Journal of Sustainability Education
Vol. 4, January 2013
ISSN: 2151-7452

Financial Literacy: the Hidden Curriculum, and Ecological Injustice

Carmen Seda
University of Texas at El Paso

Keywords: Ecological injustice; sustainability; personal financial literacy; consumer; neoclassical principles; hidden curriculum

Abstract: A historic overview, and examination of the curriculum for personal financial literacy suggest that a focus on neoclassical principles results in narrowing consumer understanding of their true power and true impact within a market economy socially and ecologically. Sustainability is taught as an isolated global problem, rather than in conjunction with personal financial literacy, maintaining a misperception that an individual consumer does not have power or influence over global ecological issues. This circumstance perpetuates a situation of what this paper posits as *ecological injustice.*

Carmen Seda is an El Paso educator pursuing a PhD in Teaching, Learning and Culture at the University of Texas at El Paso studying the social and institutional context of literacy/biliteracy pedagogical practices, particularly as it effects social studies classrooms. A Texas teacher since 1989, her interest in economics and ecological education emerged as part of her service to economics teachers as a Social Studies Instructional Specialist

As a result of the financial recession that began in the United States in Dec. 2007 (Kaiser, 2008), movements to consolidate the local economies of communities became a pressing concern. In October 2008, El Paso educators, business leaders, and community leaders formed a consortium to examine the problem from many facets (IAD, 2008). As an El Paso educator, I participated in the examination of curricula for personal financial literacy. In this discussion, I examine the historic and socio-political context within which curricula for personal financial literacy emerges. The tendency to encourage inequality of power to facilitate unsustainable ecological practices will be referred to as *ecological injustice*. I contend that current curricula for personal financial literacy reinforces consumer ideologies that support ecological injustice.

Our role as consumers: A historic overview

As far back as 1835, French sociologist Alexis de Tocqueville took note of the strong grip that the acquisition of capital had on the young United States. Among other themes, De Tocqueville commented on the burgeoning market revolution (1835). The market economy, resulting from the industrial revolution, lead to intensified consumerism (Koehne, n.d). De Tocqueville referred to this as the American inclination for physical gratification and cautioned that the "secret inquietude" experienced by Americans led to constant dissatisfaction, and increased efforts toward physical gratification (1835, p. 164). The rise of the consumer society accompanied the transportation revolution, increasing the market economy's dependence on consumer spending through the late 19th and early 20th centuries (Koehne, n.d.).

In neoclassical economics, there must be consumers with a demand, and producers to supply goods and services within a free market. During the Great Depression, there was supply, but due in part to lack of individual capital, greatly reduced exchange. In his pamphlet on ending the Great Depression, Bernard London posited direct government control over consumer behavior by way of *planned obsolescence*—London believed the public should not be permitted to use and reuse items beyond a material life expectancy established by the government (1932). London remarked on the public's "retrenchment madness" as people utilized items beyond their typical obsolescence (1932, p. 2). Although London's conception challenged the neoclassical economic ideal of a market free of government intrusion, later approaches encouraging consumer spending would center on the theme of manipulating obsolescence.

Leonard (2009) quotes Victor Lebow, an economic theorist under Eisenhower, as saying that the primary purpose of individuals within America's economy was to be consumers of products, and thereby maintain a constant stream of production. At first, producers throughout the 1950s produced items designed to wear out to ensure ongoing replacement (Whiteley, 1987). In the 1960s, innovations in marketing encouraged obsolescence by design (Whiteley, 1987). *Perceived obsolescence* is the perception that an item is obsolete irrespective of its usefulness, for example, if it is out of style. Rather than the reflective and frugal consumers that had marked Depression and World War II generations, throughout the 1960s consumers were veritably demanding a constant reinvigoration of style, resulting in what Whiteley calls a "throw-away culture" (1987).

Emotional and persuasive cues provided by the market place encouraged consumers to purchase spontaneously, and reactively.

As the producers of goods answered to changing attitudes toward materialism, the financial lending institutions also repositioned their relationship with the public. In the 1980s, financial institutions began engaging practices that ensured that consumers were able to maintain their purchasing behavior even in absence of having funds to support purchases (Calder, 1999). Easy credit and loan policies ensured that consumers were not only purchasing, but were purchasing beyond their authentic spending power. Calder (1999) points out how difficult it was to find research that focused on the history of consumer's credit behavior. Much research exists on the ethical behavior of businesses, or even of the ethical behavior of consumers (Garnett, 2009; Gibson, 2008). Yet, it was difficult to locate research discussing the ethical conundrum of benefiting from the indebtedness of consumers, while limiting their capacity to purchase, thereby favoring lending over producing as a chief form of revenue.

Neoclassical principles and ecological injustice

This historic context demonstrates how neoclassical ideologies have become deeply embedded in the national mindset. Although educational researchers are aware of this mindset, few examine the practices of schools in raising awareness of the ecological impact of that mindset as a feature of individual consumer behavior. An examination of the curriculum for hidden assumptions supporting the neoclassical mindset may help illuminate the role of the curriculum in the replication of ecological injustice.

Neoclassical principles are based on the presupposition of a *market economy* as the best form of national economic structure. A market economy encourages a reciprocal value-exchange relationship where the consumer's needs and desires are equated as demand (Dow, 2003). The consumer's position of power in this system emerges from their choice to purchase or not to purchase, or to enter or not enter an investment or loan relationship. Three fundamental assumptions underlie neoclassical economics: 1) people have a rational preference, 2) the consumer wants to maximize utility, where firms want to maximize profit, 3) people act on full and relevant information (Weintraub, 2002). Underlying neoclassical economics, then, is the assumption of a rational consumer, and a rational producer. Yet, a rational and duly informed consumer may not serve the public good as per Lebow (Leonard, 2009), but instead might "retrench" as per London's concern (1932). This would suggest producers and financiers benefit when consumers are not rational, when consumers under utilize goods, and/or when consumers are not fully and relevantly informed.

As to the question of rational producers, to neoclassical economists, sustainability means sustaining economic output (Gowdy, 2000). Therefore, the framework for neoclassical economics does not account for nurturing resources, or the output as relates to the public welfare (Gowdy, 2000; Nelson and Sheffrin, 1991; Nelson, 2004). Leonard (2009) details unsustainable consumption leading to *ecological injustice* in her video essay, the Story of Stuff. The work illustrates the continuum of production that creates both ecological injustice and social injustice. Ecological injustice is manifest in the rates of production that continuously employs raw materials in the production model, but that seldom employs the refuse from that production as usable material. Further, the impact on societies that become part of the system of production creates social injustice in the form of dispossession of land, and increased pressure on third world countries to labor and trade within the production cycle. Leonard's work is unique in situating the consumer directly in relation to the cycle of production illustrating ecological injustice.

The Hidden Curriculum in Personal Financial Literacy

The concept of the *hidden curriculum* is used to describe the tendency of practices, structures, and materials in the curriculum to reinforce social inequality (Anyon, 2003; Apple and King, 2003). Giroux and Penna (1983) discuss how the transmission of those social values eventually come to be indisputably accepted. Although the majority of commentary and examination using hidden curriculum focuses predominantly on issues of race, gender, and class, the underlying feature of a hidden curriculum—that it undermines agency and praxis in an effort to socialize an acceptance of injustice and inequality—has implications for economics education and its special consequence of ecological injustice.

Curricula for personal financial literacy (PFL) is generated by banking institutions, credit unions, youth development organizations, schools, teachers, and formal publishing companies. The PFL curricula examined included the concept of *market economy* as a central feature of the knowledge structures and discursive tasks (NEFE, 2007; TCI, 2009; Junior Achievement, 2008). Lessons include how the macro-economy operates, and how consumers operate within it. The goal of the curricula is to build the neoclassical ideal of the rational consumer through a rationally designed personal financial plan. Collectively they operate on the assumption that careful and reflective individual planning, and increased vigilance in comparison pricing results in rational spending. The power of the consumer is limited to the *informed choice*, where *informed* assumes the consumer has access to full and reliable information, and *choice* assumes the consumer understands the relevance and implications inherent in the choice.

Yet, although the PFL curricula encourage research and planning to make individual choices, vigilance regarding unethical, predatory, or socially/ecologically irrational lending, marketing, or production practices is not featured. Little is available in PFL curricula to build understanding for how to detect or affect such practices. Further, bargaining, although a chief power and a common practice in many countries, is limited to purchases such as a car or house. In PFL curricula, the fundamental assumption is that the individual purchaser affects pricing only as a member of a nebulous group that form the demand side of supply and demand. The *hidden curriculum* of personal financial literacy perpetuates a limited conception of a consumer's power and social agency.

Of most significance to this discussion, none of the PFL curricula encourage vigilance regarding irrational production practices, or encourage learners to examine the act of purchase in relation to ecological sustainability. Examination of the method of production of an item, or its social or ecological consequences, does not exist within PFL frameworks. Economics textbooks and curriculum do include global economic awareness lessons and text. For example, TCI's EconAlive! features a lesson that shows the global interconnections of a sneaker. Yet, the concept of sustainability was not memorialized within its PFL component. The problem of sustainability is far away from the concept of individuals making purchasing choices. Therefore, the issues of ecological injustice, the role of the individual, the role of the market, and the impact of production are not concurrently studied.

An examination of PFL curricula in terms of Weintraub's (2002) neoclassical assumptions yields the following: 1) rational preference is memorialized in the personal financial plan and is the only defense against market pressure favoring irrational personal financial choices, 2) information on predatory, unjust, or irrational methods by which firms maximize profit is unexamined 3) information is not full or always relevant since it is often produced by firms for the limited scope of consumers making choices framed by those firms. The ecological and sociological impact of a purchase is rendered irrelevant; it is a hidden feature of the process of purchase.

Conclusion

An examination of the historic context of consumerism, current curricula, and review of available literature suggests that financial literacy needs to shift from the overly narrow goal of individual financial planning. Instead, it should incorporate the larger context of marketing and production practices within which our financial decisions play out. The historic context demonstrates that our societal level value of acquisition-as-social-good has been with us since our inception as a nation, and has been nurtured and developed by both governmental and production level elements of our society, particularly in the years following the Great Depression. Without reflective understanding of the impact of that value system, consumers are positioned to continuously participate in social and ecological injustice.

Examination of current curriculum demonstrates that while some pedagogical change is emerging, as long as that pedagogy is still situated within an ideology informed by neoclassic economic paradigms, it will still be too bounded to ensure genuine praxis emerges. Current curriculum and education standards do not feature issues of sustainability as a component of understanding personal financial literacy, but instead push the two agendas far from each other so that our actions as consumers are held in place instead of being examined critically with an understanding of our consumer role in relation to ecological injustice. Positioning financial literacy within a larger framework of sustainability literacy may help ensure that active dialogue on economic activity and economic decision making merge the twin urgencies of social and ecological injustice into a singular effort at articulated praxis.

References

Anyon, J. (1983). Social class and the hidden curriculum of work. In H. Giroux and D. Purpel, *The Hidden Curriculum and Moral Education* (143–167). Berkeley, California: McCutchan Publishing Corporation.

Apple, and King, N. (1983). What do schools teach? (1983). In H. Giroux and D. Purpel, *The Hidden Curriculum and Moral Education* (82–99). Berkeley, California: McCutchan Publishing Corporation.

Calder, L. (1999). *Financing the American Dream: a Cultural History of Consumer Credit.* Princeton, New Jersey: Princeton University Press.

De Toqueville, A. (1835). *Democracy in America.* New York: Bantam Classics.

Dow, S. (2003). Understanding the relationship between mathematics and economics. *Journal of Post Keynesian Economics, 25*(4) 547-560. Armonk, NY: M.E. Sharpe, Inc. Retrieved from http://www.jstor.org/stable/4538849

Garnett, R.F. (2009). Rethinking the pluralist agenda in economics education. *International Review of Economics Education, 8*(2), 58-71. Retrieved from April 28, 2010 www.economicsnetwork.ac.uk/iree/v8n2/garnett.pdf

Gibson, H. (2008). Ideology, instrumentality, and economics education: on the secretion of values within philanthropy, financial capability, and enterprise education in English schools. *International Review of Economics Education, 7*(2) 57-78. Retrieved from April 28, 2010 from www.economicsnetwork.ac.uk/iree/v7n2/gibson.pdf

Giroux, H. and Penna, A. (1983). Social education in the classroom: The dynamics of the hidden curriculum. In H. Giroux and D. Purpel, *The Hidden Curriculum and Moral Education* (100–121). Berkeley, California: McCutchan Publishing Corporation.

Gowdy, J. (2000). Terms and concepts in ecological economics. *Wildlife Society Bulletin, 28*(1), 26-33. Lawrence, KS: Allen Press. Retrieved from http://www.jstor.org/stable/4617280

Invest in the American Dream (IAD). (2010, December). About invest. *Invest in the American Dream: from the Land of Opportunity.* Retrieved from http://www.investintheamericandream.org/

Kaiser, E. (2008, December 1). Recession started in December 2007: Panel. *Reuters.* Retrieved from http://www.reuters.com/article/businessNews/idUSTRE4B05YX20081201

Koehn, N.F. (n.d.). *An essay from 19th Century U.S. Newspapers Database: Consumerism and Consumption.* Gale Digital Collections. Farmington Hill, MI: Gale World. Retrieved from: http://www.gale.cengage.com/pdf/whitepapers/gdc/Consumerism_whtppr.pdf

Leonard, A. (2009). *Story of stuff.* Retrieved from http://www.storyofstuff.com/

London, B. (1932). Ending the Depression through planned obsolescence. In M. White, *Consumer Society is Made to Break: ADBUSTERS.* Retrieved from http://www.adbusters.org/blogs/blackspot_blog/consumer_society_made_break.html

National Atlas of the United States. (January 27, 2011). Environment of the United States. Retrieved from http://www.nationalatlas.gov/environment.html

NEFE (2007). Welcome to the NEFE financial planning program web portal. *NEFE High School Financial Planning Program.* National Endowment for Financial Education. Retrieved from http://hsfpp.nefe.org

Nelson, J. (2004). Clocks, creation and clarity: Insights on ethics and economics from a feminist perspective. *Ethical Theory and Moral Practice, 7*(3). New York: Springer. Retrieved from http://www.jstor.org/stable/27504327

Nelson, J. A. and Sheffrin, S. (1991). Economic literacy or economic ideology? *Journal of Economic Perspectives, 5*(3), 157-167. Retrieved from http://www.jstor.org/stable/1942801

Weintraub, E. R. (2002). Neoclassical economics: The concise encyclopedia of economics. *Library of Economics and Liberty.* Retrieved from http://www.econlib.org/library/Enc1/NeoclassicalEconomics.html

Whiteley, N. (1987).Toward a Throw-Away Culture. Consumerism, 'Style Obsolescence' and Cultural Theory in the 1950s and 1960s. *Oxford Art Journal*, *10*(2), pp. 3-27. Retrieved from http://www.jstor.org/stable/1360444