

# How Economics Influences Students' Views about Development

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Submitted by John Cunningham



Centre for Development and the Environment

University of Oslo

Blindern, Norway

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## List of Abbreviations

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CAS	Creativity, Action, Service
DVC	Developing Countries
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HDC	Highly Developed Country
IB	International Baccalaureate
IBO	International Baccalaureate Organisation
IMF	International Monetary Fund
ISI	Import-Substituting Industrialisation
LDC	Less Developed Country
MDC	More Developed Country
MNC	Multinational Corporation
NIC	Newly Industrialised Country
OECD	Organisation for Economic Co-operation and Development
PPF	Production Possibility Frontier
SAP	Structural Adjustment Programme
SAPRIN	Structural Adjustment Participatory Review International Network
THIMUN	The Hague International Model United Nations
TI	Transparency International
TNC	Transnational Corporation
VER	Voluntary Export Restraint
WB	World Bank
WTO	World Trade Organisation

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I am also grateful to the economics teachers who responded to my online survey. Finally, I would like to thank the research committee of the International Baccalaureate Organisation (IBO) for supporting my original research proposal.

The views and opinions expressed in this thesis are my own and do not necessarily represent the views and opinions of any other person or organisation connected with this thesis.



## Part 1. Introduction

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### Background to the Thesis

Economics arouses controversy. The discipline has been described by some economists as dogmatic, monolithic, and ideological.<sup>1</sup> Others have suggested that studying economics may cause a student to internalise the characteristics of rational economic man.<sup>2</sup> The implication is that economics students are more likely than non-economics students to behave in a self-interested manner when faced with the same problems. The following claims have also been made about the effect that economic models have on students. These claims refer to university economics education.

Simple models that delimit the ways in which we introduce our students to our discipline actually destroy their capacity to complicate in meaningful ways their understanding of economic processes overall. (Bernstein 2004:39)

The simple textbook models students learn serve as an operating system for their minds. These models limit students' imagination and consideration of alternatives as they focus their vision within the model they learn. (Colander & Landreth 1996:11)

If there is any truth in these claims then studying economics could have similar effects on pre-university students. School students also study 'simple textbook models'. These include models of market structure, minimum wages, and Ricardo's numerical illustration of the benefits of comparative advantage. So do these and other economic models '...limit students' imagination and consideration of alternatives as they focus their vision within the model they learn'?

These research findings seem to suggest otherwise. In this thesis I argue that studying economics appears to broaden rather than narrow a student's outlook. Economics education does not seem to limit

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<sup>1</sup> For example, see Ormerod (2004); Dutt (2002); and Söderbaum (2004) respectively.

<sup>2</sup> These include Frank, Gilovich, & Regan (1993); Rubinstein (2006).

students' consideration of alternatives. On the contrary, it opens up previously unknown alternatives for students to consider. I present empirical findings which suggest that students may actually develop broader views about developing countries after studying economics for two years. However, there were indications that some students had rather limited views about one economics topic. This finding could possibly be attributed to the influence of a particular economic model.

This thesis focusses on economics students and their attitudes towards development. It attempts to show how economics students understand development, how they envision developing countries, and how economics has influenced their views about development issues. I am interested in finding out if students have orthodox economics interpretations of development. I am also interested in investigating how students' views about development compare with development as it is outlined in economics texts. Some of the students' responses from the interviews and the questionnaires are incorporated verbatim in parts of the thesis.

A number of professional academic researchers have studied how the views and behaviour of economics students may be influenced by economics education.<sup>3</sup> These studies almost invariably involve university students and they are usually based on results derived under hypothetical scenarios. Often the focus is on self-interested behaviour. This research project also investigates how students' views may be influenced by economics education, but here the research group are school students and the research centres on their interpretations of development issues.

A key problem with research of this nature concerns attribution. It is difficult to ascertain whether students' views about development can be attributed to their economics education. Other factors may be more

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<sup>3</sup> These include Frank, Gilovich, & Regan (1993); Carter & Irons (1991); Frey & Meier (2000); Rubinstein (2006).

influential. However, it is possible to find out if students think that their views have changed as a result of studying economics. It is also possible to discover what their views about development issues actually are at the time when the research is conducted. This information provides a starting point for a discussion about whether or not economics education may influence students to adopt orthodox economics perspectives about development. How development issues are represented in economics texts may also influence a student's outlook and this forms another strand of the investigation.

So what influence does the economics textbook appear to have as far as students' views about development are concerned? Do students hold heterodox or orthodox economics views? Could studying economics narrow students' views about development? These questions are interconnected but they are also problematic to research. However, they are important as economics has been accused of narrowing students' views. If this is true then it conflicts with one of the aims of economics education at school level, which is to encourage the development of critical thinking skills.

Ever since Bloom published his taxonomy of educational objectives evaluation has been regarded as one of the higher-order cognitive skills. (Forehand 2005) For example, in order to achieve the highest grade in an economics examination a student needs to demonstrate the capacity to evaluate. A narrow approach to development issues would militate against student progress in this area. And while economics in schools is much less technical than economics in universities, the pre-university economics curriculum still covers a number of theories and models which are fundamental to the discipline.

### Field of Study

I am particularly interested in development and economics education. There has been little research into economics education in schools

compared with research into university economics education. A great deal of what has gone before has generally focussed on teaching methods and student learning activities, whereas I am more interested in finding out how studying economics might influence students' views.

I have chosen to centre this investigation on students who have almost completed the economics course of the International Baccalaureate (IB) Diploma Programme. I have delivered this course myself in schools in the Netherlands, Norway, and Switzerland. I have taught economics and business-related subjects for over ten years and I have also been an economics examiner for nearly the same length of time. So as an economics teacher taking an interdisciplinary course in culture, environment, and sustainable development I felt that this was an appropriate field of study.

There are many economics courses for pre-university students in schools around the world but economics is not taught as part of the 16-18 curricula in Norway. As I live in Norway it seemed logical to focus primarily on students who study IB economics in Norway. These students do not comprise a statistically representative sample of IB economics students worldwide. In addition, they are quite a unique group of students in terms of background. They are a very international group. While this also makes them rather non-representative of the 16-18 school student population in Norway, they are a very interesting group to research. So this thesis is the outcome of an exploratory research investigation centred on economics students and their views about development issues.

### The Target Group

The students who took part in this project have all taken the economics course of the International Baccalaureate Diploma Programme. This is a pre-university educational programme for 16-18 year old school students. English is not the mother-tongue for most of them but English

is the language of instruction on this course in these particular schools. All of the students interviewed are studying in Norway and many of them have at least one non-Norwegian parent. Thirty-seven students from three international schools and one state school were interviewed. One hundred and sixty-six student questionnaires were also completed by economics students from schools both inside and outside of Norway.

The students who took part in this research had all studied microeconomics, macroeconomics, international trade, and development economics over the preceding twenty-month period. This particular economics course can be taken either at standard level or higher level. More hours are allocated to teaching and studying the higher level course and there is more depth to the syllabus. For example, there is a substantial section on the neoclassical theory of the firm in the higher level syllabus whereas market structure receives a lighter treatment at standard level. However, the development section of the economics syllabus is exactly the same for all students. Both male and female students were involved in the research activities.

Eleven schools in Norway had students taking their final economics examinations in May 2007. Economics students at Berg school in Oslo agreed to take part in pilot interviews and on two occasions they also completed pilot questionnaires. Eight of the remaining ten eligible schools returned student questionnaires. Four of these schools are Norwegian state schools and the other four are international schools. In addition, three schools from Sweden, Greece, and Bahrain became involved in the project, meaning that students from eleven schools in total returned completed questionnaires.

A copy of the student questionnaire, questionnaire return-rate statistics, the interview questions, the list of development strategies discussed in the interviews, and a list of economics texts currently being used by students and teachers in IB economics classrooms (the text sample) are all included in the appendix.

## **Part 2. Methodology and Research Questions**

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### Methodology

A wide variety of methods are used for conducting field work in education and the social sciences. Observation is common to both. This method can provide a rich and valid source of data for educational research purposes. Observation in schools avails among other things the opportunity to witness students' attitudes and behaviour first-hand. Teachers and other staff can also be useful providers of information.

However, I felt that observation would not be the most appropriate method to use in this case. The aims of the project determined that the data required could only be gathered after the students had completed the development economics section of their course. Development economics is often taught towards the end of the two-year programme. This meant that any observation would have to be carried out during the final examinations revision period. I felt that this would be distracting for the students and therefore unethical.

In many schools the period between the completion of development economics and the end of the course is a very short one. It would have been extremely difficult to arrange and carry out observational activities during this time. Also, due to financial reasons, any extended periods of observation would arbitrarily confine the investigation to one or two schools within commuting distance of my home. If it subsequently turned out that these schools did not want to become involved with the project then the thesis would have been stillborn. So despite the strengths associated with this type of research method I had to look for something else.

There were also other issues to consider. Would it be possible to use a representative sample of students? Could questions be framed as hypotheses and tested? And if so, would the results generated be valid in terms of their explanatory power? A great deal of research involving

economics is based upon statistical analysis. But the main problem in this research project would be to get a statistically significant sample of the total population.

An examination of leading economics journals reveals that only in rare instances do economists who use data generate their own data sets. Here I would have to create my own data set. However, in this case it was simply not possible to conduct a probability sample which would lead to results that could be generalised. Although my focus concerns only one particular economics course, the students who take this course are dispersed around the world in several hundred schools. In May 2006 there were 8,364 students registered for the IB economics examinations.<sup>4</sup> Although a statistically representative random sample for a cohort of this size is only 368 students, it was not feasible to carry out a random sample or to use other rigorous sampling techniques for this research project. Student involvement in the project had to be on a voluntary basis.

Another issue to consider was validity. Bearing in mind the aims of the project, I thought that a survey which would yield mainly quantitative results would probably be a bit 'thin'. This was corroborated on one occasion during the pilot work when I used a questionnaire constructed largely of five-point Likert Scale items.<sup>5</sup> The questionnaires proved easy for the students to complete and they generated a fair amount of data conducive to statistical analysis. Unfortunately the questionnaire did not really allow for student self-expression. Providing students with a long series of questions with lists of alternate answers to choose from or to put in rank order did not seem to be the most appropriate way to discover their views about development. I decided that structured interviews and student questionnaires which required written explanations would generate more useful results. These

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<sup>4</sup> Statistics provided by the IBO.

<sup>5</sup> The Likert Scale is the psychometric response scale most widely used in survey research.

research instruments were designed so that meaningful inferences could be drawn from them in relation to the research questions. I also carried out a survey to discover which economics texts were used by students taking this particular course. I have read the texts or the relevant sections of these texts and this desk research forms an integral part of the thesis.

### Research Questions

- 1) Do students think that studying economics has changed their views about developing countries?
- 2) Do students tend to adopt an orthodox economics approach to their understanding of development?
- 3) Does studying economic models seem to narrow students' views about development?

### Pilot Work

Students and staff at Berg School in Oslo agreed to take part in the pilot study. Between October 2006 and January 2007 the second-year economics class completed two questionnaires and a group of four students were interviewed. A question-and-answer feedback session was also conducted with the whole class. This focussed on students' views about the wording, content, and overall coherence of the questionnaire. We also discussed the questionnaire's design, layout, and ease-of-use.

The first questionnaire was four pages long and consisted of thirty-five questions. The majority of these questions required written explanations. It took the quickest student about thirty minutes to complete and some of the students clearly found the exercise tiring. It



was evident that the number of questions needed to be cut and also that the question format required more variety. The next questionnaire piloted included a number of questions using the format '*strongly agree – agree – unsure – disagree – strongly disagree.*' This questionnaire was much easier for the students to cope with. However, the students thought that some of these questions were ambiguous and three students complained that it didn't really give them the opportunity to express their own views. From my perspective the results did not provide much to work with either. I needed explanation, not simply quantification.

Several versions of the questionnaire were produced over a three-month period. I discussed all of these with my academic supervisor and I also tried out some of the questions on individuals with a non-economics background. The final version of the questionnaire emerged in January 2007. It was this version that was sent to all of the schools that had agreed to take part in the project. The questionnaire was reduced to three pages and tests suggested that it would take most students about twenty minutes to complete. The questions were more varied in style and the number of questions had been cut from thirty-five to twenty-four. The overall aim was to achieve a balance between the usefulness of the questionnaire in terms of the goals of the study and its ease-of-use for students.

The central focus of the original research proposal concerned economics textbooks and how they may inform and influence students' views about development. Many books and journal articles have been written which stress the primacy of the textbook's role in education.<sup>6</sup> In the light of this, the questions on the first page of the original questionnaire addressed issues such as how students actually use their

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<sup>6</sup> See Seguin (1989); Weinbrenner (1990); UNESCO (1991); Apple (1993); Pingel (1999); Mikk (2000) and Nicolls (2003). Numerous articles have also been written about introductory economics textbooks. For example, see Heath (1994) and Richardson (2001).

economics textbooks and what their views were regarding textbook content.

However, the completed pilot questionnaires cast some doubt on assigning such a central role to the economics textbook in this research project. During the pilot interview two students said that they preferred to use an online encyclopaedia rather than their textbook as it provided clearer and more concise explanations. A third student said that he used a different book to the one recommended. He also stated that he planned to read *The End of Poverty* by Jeffrey Sachs during the next school break as he thought that he would learn more about development from that book than from his economics textbook. Moreover, the pilot work suggested to me that the main focus of the project should be on the students' views about development issues, with the 'textbook effect' reduced to a secondary position rather than being the focal point of the project. This enabled me to cut most of the questions relating to the textbook out of the questionnaire which at the same time reduced the questionnaire down in size to manageable proportions. This had an opportunity cost in terms of information lost but unfortunately something had to go.

The main purpose of the questionnaire was to elicit answers from which meaningful inferences could be drawn in relation to the research questions. A complete rationale for every question would take up too many pages here. However, a few examples can be given to illustrate how the questionnaire was designed for the purpose for which it was intended.

*'Why are there so many poor people in Africa?'* Here I wanted students to write down what they thought were the most important reasons for poverty in Africa. What I expected to find were orthodox economics explanations, heterodox explanations, and a mixture of both. This question was positioned on the first page of the questionnaire in an attempt to reduce the chances of students drawing on ideas from the

other questions. Of course it was inevitable that some of the students would look through the whole questionnaire before beginning to write. However, fifty-nine different reasons were advanced in response to this particular question. These included many suggestions that were not mentioned elsewhere on the questionnaire.

The students were asked whether they thought that free trade benefits developing countries, if free-market economics is good for developing countries, and if culture is a barrier to development. They were also asked several other questions pertaining to the aims of the research project. Explanations were required that would provide potential clues as to a student's orthodox or heterodox leanings. In one question the students had to rank five reasons for underdevelopment. They were required to prioritise their reasons by numbering them from one-to-five out of a choice of ten reasons given.

These ten reasons were divided equally into orthodox and heterodox statements, although of course this was not specified to the students. Reasons such as *colonial history* and *LDCs are exploited by the developed countries* are clearly not orthodox economics explanations for low levels of development, whereas reasons such as *lack of capital investment* or *too much government involvement in LDC economies* are. Student responses to questions where there was perhaps more room for ambiguity were cross-checked with their responses to other related questions. The questionnaire also required students to explain whether they thought that their views about less developed countries had changed as a result of studying economics. This was one of the main research questions and therefore it was also asked in the interviews.

### Interviews: Place and Structure

The students were interviewed on school premises in Bekkestua, Bergen, Stavanger, and Sandefjord. Bekkestua lies on the outskirts of

Oslo. Sandefjord is situated on the Oslo fjord about 120 kilometres south of Oslo in the eastern part of Norway. Bergen and Stavanger are on the west coast and they are separated by a similar distance between them. The students were interviewed over a two-week period towards the end of their IB Diploma course. Thirty-seven students took part in the interviews. The students were interviewed in groups of three or four and there were ten groups all told. The last two groups were interviewed four days prior to the completion of their two-year study programme.

The interviews were highly structured. Each student was asked the same seven questions.<sup>7</sup> This was to make comparing and contrasting the students' views easier. The students were also asked a number of supplementary questions at the interviewer's discretion which arose during the course of the interviews as a result of the initial responses that were given. The interviews were recorded and the transcripts were written up and printed. Ethical procedures were adhered to throughout.<sup>8</sup>

Three of the interview questions had previously been asked on the student questionnaire. The first of these was *where do you get most of your knowledge about developing countries from?* It was apparent that the economics textbook was not at the top of every student's list judging from the completed questionnaires which had been returned before the scheduled interviews. So I thought that it would be both interesting and worthwhile to give the interviewees the opportunity to explain themselves further with regard to this particular question.

Another question which was asked both at the interviews and on the questionnaire was *do you think that any of your views about developing countries have changed since you began studying economics?* This question was asked as it was one of the three main

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<sup>7</sup> See Appendix III.

<sup>8</sup> Ethical procedures were based on IBO ethical guidelines for researchers and from the 'Ethical Standards of the American Educational Research Association' and the 'Scottish Council Ethical Guidelines'.

research questions. In the interviews the students would be given more time to elaborate on this enquiry. The interviewees were also asked *what do you think is the most important cause of underdevelopment?* This was a similar question to one which appeared on the questionnaire: *What are some of the most important reasons for low levels of development?* On the questionnaire the students were provided with a list of reasons that they had to prioritise in rank order. At the interviews they were asked to suggest what they themselves thought was the most important reason. The main purpose here was to glean additional information concerning the students' views. Would they give orthodox or heterodox responses? Did they think that the main reason for underdevelopment was because of something internal to developing countries, or did the students believe that low levels of development were a result of external influences?

In the interviews four questions were asked which had not appeared on the questionnaire. *How would you describe the role of the World Bank in relation to less developed countries?* The Bank was mentioned only once on the questionnaire and the students hardly referred to the World Bank at all in any of their questionnaire responses. It is a requirement of the economics course that the students can explain and evaluate the World Bank's role in development. (IBO 2003:23) As such, I thought that every interviewee would have some opinions about the Bank. I expected that the students' responses would provide information as to their opinions on whether 'international economic organisations are mainly beneficial for developing countries.'

The interviewees were also presented with a list of development strategies.<sup>9</sup> The students were asked: *Which one would be the most useful development strategy, in your opinion?* The purpose of this question was to see if the students would choose an orthodox plan of action, such as *LDCs should try for export-led growth and adopt an*

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<sup>9</sup> Appendix IV.

*outward-oriented strategy, or a more heterodox one, such as LDCs should expand and develop the availability of microcredit.*

*What is the most memorable thing that you have discovered about development from this economics course?* This question was posed primarily to see if the students' responses had any bearing on the idea that their views may have changed as a consequence of studying economics. The interviewees were also asked *should there be a national minimum wage for workers in less developed countries?* This question was aimed at providing some insight into the orthodox/heterodox dichotomy and the possible influence that economic models may have on students' thinking.

### Economics Texts

The following section describes some of the texts being used for teaching and learning development economics in IB classrooms. Collectively these are referred to in the thesis either as the 'text sample' or 'the texts'.<sup>10</sup> Two of the texts surveyed were written specifically to cover the whole IB economics course. These are the books by Glanville (2003) and McGhee (2004). *Economic Development* by Rees & Smith is described in its preface as an 'entry level' text suitable for International Baccalaureate and 'A-level' students.<sup>11</sup> Cleaver's book is targeted at IB students, introductory students, and the lay reader.

The Anderton volume is aimed at AS/A-level and introductory level economics students, as are the two textbooks by Maunder and Cramp respectively. The Nixon text was specifically designed to cover the development economics sections of two A-level courses. It is also described in its preface as a resource for students studying development economics at university. The Soubbotina & Sheram volume published by the World Bank is aimed at both school students

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<sup>10</sup> Appendix V.

<sup>11</sup> A-levels and AS-levels are pre-university educational qualifications from the United Kingdom.

and the general reader. It is available in hard copy and it can also be accessed online.

Todaro & Smith's *Development Economics* targets university students. Brue & McConnell's *Economics* is an introductory economics text from the U.S.A. It has three online chapters including one chapter on the economics of developing countries and another chapter on economies in transition. The Stiglitz & Charlton text focusses on trade and development. *Chapter 2: Trade Can be Good for Development* and *Chapter 13: Trade Liberalization and the Costs of Adjustment* are used in teaching development in at least one of the schools which took part in the project, as is the *Finance and Development* article 'Rethinking Growth'.<sup>12</sup>

Moving away from books, the *Virtual Developing Country* is an online development economics resource for school students, while *Commanding Heights: The Battle for the World Economy* consists of two DVDs which seem to be aimed at introducing international political and economic issues, particularly globalisation, to students and the general viewer. *Darwin's Nightmare* is a hard-hitting documentary film about development and the environment in Tanzania.

### Processing the Data

The results from the questionnaires were entered into a database. I used Access database software because I am familiar with it and therefore knew that it would be more than adequate for my purposes. The questionnaires were numbered as they came in and a database key was created by coding the students' responses. This facilitated the subsequent sorting, filtering, and querying of the database. Over half of the responses were straightforward to code, such as those requiring *yes*, *no*, or *perhaps* answers. Coding the written explanations was more problematic. As previously mentioned, fifty-nine different reasons were

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<sup>12</sup> *Finance and Development* is published by the International Monetary Fund.

put forward in response to the question: *Why are there so many poor people in Africa?* This was from a total of one hundred and sixty-six respondents. The vast majority of students gave more than one reason when they answered this question. In addition to processing the specific reasons given such as lack of investment, colonialism, and Aids, I also coded responses to this particular question into domestic and international reasons, and into orthodox and heterodox economics categories, where this was possible.

The question which attracted the least variety of responses was *how would you explain the term 'sustainable development'?* Eleven different suggestions came in for this. When the contents of the last questionnaire were entered into the database there were still some new reasons to code in response to a few of the questions. So the variety of responses was limited by the size of the sample. A larger sample would probably have unearthed more ideas. The responses were summarised using descriptive statistics and then the content was analysed and evaluated by moving backwards and forwards between the database and reading and re-reading the questionnaires. The results are discussed towards the end of the thesis.

### Interviews: Process and Recording

The interviews were recorded and then transcribed as soon as possible afterwards. Some of the transcripts from one school were written up immediately after the interviews. Most of the others were written up within a week of the interviews being recorded. The last interviews were word-processed about three weeks after the interview sessions were over. A few notes were made during the interviews but these were generally to assist with formulating supplementary interview questions rather than to record what had transpired. One leading researcher recommends not using a tape recorder in interviews but I found it essential. (Stake 1995:66) Transcription was time consuming but after



working through the recordings a few times I was able to write up the students' comments almost verbatim.

During the first interview session an argument began between two of the students. I let this go on as I thought that it could prove interesting. Unfortunately, although I was able to follow the argument as it proceeded, I discovered later that it was not possible to transcribe the students' remarks word-for-word from the recording as they had been talking over each other at times. Also, on some of the recordings there were a few words that I found impossible to distinguish. But in general, the sound files provide a very clear aural record of what took place during the interviews. There are eighty-six pages of interview transcript.

As a first step in analysing the data, the students' responses were summarised on a question-by-question basis in grids on separate sheets of paper. This made a preliminary assessment of students' views relatively straightforward. After a number of readings many of these preliminary assessments were modified and some were changed completely.

It was useful to interview the students in small groups. This may have felt less threatening for some of them. The students already knew each other very well so this also probably aided the communication process during the interviews. It has been suggested that one drawback of the group interview is that interviewees often display a tendency to agree with each other. (Bryman 2004:360) There is some evidence of this in the interview transcripts but not a great deal. For example, in one group all four of the students suggested that increasing foreign direct investment would be the most useful development strategy. However, there was no unanimity within the other nine groups on any one particular strategy.

Students appeared just as likely to disagree among themselves as to agree with each other. Occasionally students seemed to 'pair up' during the interviews and take sides. The students' interactions during

the interview process are discussed in more detail below. The interviews themselves were highly structured and one reason for this was to try to involve all of the students in the conversation, including those who would perhaps be less inclined to speak up. The students were asked each question in turn. However, when supplementary questions were posed to the whole group afterwards there were times when one or two of the students in a group tended to monopolise the ensuing discussion.

### Text Sample

The texts in the sample were initially chosen from my own personal experience. Texts being used in the teaching of economics and development are described on specialist websites for teachers and recommendations for specific texts are often given by examining bodies. In addition, I conducted a limited e-mail survey of economics teachers to garner information about which texts were being used to teach the development economics section of the course. The survey was limited largely due to time-constraints. One teacher responded by saying that he didn't use a textbook for teaching development but preferred to give out handouts on each topic. Another replied that his students used an internet site rather than a textbook for the development section of the course. Some economics texts were mentioned that I was not already familiar with. In addition, as a result of this e-mail survey three schools outside of Norway expressed an interest in taking part in the research project. So economics students from these three schools also completed the student questionnaires.

On occasion I have compared the students' questionnaire or interview responses with the actual text that the students were using in their particular school. But mainly I have simply outlined how a number of development issues are presented in a variety of economics texts. This is in order to give some background into what students are actually

studying on their economics courses. It is not intended to be a critique of economics textbooks or other resources, although some controversial issues are addressed. There are many similarities between economics texts so I have tended to highlight differences where they appear. Teachers and students utilise many resources and the text sample is a long way from being an exhaustive one. However, it would be surprising if there were many IB economics students working in the English language who did not make some use of at least one of the texts included in the text sample.

### **Part 3. Theoretical Approach**

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#### Introduction

The research is based around a simple but conceptually strong organising framework. I consider economics students' views and various economics texts from the perspectives of different theoretical approaches to development. In particular, I shall contrast what might be called an orthodox economics approach with heterodox approaches to development. The boundaries between different approaches are not completely rigid and doubtless some economists would protest eclectic rather than orthodox views. Strict classification of theoretical ideas is problematic in the social sciences. However, I believe that the method I have adopted provides a useful structure for analysis and evaluation. In the following pages I will outline the analytical framework which is used in the thesis. I will also describe briefly some of the relevant theoretical approaches to development and classify them into either orthodox or heterodox categories.<sup>13</sup>

The development economist Albert Hirschman advocated a simple framework for classifying approaches to development.

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<sup>13</sup> By 'relevant' I mean those approaches which are directly relevant to the economics syllabus under consideration. Development theories such as World Systems theory are not considered.

Hirschman argued that developing countries are different from the advanced industrialised countries. As such, he suggested that orthodox economics analysis was unsuitable for developing countries. The idea that orthodox economics analysis can be applied universally to all countries Hirschman described as 'monoeconomics'. Hirschman also suggested another related way to distinguish orthodox from heterodox economics. This was through the 'mutual-benefit claim'. (McNeill 2003:166) The mutual-benefit claim holds that economic relationships between the industrially advanced countries and the less developed countries will realise benefits for both.

These two claims can be either asserted or rejected with reference to different theoretical approaches to development. For example, the neoclassical economics approach asserts both the monoeconomics claim (Lall 1992:ix) and the mutual-benefit claim. (Gerken 2004:18) Dependency theory rejects monoeconomics and any claims of mutual-benefit (Frank 1969:22). So do theorists of colonialism such as Rodney (1972) and Galeano (1973). The structuralist approach to development advocated by Prebisch rejected the monoeconomics claim and also rejected the mutual-benefit claim except for those people in the '...upper strata of the periphery...' (Prebisch 1976:20) However, Cardoso's structuralist/dependency perspective rejected the monoeconomics claim but asserted the mutual-benefit claim. He argued that limited development gains could be achieved in Latin America as a consequence of direct investment by multinational corporations. (Cardoso 1972:175)

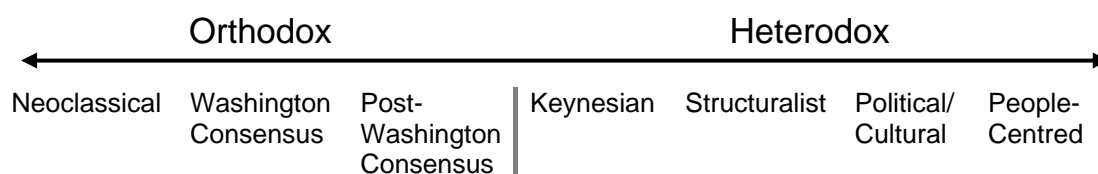
In Hirschman's eyes development economics rejected the monoeconomics claim but supported the mutual-benefit claim. The monoeconomics claim was rejected because development economists believed that orthodox economics analysis was not singularly appropriate for developing countries. This was because they claimed that developing countries had special characteristics. However,

development economists did not reject the mutual-benefit claim. In a sense it was their *raison d'être*.

‘...there is a possibility for relations between the developed and underdeveloped countries to be mutually beneficial and for the former to contribute to the development of the latter...’ (Hirschman 1981:5)

It should perhaps be borne in mind that when Hirschman wrote the above, several leading dependency theorists had already been pouring scorn on the mutual-benefit claim for some time. Some of them arguing that developing countries needed to disengage from the world economic system and follow a ‘...policy of self-reliance *vis-à-vis* international capitalism...’ (Arrighi & Saul 1968:293)

Hirschman’s analytical framework seemed appropriate to use for this thesis. I have kept his monoeconomics classification and divided theoretical approaches to development into orthodox and heterodox. Under the umbrella of orthodox economics I have included (perhaps somewhat arbitrarily) neoclassical economics, the market-based policies of the Washington Consensus, and the market-friendly approach to development outlined in the Post-Washington Consensus. The heterodox approach to development outlined below has been restricted to Keynesianism, structuralism, ‘people-centred’ development, and development as influenced by political and cultural factors.



I have modified Hirschman’s original schema slightly. Instead of the mutual-benefit claim I will consider international trade and the relationships between international actors and developing countries in terms of whether they are ‘mainly beneficial’ for developing countries or whether these relationships are ‘often detrimental’ for developing

countries. I am not concerned in this thesis with the effects of international trade or the influence of international actors on the developed countries.

### **International Economic Relationships**

<u>Actors</u>	<u>Orthodox View</u>	<u>Heterodox View</u>
MDCs	→	
IMF	→	mainly beneficial
WTO	→	for developing
TNCs	→	countries
World Bank	→	

Using this framework both the mono-economics claim and the mainly-beneficial claim can be either asserted or rejected.

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<b>Mono-economics claim</b>		
	<i>Asserted</i>	<i>Rejected</i>
<b>Mainly beneficial claim</b>	Orthodox economics	Heterodox economics

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### Economic Approaches to Development

#### 1. Neoclassical Economics

The designation 'neoclassical economics' is sometimes used interchangeably with expressions such as 'orthodox economics', 'mainstream economics', and 'free-market economics'. The meaning of these terms is not universally agreed and this engenders some controversy (Colander 2001:156). Neoclassical economics is a theoretical system based around the concept of the market. In neoclassical economics it is assumed that all economic agents act

rationally. Firms maximise profits, individuals maximise their utilities, and economic agents act independently on the basis of complete information. Neoclassical economics is an axiomatised theoretical system. It is based on a set of rules or principles which can be and are used as the basis for constructing further economic theories, such as neoclassical growth theory.

In neoclassical economics prices are determined in each market through the interaction of supply and demand. The market mechanism if left to its own devices is generally said to ensure the most efficient use and allocation of scarce resources. Neoclassical economic analysis begins with a theoretical system and proceeds from there with a view to explaining and predicting economic behaviour. The foundations of neoclassical economic analysis were developed independently in a number of countries during the last decades of the nineteenth century. (Fusfeld 1994:78-88)

Neoclassical economic analysis focusses on improving the efficient use of factors such as land, labour, capital, and enterprise. One of the most well-known exponents of the neoclassical economics approach to development was the agricultural economics specialist Theodore Schultz. Schultz wrote numerous texts including a book outlining the neoclassical economics approach to traditional agriculture. Schultz is also recognised for his work on human capital, being concerned with increasing labour productivity through ‘...investment in human beings, through schooling and instruction.’ (Schultz 1964:144)

The introductory remarks from his Nobel prize-winning acceptance speech have been quoted in numerous economics textbooks.<sup>14</sup> In this speech Schultz argues for the removal of price controls on domestic food supplies in order to let the market do its work. Schultz claimed that ‘government-induced distortions’ reduced

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<sup>14</sup> ‘Most of the people in the world are poor, so if we knew the economics of being poor we would know much of the economics that really matters.’ (Shultz 1980:639)

incentives in agriculture and misallocated resources in many developing countries. (Schultz 1980:643) Influential neoclassical writers on development include Jagdish Bhagwati, Anne Krueger, and Deepak Lall. (Todaro 2003:128)

In his role as the editor of a two-volume anthology of development economics journal articles, Lall declares:

...development economics...is the application of mainstream economics to the economic problems of developing countries...The early postwar attempts to create a unique 'development economics' (see Hirschman (1981)) distinct from mainstream economics have in my judgement failed, both in theory and practice. (Lall 1992:ix)

This is the essence of mono-economics. Krueger has written in similar vein:

Once it is recognised that individuals respond to incentives, and that 'market failure' is the result of inappropriate incentives rather than of nonresponsiveness, the separateness of development economics as a field largely disappears. (Krueger 1986:62)

Neoclassical economic analysis stresses the role of incentives, markets, and supply and demand. Much of this analysis provided the theoretical basis for the development agenda which dominated development theory and policymaking during the 1980s and for much of the 1990s. This policy portfolio became known as the 'Washington Consensus'.

## 2. The Washington Consensus

The Washington consensus was originally designed for Latin American countries experiencing cycles of high inflation and low growth. (Zagha *et al* 2006:1) However, for much of the 1980s and 1990s it became the dominant economic prescription for attempting to solve the economic problems of development. After the collapse of the Soviet Union and in the wake of some disenchantment with heterodox development policies, a number of powerful Washington-based institutions promoted a



package of free-market economic policies for adoption in developing countries.

The Washington consensus was presented as a ten-point package of market-oriented policy reforms. These reforms included tighter fiscal discipline, more openness to foreign direct investment, and the privatisation of state-owned assets. Financial and trade liberalisation were also advocated. (Clift 2003:9) Although some of the architects of this programme later claimed that they were successful in containing and reducing inflation in a number of developing countries, there was little evidence to show that development had occurred after the implementation of these policies.<sup>15</sup> On the contrary, there was a great deal of disenchantment with what were viewed as the consequences of the Washington consensus. It should perhaps be noted that not every economist at the World Bank or in other Washington institutions favoured the entire policy package. For example, concerning the trade liberalisation aspects of the consensus, a few Bank economists pointed towards the limited prospects for developing export-oriented manufacturing in Africa, and hinted at the difficulties inherent in a 'one-size fits all' approach.

...we have to conclude that while there may be profitable opportunities for expanding exports of processed items in individual countries or specific commodity chains, there is not a general presumption that this is the favoured route to travel for Africa during the next decade or two. (World Bank 1981:35)

In the light of what has been described as the Asian financial crisis of the late 1990s and also as a result of intense opposition to the alleged effects of consensus policies, some of the policies were revised into what is variously termed the 'Post-Washington Consensus' (Stiglitz 1998) or the 'Augmented Washington Consensus' (Rodrik 2001:51).

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<sup>15</sup> For example, see SAPRIN (2002): 'The Policy Roots of Economic Policy and Crisis'.

### 3. The Post-Washington Consensus

The post-Washington consensus is different to its predecessor in a number of ways. In the post-Washington consensus market failure becomes a central issue. The post-Washington consensus recognises that institutions can play a key role in determining how markets function. Social relations are also considered to some extent and are described in terms of 'social capital'. So the later consensus marks a shift away from the more orthodox free-market policy prescriptions of its predecessor. It could be described as breaking with the 'market fundamentalism' of the preceding years, or as moving from a market-based approach to a market-friendly one.

Rodrik's depiction of an 'augmented consensus' suggests that while new or different elements have been added to the policy prescription, the market-based policies which defined the original consensus remain intact. And while ideas concerning social safety nets and poverty reduction are included in the new consensus, there is also an emphasis on 'the international harmonisation of regulatory practices' and adherence to 'WTO agreements'. (Rodrik 2001:11)

In other words, the new consensus demands in addition to the policies of its predecessor, a tighter integration of developing countries into the framework of rules and regulations governing the world economy. These newer proposals are firmly rooted in orthodox international trade theory. There is no room here for a detailed discussion of these issues. But given that the analysis and policy prescriptions of the augmented consensus do not appear to stretch too far beyond the confines of the market, I have also categorised this later consensus as an orthodox economics approach to development.

### 4. Keynesianism

The Depression of the 1920s and the 1930s posed a real-world challenge to classical and neoclassical ideas about the self-regulating

aspect of the market. Keynes and his associates developed macroeconomic theory in the 1930s. One of the main differences between neoclassical economics and Keynesian-inspired interventionist policies concerns investment. For advocates of government intervention, government action may be required to ensure continuing investment and thus the development of an economy. Investment decisions cannot be left to the private sector alone.

Interventionist ideas strongly influenced early development economics thinking. In his seminal article entitled *Problems of Industrialisation of Eastern and South-Eastern Europe*, Rosenstein-Rodan (1943) argued for a 'Big Push' with investment in a broad range of industries in order to put the 'agrarian excess population' to work through a massive influx of foreign capital. The 'Big Push' idea has recently been resurrected as a potential development strategy. (Sachs *et al* 2004:122) The Harrod-Domar growth model which is studied as part of the IB economics syllabus is also essentially a Keynesian model. These policies which require extensive government intervention in the economy were once viewed as orthodox but can now be seen as representing part of the heterodox side of development economics.

## 5. Structuralism

Structuralism is primarily associated with the Argentinean economist sometimes acknowledged for contributing the centre-periphery model to development thinking. (Klein 2005:2, Levitt 2005:193) Raúl Prebisch analysed international trade relations between what he called the '...industrial centers and peripheral countries...' (Prebisch 1959:251) As he saw it, the evolution of the world economic system had resulted in rising living standards for those living in the technologically advanced countries of the centre while simultaneously creating underdevelopment for most of the people living in the peripheral areas.

Furthermore, the free play of economic forces at the international level does not ensure the best allocation of productive resources from the point of view of the periphery, even if it is favourable to the centres. (Prebisch 1976:20)

Prebisch felt that the gap between the centre and the periphery would continue to grow. He predicted that the terms of trade in both the manufacturing and agricultural sectors were likely to worsen due to the likelihood of the centre achieving higher productivity gains than the periphery could possibly attain. (Prebisch 1950) He produced empirical evidence gathered through the United Nations to support his claim about a long-term deterioration in the terms of trade for developing countries.

Prebisch argued that if this problem was not addressed then it would be impossible for development to occur in the periphery. He proposed that developing countries needed to create their own domestic industries. This necessitated restricting imports from the industrialised centre. Prebisch regarded protectionism as a temporary policy. It is possible that he was inspired by the first United States Secretary to the Treasury and his rallying call in favour of developing manufacturing in the United States.<sup>16</sup> The development economist Hans Singer also proposed similar ideas independently of Prebisch and at roughly the same time. (Arndt 1987:74) This development strategy is variously known as 'import-substituting industrialisation', the 'Prebisch-Singer thesis', or the 'doctrine of unequal exchange'. Import-substituting industrialisation and the terms of trade are two of the topics in the economics syllabus under consideration, hence the inclusion of structuralism in this thesis.

## 6. Politics and Culture

IB economics students are also required to study political and cultural factors in the development economics section of the syllabus. (IBO

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<sup>16</sup> Hamilton, A. (1791): 'Report on Manufactures'.

2003:22) Orthodox economics analysis does not really delve into cultural issues. As one leading development economist has put it:

It is difficult to operationalize a term as broad as 'culture'...Most economists would still rather leave the matter of culture to professional social psychologists, sociologists, and cultural anthropologists. (Meier 2005:130)

Accordingly there is not a great deal of information to be found in the text sample that attempts to address economic issues in their cultural context. The idea of traditional groups and societies being resistant to 'developmental' change is one theme which is not uncommon in those economics texts that actually address the topic of culture. Openness to change, the notion of scientific progress, family and tribal structure, caste and religious issues; these are all cultural themes that appear in some development economics texts and which the students have to consider as part of their economics course.

Politics is another area which is not really covered within the boundaries of economics orthodoxy, aside perhaps from the theoretically-derived perspective that ideally a government's role in the economy should be minimal. The post-Washington consensus has brought an inkling of politics into orthodox economic analysis, but from the traditional neoclassical perspective, political involvement in the market will lead to productive and allocative inefficiency. The exponents of the Washington consensus sought to 'free up' markets by advocating (and at times demanding through the lever of conditionality) structural adjustment policies such as privatisation. To what extent such policies are economic, technical, or political is a matter of debate. Another topic sometimes associated with politicians and those in the public domain is corruption, and this is also considered in the thesis.

## 7. People-Centred Development

In both orthodox and heterodox approaches to development large-scale industrialisation is often seen as a prerequisite to produce the material

basis needed to improve living standards and reduce poverty. However, there are alternative approaches to development which focus more on sustainability and smaller-scale industrial and agricultural initiatives.

Microcredit schemes which directly help the poor are one such area. The deliberate targeting of poor women by the Grameen Bank in order to liberate them from the grip of moneylenders and to help them to achieve more independence and dignity is perhaps one of the more successful 'people-centred' development initiatives. The attitude taken towards the Grameen Bank by the world's largest development agency can also be highly instructive for students studying development. (Yunus 2003:14) Fair trade and the development of individual and collective small enterprises can also come into the 'people-centred' classification. These topics are also taken up in the thesis as they are part of the economics syllabus.

#### **Part 4. Development Issues in Economics Texts**

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##### Introduction

This section considers how some important topics in development economics are presented in economics texts. Development economics covers a broad range of issues, only a few of which can be examined here. Some of the topics selected, such as investment, are central to orthodox economics analysis. Other issues, such as culture and colonialism, are not. Almost all of them are part of the economics syllabus and every issue investigated is familiar to the students. The topics I have chosen to research are international trade; the theory of comparative advantage; foreign direct investment; the World Bank; the terms of trade; import-substituting industrialisation; free-market economics and the role of government in LDCs; property rights; sustainable development; colonialism; corruption; and culture.

The texts researched vary in a number of ways. What they have in common is that they have all been recently used in IB economics classrooms somewhere around the world. It should be stated at the outset that this is not a text review, nor a study comparing one text with another. I will refer to all of the texts in the sample throughout this section, sometimes using a quotation to illustrate an idea or proposition. The reader may view such references as positive, negative, or non-judgemental. However, references should not be interpreted as an evaluation of the overall quality of the book, article, DVD, or website referred to. I am only investigating the presentation of the economics topics mentioned in the previous paragraph. These particular topics comprise only a fraction of the overall content of some of the texts in the sample.

It is the presentation of content that I am concerned with rather than readability or any other feature of the texts. Some of the topics that I am investigating do not appear in all of the texts. There is a list of all the sample texts in the appendix. Occasionally I will also refer to economics texts that are not in the sample. The following pages have been written bearing in mind questions such as: Do the texts provide a balanced assessment of the economic theories and policies they present? Is the positive/normative distinction made clear where appropriate? And is there any discussion of the assumptions which underpin the economic theories that are presented?

### International Trade

International trade in economics is grounded in the context of the free trade versus protectionism debate. International trade is often portrayed as a win-win game and therefore more pages in introductory economics textbooks are usually given over to the gains from trade and pro-trade theory than to arguments which oppose those views. 'The gains from trade' is an expression which is often used either as a heading or as a

sub-heading in economics textbooks, whereas an economics student would be unlikely to come across a heading entitled, 'The Gains from Protectionism'.

Some of the texts are prescriptive. The writers of a best-selling economics textbook used in United States schools describe the case for free trade as 'compelling'. They seem to be trying to persuade their readers to adopt the same viewpoint. 'We know that specialization and world trade lead to more efficient use of world resources and greater world output.' (Brue & McConnell 2005a:700, 702) Presumably this statement refers to the predictions of Ricardo's model, although the authors do not make this clear.

Stiglitz and Charlton are more cautious in their appraisal of the benefits of trade. In the opening sentence of the second chapter in their book they write, 'International trade can have a significant positive impact on economic growth and development.' This book also advocates trade liberalisation but its main message concerns the need to reform current international trade agreements and relationships. The authors claim that the empirical evidence regarding the alleged positive relationship between international trade and economic growth is weak. (Stiglitz & Charlton 2005:33-35) Overall theirs is an even-handed account of trade and development issues. Some of the other authors in the sample take a similar approach when considering this value-laden debate:

International trade is inherently neither good nor bad. It creates new opportunities, incomes and jobs but it can also destroy them as technologies change and new centres of production emerge. (Nixson 2001:97)

Every text in the sample examines a number of arguments for protectionism, such as the infant industry argument. Anderton also mentions that protectionism was the favoured trade policy in Europe and the United States in the 1930s. (Anderton 2006:710) The overall



conclusion reached in all of the texts in the sample is basically the same: Despite some problems, free trade is good for development.

### Comparative Advantage

Ricardo's theory of comparative advantage appears in all introductory economics texts which cover international trade. As international trade is an important issue for every country, comparative advantage is often referred to in relation to trade and the developing countries. The theory of comparative advantage has generated a great deal of polemical heat. In standard economics textbooks it is often presented as a slightly flawed theory, but one which still retains its basic validity.

In his textbook 'Positive Economics', the economist Richard Lipsey laments that some students are unable to see the difference between the positive and the normative aspects of Ricardo's theory:

...from somewhere—I am not sure from where—students get such ideas as the ones that the 'Law' of Comparative Advantage proves that nations *ought* to specialize in the production of certain goods... (Lipsey 1976:xiv)

Here the author brings out an important point. In philosophical terms, it is a fallacy of reasoning to move from an *is* to an *ought*, from the mathematical certainty of Ricardo's theorem to an economic policy prescription. Unfortunately, the author's own textbook presentation of comparative advantage provides one of the clearest illustrations of how textbook presentations may sometimes be misleading for students. In his chapter entitled 'The Gains from International Trade', the author outlines Ricardo's theory using some numerical examples and comments that the theory of comparative advantage '...is still accepted by economists as a valid statement of the potential gains from trade'. (ibid 631)

The author does not caution against what might appear to students to be the obvious implications of the theory, i.e., that if trade leads to mutual-benefit and increased international output then it seems

logical that countries have to reduce trade barriers and trade. Lipsey lends credence to the idea that specialising in areas of comparative advantage is guaranteed to be mutually beneficial *in practice* by the way in which he presents the theory. For instance, there are a number of assumptions which underpin the theory of comparative advantage but in the section of this book which deals with comparative advantage the underlying assumptions are not even mentioned, let alone discussed.

Several of the texts in the sample repeat Ricardo's proposition (Ricardo 1929:82) that countries *should* specialise in producing and exporting where they have a comparative advantage (Glanville 2003:385, Nixson 2001:86, Todaro 2003:526). One text goes as far as to state that 'countries *will* specialise' where they have a comparative advantage.<sup>17</sup> Another author points out that, 'The theory of comparative advantage creates a strong argument for specialisation and free international trade'. Cramp 2003:55)

To assert that a country *should* do something is to make a value judgement. This is usually described as normative economics. There is nothing wrong with normative economics. Economics would be a dry subject if it were simply constructed of 'facts' or numbers. However, what is clearly normative should not be presented as 'positive economics'. It can be argued that the reasoning process associated with the theory of comparative advantage proceeds from the positive to the normative. As previously mentioned, in philosophy this is known as the 'naturalistic fallacy', or moving from an 'is' to an 'ought'.

By reducing the complexities of international trade down to a few numbers, Ricardo was able to demonstrate mathematically that if countries specialise in producing and exporting those goods where they have the lowest opportunity costs, then overall economic welfare will increase. According to one journal article reprinted in the *Handbook of*

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<sup>17</sup> <http://www.bized.co.uk/virtual/dc/trade/theory/th2.htm>.

*International Economics*, the theory of comparative advantage is 'incontrovertibly true'. (Jones & Neary 1984:1)

Ricardo's theory rests on a number of assumptions. These include the existence of full employment, no economies of scale, and no transport costs. Many of these assumptions are discussed in the sample texts. Glanville uses two pages to describe most of the theory's assumptions. (2003:419-420) McGhee outlines some of the assumptions, explains the theory, and states the limitations of the theory. (2004:474-481)

The overall impression given in the texts is that although the theory has its limitations, it is still recognised as the theoretical foundation for free trade. A number of the authors in the sample come across as at least partial believers in the theory. On the other hand, some critics have argued that Ricardo's theory is based on two fallacies: The naturalistic fallacy and the converse fallacy of accident. The naturalistic fallacy has been described above. A converse fallacy of accident occurs when an argument proceeds from what is actually a special case to a general theory. Ricardo's theory is usually presented as a general theory of trade. However, it has been suggested that if a country cannot actually produce a good domestically then Ricardo's theory cannot be applied and mutual benefits from trade cannot be guaranteed, even in theory. (Patnaik 2005:34)

The theorem of comparative advantage may be illustrated through numbers but it is a matter of opinion whether countries should always specialise in areas where they have the lowest relative opportunity costs. As Stiglitz & Charlton remark, '...the theory of comparative advantage told South Korea, as it emerged from the Korean War, that it should specialize in rice'. (Stiglitz & Charlton 2005:30) Fortunately for the South Koreans they chose a different path, one which did not follow the line of Ricardo's theory. The theory of comparative advantage is generally well-explained in the texts but the

important distinctions between its positive and normative aspects are often not made explicit. This has implications for student learning.

### Foreign Direct Investment

The increase in foreign direct investment (FDI) in developing countries is outlined in a number of the texts, both in absolute terms and in relation to overall flows of finance capital. According to Soubbotina & Sheram, after the East Asian financial crisis the developing countries share of global FDI fell to about 20%. They also report that over half of all foreign direct investment which took place during the latter part of the 1990s was shared between four middle-income countries: China, Brazil, Mexico, and Argentina.<sup>18</sup> They go on to state: 'Note that about half of all developing countries receive little or no foreign direct investment'. The authors of this World Bank publication also contend:

It is the responsibility of national governments to protect their citizens from the possible negative consequences of foreign direct investments and to use these investments in the interests of national economic development.

(Soubbotina & Sheram 2004:97-98)

But is it solely the responsibility of national governments to protect their citizens? The OECD believe that transnational corporations also have responsibilities. An international code of conduct for multinational companies incorporating human rights and labour standards was agreed by OECD governments in the year 2000. However, the code is a voluntary one. (Nixson 2001:106)

The development progress of some Asian countries mainly through manufacturing has been well-documented. Some countries such as Singapore and Malaysia have encouraged foreign direct investment while others such as Korea and Japan have concentrated more on creating their own industrial enterprises. (Stiglitz & Charlton

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<sup>18</sup> It is conventional in the World Bank to refer to low-income and middle-income countries as "developing." (Soubbotina & Sheram 2004:16)

2005:15) In general the impression given in most of the texts is that the benefits of foreign direct investment in developing countries outweigh the costs, although it is recognised in some texts that these costs can be substantial.

### The World Bank

There are a range of opinions expressed in the sample texts concerning the World Bank's primary goal. Glanville suggests that the emphasis of the World Bank '...has been on economic growth not the more broadly defined development'. (2003:541) Brue & McConnell appear to agree: 'The United States is a participant in the World Bank, whose major objective is helping DVCs achieve economic growth'. (2005b:13) Here the authors could be understating the influential position held by the United States by referring to it simply as a participant. At the other end of the spectrum the World Bank is described as '...an institution whose sole purpose is to reduce poverty in developing countries.'<sup>19</sup>

The article from the IMF Journal refers to the World Bank's role as a key player in the Washington consensus, which synthesised the policies of the Bank, the IMF, the United States Treasury, and various Washington think tanks (Zagha *et al* 2006:1). McGhee states that: 'The overriding purpose of the World Bank is to create the groundwork for social and economic development by providing funds in the form of loans'. (2005:701) The title of the Soubbotina book (which was first published in 2000) is 'Beyond Economic Growth: an introduction to sustainable development'. The title alone suggests that the Bank's avowed primary aim is more than economic growth. A glossary entry in the book refers to the World Bank as, 'An international lending institution that aims to reduce poverty and improve people's lives by strengthening economies and promoting *sustainable development*'. (2004:144)

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<sup>19</sup> Commanding Heights (2003) Disc 2: The New Rules of the Game (part 1) 22' 25".

'Beyond Economic Growth' opens with the disclaimer that the findings, interpretations, and conclusions found in the book should not be attributed to the World Bank in any way. Nevertheless, its main author is a consultant at the World Bank Institute and she acknowledges the input of several World Bank experts in the creation of the text. There are over forty references to the Bank in this publication.

Soubbotina & Sheraam write that the World Bank plays 'an important role in promoting global free trade in place of protectionism'. (2004:84) In this book there is no criticism of any of the Bank's policies or activities. Neither is there any criticism of the Bank in Brue & McConnell, whose comments regarding this organisation are either factual, approving, or both: 'The World Bank has agreed to an additional \$50 billion of debt relief'. (2005b:18)

Nixson writes somewhat intriguingly: 'The IMF and WB come in for much criticism, not all of it justified'. (2001:47) However, the reader is left to speculate on what this criticism could be. Despite the fact that the World Bank is mentioned several times throughout this book, no critical evaluation of the Bank's role is offered. Some of the main features of Structural Adjustment Programmes (SAPs) are described but without analysis or reference to outcomes. There is no mention of structural adjustment in either Soubbotina & Sheraam or in Brue & McConnell.

Glanville presents a critical perspective of structural adjustment and illustrates this with a news article about the alleged effects of structural adjustment on a family in Ghana (2003:543). McGhee also presents a critical evaluation of SAPs and gives several references where students can pursue these matters further (2004:701-702). Rees & Smith discuss conditionality and outline two examples of World Bank loans, described respectively as a project-related loan and a structural-adjustment loan (Rees & Smith 1998:159-160).

## The Terms of Trade

The presentation of the terms of trade is fairly standard throughout the textbook sample. An explanation is given, then how the net barter terms of trade are calculated using some examples, and then often some comments referring to the existence of a long-term trend in the deterioration of the terms of trade for LDCs. Perhaps surprisingly, the consequences of worsening terms of trade for developing countries are not discussed in any great detail in many of the texts. In essence, the terms of trade are presented in a very matter-of-fact way, with few opinions expressed by the authors.

Glanville states in different parts of his book that the terms of trade have moved against developing countries. He writes that this problem has its origins in developing countries' reliance on primary exports. He explains how this can happen and refers to the volatility of commodity prices as well as to price and income elasticity. (2003:474) McGhee is also one of the authors who has a section on the consequences of worsening terms of trade for developing countries. (2005:654)

All of the texts refer to worsening terms of trade for developing countries. If the terms of trade are deteriorating then this must have some implications for LDCs. What, it might be asked, could be done about it?

...some diversification of production and exports can be prudent even if it entails a temporary decrease in trade. (Soubbotina & Sheram 2004:67)

However, the authors from the World Bank Institute do not actually suggest any policies which could help an LDC to diversify. Perhaps the last thing that they would propose is import-substituting industrialisation (ISI). In the 1950s the strategy of ISI was launched partly as a response to counteract what was regarded by some as the damaging effects of

deteriorating terms of trade for Latin American countries and other developing nations.

### Import-Substituting Industrialisation

Maunder has possibly the most balanced section on ISI in the textbook sample as he uses considerable space to outline the arguments both for and against. (2000:740-745) In some of the other texts ISI is presented unequivocally as a failed policy. The McGhee text has an emboldened heading: FAILURE OF IMPORT-SUBSTITUTION (2004:679). Todaro writes, 'Most observers agree that the import-substituting strategy of industrialization has been largely unsuccessful'. (2003:564) 'The practical experience of I-S strategy has not been very successful'. (Glanville 2003:519) Nixon writes that in the 1960s, 'It was concluded that ISI had failed as an industrialization strategy'. (Nixon 2001:80) A number of texts echo Brue & McConnell's statement that open economies grow faster than closed economies (2005b:16). However, there could be at least three interpretations of ISI in practice. One is that ISI was a failure. Another interpretation is that ISI achieved some success:

Latin American ISI was unquestionably successful on several grounds; for example, it fostered extraordinarily rapid rates of growth for over half a century, and led to profound economic, social and political transformations across the region. (Saad-Filho 2005:131)

Another author claims that forty-two developing countries grew at rates of more than 2.5% per annum until the oil crisis of 1973. The majority of these countries practiced the ISI strategy. (Rodrik 2001:14) A third interpretation is that it is impossible to be sure whether the economic problems faced by developing countries in the 1960s were the result of ISI as there were many other factors involved. In some of the texts only the first interpretation is presented to students. There are also few references to the protectionist policies used by Britain and other



developed countries as they climbed the ladder to economic prosperity.  
(Chang 2003:24)

### Property Rights

It has been claimed that one of the most important barriers to development is the absence of a good property rights system:

Today, to a great extent, the difference between advanced nations and the rest of the world is that between countries where formal property is widespread and countries where classes are divided into those that can fix property rights and produce capital and those that cannot. (de Soto 2003:213)

This issue has come to the fore in the debate over globalisation and its alleged lack of inclusiveness. Neoclassical economics predicts that imperfections in a property rights system will lead to a misallocation of resources. However, it is not only neoclassical economists who recognise that the absence of an adequate property rights system can be a barrier to development.

One of the books in the sample gives a clear exposition of the neoclassical approach to property rights (Todaro & Smith 2003:475) Not all of the texts actually cover the issue of property rights in relation to developing countries. McGhee has about two pages explaining property rights and includes some of de Soto's conclusions on this issue (2004:642-644). 'Commanding Heights' also contains a section on property rights which includes some interview clips with de Soto. The occasional reference to property rights in a development context can be found in some of the other texts but there is not much discussion (if any) on this topic in most of them.

### Minimum Wages

Students are introduced to minimum prices in the context of development by examining guaranteed prices and buffer stock schemes. However, they are probably more familiar with the predicted

effects of introducing minimum wage legislation. The presentation of the anticipated results of introducing a minimum wage in a competitive market is fairly standard throughout those texts in the sample which look at this issue. According to this viewpoint, the result will be that more people will be looking for work but there will be fewer jobs on offer, so this will lead to more unemployment. This minimum wage scenario is often explained in economics texts as something which will happen, rather than as something that might happen.

The minimum wage is included in the thesis for three reasons. In the first place it clearly delineates one part of the orthodox economics approach from the heterodox. It is a simple economic model which is familiar to the students, and it also suggests a number of related economic issues involving competition and foreign direct investment.

### Sustainable Development

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (WCED 1987:43)

Sustainable development is a contested concept but the above definition is the one which is most often found in economics textbooks. The definition is usually presented in its original form or in a slightly modified version. It conveys the clear message that we should not exploit the earth's resources to the point of exhaustion and it implies a duty towards the generations who will live after us to use resources in a responsible manner. A World Bank study defines sustainable development as 'a process of managing a portfolio of assets to preserve and enhance the opportunities people face'. This is said to be 'a more operational (practice-oriented) definition'. (Soubbotina & Sheram 2004:144)

The definition of sustainable development most often employed does not fully convey the meaning which permeated its original source,

i.e., the book entitled, *Our Common Future*, also known as the 'Brundtland Report'. To find out more about this we can consider sustainable development in the context of the original report.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains two concepts:

- the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and
- the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs. (Our Common Future 1987:43)

Clearly, sustainable development in the eyes of the authors of the Brundtland Report includes meeting the 'essential needs of the world's poor'. Moreover, the essential needs of the world's poor should be given 'overriding priority'. In other words, meeting basic needs is the central task of sustainable development. This key aspect of sustainable development is not very visible in the texts. Perhaps this is because efficiency rather than equity is the main goal of orthodox economics. The Brundtland Report continues: 'Sustainable development requires meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life.' (WCED 1987:7, 44)

Neither the essential needs of the world's poor nor concern for their possible aspirations are particularly evident in the context of sustainable development in the text sample. Poverty is barely mentioned in the same breath as sustainable development and policies where suggested are vague. Nixon refers to another document which mentions 'putting people at the centre, especially the poor'. (2001:71) Anderton suggests providing a safety net for basic needs and protecting the poor, although this is arguably a long way from prioritizing the needs of the poor.

And while resource use and resource allocation are at the heart of the discipline of economics, sustainable development does not seem to command a high priority in the economics texts. In one of the texts in the sample the expression *sustainable development* is not even mentioned. The Cleaver text has a chapter on environmental economics which takes up the question of sustainable development (2002:237-255). Todaro and Smith also have a section on environmental economics incorporating this issue. None of the other texts in the sample contain more than two pages on this topic. Most have considerably less. Overall, throughout the text sample there is a general lack of real-life examples used to illustrate the concept of sustainable development.

### Colonialism

Colonialism is not a required subject for study in this economics syllabus. However, colonialism appears to be endemic to development discourse and it is mentioned in several of the economics texts in the sample. Adam Smith was one of the first to write about trade between the European powers and the colonies. He described trade relations in terms of mutually beneficial exchange (Meek *et al* 1976:565). Smith is generally recognised as the pioneering exponent of free trade orthodoxy.

Distinctly unorthodox from an economics perspective are the writings of Rodney (1972) and Galeano (1972). Rodney claimed that population growth was the driving force of economic development. According to Rodney, population growth was brutally and effectively destroyed in Africa by the centuries-long slave trade imposed through the colonial domination of the European powers. The slave trade effectively robbed Africa of a substantial amount of its burgeoning human capital, and this together with the later wholesale asset-stripping

of natural resources laid the basis for current development problems in Africa.<sup>20</sup>

Galeano refers to empirical evidence to support his contention that by the eighteenth century many countries in Latin America were developing their own industries. Attempts to protect these fledgling Latin American manufacturers from cheap British imports were systematically dismantled by the British colonial rulers and a 'free trade' regime was imposed on Latin America. According to Galeano this was usually facilitated either with the compliance and connivance of respective national bourgeoisies or through military force. Other writers have argued that while colonialism was exploitative, the post-colonial era also brought in a new wave of problems for development. Colonialism and post-colonial problems of development are discussed by some of the students who took part in the research which is the main reason why it is included here.

### Corruption

Students reading some of the sample texts could easily conclude that corrupt practices occur only in less developed countries. Brue and McConnell mention the term corruption thirteen times in their twenty-page chapter on developing countries (Brue & McConnell 2005b). The authors assert that political corruption is widespread in most LDCs (ibid 10); government misadministration and corruption is common; and that the most corrupt nations are less developed countries (ibid 12). The Corruption Perception Index in the form of a bar chart sourced from Transparency International (TI) makes the point colourfully, contrasting the politically corrupt developing nations with the politically more honest developed nations, such as the United States. Brue and McConnell write, '...some estimates suggest that from 10 to 20 percent of the aid is

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<sup>20</sup> Rodney does not use the expression 'human capital'.

diverted to government officials'. (ibid 13) However, they do not include any references to support these figures.

Soubbotina & Sheram's textbook published by the World Bank Institute includes twenty-two references to corruption. These all refer to corruption as a feature of life in less developed countries, with several references to the misuse of funds by government and corrupt civil servants. It is also claimed that, 'Market liberalization and de-monopolization are often seen as particularly effective means of reducing the opportunities for different forms of corruption.' (Soubbotina & Sheram 2004:124)

Todaro also discusses corruption in developing countries but makes no connections to Western politicians or companies (2003:711-713). There is only one reference among the texts in the sample which does not refer to corruption simply as a characteristic of or as emanating solely from developing countries. This is one sentence in the Nixon book: 'There are also well-documented cases of TNCs interfering in political affairs and destabilizing governments'. (2001:105)

None of the texts in the sample appear to include a definition of corruption. The implied meaning seems to be the misuse of public funds by individuals or governments, and one writer also mentions tax evasion in the context of corruption. Corruption tends to be presented in a very one-sided fashion. There have been many well-documented cases of Western agencies and individuals being involved in corrupt practices in developing countries. The International Monetary Fund's alleged involvement with the corrupt government of Suharto in Indonesia was made public in a television documentary which can now be viewed online.<sup>21</sup> Successive United States governments gave support to the corrupt regime of former President Marcos in the Philippines. The Shell oil company have been accused of compliance with corrupt activities in Nigeria. High-profile corruption cases are reported in the press. In July

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<sup>21</sup> BBC documentary 'The New Rulers of the World', presented by John Pilger.

2007 an American man was charged with arranging U.S. \$6 million in bribes to win a contract for a natural gas pipeline in Nigeria. (Reuters) In a different case the following month, the U.S. government jailed a former director of a global corporation involved in money-for-contract deals across Africa. (Technology Times)

Corrupt activities in developing countries may often involve individuals or firms from the advanced industrial countries. According to TI, the bribery of officials by Western firms is widespread. This important fact is omitted from the corruption coverage in virtually all of the sample texts. Although data from TI is often used liberally in some of the texts, the information selected gives a one-sided view of corruption in developing countries.

TI has actually claimed that Western multinationals must take responsibility for allowing corruption to flourish:

Companies from Australia, Sweden, Switzerland, Austria and Canada topped TI's list of bribe-payers last year, despite the introduction of anti-corruption laws to comply with an Organisation for Economic Co-operation and Development convention banning bribery of foreign officials...Britain was singled out for dragging its feet on the implementation of the OECD convention. It only outlawed the bribing of officials abroad two years ago, and no one has been prosecuted so far. (Guardian International, 26<sup>th</sup> March 2004)

The TI Corruption Perceptions Index (2003) indicates that out of the twenty countries in sub-Saharan Africa for which data are available, ten countries are classified as 'good' (low corruption), nine 'average' and one 'poor'. As Sachs explains:

With highly visible examples of profoundly poor governance, for example in Zimbabwe, and widespread war and violence, as in Angola, the Democratic Republic of the Congo, Liberia, Sierra Leone, and Sudan, the impression of a continent-wide governance crisis is understandable. Yet it is wrong. Many parts of Africa are well governed even though stuck in poverty. Governance is a problem, but Africa's development challenges run much deeper. (Sachs *et al* 2004:2-4)

The rather one-sided presentation of corruption in developing countries breaks a number of instructional guidelines for textbooks used in international education, such as this one: 'Stereotypes and prejudices are [to be] avoided in the presentation of other cultures.' (UNESCO 1991:13)

### Culture

There is not much written (or spoken) about culture in the text sample. Despite being devised specifically for a course which includes the syllabus topic 'Culture as a Barrier to Development', the books by Glanville and McGhee contain little information on this issue. The term 'culture' does not appear in either the glossary or the index of the Glanville book and there are only two sentences in the development economics section of this text which refer to 'cultures' and 'cultural values'. (2003:552) There are just over two paragraphs dedicated to culture in the McGhee textbook (2004:664-5). The Rees book was written well before culture became a syllabus topic. Textbook authors are of course constrained in terms of their content coverage of each topic by a number of factors. However, some might suggest that culture has been treated as a peripheral issue in development economics, whereas it is a central issue in development studies, particularly in terms of understanding development processes and how development theories and ideas may be culturally constructed.

There is only one short paragraph in the Soubbotina & Sheraam text referring to culture, cultural values, and cultural development (2004:129). The term 'culture' does not appear in either the glossary or in the subject index of Todaro & Smith's 800-plus page book, '*Economic Development*'. The same is true of the Stiglitz & Charlton text. There is very little to be found about culture in any of the other texts in the sample.



## **Part 5. Students' Views about Development Issues**

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### Introduction

Do economic relationships between developed and less developed countries benefit LDCs? Do developing countries profit from their relationships with international financial institutions such as the World Bank? Is trade good for development? The students were asked a number of questions along those lines. Orthodox economics predicts mutual gains for parties engaging in international trade. Economic orthodoxy predicts job creation and other benefits arising from foreign direct investment by transnational companies. And while the World Bank and the IMF have a long history of providing finance and assistance to developing countries, some would argue that where this has been unsuccessful, then this is largely due to internal developing country problems. How do economics students view orthodox explanations such as these?

### International Trade

Arguments about international trade have a long pedigree. Writing about trade between England and France in the eighteenth century, Adam Smith declared for mutual-benefit.

All commerce that is carried on betwixt any two countries must necessarily be advantageous to both. The very intention of commerce is to exchange your own commodities for others which you think will be more convenient for you.  
(Meek *et al* 1978:511)

Current economics orthodoxy views free trade as essential for economic development. Students were asked to respond to the following question:

*Q. Do you think that free trade benefits less developed countries?*

About 18% of the students answered *no*, 34% ticked the *yes* box and 46% indicated *perhaps*.

Table 1

Number of students	Response
30	No
57	Yes
77	Perhaps

The follow-up question required students to explain their answer. About one in three of those who ticked *yes* did so because they thought that trade would increase export earnings or the volume of exports. Some of these students felt that increased export earnings enabled developing countries to import more of what they need. Involvement in exporting and importing were seen as boosting economic activity and thus were regarded as positive for development. Developing country farmers and producers were singled out as among those reaping the rewards from supplying more goods for export. Some students stated that increased export earnings provided a way to break out of the poverty cycle. A few wrote that a considerable part of gross domestic product for low-income countries comes from export earnings, so they thought that participating in international trade is clearly a beneficial economic activity for LDCs.

Regarding export volume it was asserted that wider trade connections would open up new markets for LDCs and international trade could also have beneficial political effects in the sense of developing closer ties with other countries. Lower wages in LDCs should translate into cheaper goods and LDC primary commodities were seen as potentially very competitive against the same commodities from the developed countries. A small minority of students who were keen on free trade also favoured using some protectionist

measures and some of these students made reference to the infant industry argument.

A number of students claimed that free trade had been shown to be the best option and one student pointed to the Asian Tigers and China as examples of developing countries that had grown richer through trade. Developed country tariffs and subsidies were occasionally referred to as constituting a barrier for LDC exports implying that more trade openness was called for on the part of the industrialised countries.

The most common explanation given by those students who were more hesitant about the benefits of free trade for development made reference to restrictive trade practices used by the industrialised countries. Many of these students felt that the expression 'free trade' was misleading and some of them claimed that the developed countries were using an excessive degree of protectionism against the developing countries.

Most of the students who ticked the *perhaps* box had other reservations about free trade. Some stated that completely free trade would not benefit developing countries. In particular, it was suggested that it would have damaging effects on infant industries. Richer nations were seen to benefit more from free trade. Overall, there was a consensus among the majority of these students that LDCs should protect at least some of their industries and markets. Several economics students thought that the developed countries should remove or reduce trade restrictions on LDC exports. Removal of developed country subsidies was the suggestion most commonly put forward. Several of the *perhaps* students referred to increased export earnings and bringing in convertible currencies. They often qualified their remarks with comments about developed country trade restrictions or other harmful side-effects allegedly arising from free trade, such as the deteriorating terms of trade for developing countries.

Despite having reservations about international trade, many of the students who ticked the *perhaps* box did point out several reasons why they thought that free trade was good for developing countries. Their responses included comments about LDCs being able to exploit their comparative advantage in relatively cheap labour; that free trade leads to a diffusion of ideas; and that incentives and efficiency are increased through openness to trade. A few students stated that developing countries were not homogeneous and issues concerning free trade and protectionism needed to be considered in country-specific terms.

The thirty economics students who thought that free trade was detrimental for LDCs also drew on arguments about subsidies, unfair trade, and infant industries. Some of these students suggested that free trade encourages developed countries to dump some of their goods in LDCs. Free trade means money flowing out of poor countries leading to balance of payments deficits. The conclusion to be drawn according to these students was that protectionism was a better option for LDCs than free trade. Developing countries could not benefit from the current free trade arrangements as developed country subsidies reduced the competitiveness of LDC exports and LDCs sometimes had to face coercive voluntary export restraints and other restrictions on their exports.

For many of the students who completed the questionnaires, free trade was viewed as being either favourable for LDCs or as a mixed blessing. A commonly-held response went along the lines that some form of managed trade which favoured LDCs would be preferable to the current situation which was perceived by many students as unfair.

Male students appeared to be more convinced that free trade benefits less developed countries. About 40% thought so compared with 26% of females. However, female students were only slightly more likely than males to express reservations about free trade (20%:17%). Female students were possibly less convinced about the merits of LDCs

specialising where they have a comparative advantage. Around 29% of females and 40% of males agreed with this proposition. But as the statistics indicate, there were few noticeable differences on international trade between male and female respondents among this group of economics students.

### Comparative Advantage

All students study the theory of comparative advantage in international trade. The following question was posed on the questionnaire:

*Q. Should less developed countries always specialise in producing goods in areas where they have a comparative advantage?*

About 25% of students replied *no* to this question, while 36% answered *yes* and another 38% indicated *perhaps*. One student did not respond. Many different types of explanation were given. The students' responses are summarised below, together with a few examples of some of the comments they made.

Table 2

Number of students	Response
42	No
59	Yes
63	Perhaps

Several of the students who answered *yes* to this question demonstrated their understanding of the economic concepts used in the theory of comparative advantage such as specialisation, efficiency, and opportunity cost. Twelve students made statements to the effect that specialising in areas of comparative advantage should lead to efficiency gains.

If they do they are able to trade their good and are using their scarce resources efficiently, then they can buy other goods which they do not hold a comparative advantage in. (S19)

Eight students mentioned benefits to developing countries arising from cost-minimization or producing where the opportunity costs are lower.

Since they cannot afford to enjoy the benefits of an absolute advantage, they should focus on trying to minimise the opportunity costs of producing a good. (S85)

Most of the students who answered *yes* to this question referred to the consequential benefits arising from specialisation and trade.

Comparative advantage was seen to either increase earnings and profits, maximise developing country and world output, increase the international market shares of developing countries, or possibly lead to economic growth.

These opinions were rejected by the forty-two students who ticked the *no* box. Their arguments centred on risk and the perceived need for LDCs to diversify production. Most of these students argued to the effect that narrow specialisation is a risky strategy for LDCs, especially when it is specialisation in the production of agricultural commodities for export.

They have to develop and learn how to produce new things, otherwise they'll be stuck in their position forever, the market wants new fresh ideas. (S40)

Supply-side shocks, low income-elasticity of demand for primary products, volatile commodity prices, and deteriorating terms of trade were all cited as reasons why diversification may be a better alternative to specialisation for developing countries.

Building comparative advantages in more profitable sectors can be more important in the long run. (S75)

The need for developing countries to diversify their economies found an even bigger echo among the sixty-three students who were not totally convinced that LDCs should always specialise where they have a comparative advantage. Most of these students referred to both the advantages and disadvantages surrounding specialisation.

In doing this they are more likely to succeed, but then they rely on too few goods and if it fails they will be drawn back to the poverty cycle. (S54)

Yes and no, you cannot accurately predict the market, just because the demand is high one day doesn't mean it will the next. They may mass produce something that becomes obsolete, where they rely on the income from said product. (S155)

Other students simply stressed the need for diversification.

If these goods would keep the LDCs in the state they are (as LDCs), then the countries would benefit from producing goods that would change the economic structure. (S166)

### Foreign Direct Investment

There was no specific question about foreign direct investment (FDI) on the questionnaire but this was included as a possible development strategy for the final interview question. Four interviewees suggested that more foreign direct investment by transnational corporations was the way forward for LDCs. The following question appeared on the questionnaire:

*Q. What are some of the most important reasons for low levels of development?*

In response to this query, twenty-nine students cited *lack of capital investment* as their main reason. This made it the most common first-choice answer out of the ten options available. It was also the main reason advanced for low levels of development when the responses were weighted. Over 70% of students gave *lack of capital investment* as one of their top five choices in reasons for underdevelopment. Fifteen of

the students also referred to low capital investment when answering the question: *Why are there so many poor people in Africa, in your opinion?* *Low investment in human capital* also attracted a large number of responses. It was the third most popular response given, and more than fifty students mentioned human capital in reply to the question about Africa.

### The World Bank

There was nothing on the questionnaire which required students to explain their views about the World Bank. However, the question was asked: *What are some of the most important reasons for low levels of development?* One of the optional answers provided was that the *World Bank & IMF have too much control over LDCs*.

Only four students out of all of those surveyed thought that this was the main reason for low levels of development. So *World Bank and IMF control* elicited the smallest number of first-choices out of the ten alternatives presented on the questionnaire. This statement was, however, the most popular fifth-choice given as the main reason for low levels of development, with twenty-one students indicating it as such. But *World Bank and IMF control* was voted eighth overall out of the ten alternatives suggested. The students who were interviewed were given the opportunity to express their views about the World Bank. All thirty-seven interviewees were asked the question: *How would you describe the role of the World Bank in relation to less developed countries?* This produced a variety of responses which are summarised below.

About a third of the students interviewed saw the World Bank in a positive light and tended to refer to the Bank as an organisation that assists developing countries. Loans given to developing countries at low interest rates or sometimes no interest rates at all were mentioned by the students, as was the Bank's initiation of specific projects to assist developing countries. Some concern was expressed at what may



happen to the money distributed by the World Bank. Comments were made about corrupt government officials and a few students referred to former dictators siphoning-off aid money. A number of students felt that the Bank did not have enough control over where the money was spent. Others thought that the Bank placed too many restrictions on their loans and that too much Bank control would constitute interference in developing countries' affairs. Some believed that this was already the case.

Bank lending conditions were judged to have been too harsh by some students, especially with regard to structural adjustment and pressurizing developing countries into reducing their import barriers. Some students were under the impression that the Bank focussed only on economic growth and did not prioritise development. A minority of students expressed support for the Bank's efforts but overall the World Bank did not appear to have many admirers among the students who were interviewed.

### The Terms of Trade

Ten students thought that deteriorating terms of trade was the most important reason for low levels of development. Deteriorating terms of trade was ranked sixth overall from the list of reasons provided. Although there was no specific question about the terms of trade on the questionnaire, there were other areas involving international trade where the terms of trade issue cropped up. But only four of the thirty-seven students interviewed referred to deteriorating terms of trade and only six of the returned student questionnaires contained any specific reference to this topic.

### Import-Substituting Industrialisation

There was no specific question about ISI on the questionnaire but it was mentioned as part of one of the possible development strategies

discussed during the interviews. Nine of the thirty-seven interviewees chose selective import controls as their most preferred development strategy although only three of these explicitly linked this to ISI.

I think LDCs should use selective import controls to protect their domestic market in order to try to develop their own industries through import-substituting industrialisation. (Int 6)

Two other interviewees referred implicitly to ISI.

Emerging manufacturing markets cannot compete with HDCs economies of scale. There are infant manufacturing markets in LDCs and they are not able to compete with the economies of scale of the HDCs and MNCs. They need to industrialise before trying to compete on an international level. This would be the most beneficial. (Int 2)

The five remaining students only discussed import controls and not industrialisation. One of them stated that she favoured selective import controls for LDCs but not import-substituting industrialisation.

### Free-Market Economics

Students study markets and different types of economic systems in microeconomics and macroeconomics. The following question was asked on the questionnaire:

*Q. Is a free-market economics approach with minimum government intervention a good strategy for development in less developed countries?*

As can be seen from the results tabulated below, only nineteen students gave an unequivocally positive response to the idea that developing countries should adopt a free-market economics approach to development. Many students were unsure about the benefits of free-market economics and they explained their reasons why in response to the next question. A large number of students were convinced that a free-market economics approach was not a good strategy for development.

Table 3

Number of students	Response
66	No
19	Yes
80	Perhaps

Most of the students who answered *no* to this question explained that government intervention was desirable in developing countries for a variety of reasons. The government was needed to regulate industry, organise the provision of merit goods, and try to ensure a fair allocation of resources. Some students argued that markets do not always work efficiently in LDCs and consequently they require government intervention. The government can regulate the growth of monopolies and reduce the risk of exploitation. Four students said that some degree of planning was required and three students wrote that ‘trickle-down’ does not work. Trickle-down is the idea that ‘...the accumulation of wealth by the rich is good for the poor since some of the increased wealth of the rich trickles down to the poor.’ (Aghion & Bolton 1997:151)

The trickle-down theory does not work in these areas as the capital would stay in the urban areas whereas the help is mostly needed in rural areas. (S24)

In many cases there is an inefficient market with supply-side constraints and distorted market signals. A mixture of planning and market approach would in my opinion work better (Sectors like health care will deteriorate in a free-market). (S16)

The students were also asked in a different question to prioritise the reasons (as they saw them) for the existence of low levels of development. Here the response *markets in LDCs are inefficient* was the fourth most popular choice overall and twenty-one of the students thought that inefficient markets were the most important reason for low levels of development.

## Property Rights

*Lack of property rights* attracted one of the lowest numbers of votes. Only five students out of those participating thought that this was the most important reason for underdevelopment. Overall this reason came seventh out of the ten suggested. Only one student referred to property rights in response to the question about Africa and not a single student mentioned property rights in the interviews.

## Minimum Wages

In orthodox economics analysis the introduction of a minimum wage in a competitive market is seen to induce involuntary unemployment among some low-paid workers. This is due to an anticipated reduction in the number of workers required (particularly among smaller firms) and an increase in the number of workers who are attracted by the relatively higher wages on offer. During the interview sessions, the students were asked the question, '*Should there be a national minimum wage for workers in less developed countries?*'

Some of those who agreed with this idea referred to fairness, poverty, or human rights.

They aren't paid what they deserve to get paid. (Int 1)

One [minimum wage] that can allow the people to have a sustainable living and have the necessities they need like food, water, shelter and things like that. (Int 5)

It would help decrease the violations of human rights that goes on... (Int 8)

It certainly helps the people who are living in extreme poverty. It can mean the difference between life and death for them, so it's a good idea. (Int 10)

Others preferred more to give more instrumental explanations.

I think it will increase the living standard over there because now they have more to spend, so if the people will consume more the demand will increase,

the foreign investment will come to the country. That cycle will start in the country. (Int 36)

Many of those who were against the minimum wage supported their position by using orthodox economics arguments. Several students mentioned the possible consequences of introducing a minimum wage in terms of attracting foreign investment.

MNCs will probably avoid countries with a national minimum wage... (Int 4)

...a minimum wage might not be the best thing because foreign investors might be deterred from investing in the country... (Int 17)

...if the minimum wage was set too high investors could be tempted to go to a country where there was no minimum wage... (Int 28)

Developing countries benefit from having a cheap labour force. If a minimum wage is set multinational corporations might allocate their production to other countries. (Int 35)

Only one student out of the thirty-seven interviewed suggested that there are reasons other than low wages which attract foreign direct investment. Neoclassical wage theory was often invoked in evidence against a minimum wage.

...setting a minimum wage would actually, according to the laws of supply and demand in economics, would actually decrease the amount of jobs available... (Int 20)

...sometimes a minimum wage is known to create unemployment which is already a problem and I also think that these countries have a comparative advantage in cheap labour... (Int 26)

In the state that the developing countries are in today I don't think it would be best to have a minimum wage because it can increase unemployment. (Int 29)

A number of the students were unable to come to a firm conclusion. Several argued both for-and-against, with quite a few students stating

that it might be a good idea in theory but in reality it would be impractical and unachievable.

### Sustainable Development

One of the questions which appeared on the questionnaire concerned sustainable development. This question was different from the others as it was seeking a definition of the concept rather than the students' opinions about it.

*Q. How would you explain the term "sustainable development"?*

About a quarter of the students answered this question by making reference either to the future or to 'future generations'.

Using natural resources to fulfill the needs of the present generation without limiting or compromising the resources needed in future generations. (S5)

An economy is experiencing economic growth without sacrificing the needs of the future. (S23)

It is the utilisation of resources without preventing future generations from having these scarce resources. (S77)

Another large group of students referred to development which takes place at a steady rate, or 'steady-state'.

A rate of development which can be increased over time at a stable progression or improvement. (S44)

A country developing slowly but surely. It is making steady, stable progress. (S58)

A similar-sized group of students referred to sustainable development as development which takes place over the long-run.

Development that is able to continue in an upward spiral for a long time. (S71)

Development that will continue on a long term basis and not necessarily deteriorate by the end of a business cycle or just have random spurts of growth that soon are outweighed by conflict or population growth. (S163)

Five students referred to the environment.

Development that takes account for environmental challenges that benefits both the people and the environment. (S74)

When all the economic goals are considered plus human rights and environmental protection. (S141)

During the interviews the students were given the opportunity to say something more about this topic. About one in four of the students who were interviewed thought that developing countries should try to focus on sustainable development projects.

If it isn't sustainable it's not really helping it's just patching up and ripping off the scab again. So I think it's important to have sustainable development projects... (Int 27)

### Colonialism

Colonial history featured quite strongly in the students' questionnaire responses as one of the main reasons for low levels of development. It was the third most popular choice with twenty-two students considering colonial history as the main reason for low levels of development. When the responses were weighted colonial history moved down to fifth position out of the ten reasons put forward on the questionnaire as factors contributing to underdevelopment.

Colonialism also came up as a discussion topic in some of the interviews. A few of the students who were interviewed complained that they had spent very little time discussing colonialism on the economics course and claimed that there was not much information about it in their textbooks. They thought that it merited a higher profile. One of the questions on the student questionnaire asked *why are there so many poor people in Africa?* This question elicited a wide variety of responses and many students referred to colonialism. Over 25% of respondents

held Africa's colonial heritage to be at least partially responsible for the current levels of development in Africa.

The majority of students who felt that colonialism was a cause of underdevelopment referred to the role of European or Western colonialists who had 'left with', 'stolen', or were deemed culpable of exploiting Africa's natural resources. Some students wrote that colonial exploitation was the main reason why Africa had not been able to 'catch up' with the advanced industrial countries. Two students felt that slavery had had an enduring effect. Others who indicated that colonialism was a reason for underdevelopment in Africa did not elaborate in any further detail.

A third of the students who made reference to colonialism wrote about the problems which had occurred in the aftermath of de-colonisation. This they viewed as being significant for current development. The ensuing civil wars and tribal conflicts which erupted after de-colonisation were presented by some students as important factors contributing towards underdevelopment in Africa. De-colonisation was seen to have failed by some students who referred to dictatorships in Africa arising out of civil wars which were the legacy of the end of colonial rule. Several others thought that the colonial powers left the African countries without leaving a significant level of infrastructure. Lack of infrastructure was flagged as a major development problem by some of the students. In the students' responses there was no trace of the idea that colonialism may have had some benefits for African countries, such as those suggested by writers like Bauer (1981).

### Corruption

The students were asked the following question:

*Q. Is corruption an important influence on development, in your view?*



They were virtually unanimous on this issue, as can be seen from the questionnaire results which are summarised below.

Table 4

Number of students	Response
1	No
154	Yes
10	Perhaps

Out of the ten students who answered *perhaps*, only six of them gave any explanation for their answer. Many students referred to money being diverted to the wrong destinations.

Corruption is what slows down development, because money is not allocated to the right destinations. (S7)

As money earned from growth will be spent on villas, expensive foreign cars and airplanes for Mr President, while it could have been spent on infrastructure and increased production of goods. (S116)

Others said that corruption had a negative impact on foreign investment and also on overseas development assistance.

Foreign MNCs [would be] less willing to invest in countries with high level of corruption, since they would have to give parts of their profit to the corrupt government. (S110)

No one wants to risk putting their money into Africa or another LDC like that with problems like government corruption or just corruption. (Int 12)

Corruption has an immense negative influence on aid, which in turn worsens the condition in these countries further. (S73)

Most of the students wrote that money was either diverted to the wrong destinations or to the wrong people, or that corruption keeps money away from those who need it. Some were more specific and claimed that development finance goes to corrupt politicians in LDCs or to rich

people in LDCs. The idea that corruption had negative consequences for attracting outside investment was echoed by a number of students.

### Culture

*Q. Are cultural factors a barrier to development in less developed countries?*

A small number of students replied *no* to this question. The rest were divided fairly evenly between *yes* and *perhaps*.

Table 5

Number of students	Response
13	No
79	Yes
73	Perhaps

Thirty-one different explanations or examples were given to support the view that culture is a barrier to development. About one student in four mentioned resistance to change and that there is sometimes a conflict between cultural values and development.

'My father did it like this and his father before him, therefore I do it like this'.  
(S13)

People don't accept new ideas, and refuse to give up their culture. Some cultures interfere with development. (S40)

It has shown the culture may be the cause of why development takes longer time. In order for development to occur these barriers needs to be broken. It needs to suit the international market. (S150)

A similar proportion of students wrote that development is held back in some countries because of the subjection of women and the lack of rights and opportunities which they have.

I am not sure if it can be characterized as a cultural problem, but gender inequality for example can be a problem. (S65)

As a country can exclude half of its workforce as women are not allowed to work. This will result in lower production and lesser tax revenues used for development. (S116)

For example in countries where women are culturally oppressed, they have no education and keep having children. This is a barrier to development as population grows faster than GDP and furthermore, poverty increases. (S137)

Seven students mentioned religion as a barrier to development when responding to this question.

To some extent, as some religions might not adapt to a more developed 'tradition'. (S103)

Tradition and religion in some countries is connected to a stagnating level of development. (S138)

The rest of the students gave a mixture of explanations in response to this question. Three students thought that attitudes towards sex and contraception can impede development. Two students stated that existing multiculturalism hinders development, while two others mentioned loss of cultural identity. A number of alternative explanations were put forward including the lack of a work ethic in some countries, aversion to risk, and racial and caste discrimination. Sometimes students offered more than one reason.

Many cultures don't let women work, or some products are illegal because of religion (alcohol). (S114)

Students who answered *perhaps* to the idea that cultural factors may be a barrier to development gave similar replies in many cases to those students who answered *yes*. Cultural resistance to change, the role of women in society, and religion were the most common themes, although religion and beliefs were mentioned more often than women among the *perhaps* students.

As Catholics, for example, people are not allowed to use condoms which promotes HIV in less developed countries. (S53)

Only in countries where making profit is considered to be a sin and thus any operation of a free-market will not lead to development. (S89)

If somebody's business in an LDC does not go well and the person still believes in witchcraft, they may divert their whole focus from the main course of the failure of the business towards witchcraft. They may waste a lot of time trying to retaliate the witchcraft or appeasing the gods. This is a barrier to development. (S146)

Six students mentioned that past or current conflicts between different cultures can hinder development and trade.

Of the thirteen students who thought that culture was not a barrier to development, five did not explain why. One student wrote that as globalisation was spreading, culture was becoming more homogeneous. Another one wrote:

There is no ground for saying that culture is a barrier, compare with NIC's. (S124)

Two students stated that multiculturalism was already in existence. The remaining four students thought that the importance of culture to development was exaggerated or even worse.

Culture is a non-existent issue that is overblown in order to avoid the real issue. (S20)

### Relationships with More Developed Countries

*Q. What are some of the most important reasons for low levels of development?*

One possible suggestion supplied on the questionnaire was that *LDCs are exploited by the developed countries*. This was the answer of first-choice for twenty-seven students. That made it the second most popular answer given in response to this particular question, after the number

one choice which was *lack of capital investment*. When the students' responses were weighted this was also the second most popular choice overall. The table below tallies student numbers with their first-choice reasons.

Table 6

Number of students	Main reason for underdevelopment
<b>29</b>	Lack of capital investment
<b>27</b>	LDCs are exploited by the developed countries
<b>22</b>	Colonial history
<b>21</b>	Low investment in human capital
<b>21</b>	Markets in LDCs are inefficient
<b>10</b>	Tendency for the terms of trade to deteriorate
<b>8</b>	Too much govt. involvement in LDC economies
<b>6</b>	Not enough govt. involvement in LDC economies
<b>5</b>	Lack of property rights
<b>4</b>	WB & IMF have too much control over LDCs

There did not appear to be any significant differences between male and female responses to this question. About 20% of males indicated *lack of capital investment* as their first choice compared with 15% of the females. *LDCs are exploited by the developed countries* was chosen as the number one reason by 18% of the males and 14% of the females. Differences of opinion between male and female students concerning other reasons for underdevelopment were almost negligible. This was with regard to the students' first-choice preferences and also to the results after they had been weighted.

The students were asked to provide their second, third, fourth, and fifth preferences. The following table ranks the students' overall preferences based on aggregating their choices. First preferences have

been allocated five points, second preferences four points, third preferences three points, and so on.

Table 7

Overall ranking	Main reason for underdevelopment
1	Lack of capital investment
2	LDCs are exploited by the developed countries
3	Low investment in human capital
4	Markets in LDCs are inefficient
5	Colonial history
6	Tendency for the terms of trade to deteriorate
7	Lack of property rights
8	WB & IMF have too much control over LDCs
9	Not enough govt. involvement in LDC economies
10	Too much govt. involvement in LDC economies

## **Part 6. The Interviews**

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### Student Interactions in the Interviews

The interviews were conducted in small groups in each of the four schools that were visited. During the interviews there were a number of interactions between the students. Some of these interactions were of a complementary nature, but at times the students were argumentative. The first three interview questions tended to elicit a variety of responses from each student as they were rather personal: *Where do you get most of your knowledge about developing countries from? What is the most memorable thing that you have discovered about development from this economics course? Do you think that any of your views about developing countries have changed since you began studying economics?*

The other four structured interview questions were related to economic theory and economic policy. *Should there be a national minimum wage for workers in less developed countries? What do you think is the most important cause of underdevelopment? How would you describe the role of the World Bank in relation to less developed countries? What do you think would be the most useful development strategy?*

With these questions there was more scope for students to agree or to disagree with each other, to construct a consensus or to 'take sides' on an issue. There was evidence of all types of interaction taking place. In two of the ten groups there was majority agreement on the central point in the discussions regarding all four of these questions. There were also four groups where students either disagreed with each other or simply advanced different ideas on most of the points which came out of the last four questions. The remaining four groups of students were evenly split in the sense of students' advocating contradictory opinions in response to the questions asked.

On the question of development strategy, all four interviewees in one group proposed export-orientation. Three of the four interviewees in another group suggested selective import controls, with two of them arguing for import-substituting industrialisation. Another three students in a different group argued the case for microcredit while the fourth student favoured FDI. Those in the remaining seven groups produced a more diverse range of opinions. In one group of four the students proposed sustainable development, foreign direct investment, microcredit, and fair trade respectively as their most-favoured development strategy. Students in another group suggested in turn; selective import controls, more overseas development assistance, sustainable development projects, and microcredit.

There was no overall unanimity within groups about the World Bank, although the majority of students in a few of the groups expressed similar opinions on this issue. Three students in one group

declared that the World Bank was only interested in growth rather than development. This view was also expressed in their textbook. A few others were non-committal on this question. There was more agreement within the groups concerning the question about the reasons for underdevelopment.

In six of the groups there was a consensus in each group about the most important reason. However, there was no consensus between the groups. There were also three groups who thought that a minimum wage would be desirable, three groups who thought it would be undesirable, and four groups who were split on the issue. However, there were some clear differences when schools were compared with each other. In one school the majority of the students interviewed supported the idea of a minimum wage in developing countries. In another school nearly all of the students who were interviewed rejected the idea of a minimum wage being implemented in developing countries, although three of these students thought that multinational corporations should pay at least a minimum wage.

## **Part 7. Knowledge Sources and Development**

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### Teachers, Texts and Television

As it was important to find out which texts and other resources the students were using to improve their understanding of development, the following question was put forward both in the interviews and on the questionnaire:

*Q. Where do you get most of your knowledge about developing countries from?*

The students' first choice from the completed questionnaires was their *economics teacher*. This was followed in second place by *newspapers and magazines*. This order was reversed when the results were weighted. Using the *internet* as a knowledge source for development



was also rated highly in the rankings. Overall, the economics students voted their *economics textbook* into fourth place out of the eight possible alternatives available. Around one-third of the students indicated that their economics textbook did not figure in their first five choices for obtaining knowledge about developing countries.

The least recognised source of knowledge about developing countries was declared to be *students and friends*. This came in last in terms of overall preferences. Out of the one hundred and sixty-six students surveyed, forty-five of them specified that the experience of living in a developing country was one of their main sources of knowledge about development.

Table 8

	First choice	Overall choice
Economics teacher	1	2
Newspapers and magazines	2	1
Internet	3	3
Economics textbook	4	4
Television	4	5
I have lived in a developing country	4	6
Students and friends	7	8
Parents/guardian	8	7

Only one economics student out of every eleven males and one out of every seven females rated the economics textbook as their primary source of knowledge about developing countries. For the male students, the internet, newspapers and magazines, and the economics teacher were seen as the three most important sources, with each of them accounting for around 20% of the total. The two most important sources for the female students were the economics teacher (28%) and the experience of having lived in a developing country (28%). Only one in

thirteen female students stated that the internet was their most important source of knowledge about development. But the internet was rated as the most important source by one in five male students (20:101).

There was little difference in textbook ranking between standard and higher level students. Around 11% of higher level students ranked the economics textbook as their primary source of knowledge about development compared to 15% of those studying at standard level. However, there was a difference in two other categories. About 37% of higher level students ranked the economics teacher as their primary source compared with 13% of standard level candidates. The main development resource for standard level students was given as newspapers and magazines. About 33% of the standard level students cited these as their primary source, but only 13% of the higher level students ranked newspapers and magazines as being the most important. In addition, nearly half of the standard level students thought that a free-market approach to development would not be a good strategy for developing countries, compared with just over one-third of the higher level students who believed that it would. In general though there seemed to be no great differences in the opinions between standard level and higher level students.

In the interviews most students acknowledged using a few different sources. Many referred to the internet, newspapers, and television. Ten students specifically mentioned the economics teacher and eleven students referred to what they had been learning in class.

I think the class but when you read about something really interesting and different concepts that you learn in class come up and you think that, oh yeah I understand that, but just watching the news and reading the newspapers and internet and everywhere but mainly in economics class. (Int 14)

Four students mentioned their involvement with CAS or THIMUN activities as being highly influential, and three others referred to service activities in Romania when responding to a different question.

I would say the CAS activities [not part of the economics course] from our trips to Romania. It made a big impression on me. It gave me a bigger insight to the problem, not only reading about it but to actually be there and experience it. (Int 34)

Four interviewees noted that some films they had watched had influenced their views. *Darwin's Nightmare* left a deep impression on some students. Three others said that they read the *Economist* magazine regularly. Eight of the thirty-seven students who were interviewed made some reference to their economics textbook.

I think that probably most of my hard knowledge comes from my economics book, but general impressions I think I get most from my parents, the news, and stuff like that. (Int 22)

I get the general idea of developing countries from the television or the internet, newspapers. But then I also feel I get most of the knowledge and understanding from the economics book, so I think they're really connected, because I don't think I would actually understand it without the book. (Int 29)

## **Part 8. Perspectives on Development**

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### The Changing Views of Economics Students

*Q. Do you think that any of your views about less developed countries have changed since you began studying this IB economics course?*

The majority of students who took part in the research said that their views about development and developing countries had changed since they began studying economics. Forty students were not sure whether their views had changed. Sixteen students indicated that their views about developing countries had remained the same since the start of the economics course. Two students did not answer the question.

Table 9

Number of students	Response
16	No
108	Yes
40	Perhaps

Out of the sixteen students whose views were stated as unchanged, nine wrote that this was because they had experienced living in a developing country. Here are some of their responses:

I have always known about the conditions in LDCs since I've lived in a poor rural area of China. (S27)

Seeing as I have seen poverty since I was young and have witnessed attempts and goals to become a DC, LDC still seem the same to me. (S42)

I have had experience of developing countries as I used to live in Egypt before doing the IB. (S122)

Some of the others thought that the economics course had increased their awareness and knowledge about less developed countries but that it had not led them to change their views.

Views, I think my views are still the same but I have learnt a lot from the theory, the economic terms and all that, the facts, but my views about developing countries are still the same. (Int 9)

One student seemed a bit puzzled by the question.

I don't see how I could change very much. You just, you feel sorry for them. I don't see how you can change it that much. (Int 6)

So the results indicated that about one student in ten thought that their views about developing countries had remained unchanged throughout the period of the economics course. A higher number of students displayed some uncertainty in their opinions. The most common rejoinder from students who were unsure if their views had changed or

not was that while they were certain that their knowledge and awareness about developing countries had increased, they didn't think that their views had changed.

It is not so much the view that has changed but rather the extent of awareness. (S31)

My views have probably not been drastically altered, however they have become more focussed and better supported by fact. (S70)

My views didn't really change but are now more complete. (S96)

Other students who were unsure said that they knew more about the reasons for underdevelopment or about specific barriers to development from studying economics, but that their views towards developing countries had not changed. A few of the students who indicated that they were unsure whether their views had changed or not went on to show how their views had actually been affected to some degree.

I came to realise that in the global market there are no bad guys or good guys. (S72)

The only view that has changed is the fact that giving money to LDCs is not enough to result to development. (S89)

Helped me form a view, become more informed and concerned. (S97)

However, a clear majority believed that their opinions had changed as a result of taking the economics course. Some of these students referred to specific issues where they thought that their views had changed as a result of studying economics. For example, a few students discussed how their views had changed with regard to sending overseas development assistance to developing countries.

I used to believe that just aid, sending mass amounts of money into places would solve the problem but it does nothing basically. No matter how much money you could send to Africa and other LDCs it won't solve the problem by itself... The main thing I learned is that aid is not really that helpful. (Int 11)

It was not only students' views about development assistance that had changed.

Before I used to only think that it was all the MDCs fault like the Western nations but now I've come to see that it's also both-sided in a sense like the LDCs also do have to develop within their domestic issues, such as within the government and financial systems, like I've become more moderate I guess. (Int 2)

*Q. Do you think it's not so black-and-white?*

Exactly. (Int 2)

For me it's the other way round... I've come to see that the more developed countries play quite a large role in keeping them underdeveloped which I hadn't really seen or known before. (Int 3)

*Q. Can you give an example of that?*

Well for instance the fact that even though MDCs say they promote free trade, they themselves still place tariffs and still place subsidies on their own markets so that developing countries cannot sell their goods anywhere and are forced to buy MDC goods and as they are cheaper they compete with the goods in the domestic markets... (Int 3)

The first student quoted above (Int 2) suggests that his views have moderated as a result of studying economics whereas interviewee number three claims that her views have become broader. Students often quoted international trade as an area where their views had changed.

I got a greater understanding of the situation about less developed countries and how they are restricted with so many barriers like quotas and tariffs... (Int 4)

I think what's changed for me is probably the fact that I realised how much the developed world is affecting it by exploiting the workers and taking all the output from the actual developing countries in many cases. (Int 16)

After going through this course I have realised that they need a lot of help...the fact that other countries are providing subsidies and other sorts of economic benefits to producers, they are really hurting these foreign producers who cannot compete with such low prices. (Int 19)

Before I started studying economics I thought it was more or less their fault but after this course I understand that many forces affect, like we are hindering them to favour us, protectionist measures, and aid, red tape.<sup>22</sup> (Int 33)

Some respondents claimed that studying economics had not only changed their views but that their views had become more positive towards developing countries and the prospects for development.

I think they have changed. Before I thought that developing nations were something that couldn't really be helped that much. But through the economics course that I have taken can see there is. They are trying, and there are ways to do it, but they are not always helpful. (Int 15)

My views have changed, I used to think that it's usually the countries own fault to be in such a state, but through the economics course it has just shown me how different factors affecting that country. Like the lack of their resources or the outside countries just well, either keeping them in that position or moving to that position. (Int 17)

Other students expressed similar views:

Yes, I used to regard developing countries as sort of stagnant, that there wasn't much that it would be possible to do for them. Whereas the book gives hard facts and examples of successful development in developing countries, and also strategies and growth strategies that have worked, so now I see it as there is more potential in the struggle for development than I thought previously. (Int 22)

*Q. So you're a bit more optimistic now?*

Yes. (Int 22)

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<sup>22</sup> 'Red tape' refers to excessive bureaucratic restrictions which impede or delay the delivery of exports and imports.

I think I'm becoming more optimistic too. I didn't know much about what could be done before, but now I think I know more about the possible solutions. (Int 23)

Yes, as a kid I thought bad about developing countries, but now I know the reasons why they are less developed and what we could do to help them and stuff. So that changed my views positively to less developed countries. (Int 35)

I think it changed my mind, truly. I used to think bad things about less developed countries. Now I have changed my mind, how to promote those countries. What should we do to make a difference? So that's why before I was thinking about doing some sort of engineering, so now I have changed my mind to do something in economics. (Int 36)

Occasionally a student would describe an overall change in outlook that had occurred as a consequence of studying economics.

I came into the course with a more of a sort of free-market belief that if you just opened to trade with the West and broke down toll barriers then a lot of the problems would solve themselves. But I'm starting to see that it's more complicated than that, and also that developing countries do need to retain their sovereignty and keep control of certain parts of their economy to avoid being pure primary resource suppliers to the West. (Int 25)

I kind of agree, I thought in the beginning what are you waiting for? We can just give you and you can be just as industrialised as we are, and then when I started the course I actually understood that there are several factors that play in and it's a vicious circle, and that it's very difficult to actually develop. I think my understanding is broader. Instead of it being more like a small task, I'm actually quite understanding, I understand more. (Int 26)

A few of the students who were interviewed initially stated that no change in their views had occurred. However, they then went on to contradict themselves by describing how some of their views had changed.

Not necessarily my views I think. I just have more knowledge about the subject now. I don't think they've changed in the sense of how I view



developing countries, but it's changed on how I've realised how to help the developing countries. I've seen now that, I've learned now that, before I thought that the IMF and World Bank were like actually helping and I thought they were doing a good job, but now I guess my view about them has changed a little bit, since there are loan programmes that aren't exactly helping the developing countries. (Int 5)

## **Part 9. Discussion**

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### The Influence of Economics on Students' Views

Does studying economics change students' views about developing countries? It is difficult to ascertain how much influence economics education has on students' views. As one of the students remarked, 'They [my views] change a little bit all the time.' (Int 10) Students are exposed to many influences which can change their opinions. Most of the economics students thought that existing trade regulations might work against developing countries. Yet anyone can pick up this idea from the media. It is not necessary to have studied economics to hold this particular viewpoint. The faltering steps, controversies, and riots surrounding World Trade Organisation meetings since Seattle (1999) have been widely reported in the media for several years. The 'Doha round' of trade negotiations is not a hidden secret to be found only in economics texts.<sup>23</sup> The students themselves spoke about using a wide range of resources for studying the economics of developing countries. Overall, newspapers and magazines were the most popular resources used. The internet was not too far behind.

Students study other subjects. They are exposed to all kinds of media influences and quite a few of those who took part in the survey have actually lived in a developing country. A high percentage of the students surveyed prioritised this as a very important influence on their

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<sup>23</sup> The Doha round of trade negotiations began in Qatar in 2001. The most recent negotiations (at the time of writing) broke down in Potsdam, Germany, in June 2007.

views about development. They claimed that their experience of living in a developing country was one of the most important factors which influenced their understanding of development. Other students referred to a school service detail to Romania in which they had been involved. This had created their most memorable impression about developing countries. However, this activity was not even part of the economics course. Several other students referred to the impact of films which they had seen in economics lessons. But again, some of these films could easily have been watched outside of the economics classroom, either in the cinema or viewed on television.

It was clear from the interviews that the students did not always converse about developing countries using economic concepts and theories or by using the vocabulary of economics. Although colonialism is not part of the economics syllabus there were several interviewees who discussed development with reference to colonialism. Africa's colonial history and heritage were mentioned a few times as a reason for underdevelopment. During the interviews some students referred to the fact that they had spent very little time studying colonialism in their economics lessons. This was unsurprising as it is not in the syllabus. Introductory economics texts also tend not to provide much coverage on this subject.

The Marshall Plan was another topic cited during the interviews. Although the success of the Marshall Plan may have been an inspiration for some of the early development economists, it seems likely that the students' knowledge about the Marshall Plan came from studying history or from sources other than economics.<sup>24</sup> Some students also used other historical arguments, such as drawing links between collecting agricultural taxes in developing countries today and how they were collected centuries ago in Europe.

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<sup>24</sup> Anderton briefly mentions the Marshall Plan in his economics textbook. (2006:700, 717)

One group appeared to agree with the student who commented about microcredit, 'So you could say we actually learnt it from the Nobel Peace Organisation.' (Int 9) This was a reference to the Grameen Bank and its founder Dr Mohammed Yunus who was awarded the Nobel Prize in Economics Sciences in 2006. Given the high level of media coverage that this attracted, many others may have learned something about microcredit in the same way. Yunus was even interviewed by Oprah Winfrey. According to this television programme website, he told the story of the Grameen Bank to around 23 million viewers in the United States alone. An estimated several million more worldwide also watched this show.<sup>25</sup> In addition, Yunus was interviewed by other television presenters and many newspapers reported his musings on microcredit.

Another difficulty with the research concerns the fact that it was a one-off survey. It was not possible to compare the students' views with data from questionnaires that they had completed at the beginning of their economics course as this information did not exist. A longitudinal study would perhaps have provided more reliable insights into the changing views of students over time. But the 'before and after' method also presents difficulties. The attribution problem would still be present. The questions would also have needed to have been much simpler, as beginning students would be unfamiliar with the economic concepts and theories presented in the questionnaire.

The approach taken in this research was to ask students directly if they thought that their views had changed as a result of studying economics. This presupposes that students can recognise that their own views have changed. For one or two of the students it was evident from the interviews that this was not the case! A couple of students initially said that their views about developing countries had remained the same after studying economics. Yet during the course of the

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<sup>25</sup> Information obtained from the programme's website.

interviews it became clear that these students' views had changed during this period.

It is not surprising that some of the students were unaware whether their views had changed or not. Students are experienced at demonstrating their knowledge of the subject but they are not asked as a rule to reflect on whether their own views may have been altered by studying economics. Given the number of other influences on students, it could be the case that studying economics actually has little impact on students' views. The 'economics effect' could be virtually negligible. So are there any findings to the contrary?

One significant result was that only one student in ten stated categorically that studying economics had not changed their views about developing countries. A basic denominator for these particular students was that most of them had lived in a developing country. The majority of those surveyed believed that studying economics had actually changed their views. Over one hundred students made this claim. Many of them were able to describe specific cases to illustrate their beliefs. For example, several students had changed their opinions about aid since they began studying economics. But was this a result of the economics course or something else? One clue can be found in the language that the students used.

The students conversed using a wide range of terms and abbreviations from economics. They bandied around expressions such as tied aid, FDI, HDCs, LDCs, MDCs, quotas, subsidies, and supply-side constraints. The students used the vocabulary of economics confidently and generally within the correct context. They were evidently familiar with the language of economics and they clearly understood what they were talking about. When one student was challenged in an interview about the meaning of 'sustainable development' he immediately replied, 'Development that meets the needs of today without compromising the future needs.' (Int 11)

Students would often use the economic terms and abbreviations that they had learned when explaining how their views had changed as a result of studying economics, ‘...the fact that even though MDCs say they promote free trade, they themselves still place tariffs and still place subsidies on their own markets...’ (Int 3) Although this language is found in other media such as newspapers and television, most of this terminology is often not explained in detail outside of an economics course. Shorthand expressions such as MDCs and VERs may be meaningless to many of those who do not have any economics education. The students used these terms with ease as they have learned to define and apply them through their studies.

When some of the students gave examples of how their views had changed they would sometimes refer to economic concepts such as elasticity or the terms of trade. Again, it seems likely that their grasp of these concepts is a result of their economics education. In addition, some of the students stated that their views about international financial institutions had changed as a direct result of what they had learned from their economics course.

Some also referred to economic theories such as import-substituting industrialisation. This is an even stronger indication that students’ views about developing countries have changed as a result of studying economics. It is unlikely that they would refer to this particular strategy without having studied economics. The same could also be said for the poverty cycle. This theory is also in the development economics part of the syllabus and several of the students referred to it. The interviewees were asked *what is the most memorable thing that you have discovered about development from this economics course?* One of them replied, ‘Probably how vicious the cycle is, at least in developing countries, and about how once they get into the actual poverty cycle, it’s hard to get out.’ (Int 5)

Some students also pointed specifically to what they had learned on their economics course as being instrumental in changing their views about development. Students' responses often took the form, 'Before the economics course I thought this...but now through the economics course I have learned that...' Others gave the impression that they felt more confident about changing their views after studying economics. They had acquired a broader knowledge base to think more critically about development. In addition, many students indicated through the questionnaire that their economics teacher was their most important source of knowledge about developing countries. In fact, when students were asked to prioritise their knowledge sources concerning development, the most popular first-choice answer given by the students was the economics teacher.

Studying economics is not the only activity that influences students' opinions. But it seems clear from the research findings that through studying economics many students have changed their views about developing countries. Some students who had 'negative' views about developing countries reported that they now viewed LDCs in a more positive light as a direct consequence of studying economics. Others who previously had pessimistic views about the prospects for development said that they had turned more optimistic as a result of coming into contact with development strategies outlined in the economics course. A few students had become more pessimistic about the prospects for development.

Some students stated that studying economics had changed their overall outlook on developing countries. One had even changed his career plans as a result of what he had found out about developing countries from the economics course. On the basis of the research findings it would be implausible to claim that students' views about development had remained unaffected by their two-year period of economics education. But what were the students' views? Did the

students seem imbued with orthodox economics perspectives about development after studying economics for two years?

### Orthodox Economics and Students' Views about Development

In this thesis orthodox economics has been described as having two main characteristics with regard to development. One is that international economic relations are mainly beneficial for developing countries. The other characteristic is that there is only one economics and that this can be applied universally to any country. This is the mono-economics outlook described by Hirschman. As Sen has written, 'Mono-economics sounds perhaps a little like a disease that one could catch if not careful.' (Sen 1983:746) However, while this term may have negative connotations for some, mono-economics means that economic theories have a universal application and consequently they can be used to analyse rich and poor countries alike. This implies that the economies of developing countries operate in basically the same way as the economies of the more developed countries.

Many of the questions asked on the questionnaire and during the interviews were purposefully trying to ascertain whether the students held mono-economics perspectives on development. Did the students think that standard economics analysis could be applied to all countries? This question was not asked directly, but several issues were broached in an attempt to bring forward some clues regarding how influential mono-economics ideas were among the students surveyed.

As far as the students were concerned the most popular reason given as the main cause of underdevelopment turned out to be *lack of capital investment*. This is an orthodox economics response. It was perhaps not too surprising a result, given the fact that the students study factors of production, investment, economic growth, the PPF, and the Harrod-Domar growth model, as well as Keynesian macroeconomics. Still, this finding could perhaps be viewed as an

indication of the influence of mono-economics. From this result alone it appears that students envisage industrialisation or modernisation as the central problem of development.

The third most popular preference given by the students for the main cause of underdevelopment was *low investment in human capital*. This can also be seen as an orthodox economics view. (Schultz 1962) The United Nations Human Development Programme measures development in terms of indicators such as lack of access to safe water and infant mortality rates. These social indicators in LDCs are compared with the same indicators taken in the developed countries. They are recorded annually in the Human Development Report. In orthodox economics analysis human capital is seen as a stock which can be improved through investment in education and health. References to human capital were also found in replies to other questions. Some of the comments from students were couched in instrumentalist terms, referring to the need for investment in human capital to improve the productive capabilities of individuals.

A fair number of students referred to *inefficient markets* as the most important reason for low levels of development. This was the fourth most popular choice among students. One of the main propositions of orthodox economics is that in a market economy the benefits will flow to all of those who participate. If some markets are inefficient then that could be because they are restricted from completing their technical or allocative efficiency functions in some way. Reducing restrictions is therefore a requirement to make markets work more efficiently. These restrictions are often seen to be imposed by government.

*Lack of capital investment, low investment in human capital, and inefficient markets* are three mono-economics arguments. They can be applied to developed and developing countries alike. This means that three out of the top four of the most important reasons for



underdevelopment prioritised by the students were mono-economics reasons. These results could be interpreted as indicative of the mono-economics influence on students' views about developing countries.

However, the students were also asked on the questionnaire if they thought that a free-market approach with minimum government intervention would be the best strategy for developing countries to pursue. The free-market is the fulcrum of economics. When markets are left to their own devices it is claimed that the benefits from this will be widespread. It would perhaps be surprising if there were not a fair number of free-market advocates among the students. However, the results show that only nineteen out of the one hundred and sixty-six students surveyed thought that a free-market approach would be the best one for developing countries to adopt. Most of the students argued that interventionist policies would be better. Economic planning was advocated by some students. A few others referred to structuralist-type policies.

This result contradicts the notion that economics students have a mono-economics understanding of development. In addition, with reference to the question concerning reasons for underdevelopment, the second most popular answer that students gave for low levels of development was that *LDCs are exploited by the developed countries*. This is clearly not an orthodox economics evaluation of the relationships between LDCs and more developed countries. It is also an indication that many economics students do not view international economic relations as being particularly beneficial for developing countries.

The idea that international economic relations are beneficial for developing countries is characteristic of the orthodox economics approach. However, *colonial history* was a common choice among students as being one of the most important reasons for low levels of development. As can be seen from table 6 on page 69, *colonial history*

was the third most popular first-choice given by students as a suggestion for the main cause of underdevelopment. Colonialism is not an orthodox economics explanation for low levels of development. Also, this is quite a result considering when colonialism ended and that not every developing country has had a colonial history. (Bauer 1981:1)

In terms of international economic relations just over one-third of the questionnaire respondents thought that free trade benefits developing countries. Approximately the same number thought that developing countries should specialise in producing where they have a comparative advantage. This is a considerable minority of the students surveyed. Many reasons were advanced in support of the free trade argument. These included standard economics arguments such as expected benefits arising from increased export earnings, as well as non-economics arguments such as the potential for better international relations between countries.

Only a few students thought that deteriorating terms of trade was the most important cause of underdevelopment. Ten students out of the one hundred and sixty-six surveyed suggested this. Hardly any of the thirty-seven students who were interviewed mentioned deteriorating terms of trade, even though two of them referred to import-substitution. Similarly, very few students seemed to think that the World Bank and the International Monetary Fund have too much influence over developing countries. This possibility was ranked ninth out of the ten suggestions for low levels of development.

Free international trade is promoted by the World Trade Organisation, the World Bank, the International Monetary Fund, and other powerful organisations. Government representatives from numerous countries espouse free trade views. Economics textbooks are also usually pro-international trade. Yet despite this, and after nearly two years of studying economics, only a small proportion of these economics students were convinced of the case for free trade in relation

to developing countries. The majority of those surveyed had reservations about the orthodox economics assessment of the benefits of free trade. Students disagreed with the proposition that free international trade provides the best solution for developing countries. Some of the economics students stated unequivocally that they thought that free trade was damaging the interests of developing countries. Many of them expressly opposed the idea of free trade. Others suggested reforms in favour of LDCs. So these results indicate that most of the economics students were more disposed to heterodox rather than to orthodox views about development.

### Economic Models and Students' Views about Development

Economics students are required to study a number of economic models, some of which have been mentioned earlier. Models in economics can take many forms, but they are usually represented mathematically. On pre-university economics courses, many models are illustrated by the use of diagrams. One view of economic models is that they are intended to be selective representations of interactions between economic actors. Models are reductionist. They can be viewed as simplifications of reality which focus on a few economic variables. By creating and working on economic models, economists hope to gain some insight into the real economy.

In this section I will examine the students' responses with regard to three basic economic models which they have all studied. These are the standard model of the price-mechanism in a free-market economy, Ricardo's model of comparative advantage, and the minimum wage model in a competitive market. One of the central organising concepts of orthodox economics is the market. Economics students are well-versed in how markets are seen to operate in economics. In microeconomics the starting point is usually provided through supply-and-demand diagrams and the concept of equilibrium which is the basic

model for interactions between buyers and sellers. Students are also taught that from an orthodox economics perspective the best (most efficient) method of resource allocation is to leave it to the market. In order to gain some insights into the impression that these ideas have made on the students, they were all set the question, 'Is a free-market economics approach with minimum government intervention a good strategy for development in less developed countries?'

Another simple economic model is Ricardo's theory of comparative advantage. Ricardo's illustration of how specialising in areas of comparative advantage will lead to mutual-benefit and increased world output is another model studied by all economics students. In order to glean some information about how students view these ideas, they were asked the question, 'Should less developed countries always specialise in producing goods in areas where they have a comparative advantage?'<sup>26</sup>

The third model considered here and which is familiar to all of the economics students focusses on government intervention in the labour market. In the interviews the students were asked, 'Should there be a national minimum wage for workers in less developed countries?' This question was perhaps slightly out of synch with some of the more central issues in development economics. It may have been more pertinent in the context of development to ask the students if they thought that farmers in developing countries should be guaranteed a minimum price for their produce. However, I was not sure how much the students knew about minimum prices in relation to agriculture whereas I was confident that they would all have an opinion about minimum wages, so I settled for the minimum wage question. Through the responses to these three questions I expected to gain some insight into the idea that studying orthodox economic models may have a limiting effect on students' views. The students' views about the free-market

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<sup>26</sup> Many economics textbooks provide numerical illustrations of Ricardo's theory.

model have already been discussed in some detail. While the market is clearly foundational to the orthodox economics corpus, the majority of students rejected the applicability of the free-market model to developing countries.

Comparative advantage is the cornerstone of international trade theory and it is used in texts with reference to both developed and developing countries alike. It is a requirement of the course to be able to explain the theory. An impression of the ways in which comparative advantage is presented in textbooks was given earlier. The mathematical logic of comparative advantage suggests that countries should specialise in producing certain goods. Yet after having studied this theory and the numerical model used to illustrate it, only a minority of the students actually agreed with the premise that developing countries should always specialise in areas where they have a comparative advantage.

The majority of students did not take the implications of Ricardo's theory at face value. Most of the students based their comments about comparative advantage on how they saw international trade relationships working in the real world. Even though there is an intuitive logic to the idea of a country specialising where it has relatively lower costs, most of the economics students did not buy into Ricardo's explanatory numerical model. While the students understood the theory of comparative advantage many of them suggested that developing countries should diversify their economies rather than specialise in a small range of products where they have lower opportunity costs.

Although a significant number (36%) of students agreed that developing countries should specialise where they have a comparative advantage, even some of those students went on to qualify their answers. This result does not provide much support for the assertion that studying simple economic models will tend to narrow an economics student's outlook. On the contrary, after studying economics for almost

two years, most of these economics students have reservations about the application of the standard economic model which is at the foundation of orthodox international trade theory. Further evidence to this effect was visible in the interviews, where a quarter of the students who were interviewed suggested that selective import controls would be the best strategy for developing countries to adopt.

The minimum wage question did not appear on the questionnaire but was asked only in the interviews. A few of the students answered along the lines of saying either that a minimum wage was not really practical for developing countries, or that it would be too difficult to enforce, or that it simply wasn't the main development issue. About a third of the students agreed with the idea of introducing a minimum wage and a few others put arguments both for-and-against, although most of those who did so eventually came down against the minimum wage. More than half of the students interviewed were opposed to introducing a minimum wage in developing countries. This was basically for two reasons.

About a quarter of the students felt that a minimum wage would increase unemployment. Students tended to argue along the lines that, '...setting a minimum wage would actually, according to the laws of supply and demand in economics, would actually decrease the amount of jobs available...' (Int 20) And while some students suggested that multinational companies should be obligated to pay at least the equivalent of a minimum wage, about one-third of the students argued that a minimum wage would have a negative impact on potential investors. Multinational companies would prefer to go elsewhere, which meant that the introduction of a minimum wage would be detrimental to the interests of any individual developing country.

From these responses it seems that many of the students had been influenced by orthodox minimum wage theory. Only one student out of the thirty-seven who were interviewed suggested that foreign

direct investment decisions are not based solely on local wage considerations. Two students proposed that introducing a minimum wage had the potential to increase consumption. The majority of the students' responses were couched in the language of comparative static analysis. This result may suggest a certain narrowness in perspective among the students on this issue, something which could perhaps be attributed to studying orthodox economic theory, although other explanations are also possible. Some of the comments which the students made were taken almost verbatim from the particular economics textbook being used. When one student was asked what was written in his textbook concerning a minimum wage, he replied:

There will be excess supply of labour because there will be a lot more people wanting to work, but of course the costs of production for firms will go up, so they will be demanding a lot less workers. So it will create a lot of unemployment. You've got your graph, demand/supply [draws air diagram], got your national minimum wage up here, and where it intersects, the demand and supply curves. Quantity demanded of labour/quantity labour supplied – that's your unemployment right there [draws a line with finger]. (Int 12)

However, when it was suggested during the interview that there is some evidence that the national minimum wage introduced in Britain seven years ago seems to have made no noticeable difference to unemployment, the same student replied:

The key word is theory, because it doesn't always apply. In fact, a lot of the time it doesn't apply, but it's just theoretical... (Int 12)

### Conclusion

The vast majority of the students believed that studying economics had changed their views about developing countries. They referred to specific instances where this had happened and many of them gave examples illustrating how their opinions had been affected. Some students could even remember the exact moment when their views

about a particular development issue had changed. Sometimes this change occurred during an economics lesson. When they recounted how their views had transformed or modified they often explained themselves using economic theories and concepts. It seems likely that the students' views have developed both as a result of studying economics and because of other factors. It is not possible to judge precisely how important studying economics has been in re-shaping the views of these students. But from the research findings it seems that studying economics has had a significant impact.

But studying economics does not necessarily lead to students adopting orthodox economics perspectives as some have suggested. Despite studying standard microeconomics, macroeconomics, and international trade theory, most of the students tended to espouse heterodox economics views on several important issues. To some extent this could be due to the inclusion of development economics in this particular economics syllabus. Development economics considers a broader range of issues and policy ideas than orthodox microeconomics and macroeconomics. It would be interesting to see if school students who had taken an economics course which did not include development economics also revealed such heterodox views about development.

There was not too much evidence unearthed to suggest that studying simple economic models has a narrowing effect on students' views. This was particularly evident in relation to free-market economics and comparative advantage respectively. The majority of the students did not support the idea that adopting a free-market economics approach would be the best strategy for developing countries. They also had reservations about developing countries specialising in areas where they have a comparative advantage. However, among their answers to the minimum wage question there were indications of a certain narrowness of outlook. This could possibly be attributed to their interpretations of the standard textbook minimum wage model.



Nevertheless, the majority of the economics students who were interviewed and who completed the questionnaires gave the impression that studying economics had broadened rather than narrowed their understanding of development.

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### Interviews

Place	Date	Interviewees
Oslo International School	14 March 2007	10 students
International School of Stavanger	21 March 2007	11 students
Bergen Katedralskole	22 March 2007	8 students
Skagerak International School	26 March 2007	8 students

### Questionnaires

Questionnaires were completed by one hundred and sixty-six economics students from eleven schools. These were returned between January 2007 and the end of March 2007. Appendix II contains more details.

[Appendix I]

## Economics and Development

### A Questionnaire for IB Economics Students

This questionnaire is not a test. It has been designed primarily to discover the views of economics students concerning developing country issues. The questionnaire is anonymous and confidential.

The results from the questionnaires will be used in an educational research project.

This research project is supported by the International Baccalaureate Organisation (IBO) and your co-operation is very much appreciated.

1) I am **male**  **female**

2) I am studying economics at **Higher Level**  **Standard Level**

3) **Do you intend to study economics as part of your degree if you go to a university or college in the future?**

Yes  No

4) Where does most of your knowledge about developing countries come from?

**In the table below, please rank from 1 - 5 the sources where you obtain your knowledge about developing countries, with 1 being the most important.**

Source	Rank
Newspapers and magazines	
Students and friends	
Economics textbook	
Internet	
Parents/guardian	
Economics teacher	
Television	
I have lived in a developing country	

5) **Do you think that any of your views about less developed countries have changed since you began studying this IB economics course?**

Yes  No  Perhaps

6) Explain your answer \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

7) **Why are there so many poor people in Africa, in your opinion?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**8) What are some of the most important reasons for low levels of development? Examine the reasons given in the table below, then rank them from 1 – 5 with 1 being the most important reason for a low level of development.**

<b>Reasons</b>	<b>Rank</b>
Lack of capital investment	
Not enough government involvement in LDC economies	
Markets in LDCs are inefficient	
LDCs are exploited by the developed countries	
Lack of property rights	
Colonial history	
Low investment in human capital	
Tendency for the terms of trade to deteriorate	
Too much government involvement in LDC economies	
World Bank & IMF have too much control over LDCs	

**9) Do you think that free trade benefits less developed countries?**

Yes  No  Perhaps

**10) Explain your answer** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**11) Is corruption an important influence on development, in your view?**

Yes  No  Perhaps

**12) Explain your answer** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**13) How would you explain the term “sustainable development”?**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**14) Is a free-market economics approach with minimum government intervention a good strategy for development in less developed countries?**

Yes  No  Perhaps

15) Explain your answer \_\_\_\_\_

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**16) Are cultural factors a barrier to development in less developed countries?**

Yes  No  Perhaps

17) Explain your answer \_\_\_\_\_

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**18) Should less developed countries always specialise in producing goods in areas where they have a comparative advantage?**

Yes  No  Perhaps

19) Explain your answer \_\_\_\_\_

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**And finally, do you think that the following statements are positive (P) or normative (N)? Place a mark in the relevant boxes.**

	<b>P</b>	<b>or</b>	<b>N</b>
20) Large family size in LDCs is a consequence of poverty	<input type="checkbox"/>		<input type="checkbox"/>
21) Economic growth is necessary but not sufficient for development	<input type="checkbox"/>		<input type="checkbox"/>
22) Trade liberalisation leads to economic growth	<input type="checkbox"/>		<input type="checkbox"/>
23) LDCs should specialise where they have comparative advantage	<input type="checkbox"/>		<input type="checkbox"/>
24) Average life expectancy in Zambia was lower in 2004 than in 1970	<input type="checkbox"/>		<input type="checkbox"/>

Appendix II

School	No. of economics students registered for May 2007 exams	No. of completed questionnaires
A	16	12
B	18	17
C	14	11
D	9	7
E	22	20
F	23	18
G	24	18
H	17	13
I	17	16
J	47	24
K	12	10
<b>Total</b>	<b>219</b>	<b>166</b>

School J returned about 50% of the questionnaires. The mean return rate from the other ten schools was around 85%.

## Appendix III

### Structured Interview Questions

- 1) Where do you get most of your knowledge about developing countries from?
- 2) What is the most memorable thing that you have discovered about development from this economics course?
- 3) Do you think that any of your views about developing countries have changed since you began studying economics?
- 4) Should there be a national minimum wage for workers in less developed countries?
- 5) What do you think is the most important cause of underdevelopment?
- 6) How would you describe the role of the World Bank in relation to less developed countries?
- 7) A number of strategies for development are suggested in your economics syllabus (see list). If you had to choose **one** of these strategies, which one would be the most useful development strategy, in your opinion?

Appendix IV

Re: Interview Question 7

List of Development Strategies from the IB Economics Course Syllabus

- Aid – development should be based on overseas development assistance
- LDCs should try for export-led growth and adopt an outward-oriented strategy
- LDCs should use selective import controls to protect their domestic markets in order to try and develop their own industries through import-substituting industrialisation
- LDCs should take out commercial loans to finance spending on development
- LDCs should expand and develop Fair Trade Organizations
- LDCs should expand and develop the availability of Microcredit
- LDCs should try to encourage more foreign direct investment by Multinational Companies (Transnational Corporations)
- LDCs should focus on sustainable development projects



## Appendix V

### Textbook Sample

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