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TO THE QUESTION ABOUT THE QUALITY OF ECONOMIC EDUCATION

Abstract

The article discusses the shortcomings of the methodology of neoclassical theory as a basic theory determining the content of contemporary economic theory course at Russian educational institutions namely unrealistic conditions of perfect competition, rationality of economic behavior of business entities, completeness and authenticity of commercially relevant information, consideration of exclusively quantitative characteristics of economic processes and phenomena without regard to their essential characteristics and patterns of evolution, unjustified simplification of the analyzed subject for the clarity of material presentation in graphical models. Indicated preconditions of economic analysis reduce the scientific and practical value of the teaching material of similar quality. The problem concerning the lack of a single strictly consistent terminology in the Russian textbooks on this subject by various authors that hinders mastering of the learning material by the students is also emphasized. In order to achieve scientific consistency and practical significance of the economic theory course it is proposed to link it mainly on the basis of the ideas proclaimed by the classical school of political economy, German historical school, Keynesianism in relation to the reasoning of the state regulation directions, American classical institutionalism, German ordoliberalism. At the end of the article the need to strengthen the budget financing of the educational process in modern Russia and return to the strict competitive selection of applicants are discussed.

Key words: quality of educational courses, economic theory, classical school, non-classical theory, methodology, terminology, scientific consistency, practical significance

It is obvious that the quality of specialists in economics being educated at Russian higher educational institutions is mostly determined by the quality of the educational process and first of all by the content of the economic courses being taught. Educational programs in economic disciplines and the content of basic theoretical economic courses have been radically changed with the beginning of the market reforms in Russia. Thus, the content of the economic theory course started to be represented by the ideas of neoclassical economists instead of political economy of capitalism and socialism that incorporated the ideas of the classical school of political economy in its most systematic and scientifically oriented exposition in the Marxist version developed in the works of Russian and Soviet economists. It seems reasonable to highlight some of the features characterizing methodology of neoclassical theory and the quality of material presentation in the textbooks which predetermine meaningful moments of the modern economic theory course and ultimately its scientific consistency and practical significance.

1. The vast majority of topics interpreted by neoclassicist presupposes the conditions of perfect competition however present economic reality is totally different. Economic systems of modern countries are represented by different forms and methods of public involvement and regulation of economic and social

processes, the growth of monopoly power of manufacturers going alongside with the development and enlargement of the scope of social production supplemented by the processes of globalization and internationalization of the society's economic life. In addition to the designated above the influence of other social institutions should be taken into consideration: trade unions, national and supranational economic, ecological and social organizations etc., in the neoclassical terminology it is also a violation of the perfect competition conditions.

2. Unconditional rationality of economic behavior of economic agents and consumers assumed by neoclassicists does not exist in real life at least due to the incompleteness and distortion of information necessary for economic decision-making, different level of competence and honesty of decision makers, more or less evident "shadow" activity in certain countries etc.

3. As it is known the ideas in the framework of neoclassical direction were formed in the late 19th century as an alternative to the classical school of political economy in its most systematic and scientific Marxist narrative. The approach to the analysis from the point of the economic interests of society's certain social groups implemented in the framework of the classical school has greatly enriched economic analysis, allowed to reveal the motives of the economic behavior of certain classes of the capitalist society, explain the objective laws of the capitalist economic system which could not be indicated within a different approach. It may be ascertained that the inclusion of sociological component alongside with the method of scientific abstraction by the classical economists improved the depth and quality of economic analysis in the framework of this scientific theory. Neoclassicists are consciously moving away from it aiming at ideological neutrality of the economic analysis. Only quantitative characteristics of economic phenomena are considered as part of their concept. It is done with an active use of mathematical methods – graphical, functional, limit – without penetration into the essence of the phenomena and indication of the important objective causal-investigatory connections in the economic processes. Moreover Russian economists-mathematicians of the XIX-XX centuries considered mathematical methods only as one of the tools of economic analysis but neoclassicists set them "at the forefront" of their theoretical concept replacing meaningful moments of the economic theory. Material that can be communicated to the students if necessary without striking them with scientific-sounding and too mathematized presentation of obvious truths does not provide incrementation of economic knowledge. Here may be referred, for example, the question of general, average and marginal product of the variable factor in the short term.

4. One more drawback of the neoclassical methodology should be also mentioned: passion for graphic interpretations for the visualization of the represented material makes the authors to simplify the studied phenomenon so much that the analysis lacks the most significant aspects in comparison with the considered phenomenon. Eventually it leads to the outcomes of doubtful authenticity or "resets" them. As an example let's address the theme "Fundamentals of the theory of supply and demand". A. Marshall's interpretation of the market pricing mechanism in contravention to the theory of value and moreover in the conditions of free competition raises questions itself. It seems necessary to pay attention to the following. The price is considered as the main factor affecting the number of goods

offered for sale. But why? Economic reality is rich in a mass of factors that may have not less significant impact on the number of goods offered for sale, for example, the state, newness and therefore the performance of production lines, functioning manufactures' equipment; the strategy of trade organizations ensuring the sale of goods; regional market conditions; market presence and fullness of substitute products; monopolization level of the industrial market and the scale of the shadow market activity; the implementation speed of principally new types of products by the manufacturers to meet the same needs; the involvement level of the national economy into the processes of international trade etc. All these factors are taken into account in standard marketing research and strategies. However, for the sake of visual material presentation and the possibility of graphical interpretation of the studied issue A. Marshall is forced to consider the functional dependence of the offer from the same factor as demand because it would be impossible to create the illustration of the 2-level coordinate system in other conditions. It is fair to say that when considering this question A. Marshall also suggests to pay attention to some non-price factors affecting the proposal (what is graphically reflected by the displacement of the supply function) but only in addition to the principal price dependence as this economist asserts. Thus it reflects the discussed defects of the neoclassical methodology. Finally, in connection with the discourse of the neoclassical interpretation of the market pricing it would be reasonable to draw attention to the following facts.

Already in 1817 an outstanding English economist of the classical school of political economy D. Ricardo analyzing the problem of cost and pricing made an important conclusion: "The price of goods is eventually governed by the cost of production, and not, as it was often claimed, by the relation between supply and demand. Of course, the relation between supply and demand may affect the market value of the good ... But this impact will be temporary" (Kostjuk, 1998, 39).

5. Presentation of a number of issues in contemporary Russian textbooks in economic theory is not clear, there is a terminological "inconsistency" and in some cases even contradictory interpretations. For example, it refers to the issue of internal and external costs, normal and economic profit of the company (Dyshaeva, 2011, 57-58). Actual costs of the company connected with the production or other economic activity are defined as external (Mihajlushkin, Shimko, 2000, 110-112); clear (Kurs jekonomicheskoy teorii, 2004, 123; Makkonell, Brju, 2003, 477-478; Mihajlushkin, Shimko, 2000, 112; Samujel'son, Nordhaus, 1997, 157); the carrying value (Fisher, Dornbush, Shmalenzi, 1998, 131). According to this classification the opposite type of cost type is designated as internal (Mihajlushkin, Shimko, 2000, 110-112); implicit (Mihajlushkin, Shimko, 2000, 110-112; Kurs jekonomicheskoy teorii, 2004, 123); imputed (Kac, Rouzen, 2004, 250); hidden, presumptive (Makkonell, Brju, 2003, 477-478). At the same time synonymous terms are not offered by the authors for the sake of uniformity. The concept of entrepreneur's normal profit is determined by various authors differently.

6. In some sources normal profit is identical to the internal costs of the company (Kurs jekonomicheskoy teorii, 2004, 123), in others it reflects the alternative use of only two internal resources: entrepreneur's capital invested into the company's development and his entrepreneurial skills (Mihajlushkin, Shimko, 2000, 112; Jekonomicheskaja teorija: Jekspress-kurs, 2008, 78). There is also a fuzzy

interpretation of normal profit as a “minimum payment necessary to ensure that you have devoted your entrepreneurial skills to this enterprise” (Makkonell, Brju, 2003, 478). Besides it should be denoted that the multiplicity of terms and ambiguity of the used concepts creates obvious difficulties for the perception of information by the students and professionals in discussing economic issues with the use of this terminology. Economic theory is a social science, but it is not the basis for the free treatment of its conceptual apparatus. When considering the classification of the company’s expenses in the short term period the vast majority of authors means the explicit (actual, accounting) costs (Bomol, Blajnder, 2004, 127-128; Kurs jekonomicheskij teorij, 2004, 124-126; Mihajlushkin, Shimko, 2000, 113-116; Pindajk, Rubinfel’d, 2000, 234-247), in any case it follows from the logic and content of their arguments on this issue. For example, P. Samuelson and W. Nordhaus introduce this classification (Samujel’son, Nordhaus, 1997, 149) and only then – the concept of economic (Samujel’son, Nordhaus, 1997, 157) and opportunity costs (Samujel’son, Nordhaus, 1997, 161-162). But after leading the arguments and graphic illustrations of the variants for short-term and long-term company’s balance in the conditions of different market structures, the authors unanimously suggest appropriate types and dynamics of economic costs, i.e. the sum of explicit and implicit costs. Only considering the last point it becomes clear why the position of the company “no profit, no loss” meaning zero economic profit but positive normal profit for the businessman suits the company. However, most foreign and domestic textbooks vaguely represent this point, proper explanation is omitted. Obviously, when discussing the issue of the classification of costs in the short-term period it is necessary to emphasize that all types of costs include not only explicit, but also implicit ones, i.e. the matter concerns certain part or dynamics (as for marginal costs) of company’s economic costs so that everything is clear and logical. The teacher is able to think and logically finish the presentation of this material with the missing links but for the students acquiring knowledge distantly, on their own, relying only on the textbook (especially now when the number of contact hours in different courses is decreasing and more time is devoted to the intensive students’ independent work) such representation quality of the learning material seems disorienting, providing incorrect understanding of the analyzed subject. It is necessary to stress that authors-developers of the neoclassical postulates do not mind poor intersection of the proposed abstract theoretical models and objective economic reality. As it has been shown before both the conditions of perfect competition and absolute rationality of economic behavior, completeness and notorious accuracy of commercially important information for making informed decisions and rational use of resources are more characteristic for science fiction than for real economic processes. However, all innumerable preconditions of neoclassical analysis are assumed in each studied theme of the section “Microeconomics” taking place in real economic life. How can one build a logical chain of reasoning based on clearly unrealistic assumptions? And what is the point of such theoretical constructs to business practice? Theoretical structures of the course “Institutional Economics” recently introduced into domestic curricula and built on the synthesis of neoclassical and institutionalist ideas inherit its main characteristic features from neoclassicism: conditions of perfect competition, ideas of the minimum economic role of the state in the economic life of the society, optimal use of resources and rational economic

behavior of business entities and consumers however, limited and no longer absolute. In connection with the problem discussed it is appropriate to emphasize that the scientific consistency and practical importance of this academic discipline in the interpretation of the vast majority of modern Russian textbooks is at least questionable. It seems that the interest of the inquisitive and thinking students to the educational courses with similar content and distinguished theoretical fullness disappears during the educational process. It is able to form and cause a formal attitude to learning by some part of the students with all the unfortunate consequences for the national economy. For the reproduction of the country's intellectual potential of the required quality able to ensure the return of Russia to the number of leading world powers it is necessary to improve the national education system. No alternative appears to the return to the budget financing of education and restoration of the planned training of specialists in different fields. It is clearly demonstrated both by the experience of contemporary developed countries and domestic experience of the Soviet period. Educational processes should be controlled by the state alongside with the full governmental funding of science and integrated socio-economic state policy; it is one of the strategic components that can provide an innovative option for the development of national economy. It is necessary to return to the admission of applicants on a competitive basis so that the students' audience would consist of only talented and motivated for learning youth already possessing a certain educational and intellectual potential. This will guarantee that the efforts of teaching staff will achieve the goal and most important is that trained specialists will demonstrate the proper level of skill and professionalism. Competitive selection of applicants will also provide a guarantee that public money is not wasted uselessly yet becomes a justified public investment into the human capital formation for the national economy. Similarly, it seems necessary to enroll students not only to higher educational establishments but also to secondary specialised educational institutions training workers and technical personnel for enterprises of the real sector of domestic economy that badly needs renewal and stable functioning. At the same time the need for mass cultural and educational activities aimed at the change of the waning pattern of thinking disparaging the role and importance of a reliable and highly productive labor, regardless of its scope of application seem highly necessary.

Thus, the modern course of economic theory must be based on the scientific and theoretical heritage of the scientifically recognised and practically important schools and directions of economic science, objectively stating and explaining essential economic processes, ensuring the perception integrity of society's socio-economic life, allowing to develop scientifically sound and effective decisions in relation to the issues connected with socio-economic organisational and state policy. The classical school of political economy in its most systematic and scientific Marxist version developed and supplemented by later studies of Russian and Soviet economists seems to be just such. Some ideas expressed within German historical school, American classical institutionalism (beginning of the XX century), Keynesian economics, German ordoliberalism are useful and significant.

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