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**On Money, Selfishness,
and their Contributions to *Bildung***

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“The most important question in educational philosophy is ‘What should be taught?’” as *Evans & Herr* pointed out in their work on the foundations of vocational education quite a while ago (1978, 67). This paper is dealing with this question, while putting the focus on the field of business and economics teaching. Methodically guided by the theory of Methodical Culturalism (*Hartmann & Janich* 1996) it will start in putting the given curricula temporarily aside and in re-constructing them in this case by a reference to the goals of education and the sociological effects of *bildung* (instead of qualification).

(1) On the existing curricula

Despite the obvious importance of economy and business in the modern world, in the curricula of the schooling system economical thinking, and in particular business education play a rather marginal part. This may be due to the fact that on the one side teachers might find it somewhat a sacrilege sacrificing scarce teaching time to lowly esteemed things like money and trade. It may most probably be also due to another fact: Experts in economics and business administration, whenever asked from the side of educationalists, have currently kept the syllabus limited to technical or functional aspects of life in the economical sub-system. This is to be observed - in a general perspective - both in the frame of compulsory schooling, and in the frame of professional education and vocational education and training (VET).

In business education topics like logistics, marketing, investment, finance, organisation, accounting and general management are put forward. In economics, theories of markets, prices, interest, and money have found their way into the curriculum both in macro- and in microeconomics. It has to be asked, however, whether this can suffice, if it is designed to become a part of the general education curriculum, and not bound to special training. The normality of the instruction of models, facts and processes in economics and business administration does not seem to do so, in particular as models and facts are treated on the lowest taxonomical level of knowledge, and skills at the lower levels of performance (*Bloom* 1956, *Bloom et al.* 1964).

The objective of this paper is not to claim once more for new methods, but is to show, that not only it is *possible*, but also it is *necessary* to integrate into the centre of business and economics education further topics like ethics, responsibility, economic anthropology, and a number of further aspects. This must happen, although they are hardly ever considered in the given curricula.²

¹ Based on a presentation held at ECER Conference 2006 at Geneva on Thursday, the 14th of September within the Network ‘Philosophy of Education’. It had been proposed under the title of ‘La Contribution de l’Education dans la Matière de l’Economie et de la Gestion au Sujet de l’Education Générale’ (Contributions of Business and Economics Education to General Education). For ‘*bildung*’ does not have a specific equivalent in the English language, it shall be used as a foreign term. Occasionally, ‘general education’ will be used as a proxy to it.

² There is, of course, some Schools and Universities which already treat this topic in the direction postulated here; like for example Universität St. Gallen (University of St. Gall) – namely represented by the many writings of *Peter Ulrich* (see *Institut für Wirtschaftsethik* undated) – or the *Handelshøjskolen i København/ Copenhagen Business School*. In case of the last mentioned, I would like to thank one of the network’s participants for remembering to that school. On the respective homepage, however, there was just a faint hint in this direction; it is claimed in the ‘leading principles of teaching’ (“overordnede principper”) that students shall learn to critically reflect on the relevance and groundedness of theories (“[at] reflektere kritisk over teoriernes grundlag og relevans”); *CBS* undated).

(2) On the aims of education

In a first step on this purpose the question has to be answered, what sort of people shall be there at the end of the education process? Can educating young people just to the ability of taking over different well defined mercantile functions in the social system be considered sufficient? This obviously is affirmed by current curricula in the field of economics, and even the more by those in the field of business education. Other than that, educationalists of most countries and many centuries have lined out that education has to lead to the capability of self-directed living, which is the exact opposite to the only functioning man. More than only functional competence is required for a second fact, which lies in the economical sub-system itself. The adolescent is not only growing into one single economical function, but will have to fill out different roles.³ Life will make them inevitably play the role of the producer or seller of goods, services or labour force, but before all this they will already naturally enough act as consumers of goods. They will be exercising economical transactions as tax payers and recipients of social services. Taken this altogether, it might be sufficiently clear that we in fact need economics and business education, for it is incontestably one of the core aspects of modern life.

(3) On the possible ways of didactical choice

There can be two ways of teaching young people their roles: The first is the exhaustive one. It works by telling students every detail and training them to react upon all the functional requirements they will be exposed to in reality or potentially. This way has been refuted at least in the German discussion of didactical choice already quite a while ago (e.g. by *Spranger* 1922, *Klafki* 1959). It obviously is impossible to realise an exhaustive curriculum, given the mere quantity of potential requirements. If this assumption was appropriate in the 20th century, the more it must nowadays be accepted as true.

The second and thus the only remaining viable way is by making young students understand what economical thinking and business acting is all about. They must be able to reflect on their acting, and the acting of others, too. They must know what they are doing and what the consequences of their action could be. Some contents of this revised curriculum shall be sketched out in the following.

(4) On the relationship of sub-systems economical and educational

Originally, my paper has been inspired by a remark *Joseph Dunne* had made at last year's ECER congress in a session of this network.⁴ He stated in a sense that the educational sub-system is more and more getting treated like a sub-system to the economic system, not as a sub-system to society itself.⁵ Being myself a wanderer between the worlds of economics and education, I think, empirically we have to acknowledge this observation at present. We do not have to approve it, though, neither as educationalists nor as economists.

The current theory of social systems, as it has been put forward by *Talcott Parsons* (e.g. 1961, 1968) and evolved by *Niklas Luhmann* (see in this context in particular 1984, 1996), suggests to treat the economic and the education systems both as sub-systems to the societal system – among other sub-systems. Subjecting a social system to another one means, sooner or later there will be

³ This term shall be used despite the fact that it is not covered by the current theory of social systems to which later on reference will be made. For an attempt of reconciliation of the sociological conceptions of ‚role‘ and ‚systems‘ see *Bank* 2004, 103-112.

⁴ Opening Invited Speakers Session on ‚The Idea of the University in the 21st Century‘ on 7th of September 2005, ECER Congress Dublin. The invited speakers were *Joseph Dunne* and *Padraig Hogan*.

⁵ In this last year I have found some other sources in which the same argument is lined out in further detail, as for instance by *Radtke* 2005, 360-361.

deficits in the functioning of the subjected system. Every system is defined by a sense of its own, as *Luhmann* has pointed out. In the older version of social systems theory by *Parsons*, it is grounded on a specific function. If the economic function of supplying goods to the consumer in order to enable his or her survival and to enhance quality of living became a super-function to education, the criterion of didactical choice would turn solely to the question: “Does it pay back?”.

Whereas up to now educationalists have been fiercely discussing whether a given content might help developing a child’s understanding of the world, their didactical choice will be reduced to a judgement on the investment qualities of a learning content, a learning exercise or a learning material instead. What it means, can already be observed in the domain of the organisation of educational institutions like schools and universities, which is on the efficiency enhancement agenda of the OECD for a number of years (periodically published in “OECD – Education at a Glance”).

Subjugation of different social systems, however – this has been sufficiently shown by the centrally regulated economies in Eastern Europe – leads to malfunctioning of the subdue system. In the cited case, the economic system had been transformed to a sub-system of the political system; economic action was a sub-function to political action. A similar malfunction is easily to be predicted in the case of the extension of the economic system to other systems. The more, it will produce negative repercussions to the new super-system of economy: Badly educated economic subjects will in the long run work less efficiently than known before, and this will finally lead to malfunctioning economic systems.⁶

Altogether it can be stated, that as a first new aspect of a revised curriculum in economics and business education, it must be understood that there are different social sub-systems grounded on different social functions. This must be taken into consideration, too, when fulfilling tasks given by the economical sub-system.

(5) On the relationship of transaction media

As we can learn from social systems theory, different sub-systems work on different transaction media. *Parsons* suggested that money was the medium of the economic system (1968, 465). This view is shared by contemporary economics, and business administrators would doubt it even the lesser. But money is not all of it; neither on the macro level of economics nor on the micro level of business: It is wrong to say that money, as *Benjamin Franklin* suggested, was time (1750). Nobody can buy lifetime. It is also wrong to expect that it could make happy – it only is a means of storage of a certain potential of needs satisfaction. Nevertheless it is, of course, a means of transaction within the economic system. It is not the only one, though. Sometimes economical transactions are induced by power. In some cases money represents power, sometimes power helps making money: What does a little trader in the south of Italy get in exchange of the money he transfers to the *Cosa Nostra* (organised crime)?⁷

Even much more than ‘power’ ‘trust’ is important as transaction medium. Hardly any economic transaction works without it. While ‘power’ in the sense of ‘market power’, ‘monopoly power’ etc. normally is integrated into the curricula of economics and business administration, trust is not. Neo-classical theory makes us believe that their idealistic model of a good was reality. This theory as-

⁶ The current example of China shows that despite the fact of a fast growing economy, skills shortages are a serious limit to growth. In continuously shorter cycles experts from the far east show up in the US, in Australia, and in Europe, looking for advice to overcome this obstacle. They report from people who are not trained well enough, who are not flexible enough to respond to changes in their tasks, who are not willing to work unless they are controlled by a foreman, in short: who are lacking vocational education and training in the sense of professional ‘bildung’.

⁷ The idea of different transaction media getting to a certain degree mutually substituted is already to be found in *Coleman* 1990.

sumes that any information required on qualities, specifications etc. of a given tradable good or service is available at no cost. This is closely connected to perfect transparency of markets, another central assumption. However: Have you ever bought any good – for example here in Geneva – knowing *everything* about it? Did delegates to this congress dare to drink tap water for instance? If they did so, they showed trust in the Geneva waterworks.

Although the sociologist *Luhmann* had discussed the issue of ‘trust’ already in 1968, this did not have a substantial impact on the discourse in economics or business administration theory. Luckily enough, a young Harvard professor originating from Zurich, *Iris Bohnet*, has put the topic on the economics research agenda (see for example *Bohnet & Croson 2004; Bohnet et al. 2005*), so it can be assumed that within the next 20 years this point will occur in the curricula anyway.

(6) On the importance of reflected moral behaviour

The question of ‘trust’ leads directly to the next point: Fundamentally, trust is something which evolves in early childhood, as *Erikson* (1966) has argued. But additionally to this, it has to be built up by positive and reliable interaction. Any sort of cheating destroys it, immediately and sometimes irrevocably. That is, young people will have to learn what moral means. They will have to develop their own individual ethical position – also (but not exclusively) in order to make the economical sub-system work.

Let me just sketch out the role of business ethics on one practical, though historical example: Under the influence of American culture ‘Old Europe’ has given up the originally common ideal of the royal merchant. At the core of this moral model of business behaviour, there is reliability and reciprocal advantage. The ‘royal merchant’ did not sell any defective goods, at least not without previous advice and at a reduced price.

Without having the time to go into detail, it is surprising to see, to what extent we can learn for reflected and sustainable business behaviour from all the different ethical ideals in history, be it eudaimonistic ethics like the Nicomachian ethics, the hedonist and stoic ethics on the one hand, be it utilitarian ethics, as introduced by *Bentham* and the *Mills* or be it normative ethics and ethics of duties on the other hand as championed by *Kant*. In the end, ‘responsibility’ is a key word in this discussion, and here economics and education converge.

(7) On the importance of the ‘right’ anthropology

Anthropological assumptions are at the centre of economic theory – but since *Adam Smith* and *Karl Marx*, they have hardly ever been explicitly discussed within the field of economics. Nevertheless it is obvious that we have to reflect on motivation to economic transactions: There certainly is a number of psychological aspects. But the first two reasons of trade are (1) scarcity of goods, and (2) inequality of people. Without scarcity there is no need for production: everybody disposes as much as required to his or her needs. Without inequality there is no need for trade, for everybody has got the same goods to his or her command. Only secondary to these two first reasons of economic behaviour there is (3) selfishness: It is secondary, because without any reciprocal interchange given, selfishness does not make any sense, for the *ego* is not defined unless there is an *alter* (*Buber 1923*). To some degree, all these fundamental aspects can be found in *Smith’s* writings (*Wealth of Nations 1776, Theory of Moral Sentiment 1759*; see also an most interesting comment made by *Manstetten et al. 1998*).

This last aspect of ‘selfishness’ calls for a closer look. By far too often, *Smith* gets mistaken in this point, be it by friend or by foe. He simply introduces ‘selfishness’ as nothing more than an *assumption* to his market model (see *Bank 2005*). He says in the *Wealth of Nations* that functioning markets do not need any altruism to work, they will do even with selfish egoists. What he forgets to add is the need of stable social relations, which were self-understood at his time, for a cheating egoma-

niac quickly would have had to starve at his time – or to flee the country. The balance of power would be another side-constraint to be mentioned.

What thus should be re-introduced into the contemporary syllabus is methodical competence of judging theoretical assumptions. The selfish rational individual may be a sufficient model for economic analysis, it is not sufficient for normative prescription: It is nonsense to say, that you do not act rationally when you are acting in favour of somebody else. It is equally nonsense to argue that you cannot escape your rational selfishness, even by marriage in love. A Nobel Prize has been awarded to *Gary S. Becker* for these unfortunate misunderstandings only less than two decades ago (see *e.g. Becker 1976*), so the case of understanding the rational motives of economical behaviour will probably have to wait until some time it will be found realised in the curricula. Nevertheless, better sooner than later our pupils should understand that the *homo oeconomicus* is nothing else but a model restriction, and not a model of behaviour they are expected to follow.

(8) Conclusion

There is a number of aspects which had to be left out of this paper. Just to mention another example: In-transparency or imperfect transparency of markets are asking for the abilities of taking risk and of giving trust, of accepting risk and tolerating ambiguities, and, not at least, of being ready to take decisions.

Despite of this, I hope it has become somewhat clear that economics and business education are equally central aspects of a general education. Supposing that the goal of education is enlightenment or something related to this, didactical choice must not only integrate functional contents but also contents which enable the adolescent (and, of course, the grown-up) to reflect on his or her action. This will comprise knowledge on separate sub-systems, grounded on diverse sub-functions working with a number of transaction media. They will have to learn what sort of transaction can improve their situation substantially (in the sense of eudaimonistic ethics/ ethics of happiness) and which action should be left out (in the sense of normative ethics/ ethics of duties), in order to be able to continue living within a given community. All this includes a clear image of the rationality of the economic man and its limits.

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