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## “Greedy Buyers, Amoral Speculators and Lacking State Control” – Pupils’ Conceptions of the Crisis and their Relevance for Political and Economic Learning

This article exemplarily illustrates pupils’ concepts of the Economic and Financial Crisis. It is especially interesting to examine in how far pupils assign relevance to current crisis phenomena for their daily lives and how these are perceived and explained. Diagnosing and analysing the available concepts is a prerequisite for planning Politics lessons. In the politic and economic classroom researching pupils’ concepts and paying attention to them can help to show student orientated ways of learning.

### Keywords

Economic and Financial Crisis; group interviews; Pupils’ concepts, educational reconstruction

### 1. Introduction

It has recently become important to acquaint the adolescent generation with economic questions and problems so that they are able to cope with economic matters and develop political and economic judgement.

The persistent economic and everyday consequences of the economic and financial crisis (EFC) are striking evidence for this. At the same time, it is complained that there is a lack of knowledge with regard to basic economic education<sup>1</sup> (cf. Scesny, Lüdecke 1998; Würth, Klein 2001). The available quantitative research on economic learning is not sufficient to improve pupils’ economic competencies. In order to enhance economic teaching and to find answers to the problems posed above, it is instead necessary to examine how pupils explain and understand economic phenomena in everyday life. This article illustrates examples of pupils’ concepts of the EFC. The authors of this article assume that, for the successful development of political-economic competencies, it is necessary to take pupils’ everyday concepts into consideration. It is especially interesting to examine in how far pupils see current crisis phenomena as being relevant to their daily lives and in what way they perceive and explain them.

In the following the term “pupils’ concepts” will be explained. Then a description of the data collection method and an interim presentation of our findings on pupils’ conceptions of the EFC will be given. In the last part of this paper the conclusions of these findings for political and economic education will be discussed.

Over the last few years, social science education has increasingly been dealing with pupils’ concepts. Throughout this recent development a number of different approaches towards understanding pupils’ views were established. For instance, Lange (2008) emphasises “Bürgerbewusstsein” as a central category concerning political education. He refers to the empirical research of individual ideograms, such as market concepts (cf. Lange 2008, 251). Petrik (2007) uses fundamental (economic-based) political orientations in order to observe the transitions from entry to expert comprehension levels. Reinhardt has found out that pupils view economic dealings as immoral, and states that misconceptions are the reason behind this. As a result, it is increasingly difficult for pupils to fully understand and accept how the political or economic system works. This is due to the fact that economic actions collide with the social values that are fundamental in their daily lives (cf. Reinhardt 2005, 51).

### 2. Characteristics of Pupils’ Concepts

Pupils’ concepts are not based on expert knowledge, but are explanations, ideas and perceptions of a certain daily topic or phenomena. From a scientific point of view, these conceptions can often be “wrong” and are considered as “misconceptions”, but they are nevertheless valuable points of reference for teaching. In an educational context, these conceptions are not “wrong”, but they are rather seen as starting points for teaching and learning (cf. Lutter 2007; 2009). These conditions for teaching are important in the field of social science education, as they shape learning processes and often even interfere with them. Recent surveys in the field of teaching and learning show that pupils’ concepts can constrain the building of knowledge, as these can make pupils resistant to teaching attempts (cf. Günther-Arndt 2006, 252). This is not surprising: political and social perceptions have often proven helpful to explain certain circumstances and events in everyday life. These conceptions are influenced by social experiences, commonsense understanding or the media on a daily basis and thus tend to remain stable even after pupils are no longer in school (cf. Schnotz 1998, 77). Therefore, it is necessary

1 The best known study concerning economic knowledge in Germany is based upon the US study “Test of Economic Literacy”, which tests the economic expertise of pupils. The „Wirtschaftlicher Bildungstest“ encompasses a quantitative survey of more than 9,000 pupils attending different school types. The result was a high rate of “economic illiteracy” (Scesney/Lüdecke 1998, 417) among pupils.



to look for ways to take pupils' concepts more into consideration, in order to involve them in a dialogue with scientific concepts and explanations.

### 3. Data Collection and Evaluation<sup>2</sup>

The decision for using group interviews in order to collect the data is based on the principle of "Gegenstand-sangemessenheit" (cf. Flick 1995) in a problem-centred, interactive and open approach. The use of group interviews also ensures the discovering of common orientations, knowledge and values (Przyborski, Wohlrab-Sahr 2009, 109). It is assumed that a wide spectrum of conceptions can be collected due to the reason that the test persons inspire each other reciprocally within the group arrangements. "This means that the interactive aspect of the group-based system is primarily about stimulating the memory of each test person in a more profound and diverse way than would be possible with one-on-one interviews" (Przyborski, Wohlrab-Sahr 2009, 147).

In the study the groups consist of three to five pupils. At the time the survey was conducted the pupils attended the 11<sup>th</sup> grade of a comprehensive school in Bremen. The interviews were carried out in October 2009. The pupils are grouped according to age, social background and previous knowledge, so that one can assume that the members of each of the six groups in total share at least some common experience (cf. Loos/Schäffer 2001).

Different interventions (e.g., pictures, word cards) are used during the interviews in order to facilitate a pupil oriented thematic focus. In addition, cautious impulses are given when the interview stagnates and/or in order to deepen specific aspects of the discussion. At the beginning of each interview associations to the term "economic crisis" are demonstrated. Depending on the course of the interview, the conversation is focused upon reasons and consequences of the crisis as well as its everyday relevance.

The evaluation follows as a gradual and methodically controlled course of action on the basis of the qualitative text analysis (Mayring 2003) of teaching and learning contexts (cf. Gropengießer 2005, Klee 2008). First of all, the audio transcripts are processed editorially. In the edited version of the pupils' statements below, the questions of the interviewer have been omitted. Grammar has been slightly corrected and complete sentences have been formulated. The attempt is made, however, neither to change the content, nor the linguistic style of the pupils' expositions.

2 The presented findings are excerpts of an ongoing study on pupils' conceptions of selected topics in social sciences.

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#### Transcript:

I: How has the crisis come into existence in your opinion?

P4GrA: Because the investors were miscalculating, by investing in something which was not profitable in the end.

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#### Edited version:

P4GrA: I think that the crisis has come into existence because the investors were miscalculating, because they invested in something which was not profitable in the end.

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For this study, the statements are organised according to thematic areas. This is especially helpful in order to present pupils' conceptions in light of their everyday speech and in order to elaborate on argumentative figures.

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#### Organised statements:

##### Causes of the EFC

- "The cause of the financial crisis is that some greedy buyers were miscalculating and invested in something that now has enormously lost in value".
  - "They were miscalculating and the result was a loss, which could not be compensated".
  - "[...]"
- 

The next step is to analyse the patterns of pupils' explanations in the organised statements. The structural conceptions can be explored through the formulation of concepts. In this regard "concepts" represent everyday conceptions in the form of basic explanations. In the following some of the pupils' general concepts (cf. Klee 2008) are illustrated. Important is not the generalisation in terms of quantity, but the focus on argumentative structures of concepts and their importance for this study. Therefore, the generalisations made describe the similarities within the presented cases.

### 4. Pupils' Concepts of the EFC

#### Concept: Greedy investments and speculations and the liability of banks – causes of the EFC

##### Organised statements:

- „Die Ursache der Finanzkrise ist, dass sich irgendwelche gierigen Käufer verspekuliert haben und irgendwas angelegt haben, das jetzt ganz viel an Wert verloren hat.“

[“The cause of the financial crisis is that some greedy buyers were miscalculating and invested in something that now has enormously lost in value.”]

- „Die haben sich also verspekuliert und dadurch kam es dann zu einem Verlust, der nicht mehr ausgeglichen werden konnte.“

[“They were miscalculating and the result was a loss, which could not be compensated”.]

- „Auch die Banken sind daran schuld.“



["The banks are to blame, too".]

• „Wenn die Banken die Käufer überprüft hätten, ob die ihre Kredite zurückzahlen könnten, dann hätten sie die ja auch nicht vergeben müssen und so hätten sie dann auch keine Schulden gemacht.“

["If the banks had checked, whether the buyers would be able to pay back their loans, the banks wouldn't have given them the loans and then they wouldn't have made any debts".]

Explication:

The pupils believe that "greedy buyers" (bankers, speculators, "greedy" people) were miscalculating and, as a result, lost huge amounts of money. Their conceptions are based on the assumption that financial transactions generally carry risk and can therefore result in high financial loss. The bad speculations are seen as the main cause for the economic crisis. The pupils identify "culprits", who caused or at least intensified the EFC with these speculations. At the same time, the pupils believe that the banks, as institutions, are to be blamed for the EFC because of their irresponsible business attitude. This partly refers to the risky investment strategies of banks, but even more to the alleged irresponsible act of giving loans to people without checking first whether they are able to pay the loans back. The pupils are of the opinion that banks have the obligation to check the creditworthiness of their customers carefully, and in case they cannot ensure their ability to pay the money back, they ought to refuse the loan. In their perception, bad speculations, the greed for profit and lacking solvency of the investors all play a part in the emergence of the EFC.

**Concept: EFC means total break down**

Organised statements:

• „Wirtschaftskrise ist, dass erst die Banken und dann alles zusammenbricht.“

["Economic crisis means that first the banks and then everything else breaks down".]

• „Nicht nur die Banken brechen zusammen, auch die selbstständigen Geschäfte, Aktionäre also ungefähr alle, die was mit der Wirtschaft zu tun haben.“

["Not only the banks break down, but also independent businesses, stockholders, so basically everyone who has something to do with economy".]

• „Das Problem ist, dass das alles miteinander zusammenhängt. Die Immobilienbranche hängt mit der Baubranche zusammen, dann kommen noch Elektriker dazu und dann geht alles in die Miesen, wenn die Politik nicht hilft.“

["The problem is that everything is connected. The real estate business is linked with the building industry and then there is the electrician and then everything breaks down, if the politicians do not help".]

Explication:

In the pupils' opinion, the EFC is an all-embracing economic collapse. From this point of view, the crisis only becomes "visible" in the total collapse of economic prosperity. The economy is imagined as a system, which is subjected to linear-causal rules of regulation. A bank-crash is seen as the initial point, starting from which more and more economic agents and branches are affected and drawn into the crisis – like a chain reaction that cannot be stopped. In the pupils' view, the self-healing powers of the economy therefore fail to work in a crisis. In order to stop the collapse and to reactivate the economic process, interventions by the state are necessary. In the end it is politics which is responsible to save the economy.

**Concept: The government has to help – the crisis could have been avoided**

Organised statements

• „Eine notwendige Maßnahme gegen die Wirtschaftskrise ist es, dass die Regierung sagt, also mit einem bestimmten Betrag helfen wir euch, um die finanziellen Löcher, die entstehen, zu füllen.“

["One necessary action against the economic crisis is that the government says that it will help to fill the financial gaps with a certain amount of money".]

• „Die verschuldeten Banken brauchen irgendwoher eine Rettung und die gibt der Staat und der Staat nimmt dann Anteile an der Bank.“

["The indebted banks need to be rescued by someone and they are rescued by the state. In return the state takes interests on the bank".]

• „Die Wirtschaftskrise hätte vom Staat verhindert werden können, wenn man einfach solche Sachen nicht zulässt, dass so extrem viel in die Ungewissheit geplant beziehungsweise investiert wird.“

["The economic crisis could have been avoided by the state, if it was forbidden to plan and invest without knowing what will happen".]

• „Das hätte man schon vorhersehen können.“

["The crisis could have been predicted".]

Explication:

The pupils are certain that the EFC could have been avoided. As a political-economic player the state develops the ability to conquer the crisis. The banks are rescued by means of governmental interventions of re-financing and partial government ownership. Thereby, the state is not only seen as the rescuer in times of economic crisis by the pupils, but it is also held largely responsible for the general emergence of the EFC. Risky investments and transactions should have been banned by the state. The pupils are disappointed in experts, politicians and the government, who were not able to recognise the threatening effects of the EFC early enough in order to implement actions to avert it.



**Concept: The effects are not noticeable at first-hand – they have not yet arrived**

Organised Statements:

• „Die Folgen der Wirtschaftskrise kriegt man nicht so direkt mit.“

[“The effects of the economic crisis are not noticeable at first-hand”.]

• „Aber es ist schon so, dass man das in den Nachrichten sieht und durch sein Umfeld, kriegt man das schon mit.“

[“But you see it in the news and you recognise it because of your surroundings”.]

• „Persönlich trifft einen das aber nicht.“

[“It does not affect me personally”.]

• „Man hört es halt, aber zu Hause merkt man es nicht.“

[“You hear about it, but at home you do not notice anything”.]

• „Die Banken- und die vielen Unternehmenspleiten haben ja ihre Folgen, aber die sind noch nicht so angekommen.“

[“The bankruptcies of banks and other companies have consequences, but they have not yet arrived”.]

• „Die Folgen werden nicht vom einen auf den anderen Tag kommen, sondern erst über einen längeren Zeitraum und das kann man ja jetzt vielleicht noch nicht absehen.“

[“The effects will not arrive from one day to the other, but will rather take a longer time span and maybe we cannot foresee all the effects yet”.]

• „Gerade wenn es weniger Jobs gibt, das wird man später merken, wenn man in den Beruf geht, dass da dann weniger Angebot ist.“

[“It will be especially noticeable when there are fewer jobs; you will notice that when you want to start working and there will be fewer job offers”.]

Explication:

The pupils do not feel immediately affected by the EFC. Above mentioned and well-known real economic consequences are often not labelled as consequences of the crisis. Their experience with the crisis was hitherto made via the media – the crisis is not yet felt in the everyday lives of the pupils. Nevertheless, the

pupils are certain that long-term effects of the crisis will affect their future economic living circumstances. As medium- and long-term effects they predict a decrease of employment and expect problems when trying to find a job in the future.

**Concept: It's very complicated – there are not many who can explain it**

Organised Statements:

• „Das ist alles ganz kompliziert mit der Wirtschaftskrise und man versteht nur wenig davon auf den ersten Blick.“

[“The economic crisis is very complicated and, at first glance, you only understand a little bit”.]

• „Das sind erstmal nur Zahlen. Wenn man sich damit nicht ein wenig näher beschäftigt, steigt man auch nicht so durch.“

[“First of all, it is only about numbers. If you do not engage yourself with it a little closer, you will not understand it”.]

• „Viele verstehen das gar nicht – und es gibt auch nicht so viele, die das erklären können.“

[“Many people do not understand it at all – and there are not many who can explain it”.]

• „Es ist schwierig ist, da durchzusteigen, was die Politiker mit den Entscheidungen überhaupt bewirken, ob die jetzt Opel retten, oder ob sie irgendein anderes Unternehmen nicht retten.“

[“It is difficult to understand what the politicians bring about with their decisions, whether they rescue Opel, or don't rescue another company”.]

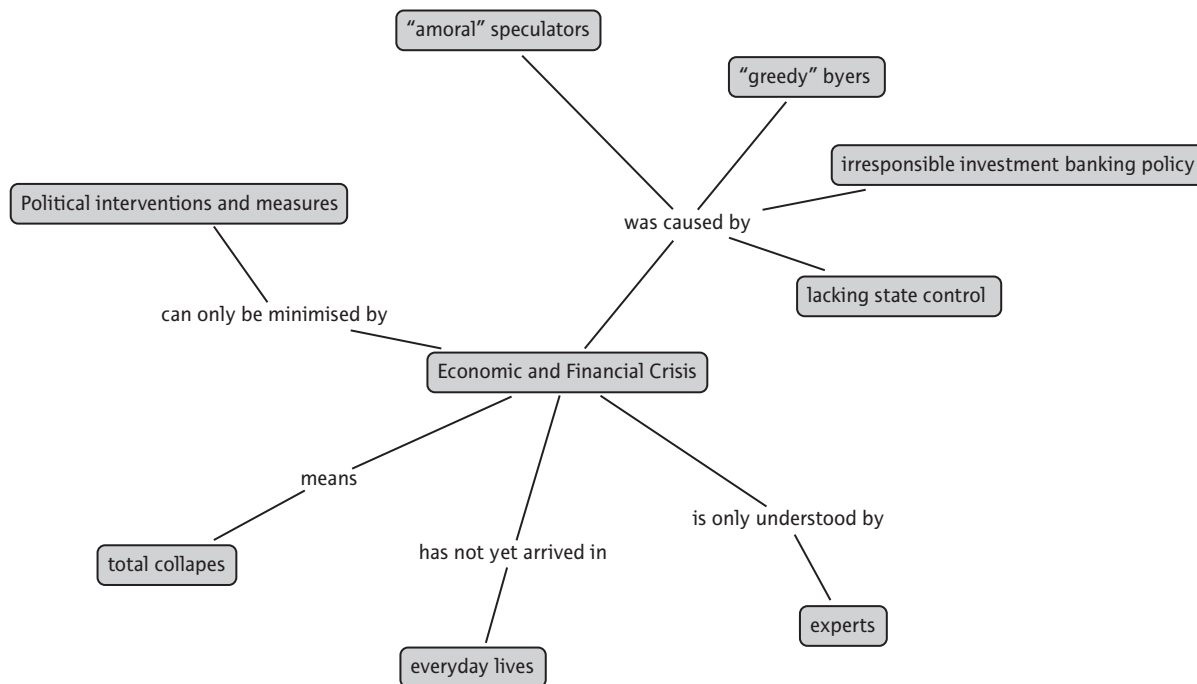
Explication:

The pupils do not think of themselves as competent observers and evaluators of the causes and the effects of the EFC. In their opinion, only few experts such as politicians, bankers, economists and members of government have the ability to understand and explain the highly complex economic interrelations. In their self-perception, the pupils lack competencies to substantially deal with the consequences of political measures against the crisis and the EFC in general.

## 5. Conclusion

Miscalculations of "greedy buyers" and "amoral" speculators, an irresponsible investment banking policy, as well as lacking state control of the financial system have led to the current EFC. The crisis could lead to a total collapse of the economic system if the state

does not interfere and minimise the crisis by means of interventions and political measures. Nevertheless, the pupils believe that only experts can understand the complexity of the crisis. In the pupils' conceptions, the effects of the crisis are not yet felt in their everyday lives:



Researching pupils' concepts and paying attention to them can help to show student oriented ways of learning in the social studies and economic classroom. Diagnosing and analysing the available concepts is a prerequisite for planning lessons. On the one hand, pupils see "politics" as an origin of the crisis because of lacking supervision of banks. On the other hand, they see "politics" as a knight in shining armour and the only way out of the EFC.<sup>3</sup> This concept of explanation seems contradicting at first but, at the same time, it may serve as a starting point for political-economic learning. In this context, the state as a player and its

ambivalent role<sup>4</sup> in the time leading up to, as well as during, the crisis have to be subjected to a profound analysis. While, on the one hand, the pupils' everyday conceptions are taken into consideration, the analysis of the concurrence of regulation, manipulation and the control of the financial markets by the central banks, governments and parastatal and state banks can, on the other hand, also lead to a more differentiated understanding of the crisis. Through a more precise analysis of the interdependencies and general structural relations, ambivalences and reciprocities of state and economy can be elaborated on and put into a wider perspective.

Furthermore, the pupils see allegedly "greedy" motivations and actions of individuals as additional triggers for the EFC. Economic analyses of the conditions for the incentives and actions can help to mitigate these conceptions. In addition, personalised understandings of economic actions and their alleged

3 Regarding pupils' high expectations of state responsibility, the *Civic Education Study* (CES) conducted by the *International Association for the Evaluation of Educational Achievement* (IEA) noted that tasks like the reduction of disparities in incomes or the control over pricing are considered state responsibilities (cf. Torney-Purta 2001, 70). The findings of a study accompanying the Junior elections in Bremen 2007 (Probst, Pötschke 2008) point to a similar direction. With regard to their general attitudes, the surveyed pupils are said to be strongly state oriented. A huge majority of the adolescents expects the state to play an active role in questions of economic development and the boost of economic growth (cf. *ibid.*, 81).

4 According to Beck and Wienert, the central banks played a major part in the emergence of speculative bubbles, because of their overly generous money supply. Through state and parastatal banks, governments also participated and failed as supervisory holders. They did not pay enough attention to the necessary adjustments of the state regulations of bank options, resulting from the new financial instruments (cf. Beck/Wienert 2009).

consequences should be complemented by analysing systemic effects.

The synopsis of the pupils' conception shows that they use the concepts of irresponsible granting of credit and the resulting loan default to explain the EFC. By complementing this view with alternative explanations and theories in the social studies classroom, these conceptions can be differentiated. For example, the political-economic power of judgement can be facilitated through the critical analysis of Keynesian explanatory models.<sup>5</sup>

Apart from these fields of knowledge, other subjective spheres of activity should be reflected on. Initially, the pupils see themselves outside of economic processes and phenomena. In this context, the personal dispositions of economic participation as economic citizens should be facilitated. At the same time, it is striking that pupils consider economic competencies as expertise. Lessons should therefore put economic competencies into the context of everyday usefulness and "disenchant" elitist conceptions of economic knowledge.

**Table 1: Overview of Teaching Implications**

Conceptions	Starting points
<ul style="list-style-type: none"> <li>• Ambivalent attribution of labels "initiator" and "rescuer" to state and politics.</li> </ul>	<ul style="list-style-type: none"> <li>• Differentiation of concurrence of regulation, manipulation and the control of the financial markets by the central banks, governments and parastatal and state banks</li> <li>• Analysis of the interdependencies, general structural relations, ambivalences and reciprocities of state and economy</li> </ul>
<ul style="list-style-type: none"> <li>• "Greedy" motivations and actions of individuals</li> </ul>	<ul style="list-style-type: none"> <li>• Economic analyses of the conditions for the incentives and actions</li> <li>• Complementation by analysis of systemic effects</li> </ul>
<ul style="list-style-type: none"> <li>• Irresponsible granting of credit and the resulting loan default</li> </ul>	<ul style="list-style-type: none"> <li>• Comparison with alternative explanations and theories (e.g., the Keynesian model)</li> </ul>
<ul style="list-style-type: none"> <li>• Citizens are outside of economic processes and phenomena</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitation of economic competencies</li> </ul>
<ul style="list-style-type: none"> <li>• Economic knowledge is expertise</li> </ul>	<ul style="list-style-type: none"> <li>• "Disenchantment" of elitist conceptions of economic knowledge</li> <li>• Put economic competencies in context of everyday usefulness</li> </ul>

5 Zurstrassen (2009) designed an exemplary lesson plan.



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