



PAÑÑĀSĀSTRA UNIVERSITY OF CAMBODIA

**Social Sciences**  
and International Relations

**Public Policy Papers**  
**Commentary 1**  
**January 2024**  
**Dr. Kevin Nauen**

## **Microeconomics Needs a Place in the Classroom**

National development isn't built on statistical abstractions or policy intentions, but instead finds its foundation in the materiality of a vast multitude of individual decisions and actions. Microeconomics provides an understanding of the fundamental building blocks of a healthy economy in terms of the choices made by individuals, firms, and governments in the face of scarcity and the constraints of existing social structures. Integrating microeconomics into the national curriculum isn't just about equipping students with test-taking skills; it's about empowering them to become active participants in shaping their nation's economic future.

Empowering Individuals means taking steps to ensure consumers are informed, savers are savvy and capable of becoming investors, and that overall citizens are financially literate. Microeconomics equips students with the knowledge they need to navigate the complexities of the marketplace. They learn how supply and demand interact, allowing them to make informed choices as consumers. Understanding concepts like marginal cost and marginal benefit helps them distinguish between needs and wants, fostering responsible spending habits. This translates into a more economically literate population, making informed decisions about resource allocation, promoting financial stability within households, and ultimately contributing to a more robust national consumer base.

Moreover, a general microeconomics education for innovation and entrepreneurship. Microeconomics goes beyond just understanding consumer behavior. It delves into the world of firms, exploring factors affecting production costs, pricing strategies, and market structures. Students gain valuable insights into how businesses operate, the role of competition, and the process of profit maximization. This knowledge lays the groundwork for entrepreneurship. By understanding market needs, resource allocation, and the principles of competition, students can identify opportunities for innovation and develop

the skills necessary to turn ideas into viable businesses. This fosters a culture of entrepreneurship, leading to the creation of new jobs and the development of innovative products and services, and ultimately, contributes to economic growth and diversification.

There is much discussion these days about the need to make production and consumption more sustainable. Microeconomics sheds light on the concept of opportunity cost, the idea that every choice comes with a sacrifice. By understanding this principle, students can grasp the importance of efficient resource allocation, both at a personal and national level. This translates into a more responsible approach to resource consumption, encouraging practices like waste reduction and conservation. Furthermore, microeconomics introduces students to the concept of externalities, the unintended consequences of economic activities that affect third parties. By understanding the impact of externalities like pollution, students can advocate for policies that promote sustainable practices and environmental responsibility within businesses. This fosters a more efficient and environmentally conscious approach to economic development, ensuring long-term sustainability for future generations.

Microeconomics doesn't exist in a vacuum. It acknowledges the crucial role governments and financial institutions play in shaping economic policy, market regulation, and resource allocation. Students learn about the concept of market failure, situations where the market, on its own, leads to inefficient allocation of resources or unfair outcomes. Microeconomic knowledge enables individuals, beginning from their own experience, situations, and concerns, to explore the various tools governments use to intervene in the market, such as taxes, subsidies, and regulations. This understanding is crucial for informed civic engagement.

Concepts like monopolies, externalities, and public goods are explored, highlighting instances where government intervention is necessary to ensure a healthy and equitable economy. Students learn about various policy tools like antitrust laws, pollution regulations, and social safety nets, understanding the role government plays in promoting competition, correcting externalities, and providing essential services. This fosters a deeper understanding of the market system, where students recognize both its strengths and limitations, and appreciate the need for a well-functioning government to ensure a prosperous and inclusive society. Students become more equipped to evaluate the economic policies proposed by governments, understand their potential impact on individuals and businesses, and hold public officials accountable.

Furthermore, microeconomics can be expanded to include the study of banking and lending processes, equipping students with the knowledge they need to navigate the financial system effectively. Concepts like loans, interest rates, and mortgages become less intimidating, empowering students to make informed decisions about borrowing and saving. This fosters financial inclusion, allowing individuals to participate more actively in the economy and cultivate a level of responsible lending which may be lacking in firms pursuing profit-maximization and short-term gains.

Integrating microeconomics into the curriculum requires careful consideration. Concepts need to be presented in a way that is age-appropriate and engaging. Teachers can utilize real-world examples, interactive activities, and case studies to make the subject matter relatable to students' lives. Furthermore, it's important to acknowledge the limitations of purely economic models in explaining complex social issues. Microeconomics should be taught alongside other social sciences, fostering a holistic understanding of the factors that shape a nation's development.

Presently, the topic of STEM development dominates education planning and policy rhetoric. However, it's worthwhile to ask the question of whether we our ultimate aim is to develop industrial capacity and the competitiveness of firms or the well-being of individuals and communities. By equipping students with the tools of microeconomic analysis, we empower them to become informed consumers, proactive entrepreneurs, responsible stewards of resources, and engaged citizens with a strong understanding of financial processes that impact their households and communities. This, in turn, fosters a more vibrant and dynamic economy, where individuals and businesses can thrive. Including microeconomics in the curriculum entails outcomes beyond just teaching students how markets work, it empowers them to make strides toward both the prosperity of their fulfilled potential and the collective impact of a brighter economic future for their nation.