

**Teaching Economics to Russian Students:
Some Preliminary Observations**

by

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March 1993

American students. For example, only 78 percent of the Russian students, compared with 94 percent of the American students, thought that it was "fair" for flower sellers to raise prices on a holiday when demand is high.

B2. On a holiday, when there is a great demand for flowers, their prices usually go up. Is it fair for flower sellers to raise their prices like this?

	Yes	No
New York: general population	32%	68%
Moscow: general population	34%	66%
Magadan students	78%	22%
Anchorage students	94%	6%

B3. Should the government introduce limits on the increase in prices of flowers, even if it might produce a shortage of flowers?

	Yes	No
New York: general population	28%	72%
Moscow: general population	54%	46%
Magadan students	6%	94%
Anchorage students	6%	94%

B11. A small factory produces kitchen tables and sells them at \$200 each. There is so much demand for the tables that it cannot meet it fully. The factory decides to raise the price of its tables by \$20, when there was no change in the costs of producing tables. Is this fair?

	Yes	No
New York: general population	30%	70%
Moscow: general population	34%	66%
Magadan students	69%	31%
Anchorage students	88%	12%

B12. Apart from fairness, should the factory have the right to raise the price in this situation?

	Yes	No
New York: general population	59%	41%
Moscow: general population	57%	43%
Magadan students	87%	13%
Anchorage students	100%	0%

Russian students appeared to place greater importance than American students on doing work that benefits their country, as opposed to making money. This difference is similar to that observed for the general population in the New York and Moscow surveys.

A5. Is it important to you that your work benefits the country, and is not just to make money? Is it very important, somewhat important, or not important?

	Very important	Somewhat important	Not important
New York: general population	40%	45%	15%
Moscow: general population	69%	25%	6%
Magadan students	48%	52%	0%
Anchorage students	25%	75%	0%

Student Course Evaluations

On the final day of the course, I asked students to evaluate the course. Most found the material somewhat or very interesting.

Of the first-year students, 50 percent described the material as very new (8-10), compared with only 11 percent of the second-year students. This suggests that the second year students had already covered many of the course topics during their first year of study. Almost all of the students were enthusiastic about my returning to give similar courses in the future.

	0-4	5	6-7	8-10
30. On a scale of 1 to 10, how interesting was this course? (1= not interesting; 10 = extremely interesting)	11%	16%	32%	42%
31. On a scale of 1 to 10, how new for you was the material in this course? (1 = not new at all; 10 = completely new)	21%	32%	16%	32%
32. On a scale of 1 to 10, how much would you want me to return to give a similar course in the future? (1 = don't return; 10 = please return!)	3%	7%	3%	86%

Preliminary Conclusions

My preliminary conclusion from this brief experience in teaching economics to Russian students is that basic principles of economic theory can be taught to Russian students in much the same way as they are taught to American students. Russian students were very interested in concepts of market economics, and seemed able to learn and apply them no less well than American students. Their attitudes towards market mechanisms appear to be generally positive, if slightly less so than for American students. However, their experience with market economics is much more limited than that of American students, at both the macroeconomic and microeconomic levels. In particular, it is difficult to teach about fiscal and monetary policy and institutions to

students in a country where both policy and institutions are highly unstable or non-existent.

Nevertheless, Russian students are able to recognize the market forces which are increasingly becoming part of Russian life. Asked to suggest a new product or service which had come into existence in Russia as a result of market signals, one student answered: "Now you can telephone for home delivery of vodka."

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Subject (Please circle one)

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|-------------------------------|------------------------------|
| AK Economy - General | Impact Assessment/Planning |
| Alaska Natives | <u>International Studies</u> |
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Introduction

In February 1993, I taught a one-week intensive course in "Fundamentals of Market Economics" to thirty-four first and second-year students at Magadan International Pedagogical University in Magadan, Russia. The students, who were enrolled in a new degree program in "Economics and Management," had had only limited previous exposure to the topics usually covered in introductory economics courses in America.

During the five three-hour classes, which I taught in Russian with occasional assistance from a stand-by interpreter, I briefly covered a wide variety of topics, including the concepts of property and competition, supply and demand analysis, the functions of money, the causes of inflation, and the difference between positive and normative analysis. My principal goal was to give the students--and the several faculty who sat in on the lectures--a sense of how introductory economics is taught in America, and the power of simple economic theory. In the final examination, most of the students were able to answer questions such as "Explain the concept of the 'invisible hand'" and "Use supply and demand analysis to show the effects upon the price of milk if scientists discover that milk is poisonous."

During the classes, I asked the students a wide variety of questions about their personal backgrounds, their career goals, their educational program, their attitudes towards market mechanisms, and their understanding of basic concepts in economics (both before and after I had taught about these concepts). To encourage frank responses, the students' answers to these questions were anonymous, identified only through a randomly assigned student number.

The remainder of this paper provides some preliminary observations about the students' responses to these questions. Over the next month, I plan to prepare a more detailed analysis of the students' responses. My hope is that this analysis may provide some insights about teaching market economics to Russian students. In particular, I am interested in whether there are important differences between Russian and American students in their attitudes toward concepts which may be taken for granted in the teaching of economics to American students.

Student Characteristics

All but four of the 31 students who gave their age were between the ages of 17 and 20. Not surprisingly for students enrolled in a course in "Economics and Business," almost all indicated interest in a career in private business in response to an open-ended question about their future desired occupation:

What is your future desired occupation?

Business man/woman	10
Banking/finance	5
Manager	3
"Own a business"	2
To be rich/earn money	2
"Private enterprise"	1
Politics	1
Economist	1
"Work"	2
Other/don't know	2

Of the 24 students who answered questions about work experience, most had had some work experience. However, only 21 percent had worked in a private business, compared with 71 percent who had worked in a state-owned business. More than half had an immediate family member who currently worked in a private firm.

	Yes	No
15. Have you ever held a regular job in a private business, in which you worked at least 10 hours per week for at least four weeks?	21%	79%
16. Have you ever held a regular job in a state-owned business, in which you worked at least 10 hours per week for at least four weeks?	71%	29%
18. Does anyone in your immediate family (father, mother, sister, brother) currently work in a private firm?	59%	41%

Note: N = 24 for 15 and 16; N = 22 for 18.

Students' Attitudes Toward Market Mechanisms

At the start of the course, I asked the students questions from a survey which had been administered several years ago in both Moscow and New York to compare attitudes of Americans and Russians towards market mechanisms.¹ Upon my return from Russia, I asked the same questions to students in introductory economics classes at the University of Alaska Anchorage.

Preliminary analysis of responses to a few of the questions suggests that economics students in both countries are considerably more sympathetic toward market mechanisms than the general populations of either country. However, the Russian students appear to be slightly less sympathetic toward market mechanisms than the

¹Robert Schiller, Maxim Boycko, and Vladimir Korobov, "Popular Attitudes Toward Free Markets: The Soviet Union and the United States Compared," *American Economic Review*, June 1991. The surveys were administered in May 1990.

American students. For example, only 78 percent of the Russian students, compared with 94 percent of the American students, thought that it was "fair" for flower sellers to raise prices on a holiday when demand is high.

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