

New Challenges in the Education of Managerial Economics

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Abstract

In this article, the authors summarise their panel presentation on the role of education in managerial economics, given at the Danube Cup in April, 2022. The main finding of the article and the presentation is that today's and tomorrow's economists need to think in a so-called global framework. A common commodity and energy policy is becoming an increasingly urgent issue that will significantly change the development path of international institutions and technologies. Therefore, the teaching of economics will also have to adapt to this new trend. Apart from the obvious point - teaching a professional ethos and the importance of international trade - the authors see a constructivist approach as the most viable way forward in pedagogy. According to this approach, secondary and university students should be given the experience of discovery in order to stimulate their interest in economic topics and contexts.

Keywords: Danube Cup, global framework, managerial economics, constructivist pedagogy

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Introduction

One of the key lessons of the 2019 crisis is the growing importance of awareness of trends in geopolitics and global economic policy among entrepreneurs and businessmen. The shocks that rocked the global economy cannot be attributed to economic factors alone. Several waves of the Covid

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19 crisis, several actions by governments [Wyplosz, 2020], and the case of the Evergreen ship which closed the Suez Canal in 2021 [Baldwin, 2020], led to a severe supply shock across the world. The crisis was exacerbated by the military conflict between Russia and Ukraine. These events pose a new challenge for companies and entrepreneurs: to adapt to the new economic circumstances on a global scale.

The responses to the challenge posed by the various geopolitical and economic turbulences are threefold.

- National governments can defend themselves against these trends. Governments are happy to offer or, more precisely, promise such a defence, and depending on the strength of populism in a country, this promise may be louder or quieter. This kind of defence can only be very short-term, but it would be a mistake to deny the existence or usefulness of such an effort. Governments at different levels should make great efforts to support the adaptation process of all citizens and businesses. However, no country around the world can escape the global forces. [Rodrik, 2018]
- The second reaction of companies is to avoid global presence and limit their business relations to the domestic or regional level. Undoubtedly, this response is quite straightforward and has some justification, especially when comparing the trends of the last decades. Since the 1970s, during the neoconservative-neoliberal era, the world market has been the main engine of globalisation, with some discrepancies and extremisms. At times, irrational trade patterns or the relationship between the centre and the periphery could not be reconciled with global governance, harming not only the periphery but also the core countries. In the latter countries, the structure of the economy was not as healthy as one might wish, which is why insourcing is not as irrational as some economists claim. Of course, globalisation cannot be stopped and insourcing does have some obstacles. Globalisation is a much broader category than mere marketisation. [Kamin et al, 2021]
- Globalisation is a form of common management of resources on a global scale. The concept means that there is no longer an independent use of a resource such as water, land or any other free good as assumed by classical political economists. These goods, or ultimately any good, is a public good because the consumption and production of each good has an impact on others around the world. Despite what classical economists say, there is no such thing as a free good at all. Every resource, in the broadest sense, has a price that must be paid by the global community. [Tirole, 2011]

The global management of goods and services has some far-reaching consequences. First, it means that addressing global problems requires the concept of global justice. Currently, the slogan "the polluters should pay" is very popular, which means that the West should be held responsible for global warming. However, it would be a mistake to forget the most important result of the last decades or centuries, namely the technological innovations and breakthroughs. These innovations have played a special role in the race to catch up from misery and deprivation. For historical reasons, these innovations have emerged in the West, but the point of globalisation is to bring these results to the whole world. From this perspective, globalisation is an infrastructure that provides every country, nation and citizen with the latest technologies to develop.

Secondly, beyond the technological framework, globalisation should be based on the shared values supported by technologies and infrastructures. These global values (security, freedom, democracy and well-being) are spread throughout the world and the application of these values determines the development process of countries and nations. The acceptance of these values and the positive attitude towards them is not only the result of technological and economic development. One of the failures of the last decades has been that economic development is sufficient for cultural and moral change. This is not true, by the way. In fact, in the new world order, the exact opposite is the case. The new technology and infrastructure provide the opportunity and the obligation to create a strong moral foundation for consumers, producers and entrepreneurs on a global scale. This moral background is not just the privilege or responsibility of the West, it should be adopted by the whole world.

Moral commitment needs a strong community and the third point in the list of consequences of globalisation is the increasing participation in economic policy. The new political and economic structure leads to greater participation in global governance. The shocks mentioned earlier were not random and the events cannot be described simply as a chaotic process, as some economists have claimed. On the contrary, economic and political change was managed to preserve civilisation and culture. Global governance, as the new institutional framework has also been called, is not just a wish or a vision, but has been a reality since 1945. The functioning mechanism of global governance naturally changes from time to time and adapts to the new challenges. The most recent question after the global shocks is how to make global governance more visible and convince global market actors of the justice and fairness of global decisions.

Unfortunately, the communication of global governance is quite noisy. For the actors, it seems as if there is no governance at all. This way of thinking, which we call neoliberalism, leads to the fear that the world market can

collapse from one day to the next. We do not share this point of view; more precisely, we argue that neoliberalism, as the main theoretical concept of the last 40 years (especially in the former Eastern bloc) is the main cause of the confusing ideas and exclusion from global governance.

To understand globalisation, one needs two pillars: (1) the dispositions, the intentions for the existence of the global order, and (2) education, especially economic education about economic policy. The two pillars intertwine, which is the reason why neoliberalism has produced the so-called uneducated economists who do not know the history of their own professions and the close connection between economics and other social sciences and philosophy.

The history of economic thought proves that the main aim of economics is to assist the well-organised state at all times in achieving the common good through economic instruments. Every step in the development of economics aims to ensure that the development of the state dominates the virtues. Just one example: the significance of the famous invisible hand is not the non-existence of the invisible hand, but the invisibility from below. The main message of Smith's book is to convince public opinion of the existence of the invisible hand in order to increase confidence in the market and the government. The market is a "good servant and a false master", as it is put in English. Smith's book can be summed up in this statement and this message can also be applied to other classical economists. [Smith, 1776] This kind of knowledge is missing in neoliberal economics. The reason for studying the history of economic thought is not just the glamour or mystification of our profession, but the knowledge of the entire toolkit and ethical standards of the profession of economists. Virtue and the common good guide the market and governments, and the process of proof does not require sophisticated mathematical tools for every businessman. What it does require is a common theoretical framework. To be precise, without this theoretical framework for long-term economic policy, businesses and entrepreneurs will fail.

The main argument in this paper is to examine what kind of economics is needed to convince students of economics courses to trust the market at the global and other sub-global levels. Our aim is to prove that it is not true that all economics is redundant because of the recent crisis in the economy. This distrust of economics and economists is only a sign for the renewal of the teaching methods of economics. The project of renewal has been started and the question is how to implement it in the curriculum.

1. The crisis in economics

The credibility of economics, as numerous books and essays attest, has suffered an erosion. This can be felt in conversations with laymen or semi-professionals, in addition to various surveys. This is not a new phenomenon, the starting point of the decline being the 2007 crisis, but we do not share the view that the cause of the crisis lies in the mismanagement of economic policy, which has its roots in economics. As mentioned above, the crisis can be traced back to geopolitical aspects, yet economists bear their own responsibility for it. Neoliberalism can be described as a special branch of economics, a special era in the history of economic thought. The task of economics in the knowledge-based society is to get rid of the false legacy of neoliberalism and find a better basis for dealing with economic problems. The crisis gave science the opportunity for a theoretical revolution. Some elements of this renewal are visible in some important references to the start-up or entrepreneurial training of economists.

These references are fundamental to the whole of economics. At every stage in the history of economics, the new paradigm began with an effort to provide a clearer picture of the economy to the actors in the economy, the mindset of economists being a secondary consideration. Adam Smith, who worked as a customs official rather than as a member of an academic body during his creative period, wanted to convince entrepreneurs of the necessity and the working mechanism of the invisible hand. It is legendary how Alfred Marshall broke with mathematical methods of his time and wanted to explain the laws of economics to the common people and businessmen. [Schabas, 1989] This was also true for the work of Milton Friedman. Let us remember the efforts of Milton and Rose Friedman to prove to everyone that freedom works in economics and that it is not necessary to take away people's freedom in order to provide for them. [Friedman, 1990] This latter viewpoint was reversed, especially in the former Eastern bloc, as neoliberal economists argued against care and security as an impossibility in the economy. With some distortions of the Hayekian concept, they said that the market cannot function without alienation and injustice. [Hayek, 1991] When economics moves towards a new model, the initial phase is to create a new conceptual framework for ordinary people and businessmen. Many steps have happened so far and this chapter contains some elements of it in the historical context.

The very first response to the challenge facing economics was to strengthen the ethical standpoint after 2008. The anthropology of neoliberalism did not get beyond greed and self-interest and the very first critique of economics was directed against this anthropology. Leading business schools and journals addressed the problem of the unethical legacy of neoliberalism and sought new methodologies and theoretical frameworks to

put economics on a sounder footing of norms and morality. At the international level, economists have made great efforts to bring economics back to its ethical ground. [Bowles et al, 2005] Within economics, there has been debate about the role of the market in instilling virtue. Some economists and philosophers believe that the market is not suited for this role, while others reject this notion. The ones on latter point of view say that the real problem is not the market but the market distortion, the unbridled market. They argued that democracy cannot replace the market, only complement it. [Bruni-Sagden, 2013], [Sandel, 2012]

It should be mentioned here that the debate on the ethical question was harder in the former Eastern Bloc countries because the transformation crisis in the 1990s was much deeper not only in economics but also in ideology. In the 90s, ethics per se was pushed out of the life of society and any value of it was rejected. This is why the debates among economists about the so-called Great Recession did not touch the ethical aspect of economics, but were mostly limited to the macroeconomic problem and some incentive methods. Behind the Great Recession was a political problem, namely the clash between the poor and the rich. The legacy of the class struggle was not clearly communicated in those years and led to the rise of populism. The reason was simple: stability in the region was so fragile that the false legacy of populism could steer political and economic progress. This hardship did not allow for the fruitful discussion on the role of democracy that began among economists in the West.

The introduction of democracy into economics put a new question on the table, and to find the answer, economics should return to the old tradition of economics, political economy. The rebirth of political economy was the second element of the renewal of economics in the 2010s. It aimed to establish a proper institutional and decision-making framework for proper moral behaviour. [Jacobs-Mazzucato, 2016] The political economy approach aimed to organise the political structure within a broader framework that includes the regulatory framework of the market. It should be made clear that this regulatory framework worked in the 1990s, even if it was not very strong. The deregulation process, especially in Western countries, did not completely destroy the so-called welfare state. The turning point in the first decades of 2010 was no longer just accepting the importance of the link between economics and politics and looking for a good way for them to work together. Economists began to see ethical decision-making as a joint rather than an individualistic activity. Ethics is a social issue and it does not matter in which field it has to be implemented, in the economy or in the social field. Ethics needs a social discussion, an institutional framework and social skills. The goal of political economy is to achieve political goals in the economy in the short, medium and long term simultaneously. The political

goal is based on values and it is a part of political economy to harmonise the different aspects of the planning process. [Smith-Wilson, 2019]

The value-based mindset is the main difference between neoliberalism and the economics of the knowledge-based society. It is quite evident in the interpretation of political economy. The economists in the Eastern bloc assumed that politics is only about winning elections and about power, not about the public goods that are shaped by the basic values of security, freedom, democracy and prosperity. The meaning of political economy is the analysis of the antagonistic contradiction between classes as drawn by Marx, and the content of political economy is to seize power and not to find a solution to the problems. We would like to emphasise that there is a big difference between the two currents, which is the reason why there are some discrepancies between the two approaches to economics in the former Western bloc and the former Eastern bloc. The political economy in the former Western bloc wants to shape the people, the consumers, the producers and the entrepreneurs - to free them from their wrong habits. The political economy in the former Eastern bloc wants to manipulate and use the wrong habits to come to power.

These theoretical discrepancies within economics could not be sustained in the long run. Therefore, shortly before the COVID crisis, a new research programme was launched in economics, namely the study of the principles of regulation in the economy. This is the third phase of the development of economics. The discussions on principles went beyond the neoliberal approach, i.e. the separation of state and market and the demonstration of the dominant position of the market despite the state. This slogan has changed or, more precisely, started to change in the 2010s, which is the reason why economies need to study the principles of regulation. The discussions on the principles were aimed at determining the public or common goods at the global level, i.e. the process of applying the fundamental values. [Tirole, 2017]

The concept of common good is not new in economics. Adam Smith and David Ricardo came to this point at the very beginning of their works. The *Wealth of Nations* contains interesting thoughts about channels as a driving force in building a market. [Smith, 1776] Ricardo referred to the machine as a common good between the workers and the factory owners and so on. Common goods, from this perspective, are an inevitable condition for social peace and common development. [Ricardo, 2017] The Marxist tradition rejected common goods in capitalist society because the class struggle cannot be overcome, and common goods are only a lie to obfuscate alienation and exhaustion.

Marx was right in the 19th century, for slave-like labour and prosperity and freedom cannot be reconciled. If slave-like labour is not replaced

by machines, society will inevitably split into two parts that are antagonistic to each other. Only automation, which began at the beginning of the 20th century, gave uncontested space to the imagination and the creation of common goods. This is important because neoliberalism considered the commons to be nonsense and a mere sphere of manipulation. When modern economics began to examine the commons as a real possibility, it meant that economists simultaneously left neoliberalism and populism behind.

The concept of common goods in the 21st century cannot be derived from the divergence of all values: security, freedom, democracy and welfare. On the contrary, these values should be convergent in the interest of a stable economic policy. Convergence requires social cohesion. Therefore, the task of the economy is not only to implement the concept of public goods in the market and give people an incentive to orient themselves towards public goods, but also to create the institutional framework and the right attitude, so that they participate in the definition of common goods.

This implementation needs not only one, but many models, this is the fourth wave of economics beyond neoliberalism [Rodrik, 2015]. Neoliberalism relied on only one model, called "one size fits all", The reason for this was the essence of the neoconservative-neoliberal era. During these decades, it was a rule not to talk about the era's geopolitical goal of destroying the Eastern bloc, since it could lead to a world war. Instead, the same model was the main slogan to maintain stability. When Dani Rodrik and other economists began to emphasise the importance of the many models, this concept suggested two things. First, economists should be flexible to find solutions, and they need economic knowledge to know the whole toolkit of economics, not just the latest one. The other aspect of this question is that it is the task of economists to determine the goal that is beyond economics, and is to be found in geopolitics and political economy. Frankly, this geopolitical aspect is rooted in the new concept of globalisation, which is based on the new world order and the rule of law throughout the world. Globalisation cannot be reduced to the efficiency of the world market, yet the importance of this aspect should not be denied.

2. Economic policy and entrepreneurs

The success of the new economy and the economic policy of the knowledge-based society depends on the support of firms, entrepreneurs and even ordinary producers. The support can be summarised in the participation in the knowledge-based society, which is ultimately the innovation. Neoliberalism only accepted without thinking, and so, participation goes beyond the neoliberal way of thinking - it has to participate not only in the exchange mechanism but also in the planning system. In neoliberal-

ism, planning and market were opposed to each other, but in the knowledge-based society, planning is a prerequisite for proper market activity. Planning is no more than a participation in the achievement of common goods through innovation or other means. Market success, in turn, is the price of participation in the achievement of the common goods. The two elements work together - this is the new concept of economy that requires knowledge and mindset for participation in the common goods at the global level.

There are many efforts within the economics community to strengthen the willingness to participate. One of the latest concepts comes from Mariana Mazzucato, [Mazzucato, 2021] who emphasises the common mission of producers, entrepreneurs and consumers. Setting the mission is the task of the state, but fulfilling the mission is a joint effort of every actor in the market. The determination of the mission cannot be subjective, it cannot depend only on the will of the economic decision maker. The mission should be based on the long-term values and the common concept of the common good. Mazzucato's example is the landing on Mars, which reflects the application process of the fundamental values. The space mission and the whole space industry relate to globalisation, since the solution for Earth's problem should unite the world and requires finding an external point of view. This is how the space industry helps to overcome nationalism and provincialism. The landing on Mars is a typical example of global governance supported by industrial policy and therefore, it is hard to disagree with Mazzucato.

The task posed by the new planning model is based on the movement between the firms and entrepreneurs, the leadership and the management functions of the government working simultaneously. However, two comments should be made here to clarify this concept.

First, there is a need for technological optimism throughout the world. The space mission will work only on the basis of shared confidence in the technological forecast and its benefits for every nation and every society. This kind of technological optimism existed in the last decades of the 20th century, of course, but during the neo-conservative era, this kind of vision was the privilege of the United States in the 1980s and 1990s. The SDI programme took on this role in the Reagan era, the concept of the information society was given such a function during the Clinton administration (it was called the New Economy) and, last but not least, the renewal of the space industry took hold in the Bush era.

The difference between now and then is that every state should or must set up such a programme that is in line with the global mission. The nation state should offer such a project as part of global governance. The fact that there is no sovereign economy at the global level has been known to politi-

cians for a long time, and the fault lies in the lack of communication about it. The communication of dependence on global governance is closely related to the new technological breakthrough, the new infrastructure project at the global level.

Governments cannot do their job without a common infrastructure that connects governments to each other and to their citizens, and in turn, connects every citizen at the global level. The infrastructure at the global and local level gives culture and incentive to participate, and this infrastructure is the third phase of the development of technology. The first was the toolbox, the second was the machine and the third is the infrastructure. Of course, each phase of humanity contained some elements of infrastructure, but, especially nowadays, infrastructure can be achieved as the totality of technology, the main element of technology.

Infrastructure influences economic actors because the control and registration of any activity on a global scale at any time, combined with the awareness of infrastructure and connectivity, create incentives for cooperation. Collaboration is based on culture, and culture has become the most important resource instead of data. Of course, culture needs data for it to be an empirical knowledge of others. However, big data is only the starting point of analyses - the connection and correlations between data sets need a conceptual framework that should be based on culture and core values. Since the infrastructure mediates the core values, analysis cannot lead to the result of counter-civilisation.

This is the second element of the new economics, the mindset taught to entrepreneurs. Economics cannot be limited to the analysis of data. At the same time, the mindset and the conceptual framework, along with the empirical tools, are the three elements that should be taught to entrepreneurs and producers in different ways at each level of economic education.

The most important element among them is the mindset, since it is necessary for understanding economic policy in the interest of stability. Mindset instils confidence in a well-organised market, which means following basic values, justice and fairness. Entrepreneurs who want to be successful should be convinced that their performance will be appreciated, and caring does not exclude freedom in modern economic policy by using infrastructure. Both infrastructure and economic education can enable more harmonious economic policies and better adjustment to external shocks.

3. Economics education

At the present, there are eight BA/BSC economics programmes, hosted in twenty-nine institutes in Hungary. Economics programmes in Hungarian higher education cover a very wide range of knowledge [Lengyel, 2021].

There are two main types of programmes: Business or Management programmes, such as Business Administration, Tourism and Hospitality, and another type, Economics programmes. The latter includes only two majors, and, from 2021, only one at one university. That is Applied Economics at Corvinus University.¹

This means that there are about eleven thousand and one hundred freshmen studying in business programmes, and only a little more than one hundred students in economics programmes. Imre Lengyel's study draws our attention to the fact that, in addition to theoretical background knowledge, theoretical knowledge is also low. The increase in the number of students could not be accompanied by an increase in the number of lecturers, and, in a significant part of the colleges/universities participating in business education, there is no doctoral education. Thus, the number of lecturers with adequate theoretical education is not given. The prestige of Master's programmes has also reached the labour market and potential students. Experience has shown that introductory courses in theoretical economics are often a failure, both in secondary and higher education, even for students interested in the phenomena of economics. We believe that picking up on this interest in secondary education could reduce the dropout rate and increase the desire to continue studies, either towards economics or towards a Master's degree. [Lengyel, 2021].

Another major challenge in business education (as in higher education as a whole) is the high dropout rate. In undergraduate business programmes, the dropout rate was between 34-36%, and just over half of the students earned a diploma on time. Due to all this, as Imre Lengyel has shown, there is a lack of adequate lawyers, and of economists with institutional, cultural, economic-historical and sociological theoretical knowledge, who can also negotiate in a foreign language. Without professionals like this, it is difficult to imagine the development and internationalisation of enterprises.

The question is how to awaken students' interest in retaining theoretical knowledge, more so than how to maintain their natural curiosity. We believe that the prerequisite for making their knowledge usable can contribute to the popularity of more theoretically demanding Master's programmes and to the reduction of dropout rates in undergraduate programmes.

Of course, the search for the right answers is interdisciplinary, which is why it is worth examining the teaching of economic knowledge from the point of view of pedagogical and didactic methods.

Constructivist pedagogy roots in the fact that the student's mind is not a blank sheet, that it has prior knowledge and explanations about the world

¹ In the meantime, the results of the 2022 higher education admissions were published. The Corvinus University of Budapest will continue to be the only institution offering undergraduate courses in Applied Economics. (felvi.hu)

around it. The starting point of constructivist pedagogy is that we cannot teach knowledge, but we can support the process of knowledge construction by using previous ideas and explanations, and, in some cases, modify them.

Demand, supply, prices, etc. - all business students starting out with their education have some prior knowledge of how these concepts work. They are confronted with the fact that some things are cheap and others are expensive, so these prices vary, possibly even when there is a shortage of something. As the human mind searches for such explanations and the logic behind all phenomena, it has a kind of imagination, a narrative that is typically sufficiently adaptive in ordinary life. In everyday life, we have the idea that some things are more valuable than others, and even the fact that we value it is not separate from the fact that it is expensive.

In university education, introductory courses in economics are not only offered to students of economics and management, but are typically found in a wide range of social sciences, engineering and natural sciences. This is due to the fact that all future workers, entrepreneurs, civil servants, etc. need to consider economic aspects and be sensitive to economic problems. The interest of non-business students and their openness to economic and management aspects could also be fostered if, instead of the abstract abstractions of basic economics subjects, they were given logical answers to the economic questions that arise in their minds and are more capable of capturing the individual imagination. This is of utmost importance for students of other disciplines, if only because the one or two introductory courses in economics are often the only time in their studies when they are exposed to the approach of economics.

The introductory subjects in economics are mainly microeconomics and macroeconomics. As we have already mentioned, these introductory subjects are not only covered by students of economics in higher education. In some cases, the relevant knowledge is taught in Introduction to Economics, Foundations of Economics or Professional Foundations, etc., but these courses cover microeconomics and macroeconomics in different depths.

Our intention is to show what the process of knowledge construction in introductory economics currently looks like and, with the help of some examples, to show what possibilities there are for incorporating a constructivist approach into the teaching of basic economics subjects.

“According to constructivism, cognition is an active, even constructive process (hence the name), in which the cognizer does not simply shop knowledge, but creates it within himself. This “knowledge creation” takes place in interpretative processes, i.e. the cognising mind is always doing what it can to process

the information that flows to it through its existing knowledge by trying to fit new information into the system of existing information, or, more precisely, by trying to create new information from the existing information."

[Nahalka, 2002: p. 81]

According to constructivist pedagogy, from birth we have a comprehensive system of knowledge/theories (personal theories or children's conceptions) that covers the whole world as we know it. This system of prior knowledge is not very detailed at first, but it becomes more and more differentiated as we learn. It has a high degree of stability because every experience is interpreted within its framework and, when a contradiction arises, an explanation is created to reconcile it with the internal theory. "And we are very creative in our "explanations", we have a natural "defence mechanism" which, if it does not become impossible, confirms, if necessary, saves our internal theory." [Nahalka, 2021: p. 89]. On the face of it, economics explicitly lends itself to the application of a constructivist approach to teaching, as we all come into contact with its objects of study from an early age and therefore need to construct some kind of logical explanation. The object of study in economics is, in the words of Alfred Marshall, the study of our everyday lives, so teaching economics must also reflect on our earlier explanations of it. [Marshall, 1890]

In the following, we will use three themes to show where economic concepts can be linked to earlier narratives. These themes are the following: market, axiomatic systems, and the difference between microeconomics and macroeconomics.

The first theme, with which introductory courses in microeconomics usually begin, is the market. The tool used to model the market is what is known as the Marshallian Cross, which represents the equilibrium price and quantity of a product (the combination of price and quantity where supply and demand are exactly equal) using a demand curve that represents the demand for a product, and a supply curve that represents the supply of a product. Demand, supply and prices are all concepts that business students are already well acquainted with. They are confronted with the fact that some things are cheap and others are expensive, so these prices vary and there may even be a shortage of something. As the human mind searches for such explanations and the logic behind all phenomena, it has a kind of imagination, a narrative that is usually sufficiently adaptable in ordinary life. In everyday life, we have the idea that some things are more valuable than others, and even the fact that we value it is not separate from the fact that it is expensive. The logic of the Marshallian Cross seems simple, but explaining how the price of a product depends on supply and demand is not trivial- Nor is explaining the factors that explain the course of

the functions. From some conversations with children, a naïve explanation of prices might consider two factors. One is related to the complexity of the product, that is, how much time it takes to produce a particular product. To use the words of a child, baking a loaf of bread is much faster than making a laptop. The other factor, however, is related to use. The explanation is that laptops can do much more than a TV and much more than a loaf of bread and are, therefore, more valuable. We believe that in these explanations, the complexity of production, the time needed for production and the utility created in use are interdependent and go in the same direction. The first factors have been addressed by economic theorists, especially those of classical (political) economics (Hume, Smith, Ricardo). Time is related to the so-called labour theory of value. According to the labour theory of value, the value of a good (product or service) depends on the amount of labour required to produce it. Products that require more labour are more valuable (and nominally more expensive) than products that are easy and quick to produce.

The pleasures felt during use are described by the concept of utility. According to this approach, pleasure/well-being is increased or a need is fulfilled by the use of the product (remember: you can do more with the laptop). However, according to the labour theory of value, this is a quality and not a quantity, it is not separable from the commodity and, therefore, not suitable as an (invariable) measure of value.

However, this work as a universal measure of value in society often does not provide us with answers. When asked if air is valuable, children may answer yes, but they know that we do not pay for it. So, in this case, value is described as use value, which is not a good way to assign a price to a product. One child confronted with this problem explained that no one can control how much air we use, so we can always steal as much as we want. The realisation of this problem can lead us further away from the value theory of labour. Modern microeconomics approaches the utility of things, their value derived from their utility, through the consumer preference system. The preference system (i.e. the consumer's ability to decide whether one consumption option is better than the other, or whether two consumption options are indifferent) and the consumer's income together determine the consumer's demand. Consumer demand, expressed by the demand function, obeys the law of demand under well-ordered preferences. If the price of a product is higher, individual consumers (or the aggregate of consumers) can and will buy less, and if the price of a product is lower, they will buy more. The supply function shows how much of the product producers can and will offer at different possible prices. According to the law of supply, the higher the price, the more products are offered for sale, since it is worthwhile for more producers to enter into production. Ultimately, the

equilibrium price is formed at the intersection of the two functions. Above this price, demand will be less than the quantity offered (surplus), while below it demand will be greater than supply (scarcity), which cannot be sustained. Therefore, the price will fluctuate around equilibrium. The supply and demand function can also be used to describe situations where the product/service is not created by labour, but has a value and a price, e.g.: limited goods, land, natural resources, etc. In this case, supply is inelastic, i.e. in the extreme case it is the same for all prices (represented by a vertical line), which means the price only varies with demand. There are also cases where the demand function is constant (or at least inelastic). The most common example given in textbooks is that of drugs without substitutes, which consumers buy at relatively high prices, but would not buy much more of even if they were significantly cheaper. In my experience, the explanations and narratives of microeconomics often seem trivial to students, but it is the mathematical formalisation where the difficulties arise. Among the possible reasons for this, apart from mathematical shortcomings, is, in our opinion, the following: there is a constructed, logically structured internal narrative about how markets work, which is close to the labour theory of value and at first sight seems to be easily compatible with the answers of microeconomics. However, the differentiation of concepts such as value, price and utility is not made. Traditionally, microeconomics is not part of the education, a theoretical overview is not given, so the concepts of labour value and use value (and thus the reflection on similar ideas) are not differentiated. The lack of these conceptual clarifications prevent the formulation of appropriate questions (e.g. why something is valuable if it is not produced by human labour, or why utility and value do not always go together). We suspect that without these problems and questions, mathematical formalisation and the decomposition of functions into elements may seem like useless overcomplication of a trivially simple phenomenon. Yet, channelling earlier ideas and making a theoretical-historical connection might explain the logic by which the model has developed historically, in much the same way that a child's understanding of the world around them has grown.

Another common criticism of economics, both from students and from the economics community and the general public, is that while the models are logically constructed and work within their own axiomatic framework, their predictive or explanatory power for more complex phenomena is rather weak. These unpredictable effects, which are not taken into account in the construction of the model, are considered by economists as exogenous effects, external shocks (think of the effects of the pandemic). While this axiomatic system offers the possibility of methodological refinement, it simply does not correspond to reality in all its essential elements, as economists recognise. One of the most important axioms concerns rational behaviour, the home economist's conception of man. According to

this axiom, people are self-interested, i.e. they know their own interests and act accordingly (maximising their utility). However, this anthropocentric approach bleeds from a thousand wounds. In a course, we talked to students about the problem of how they made their decision to continue their studies (to go to university) and whether their decision was correct in hindsight. The students' answers also showed how many different expectations and considerations went into the decision (competing decision criteria and preferences) and how many factors that influenced the outcome of the decision were not known (e.g. the student who chose a nearby university because of her relationship broke up with her former partner in the first months of her studies). Neoclassical economics assumes that actors know the consequences of their decisions, all available alternatives and their own internal preferences. This problem is not usually addressed in introductory economics courses, they simply state that this axiom is not fulfilled in reality. One can see that the axiom of the rational decision maker could easily be presented as a foreign concept to be learned, but not as true or useful knowledge. This is also supported by our experience: in some of our courses, we asked students what knowledge would help them on the road to become entrepreneurs, and none of the students answered with a deeper, more detailed teaching of microeconomics. We think that the tools and theoretical considerations of constructivist pedagogy that mobilise prior knowledge could help in constructing useful knowledge, both for the individual and for the development of science at the community level. In many ways, the self-interested person can be seen as a norm rather than a descriptive image of humanity. Nevertheless, the work of Albert O. Hirschman sheds light on exactly how the self-interested man is an improvement for societies compared to earlier virtues (e.g. predictability, probability) [Hirschman, 1998]. The work of Adam Smith, the founding father of economics, also addresses how the concept of self-interest can be recognised and revived by other actors to facilitate cooperation in society [Smith, 1776]. However, as I mentioned earlier, the theoretical history and thus the value system behind the axioms (and the specific problems they solve when they arise) is not part of the teaching (and often not even part of the training) of the basic subjects.

The final theme we will explore is the often-conflicting interpretations of micro- and macroeconomics. This is a topic that comes up frequently in public discourse. Debates about the state budget often use the analogy of households, imagining the state as one. In many ways, however, the state or the economy cannot be described as a household or a business. States, if they have monetary autonomy, can create money themselves (usually in the form of credit money created through the banking system). All macro-level spending also represents income for an actor (e.g. spending by a household or a state can represent income for the corporate sector).

This leads to the so-called multiplier effect, where one unit of additional expenditure by the household (usually represented by G in the case of government expenditure on goods and services) has a spillover effect in the economy. This expenditure does not consume income (as the consumer does in microeconomics) but stimulates economic agents to generate additional income (the firm hires more people, to fulfil the government's order). The hired workers can then spend more than before because they are employed, so they place new orders for other services/production units and so on, so the effect of government spending (or the effect of excess consumption) eventually leads to more income (at the macro level). However, the macro-economy itself has changed a lot and is in transition. The multiplier effect of Keynesian macroeconomics seemed to fade in the stagflation period of the 1970s. This, in turn, led to the emergence of a microeconomic justification for macro processes in economics. Without a theoretical background, the complex interactions in macroeconomics appear arbitrary, and often the student of economics finds that the model they have learned simply does not work when tested with empirical (statistical) data. According to the experience, this leads, in many cases, to questioning the usefulness of the subject and abandoning the struggle for understanding.

Although economics concerns us, and its subject matter is on the street since many of the concepts used in economics (inflation, GDP, etc.) are part of the general discourse, the usefulness of theoretical (introductory) subjects is often not self-evident to those who study them. The use of a constructivist approach and the associated focus on the problems that led to the theories can support the internal construction of knowledge. Without a link to earlier theories, their elaboration and the process of conceptual change, it is feared that many students and learners will be left with a body of knowledge that is not anchored in other knowledge systems. This, in addition to dropouts, could lead to a drying up of the supply of theoretical economists in the country and the marginalisation of the economics approach.

Conclusion

Both in our presentation at the conference and in this essay, we wanted to highlight the importance of economics in higher education. We believe that economic knowledge is essential for the future, whether you are an 'ordinary' economist or a startupper. Our main question is: what kind of economics is needed to convince students of economics courses to trust the market on a global and other sub-global scales.

We noted at the beginning of this paper that the processes of globalisation cannot be circumvented and it affects all national governments.

Since the height of the Cold War, these processes have been driven by the increasing interdependence of national markets. However, it is important to note that globalisation is not just a collection of markets. Among other things, it could play an important role in the coming years in the efficient cross-national distribution of raw materials and public goods - since their independent use is no longer possible, as the externalities caused can affect everyone. We have also highlighted the long-term requirements of this global resource management. Such cooperation will not be possible without sharing common values and developing the right infrastructure.

The crisis situation in economics was then analysed. We argued that the decline of science was enabled by insufficient principles and agreed with Dani Rodrik's argument that "there is not one model, but several". In our view, the ethical foundations of public science were a welcome development, but they must also be reconciled with democratic principles for the future. [Rodrik, 2018]

As far as pedagogical development is concerned, we believe that the key lies in the principles of constructivist pedagogy. We believe that the appropriate and interesting teaching of basic economic topics to the economic actors of the future is not only important but essential. Without it, we will not train competent, or even "semi-skilled" professionals. For this reason, we need to apply constructivist pedagogy, where students not only model economic mechanisms but, on the contrary, create them themselves.

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