



Presentations and Training Program



The Association for Integrity and Responsible Leadership in Economics and Associated Professions (AIRLEAP®) organizes presentations by distinguished experts to promote integrity and responsible leadership in economics.

AIRLEAP presentations are offered to any sponsoring institution that is interested in:

- teaching students in economics, business management, public policy, or related topics;
- training employees, especially economists and other professionals who work with economic concepts or economics statistics; or
- offering a presentation, on a topic important to the institution, for the public interest.

When an institution sponsors an AIRLEAP presentation, AIRLEAP will work with that institution to ensure that the presentation will satisfy the mutual interests of the sponsoring institution and AIRLEAP to promote integrity and responsible leadership in economics and associated professions.

AIRLEAP presentations may be associated with any of the following broad topics (or any combination of them):

- I. How Economics Classes Are Taught
- II. Economics as an Objective Science
- III. Breadth of Economists' Perspectives
- IV. Usefulness of Economic Discourse
- V. How Ideas are Recognized and Rewarded
- VI. The Funding of Economic Research
- VII. Contracted Economic Studies
- VIII. Economic Statistics
- IX. The Job Market for Economists
- X. Economics and International Relations

Additional topics may also be considered, subject to approval by AIRLEAP's Board of Directors, though AIRLEAP will never promote specific political or ideological arguments that lie outside its general mission.

AIRLEAP is a charitable and educational, 501(c)(3) non-profit organization in the United States that is incorporated in the State of Virginia. Additional information about AIRLEAP's mission, leadership, and events can be found on AIRLEAP's website (www.airleap.org).

Organizations interested in the possibility of participating in a cost-sharing consortium to support AIRLEAP presentations should contact: Dr. Steven Payson; Executive Director, AIRLEAP; 1109 Basil Road, McLean, VA 22101; steven.payson@airleap.org; 202-306-4181

List of Former AIRLEAP Presentations and Training Programs (See Below for More Details on Selected Examples)

- 10/07: Douglas Palo, US Department of Agriculture, “**The Study and Promotion of Integrity and Responsible Leadership in Economics**,” before USDA Economists Group, Washington, DC.
- 12/07: Gary A. Hoover, University of Alabama, “**Plagiarism in the Economics Profession**,” Joint Luncheon of the Society of Government Economists and National Economists Club, Washington.
- 12/08: Deirdre McCloskey, University of Illinois at Chicago, “**Statistical Significance is Essentially Meaningless (at the 5 Percent Level)**,” before the Society of Government Economists.
- 1/09: Independent Session during the 2009 AEA Meetings in San Francisco, on “**Examining the Practice of Ethical Economics**,” Chaired by Seth Giertz, University Nebraska at Lincoln, and featuring the papers by George DeMartino, University of Denver, Thomas Mayer, University of California at Davis, and Deirdre McCloskey, University of Illinois at Chicago. (The papers were subsequently published in *Challenge* – see below.)
- 9/09: Deirdre McCloskey, “**Professional Ethics and Accountability in Economics and Statistical Analysis**,” a Training Seminar on Economics and Ethics for Economists at the Government Accountability Office.
- 9/09: Deirdre McCloskey, “**Bourgeois Dignity and Liberty: Why Economics Can’t Explain the Modern World**,” presented at four locations: World Bank, Annual Conference of the Society of Government Economists, American University, and George Mason University (see below).
- 9/09: Deirdre McCloskey, “**The Secret Sins and Rhetoric of Economics**,” World Bank Seminar (see below).
- 9/09: Session on “**Advances in Economic Thought by Members of AIRLEAP**,” with papers by Menahem Prywes, World Bank; and George DeMartino, University of Denver (see below).
- 11/10: Plenary Panel Discussion on “**Improving the Economics Profession**” organized with the Society of Government Economists (SGE) and held at the SGE Annual Conference, with Quentin Wodon, World Bank; David Colander, Middlebury College; George DeMartino, University of Denver; Nancy Lutz, National Science Foundation; Stacey Tevlin, Federal Reserve Board of Governors; John Siegfried, American Economic Association; and Susan Offutt, Government Accountability Office.
- 1/12: Session in the American Economic Association’s Annual Meeting in Chicago, “**Improving Professional Ethics in Economics in the Aftermath of the Last Crisis: Hype, Lip-Service, or Progress?**” with Susan Offutt, GAO; Brooks Robinson, US Pacific Command; David Colander, Middlebury College; Deirdre McCloskey, University of Illinois-Chicago; Martha Starr, American University; Edward Leamer, University of California-Los Angeles; William Black, University of Missouri-Kansas; Bryan Roberts, and Nathan Associates.
- 11/12: Session on “**Integrity and Responsible Leadership in Economics**,” Chaired by Thomas Meyer, at the 2011 Annual Conference of the SGE (see below).
- 11/12: “**One-Day Training Seminar on Integrity, Ethics, and Responsible Leadership in Economics**,” at the 2011 Annual Conference of the SGE (see below)
- 1/13: Participation in a Panel Organized by Association for Social Economics on “**Ethics and Professional Economic Practice**,” with papers by David Colander, George DeMartino, and Steven Payson, and Bryan Roberts.
- 11/13: Paper on “**Why Does Theoretical Economic Literature Exist? An Economic and Sociological Critique**,” at the Annual Meeting of the SGE, Washington, DC.

EXAMPLES OF FORMER PRESENTATIONS AND TRAINING SESSIONS

Independent Session during the 2009 AEA Meetings in San Francisco, on “Examining the Practice of Ethical Economics” (Papers Subsequently Published in *Challenge*)

Chair: Seth Giertz, University Nebraska at Lincoln, featuring the papers, which have since been published in the Economic Journal *Challenge*:

‘I Do Solemnly Swear’: On the Need for and Content of Professional Economic Ethics
George DeMartino, University of Denver, Discussed by Yvon Pho, BearingPoint, Inc.

Honesty and Integrity in Economics

Thomas Mayer, University of California at Davis, Discussed by Dr. Brian Sloboda, President of the Society of Government Economists

Rhetoric Matters: The Case for Standards of Ethical Conduct in Economics

Deirdre McCloskey, Discussed by Professor Gary Hoover, University of Alabama

AIRLEAP Presentations at the World Bank on September 23, 2009

BBL seminar - Why Economics Can't Explain the Modern World

Speaker: Deirdre McCloskey, Distinguished Professor, University of Illinois at Chicago

Discussant: Vijayendra Rao, Lead Economist, DECRG

The Industrial Revolution and its world-making aftermath have usually been explained in materialist terms. Investment, foreign trade, exploitation, coal, imperialism, division of labor, property rights, genetics have all been evoked. McCloskey's work suggests that none of the material explanations work, alone or in combination. They cannot explain the factor of ten by which world income per head has risen since 1800, not to speak of the factor of 40 in the most economically successful countries. Nor can they explain the uniquely Dutch and British and eighteenth-century character of the onset of modern economic growth. What could potentially explain it is rhetoric, a change in the way people in Northwestern Europe talked about markets and innovation. Marx called it "ideology." In her new work devoted to the Industrial Revolution within her larger project on "The Bourgeois Era," McCloskey deconstructs the materialist hypotheses and offers an idealist hypothesis which may better explain the event. In this seminar, McCloskey will present key arguments from her forthcoming book on this topic and share views as to how her analysis of what triggered rapid development in Europe during the industrial revolution might be relevant for development policy and economic analysis today.

2nd Seminar - The Secret Sins and Rhetoric of Economics

Speaker: Deirdre McCloskey, Distinguished Professor, University of Illinois at Chicago

Discussant: Quentin Wodon, Adviser, HDNDE

McCloskey is best known for her previous work on the "secret sins of economics" and on the "rhetoric of economics". First, according to McCloskey it is not its abstraction or its mathematics or its statistics or its conservative slant that are the sins of economics. The two real and mortal sins are: (1) Use of mere existence theorems and (2) use of mere "statistical significance" (t tests at the 5% level, for example) to draw conclusions about the economics world. McCloskey argues that neither makes scientific sense and that both have diverted economics from serious scientific work, with potentially serious ethical consequences especially in the case of the use of statistical significance to guide policy-making. Second, McCloskey published "The Rhetoric of Economics" in 1985. In this book, she suggested that economic discourse employs metaphor, authority, symmetry, and other rhetorical means of persuasion. Her work showed economists to be human persuaders, poets of the marketplace, even in their most technical and mathematical books. McCloskey will present a summary of her main arguments in both of the above areas.

Integrity and Responsible Leadership in Economics
(Session at the SGE Annual Meetings in Washington, DC, November 2011)
Chair: Thomas Mayer, University of California at Davis

Strategic use of Expenditures to Stay in Office

Song Bo Sim, University of Colorado at Boulder

Mainstream Economics in the Early 21st Century: What, How and How Far

Hernán Vallejo, Universidad de los Andes, Bogotá, Colombia

Discussant: Chris Crafton, Booz Allen Hamilton

Integrity and Learning: Enhancing Workability and Student Performance Outcomes

Steven C. Isberg, University of Baltimore

Tomas Thundiyil, Texas A&M University

Robert Owen, Thunderbird School of Business

Discussant: Thomas Mayer, University of California at Davis

Honesty and Integrity in Econometrics

Thomas Mayer, University of California – Davis

Discussant: Herman Stekler, George Washington University

**Improving Professional Ethics in Economics in the Aftermath of the Last Crisis: Hype,
Lip-Service, or Progress? (Session at the AEA Meetings in Chicago, January 2012)**

Session Organizer: AIRLEAP® Directors; Deirdre McCloskey, Chair; University of Illinois-Chicago (deirdre2@uic.edu)

Presiding: George DeMartino, University of Denver; and Farhad Niami; President, Society of Government Economists, and District of Columbia Office of Revenue Analysis

Ethics in Economics: Government Service

Susan Offutt; Government Accountability Office

Discussed by Brooks Robinson; US Pacific Command

Creating Humble Economist

David Colander, Middlebury College

Discussed by Deirdre McCloskey; University of Illinois-Chicago

Contributions of Economists to the Housing-Price Bubble

Martha Starr; American University

Discussed by Edward Leamer; University of California-Los Angeles

Pandering to Power: The Economist as Apologist for Elite Frauds

William Black; University of Missouri-Kansas City

Discussed by Bryan Roberts; Nathan Associates

Training Seminar on Integrity, Ethics, and Responsible Leadership in Economics

Offered by the Association for Integrity and Responsible Leadership in Economics and Associated Professions (AIRLEAP®) at the Annual Conference of the Society of Government Economists (SGE) George Washington University, Marvin Center, Washington, DC, November 5, 2012.

This unique seminar examines the most challenging and controversial issues facing economists and policy analysts today. Participants will have the opportunity to share candidly their own experiences and concerns, to help us all better understand the issues, inform others, and directly address the topic of integrity, ethics, and responsible leadership in economics. See www.sge-econ.org for information about the two-day SGE conference. To register see <http://www.sge-econ.org/2012-conference-registration/> and choose “Standard+Ethics” for a total registration fee of \$175.* Contact steven.payson@airleap.org with any questions you might have about the conference or training seminar.

The distinguished presenters at the seminar will include:



George F. DeMartino is Professor of Economics at the Josef Korbel School of International Studies, University of Denver. He is the Co-Director of the MA Degree in Global Finance, Trade and Economic Integration. He is the author of *Global Economy, Global Justice: Theoretical Objections and Policy Alternatives to Neoliberalism* (2000) and *The Economist's Oath: On the Need for and Content of Professional Economic Ethics* (2011). In 2011-2012 he worked with the World Economic Forum, serving on its Global Agenda Council on “Values in Decision-Making.” He is now co-editing, with Deirdre McCloskey, the Oxford University Press *Handbook on Professional Economic Ethics*. Dr. DeMartino serves on AIRLEAP’s Board of Directors.



Deirdre McCloskey has been, since 2000, Distinguished Professor of Economics, History, English, and Communication at the University of Illinois at Chicago. A well-known economist, historian, and rhetorician, she has written 16 books and around 400 scholarly pieces on topics ranging from technical economics and statistics to transgender advocacy and the ethics of the bourgeois virtues. Her latest book, *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (2010), is the second in a series of four on The Bourgeois Era. With Stephen Ziliak she wrote, *The Cult of Statistical Significance* (2008), which criticizes the overuse and misuse of tests of “significance” in all areas of science and social science. She is Chair of AIRLEAP’s Board of Directors.



Susan E. Offutt is the Chief Economist of the Government Accountability Office. From 1996 to 2006 she was Administrator of the Department of Agriculture’s Economic Research Service and she has been President of the American Agricultural Economics Association. Dr. Offutt was also the Executive Director of the National Academy of Sciences Board on Agriculture, and Chief of the Agriculture Branch at the Office of Management and Budget in the Executive Office of the President. From 1982 to 1987 she taught at the University of Illinois. Among her many published works she has written “Professional Ethics for Economists in Federal Service,” in the forthcoming edited volume by Steven Payson, *Public Economics: The Government’s Role in American Economics* (expected to be published in 2014).



Steven Payson is AIRLEAP’s Founder and Executive Director. He is the senior economic advisor to the Assistant Secretary for Indian Affairs at the Department of the Interior. Dr. Payson has held previous positions at the Department of Agriculture, National Science Foundation, and Bureau of Economic Analysis, and has taught economics at Georgetown University as an adjunct professor. Prior to federal service he was an economist at the Inter-American Development Bank and ICF Consulting. Dr. Payson has served on the Board of Directors of the Society of Government Economists since 2007, and in 2009-10 was their President. He is the author of *Quality Measurement in Economics* (1994) and *Economics, Science and Technology* (2000).



Bryan Roberts is a Senior Economist at Econometrica. In his earlier positions he served as the Assistant Director for Program Analysis and Evaluation at the Department of Homeland Security, and has been an economic consultant for Nathan Associates, KPMG, the Barents Group, and the World Bank. Dr. Roberts also teaches at George Washington University and from 1993 to 1998 was an Assistant Professor of Economics at the University of Miami. Among his many publications he co-edited (with King Banaian), *The Design and Use of Political Economy Indicators*. Dr. Roberts serves on AIRLEAP’s Board of Directors.

OUR NEXT EVENT – SESSION AT THE 2015 AMERICAN ECONOMIC ASSOCIATION MEETINGS IN BOSTON

“Exploring the Potential for Improvements in Economics Education”

Session Organizer: Dr. Steven Payson, AIRLEAP

Session Chair: Distinguished Prof. Deirdre McCloskey, Univ. of Illinois at Chicago, and AIRLEAP

Abstract for the Session:

In many respects, how well government economists can perform their work depends greatly on the education they receive in economics. Yet, it is not common to see government economists actively involved in proposing improvements to economics education that may, in turn, lead to improved government economics. This session, however, provides an important exception in this regard. Its four papers offer ideas for important improvements in economics education that may greatly benefit government economics. The first paper, by distinguished professor George DeMartino (author of the recent, highly acclaimed book, *The Economist's Oath* (Oxford University Press, 2011)), discusses how professional ethics and economists' commitment toward “doing good work” should be incorporated into the education that professional economists receive. The second paper, by distinguished professor Richard Anderson (a former senior official in the Federal Reserve where he served for 25 years), and by professor Areerat Kichkha, discusses the importance of “active learning” in economics education as a means for engaging student interest and inspiring their creative thought in the learning process. The third paper, by Steven Payson and Kenneth Payson, examines “The Economic Arguments for Government-Sponsored, Massive Open Online Courses (MOOCs) in Economics,” suggesting that the government may have a very real opportunity to promote economics education as a public good, thereby improving public knowledge and understanding of economics while greatly reducing the cost burden of an economics education. Finally, the fourth paper by professors Brian Sloboda and Anita Cassard explores “The Case for Including Economic Thought in the Education of Business Students.” This paper makes a strong case that more economic education of business students will lead to improvements in the financial sector, enabling the financial sector to be more resilient against the kind of problems that had caused the great recession.

Given how greatly dependent government economics is on the process through which government economists receive their education, it is important for government economists to contribute to discussions on how economics education could be improved. The four papers proposed in this session address this broad topic in novel, provocative, and productive ways, which are bound to inspire useful discussions. Some have argued that “government economics” is a different field from “academic economics” and have even gone as far as suggesting that the SGE go elsewhere from the AEA meetings to hold its sessions, only because the AEA meetings are predominantly “academic” in nature. The very existence of this proposed session posits *the exact opposite view*. Because government economists are, indeed, the *product* of their academic training, they most certainly have a place in the discussion of what makes for better economics education. And, of course, when all is said and done, there is only one “real” economy—something that government economists are paid to understand—and something that, one would hope, academic economists are committed to understanding as well. Therefore, as this session reflects, we are all in the same boat, and must work together to ensure that economics education is as beneficial to the public as it can be.

Paper #1: “Training the Ethical Economist”

Author: Professor George DeMartino, University of Denver

Abstract

How would economic pedagogy change were the economics profession to embrace the idea of ethical training for both undergraduate economic majors and especially for MA and PhD economic students? What kinds of pedagogical reforms would best serve the purpose of enhancing economists' ethical awareness and sensibilities so that they do not cause needless harm as they try to do good? This paper explores this question in part by drawing on themes that appear in the papers of the forthcoming Oxford University Press *Handbook on Professional Economic Ethics*, and on DeMartino's work on economic pedagogy. The paper argues inter alia that new ethics-based curriculum would not suffice to achieve the goal; and explores instead projects such as the "exposure and dialogue programs" (EDPs).

EDPs place applied economists in the communities they serve to promote two-way learning and a deeper understanding of the actual constraints, challenges and opportunities facing those economists who purport to help. As Ravi Kanbur (2012) noted with regard to development economics, "it is inherent in the nature of the beast that there will be a progressive disconnect between the working lives of development professionals and the lives of those their work is meant to help. ... it is a gross moral disconnect, too, where development professionals make a good living in the name of a phenomenon they have no ongoing experience of." Along these lines, the paper emphasizes the importance of having economists, especially those in development studies, or in public policy areas involving social assistance programs, be immersed in actual communities doing hands-on work as part of their PhD training.

Reference:

Ravi Kanbur, "Exposure and Dialogue Programs in the Training of Development Analysts and Practitioners," in George DeMartino and Deirdre McCloskey (editors), *Oxford University Press Handbook on Professional Economics Ethics*, forthcoming (expected 2014).

Discussant: Professor Seth Giertz, University of Nebraska-Lincoln

Paper #2: "When Is Flipping Effective in Teaching Economics? Two Experiments in 'Active Learning'"

Authors: Professors Richard Anderson and Areerat Kichkha, Lindenwood University

Abstract:

A major theme in economic education is "active learning," typically defined as reducing passive time that students listen to lectures and increasing active time for questioning, discussion and presentation. When students well-prepare outside the classroom prior to class sessions, class sessions can be used to integrate analysis and clarify concepts, objectives and goals. Flipping also allows flexible use of course materials, including materials that are topical, comprehensive, and less costly, and that perhaps better motivate students, satisfying (and stimulating) curiosity. This study describes two experiments at Lindenwood University to increase active learning. The first experiment, in the university's accelerated (time-compressed) program, asked students in the macroeconomics segment of an MBA-level economics survey course to well-prepare themselves prior to class sessions; class contained little or no lecture. As incentive, 20 percent of the term grade was based on weekly assignments completed before each class session. The second experiment, in the university's traditional "day" program, maintained traditional lectures for all but four weeks of a 15-week term in a principles of macroeconomics class and a managerial economics class. Students in the former were approximately evenly divided among freshman, sophomore, junior and senior; students in the latter were all seniors. In each course, roughly the third, sixth, ninth, and twelfth weeks were devoted to presentations, a significant portion of available instructional time. During the four weeks, students were asked to "lecture" in the form of presenting solutions to selected text homework problems. All students were asked to self-select into teams of two; in a small number of cases, students could not affiliate with another and the instructor made arbitrary pairings. In the principles course, pairings often were across class levels, with many freshman pairing

with upper classman. The presentations were considered successful in the upper-division course but less so in the principles class. Other authors, while promoting student presentations in upper division courses, also have noted the difficulty of doing so in principles courses, citing time constraints and the “somewhat lower level of expectations regarding the level of understanding that can reasonably be achieved.” (Watts, 2006). The results in the experiment confirm this judgment. While a number of students expressed opinions that listening to other students was valuable, a significant lack of effort was apparent in many presentations. Understandably, some students were a bit sensitive to critical evaluations of their performance.

References

Watts, Michael. “Team Term Papers and Presentations,” in W. Becker, M. Watts and S. Becker, eds., *Teaching Economics: More Alternatives to Chalk and Talk*. Edward Elgar, 2006.

Discussant: Professor Reza Kheirandish, Clayton State University

Paper #3: “The Economic Arguments for Government-Sponsored, Massive Open Online Courses (MOOCs) in Economics”

Authors: Steven Payson and Kenneth Payson, AIRLEAP

Abstract:

The potential for Massive Open Online Courses (MOOCs) to revolutionize higher education in the United States, and in the world, has received a great deal of attention in recent years, primarily within the fields of information technology, education, and economics. The topic is inherently within the purview of economic thought, especially given the enormous economies of scale that MOOCs offer in educational services and their resultant incredible reductions in the costs of those services per pupil-class. It is not surprising then that several academic economists have taken a keen interest in the topic, especially as it might relate to their own profession, where they have researched the feasibility and potential of MOOCs for economics classes. As a case in point, in its annual conference in January 2014 the American Economic Association sponsored a session on this topic, in which four research papers were presented by eight distinguished economics professors (Daron Acemoglu, MIT; Abhijit Banerjee, MIT; Tyler Cowan, George Mason; Esther Duflo, MIT; Caroline Hoxby, Stanford; David Laibson, Harvard; John List, Chicago; and Alex Tabarrok, George Mason). Although, the findings of this new research is mixed, many of the findings indicate that universities have disincentives for offering MOOCs in economics, because the lower (or near-zero) marginal costs of pupil-classes will (through competition among universities) undersell their brick-and-mortar classes, and reduce their revenues and their need for classroom infrastructure and faculty.

The microeconomics of MOOCs clearly fit-in to the classic case of a downward sloping demand curve and a natural monopoly in standardized economics classes. While this is certainly true for MOOCs in many other subjects besides economics, it is the field of economics that is best suited to analyze the apparent conflict that MOOCs imply: the offering of much, much cheaper (if not entirely free) classes to students, at the cost of making traditional universities obsolete (and thereby no longer able to sustain their infrastructure or personnel).

Unlike the research papers that have been written thus far on the topic, this paper will go the extra mile by exploring the natural monopoly and public good aspects of MOOCs, and whether there may be a useful role for government in regulation or subsidization, as there so often is for comparable natural monopolies (such as utilities and defense). Although the paper will focus on economics classes, its implications will certainly extend to other academic subjects. Given the magnitude of higher educational services as a share of household incomes, employment, and GDP, and the potential for MOOCs to drastically reduce the costs of higher education while still retaining the quality of higher education, this topic is incredibly important. Moreover,

MOOCs offer the possibility of higher education to those who have the cognitive ability to acquire it, but who cannot afford it, not only in the United States, but all over the world.

Discussant: Mark Costa, Chief Executive Officer, Sustain, LLC, Scarborough, ME 04074

Paper #4: “The Case for Including Economic Thought in the Education of Business Students”

Authors: Professors Brian Sloboda and Anita Cassard, University of Phoenix

Abstract:

The financial crisis in 2008 raised concerns about economic thought and how it influences managerial decision-making. Many business students do not have a clear understanding of economic thought and its relevance to business decision-making and contemporary policy debates. This paper will, therefore, provide the rationale for the inclusion of economic thought in the education of business students. It will explain why the foundation of economic thought will help managerial decision-makers understand how their decisions can have an impact on not only their businesses but how the culmination of decisions may impact the broader economy. With regard to the 2008 financial crisis, there were some general anomalies in practice that exacerbated the crisis such as the common themes of subprime mortgages, a period of expansive monetary policy, and lax regulatory framework for financial institutions. However, deeper policies that caused the financial crisis are presented such as credit-default swaps, the Basel Accords, and the roles of the ratings agencies.

Since the advent of the 2008 financial crisis, much concern has been generated about the lack of understanding of the role of economic reasoning or thought in making business decisions. There is a plethora of past economic reasoning that can be applied to current economic and business thinking rather than relying on the judgment of those in charge who may have little to no understanding of the probable implications of such decisions. Many business students have little understanding of economic thought and how it shapes managerial decision-making and the contemporary policy debates that can impact business. This paper intends to provide the rationale for the inclusion of economic thought in the business curriculum and why it is important to understand such thought in managerial decision-making and the role of economic reasoning in contemporary policy debates. Furthermore, such understanding will explain why the foundation of economic thought will help managerial decision-makers understand that their decisions will have an impact on not only their businesses but the culmination of decisions may impact the broader economy.

After the financial crisis occurred, business people and economists were dumbfounded because their use of economic models did not anticipate the highly volatile interactions among the various elements of the economy. Economists did not anticipate that such problems would have such cascading effects and only saw exogenous shocks as the source of the problems in the financial system. The financial crisis presents an ethical and intellectual challenge in business and provides an opportunity for reform by developing economic models that more closely mirror reality. In addition, the use of these models in business applications must be carefully understood and how decision-making will impact the broader economy.

By having a better understanding of economic thought, we can improve our correlation of economic applications to decision-making and the potential implications it could have on the broader economy.

Discussant: Professor Shabnam Mousavi, The Johns Hopkins Carey Business School