

Reinhold Hedtke

Editorial: Financial, Economic and Political Crises – Carrying Social Science Education on as Before?

This issue of the Journal of Social Science Education deals with the financial and economic crises, its causes and the consequences which could be drawn for civic and economic education. As far as economic and civic educators are expected to behave like communicators of established scientific knowledge received from economics or political science, they also are hit by the crisis of these two disciplines which is induced by their severe shortcomings in the crisis. The conventional wisdom of economics or of political science failed to provide an early warning system of potentially dangerous institutions, policies or outcomes. On the contrary, among the main causes of the financial crisis and its political and economic failures are: policy recommendations delivered by the Chicago school of economics, beliefs and decisions of the economic and political elites encouraged by mainstream economics and economic liberalism, and, last but not least, an increasing self-restraint of the state towards the market, fed by political theories based on the idea that (financial) markets should best control themselves. The financial-economic-political crisis cannot be understood without its ideological, institutional and political framework, and this framework cannot be understood without taking into account its foundations in mainstream economics and the economic mode of thinking which is also flourishing in political science. The significant shift of power in favour of the international financial industries has to be considered, too. Disentangling the intricate causes of the intertwined crises and discussing its consequences – also for education at universities – is a challenging task taken up by the authors of this and the next issue of the JSSE.

Against the backdrop of this double, economic and political crisis, it does not seem to be the best strategy of social science education to wait for some “post-crisis” knowledge, delivered in separate channels of distribution from economics or political science, which – after having transformed it into a comprehensible form – has to be passed down to the students in disciplinarily neatly divided subjects like economics and civics. Rather, the real crises turn into crises of conventional economic and political knowledge and beliefs which are also provided and produced at universities and schools. Therefore, scholars in civic, economic and social science education as well as teacher trainers and teachers are challenged to develop an appropriate answer to the crisis of conventional scientific, political and school knowledge. The most difficult task may be to construct an appropriate framework of knowledge, methods and approaches suitable for enabling students to systematically gain insight into the relationship between economy, polity and politics, rule and power, actors and actions, interests and beliefs – and into the different approaches to be used for analyzing, explaining, and evaluating them. Scholars writing in this issue offer a very diverse range of crisis-related problem understandings and resulting solutions for teaching and learning in the field of social science education; this debate will be continued in JSSE 2-2010.

Opening the discussion, the first paper (Hippe) can be read as a plea for informed mistrust as the educational principle. The field of social science education should take up this principle as a result from the double crisis which obviously has affected political and economic key institutions, main beliefs and standard policies. The next two articles investigate

the causes of the crisis or crises from a sociological (Deutschmann) or institutional-economic (Engartner) viewpoint. The following paper (Bendixen) makes clear why orthodox (neoclassical) economic education as currently taught at many universities is not well suited to promote an adequate understanding of the financial crisis. Dealing with financial education as an aspect of the crisis, Loerwald and Retzmann touch an important issue because one reason for the crisis is that borrowers as well as investors were misled by banks and other private financial organizations. Subsequently, Klee and Lutter investigate how pupils or students think about the financial crisis and its causes. The second part of this issue presents papers on civic education in Norway and Denmark. For example, for the Danish case, Malich shows how civic and economic education is taught there and gives a special account of the curricular place for the financial crisis. Last but not least, Busch and Grammes give a report on the main lines of the discourses on social science education which were articulated at the congress on “Education in the Democracy” held by the German Society of Educational Sciences. A second issue of the JSSE on the topic of the financial crisis will be online in late summer 2010.

Thorsten Hippe explains why the financial crisis is a central topic of problem-centered social science education and how this issue can be approached in teaching. According to him, the financial crisis shows how important it is for citizens to develop a healthy, informed mistrust concerning the actions of economic and political elites, whose regulatory negligence is not only responsible for the current mess, but maybe also for the next financial crisis, because a reasonable,



effective regulatory reform of the financial sector is still missing in the EU as well as in the US. Hippe proposes two scientific approaches and theoretical core concepts which can help to unravel the seemingly complex causality of the financial crisis and which are of general importance for social science education: economic liability and social inequality. Moreover, he also gives insight into the recent crisis of the euro-zone, points out its relationship to the financial crisis, critically examines prevailing prejudices concerning its causes and explains what consequences should be drawn from it for European civic education.

Christoph Deutschmann puts forward a very interesting, sociological explanation for the financial crisis which focuses on the role of social structure and its change during the last decades. For him, theoretical accounts like the financial instability hypothesis developed by Minsky and Kindleberger alone are not sufficient to explain the financial crisis. Rather, he locates the central origin of the crisis in a mismatch between a growing volume of rent-seeking assets, on the one hand, and declining real investment opportunities, on the other hand, so that chronic excess liquidity results. According to Deutschmann, the reason for this lies in a considerable shift of the social structure of Western capitalist societies in the last 50 years, i.e. the fact that a growing layer of thrifty upper middle class rentiers has emerged while the social reservoir for upward mobile, entrepreneurially oriented, highly productive debtors has decreased. The latter is caused by mounting blockades of upward social mobility for young people and by an ageing population. He recommends an enlargement of the public sector and an adequate taxation of capital incomes in order to absorb the excess liquidity.

Tim Engartner tackles the question of what are the theoretical origins and central characteristics of the economic philosophy of deregulation and how it gained ground in the political practice in all countries during the last thirty years. He shows how and why the delegitimization of the interventionist economic philosophy of Keynesianism gave increasingly way to public choice theory and the libertarian conviction which considered state interventions to regulate market processes and outcomes as an unacceptable usurpation of knowledge. Finally, the connection between the economic doctrine of deregulation and the financial crisis is discussed by highlighting the inefficiency of the regulatory framework of the financial market of the US. The author concludes that it is time to rethink the relationship between the market and the state in general and to alter the regulatory framework of financial markets in particular.

Peter Bendixen criticizes the heavy use of formal models in traditional economic education for falsely making students believe in economic phenomena as something solely and perfectly manageable by

the logic of rational methodologies. He argues that this conviction depends on the implicit assumption that the real economic world would adhere to stable laws, while in fact it is characterized by the existence of uncertainties and coincidences which cannot be forecasted by formal modeling as the financial crisis shows. Therefore, for Bendixen, managing macroeconomic or business crises in an effective way also requires the power of the unconscious (Gigerenzer 2008), i.e. of one's intuition, so that formal rationality and individual creativity are balanced. As an educational consequence, he demands that academic teaching should at least try to train the capability of imagination instead of furthering fixed beliefs in orthodox economic models.

The article of *Dirk Loerwald* and *Thomas Retzmann* puts the focus on the problem of misselling, i.e. the phenomenon of financial service providers selling investment products to customers which are of dubious quality or which are at least not in accordance with their financial preferences. It is argued that this problem has structural causes and therefore constitutes a central reason for the introduction of financial education in the school curriculum. To be sure, the aim of their proposal is neither to moralize the behavior of the sales associates nor to turn pupils into experts for investment products. Instead, pupils should be led to develop an "institutional ethic" by analyzing the *institutional* causes of the misselling-problem and to explore possible *institutional* (regulatory) solutions from the viewpoint of new institutional economics. The authors show how general scientific concepts like principal-agent theory and information asymmetry can be applied in order to achieve this aim (and can also be transferred to other important "counseling situations").

Andreas Klee and *Andreas Lutter* stress the pedagogical importance of gaining extensive knowledge about pupils' day-to-day conceptions concerning central societal phenomena, relationships, systems, etc. These subjective conceptions could make pupils resistant to teaching attempts which directly confront them with scientifically elaborated theories and therefore should be taken into account when devising starting points for teaching and learning. So, what are pupils' conceptions about the financial crisis? In order to find out, group discussion interviews with pupils attending the 11th grade of a comprehensive school in Bremen in the north of Germany were conducted. From their empirical investigation, the authors conclude, for instance, that pupils' explanations focused strongly on actors and their motivation ("greed") while neglecting the institutional conditions of actions, so that the teaching process should complement the analysis accordingly. Moreover, Klee and Lutter see a need for actively bringing alternative theories of the financial crisis (e.g. the Keynesian model) which are



not reflected in pupils' conceptions of the crisis into the teaching process.

Two further articles give an overview of civic or social science education in Scandinavian countries, Denmark and Norway.

Kjetil Børhaug's paper presents a history of civic education in Norway based on a broad review of literature and an analysis of national curricula, teaching practices and democratic institutions like student councils covering the period from 1945 till today. Like in many other countries, teaching the formal structure of institutions still prevails over making democratic principles and the assessment of the polity a subject of critical discussion in the classroom. Over the decades, fostering participation is coming to the fore but it turns out to be mainly framed as an individual phenomenon only, taking no account of its also collective character. Against this more traditional background as regards the aims and contents of civic education, its methods are characterized by more innovative approaches.

The paper of *Nadine Malich* considers the situation of social science education in Denmark. She analyses the respective subject called "Samfundsfag" (which can be translated as "social studies" and has an interdisciplinary character integrating sociology, social psychology, politics and economics) and the role which it plays within the Danish school system. After detailing the central educational aims and principles of the subject, Malich analyzes how the topic of the financial crisis is dealt with. Finally, some problems of the subject are explored: while seemingly abstract, but very important issues concerning economic processes and international politics tend to be neglected, the teaching process is overly focused on topics which belong to the lifeworld of the pupils or attract their immediate interest (like drugs, crime) etc.

How stimulating a report on a scholarly congress can be shows the paper by *Matthias Busch* and *Tilman Grammes* which presents a focused overview of topics and debates of the 2010 Congress held by the German Society of Education (DGfE). They trace the multifaceted appearance of the main strands of thinking about "education in the democracy", this year's theme of the

big biennial congress of educational scientist coming mainly from German speaking countries. Busch and Grammes use their report for trying to engage the three key discourses in a virtual conversation which is missing up to this day: subject matter didactics ("Fachdidaktiken"), education for democracy ("Demokratiepädagogik"), and educational science(s). Amongst others, they highlight the fact that all these three mainstream approaches to civic, economic, social and democratic education are completely leaving out of account the political, economic and social interests of the students.

Surprisingly, the blind spot of having no collective interests corresponds very well with the main topic of this JSSE issue: at present, the collective interests of those economic and political groups who caused or enabled the financial and economic crisis and simultaneously profited from it before, during and afterwards, seem to be in good hands. This partly holds *because* both, the collective interests of more or less influential groups and the collective interests of the students themselves, are mostly kept out of the syllabus and the classroom. A cleaned classroom giving individualized students voice for everything except speaking up for their own *collective* interests may secretly make room to vested, well organized and established interests of others. In addition, a lot of today's educational effort is more or less aiming at students' understanding and acceptance of the economic, social and political systems they are living in – although an increasing part of them may experience personal disadvantages, exclusion and even deprivation stemming from the institutional settings they are expected to support willingly. This potential cleavage between the disenchanting everyday world one lives in and the praised advantages of the current forms of democratic polity and capitalist market economy may result in unintended disempowerment and affirmative thinking in the classroom. If this is the case or not will be discussed in the JSSE issue 2-2011 dealing with the main topic on "Economic and Civic Education in Democratic Societies: Social Science Education between Affirmation and Emancipation". You are cordially invited to contribute to this controversial debate.