

## ACTIVE TEACHING/ACTIVE LEARNING IN ECONOMICS

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### ABSTRACT

This paper provides a framework for using role-playing exercises in the economics classroom. Using two scenarios – one for a course on economic development and the other for an intermediate class in macroeconomics – the author provides step-by-step explanations of how role-playing can be used to provide students with a deeper appreciation of the complexities encountered in formulating economic policies. Finally, this paper demonstrates how these exercises can be augmented with writing assignments that may qualify a course for a writing-across-the-curriculum (WAC) designation.

### INTRODUCTION

Although role-playing exercises have found their way into other social sciences, such as history and psychology, this powerful teaching technique is still rare in the economics classroom. As a learning device, role-playing exercises have several advantages. First, students get actively involved in economic issues. In order to do so, they must develop their research skills by learning about the topic at hand. Second, students hone their communication skills by orally presenting a position on the issue at hand. Often, this is followed up with an assignment that requires the presenter to write either a position paper or executive summary. Not surprisingly, these assignments help qualify a course as writing intensive or for a writing-across-the curriculum (WAC) designation. Finally, students walk away from the exercise with a much greater appreciation of the complexities inherent in real-world problems. Students quickly realize that competing political interests, at the very least, temper economic decisions.

### THE THEORY BEHIND ROLE-PLAYING

One of the more interesting movements in business and economic education is the development of the case study method. Rather than hope students will be able to apply abstract theories and techniques when they reach the work place, the case study method offers students the immediate opportunity to grapple with actual problems confronted on the job. In a larger scheme, the case study method is just one particular approach to problem-based learning. Another useful technique from the problem-based learning repertoire is role-playing using goal-based scenarios. Underlying this approach is the proposition that students learn more effectively through “cognitive conflict” or disagreement (Savery and Duffy, 1995). Naidu, Ip, and Linser observe:

A Goal-Based Scenario (GBS) is essentially a simulation in which learners assume a main role, which has associated with it a mission. Their “goal” is to accomplish this mission or task associated with their role(s) in the scenario. In order to achieve this goal the learner needs to acquire particular skills and knowledge. *This is where and when the learning takes place.* Goals in this context refer to the successful pursuit of the task at hand. A GBS therefore serves both, to motivate learners and also give them the opportunity to “learn by doing.” As long as a goal is of inherent interest to learners, and skills needed to accomplish those goals are the targeted learning outcomes, we have a match and a workable GBS (p.2).

By requiring students to explain and defend their positions in a scenario, they are forced to draw upon both theory and supporting data in order to make their case. Brown and Palincsar (1989) contend that cognitive conflict occurs whenever there is disagreement between existing and new information. Indeed, this approach lends itself particularly well to the analysis of economic conditions where policy makers continually deal with incomplete, mismeasured, or erroneous data. Further, in a series of studies, Schank (1982, 1986) argues that memory organization is actually altered when people are required to explain the unanticipated. Role-playing exercises offer students the opportunities to confront conflicting theories and positions in an uncertain environment.

At its best, a role-playing exercise engages students both cognitively and socially. Cognitively, students must use abstract economic theories and principles to develop a policy position and then articulate that position through oral and written communication. Socially, students encounter the complex interplay of political, cultural, and economic influences on policymaking.

### A GENERAL FORMAT

Developing a role-playing exercise involves several steps. They are (1) selecting an issue; (2) developing the cast of characters; (3) selecting the forum; (4) making a decision – or not; and (5) concluding the exercise. The most crucial step is the first one: selecting an issue. In general, the more controversial the topic is, the better. For example, one potential topic in an economic development course is the construction of a chemical processing plant by a foreign corporation in a under-developed country. By carefully selecting a topic, the second step becomes easier and obvious -- identifying the various perspectives in a given issue.

When assigning positions and reports, make sure that a variety of points of view are included. For example, continuing with the chemical plant assignment, the instructor might designate one portion of the class as “government officials” who must assess the costs and benefits associated with such an investment in their country. Another group in the class could represent the corporation seeking to build the plant. Finally, a third group might represent “concerned citizens” who fear the potential of environmental disaster. When developing the cast of characters, three to five groups seem optimal. A two-sided argument invites dualistic thinking and encourages a right or wrong attitude in the class. A well-selected topic insures a diversity of positions, yet inviting too many groups runs the risk of making the exercise less tractable, albeit, potentially more realistic.

In active learning exercises, the instructor must provide a context for examining the topic. Typically, this entails establishing a forum for the debate or discussion – our third step. Following our chemical plant example, this forum could be the country’s central planning board where corporate representatives “pitch” the investment to a group of governmental planners. Here, students present the research and analysis relevant to their positions. For example, the corporate group would be required to address such issues as what constitutes a successful investment from the firm’s point of view and what are the risks inherent to a firm under taking such an enterprise. Notice, the other groups represented would differently define a “successful investment”. The country’s planners might be required to do their own analysis or act as judges. The “concerned citizens” enrich the discussion by identifying the potential political and cultural costs as well as any positive and negative externalities associated with the project.

The key to these exercises is to insure the involvement of the entire class. Everyone must play a role, and some roles may be more explicit than others. For example, behind those presenting a position (one or several students) are those who help research, write, and stage the presentation. Staging the presentation might entail developing graphs, cue cards, or PowerPoint slides. This gives students an opportunity to draw on the skills cultivated in their writing and communication courses. To sustain interest and to give the participants a stake in the outcome, a decision concerning the issue should be made. In our example, this may entail one group making the decision (the central planners) or, perhaps, having the entire class vote on the final outcome. Deadlocks are not necessarily bad outcomes; they often reflect real-world occurrences. In some exercises, a deadlock might be viewed as a “victory”. For example, postponing the construction of a chemical plant might be viewed by some groups as keeping the “polluting capitalists” at bay.

In the last step, following the presentation, students should be required to perform a debriefing. Instructors may require participants to write a report, position paper, executive summary, or news release as the chosen topic allows. Doing so permits students to modify their arguments or provide further factual evidence in support of their positions. Depending on class size, these papers may be individually or team-written. If team-written, the instructor might wish to address the “free rider problem” by having each student evaluate the contributions of other team members and using these assessments to partially determine individual grades. Finally, requiring students to maintain a reflective journal intensifies the experience. Asking them to write about what surprised them, disappointed them, or proved most difficult benefits both them and the instructor. Clearly, for the instructor it provides useful feedback in refining the exercise.

### A MACROECONOMIC EXAMPLE

The previous section outlined in general the various steps involved in developing an economic role-playing exercise. In this section, a more detailed example is provided which is suitable for an intermediate course in macroeconomics or a senior capstone course.

Established with the Employment Act of 1946, the Council of Economic Advisors (CEA) is charged with giving the President analysis and advice on domestic and international economic issues. Because of its broadly defined mission, the CEA is an excellent vehicle for exploring a large array of issues addressed

in an intermediate macro course. In this example, tax policy is chosen as the issue for study. Specifically, the CEA is charged with analyzing an income tax cut in order to promote economic growth.

Having selected an issue, step two necessitates identifying the cast of characters. The CEA is composed of three members, with one designated by the President to be Chairperson. Supporting the three members is a staff of economists. When establishing this scenario, the instructor should point out that while informal discussions occur among the three members, no votes are taken. This stems from an executive order dating back to the Eisenhower administration giving all executive authority for the Council to the chairperson.

When picking a forum for discussing the issue (step three), the instructor has a variety of choices. One possibility is a meeting with the President, the Secretary of the Treasury, and the Director of the Office of Management of the Budget. (Of course, this would expand the purview of the exercise.) Another possibility is having the CEA chairman testify before a congressional committee. Here, some students can assume the roles of congressmen/women representing various constituents along the political spectrum. (Such a scenario is particularly appealing in a course emphasizing political economy.) In the exercise at hand, however, let us assume that the forum is a Council meeting with the three council members and its staff of economists.

The fourth step -- and where the actual simulation takes place-- involves analyzing data and making a recommendation concerning the tax cut. In shaping the discussion, the instructor might divide the "staff economists" into three groups and assign each group the task of arguing one of the following courses of action: (1) maintaining the *status quo* (i.e., not cutting taxes); (2) initiating a tax cut; or (3) raising taxes. In order to analyze these positions, the staff must account for the current and expected state of the economy. At a minimum, I would recommend the staff considers (i) the current and likely course of monetary policy (accommodative or not); and (ii) key economic variables like real gross domestic product, the consumer/producer price indexes, an unemployment measure, an industrial output measure, and, possibly, exchange rates, and a trade balance measure. If students have studied econometrics (which is likely in a capstone course), then the staff may be asked to generate forecasts of some or all of these variables.

Once each group has presented its position, a roundtable discussion should ensue. Initiated by the

three Council members, but also including the staff economists, questions directed to the presenters might include several areas. First, what does economic theory indicate about the efficacy of fiscal policy? When is it most likely to be effective or not? Responses to these concerns should be framed within a macro model. Usually in this discussion phase, a simple aggregate supply and demand analysis suffices. After a firm theoretical analysis of fiscal policy is established, the CEA members can turn to questioning what the data indicate. For example, where is the economy in the business cycle? Which data are lag or lead indicators? How were the forecasts generated? What is the future of interest rates? In addition, political considerations should be admitted to the discussion. For example, where is the country in the election cycle? Will the Congress support a tax cut initiative? Should it be across-the-board or skewed in favor of certain income groups? At the conclusion of the discussion, a policy recommendation should be forged. Hopefully, a consensus will emerge from the discussion. For example, the CEA members may "poll" the staff regarding the appropriate policy action. If this is done, then let each team know they can abandon the position they were assigned to defend initially. Another way to conclude this portion of the exercise is to let the Council decide the best policy response based upon the quality of the arguments offered by the three teams. Whatever way is decided, a recommendation brings resolution to the exercise.

Finally, each team should be required to submit a position paper based upon their respective assignments. Likewise, members of the Council (if they are students) could be given the task of writing an executive summary of this meeting that includes support for their policy recommendation. Again, as part of the debriefing process, reflective journaling is recommended. The instructor might offer some guide questions such as: What are the limitations of forecasting? Do they believe their recommendations would be adopted by current administration and implemented by the Congress?

## CONCLUSIONS

The purpose of this paper is to demonstrate how role-playing can be used as an effective teaching technique in the economics classroom. Five key steps are identified in the process, and they can be adapted for use in most economics courses. By directly involving classmates in a role-playing scenario, students are required to work individually and, often, in teams in order to realize some learning-based goal. In the process, students achieve a more realistic vision of

how economic policies are formulated, and how the political process may modify economic analysis.

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