1990
Number 4

Volume
3

EDUCATION

The Journal of the Faculty of Education

The University of Malta

Critical Economics

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"In my view, every economic fact whether or not of such a nature as to be expressed in numbers, stands in relation as cause and effect to many other facts, and since it never happens that all of them can be expressed in numbers, the application of exact mathematical methods to those which can is nearly always a waste of time, while in the large majority of cases it is positively misleading; and the world would have been further on its way forward if the work had never been done at all"
Alfred Marshall (1)

Introduction

Economics is today recognised as a key social science discipline in the Maltese school curriculum. Elements of economic life figure in the subject matter of civics/social studies from an early, primary level. Students come across these in increasing complexity and detail up to Ordinary or Advanced Level standard. The option also exists to pursue economics as a major area of study leading to a Bachelor of Commerce/Bachelor of Arts Degree at the University.

Mainstream economics takes great pains to project itself as a science. It seeks to base itself on sound and empirically testable hypotheses about human behaviour in the context of a competition by users for scarce resources. Its vocabulary and procedures borrow much from mathematics and statistics, couched as they are in calculus, graphs and numerical equations. The subject's major concern is with value-free, therefore neutral, fact (2).

This approach has its evident spinoffs. Foremost is the respectability which scientific status enjoys in this modern day and age. The attraction of 'scientism', however, goes beyond its dignifying image. It also includes a steadfast commitment to analyse what is to the exclusion of what should be (3). This orientation purges all that is non-positivist from the discussion and relegates it to the concern of politicians, sociologists, prophets or priests (4). In this way, economics spares itself from social, political and moral content and the associated painful and unscientific issues of choice, of policy, of decision-making. The option to remain positivist and therefore prestigious may have been secured not only at the cost of irrelevance to explain the real world (5); but it also appears to serve as an apologetic, an acquiescing drug to the way things are (6).

This short article seeks to identify and justify a more critical and pragmatic orientation for economics education. It is hereby argued that the teaching of economics should go beyond the exercise of devising mathematical parameters about human attitudes in relation to scarce resources. Per se, the exercise may appear scientifically valid yet it is dangerously devoid of normative content, political concern or critical inquiry. Admittedly, the discipline of economics, as with the other social sciences, should be scientific in the sense that it offers training possibilities in orderly methods for analyzing certain types of problems, for collecting information, for a systematic elaboration of research hypotheses, methods and results. Systematicity and, where relevant, repeatability, are crucial aspects of the scientific method which militate against the potential of blatant dogmatism: they render, in a spirit of humility which acknowledges human bias and possible human error, the issue at stake to open scrutiny and debate. This stance should not however be adopted to the exclusion of training in the awareness of the political dimension to the issue, the social implications of the research findings, the various policy alternatives which result and the values governing the "best" choice.

Radical economists may deride scientism as a bourgeois construct for legitimating capitalism and for alienating academics from pressing social problems. Orthodox economists may ridicule the black sheep of their profession as leftist upstarts who are inviting trouble to themselves by venturing recklessly beyond the safe and solid realm of neutral science. The argument, which has raged already for over a century, can too easily be interpreted as an inevitable appointment with the painful choice of allegiance to one of the two warring camps. Yet, after scratching away the respective rhetoric, a happy combination based on the logical approach of one school and the social concern of the other appears possible in practice. In this way, the teaching of economics may indeed lead students to achieve "economic literacy" (7), mastering more successfully the economic dimension of their social existence.

Starting from first principles

The Concise Oxford Dictionary describes economics as the 'practical science of the production and distribution of wealth'. The subject is also defined as the science which gives guidance as to the optimum allocation of scarce resources - land, labour and capital, in particular - for the maximisation of human welfare. This already suggests an obvious relationship to political issues since both wealth distribution and resource allocation are intimately involved with the issues of power,

interest representation and conflict resolution. Whereas the 'invisible hand' of the free market may indeed serve as an optimal allocative and self-regulatory mechanism, the history of economics in the real world can be seen as none other than a permanent continual attempt to distort and usurp the free market to one's individual or collective advantage.

The crucial independent variable of most economic analysis - economic man with his fixed pattern of tastes, values and attitudes about which he is fully informed - may be a good starting point for a theoretical model. But is it correct to assume that he really exists when it is clear that so many social forces have a vested interest that this *Homo Economicus* feels, acts, consumes and works in certain ways?

The issue of welfare maximisation should also be critically assessed. While the purpose of economics is presumably to increase human welfare, then one has to ask what human welfare is all about. It is certainly much more than (if at all) the mere quantifiable maximisation of production and consumption. Human welfare is a more complex condition: it includes health, mental, emotional and spiritual matters as well as social and environmental issues. It goes much beyond materialism.

Classroom Exposure

While there is likely to be a general agreement on many of the above points, the actual classroom atmosphere suggests that students who pursue economics courses come to think otherwise: teachers generally enjoin students to foster an understanding - implying an acceptance - of the wealth creation process and a recognition that industrial growth, consumerism and new technology are synonymous with progress (8). The orientation of economic policy boils down to the student mind (if not also to the responsible practitioners') to mean the pursuit of economic growth as indicated by an increasing Gross National Product. However, not only is GNP a misleading indicator as is discussed below; it also equates growth with welfare, which is more dangerous. It fails thus to ask three vital questions: Growth of what? Growth for whom? Growth with what side-effects? The decision to omit these considerations from the domain of economics teaching is, even in itself, a contributor towards an eventual non-critical attitude to such matters in future civic and occupational life (9). Instruction in economics may be thus producing highly competent and professional technocrats and statisticians who can develop highly sophisticated models of economic behaviour. However, both these few practitioners and the larger masses who do not end up with economics-oriented careers may emerge moulded with an unquestioning, blind attitude to real socio-economic phenomena which they take as a 'given' and which, in turn, makes them vulnerable and ripe for manipulation.

For Economic Literacy

School is meant to engrain students with the disposition of which "good" citizens and "good" workers are made of. Over and above this, school is also meant to prepare students for the demands of a democratic environment, of which a critical attitude and a competence to pursue and articulate one's interests via available or created channels of representation and participation are essential components (11). Hence, the argument for economic literacy is as strong as that for civic and occupational competence (12).

What, therefore, is to be included in a curriculum geared to develop economic literacy? The following major themes are suggested for inclusion. They are ideal for classroom discussion and each can be developed for different age-groups and capabilities. The themes share a concern for the political, social and moral repercussions of economic policy:

a) **The environment** - Economics should reformulate its perspective on Land as being merely worth what is potentially commercializable and exploitable either as real estate, agricultural produce or raw material. Much global environmental depletion and degradation is today taking place which is not only omitted from the costs of development but at times even equated to development itself (13). Economics should include an assessment of the repercussions of ecologically irresponsible growth or commercial policies, and include a proper consideration of alternative models (14).

b) **The firm** - The firm in neo-classical economic theory is the single consistent decision-taking unit (other than the individual person or household) seeking to achieve the common goal of maximising profits. This perspective misses to analyse the composition of 'the firm' and, within this 'black box', fails to question the logic of the "ownership = control" relation. It therefore takes for granted a private capitalist orientation of production. This highlights the poverty of the theory of the firm to explain the plethora of other forms of organising production: Public, household, cooperative, labour-managed, mutual aid, self-employment, barter and skills exchange, community organisations, voluntary activity. For many of these, the main *raison d'être* is not profit maximisation in the classical sense (15).

The model firm thus reflects only a fraction of total human productive activity. Students ought to be made aware of this limitation and should be encouraged to consider the other sites of productive practice on their own merits. Much of these practices are indeed looked down upon and treated disparagingly in terms of

underground, black, informal, illegal or invisible activities, even though they serve a very useful purpose in real life. Is this an indication of their ability to escape clear monetization and therefore inclusion within scientific GNP-based data?

c) **Social relations** - The organisation of production, distribution and consumption which characterises the economic circuit is not simply an impersonal activity, explainable in quantity terms. It also brings people together in relations of superordination or subordination (16). The nature and effects of social relations of production has mostly been developed in terms of class or normative conflict at the workplace (17). Social relations are however none the less significant in matters of allocating resources and consuming them. At a macro level, the political system and the state are not just firms writ large, other black boxes which merely channel functions and supports (18). They are the sites of intense lobbying and pressure levelling, seeking to sway particular resources and policy choices in particular directions (19). At the micro level, individual producers and consumers are subject to different and widely ranging experiences from different milieux. Once again the theory is rich in the sphere of workplace production: certain work environments breed more militancy; some tolerate more discretion and initiative; others are more vulnerable, operating in unstable/seasonal markets; in others the work process is dominated by sophisticated machinery. These varied occupational contexts generate, even at the individual level, different tendency responses to job satisfaction, job security, skill development and trade unionism. The variety of responses increases further when one introduces other factors such as age, gender, race and size of firm (20).

d) **For exchange or for use?** - While mainstream economic theory remains tied to commodity production - that is, goods and services produced with the intention of them being sold on the market - there is an evident disregard if not an outright disrespect for non-commercialisable goods and services or those which cannot be profitably produced. The preference for exchange-oriented in lieu of use- or need-oriented value diminishes the importance of all (informal) activity not dictated by the profit motive. Such an orientation is fundamentally related to the growth motive in economics, whereby 'progress' is measured by economic expansion which, in its turn, implies the inducement by those who have the means to 'need' or 'want' more and thus increase effective demand. Those who can't buy more remain insignificant others in the system. The arising situation is the paradoxical one where great affluence and great poverty can and do coexist, even when there is common agreement that the capability is available to solve much abject material suffering, poverty and deprivation. The provision of basic human needs for the world-wide poor is not a profitable venture and - therefore - not of major economic interest. The impetus for need-creation - via advertising, effective marketing and public relations exercises - is channelled up-market, full of potential seductible customers. "How much" supercedes "how" and "what" things are produced and consumed. The latter orientations usurp the commodity maximisation straightjacket and are therefore more disposed to analyse the quality of life and to discuss comprehensively the issue of human welfare (21).

Implementation

If economics deals with understanding the workings of society and discussing ways of achieving improved states of human existence, it cannot then fail to explore the myriad and subtle nuances of social activity. Indulging in pure models which wholeheartedly embrace mechanical/quantifiable manipulation is abstract and artificial at best, and escapist and apologetic at worst. The potential is there to cultivate, over and above fact-finding and model-building, a certain political awareness of social phenomena even among primary and secondary school students. But how to go about this in practice?

Curricular design involves many practical questions: texts must be readily available and up to date; the teachers must know what they are supposed to teach; the students what they are supposed to learn. (22). Especially where examinations and syllabi set abroad are concerned, the space available for curricular manoeuvre appears highly restricted. In such cases the approach adopted may be much more important than the content (23). The prospects for reform are brighter in the primary and early secondary school period.

Irrespective of whether curricular reform takes place or not, the onus of the responsibility for adopting effectively a critical approach to economics education falls invariably on the teacher. Admittedly, the pressures not to venture into political oriented economics loom large and ominous: Maltese students, parents and peers by and large have today grown to accept and expect that classroom economics deals in quantities and abstract models, not in the analysis of the real world, especially if that highly emotional of terms - "politics" - is involved. The mainstream positivist orientation is also less demanding of the educator, in the sense that he/she is not forced to delve into value judgements and other insecure areas which escape the relieving and comfortable domain of value-free statistical representation. It is nevertheless this shying away from political consideration that makes individuals all the more prone to demagogery and political consumption.

For the teachers motivated to enhance the social relevance of the available curriculum, supportive resources, both human and material, exist while others may be developed. Text books with this critical dimension to economics education as well as suggestions for different ways of organising classroom activities based on economics themes are readily available in print (24). Unfortunately, most of these resources are not of a local origin and therefore require some adaptation. Other aids and texts await to be developed. Still, it would not be a wild guess to state that much useful pedagogic material has already been developed by scattered individual educators. But, lacking a knowledge of each other's methodology and common orientation to the subject, they have not learnt and matured from each other's teaching aids and experiences.

The importance of imparting a critical economic consciousness is not restricted to formal education. Space is not available here to account for the crucial role which a critical knowledge of the workings of the socio-economic order has on the sound development of educators, political activists, personnel managers, trade union leaders, environmentalists and others involved in labour, civic and consumer organisations (25). Centres for adult education and trade unions in particular should show a keen interest in taking further this hitherto unorthodox approach to a key discipline. Their task should be simpler since, being non- or post-formal educational institutions, they are spared from the very many pressures to "toe the line" as well as from the rampant examination fever which still grips most of formal schooling (26).

A Contested Terrain

It has been forcefully argued that the relationship between education and work is a dialectical, two-way phenomenon, composed of a perpetual tension between two dynamics: the dynamics of capitalism and those of democracy in all their forms (27). The struggle between positivist and critical economics can be considered as one small insight into this dialectic as it occurs inside the school. It is nevertheless not utopic to envisage a truce being forced on this contested terrain, whereby both the "socialising" branch and the "liberating" branch of economics education coexist, in realistic recognition of their validity and complementarity (28).

The author is indebted to Lino P. Delia and Godfrey A. Pirotta for useful comments on earlier drafts of this article, as well as to Ronald G. Sultana for research support.

Notes & References

1. 'Letter to A.L. Bowley, 3 March 1901' in A.C. Pigou, Ed., (1956) *Memorials of Alfred Marshall,* New York, Kelley & Millmann, p.422.

2. See, for example, Lipsey, R.G. (1982) *An Introduction to Positive Economics, 5th Edition,* London, Weidenfeld & Nicolson, Chapter 1.

3. Ibid., pp.6-7.

4. Robertson, D.H. (1952) *Utility and All That, and Other Essays,* London, Allen & Unwin, p.40.

5. Balogh, T. (1982) *The Irrelevance of Conventional Economics,* London, Weidenfeld & Nicolson.

6. "The purpose of economic theory is to make those who are comfortable, feel comfortable." T. Balogh quoted in B. McFarlane (1982) *Radical Economics,* London, Croom Helm, p.37.

7. On 'economic literacy' see Thomas, L. 'The Economic System' in D. Lawton, Ed. (1986) *School Curriculum Planning,* London, Hodder & Stoughton, pp. 18-33. On the 'happy mix' see Watts, M. (1987) 'Ideology, Textbooks and the Teaching of Economics' , *Theory into Practice,* Vol. 26 - No. 3, pp.190-7.

8. As evidenced from recent ethnographic studies. For example see Sultana, R.G. (1988) 'Schooling tomorrow's worker: Trade Union Education in Secondary Schools', New Zealand Journal of Industrial Relations, Vol. 13, pp. 3-20.

9. "The decision to teach X in a program with time constraints is also a decision not to teach Y... Silence transmits the status quo". This condition, referred to as the "null curriculum" is described in Eisner, E.W. (1979) *The Educational Imagination,* New York, MacMillan, p. 97 and Eisner, E.W. (1985) *the Art of Educational Evaluation,* Sussex, Falmer Press, p.123. It is related to Veblen's concept of "trained incapacity".

10. On the "correspondence principle" between school and the wider society see, for example, Bowles, S. & Gintis, H. (1976) *Schooling in Capitalist America,* London, Routledge & Kegan Paul; Willis, P, (1977) *Learning to Labour,* Westmead, Saxon House.

11. On the dynamic relationship between democratic theory and social practice see Pateman, C. (1970) *Participation and Democratic Theory,* Cambridge, Cambridge University Press.

12. Fisher, S. & Hicks, D. (1985) *World Studies 8-13: A Teacher's Handbook,* Edinburgh, Oliver & Boyd, pp.2-13; Thomas, L., op. cit., pp.19-27.

13. "The social costs of a polluted environment, disrupted communities, disrupted family life and eroded primary relationships may be the only part of GNP that is growing. We are so confused that we add these social costs - where monetary - into the GNP as if they were real, useful products" - Henderson, H. (1981) *The Politics of the Solar Age: Alternatives to Economics,* New York, Doubleday, p.12.

14. See, for example, Myrdal, G. & A. (1973) *Against the Stream,* New York, Pantheon; Ward, B. (1966) *Spaceship Earth,* New York, Columbia Univ. Press; Boulding, K. (1968) *Beyond Economics,* Ann Arbor, University of Michigan Press; Daly, H.E. (1977) *Steady-State Economics,* San Francisco, W.H. Freeman.

15. See Ross, D. (1986) 'Making the Informal Economy Visible' in P. Ekins, Ed. (1986) *The Living Economy: A New Economics in the Making,* London, Routledge & Kegan Paul, pp. 155-163; Sparrow, P. (1985) 'Unemployment and Unvalued Work: True Costs and Benefits', The Other Economic Summit Conference 1985.

16. Harrod, J. (1988) *Social Relations of Production, Systems of Labour Control and Third World Trade Unions,* London, Zed Books.

17. See, for example, Braverman, H. (1974) *Labour and Monopoly Capital,* New York, Monthly Review Press; Dahrendorf, R. (1957) *Class and Class Conflict in Industrial Society;* London, Routledge & Kegan Paul; Fox, A. (1971) *A Sociology of Work in Industry, London,* Collier - MacMillan.

18. See Almond, G. & Bingham Powell, G. (1978) *Comparative Politics,* Boston, Little Brown. For a critical assessment of this perspective, see Carnoy, M.(1984) *The State and Political Theory,* Princeton, N.J., Princeton University Press.

19. Waters, W.J. & Wheelwright, E.L. (1976) 'University Economics: A Radical Critique' in E.L. Wheelwright and F.J.B. Sitwell, Eds.: *Readings in Political Economy* - Vol. 1, Sydney, Australia and New Zealand Book Company, pp. 20-27.

20. On the individual and collective effects of the occupational environment on workers, see, for example, Goldthorpe, J.H. et al. (1969) *The Affluent Worker in the Class Structure,* London, Cambridge University Press; Mann, M. (1973) *Consciousness and Action among the Western Working Class,* London, MacMillan; Lockwood, D. (1966) 'Sources of Variation in Working Class Images of Society', *Sociological Review,* No. 14, pp. 249-267; Parkin, F. (1968) *Middle Class Radicalism,* New York, Praeger; Wood, S., Ed. (1982) *The Degradation of Work?,* London, Hutchinson; Schumacher, E.F. (1973) *Small is Beautiful: A Study of Economics as if People Mattered,* London, Blond & Briggs.

21. Andrews, F.M. & Withey, S.B. (1973) 'Developing measures of perceived life quality', *Social Indicators Research,* Vol. 1, pp. 1-26; Carr-Hill, R. & Lintott, J. (1986) 'Social Indicators for Popular Planning' in P. Ekins, Ed., op. cit., pp. 145-155; Cole, S. & Lucas, H. (1979) *Models, Planning and Basic Needs,* Oxford, Pergamon; Smith, D. (1984) *What Kind of Growth?,* London, Conservation Society & Tawney Society.

22. Routh, G. (1984) 'What to teach to undergraduates' in P. Wiles & G. Routh, Eds. *Economics in Disarray,* Oxford, Blackwell, pp. 240-9.

23. Bartolo, E. (1985) 'Cultural Action for Self-Management: How to Drive Not Where to Go' in K. Wain, Ed: *Lifelong Education and Participation,* Malta, Malta University Press, pp. 147-153.

24. Imaginative resource texts for early secondary students include Fisher, S. & Hicks, D., op. cit.; Isaacson, G. & Lamont, G. (1985) *Introductory Manual for Peace Education,* Manchester Peace Education Group; Allen, R. (1982) *How to Save the World: Strategy for World Conservation,* London, Corgi Books; Blyth, A. et. al. (1976) *Curriculum Planning in History, Geography and Social Science,* Bristol, Collins. For a touch of local colour see Borg, C. (1988) 'Developing a theme in Social Studies: An alternative approach', *Education,* Journal of the Faculty of Education, Vol. 3, No. 2, pp. 5-10. These texts can themselves lead on to other useful references of both a general and specific orientation to the subject matter at hand. There is also a host of organisations and periodicals to which one may subscribe for the regular receipt of information, activity suggestions and still more references. See Ekins, P. Ed., op. cit., pp. 367-374,; Fisher, S. & Hicks, D., op. cit., pp. 182 et. seq.

25. See Baldacchino, G. (1990) 'Workers' Education for Effective Participation' and Rizzo, S. (1985) 'Workers' Education as a Key in the Search for New Formulas', both in K. Wain, Ed. op cit., pp. 136-142 and 142-147 respectively.

26. Baldacchino, G. (1986) *Worker Cooperatives with particular reference to Malta,* The Netherlands, Institute of Social Studies; Baldacchino, G. (1988) 'Content and Form in Trade Union Education', *The Teacher, Malta,* MUT Publication, December, pp. 2-4.

27. Carnoy, M. & Levin, H.M. (1985) *Schooling and Work in the Democratic State,* California, Stanford University Press; Giroux, H.A. (1983) *Theory and Resistance in Education,* South Hedley, Mass., Bergin & Garvey; Bourdieu, P. & Passeron, J.C. (1977) *Reproduction in Education, Society and Culture,* Beverley Hills, Sage; Edwards, R.C. (1979) *Contested Terrain, The Transformation of the Worker in the Twentieth Century,* New York, Basic Books; Apple, M.W. (1986) Review Article: 'Bringing the Economy back into Educational Theory', *Educational Theory,* Vol. 36, No. 4.

28. Vanek, J. & Bayard, T. (1975) 'Education Towards Self-Management: An Alternative Development Strategy', *International Development Review,* Vol. 17, No. 4, pp. 17-23.