

# COVERAGE OF NEOLIBERALISM PRINCIPLES IN UNDERGRADUATE ECONOMICS TEXTBOOKS: IMPLICATIONS FOR RELEVANCE

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## ABSTRACT

Neoliberalism is a controversial issue which is based upon the assumption that the individual market is key to social and economic progress and celebrates those who strive for excellence. Some economists agree that neoliberalism encourages students to be autonomous, accountable, self-disciplined and self-reliant. Accountability has a close relationship with the ideologies of economic efficiency and market mechanisms. The discipline of economics is believed to have prepared a health breeding ground of neoliberalism and has been important for the proliferation of neoliberalism and a neoliberal political rationality. It is from this background that this research paper seeks to find out if undergraduate economics textbooks have neoliberalism principles. The research article analysed 35 recommended and prescribed undergraduate economics textbooks used by three selected universities in South Africa to investigate if these books have neoliberalism principles. Qualitative content analysis was used to give meaning to the data. The major findings established that neoliberalism principles are not foreign in economics and they encourage efficiency which is healthy for growth. The world is seen as intensely competitive economically and students, as the future workforce, must be given the necessary skills and dispositions to compete efficiently and effectively. The recommendations were that neoliberal principle must be contextualised to fit into the economic background and needs of the country. It was also suggested that neoliberalism principles are not bad if they are deployed appropriately, therefore we should refrain from throwing away neoliberalism's good ideas because people are researching about its dark side and giving no alternative.

**Keywords:** Neoliberalism, Textbooks, Relevance, Curriculum.

## INTRODUCTION

Harvey (2005), in agreement with (Lapavitsas, 2005, Mosini 2012, Steger & Roy 2010), suggest that the discipline of economics has been important for the proliferation of neoliberalism and a neoliberal political rationality. It is in this background that this research paper seeks to find out if undergraduate economics portray this. Neoliberalism is not condemned by everyone, a number of economists have believed that a neoliberal education policy increases exposure to global competition and increases accountability measures. This point is strengthened by Mitchell (2008), who strongly believes that neoliberalism aspects such as school choice and accountability offer potential solutions to long unmet needs. The main issue pointed out is the competitiveness of the labour market, which needs a competitive worker. Education is one of the central means by which the quality of labour is to be improved. Mitchell, (2003:388) further asserts that neo-liberal theory in education stresses global competitiveness, the reduction of the

costs of education and of social reproduction in general, the necessity for greater market choice and accountability and the imperative to create hierarchically conditioned, globally oriented state subjects. In this regard individuals are oriented to excel in ever transforming situations of global competition, either as workers, managers or entrepreneurs.

In contrast many neoliberalism critics including feminist economists have mentioned that the theory negates social and environment responsibility, other researchers mentioned that neoliberalism benefits advanced nations when they invest abroad, (Bond 2000, Gouthro 2009, Hart 1995, Harvey 2005, Olseen 2004 & Olseen 2006). Among the critics is Olssen (2004:231), who argues that "...neoliberalism is a major obstacle to democracy in that it reduces social regulation and actively frustrates policy initiatives in a number of areas like, the expansion of literacy and education or health care programs, which require the role of the public sector." Davies & Bansel, (2007), George (1999) & Saul (2005), agree on the fact that the development of neoliberal discourses, policies and practices have been concertedly financed and engineered by those with a great deal to gain financially from the resulting labour practices and flows of capital, proclaiming that market economy is superior to other forms of governance.

Neoliberals on the other hand argue that the market has a nature of its own, has its laws, regulations and constitutes an autonomous reality which when left to its own, has the capability to provide for the well-being of its people. Thus government intervention in the market is criticised by many economists, who argue that "even though the market may fail to achieve the best possible outcome in terms of efficiency government intervention will tend to worsen the situation, rather than improve it" (Mohr and associates, 2015:341). The tag of war between the neoliberals and their critics made this research a worthwhile task. The following section discusses literature review illustrating how neoliberalism is conceptualised in this research paper. Other sections of this paper include, research methodology, findings, discussion and conclusions.

## LITERATURE REVIEW

Neoliberalism is a contemporary topic though it is brutally criticised by many. In support of this view, Ross and Gibson (2006:2) ascertain that "neoliberalism is the prevailing political economic paradigm in the world today and has been described as an ideological 'monoculture' in that when neoliberal policies are criticized a common response is that there is no alternative". It is true that neoliberalism has become the most dominant ideology in the current world and educational researchers, thus need to disclose the ways in which neoliberalism affects education and the curriculum and propose new strategies to cope with them (Huang, 2012). South Africa's experience of curriculum reform is emerging in a certain socio-cultural context and thus, research of this nature might shed light on our understanding of the influence of neoliberalism on education and the curriculum. Such understanding will assist curriculum developers on which aspects of neoliberalism to include in the curriculum or eliminate when designing curricula. Thus the purpose of this paper is to investigate if there are aspects of neoliberalism in economics books and improve the designing of the economics curriculum. The research paper focuses on undergraduate prescribed and recommended undergraduate economics textbooks. Not much research has been conducted on the undergraduate Economics curriculum and the influence of neoliberalism.

Yorke, (2004) in support of neoliberalism argues that, students who are exposed to neoliberalism have the following skills viz.: Life-long learning, employability skills, analytical skills, team-work, entrepreneurial skills and accountability. Furthermore students exposed to neoliberal principles are self-motivated; Goal-driven, self-disciplined and strive for excellence.

In addition neoliberalism principles are also believed to encourage free competition and it is this free competition that drives the economy towards an equilibrium position where the economy will be in balance. This argument can be backed up by the explanation that, competition between different firms and individuals leads to increased efficiency and more innovation as firms look for new products to sell and cheaper ways to do their work and in return this attracts foreign investors and increases economic growth, (Ollman, 1999). In agreement with this thought, Jessop (2002:454) posits that, neoliberalism also calls for the liberalisation and deregulation of economic transactions, not only within national borders but also across these borders. This is the reason why neoliberalism is linked to globalisation though the two terms are somehow distinct.

As a distinction neoliberalism stems from classical liberalism which is considered to be the brainchild of Adam Smith, (one of the forefathers of economics). Smith's 1776 *Wealth of Nations* gave birth to the liberal economic model, which promoted a free market ideology with no government restrictions on manufacturing production and any tariff barriers to trade and commerce, (Desai & Potter, 2014:107). Desai and Potter (2014:108) further argue that government intervention in economic matters should be supportive of such commercial entrepreneurialism, not regulatory. Adam Smith, broadly states that, regulations and state intervention cause inefficiency in the market. The theory holds that the economy can develop rapidly if everyone in any given society pursues what they do best in the competitive markets, without undue interference from the government. In the same token for efficiency, quality and accountability education is supported to be traded like any other commodity in the market. However, the major concern will be the poor, not everyone will be able to purchase higher education bundles of education. The theory also stresses that economic growth is achieved through profit motive. The liberal theory has no doubt that the goal of economic development is attained through specialisation when individuals concentrate on what they do best, based on Adam Smith's theory of absolute advantage. In economics, wealth is not created by the government, but by individuals and their mutual understanding. The central focus is on individuality and self-governance or autonomy. However, neoliberalism cannot be disconnected from capitalism, because neoliberalism is sometimes referred to as an extension of capitalism.

This is the reason why Mansfield, (2003:313), points that neoliberalism offers forward-looking policy or growth-oriented policy, which is an essential element for developing countries. This is supported by Davies & Bansel; (2007:248) who say that neoliberalism with its focus on the reduction of government spending and deregulations is good for economic growth. In agreement with this, O'Hara, (2005:18) argues that neoliberalism with its emphasis on the establishment and development of private property rights solves most of the socio-economic issues, since it reduces uncertainty and transaction costs. O'Hara, (2005) praises neoliberalism for favouring the free market economy. The free market concept creates creative destruction where, industries, skills and products will be forced to undergo evolutionary transformation through market competition (O'Hara, 2005:18). Creative destruction leads to product evolution and skills development. Skills need to be updated on a regular basis and inefficient businesses are destroyed and others are created; this transformation is necessary for high productivity and product innovation. High productivity will then precipitate economic growth. Neatly summarised, high productivity will lead to surplus of goods and services which can be traded across regions or across nations. Free trade increases consumption through price reduction which is an advantage to consumers.

Neoliberalism encourages people to be autonomous and exercise individual choices. A number of nations according to literature are embracing neo-liberal theory means of improving their global economic competitiveness. Some of these countries include Britain, Canada, USA, Australia, New Zealand, Chile, Netherlands, Ethiopia, Mexico, Latin America and China. According to the principles of neo-liberal theory, institutions are given the autonomy to produce graduates who are active citizens with rights and obligations to develop their societies as noted earlier. (Davies & Bansel, 2007:248). Graduates produced when neoliberal principles are employed are believed to be active entrepreneurs and morally superior.

Cammack, (2002:166) postulates that, neoliberalism celebrates those who strive for excellence. What this entails is a shift away from explicit concerns with inequality towards more explicit concerns with economic freedom and growth. In support Maistry (2014:180) says that neoliberalism supports a value system grounded in self-discipline, self-reliance and the accompanying pursuit of self-interest. Competition is presented as an acceptable, moral characteristic. In agreement cooperative competition is health for growth and quality promotion so we cannot shy away from competition. Furthermore, competition leads to efficiency in the market. Equity is compromised in a neoliberal economy market but not ignored. The minimum government intervention allowed by the neoliberal is to ensure that equity is covered.

Neoliberal strategies for higher education have the following features: All constituencies are viewed through business relationships; educational efficiency, accountability and quality. More broadly, neoliberalist education promotes an enterprise education focusing on empowering individuals so that they invest in their own education. Self-reliance, innovation, creativity and autonomy are given centre stage. This is supported by Cammack (2002:166) who argues that neoliberalism ideology stresses an increase in entrepreneurial activity, the rapid development of accounting systems of quality control, a stress on the relationship between universities and the private industry. Literature review indicates that neoliberal principles are not as bad as they are portrayed. Hence the article analysed undergraduate economics textbooks used in the South African universities to find out if they have neoliberal aspects in them.

### **The Statement of the Problem**

Higher Education and economics education are mandated to develop and empower the human mind. Albeit to say institutions have a particular mandate to develop nations and also to develop future leaders and decision-makers capable of understanding and providing solutions to complex, global issues (Fahey, 2012:703). Thus, Higher Education needs to diversify education and equip graduates with new skills and practical ideas. More importantly a great awareness of sociocultural and economic development should be prioritised especially now when most nations are battling with immigration and technological challenges. Economics education cannot be divorced from developmental policies and models. Neoliberalism is a new concept in scholarly writing on development and political economy (Boas & Gans-Morse, 2009). In addition to that, Latin America and Chilean intellectuals used the term to refer to radical economic reforms. Economics as a discipline is associated with economic development and economic growth. This research is thus very relevant and significant in this contemporary environment. Neoliberalism is a contemporary topic and this paper aimed at providing a better understanding of the impact of neoliberalism on the South African education and economics education in particular. It is important to research curriculum developments in Higher Education, because education plays a pivotal role as a driver of human capital and research and development.

## RESEARCH METHODOLOGY

This research employed a qualitative content analysis design in order to get a deeper understanding of the development of neoliberalism and its influence on undergraduate Economics curriculum. The qualitative approach was used to unveil factors related to individual textbook's perceptions of the development of the neo-liberal theory. Content analysis which the paper utilised like any other research technique can cause ethical problems. Thus before the analysis of textbooks began, ethical clearance was received from the universities that were involved in the research. Permission was then granted and the researcher was given study guides to look for the list of textbooks used by these institutions. The researcher did not expose these documents and names of the institutions to the public. For ethical reasons pseudonyms were used instead of the proper names of the institutions, thus they are referred to as institution A, B and C. The researcher adhered to ethical codes of research, by ensuring that the responsible institutions have an idea of what the study entails and allowed them the freedom to decide whether they want with the list of their textbooks or not.

There are about 26 public institutions in South Africa but this research concentrated on three institutions only. This qualifies this research article to be a multiple case study. These three institutions include a university of technology, a traditional research university and a comprehensive university. Each category of the three different types of universities in South Africa is represented, in this research article. Traditional universities in this study are represented by institution A, universities of technology are represented by institution B and comprehensive universities are represented by institution C. The main research question was: Do undergraduate prescribed and recommended economic textbooks have neoliberalism principles.

To answer this research question I went through the content of all the prescribed and recommended textbooks looking for neoliberalism principles. The main reason why I analysed economics textbooks for neoliberalism aspects is that, textbooks play a crucial role in advancing an ideology or a theory through the teaching and learning of a subject (Zuidhof, 2014:158). A similar research project was also conducted by Boas & Gans-Morse (2009), who analysed 148 articles from 1990-2004 searching for the definition of neoliberalism. A similar sentiment is anchored in Bockhouse (2011) & Mirowski (2013) who view economics as the science of neoliberalism. Therefore, textbook analysis which the research adopted as a data collection method is not foreign in the study of neoliberalism nor is it foreign as a data collection instrument. Textbooks therefore, were taken as an appropriate data collection instrument for this research paper. The analysis in these textbooks focused on the following neoliberalism principles deregulation, market economy, privatisation and government intervention. Though criticised content analysis has a firm position in analysing theoretical phenomena; thus it was found appropriate for this research paper.

In South Africa undergraduate teaching is textbook dominated and textbooks continue to be a major component of Economics instruction throughout the country. This is the reason why Kegley and Shannon (2010) perceive, textbooks as commodities, political objects, cultural representations and ideological struggles. This is also echoed in Foucault's work on neoliberalism when he argues; that studying neoliberalism in the Economics textbook contributes to a better understanding of this political program (Zuidhof, 2014:158). This method is such authentic as a method of inquiry as a result is triggered the researcher's interest to employ it. The following section examines the role of textbooks.

## THE ROLE OF TEXTBOOKS

Textbooks to be precise are used for the formal study of a learning area in most educational institutions and they are a standard source of information that relates to the curriculum specifications. It can be intuitively true that Economics education is shaped by the need to develop the economy so that the nation will keep pace in a world where economic knowledge and technology is needed badly. Economics as a subject plays a huge role in our lives as it affects our decisions, as households, firms, institutions and governments. Apart from that economics is viewed as a subject of lifelong utility to all students. Bratsiotis (2011) argues that: “Most reputable universities nowadays offer a wide range of options that students can take as part of their Economics degree. Popular combined degree qualifications include Economics with either politics or finance or business or accounting or agriculture or even sociology and history. The interrogation of economics content is worthwhile given this background that Economics is the most popular subject among the social sciences. It is also true that much of Economics education is learnt through the use of textbooks. The use of textbooks makes the teaching of every subject easy, because of its availability whenever needed for reference purposes. Furthermore, most of the economic analytical tools are always available in textbooks.

Textbooks are also a prominent component of the curriculum. They can either credit or discredit a theory or an ideology. For instance, Samuelson textbooks advanced the Keynesian economics, Zuidhof (2014:156). Thus Samuelson’s textbook reflected a strong belief in the need for an active government and was somewhat insecure about market outcomes. The analysing of textbooks gives a better understanding of the developing of neoliberalism as Samuelson said that “Economics textbooks have a subtler political purchase, because they teach a distinct way of thinking about political problems.” Thus textbooks which were written by authors like Samuelson and others by then advanced the Keynesian framework. Currently the new genre is criticising the Keynesian framework (Zuidhof, 2014:156).

I then went through 35 prescribed of undergraduate Economics of the selected institutions searching for the themes mentioned earlier. However, the actual books for all the institutions are 39, but the following are prescribed by more than one institution. For instance, Black, Calitz, Steenekamp and associates (2015) is prescribed by the three institutions. Gujarati (2010) is prescribed by two institutions, Perloff (2016) & Graff, Kenwood & Loughheed (2015) are prescribed by two institutions. Appendix A gives a list of these prescribed and recommended textbooks. The next section presents data analysis and findings. These findings are also presented in form of tables and graphs.

### Findings and Discussion

#### Deregulation from A Neoliberal Perspective

The main aim of deregulation is to increase efficiency in the market allowing the ‘invisible hand’ to direct the economy without much of government intervention (Colander 2013, McConnell et al., 2012; Varian 2010). Neoliberals argue that deregulation is essential for greater business flexibility. Hence free trade leads to competition, which ultimately lowers prices and promotes quality and better services. In favour of deregulation Baumol & Balinder (2006:266) reason that the bureaucracy that is needed to enforce regulation is costly and raises business expenses, therefore deregulation must be reinforced.

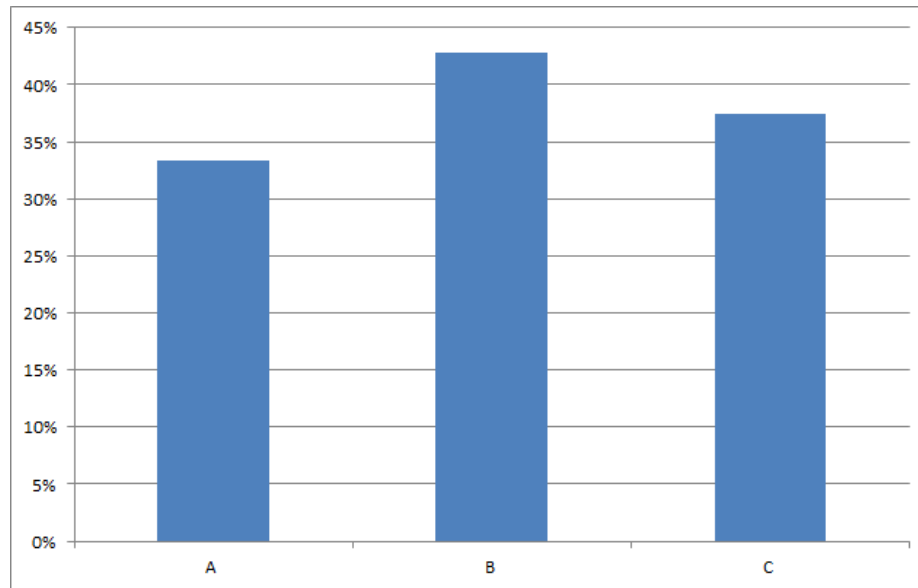
On the contrary the government regulates in order to keep prices equal to average costs where average costs include normal returns. Normal returns according to this explanation must be the target as opposed to abnormal profits which industries with monopoly power enjoy. Furthermore Zuidhof (2014:174) says it became common in advanced industrial economies in the 1970s and 1980s, as a result of new trends in economic thinking about the inefficiencies of government regulation and the risk that regulatory agencies would be controlled by the regulated industry to its benefit and thereby hurt consumers and the wider economy. Regulations cause deadweight losses which can be considered as a market failure.

Fifteen (15) textbooks out of 35 (42.86%) are in agreement with deregulation and also agree on the fact that the government should intervene to correct irregularities in the market (Table 1 and Figure 1). In favour of this statement Frank & Cartwright (2013) maintain that although unregulated markets may not always yield good outcomes they often produce the best results attainable under the circumstances. Colander (2013:344) adds that only those portions of the market where competition is likely to exist are supposed to be regulated. For instance, industries like those which supply electricity must be regulated and be allowed to implement a cross-subsidisation, where low income earners are charged less and high income earners are charged more. This is only viable if the industry is protected so that competitors will be prevented from cream skimming. Therefore economic regulation is adopted to put brakes on the decisions of industries with monopoly power not to harm emerging industries (Baumol & Blinder, 2006:261). In either case the most important thing is to assess the structure of the industry before deregulating or regulating. If it is a competitive market there is no need to regulate, the market will produce optimal results without the interference of the government.

In support of regulation, Samuelson & Nordhaus, (1995), say that regulation consists of government rules or laws issued to control the price, sale or production decisions of firms in most cases to protect consumers from being ripped off. Another reason for regulation is that consumers have inadequate information about products, so government regulations are an answer to correct such issues. Economists, on the other hand, argue that regulation is designed to boost the incomes of producers by limiting entry and preventing competition in the regulated industry (Samuelson & Nordhaus, 1995:326). Most studies suggest that the main effects of economic regulation are losses in efficiency and large amounts of income redistribution (Borjas, 2008; Parkin, 2012). Government may regulate firms in order to avoid monopolies or oligopolies, but the traditional economic view of regulation is normative, that regulatory measures should be taken to correct major market failures. Stiglitz and Walsh (2006:295), say that the aim of regulation is to keep the price as low as possible, commensurate with the monopolist's need to obtain an adequate return on its investment.

All the arguments considered about deregulation and regulation, show that there are always trade-offs or opportunity cost involved. The summary of the given explanations by these prescribed and recommended textbooks are illustrated in the Table 1 and Figure 1 below.

<b>Institution</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total %</b>
A	1	1	1	3/9=33.3
B	1	3	2	6/14=42.86
C	1	1	4	6/16=37.5



**FIGURE 1**

**THE PERCENTAGES OF BOOKS WITH DEREGULATION AT EACH INSTITUTION**

The analysed textbooks are not saying markets must be deregulated or markets must be regulated. The issue is if deregulated markets are performing well there is no need to regulate them because health competition promotes quality and efficiency and prices are lowered in the process. The second theme which was looked for in these textbooks is market economy, which is presented in the next section.

**Market Economy from a Neoliberal Perspective**

Van Rensburg et al., (2014:42) argue that, market mechanism is a gigantic communication system that promotes technological improvements and capital accumulation, both of which have social benefits. Additionally, van Rensburg et al., (2014:43) are of the opinion that market mechanism ensures that when firms maximise their profits and resource suppliers maximise their incomes, these groups also help maximise society's output and income as well as raising the standards of living. The text goes further saying market economy leads to three market merits namely efficiency, incentives and freedom. These market merits promote the efficient use of resources by guiding them into the production of the goods and services most wanted by society, thereby accelerating economic growth (van Rensburg et al., 2011). In response to this Blanchard & Johnson (2013:34) argue that market economy changed the economy of China when the country made the transition from central planning to a market economy and the country is doing far better than other former communist countries. This is in total agreement with the neoliberal believe that market economy produces better results than any other economic systems, hence they are influencing the whole universe not to regulate competitive market and to minimise government involvement in the market.

Fifteen textbooks out of 35 which are about 43% are supporting market economy. The overall analysis of these textbooks reveal that markets should not be given total freedom in the market. Total confidence in the market does not always produce remarkable results; the government is needed with its law and order. Free markets cause externalities if they function on



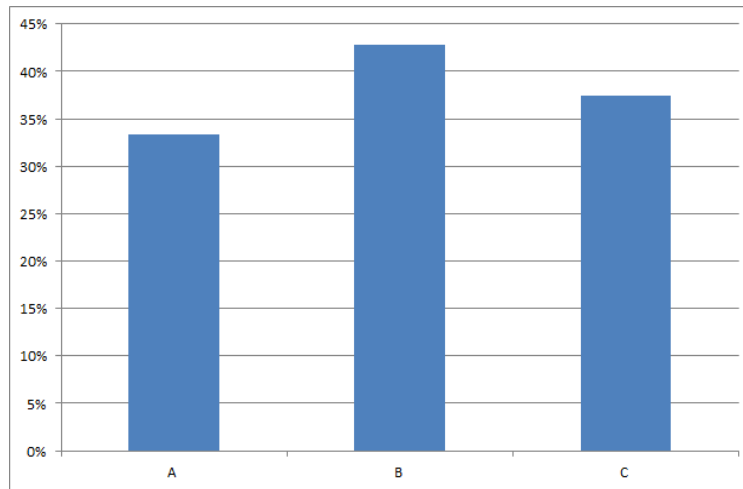
their own in the market; the government is needed for the enforcement of contracts. Many authors agree on the fact that market economies do not produce favourable results so as the government intervention (Apple, 2011; Blanchard & Johnson, 2013; Mohr et al., 2015; van Rensburg et al., 2011; Stiglitz & Walsh, 2006). Market systems produce relatively efficient outcomes, but they often do not produce equitable outcomes. There is often a trade-off between equity and efficiency (Mohr et al., 2015). This text gives a comprehensive explanation about the need to embrace both market economy and command system in order to come up with optimal results as stated above. For instance South Africa has a long history of price control and some other forms of price fixing by the government, however, most of these controls and practices were abolished during the 1980s, Mohr, et al., (2015:33). Although market mechanisms, have flaws, they produce a better option than price control, because of competition and efficiency.

However, equity should prevail as well thus government intervention is needed for balance. Markets yield better results they are impersonal and impartial; they are instead, highly political as well as inherently unstable (Apple, 2011:22). Stiglitz & Walsh, (2006:12) add that the weaknesses of the market economy is that in some areas markets lead to outcomes that society may find inadequate. For instance, there may be too much pollution, too much inequality and too little concern about education, health and safety. Stiglitz & Walsh (2006) promote a mixed economy where the market concentrates on efficiency and the government will look at equity and the control of pollution. This is supported by McConnell et al., (2012) who say that the government may fail to take appropriate corrective action due to the fact that the government focuses on its economic role in the context of politics. On the other hand the 'invisible hand' may also fail to ensure that economic prosperity is distributed equitably. The 'invisible hand' does not ensure that everyone has sufficient food, decent clothing and adequate health care. Therefore, many public policies, such as the income tax and the welfare system, aim to achieve a more equitable distribution of economic well-being. This is in agreement with the analysis of textbooks undertaken for this article; not everyone is happy about the neither market outcomes nor government intervention. Neoliberals prefer minimum government intervention and not the abolishment of all government intervention. This is the ultimate reason why many nations are currently opting for a mixed economy type of an economic system.

As a result government intervention is needed even if government intervention does not bring about the best results as noted earlier. The general argument given in these textbooks is that the government should intervene in the market to correct, externalities. Market failures range from air pollution, water pollution as well as the overexploitation of natural resources such as fish and forests. Market failures cause market dysfunctional, thus they need to be corrected. Appleyard et al. (2006:317) on the other hand, argue that the externality argument is based on the notion that the social costs or benefits of a given production or consumption process differ from the private costs or benefits of that production or consumption process. The negative externality whether produced locally or abroad would be to tax the consumption of all such goods. In case of a positive externality the firm will be given a production subsidy. The policy or solution chosen must speak directly to the problem. The specificity rule must be employed in the market for optimal results. The use of a subsidy can be either to enhance domestic consumption or exports (Appleyard et al., 2006:335). Likewise, trade-offs must always be taken into consideration, because the results are not always favourable, since competition is not always free and fair. Most markets are characterised by imperfect competition. But this does not imply that market capitalism does not work (Mohr et al., 2015:30). However, Rima (2009:197) rejects the argument that market economy is efficient when he says that "...the classical analysis of the

market's automatic adjustment to external forces disturbing its equilibrium was most valid while the economy was in its pre-industrial stage of development." His point is that, the need for an external force was evident when the economy became complex for market mechanisms. Market economy is not taken as wholesome by many economists, they are all advocating for a balance that is mixed economy. Piketty (2014) eloquently put it like this, a strong dose of public regulation and supervision of the financial system and of private capitalism will bring the economy into a more generally equilibrium position. The following section presents data analysis in form of a table and bar graph (Table 2 and Figure 2).

Table 2 MARKET ECONOMY				
Institution	Level 1	Level 2	Level 3	Total %
A	1	1	1	3/9=33.33
B	1	1	4	6/14=42.86
C	1	1	4	6/16=37.5



**FIGURE 2**  
**SHOWING PERCENTAGES OF TEXTBOOKS WHICH COVER THE MARKET ECONOMY TOPIC**

The overall analysis of the textbooks are on the fact that both the government and the market do not produce optimal results, hence a mixed economy is recommended. The next section explains privatisation from neoliberal perspective and the way it is also illustrated in undergraduate economics textbooks the researcher analysed.

### Neoliberalism and Privatisation

Privatisation is the ownership of most of the means of production by the private sector. Neoliberals are advancing the need for privatisation as a way of accelerating economic growth and efficiency. This is in agreement with Easterly (2002), who maintains that there is a positive relationship between economic growth and privatisation, basing his argument on an incentive

perspective. People are usually forced to work hard or give it all if there are incentives. People perform well when these incentives are well defined; incentives seem to be better defined in the private sector than in the public sector.

Margaret Thatcher implemented privatisation in quite a number of British sectors and this approach tripled the number of individual shareholders in Britain, thus the policy was highly esteemed (Thirlwall, 2011). This inspired countries such as France, Germany, Japan, Australia, Argentina and Chile to embrace the policy of privatisation (Thirlwall, 2011). The wave influenced countries which were emerging from communism as well as developing countries in the 1990s. Zimbabwe grabbed the structural adjustment programme in the 1990s, which saw government departments being trimmed down; workers retrenched and socio-economic unrest hit the country. There are good and bad things associated with privatization, since it is true that there is no policy which is flawless. Colander (2013:218), advocates that markets and private ownership of property play an important role in growth. Colander (2013) gave an example of China, whose economy was growing slowly at an average of 3% and after 1980 the country then changed its institutional structure from command and control to a more market-oriented economy, as it started its rapid growth that averaged about 8% per year.

Mohr et al., (2015) argue from a different perspective when they say that privatisation promotes efficiency but it does not work on social interest especially in markets like: Education, healthcare and transport where the poor need serious attention. Taking the advantages and disadvantages of privatisation, it is clear that the blending of private ownership and public ownership is key to economic growth. This is also supported by the analysis of textbooks done for this research article, no text is agreeing with total privatisation.

Looking at all the textbooks analysed only 13 textbooks are in agreement with privatisation; the texts are taking the pros and cons of privatisation into account. Findings from this principle are presented below in form of a table and a bar graph (Table 3 and Figure 3).

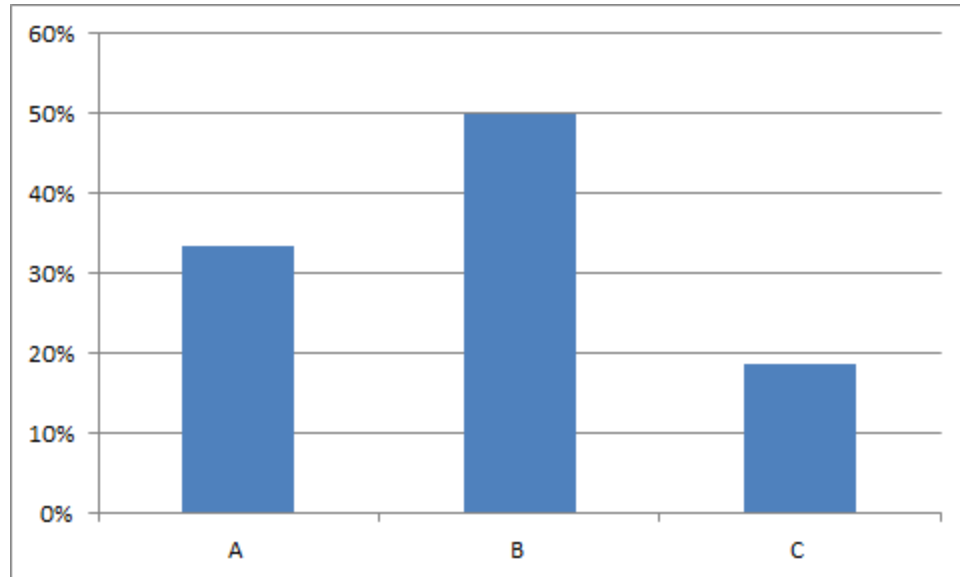
<b>Institution</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total %</b>
A	1	0	2	3/9=33.33
B	1	2	4	7/14=50
C	1	1	1	3/16=18.75

Privatisation accelerates growth but there are sectors of the economy which must remain public to cater for the needy. This is evidenced by the fact that not a single textbook is in agreement with total privatisation. The following section presents the principle of government intervention as illustrated in the undergraduate economics textbooks.

### **The Role of the Government Intervention**

Neoliberals are not against the total eradication of the government from the market. Their concern is that there should be minimum government intervention in the market. They argue the government should enforce market laws and regulation not to enter the market as a participant. A number of authors agree on the fact that if markets are left on their own there will be irregularities, but they also agree that the government promotes equity not efficiency

(Mankiw, 2012; Perloff, 2014; McConnell & Brue: McConnell and Brue, 2012; & Mohr, et al., 2015). If markets are left on their own small firms will be swallowed by large ones and eventually this will lead to monopolistic tendencies. It will be the survival of the fittest similar to what Darwin predicted happens in the jungle.



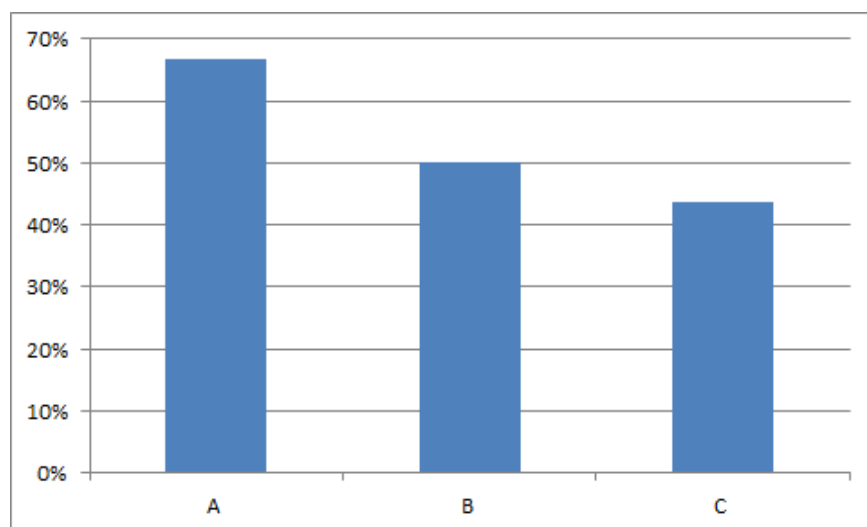
**FIGURE 3**  
**SHOWING PERCENTAGES OF TEXTBOOKS WITH PRIVATISATION PER INSTITUTION**

From the analysis gathered from the textbooks, property rights enforced by the government enable markets to function well, because the market economy does not always yield the best results. The conclusion which can be drawn from this argument is that both the government and the market need each other in the economy. Again this is in agreement with the neoliberal aspects that the market needs the government to function properly. This is supported by Zuidhof (2014:167) when he argues that in a world of imperfect markets, government intervention is no longer treated as a foreign or external but rather is seen as an integral part of the economy. Since markets are by nature imperfect, the legitimacy of government involvement in the economy is therefore more natural too, (Zuidhof, 2014:167).

The government is normally needed in the market when there are irregularities or externalities. Externalities are costs and benefits of a transaction that are not fully reflected in the market price. Stiglitz & Walsh, (2006:405) propose that externalities are caused by imperfect competition and imperfect information. Thus externalities are considered to be costs and benefits that are infeasible to charge or they make market calculations impossible. In order to collect these irregularities the government can use direct controls and taxes to counter negative externalities; it may provide subsidies or public goods to deal with positive externalities, Stiglitz & Walsh (2006:409). It goes without saying that government intervention in the market is essential for the smooth running of the market economy.

The general analysis of government intervention in the market is presented in Table 4 and Figure 4.

Institution	Level 1	Level 2	Level 3	Total %
A	1	2	3	6/9=66.67
B	2	2	3	7/14=50
C	1	2	4	7/16=43.75



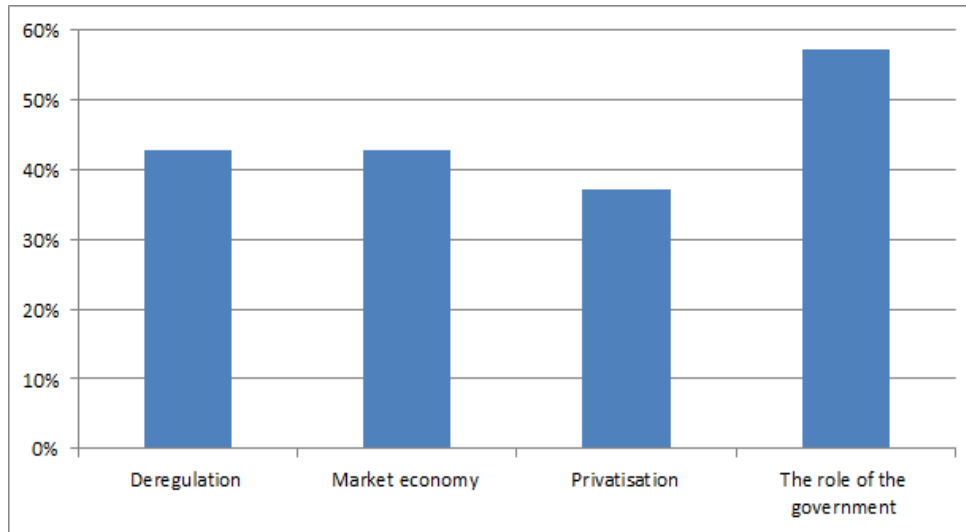
**FIGURE 4**  
**GRAPH SHOWING PERCENTAGES OF TEXTBOOK WHICH COVER THE ROLE OF GOVERNMENT IN THE ECONOMY**

Although the government is blamed for causing a lot of irregularities in the market, the market cannot function well without its intervention. The following Table 5 is showing the total number of textbooks recommended at each of the three institutions used in this research paper.

Institution	Number of textbooks
A	9
B	14
C	16
Total	39

As explained earlier, thirty five textbooks were analysed due to the fact some of the textbooks are prescribed by both the institutions. The text shows the overall percentage of these textbooks.

<b>Neoliberalism principles</b>	<b>Total</b>	<b>Percentage</b>
Deregulation	15/35	42.86
Market economy	15/35	42.86
Privatisation	13/35	37.14
The role of the government	20/35	57.14



**FIGURE 5  
DISTRIBUTION OF NEOLIBERALISM PRINCIPLES IN THE TEXTBOOKS WHICH WERE REVIEWED OVERALL PERCENTAGES**

All arguments were in favour of the market economy, directed towards efficiency and quality promotion. It was established that deregulation is not the best option from the data gathered from textbook content analysis (Figure 5). The results (42.86%) as indicated in Table 6 shows that not every textbook explicitly discusses deregulation as the best market solution. This is supported by Baumol & Blinder (2012) whose suggested option is the use of tradable emissions when they say that the market must come up with a remedy to correct its own deficiencies.

Pigovian taxes are, however, increasingly considered as a cost-effective way of keeping the environment clean (Baumol & Blinder, 2012:322). Though there is this argument from the data analysis, I suggest both the government and the markets should come up with possible ways of keeping the environment clean, where the government impose tax on polluting firms. Although economists believe that market methods are often the best way to cure markets shortcomings, the government should get involved to avoid unnecessary regrets. Lessons learnt from the financial crisis of 2008 should be kept in mind.

The essence of the matter is that neoliberal theory is just trying to turn the market into a technique or tool of government. The point is strong institutions are needed in the economy. The pronounced aspect noted from this analysis is that neoliberalism is viewed as simply a more recent revival of classical economic liberalism, (Harmes, 2012:61). In addition to that the theory

is affecting almost everyone in different ways and there is no other policy so far to replace it. Thus it is imperative to adopt those aspects which are beneficial to the economy.

The analysis of results clearly indicates that the government is needed in the market; this is indicated by the fact that it has the highest percentage of 57.14%, as per the analysed data (Table 6). This might be due to the lesson learnt from the financial crisis of 2008 which is actually blamed on too much confidence in the market freedom.

It can also be noted that it is really a daunting task to try and separate neoliberalism from economics. For instance the ideology is traced from the work of Adam Smith and his liberalism intellectual heirs. Adam Smith and his liberalism intellectual heirs are linked to the origin of economics as discipline. Neoliberals got their policies from classical liberalism, thus neoliberalism is a new form of classical liberalism. From the data collected from the content analysis there is a trend that the complexes of today's markets need government intervention, for instance the need to avoid environmental damage caused by profit-oriented firms and individuals.

### CONCLUSION AND RECOMMENDATIONS

The study established that neoliberalism forms the theoretical framework that is influencing all the sectors of the economy, not only education or undergraduate economics. Neoliberalism feeds off from liberalism and economics; hence there is no clear line to separate economics from neoliberalism. Currently neoliberalism is used as a developmental policy or a theoretical framework just like the Keynesian theoretical framework.

In the final analysis neoliberalism principles are good and appropriate for the undergraduate economics. Firstly, neoliberalism principles encourage efficiency which is healthy for growth. The world is seen as intensely competitive economically and students, as the future workforce, must be given the necessary skills and dispositions to compete efficiently and effectively. Secondly neoliberalism celebrates those who strive for excellence which is good for the world of work. The third reason is that neoliberalism promotes employability skills or transferability skills, which employers currently value. Neoliberalism encourages students to be autonomous, accountable, self-disciplined and self-reliant. The idea of accountability has a close relationship with the ideologies of economic efficiency and the market mechanisms. Some researchers agree on the fact that neoliberalism seeks to achieve the traditional welfare goal of full employment and highly individualised, responsabilised subjects who have become entrepreneurial actors across all dimensions of their lives (Brown, 2003:38). It is recommended that neoliberal principles should be contextualised because neoliberalism principles encourage competition which is healthy for growth and also encourages students to strive for excellence.

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