

Report on the CTREE Survey Conducted during Michael Salemi's Plenary Session

June 3, 2015

Michael Salemi

Preamble

The report is based on 59 responses to the survey which I received by June 1. Recall that the survey asked two open ended questions:

1. What important but incorrect student preconception about economics or the economy have you encountered?
2. How might you alter your teaching strategy to address the preconception you identified?

The first thing to note is that a preconception is a view about economics or the economy that students bring with them on the first day of class. Research suggests that an important part of teaching economics is confronting and overturning student preconceptions. Eight of the survey responses concerned economic concepts that students have trouble understanding rather than preconceptions they have. Students have no preconceptions about "marginal utility" for example since they first encounter the concept in an economics course. The remaining responses fell nicely into eight categories one of which I termed miscellaneous.

Preconception 1: Economics teaches students how to make money.

Twelve responses mentioned this preconception in one form or another. Some responses in this category emphasized that students believe economics is boring. Several interesting teaching strategies were suggested. One suggested a focus on everyday decisions where economic theory has something to say. Another suggested a simulation where individual decisions affect others. A third suggested showing students news articles on a variety of issues that are economic in nature.

Preconception 2: High prices and inflation are the same thing and inflation is always bad.

One response suggested a student survey presumably with true-false prompts such as "Inflation is another term for high prices," and "Inflation harms everyone in the economy." The idea would be to give the survey at the beginning and end of a class on inflation. Debriefing the second survey would allow the instructor to confront these preconceptions.

Preconception 3: Free trade is a zero sum game that costs jobs. Buying foreign goods is bad for the domestic economy.

One response suggested conducting a classroom simulation where trade occurs and asking participants whether or not they are better off after trade. Another suggested presenting data on employment, wages, and the like in industries that are export oriented.

Preconception 4: Students have wrong preconceptions about economic facts (China is the largest holder of US debt or there has been little growth in the United States over the last century). They

may also believe that certain values of economic variables are inherently bad (High interest rates are always bad).

One response about growth suggests looking at how family life has changed over generations. Another suggests presenting student preconceptions anonymously to the class for discussion. A third (US debt) suggests an exercise where student find data on holdings of US bonds.

Preconception 5: Students have a variety of mistaken ideas about how economic decisions are made. These include that firms try to maximize sales and that sunk costs matter.

Twelve surveys mentioned mistaken preconceptions that fall in this category. Respondents did not have a lot to offer here except that the instructor should “show” what marginal analysis means and show that sales maximization is not profit maximization. One suggestion was to use a simulation. The Frank and Bernanke text has some nice examples of the benefit cost principle applied to day to day decision making. Cost preconceptions are hard to change. I am a member of a board of a nonprofit corporation where other members keep talking about making up for the negative profits earned by a festival several years ago. It would be helpful to have more intuitive examples of why sunk costs do not matter for economic decisions.

Preconception 6: Prices are set by governments or by firms (and not by markets).

Several respondents suggested simulations such as double oral auctions. Of course, it is essential to debrief simulations so that student sit back and contemplate what the simulation has shown. We should all keep in mind that some firms do set prices but nevertheless feel constrained in doing so by competition from producers of close substitutes.

Preconception 7: Misconceptions about the minimum wage

Respondents mentioned that students believe an increase in the minimum wage will end poverty or that it will cause inflation or that such increases are inherently good. Suggestions are to ask students to play the role of employers in a role play or to present data on how many workers earn the minimum wage.

Preconception 8: Miscellaneous preconceptions including correlation is causation, all corn is sweet corn, capital is money rather than plant, equipment and intellectual property, and critical thinking questions are tricky and should not be part of a course.

One suggestion (fairness) was to ask students what fairness means with an eye toward demonstrating that fairness means different things to different students. The respondent who mentioned correlation and causation suggested the use of real examples but did not provide a specific suggestion.

Thanks for participating in the survey and for your interest and energy during my talk. I hope you found it useful. If you would like the raw survey responses (stripped of identifying information), please email me at Michael_Salemi@unc.edu.