form constituted of republics, and lower level national areas, predicated on the predominant nationality in any given geographical region. Under Lenin, the 'Union Republics' (such as Ukraine) had the right to secede from the Soviet Union. The reasoning at the time was that nationalist movements, which had the potential to threaten the socialist formation, could be contained politically within the Union which would be politically centralised and socialist in form.

Population movements, consequent on Soviet industrialisation policy, led to an exodus of the European mainly Russian-speaking population to other parts of the Soviet Union leading to their Russification and other significant changes. During the Soviet period, the multinational character of the Union republics was significant but national groups did not constitute a political threat as the Communist Party and the state administrative system were highly centralised and economically interdependent. The government of the Soviet Union had a monopoly of foreign trade and foreign relations which severely curtailed foreign influences in the republics. The transformation period, however, led to the secession of the fifteen union republics of the USSR which formed independent states. Unlike the countries of Western Europe which had evolved gradually, concurrent with the dissolution of the feudal structures, these new states had to be formed, or reformed, often on the basis of pre-modern historical memories or imagined identities.

Ukraine was one of the most ethnically and politically fragmented states in Europe. The Russian speaking south-eastern industrialised provinces of the Russian Empire in 1922 became regions within the Ukrainian socialist republic. In 1940 and 1945 the Ukrainian speaking agricultural areas to the West, previously part of Poland, were taken into the Soviet Union and became part of Ukraine. Here Ukrainian nationalism was strong and, led by Stepan Bandera, the Organization of Ukrainian Nationalists, fought with Nazi Germany against the Soviet Union in 1941. Ukrainian nationalism had an extreme right-wing component. In 1954, Russian speaking Crimea was transferred under Nikita Khrushchev (himself a Ukrainian) from the jurisdiction of the Russian Federation to Ukraine. The major territorial changes are illustrated on map 1.

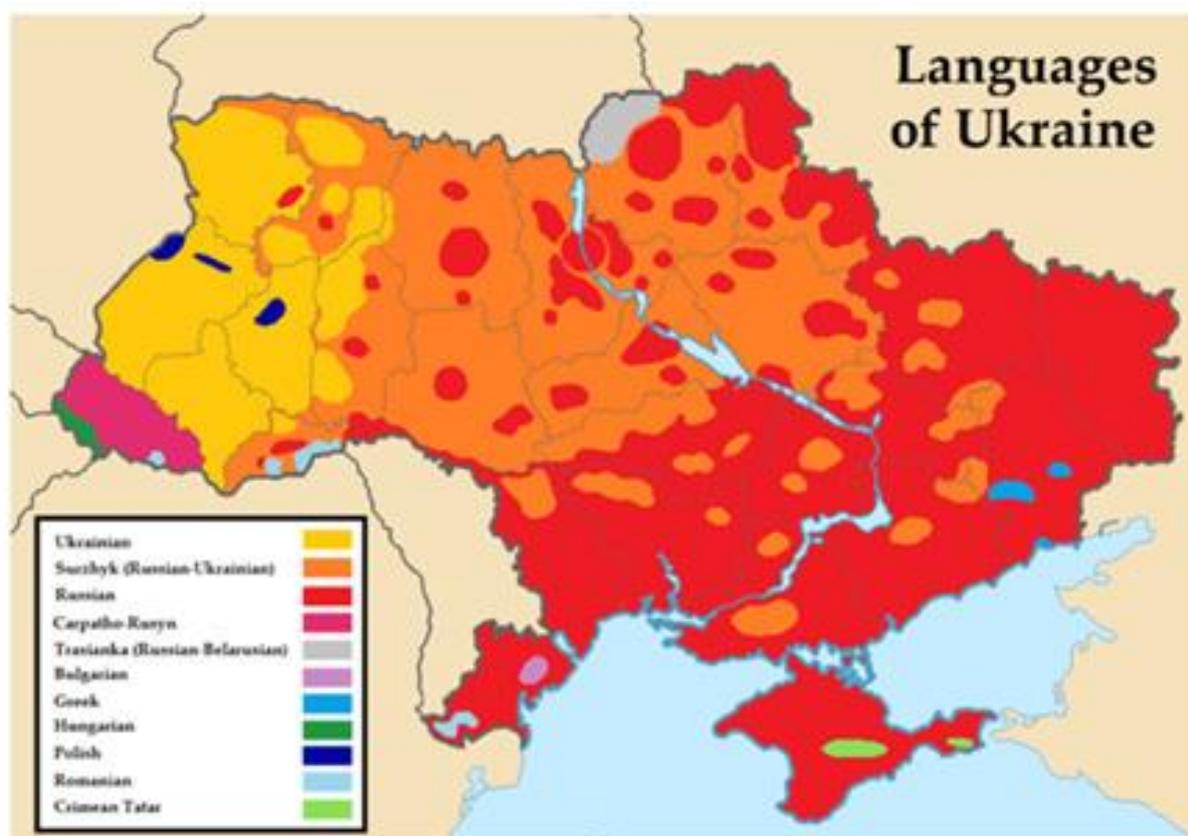
Map 1. Territories Annexed to Ukraine



Source: Institute for the Study of War and AEI's Critical Threats Project. Printed with their permission (email dated 26 March 2022, Jacob Taylor).

In the post-Soviet period, the challenge presented to the incumbent Ukraine governments was how to meld these different and often incompatible communities into a nation state. Many writers have emphasised the cultural divisions. Samuel Huntington, for example, defined the eastern boundary of Western Civilisation to run through the middle of Ukraine – to the east are the Muslim and Orthodox Christian peoples<sup>3</sup>. The Ukrainian nationalist candidate for Presidency in 1994 (Leonid Kravchuk) was overwhelmingly supported in the Western districts, including Kiev, while Leonid Kuchma received overwhelming electoral support in the Eastern regions and Crimea. As Ian Brzezinski has concluded: the 1994 election 'reflected, even crystallized, the split between Europeanized Slavs in the Western Ukraine and the Russo-Slav version of what Ukraine should be. It's not ethnic polarization so much as different cultures'<sup>4</sup>. (See Map 2). Religious and ethnic differences are not insuperable if they are properly managed as illustrated by federal states such as Switzerland and Canada. But this was not the case in Ukraine.

Map 2. Languages of Ukraine



Source: as for Map 1.

After gaining independence, the Ukrainian government adopted a 'Ukrainianization' policy making Ukrainian the sole state language, which was overturned by Viktor Yanukovich. The overwhelming electoral support for Viktor Yushchenko (President of Ukraine from 23 January 2005 to 25 February 2010, the pro-Western European Union Presidential candidate in 2010) came from the Western provinces. Whereas his successful opponent, Viktor Yanukovich (President of Ukraine from 2010 until he was removed from office during the Maidan Revolution in 2014) had the support of the Russian speaking east. Following Yanukovich's overthrow, the new government legitimated itself by identification with the rehabilitated Stepan Bandera and strengthened laws authorising Ukrainian once again as the sole state language. This policy has led to charges of discrimination against the Russian-speaking population. It is not simply a language issue: language is linked to other political factors. De-communisation, the proscription of the Communist Party of Ukraine and the (recent) banning of opposition parties negatively affects Russian speakers more than others. The Eastern areas, which in 2014 formed the breakaway Lugansk and Donetsk Republics, and Crimea, voted overwhelmingly (over 70 per cent) for Yanukovich.

The major issues between Russia and Ukraine is how to reconcile the security needs of Russia which regards NATO as a 'threat' and Ukraine which concurrently considers Russia to constitute the 'threat' to its identity. The demand by Russia for greater recognition of the Russian-speaking and Russia-leaning population is rejected by the Ukrainian government as inimical to the formation of a Ukrainian nation state. These divisions are mirrored in the attachment of social groups (often unrelated to ethnic identity) to the European Union or to Russia.

#### What comes next?

At the time of writing (7 April 2022) the future of Ukraine looks decidedly problematic. The costs of not finding a peaceful solution could involve a drift into a protracted internal war similar to that experienced recently by the Americans in Afghanistan. Thus there are incentives for both sides – and their allies and partners - to come to an agreement. Partition in some form, subject to ratification by popular elections, appears the most likely consequence. This scenario was one of the predictions of Samuel Huntington writing in 1996.<sup>5</sup> Such a solution would divide pre-

sent Ukraine into two: one version of which is illustrated on Map 3.

Map 3. Partition: Ukraine and Novorossiya



Source: As Map 1.

Such an outcome would end the war and secure Russia's objectives but would be opposed by the Ukrainian nationalists. It could come about only with the urging of the United States and the leading countries in the European Union. President Volodymyr Zelensky's political status would be under threat. To maintain his credibility as President, he would need considerable support from the West. Partition would not be enough: there would have to be agreements to limit the spread of NATO and concurrently assure the future security of Ukraine. This could take the form of security guarantees for Ukraine by the USA and other major powers. A crucial incentive would be support for Zelensky with an offer of at least quasi-membership of the European Union: giving Ukrainians, for example, a visa-free regime and Ukraine many of the benefits of membership. Optimistically, such measures would normalise the economic and political situation in Europe. A longer term scenario should involve wider geo-political arrangements which would include Russia and Ukraine in Europe's security plans. Unless some such agreement can be achieved, a protracted conflict appears likely.

1. Russian Foreign Ministry, 'Foreign Minister Sergey Lavrov's Answer to a Media Question', 27 January 2022, <https://www.rusemb.org.uk/fnapr/7060>.
2. <https://www.armscontrol.org/act/1997-06/arms-control-today/opposition-nato-expansion>. Names included Jack Matlock, Raymond Garthoff and Richard Pipes
3. S. Huntington, *The Clash of Civilizations and the Remaking of World Order*. New York: Simon and Schuster, 1996. See diagram and discussion p.159-
4. Cited by Huntington, p.166.
5. Huntington, pp. 167-8

## Economic Implications of MOOCs in Higher Education: An Indian perspective

By [Binay Kumar Pathak\\*](#)

### Introduction

The Government of India has proposed to set up a digital university and virtual laboratories in order to push digital education as envisaged by the National Education Policy (2020)<sup>1</sup>. While two digital universities have already been established in the last couple of years by the Governments of Kerala and Rajasthan, distance education and regular higher education institutions (HEIs) are also embracing digital mode in various forms and degrees<sup>2</sup>. The focus on digital education emanates from the global trends and penetration of information and communication technologies (ICT) in almost every sphere of our lives. While the Covid-19 pandemic accelerated the implementation of online education at all stages, EdTech companies in particular received impetus and attracted huge investments. The global EdTech investments, by the end of 2019, were to the tune of \$18.66 billion<sup>3</sup>. In 2020, the EdTech market was valued at \$89.49 billion<sup>4</sup>. Higher education (HE), characterized with horizontal diversification and plethora of possibilities in terms of skill enhancement, offers a wide range of opportunities for EdTech companies. With this new mode of delivery of services and interaction, HE has gained variants of product differentiation in the already hierarchical market for HE. The market has become more diverse and segregated in terms of both price and quality. Product differentiation through mode of delivery of education dates back to the late 19th century when correspondence education emerged with the aid of postal services. Present differentiations riding on the growth of ICT seem to be competing with the mainstream classroom-based traditional model<sup>5</sup>. Out of these various differentiations, a particular group can be referred to as MOOCs (Massive Open Online Courses) which are gaining momentum through deliberate strategies and the emergence of web-based platforms in partnership with the leading universities of the world. These MOOCs are not limited to recording of lectures, but might also include simulations, games for practice and peer groups for discussions and evaluation. This paper seeks to bring out the economic implications of MOOCs for HE in general and Indian HE in particular.

### Product, Cost and Pricing

HE in India, the third largest system in the world, is characterized with rising fee-structure in HE which is influenced by decline in public expenditure on HE. Chandrashekhar and Ghosh (2020) present the alarming increase in fees across levels with the help of the NSSO data<sup>6</sup>. Whether the higher education institutions (HEIs)

intend to cross-subsidise (public) or seek profiteering (private), the kind of services are closely associated with cost of provision or delivery of HE and pricing of such provisions. Being one of the labour-intensive services, HE suffers from Baumol's cost-disease and is somewhat analogous to the labour-intensive services characterized with low productivity growth such as music and performing arts. Thus, mass availability of music over the internet and related issues of licence-fees, piracy and sustainability can also be attributed to the HE sector operating with MOOCs. While HEIs can either maximise quality or minimise price (Archibald & Feldman, 2006), any effort to reduce costs would imply compromising with quality for the traditional classroom based HE. MOOCs are being popularised as cost advantageous options available for large number of students across space and time.

The average cost (due to fixed cost mostly) of MOOCs or simply, the start-up cost can be higher than that of the traditional classroom based HE as the capital assets are expensive and they require adaptation with time due to compatibility requirements across networked systems including those owned by students. Thus, MOOCs might reduce some components of cost (labour) but add to others as bulk-cost remains a feature of equipment/devices and system-upgrades (Bapna *et al*, 2020). The cost advantages are expected from the low labour-cost (teaching staff) and the ability of reproduction (recordings of lectures and minimal cost to update test banks, notes and web-based resources). Thus, MOOCs are expected to cure Baumol's cost disease (with low labour-cost) and reaping the benefits of economies of scale (with reproduction). Though with reproduction, (HE) services are converted into commodities (McCowen, 2016; Chattopadhyay, 2020); MOOCs gain monopolistic advantage in terms of marginal cost approaching zero.<sup>7</sup>

Now, the marginal cost approaching zero would make the service delivery viable at higher scales only as demonstrated for HE in the USA (Marginson, 2004; Saltzman, 2014). Though the cost of providing education per student through MOOCs might be cheaper, it requires a considerable lead time and scale such as the cases for the University of Phoenix in the USA and the Open University in the UK (*ibid*, 2004). There are several platforms targeting selected courses with favourable responses from the students and the job-market such as management, data-science *et cetera*. Otherwise, the start-up cost might be higher depending upon the nature of the institutions and courses. Thus, the considerations of students and recognition in the job-market play important roles in viability of the MOOCs.

## Competition

HEIs compete for students and staff depending upon their prestige, rank or quality in a market characterized with S(selection)-competition (Glennister, 1991; Winston, 1999) driving hierarchies in the market. Location plays an important role in decision-making by students and strategy-development by the HEIs. MOOCs, with advantages over space and time, ["asynchronous learning"] might attract students from any location on the globe. If students are not restricted with their cultural background and regulation, they would like to opt for the best course or university within their capability and purchasing power given the recognition and equivalence of courses. Therefore, the dynamics of competition for HEIs have changed with MOOCs. The existing *positional good* character of the HE, closely linked with the job-market, has gained new layers with the popularization of MOOCs. Traditionally, national and international dynamics of competition used to be different for HEIs (Marginson, 2006). But MOOCs with their spread across the globe through web-based platforms have narrowed the margins for competition. So, even with a proposed central digital university, two existing state digital universities, public platforms like SWAYAM, adoption of blended mode of teaching by HEIs; the competition in Indian HE is not limited to domestic HEIs only. They would compete with their foreign counterparts and web-based platforms operating in partnership with leading universities of the world. Thus, these new hierarchies of the HE market will enter into a different realm of competition.

## Conclusion

With regard to MOOCs, the University Grants Commission of India promotes MOOCs through SWAYAM-a public platform and other portals under different schemes. but restrains the HEIs in India to collaborate with foreign web-based platforms in offering courses. Moreover, the Government (union and state levels) seem to be promoting digital universities but have no policy for regulating quality and competition. With restrictions on entry to the global market, Indian HEIs might lose a significant share of the market and the necessary large scale for minimisation of costs to compete with MOOCs. With soaring unemployment and disenchantment towards existing professional courses (as reflected in vacant seats even in reputed institutions and closure of engineering colleges), the growing interest of Indian youths in skill-enhancing MOOCs will benefit the foreign service providers as they might outcompete their Indian counterparts. Regulation of market is expected to be crucial in such situations. The natural monopoly characteristics of MOOCs may result in a very small number of courses associated with top institutions/academics dominating the world market and hence narrowing the range of academic perspectives that

students may be exposed to. Indian HEIs struggling in international university rankings are poised to face challenges from the popularity of MOOCs offered by leading universities of the world. While MOOCs have their own disadvantages in terms of high attrition rates, lack of cultural compatibility and negative quality differential as compared to traditional classroom based HE; professional and skill enhancing courses offered by top ranking universities of the world might outcompete MOOCs offered by average HEIs. The implications for non-professional courses such as pure sciences, humanities and social sciences would add to the struggle of HEIs. While the focus on skill enhancing courses would limit the exposure of students to the world of knowledge, standardization of courses with scant lecturing opportunities may affect the career development of academics. Innovations in assessment to suit MOOCs such as peer evaluation and multiple-choice questions would also add to the narrowness of scope and exposure for students. Thus, the possibilities of cost advantages seem to be complemented with compromised quality. Apart from these, there are issues of privacy and intellectual property rights (IPR) involved, analogous to the performing arts (music) industry. Moreover, the web-based platforms gather a lot of information related to students and might utilise this information along the lines of social-media firms. As the developments in the ICT have impacted the processes of globalisation in different ways, MOOCs might prove to be incarnations for globalisation of HE against the debates and discussions over decolonisation of HE. Thus, policies for embracing digital path in HE should be pursued with requisite preparation and care.

## References

- Archibald, R.B. and Feldman, D.H. (2006). Explaining increases in Higher Education Costs. Working Paper No. 42, September, Department of Economics, College of William and Mary.
- [Bapna, A., K. Garg and A.Mehra \(2020\): Technology Intervention in Education: Digital Divide and the Aakash Tablet. Economic and Political Weekly. 55\(10\).](#)
- Baumol, W.J. and W. G. Bowen (1965). On the Performing Arts: The Anatomy of their Economic Problems. The American Economic Review. 55(2). 495-502
- Chandrashekhar, C.P. and J. Ghosh (2020). The alarming rise in education costs in New India. The Hindu Business Line. November 30, 2020.
- Chattopadhyay, S. (2020). National Education Policy, 2020: An Uncertain Future for Indian Higher Education. Economic and Political Weekly. LV (46). 23-27.
- Glennister, H. (1991). Quasi-Markets for Education? Economic Journal, 101 (408), September, 1268-76.
- Marginson, S. (2004). Don't Leave Me Hanging on the An-

- glophone: The Potential for Online Distance Higher Education in the Asia-Pacific Region. *Higher Education Quarterly*. 58(2/3). 74-113.
- Marginson, S. (2006). Dynamics of national and global competition in higher education. *Higher Education*. 52. 1-39.
- McCowan, T. (2016). Universities and the post-2015 development agenda: an analytical framework. *Higher Education*. 72. 505-523.
- Saltzman, G. (2014). The Economics of MOOCs. 2014 NEA Almanac of Higher Education.
- Winston, G.C. (1999). Subsidies, Hierarchy and Peers: The Awkward Economics of Higher Education. *Journal of Economic Perspectives*. 13(1). 13-36.
- \* Assistant Professor & Head, Department of Economics, Ram Nirikshan Atma Ram College, Samastipur-848101
- Bihar (a constituent unit of Lalit Narayan Mithila University, Darbhanga),
1. As proposed in the Union Budget (2022-23) available from [India Budget | Ministry of Finance | Government of India 2022-23](#)
  2. Kerala and Rajasthan are provinces (states) in India.
  3. [The rise of online learning during the COVID-19 pandemic | World Economic Forum \(weforum.org\)](#)
  4. <https://www.grandviewresearch.com/industry-analysis/education-technology-market>
  5. [The History of Online Schooling \(onlineschools.org\)](#)
  6. [The History of Online Schooling \(onlineschools.org\)](#)
  7. National Sample Survey Organisation of India.
  8. The pedagogical implications for such conversions of service into commodity have been discussed in detail by McCowan (2016) and Chattopadhyay (2020).

## An interview with Andrea Terzi on the current situation in the euro zone and Italy in particular

By [Mitja Stefancic](#)

Andrea Terzi is Professor of economics at Franklin University Switzerland and a research associate at the Levy Economics Institute of Bard College, New York. He has previously taught at Rutgers University, the Institute for International Studies in Florence, the European College of Parma, and the Catholic University in Milan, Italy. Terzi focuses his research interests on central banking, monetary economics, macro-financial accounts, and the effects of monetary and fiscal policy on private savings and aggregate demand.



### **Q1) How important is the Euro for the European economy and why is it important?**

Contrary to a common “monetarist” narrative, the historical significance of the euro is not to be found in the benefits of eliminating exchange rate uncertainty, reducing transaction costs, and boosting trade. While these are valuable advantages, they alone would not warrant the creation of a single currency. A currency is

not simply a convenient means of payment. It is the expression of political power, and the creation of the euro has marked a big step towards a higher degree of political union in Europe.

This also explains why the euro has long been (and is yet) an unfinished project. For too long, European politics remained reluctant to move towards greater political union. It took the near-collapse of the single currency in 2012 to see the European Central Bank step into the public debt market, and it took the COVID-19 pandemic to see the first recovery plan for Europe and the largest issue of EU-bills and EU-bonds ever.

### **Q2) What is the current outlook for Italy – a country that suffered a lot from the 2007-2009 global financial crisis?**

Italy suffered particularly badly during the euro area’s self-inflicted recession of 2011-12, which was the inevitable outcome of the euro’s “infantile disease”. Between the launch of the single currency and the global financial crisis, the apparent health of the euro area depended on the delicate balance between countries that sustained spending and countries that aimed at selling abroad. Such “destabilizing stability” in a currency area without a centralized economic policy finally broke down.

For Italy, much will depend on the future developments of fiscal coordination and integration. Like any other member of the euro, Italy needs a stable macroeconomic context, which can only be ensured by the EU institutions. This is the condition for addressing Italy’s well known structural problems, including the need for a

stronger (not necessarily bigger) State, a greater effectiveness of its judicial and administrative system, a push for a long-term investment agenda and industrial policy, fairly enforced taxation and a reduction of inequality.

**Q3) When considering Italy, the level of the Italian public debt remains a persistent issue: Is the Italian public debt sustainable? Is it a real problem for the country?**

The sustainability of public debt of all euro countries, and not only Italy, must be assessed on two standards, that is, the funding issue and the threat of inflation. Regarding the latter, deficit spending can be inflationary, yes, but only if the government itself contributes to inflation by wildly raising the prices it pays, or if investment spending cannot keep pace with consumer spending. This can be avoided if deficit spending simultaneously creates more demand and more productive capacity. This is where the quality of government spending matters, more than the size of the deficit, or debt.

Regarding the funding issue, this is a problem for countries that are bound to comply with politically enforced budget rules. Just think of how the concerns for the funding issue of the Italian government have deeply changed depending not on Italy's debt-GDP ratio but on the ECB's purchase of public debt as well as on the reduced enforcement of fiscal rules.

In its latest annual report, the European Fiscal Board has acknowledged that fiscal rules "look outdated" and has proposed a politically viable reform. This, however,

will hardly be the game-changer. What Europe now needs is that the Next Generation EU plan become a structural feature of the EU. This would automatically release pressure on the funding issue of any euro country, including Italy.

**Q4) Is there a conflict between the need for (a) a Europe-wide approach to economic policy (i.e. suggesting stronger centralised European government) and (b) a strong Italian government (suggesting for instance a more decentralised system)?**

Not necessarily. To move towards a greater integration, Europe needs stronger member governments to negotiate and design the new Europe after Covid. Arguably, there is still a long way to go. While from the standpoint of an economic logic a centralized fiscal policy is a must, the actual deployment of fiscal actions could yet pose political divergences. On the positive side, there are several areas where the same approach of the recovery package that was devised to support member states adversely impacted by the COVID-19 pandemic could be applied to boost integration, such as common defense, foreign policy, border control, climate protection, and digital technology.

It is now too early to say if the euro area is on its way to fully heal its disease and has realized that protecting states' autonomy carries high risks of disintegration. But as Benjamin Franklin stated at the time of the U.S. Declaration of Independence, "We must all hang together, or, most assuredly, we shall all hang separately."

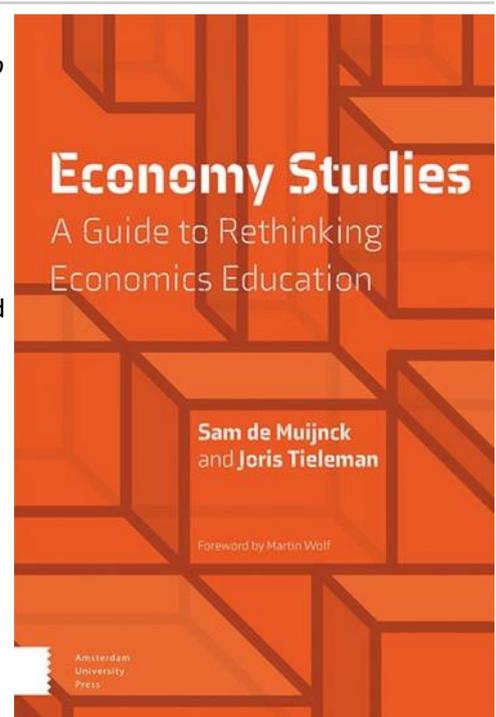
## Rethinking economics: an interview with Sam de Muijnck and Joris Tieleman

By [Mitja Stefancic](#)

I recently came across an ambitious book titled "*Economy Studies: A Guide to Rethinking Economics Education*" (Amsterdam University Press, 2021). The book, authored by Sam de Muijnck and Joris Tieleman, has a rather rich and relatively complex structure tackling different aspects of both the economics discipline and economics education.

As is stated in the introductory summary, the development of the book was informed and influenced – among other things – by the groups of students and student movements asking for pluralism in economics as well as for the establishment of more pluralist curricula in economics, for instance: Rethinking Economics, Netzwerk für Plurale Ökonomik, the Institute for New Economic Thinking (INET), International Student Initiative for Pluralist Economics (ISIPE), International Confederation of Associations for Pluralism in Economics (ICAPE), Diversifying and Decolonising Economics, Economists for Future, Reteaching Economics, and Oikos International. These are groups that came together "for dissent, discussion, self-education, action, campaigning, disseminating ideas and engaging with wider audiences" (p. 10) and which appear to have influenced this book.

Instead of writing a usual book review, I asked Sam de Muijnck and Joris



Tieleman to briefly present their book to our readers. For this purpose, I provided them with three questions related to the writing process, the contents of the book and the desired outcomes.



### **1) What are the leading ideas and the main insights in your book?**

The growing societal importance of economists and economic ideas has sparked a lively debate around the content and structure of economics education. A worldwide movement of students and academics calls for more pluralist, real-world focused and socially relevant programmes that would enable economics graduates to better understand and tackle the economic issues that the world faces today. This movement has accelerated over the last decade, spurred on by the global financial crisis of 2008, the climate crisis and the COVID-19 pandemic.

However, what has been missing so far in this renewing economics movement is an integral approach for constructing economics curricula and courses. The Economy Studies project aims to fill that gap. We bundle the ideas and materials of renewal and reform into a coherent multi-level vision for economics education, its overarching structure, its goals and its principles. We also provide ten concrete building blocks for this in terms of academic content, including detailed overviews of teaching materials and practical suggestions. Finally, we translate these to the level of actual programmes and courses, providing a wide range of practical tools for implementation.

### **2) When did you decide to write the book and how did the writing process develop?**

The story of Economy Studies is inseparable from the international student movement Rethinking Economics. Over the past decade, Rethinkers have pointed out gaps in the curriculum, argued for different material and conducted thorough curriculum reviews. Many staff members and faculties turned out to be quite interested in our proposals. Still, they generally found it hard to implement such requests, being so used to the familiar curriculum. Hence the idea germinated in Rethinking Economics meetings to make an example curriculum.

We did not want to reinvent the wheel, but rather assem-

ble the best work from the generations that came before us. So, we reached out to a wide range of seasoned academics around the world, hoping to tap into their collective knowledge and wisdom.

In the first round, before starting our own writing process, we simply asked this group of seasoned academics a few open questions. How would they define the economy, what should the core principles of a good economics education be, what courses or programmes did they find inspiring, and what it was that made these courses and programmes so worthwhile? These responses, together with many pages of notes from Rethinking Economics gatherings, would form the basis of our new curriculum proposal.

Overwhelmed by the breadth and depth of the responses, we have continued this practice throughout the writing process: three times in total we reached out again to the same group of seasoned academics. In the process we got feedback and input, often very detailed, from more than 150 economic professors worldwide. At the same time, a group of about twenty rethinkers edited one chapter per week per person for about two months, ensuring that every chapter would pass through many pairs of eyes and hands.

We quickly realised that it would be impossible to write 'the perfect curriculum'. Rethinking Economics is at its core a movement for pluralism, and does not intend to replace the current, relatively standardised curriculum with a single alternative. This does not mean that we do not have a coherent view. It just means that it encompasses diversity of theories, methods, values, people, and programmes. We agreed, however, on the major gaps in current programmes, the basic tenets for future programmes, the design principles, and on the general direction we envision for economics education.

This, we decided, would be the form of our curriculum proposals: a modular, open-ended design toolkit built on a clear foundation of guiding principles. The core: teach students to study the economy using a broad and open-ended toolkit, rather than drilling them in a specific manner of thinking about it. Such a modular approach has two advantages. For its writers, it allowed for a collaborative and diverse yet coherent vision to emerge from a broad reform movement. For its users, it offers a menu and a variety of tools, rather than a fully formed 'take it or leave it' alternative structure.

### **3) What is the desired impact of the book? Who and why should read it?**

If you are working with an economics curriculum, whether teaching it, learning it or trying to reform it, this book could be for you. The different sections have been designed to be read independently, as they may be of interest to different readers. Using the structure of this book, we have also designed workshops that help both students and teachers understand and apply the ideas and tools provid-

ed in the book.

We suggest all readers start with part one, Foundations. Then, if you are currently teaching a course, and would like to expand it with some fresh material, go to part two, Building Blocks, and simply dive into the building block that seems most relevant to your course or see the chapter Adapting Existing Courses in part three of the book (p. 329). If you are in a position to influence a programme as a whole, whether as a student, a programme coordinator, or in another role, take a look at the Part II: Building Blocks (p. 141), Tool 3: Curriculum Review (p. 363) and Tool 5: Example Curricula (p. 387).

We hope that the tools and materials offered in this book will be of use to the students and academics of the worldwide economics community. As Martin Wolf puts it in his foreword: *“Do I agree with everything in the book? Absolutely not. That surely is the point. A good book on the teaching and studying of economics should be challenging”*.

### ***The new didactics of economics according to Muijnck and Tieleman - a comment by Mitja Stefancic***

Particularly interesting is Chapter 6 (Part 1: Foundations), titled “The didactics of economics education”, in which the authors suggest a number of practical improvements in economics education both in terms of the arguments taught as well as the teaching methodologies. The most original suggestions come from the attention that Muijnck and Tieleman pay to communication, arguing that effective communication is one of the essential skills of a good and reliable economist.

Specifically, Muijnck and Tieleman argue that communication and collaboration are two essential skills which distinguish successful economists: ‘good communication and working well in teams are both vital skills for economists’ (p. 128). By reference to some recent research, they go on suggesting that the lack of communication skills among economists can be responsible for significant misunderstandings, bad decisions made by economic policy

makers and, ultimately, to a general public distrust of economists. According to Muijnck and Tieleman, this means that students of economics should learn as soon as possible ‘how to communicate and collaborate, and practice whenever possible’ (p. 129).

Another desired skill discussed by Muijnck and Tieleman in their book is critical thinking. Critical thinking is viewed as being part of a process whereby knowledge is being successfully internalised. Based on that, they suggest that whenever an economic model or perspective is being taught, the content should be presented critically, meaning that instead of merely accepting the assumption of a theory, they should be adequately discussed and challenged (p. 131). Accordingly, critical thinking is very useful to students of economics, particularly those at their early career stages and those engaging in consultancy: ‘critical thinking is necessary for students to actively use their newly acquired knowledge, by applying it to the real world. To make useful recommendations to decision-makers, economists need to be able to choose between competing ways of understanding the world, know how to contextualise the output of their chosen model(s) and understand the limitations of the methods that they have used’ (p. 131).

Finally, Muijnck and Tieleman observe some of the main limits present in the didactics of economics education. They note, for instance, the fact that ‘at many universities, it is extremely rare for economics students to raise their hands in a class, where many go through an entire degree without actively participating’ (p. 133). As a potential solution to such problem, they stress the importance of stimulating students’ active participation throughout their own learning process: ‘instead of teaching economics as a set of scientific facts, teachers could aim to bring up arguments that can be debated, encouraging students to participate in their own learning. Here it is vital that teachers ask open-ended questions that can open up in the space for students to share their analytical reflections. In this way, teachers can work towards creating an open space for active discussion and joint learning’ (p. 133).

## Contact the Association

### Journal editors:

**RWER:** Edward Fullbrook [fullbrook@worldeconomicsassociation.org](mailto:fullbrook@worldeconomicsassociation.org)

**Economic Thought:** [ETEditor@worldeconomicsassociation.org](mailto:ETEditor@worldeconomicsassociation.org)

**World Economic Review:** [wereitor@worldeconomicsassociation.org](mailto:wereitor@worldeconomicsassociation.org)

### Conferences: Chair of Conference Organizing Committee:

[conferences@worldeconomicsassociation.org](mailto:conferences@worldeconomicsassociation.org)

**WEA Commentaries editor:** [Stuart Birks](#), Co-editors [Ana Luíza Matos de Oliveira](#), [Mitja Stefancic](#)

### **WEA Commentaries**

*(formerly The World Economics Association Newsletter)*

*is published in the UK*

*by the*

*World Economics Association.*