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Constructing Social Education Curriculum for the Twenty-first Century: the Role and Importance of Economics Education

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Abstract:

The place of economics education in the curriculum has ebbed and flowed over the years. However, the inclusion of Economics as a discipline in the new Victorian Essential Learning Standards (VELS) recognizes the value of economic, consumer and financial literacies in helping students understand contemporary society and make more informed decisions that will shape their futures and the futures of the world they live in. What knowledge, skills and behaviours are being addressed in the Economics discipline and how is this considered ‘essential’? What is the scope of Economics education in contributing to what students need to know and do now and for their future? How can Economics education contribute to important social education curriculum goals such as civics and citizenship education, enterprise education, values education, global education and environmental education? This paper considers the role and importance of Economics education as an essential dimension in the construction of social education curriculum for the twenty-first century and explores answers to the questions posed above.

Introduction

Economics plays a critical and, often, contested role in local, state, national and international public policy. Economic decisions taken by individuals, groups, businesses and governments have implications for the welfare of individuals, families, communities, countries, regions and geo-political unions of nations. All people are touched by economic decisions on multiple occasions every day. Life globally is dominated by economic transactions and it is the quality of economic decision making at all levels of society that significantly determines the wellbeing of individuals and nations.

Unfortunately the extent to which people recognise many of these relationships and/or understand their potential or real impact on them and others is limited. It is this limited understanding of economics that ultimately restricts a person’s capacity to participate actively in society in response to individual, group, local or broader national and global needs.
The study of Economics assists individuals to identify, analyze and interpret the economic issues inherent in different contexts. The knowledge, skills and behaviour associated with the study of Economics enriches individuals and groups in their roles as consumers, producers, owners, employers, employees, savers, investors, volunteers, carers and voters. A study of Economics is not about money but about choices. It is about understanding that all choices involve ‘trade-offs’ and how these choices can impact on the wellbeing of individuals and societies.

In the development of the Essential Learning Standards curriculum in Victoria, the role and importance of Economics education has been emphasised with Economics being a domain area in the standards. The way that schools construct curriculum will be up to them but schools will be expected to report against specific Economics standards from Level 4 (Years 5 & 6) to Level 6 (Years 9 & 10). Schools may choose to locate the locus of learning in an Economics subject or may teach Economics as part of an integrated Humanities curriculum (Economics, History, Geography) or broader integrated curriculum, weaving together domains such as Civics and Citizenship (CCE) and Economics. In talking to schools and teachers, this last option seems to be a favoured one as educators recognise and acknowledge the links between CCE and Economics.

**Economics’ contribution to developing active citizens**

Human wants exceed society’s resources and productive capacity. Economics is the study of how different societies allocate scarce resources to satisfy the wants and needs of its members. As with any social science, Economics is concerned with human social behavior: the behavior of individuals and the interaction among them. Economics is concerned with how to best manage resource scarcity and addresses the necessary requirements for human survival and sustainability.

Economics within the school context assists young people to better understand how wealth is generated and distributed. It also assists young people to understand how businesses and markets operate and how a nation’s economy works. School
Economics learning also enables students to learn the importance of work, entrepreneurship and enterprise in generating a healthy and dynamic economy.

In order to operate effectively as individuals, as contributors to society and as informed citizens every student needs to develop a basic understanding of economic principles and concepts and how they are applied. This gives them a basis for engaging with economic matters and for considering the effects of alternative economic decisions on them and on others.

Students who develop their economic literacy are in a better position to act rationally and ethically when making economic and personal financial decisions, to influence others to do likewise, to appreciate the complexity of economic decision-making and to better understand the economic decisions made by others. Not only can they manage their personal affairs better, they can be more effective and productive members of society as they are capable of making reasonable judgments on public policy issues that have a bearing on their personal prospects and those of the nation.

As Davies (2002) observes:

‘An economically educated citizenry is necessary to reduce the likelihood of the government failing to adhere to the preferences of its electorate. Moreover, citizens who understand how their own economic interests are bound up with the interests of other citizens are more likely to support government actions that take all citizens’ economic interests into account. They are also more likely to appreciate longer run implications of economic policy and this may reduce scope for governments to secure short-term support at the expense of long-term disadvantage for citizens’.

The study of Economics within a school also provides an opportunity for students to consolidate basic economic and financial knowledge and skills, to develop enterprise attributes and skills and to experience their application within a small business

1 Source: David Dodge, Governor of the Reserve Bank of Canada, Toronto, 3 November 2003
www.staffs.ac.uk/schools/business/iepr/docs/working-paper2.doc p.12
context. The experience of applying micro-economic principles and practices and financial understanding to establish a business enterprise not only meets young adolescents desire to engage in authentic tasks but helps them to reflect on ethical issues, to develop generic planning and communication skills and to consider personal aspirations and future pathways.

The unique contribution of Economics within the school curriculum is that it assists students to learn how to reason about economic issues. No other discipline adopts the analytic approach, teaches the micro and macro economic concepts that underpin our economic life or use cost/benefit analysis as a tool for analysing decisions and choices.

Students who are taught to be economically literate are able to use their economic skills and knowledge to examine many of the ‘why’ questions that arise in other subjects within the humanities/social education area. They can also engage with broader societal concerns that stem from economic and financial decisions of governments and organizations. This is because they have the ‘ability to identify economic problems, alternatives, costs, and benefits; analyze the incentives at work in economic situations; examine the consequences of changes in economic conditions and public policies; collect and organize economic evidence; and weigh costs against benefits’.³

In summary, the study of Economics in schools assists students to:

- to understand how goods and services are produced and distributed
- to recognize themselves as producers and consumers of goods and services
- to analyse the interaction of economic policy and economic activity and how decisions on these matters impact on individuals and the broader society
- make rational economic choices both in their own lives and in their participation in policy decisions as citizens of a city, state, nation, and the world

• interpret local, national and global economic events and their likely impact on the wellbeing of themselves and others
• appreciate the interdependency of individuals and nations for having needs met and the disparities between individuals and nations.

Clearly, all students need to have a basic understanding of how our economy works in order to manage their lives better and to understand how economic decisions are likely to impact upon their life and wellbeing and that of others. Some of these understandings will be intellectually challenging for students in the compulsory years, yet for most students these years of schooling are the only time when they will engage in economics learning.

**Economics and Social Education**

In the Victorian context over recent years, economic literacy was seen as a goal in the Studies of Society and Environment (SOSE) key learning area, along with other goals including civics and citizenship, global awareness, enterprise skills, environmental awareness. In the Curriculum and Standards Framework curriculum model, Economics was studied under the heading (strand) of Economy and Society at levels 4-6 (Years 5-10). This strand incorporated learning from Economics and from areas that might best be described as Consumer/Financial Education, Civics, Politics and Legal Studies.

Knowledge from these other areas, which are all elements or dimensions located in social education, is essential for understanding about citizenship, how we are governed and how our legal system works. Just as students need to understand how our economy functions in order to be informed and active citizens, they equally need to understand how our political and judicial systems work. Education systems that do not provide all students with a basic understanding of the political and legal arrangements that control their daily lives are failing in their responsibility to help prepare young people for responsible citizenship.
Equally, young people need to have a basic knowledge of how to manage their personal finances and the role of financial institutions and be taught to be informed consumers. Developing knowledge, skills and behaviours in these areas have never been more important as they are part of everyday life-skills that students should acquire prior to leaving school. Students who do not acquire a basic understanding of financial management skills are likely to experience financial difficulties. Young Australians have access to more money than previous generations and are more likely to work part-time than their parents at their age. They enjoy what has been described as ‘premature affluence’ – more spending power but without a corresponding increase in money management skills. Similarly, those who fail to develop consumer awareness are likely to be vulnerable when engaging in any commercial transaction. In a world of easy access to credit and a range of consumer pressures, such as those associated with ‘affluenza’ and ‘pester power’, including curriculum that teaches financial, consumer and economics literacies has never been more essential. Indeed such is the concern of Government about the lack of preparation of young people in these areas that it established the Australian Government Consumer and Financial Literacy Taskforce in 2004 to make recommendations about how to improve consumer and financial literacy.

The broad structure of Economics learning

The subject matter of Economics is broadly concerned with understanding the economic behavior and decisions made by individual economic agents and their effect on markets and economic behavior in the aggregate (macroeconomics). Given that the majority of students will not study Economics in the post compulsory years, it is necessary for schools to structure economics learning experiences that enable students to gain economic literacy. Students will need to understand their role as a producer and consumer and the impact of market forces as well as understand factors affecting the Australian and international economies and the role of government in establishing conditions for economic activity.
The role of Economics in developing economic literacy and in building the knowledge, skills and behaviours that students need to know now and for their future should include reference to the following themes:

**Producers and consumers**
Students need to understand how their needs and wants are met and understand factors that influence one’s ability to have needs met. They need to understand that economic decisions are about resource use in producing goods and services, and about the distribution of the proceeds of production. To understand the basis for these decisions, and their local, national and global impact, requires an understanding of basic economic principles and concepts. It also requires an understanding of the influence of political, legal, ethical, environmental and social forces on economic decision making.

**Economic systems and policies**
Students prior to leaving school need to know the fundamentals of how a nation’s economy is managed. They need to be able to engage in public discourse about the state of the economy, about the likely impact of economic policies and understand the role of government in establishing the conditions for economic activity. The importance of economic understanding for civic participation should not be understated. In the UK, for example, civics and citizenship education is mandated and expected to include these aspects – social, moral, political (government, law and constitution), economic (public and personal) including issues related to public services, taxation, public expenditure and employment and environmental and sustainable development.

Students need to be aware that economic policies are pursued by governments on their behalf and that different governments have different views about what policies are most appropriate. They should also have a broad understanding of the global economy. Without insights in these areas it seems likely that students will be unprepared to express views on and exert meaningful influence on public policy directions.
They should also know about share and currency trading, the values that underpin different economic systems and have a basic understanding of the causes of economic disparity between developed, developing and underdeveloped countries. They should also be aware of the Australia’s trading partners and of the emerging economies in Asia (e.g. especially China and India).

Finally, students should be familiar with measures of economic conditions (e.g. inflation and the Consumer Price Index, employment and unemployment rates, income distribution, trade indices and foreign debt) and be able to interpret tables, charts and graphs displaying economic data.

**Work, enterprise and entrepreneurship**

Production is about the conversion of scarce resources into desired goods and services. These resources are often referred to as the factors of production and consist of land (including raw materials), labour (including skills and knowledge), capital (including factories and infrastructure) and entrepreneurship (organizing the other factors of production and risk-taking).

Enterprise is fundamental to the construction, development and prosperity of an economic system. Enterprise is the vital human element that brings together and manages economic resources. It is about management, and involves risk-taking, creativity, innovation and choice.

A study of Economics provides the opportunity for students to learn about the role of work and enterprise in building a dynamic economy. Students may also learn about work, entrepreneurship and enterprise through the experience of the application of basic economic concepts in an enterprise activity.
The Economics Domain in the Victorian Essential Learning Standards (VELS)

The Victorian Essential Learning Standards (view at http://vels.vcaa.vic.edu.au/about/index.html) describe what is essential for students to achieve from Years Prep to 10 in Victorian schools. They provide a whole school curriculum planning framework that sets out learning standards for schools to use to plan their teaching and learning programs. To succeed beyond the compulsory years of schooling, all students need to develop the capacities to manage themselves as individuals and in relation to others; understand the world in which they live and act effectively in that world.

To ensure that the school curriculum develops students with these capacities, the Essential Learning Standards are developed within three core, interrelated strands. The three core, interrelated strands are

- Physical, Personal and Social Learning
- Discipline-based Learning
- Interdisciplinary Learning.

Each strand has a number of components called domains. The domains describe the knowledge, skills and behaviours considered essential in the education and development of students to prepare them for further education, work and life. They also include the standards by which student achievement and progress is measured.

Within each domain, the essential knowledge, skills and behaviours are organised into dimensions.

Standards are written for each dimension. The relationship between the strands, domains and dimensions is show in the table following.
### Table: Summary of the Victorian Essential Learning Standards Curriculum Model

<table>
<thead>
<tr>
<th>Strand</th>
<th>Domain</th>
<th>Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal, Physical and Social Learning</td>
<td>Health and Physical Education</td>
<td>Movement and physical activity</td>
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<td></td>
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<td>Health knowledge and promotion</td>
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<td>Interpersonal Development</td>
<td>Building social relationships</td>
<td>Working in teams</td>
</tr>
<tr>
<td>Personal Learning</td>
<td>The individual learner</td>
<td>Managing personal learning</td>
</tr>
<tr>
<td>Civics and Citizenship</td>
<td>Civics knowledge and understanding</td>
<td>Community engagement</td>
</tr>
<tr>
<td>Disciplined-based Learning</td>
<td>The Arts</td>
<td>Creating and making</td>
</tr>
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<td></td>
<td></td>
<td>Exploring and responding</td>
</tr>
<tr>
<td>English</td>
<td>Reading</td>
<td></td>
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<tr>
<td></td>
<td>Writing</td>
<td></td>
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<td></td>
<td>Speaking and listening</td>
<td></td>
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<td>Humanities - Economics</td>
<td>Economics knowledge and understanding</td>
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<tr>
<td></td>
<td>Economics reasoning and interpretation</td>
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<tr>
<td>Humanities - Geography</td>
<td>Geographical knowledge and understanding</td>
<td>Geospatial skills</td>
</tr>
<tr>
<td>Humanities - History</td>
<td>Historical knowledge and understanding</td>
<td>Historical reasoning and interpretation</td>
</tr>
<tr>
<td>LOTE</td>
<td>Communicating in a language other than English</td>
<td>Intercultural knowledge and language awareness</td>
</tr>
<tr>
<td>Maths</td>
<td>Number</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Space</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Measurement, chance and data</td>
<td></td>
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<tr>
<td></td>
<td>Structure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working mathematically</td>
<td></td>
</tr>
<tr>
<td>Science</td>
<td>Science knowledge and understanding</td>
<td>Science at work</td>
</tr>
<tr>
<td>Interdisciplinary Learning</td>
<td>Communication</td>
<td>Listening, viewing and responding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Presenting</td>
</tr>
<tr>
<td>Design, Creativity and Technology</td>
<td>Investigating and designing Producing Analysing and evaluating</td>
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<tr>
<td>Information and Communications Technology (ICT)</td>
<td>ICT for visualising thinking ICT for creating ICT for communicating</td>
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<tr>
<td>Thinking</td>
<td>Reasoning, processing and inquiry Creativity Reflection, evaluation and metacognition</td>
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</tbody>
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The Economics Domain in the VELS is part of the discipline strand. In Levels 1 – 3, Economics ideas and themes may be introduced through integrated Humanities (Economics, Geography, History). Standards for Economics have been introduced from Level 4 (Years 5 & 6). The Economics domain consists of two dimensions – Economic knowledge and understanding and Economic reasoning and interpretation.

These dimensions are outlined on the web-site at


**Economic knowledge and understanding**

This dimension focuses on economic concepts, principles, methods and models. Students learn how their needs and wants are met and understand their roles as producers, workers and consumers and recognise the impact of market forces. They learn that economic decisions are about the allocation of resources in producing goods and services and about the distribution of the proceeds of production and that these decisions have local, national and global consequences. The importance and the role of enterprise and entrepreneurship in the production process and in the construction, development and prosperity of an economic system are explored.

Students learn how to manage their personal finances and how to be informed consumers. They explore the world of work in order to develop the ability to make informed decisions about their future education and training needs, and employment.
Factors affecting the Australian and international economies and the role of government in establishing conditions for economic activity are investigated and students develop the ability to use economic knowledge and understanding to evaluate economic decisions and policies.

**Economic reasoning and interpretation**

This dimension covers the nature of economic thinking. Students learn to use and practise rational, objective decision making by applying economic reasoning, including the fundamental economic concepts of cost-benefit analysis, to solve problems which assist them in understanding the economy, society and environment. They develop an ability to identify, collect and process data from a range of sources, including electronic media, and to interpret tables, charts and graphs displaying economic data. They learn to clarify and justify personal values and attitudes about issues affecting the economy, society and environment. They develop an understanding of the strengths and limitations of economic reasoning and its relationship to other sources of decision making.

**A recommended approach**

For schools and teachers currently constructing curriculum, the ‘big ideas’ of the Economics Standards are related to knowledge and understanding of issues associated with resource allocation; the role of consumers, producers and governments and the role of work, enterprise and entrepreneurship in building a dynamic and healthy economy. At Level 4 these issues will be studied at a personal level, at Level 5 these issues will be broadened out from the personal to the local, regional and national and at Level 6 these issues will be broadened further to include global perspectives.

Economic reasoning and interpretation focuses on the nature of economic thinking including an understanding of cost/benefit analysis and trade-offs. By including reference to economic reasoning and interpretation, students will have the tools to evaluate choices made by themselves and by others and to respond in more discriminating ways.
The Standards provide genuine opportunity to make strong connections across the curriculum. Educators are working on developing curriculum that integrates a number of the domains. Possibilities that are being developed and trialled for Economics include the linking of Economics and Health, Civics and Citizenship and Geography/Science environmental perspectives. For example, a sample unit is being developed around the idea of ‘How much is enough?’, exploring links between Economics, Health, CCE, Geography, History, Personal Learning with topics including

- How much is enough? needs and wants, consumer culture, what is affluenza? spending ourselves sick - overwork, debt
- Sustainability, wasteful consumption vs. sustainable consumption, rights and responsibilities of consumers, ecological footprint, thinking and acting globally
- The ‘green’ consumer, the three Rs – reduce, reuse, recycle
- Changing times, changing values – the standard of living, the quality of life, the ‘downshifters’, etc…
- Case studies
  - The real cost of food
  - Waterwise
  - Transport options.

The potential for quality, integrated approaches in the VELS is enormous. It is up to educators to deliver curriculum that is genuinely integrated, so that students develop the capacities to manage themselves as individuals and in relation to others; understand the world in which they live and act effectively in that world.