

AN AFFAIR WITH ECONOMICS



1993 - 2018

*Celebrating 25 years of Economics
@
Sacred Heart College, Chalakudy*

Edited by

Dr. Chacko Jose P

Dr. Shirley Jose K

Mr. Nijil Jacobi



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ISBN: 978-93-5578-226-7

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INDEX

SL. NO.	TITLE OF RESEARCH PAPER/ARTICLE	NAME/S OF AUTHOR/S	PAGE NO.
1	GENDER, EDUCATION AND WORK: DETERMINANTS OF WOMEN'S EMPLOYMENT IN KERALA	ALICE SEBASTIAN	1 - 24
2	ECONOMICS EDUCATION IN A GLOBALISING WORLD – PROSPECTS AND CHALLENGES	Dr. CHACKO JOSE P	25 - 30
3	THE DYNAMICS OF CASTE INDUCED DEPRIVATION IN INDIA	Dr. FRANCO T. FRANCIS JOBIN MATHEW	31 - 37
4	ECONOMIC ASPECT OF URBANISATION IN INDIA	GLADY PAUL	38 - 48
5	MICRO FINANCE AND THE NEW MODI GOVERNMENT	JINI THOMAS	49 - 56
6	ENVIRONMENTAL RACISM IN NORTH CAROLINA – SEES GREEN LIGHT ON	LATHA N.K	57 - 63
7	WOMEN WORKERS IN INFORMAL SECTOR; WITH SPECIAL REFERENCE TO TEXTILE SHOPS IN KERALA	LIJI MALIAKKEL	64 - 72
8	A STUDY ON THE IMPACT OF RBI POLICY RATES ON INFLATION UNDER DR. RAGHURAM G RAJAN'S TENURE	NIJIL JACOBI	73 - 80
9	WOMEN EMPLOYEES IN RETAIL TRADE-A SECTOR-SPECIFIC STUDY OF KOCHI CITY	Dr. SHIRLEY JOSE K	81 - 107
10	INTEGRATED RICE-FISH FARMING - A VIABLE OPTION FOR SUSTAINABILITY	SMIJI A.J	108 - 132
11	VALUE CHAINS AS A METHOD TO STUDY BIOTRADE	SUMA SUNNY	133 - 139

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ECONOMICS EDUCATION IN A GLOBALISING WORLD – PROSPECTS AND CHALLENGES

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Abstract

Economics as an academic discipline has emerged more vital in a globalising world. This is because of the opening up of the economy due to massive disinvestment drives by governments worldwide. For students of economics, many avenues are opened up due to the emerging business scenario. However, lack of adequate skills acts as an impediment in between. Another area of concern in the seemingly positive picture is the transformation of economics from social science to business science, which dampens the soul of the subject.

Keywords: economics, social science, disinvestment, economics jobs

Introduction

The goal of teaching economics as an academic discipline is to develop responsible citizens and decision-makers. Since the turn of the century, the number of local, national, and worldwide organisations dedicated to economic education has grown considerably, and the emphasis of those organisations have evolved to include financial literacy and economic education. As a social science discipline, economics is concerned with making decisions and identifying alternatives (Butters & Asarta, 2011). At its foundation, economics is the study of assessing options and making better decisions. It fosters critical thinking and problem-solving abilities in order to make sound judgments.

The significance of economic education extends well beyond the purpose of enhancing comprehension of the workings of the economy. This is because economics is a social science that analyses how society allocates finite resources with many uses to produce goods and services for now and future consumption (Becker & Bartlett, 1991). The economic theory employs scientific approaches to study how scarce resources are traded within society. Economists research on ideas and approaches that are important for formulating government policies since they have a thorough grasp of how to generate efficiency in today's society.

However, recently, economics as an academic discipline has been disregarded in many parts of India.

Economics has a pivotal role in public decision making. The basic framework for public policy study is economics (Asarta et al., 2013). The economics course informs students about the underlying policy concerns that influence the market and societal results. An economist comprehends the immediate concerns of tradeoffs, benefits against costs, market failure, and public financing and the broader questions of generational repercussions, welfare implications, and inequality. Students of economics are prepared to participate in public policy discussions and enhance economic and social progress.

Economics provides students with the skills to analyse facts in order to make sound judgments. These abilities are sought for in both the public and commercial sectors. Studying economics allows individuals to better understand people, firms, markets, and governments, allowing them to adapt to the challenges and possibilities that arise as things change (Siegfried et al., 1991). The breadth and flexibility of an economics degree prepare students to adjust to unexpected changes and take advantage of unexpected opportunities. Students of Economics can find opportunities in a globalising world because they have problem-solving and analytical skills to succeed in various career paths. These include careers in law, risk management, actuarial, finance, foreign affairs, public administration, politics, policy analysis, health administration, entrepreneurship, market analysis, journalism, and potential future careers (Butters & Asarta, 2011).

The study of economics allows a student to understand the world order better. The study of economics develops multiple skills required of a modern economy. They are employed in Government and private sectors. The multiple roles include providing businesses and governments with data analysis and interpretation to make rational choices. Similarly, economics, as a broad discipline, gives solutions to a variety of challenges such as taxation, inflation, interest rates determination, inequality, environmental degradation, and political challenges are all examples (Asarta, 2016). Understanding how consumers react is critical for policy framing, and economists use economic theories and models to forecast consume behaviour, for instance, by analysing big data.

The Knowledge Economy

According to the World Development Report 1999, “for countries at the forefront of the global economy, the balance between knowledge and resources has shifted so far towards the

former that knowledge has become perhaps the most important factor determining the standard of living – more than land, tools, or labour (Yusuf & World Bank, 2000).” The most technologically sophisticated countries today are essentially knowledge-based. The knowledge economy is a consumer and production system built on intellectual capital. It specifically refers to the capacity to profit from scientific discoveries as well as fundamental and applied research. This has grown to account for a substantial portion of total economic activity in the majority of industrialised countries.

The knowledge economy remains constrained, but is no longer limited to a single sector of production. In contrast to services or agriculture, it does not even have a favoured link with industry, as mechanised manufacturing and industrial mass production did. It can be found in every business, including knowledge-intensive services and precision, scientific research, and high-tech manufacturing (Powell & Snellman, 2004). Nonetheless, it appears as a periphery in each sector, from which the great bulk of the work force is excluded. Knowledge-based growth entails not only the establishment of new industries, but also the internal change of existing sectors, focusing solely on the high-technology sector or so-called knowledge-intensive businesses because they are thought to be where new ideas and technology are discovered misses reality.

Labour and capital were identified as the two components that contributed to the creation of commodities and services in classical economic theory. Paul Romer recommended that technology, as well as the knowledge that underpins it, be seen as an integral aspect of the economic system (Vitasek, 2018). Romer, widely known for his theories on growth dynamics, considers knowledge to be the hidden hero of the growth game (Jones, 2019). According to him, knowledge has become the third element of production in leading countries.

Knowledge is the most basic type of capital; the acquisition of knowledge drives economic progress. Technological advances generate technical platforms for new ideas, and this technical platform effect is the primary engine of economic growth (Romer & Kurtzman, 2004). They believed in decreasing returns on investments, which led to unsustainable expansion. Most emerging countries, even those with plenty of money and labor, are unable to continue their economic progress. Investments in technology, on the other hand, with their technological platform impact, increased returns on investment and sustained growth.

Simply because modern economies are more information intensive does not imply that only certain industries participate in the knowledge economy (Hanushek, 1991). Unlike in the

past, when the economy was based mostly on unskilled labour employment and the production of tangible commodities, the current economy is based on services sectors and professions that demand thinking and data analysis. The existence of a greater percentage of highly qualified people whose occupations demand particular knowledge or abilities characterises the knowledge economy.

Conclusion

Globalisation has resulted in the rise of the knowledge economy, which develops, disseminates, and uses knowledge to boost growth and development. Education at all levels is pertinent more than ever in a globalised society. The integration of economies via the flow of products, capital, ideas, and labor is called globalisation. It presently takes place mainly through the first three of these routes. International commerce and investment have prospered, and economies have become more intertwined, as governments have eliminated barriers to imports and exports, permitted more capital mobility, and opened up to foreign ownership of local companies. Meanwhile, the greater cultural and social interconnectedness has resulted from the faster movement of knowledge and ideas resulting from communications advancements.

In the Indian universities, as in many other countries (Ahlstrom & Asarta, 2019), there is gender skewness with regard to the students opting for economics. The failure of economics as a discipline to gain attractive job openings, has resulted in the traditional gender pattern where male students prefer courses which help them gain more productive jobs.

Economics may be taught through producing new information and exposing students to real-world learning contexts and experiences. Students acquire views of their economic reality from a young age, which evolve into attitudes and ideas about economics as they advance through the educational process. Teachers, whether intentionally or unintentionally, impact the direction of attitude development. Teachers are helping to improve students' attitudes about economics by discovering new ways to sensitize them more about the topic. Teachers and lecturers are not indoctrinating students by teaching basic economic concepts and applying them to classroom discussions of economic issues and institutions; instead, they provide a foundation for more informed student opinions and decision making on critical economic issues. Economics and its tenets become more tangible when students are provided with the ideal platform to assimilate concepts and theories in a pragmatic way.

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