

## The case for values in economics education

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12<sup>th</sup> December, 2011

### Abstract

Milton Friedman in his essay 'The Methodology of Positive Economics' states that positive economics is in principle independent of any particular ethical or normative judgements and he further argues that economics is an objective science in the same way as the natural sciences. School economics has been taught in this way for a number of decades. This paper argues for values in economics education and explains how school economics has been based on the discredited philosophy of positivism which is in contrast to social constructivist understandings of knowledge. After two decades of falling numbers of students taking up economics at A-level in England, 2010 saw a rise of students sitting exams in the subject. A possible explanation is students' desire to understand a fast-changing economic landscape. Teachers have the opportunity to challenge previously held assumptions and to critically explore explanations in a way that is of relevance to students' lives.

## Introduction

This paper is about economics: the nature of the discipline. the teaching of economics in secondary schools and it is about economics education: preparing teachers for teaching their subject at the secondary school level. My perspective and my claim of expertise is that of a teacher-educator and it is my belief that our young people have a right to receive an excellent economics education in their schools so they can better understand the world in which they live and to make informed choices as citizens, consumers and participants in the workplace.

In England, economics as a school subject suffered a serious decline in the 1990s and into the 2000s (Davies and Durden, 2010). For example, at advanced level<sup>1</sup>, in the early 1990s it had approximately 30,000 entries a year but by 2004 it attracted only 17,762 candidates ([www.jcq.org.uk](http://www.jcq.org.uk) accessed 22/7/10). This decline was not just an English phenomenon but observed globally, with fewer students taking up the subject worldwide (Ableson, 1996; Pisanie, 1997; Hahn & Jang, 2010; Round & Shanahan, 2010; Watts & Walstad, 2010 and Yamaoka et al, 2010). This apparently universal decline implies a common explanation and a number of hypotheses have been suggested. One is that the subject is inherently difficult and overly conceptual and this has led to a substitution effect towards related subjects such as business studies (Hurd et al, 1998). Another is that “this is a reflection of dissatisfaction with the subject, brought about by the feeling that economics is largely irrelevant to the value and development of the young people at whom it is aimed” (Lines, 2000 page 249).

On the 15<sup>th</sup> of September, 2008, Lehman Brothers filed for bankruptcy protection prompting a banking crisis throughout the world. Since then a series of (financial) apocalyptic pronouncements have been mooted from ‘capitalism pushed to the brink’ to ‘world financial meltdown’. The Governor of the Bank of England, Mervyn King, coined the term ‘credit crunch’ which has now entered the English lexicon together with phrases such as ‘quantitative easing’ and ‘double dip recession’. ‘May you live in interesting times’ is an alleged Chinese curse and may prove to be so for the economies of Western Europe yet it may prove to be a blessing for economics teachers as students clamour to understand the changing world in which they now live. Indeed numbers taking up the subject are now rising. I believe that we now have a duty to our students to make economics relevant and worth studying.

I do, however, see a barrier to my hopes of better economics teaching and learning in the very nature of the subject discipline and my primary argument in this paper is that economics is trapped in an outdated paradigm. The belief of many economists (and economics teachers) that the discipline is a value-free ‘positive’ subject leads to an acceptance of the status quo and a type of hegemony exists where theories are accepted as facts (and often taught that way) and from my professional experience I have observed that both teachers and students fail to challenge this orthodoxy. It is ironic that by challenging out-dated theory, this may lead to a more rewarding teaching and learning environment where students’ understanding is deepened and their attainment in examinations improved as a consequence.

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<sup>1</sup> AS and A2 examinations are typically taken by 17 and 18 year olds in England and some other countries

My primary argument in this paper is that we need a new conceptualisation for economics; to see the subject as providing an explanatory function to help us understand important aspects of the world in which we live (and perhaps to suggest ways of improving it). My secondary argument is one of pedagogy: by exploring reality first and then using economic theory as an explanatory tool, lessons will prove more interesting and more relevant to students with the result that more of them may wish to study economics.

## Contesting the nature of economics

Lord Robins (1935) famously defined economics as a science that studies human behaviour as a relationship between ends and scarce means which have alternative uses. This definition (or derivative of it) has become a norm world-wide and a starting point for learning economics. Furthermore most standard economics text books distinguish positive from normative economics, the later being criticised as it deals with values and value judgments whereas the former is extolled because it follows scientific method. So both on the definition of the subject and its methodology, there is a claim of science and scientific method and this appears to be the received view supported by the great majority of neo-classical economists.

I will now explore the epistemological arguments for economics being positive and scientific and I will start with one of the fiercest proponents of positive economics, Milton Friedman. Friedman (1966) sees economics as a pure, objective science which should be differentiated from *normative economics* which he claims confuses the objectivity of (positive) economics. He offers the example of a minimum wage as a case in point, stating that arguing for such a minimum wage is a value call (presumably to protect the weaker members of society who may not have strong wage-bargaining possibilities). Friedman then states that a minimum wage *would* increase unemployment and claims this to be an objective statement. This is an assertion that can be challenged because the objectivity of the statement rests on accepting a neo-classical model of the economy as *truth* – I do not accept it as a truth because the model of the economy is a theory. In contrast, a Keynesian analysis, i.e. a different theory, may conclude that under certain conditions, a minimum wage may stimulate aggregate demand which may actually *lower* unemployment. My point is not to arbitrate between Keynes and Friedman but rather to challenge Friedman's claim of objectivity.

Friedman (ibid) argues that the ultimate goal of economics is to develop theories that yield meaningful and valid predictions about phenomena not yet observed. He states that economics as a positive science is a body of tentatively accepted generalisations about phenomena that can be used to predict the consequences in changes in circumstances. I will now digress for a moment and examine what scientific method might look like. Let us consider say a physicist setting up laboratory experiment:

- The problem is formally presented
- A hypothesis is offered
- Experiments are created to test the hypothesis
- Results of the experiments are predicted
- The experiment is observed and results noted
- Conclusions are made

- Universal laws are surmised

The pertinent question is whether an economist can set up a similar experiment? Where natural scientists can isolate variables, economists must rely on uncontrolled experiences and here the problem lies in large measure with the number of variables in consideration. Furthermore, in human/social sciences the deterministic relationships assumed in the natural sciences are not possible because of human free will. So the objects of social science are not just much more complicated than those of natural science but also qualitatively different. Blaug (1992), like Friedman, describes science as the 'received view'. He states that science is about observing the world around us and from observational data formulating universal laws that explain and predict our world. Furthermore Blaug argues that offering understanding without prediction 'short-changes' the reader. I will now turn to Popper and his idea of falsification. Popper (1977) recounted Hume's famous quote of the 17<sup>th</sup> Century:

*No amount of observations of white swans can allow the inference that all swans are white, but the observation of one black swan is enough to refute the conclusion.*

His argument is that the scientist should always try to test his hypothesis by trying to refute it. While this argument may be compelling, falsification in economics is difficult because of the number of variable involved. Let us consider an a priori hypothesis by Lipsey (1976): a specific sales tax is imposed on a product of a competitive industry: the proposition is that the market price will rise but by less than the tax. The a priori reasoning is sound as neither supply nor demand have perfect elasticity and the theory is unbound by time and space (neoclassical model of microeconomics). So should we test this by looking for the 'black swan'? In the Popperian sense, we cannot prove conclusively that the theory is true as a thousand positive confirmations are like the white swans (of David Hume). But should we worry about a refutation? Let me offer two examples from recent personal experience. In the April 2011 Budget in England, VAT rose from 17.5% to 20%. (1) A host of retailers announced that they would not be raising their prices following the VAT increase (this flies in the face of neo-classical economic theory but is logical to anyone who understands that pricing is about what the market can bear). (2) A Britta water filter that retailed at £28.50 when VAT was 17.5% rose in price to £38.70, an increase of over 35% (it is clear that other factors came to the fore). Are these two examples the 'black swans' that refute the hypothesis (that the market price will rise but by less than the tax) or should one not worry unduly about one or two refutations as there is no certainty in economics? Economists usually preface their assertions with 'ceteris paribus' (other things being equal) but of course they never are and so in economics falsifiability and testability may be a matter of degree rather than a perfect science. Indeed, both McCloskey (1983) and Caldwell (1994) doubt that falsification is a viable methodology in economics at all.

Friedman's and Blaug's assertions are that economics should emulate the natural sciences and adopt the methods of the natural sciences as far as practically possible. Their argument is that economics should be a positive subject and it should be objective in its methodology. In developing my argument, I will now turn to philosophical matters. Friedman's and Blaug's epistemology is consistent with a positivism which derives from the eighteenth & nineteenth centuries' *age of enlightenment*. Science was then seen to have the answers to the problems of the universe and it was believed that 'truth' could be discovered through observation and experimentation. The primary ontological and epistemological assumption of positivism is that the world is objective in the sense

that it is independent of its knowers and thus by using scientific methods it is possible to discover universal laws. The problem with social research based on such positivist methodology is that its ontological assumptions about the nature of the world, that it is orderly, lawful and hence predictable, are highly problematic. Kuhn (1970) argues that social events, processes and phenomena in social research are more usefully seen as open and indeterminate. In contrast to positivism, hermeneutic epistemology assumes that human action is meaningful and that to explain the social world one must understand it and make sense of it.

And what is the problem of maintaining a positivist position for economics? Donaldson (1984) argues that the discipline is becoming irrelevant and furthermore that economists are not good at dealing with real problems. Houseman & Mcpherson (1996) suggest that economics should subscribe to a descriptive methodology, McCloskey (1983) argues that economics is an historical rather than predictive science while Thomas (1992) criticises the abstract nature, complexity of modelling, lack of application and the positivist methodology of economics. Lawton (1997) also suggests that contemporary academic economics is not in a healthy state and he doubts the capacity of many of its strands to explain real world events or to facilitate policy evaluation. He further states that contemporary economics is marked by a neglect of ontology and an uncritical application of formulistic methods and systems to conditions for which they are obviously unsuited. It is my argument that economists should let go of their reverence for positivistic methodology and seek alternative conceptual frameworks, ones that *are* good at understanding and addressing real problems.

I now return to meta-theory to offer an alternative theoretical framework to that of positivism, one that I argue is more appropriate to the discipline of economics – critical realism. Bhaskar (1998) states that the world is composed not only of events and states of affair together with our experiences and impressions, but also of underlying structures, powers, mechanisms and tendencies that exist, whether or not detected, and these govern and facilitate actual events. Structures possess certain powers: potentials, capacities or abilities to act in a certain way and mechanisms are the way structured things work. Finally, tendencies are potentials and forces actually at work. Bhaskar distinguishes three domains of reality: Empirical (experience and impression), Actual (actual events and states of affair in addition to the empirical) and Real (structures, powers, mechanisms and tendencies in addition to the empirical and actual).

So for a critical realist, to explain economics phenomena it is necessary to determine a hypothesis of mechanism. I will now apply critical realism to a concrete example in economics. Working backwards, we experience things we call 'prices' and these 'prices' are generated by processes that we do not directly experience but which we can model or imagine through our reasoning. We may, for example, refer to these processes as 'supply' or 'demand' but we do not directly experience a 'demand curve', a 'supply curve' or indeed an 'equilibrium'. The actual reality that gives rise to these processes lies a step further removed from our experience, essentially unreachable, but that does not mean that we are not influenced by its nature (Davies and Brant, 2006). To illustrate this, I now borrow an example from physics: magnetic forces may not be seen or experienced directly, but can be evidenced by moving a magnet under a piece of paper sprinkled with iron filings. For the social sciences, Bhaskar (1979) advocates following a 'DREIC' model of enquiry. When trying to understand a phenomenon the first step is Description (as in hermeneutics) followed by Retroduction, the process of generating explanatory hypotheses. The next stage is to Eliminate unlikely hypotheses

and by doing so Identify the ones that seem to best explain the phenomenon. The final process is an iterative one where Corrections are made and the phenomenon is examined again to see if the explanatory mechanism has been identified.

What I have attempted to do in this section is to establish that economics is caught in a philosophical time-warp, but that there are alternative methodologies to positivism which are of particular value to a social science such as economics. Both hermeneutics (interpretivism) and critical realism are credible conceptual frameworks and it is the latter that I suggest as offering the greatest potential to understanding the (financial and business) world in which we live. Critical realism completely accepts the hermeneutical starting point; a need for empathy and an understanding of social life and people's subjectivity. But critical realists argue that there is more to the social world, for there are material realities to contend with too. Bhaskar (1979) suggest that just as in the natural sciences, a redroductive approach can be followed by seeking plausible mechanisms that would account for the phenomenon in question. These mechanisms can then be used to explain the concrete phenomena observed.

## What's in school economics?

The problem that I have identified in the previous section is that many economists have clung onto an outdated paradigm of the subject that claims it to be positive and value free. My argument has been that the inclination towards a positivistic slant has in turn led economics to be perceived as less relevant to the world in which we live and has contributed to a fall in the number of students pursuing its study. Economics taught at university level has predominantly accepted the positivistic methodology and in turn school economics has tended to reflect what emanated from university (Livsey, 1986). So what should school economics be about? The latest Inspection Report on economics, business and enterprise education in England (Ofsted, 2011) suggests that:

Economics, business and enterprise education is about equipping children and young people with the knowledge, skills and understanding to help them make sense of the complex and dynamic economic, business and financial environment in which they live. It should help them leave school well-informed and well-prepared to function as consumers, employees and potential employers. (Page 4)

I wholeheartedly concur with this but now it begs the question of what content should be taught and who is to decide that content. In England, OfQual (Office of Qualifications and Examinations Regulation) is the overseeing body that determines the aims and compass of examinations. It is beyond the scope of this paper to examine the entire school economics curriculum and its assessment, so for the purposes of brevity, I will focus on the Advanced-level<sup>2</sup> age range with specific reference to one specification. For A-level economics, OfQual's stated aims are that specifications in economics should encourage students to:

- develop an interest in and enthusiasm for the study of the subject

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<sup>2</sup> The English A2 examination is typically studied by 17-18 year olds in their final year of schooling [you have already said this]

- appreciate the contribution of economics to the understanding of the wider economic and social environment
- develop an understanding of a range of concepts and an ability to use these concepts in a variety of different contexts
- use an enquiring, critical and thoughtful approach to the study of economics and an ability to think as an economist
- develop skills, qualities and attitudes which will equip them for the challenges, opportunities and responsibilities of adult and working life.

OfQual further states that specifications in economics must:

- provide a coherent combination of micro-economic and macro-economic content, drawing on local, national and international contexts
- foster the appreciation of economic concepts and theories in a range of contexts and appreciate their value and limitations in explaining real-world phenomena.
- use and evaluate more complex models involving more variables
- apply models to a wider range of contexts
- develop the ability to apply and evaluate economic models as represented in written, numerical and graphical forms
- interpret and evaluate different types of data from multiple sources
- be able to propose possible solutions to problems
- understand the relationships and linkages that underpin macro-economic models
- be able to predict the possible impact of policy changes on local, national and international economies
- be able to evaluate the effectiveness of government policies across a range of contexts.

These requirements do not appear to be controversial, indeed they offer the 'feel' of a subject that is relevant and analytical. So if there is a problem with A-level economics it may lie with the interpretation of the above by Awarding Bodies or interpretation of what is required by schoolteachers who are teaching the set specifications. I will now turn to one of the Awarding Bodies to see an example of the application of the above requirements and I turn to EdExcel and their first specimen question.

Source: <http://www.edexcel.com/migrationdocuments/GCE%20New%20GCE/sam-gce-economics.pdf> (page 8) accessed 4/6/11

**Statement 1:** The government should increase the national minimum wage to reduce inequality. **Statement 2:** A significant increase in the national minimum wage above the market equilibrium wage is likely to cause unemployment. Which of the following best describes the two statements above?

- A Statement 1 is normative and statement 2 is positive.
- B Both statements are normative.
- C Statement 1 is positive and statement 2 is normative.
- D Both statements are positive.

There is a striking similarity with Friedman (1966) above, and given the suggested correct answer for statement 2 is stated as positive, there is an implicit acceptance of static neo-classical theory and a positivistic methodology. EdExcel's second specimen question (ibid, page 9) starts with a diagram of a production possibility frontier but while it is labelled, no time-frame is specified. The following explanatory text is written followed by the question:

The diagram refers to an economy producing two commodities, wheat and steel. At first the economy has production possibilities as shown by the line XY. The production possibility frontier then moves to ZY. Which of the following does this change show?

- A A decrease in production of steel.

- B An increase in the opportunity cost of producing wheat.
- C An increase in the demand for steel.
- D Technological improvements in the wheat industry.

The question assumes a 'world' of wheat or steel without a time dimension. Not only is this unrealistic, but as in the first question, there is an implicit acceptance of static neo-classical theory and a positivistic methodology. Many of the subsequent questions in the specimen paper follow a similar pattern: theoretical models are presented and their understanding is tested. What I believe I have evidenced is a tendency of the awarding body to interpret economics in a positivistic framework following a scientific methodology and abstracted from the real world.

My argument is not that the economics is wrong but rather that that the presentation of static models as reality will influence the way teachers teach to the detriment of student motivation for learning the subject. The implication for many teachers will be that these theories should be taught as uncontentious rather than as tools for understanding. I evidence my argument by turning once again to the 2011 Ofsted Report on teaching economics, business and enterprise education in England:

The standard approach adopted in most of the lessons observed was to set out the learning objectives, explain a theory or concept and then to get students to apply their understanding to a case study or other exercise. However, in some of the outstanding lessons seen, teachers applied more imaginative approaches by starting lessons with a piece of stimulus material, such as a headline from a newspaper article or a video clip. This immediately grabbed the interest of students, particularly when it was based around something that was very current, which students could easily relate to. Through skilful questioning, teachers explored the issues raised by the stimulus and started to develop the concepts that underpinned it. Students were encouraged to ask questions about the material, for example, 'What else might they need to know in order to gain a deeper understanding?' Using this approach meant that it was often a little way into the lesson before the learning objectives were identified by the teacher, but this had the advantage of making them more meaningful and relevant to students. (Page 14)

I end this section by posing a rhetorical question: following the banking crisis that started in 2008 and the following 'credit crunch', has the teaching of economics changed or are teachers still covering the syllabus as if nothing has happened? I suggest that good teachers will help students understand the new world reality and that poor or indifferent teaching is often based on textbook theory and not real life and teachers have continued as if nothing has happened. Crisis? What crisis?

## Knowledge and pedagogy

From an epistemological point of view, I will now briefly explore understanding of knowledge and pedagogy. Bolhuis & Voeten (2004) explain that secondary school teachers have traditionally conceived subject matter as a static body of knowledge to be transmitted to students. When the teacher is 'delivering the curriculum' in such a way, then learning takes the form of passive absorption of knowledge. The work of social constructivists such as Piaget, Vygotsky and Bruner has led to more student-centred approaches to teaching that largely depend on learners' activities and



within which the pedagogical skills of the teacher can actively promote better learning. Such a conceptualisation of teaching requires learners to be independent thinkers and to critically examine the procedure of knowledge construction. Classroom activities devised by teachers subscribing to a social-constructivist conceptualisation of teaching are more likely to require students' reasoning, discovery learning, problem-solving, data gathering, applying and communicating ideas (Davies and Brant, 2006).

Pre-service teachers of economics often embark on their career with particular views of the epistemology of their subject. I see it as my role as a teacher-educator to create a 'space' for pre-service teachers to reflect on their own preconceptions, stereotypes and perhaps even prejudices in an unthreatening environment. One of my aims is to challenge pre-service teachers' thoughts of what might constitute effective pedagogy. For example, at an early stage I may be asked a question such as: what is the *best* way to teach price elasticity of supply? This question is value laden in that it pre-supposes an epistemology that there is a *best* way of teaching price elasticity of supply. The question indicates to me that the pre-service teacher is conceptualising teaching in terms of delivery of subject content. Naturally, I would challenge such a conceptualisation and rather than offer an 'off-the-peg' lesson plan, I would work with the teacher to create a bespoke lesson plan. The change in conceptualisation from a transmissive to an interactive pedagogy is characterised by teachers considering pupils' learning as the primary concern rather than the content that they are teaching. Wood (1996) found that pre-service teachers tended towards four different types of explanation that reflect different ways of conceptualising teaching:

'Teaching as imparting knowledge'; For example, one trainee described teaching as '...you get to transmit knowledge in a clear and logical way...'

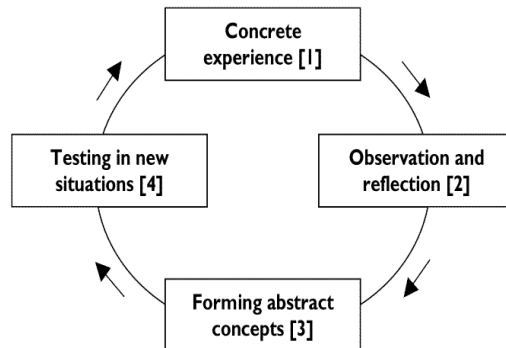
Described teaching as 'preparing pupils to use knowledge'; For example, one trainee described what they tried to do as '...to adapt the knowledge that you have. In a sense try to extract it through the kids rather than giving it to them...'

'Providing opportunities for students to see the existence of different perspectives on phenomenon'; For example, one trainee argued that 'having arguments in the lesson seems to make lot of sense ... they were really having to think about it...' and another trainee referred to 'the teacher as the catalyst and pupils take it from there...the teachers starts something off and hopes the others will pick it up. Then it will evolve from there...the teacher can learn from the kids'.

'Preparing students to be reflective'; For example, one trainee described their teaching as '...pupils are given the opportunities to interpret their understanding rather than just relating it to very structured knowledge...'

For Wood, these four categories formed a hierarchy with many pre-service teachers beginning with the first type of conception, focusing on imparting what they know and then moving on from this way of thinking during their teacher-education course. It may be more useful, however, to think of these different ways of thinking about teaching as a menu rather than as a simple hierarchy. Developing as a teacher involves becoming more adept at recognising the circumstances in which it is better to think about teaching in one way rather than another. There are occasions when it is more appropriate to think of teaching principally in terms of communicating an idea clearly. There are other occasions when it is more appropriate to think of teaching as 'helping students to reflect on their understanding' (Davies and Brant, 2006).

One powerful way of learning economics is through experience and I recommend that economics teachers consider Kolb's (1984) learning cycle as a useful tool. Kolb suggests that learning is a cyclical process that begins from students' experiences and these concrete experiences are the basis for observations and reflections which in turn are assimilated and distilled into abstract concepts.



Source: Davies and Brant, 2006 P148

If what students learn in school is to have any impact on their thinking outside school then students must be taught to reappraise their existing knowledge and understanding in the light of what is presented in school. For example, students may have experience of a payment system (piece rates, hourly rates, overtime, bonus payments) through part-time work. Through this experience they will have some awareness of how a payment system operates, some awareness of motivation at work and some awareness of the organisation which employed them. Through reflection on their experience, students can bring each of these aspects of their experience into their current consciousness. A natural way in which students may reflect on payment systems is by comparing their experience with others. This type of approach also has clear implications for teachers in schools and colleges who are working with groups of students in classrooms. In these circumstances the teacher could ask: "What experiences do the students have that are relevant to the topic I am about to teach?" The example of payment systems illustrates how this question may be answered. However, 14-19 year-old students' experience of business is necessarily limited.

Simulations of economic behaviour have also been used to provide students with experiences that are intended to make them act as if they were operating in a real economic context and case studies in particular have become central, not only to pedagogy but also to assessment. They provide an excellent vehicle for engaging students in the subject area via imaginary or real-life scenarios. Appropriately designed cases will emphasise subject knowledge and understanding, but also allow for the development of a wide variety of skills such as those of analysis, application, creativity, communication and perception (Marcouse and Lines, 1994). The best cases operate at different levels, depending on the learning outcomes which are being targeted and the skills of the teacher. One such is called 'The Dynx Effect'<sup>3</sup>. The case is centred on a company, which produces two goods, Dynx X and Dynx Y, the latter being a new and superior version of the earlier one. The firm is the market leader in Britain with Dynx X, which it also successfully exports to the USA. In the USA it is very much a price taker. Because of competition there, prices are generally much lower than in the home market and consequently margins and profit levels are also lower. Naturally there is potential

<sup>3</sup> The Dynx effect is an unpublished case study available from the author

to export to other markets; the firm's own market research suggests that Russia may be ready to buy either X or Y or both.

The case is, at one level, all about pricing strategies. Armed with data on costs of production and output potential for the X and Y, and information on sales and prices charged for the X at home and in the States, the participants must carefully consider their tactics and a strategy for the future. The teaching focus at this stage is about prices and sales volumes, but after results have been collected, it expands to business ethics and development issues. I have run this case study with teachers for many years and the results suggest a uniformity of thinking and this is not surprising, for participants, working in groups, want to 'win' in the sense of offering the 'best' market solution. Invariably Y is introduced into both the home market and the States at a premium price because companies who demand the technically superior product will pay the extra. The price of Dynx X is reduced to squeeze the competitors further. (In the home market there is even the possibility of destroyer pricing to eliminate the competition totally.) But what of the Russian market (which I have used to characterise a developing market)? Is it offered Y? Almost invariably and seemingly inevitably the answer is 'no', it must accept the inferior Dynx X, and very often at a premium price.

The case works well because it operates at a number of levels, with development issues as a subliminal theme. Participants concentrate on profit maximisation strategies and usually make sophisticated economic decisions that reflect the ways multi-nationals often act. Just as in the real world, with profit pursuing companies, the secondary impact of their decisions is rarely considered. This is why, in using the case, sufficient time should be built in for debriefing the participants, because it is here that ethical issues can and should be explored. Through first-hand experience, not only will the players recognise the pressures on decision making in western firms, they will also understand some of the problems and challenges facing less developed countries (LDCs). High-order discussions often examine the very nature of our market economy and sometimes what Ted Heath (former Conservative Prime Minister of Great Britain) described as the unacceptable face of capitalism. The point of such discussions is not to be anti-capitalist but rather to deeper understand the forces and tendencies at work in our economy (i.e. using the critical realist conceptual framework).

## **The case for values in economics education**

I now digress from economics for a moment to pose another rhetorical question: what is the purpose of schooling? Is schooling simply preparation for work or should schooling have a deeper and moral dimension? Walsh (1993) argues that 'education' carries with it a burden of justification unlike other spheres of life for it is concerned with value judgements and the communication of values. He identifies four kinds of values that are used in justifying schooling: possessive, experiential, ethical and ecstatic. Possessive values are concerned with some form of pay-off or economic value added to society. The two main manifestations of a possessive instinct in education are vocationalism and encyclopaedism. Experiential values are concerned with 'intrinsic fruitfulness', the stretching of minds for intellectual challenge and adventure. Ethical values are concerned with

rationality, precision of thought, objectivity and a commitment to truth. Ecstatic values are concerned with beauty and a love of the world. They are concerned with what Abraham Maslow called 'self-actualisation'. Walsh's analysis is important in questioning the purposes of schooling and in the case of this paper the purpose of economics education. Yes, it is about teaching economics, but my argument is that there is something more to it than that. As a teacher-educator I am privileged to work with diligent, able and enthusiastic pre-service teachers. For the majority of them, the PGCE<sup>4</sup> represents a career change and a chance to embark on a rewarding vocation. This is clearly articulated by Peter<sup>5</sup> who states:

I came into teaching after 14 years in a financial analysis, management and accounting background and for me going into teaching was very simple. I wanted to do something that was more varied and interesting, to challenge myself to do something that I hadn't done before, and to make a difference to some people's lives.

Brant (2006)

Peter's statement that he wants to "make a difference to some people's lives" suggests higher-order reasons for going into teaching. Indeed, individuals are constantly involved in choosing, developing and implementing their own values in real-life situations. Teachers of economics will have value positions themselves whether they acknowledge this or not and perhaps the issue at stake is whether teachers have a duty to avoid influencing pupils or whether they have a moral duty to do so. Students of economics bring with them value positions: should teachers accept these positions or is there an ethical duty for teachers to make explicit students' value positions so that they may reflect on them and perhaps alter them? It is my argument that hiding behind the pretext of neutrality and propagating economics as a value-free discipline is intellectually dishonest.

Walsted and Soper (1991) argue that economic education is not a "collection of facts, statistics or opinions about economic events" but rather "it is primarily a decision making method that we teach to students" (page 12). Indeed, Keynes (1930) described economics as "method rather than a doctrine, an apparatus of the mind, a technique of thinking, which helps its possessor to draw correct conclusions" (page 6). This to me suggests a role for value judgements. If economics is about making decisions, then following Keynes's argument, economics education must be about helping our students make good decisions and surely this implies an ethical or moral perspective?

In my conclusion, I now return to the 'credit crunch'. There is no doubt that 'greedy bankers' were partially responsible for the global financial crisis by making reckless financial decisions with other people's money; Vince Cable, Business Secretary of England's coalition government, famously described them as spivs and gamblers. Mervyn King, the Governor of the Bank of England, laid the blame for the financial crisis, the bailout and subsequent austerity cuts directly on banks in testimony to the House of Commons Treasury Select Committee: "Now is the period when the cost is being paid, I'm surprised the real anger hasn't been greater than it has" (Daily Telegraph, accessed 13/6/11). But why should people feel angry at the bankers? Is it jealousy or envy of their huge salaries and large bonuses? This is too simplistic an analysis for there are businessmen and businesswomen who earn substantial rewards and yet there is a general respect for entrepreneurs

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<sup>4</sup> Post Graduate Certificate in Education

<sup>5</sup> I draw on my doctoral thesis research. During the focus group interviews as part of the Fieldwork research, I took the opportunity of asking some additional questions to explore the motivation for coming onto the PGCE. 'Peter' is a pseudonym; his real name has been changed for research ethics reasons.

who risk their own money. The anger at bankers is that the bankers risked our money to make themselves wealthy and that even when banks were in a dire financial state, and in some cases partially nationalised, bankers paid themselves substantial bonuses from taxpayers' money. This strikes many people as *unfair* and it is our sense of fairness that is so upset.

Blaming the economic malaise on bankers is itself too simplistic. Governments too were to blame in failing to regulate global financial systems, relying instead on Adam Smith's invisible hand (market forces) to be self-regulatory when in fact they aren't. Lessons from the Great Depression of the 1920s and '30s were not learnt – leading up to the Great Depression too much financial de-regulation led to over-lending with disastrous consequences (Hutton, 2010). I suggest the underlying problem is that neo-classical economics did not predict nor does it explain the world financial crisis that we face, and blaming the bankers is a distraction from taking decisive action to prevent future crises. What is needed is a reconceptualisation of economics as I have suggested in the first section of this paper. My argument is that economics is inherently about values. The rekindled interest in the subject stems from students wanting to understand the uncertain world in which they live. Additionally, for many students there is also a desire to make the world in which we live a better place. So there is a need for agency and here critical realism offers economics a way forward. Rather than trying to predict the future as Friedman and Blaug suggest, economists should work on uncovering the mechanisms at work to help explain what is going on. My argument is that critical realism provides not only a descriptive framework but also an explanatory one that looks outside the abstract discipline of economics to the structures and mechanisms of society.

The economics teacher is faced with the content of specifications as a given and the nature of examination questions also as a given. But the *way* that economics can be taught is open to the teacher. Following Kolb's learning cycle and sound understanding of social constructivism, my recommendation is for economics teachers to start with what is known and to move from the concrete to the abstract. Economic models should be used to describe and explain rather than to suggest they exist in any meaningful way as entities in themselves. One classroom activity may be for students, working in groups, to come up with a number of explanations of a phenomenon posed by the teacher and then to argue for the 'best' explanatory mechanism. I suggest that such a retroductive approach to learning economics will help students' understandings of the subject and their abilities to offer well-considered explanations.

Teaching in an interactive way to seek meaning and explanation is sound economics teaching. But more than that, teaching with values and the interests of the students at heart will maintain relevance and purpose in economics education.

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