

INTERNATIONALIZING ECONOMICS EDUCATION IN SOUTH AFRICA

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Abstract

Internal compulsions in the South African political economy have meant that the trend toward internationalization is not only contradictory but also ambivalent. Fulfilling the need for international compatibility in economics education undermines two parallel domestic pressures: commanding demands to transform socio-economic institutions and the need to restructure education to reflect new international development priorities. These pressures constitute a severe brake on the pace and scope of internationalization.

The paper discusses various aspects of internationalization of Economics education in South Africa and demonstrates that the trend has not taken off on any significant scale. In the process, it presents the history and organization of Economics education, the debates and tendencies in transforming tertiary education in South Africa, as well as alternatives in internationalizing the Economics syllabus in business education. Finally, it argues for a non-ideological, open-ended methodology for deriving practical policies on external economic relations.

THE INTERNATIONALIZATION IMPERATIVE

The political urgency to accomplish a socio-economic transformation in South Africa undermines the economic imperative to internationalize. Internationalization is the process of forging full participation in the expanding network of global linkages around

the world that binds us--countries, institutions, and individuals--much closer than ever before (Czinkota et al., p.5). It is presumed, that to be effective, the process must be based on institutional flexibility and congruity. But internationalizing education provision in South Africa conflicts with the contingency to change the traditions of delivery to reflect new, national priorities. In one context, the government of national unity (GNU) is bound to show a narrow, national commitment to redress the huge knowledge and skills gap between blacks and whites; in another, to seek consistency with global standards and practices in providing education and training. The paper argues with reference to Economics delivery that the propensity to internationalizing tertiary education in South Africa is ambiguous. However, this cannot be justified by the fact that the commanding demand for domestic institutional transformation diminishes the case for unbridled internationalization. Ambivalence, on the contrary, challenges the objects of Economics education like any other discipline, and raises the need to explore subject-relevant modalities of internationalization, which reinforce those objectives.

International business has changed in many ways during the past ten years. A growing tendency to produce for the global market has induced greater volumes of trade. Increasing financial integration and regional trading realignments have generated higher levels of investment. The inter-linking is characteristically changeable. New areas of trade and investments are continually emerging and new products and services are exchanging at higher levels. Old assumptions

have become obsolete and old institutions irrelevant. The pace of change is also accelerating. At the same time, however, the developing countries are rapidly assuming the role of mere price-takers in international markets. Certainly, South Africa will have to reposition itself to participate as an equal partner in international capital and trade activity.

The obligation to internationalize increases with openness of the economy to international trade. The South African economy is moderately sized and relatively open. Although Gross Domestic Product (GDP) is about one sixtieth of the United States', the economy is twice as open as measured by the share of exports in GDP or the share of imports in Gross Domestic Expenditure (GDE) (see Table 1). Other factors reinforce the economy's relative openness: the powerful export marketing boards have been largely dismantled or their regulatory functions limited; average tariff and quota coverage are reduced from previous levels; black market premium is very low; also, the economy is largely private enterprise-led, not centrally planned. Though previously regulated, various economic sectors are undergoing de-regulation. As a result of all this, the transitional economy will have to be responsive to developments in the international business environment to be competitive.

The capacity to remedy the lop-sided education legacy will be determined by economic growth performance. Yet, the economy has been subjected to a real growth ceiling of about three percent per annum for over a decade, the constraint having been

imposed largely by the balance of payments (de Wet, 1994, pp.307-310). Although capital inflows including loans, aid, and private investment may ease the constraint, only improved export performance can sustain growth beyond this ceiling. Export performance, in turn, hinges on international competitiveness enhanced not merely by exposure to international markets but more strategically by policies directed at building technological capacity and increasing total factor productivity.

Growth strategy on the other hand must link with social strategy to realize the objectives of social policy. To do so, the main aspects of economic policy including trade, industry, labor, and education must be integrated in a consistent and creative manner. And, South Africa being a country that was isolated for so long, has built its own evasive traditions, economists, business executives, policy makers, and bureaucrats who will require extant knowledge of the international economy. Business schools and other Economics-teaching faculties will have to educate and train their students to be conversant with global developments, understand their implications and develop the capacity to adjust to change in order to attend successfully to the volatile demands of international business.

The paper is divided into five sections. The next section outlines the history and organization of Economics education and discusses efforts to internationalize the Economics syllabus in business education. Section three summarizes the debates on institutional changes in tertiary educational reform. The fourth section suggests that the

methodology of Economics teaching will have to broaden beyond the 'orthodox' and 'critical' analyses to give realistic policy guide in international economic relations. Section five concludes the paper.

ECONOMICS EDUCATION IN SOUTH AFRICAN UNIVERSITIES: HISTORY, ORGANIZATION AND INTERNATIONALIZATION

History and Organization

The present state of the teaching of Economics in South Africa is the product of three historical factors: the failure to make Mathematics and Statistics pre-requisites for majoring in Economics, a strong affinity with Economic History, and the development of a sub-discipline that has become known as Business Economics (Botha, 1973).

Business Economics is the application of economic principles to decision-making problems of the firm. It originated with English-speaking universities introducing courses in Commerce intended to enrich an Economics understanding of "sound business". At the same time, Afrikaans universities were importing a body of knowledge--the German Betriebswirtschaftslehre (this means business science studies)--through their association with Holland to "enhance a more methodical analysis of the problems of industry" (*ibid.*). On the other hand, Economic History, considered an extension of the past to promote an understanding of current economic problems, has faded from Economics teaching except in English-medium universities. It has, nevertheless, left an analytical tradition in

Economics education that is descriptive and non-quantitative.

Several universities have taken steps to counterbalance the predominance of qualitative Economics. Yet, the teaching contents are still largely weak in mathematics and econometrics, and computer literacy is low. Similarly, the link between theoretical and empirical work is also weak. In addition, academic debates are still conducted within the context of the 'critical', neo-Marxist/Structuralist, and 'orthodox', neo-liberal dualism. This is a carry over from pre-independence ideological confrontations between predominantly White conservatism and Black liberalization philosophy.

The organization of Economics education in South African universities is unique for two reasons: the split between Economics and Business Economics and the fact that Economics Departments are located in Commerce but not in Social Science Faculties (see Figure 1). Typically, Economics teaching is spread across three or more Faculties, with each Faculty maintaining an autonomy over staff and syllabi.

For example, the University of the Witwatersrand (Wits) offers Economics from the Commerce, Management and Engineering Faculties. Core and Applied Economics (including Business Economics) are offered from Commerce. Private Sector Economics is taught in the Graduate School of Business Administration and Public Sector Economics in the School of Public and Development Management. The two schools comprise the Management Faculty. The Engineering Faculty offers Resource Economics.

Internationalization: The Wits Graduate School of Business Administration

Adaptations made to the Economics curriculum at the Wits Graduate School of Business Administration (the Wits Business School) illustrate the scope for internationalizing business education through economics education.

The School offers three alternative Master of Business Administration (MBA) program packages - an 18-month full-time, a three-year part-time and a two-year combined full-time and part-time. The program comprises a compulsory core course-- Business Administration, a choice of four electives, a course in Research Methodology and a comprehensive research report in a chosen field of interest. The compulsory core is grouped into three teaching areas of: General Management (Environment of Business, *Economic Problems and Policies*, Marketing Management, Business Law and Strategic Management); Informatics Finance and Operations (Financial Accounting, Managerial Accounting, Corporate Finance, Quantitative Methods, Production and Operation Management and Management Information Systems); and Human Resources (Human Resource Management--Human Behavior, Industrial Relations and Organization Development) (Wits Business School, 1995).

Thirty-seven electives were available in 1995, out of which two - *International Business* and *Problems in Economic Analysis* - had Economics contents. The aim of the Economics core and electives was to "expose students to the importance of efficient resource management from the point of view

of both business and society" (*ibid.*). The courses "explored the roles and effectiveness of the market system and of government institutions as means of allocating resources." In so doing, "they placed emphasis on the nature and implications of macro-economic policy in South Africa and expected students, at the end of each module, to feel competent in reading and interpreting economic commentary and have better insight into the factors shaping the course of the economy" (*ibid.*). Consequently, the curriculum focused solely on the national macro-economy and deprived students of the training that would equip them to adapt to the changing environments of international business. Two alternatives were available for addressing the problem. First, the Economics core course could be expanded to include topics on international economic institutions, trade, and capital flows. However, this could be achieved at the expense of teaching decision-making Economics and the macro-economic environment of business. The second was to convert from elective to core status the course in International Business designed to link international markets with business strategy. The School has adopted both alternatives in its 1996 program.

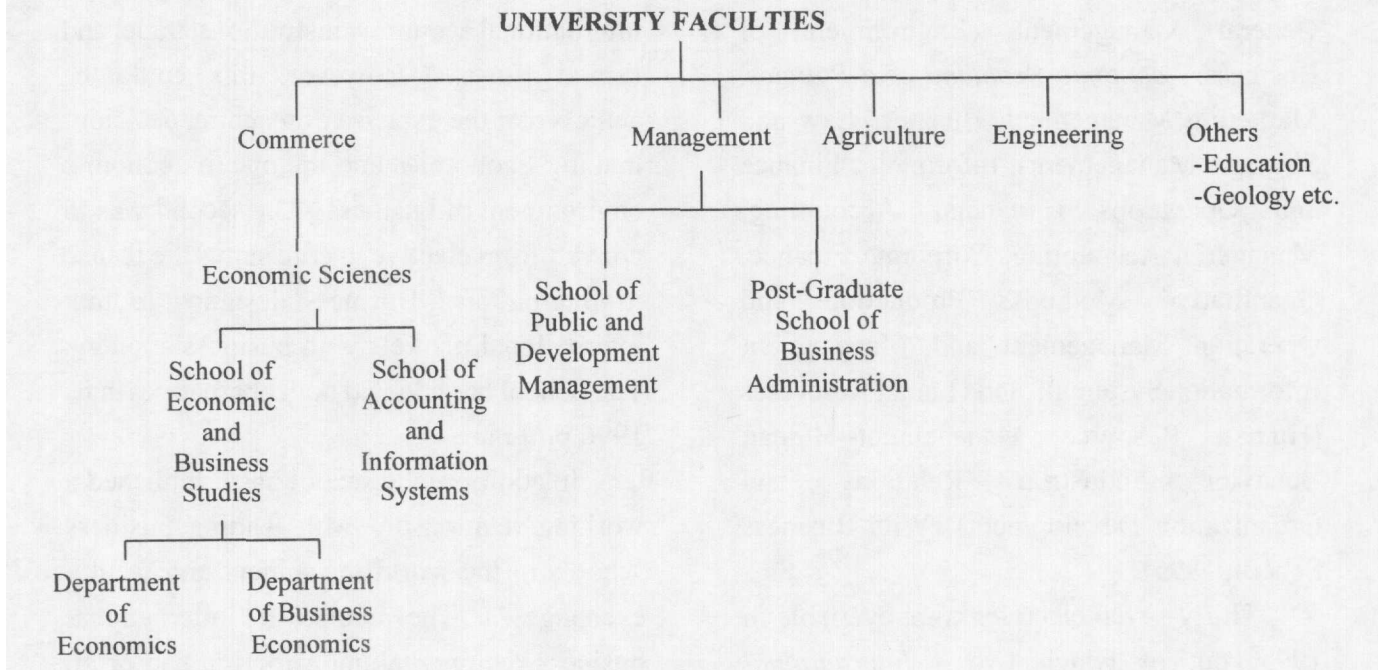
In addition, the school has established a working relationship with leading business schools in the world for student and faculty exchanges. The course in international business requires taking a foreign trip or an elective in a foreign business school. In making these transformations the need to attend to domestic challenges facing South African management was not overlooked.

TABLE 1
Openness and Size of the Economy:
South Africa and the United States of America, 1994

Country	(1) GDP (Million \$)	(2) Exports as % of GDP	(3) Imports as % of GDE	(4) Average of (2) and (3)
United States	6,050.4	10.6	12.1	11.3
South Africa	276.5	23.7	21.8	22.8

Source: International Financial Statistics (International Monetary Fund), June 1995.

FIGURE 1
ORGANIZATION OF ECONOMICS EDUCATION IN SOUTH AFRICA



Conventionally, Economics provision fails to distinguish between its formal demands as a thought process, participation in the economy as a substantive activity and the status of the knowledge and experience gained from that participation (Henderson, 1987, p. 43). Nevertheless, if one adopts the view of Economics education as a process of increasing personal ability to operate knowledgeably in a given economy, economics competence will mean three things: gaining factual knowledge about the economy, acquiring the skills that enable a person to operate confidently within the economy, and applying concepts that enable the person to form a balanced and informed judgement about economic matters (*ibid.*, p. 35). Therefore, to internationalize Economics education is to provide these competencies to enable the Economics student to understand the workings of the global economy and effectively participate in it. To transform the institutions of content and delivery in order to reconcile these global Economics-teaching objectives with national economic development goals is the main challenge facing Economics educators in South Africa today.

INSTITUTIONAL TRANSFORMATION: COMPETING MODALITIES

The transformation crisis in tertiary education reflects a disagreement on two related issues: the purpose of tertiary education in the new South Africa and the character of institutional changes--changes in the sets of routines, roles, norms, laws and

organizations necessary for individual and collective action--required to advance that purpose. Conceptually and practically, the conflict affects the delivery of every academic discipline including Economics.

Three competing models of transformation circulate in the country, of which the first two rather incompatible. The first is informed by Marxist/Stalinist ideology and justifies chaos and anarchy: it advocates halting the present system of values, management, and curriculum and starting a new order altogether. This, however, is proven untenable in the present South Africa. The second interprets transformation to be mere adaptation of elitist and conservative values - top down management practices and open-ended liberal education, presumed irrelevant to and inconsistent with the needs of democratic, Third-World South Africa predominantly by the historically disadvantaged. The third model takes a seemingly anti-internationalization stance and is gaining considerable ground. It conforms with Henderson's idea that knowledge that is relevant must be accompanied by social responsibility (Henderson, 1987, p.35). The model argues that since great institutions are built out of originality not through imitation, a transformed South Africa must reflect the combined cultures of South African society-- African, European, and Oriental--not an extension of Western values. Any trend to internationalizing, to cater for the demands of the outside world, is a pursuit of knowledge for its own sake (Makgoba, 1995). This implies at least four things: rethinking curricula and syllabi to *emphasize* society's contribution to scholarship; redefining modes

of teaching to stress the interactive process-- discussion, consultation and sharing of ideas; realigning the institutional distribution of power; and approaching old problems in new, creative ways. But, they fall short of the goal of ensuring comparability of South African graduates to graduates with equivalent degrees from leading universities world-wide without having to discard national identity, culture and socio-economic priorities.

The Makgoba model has so far met with considerable resistance at the conceptual level, and, assumed adopted, its implementation in a historically white university could be fraught with hindrance. Alternatively, at the practical level, the overriding concern that must influence institutional change is that the modern work-place is changing rapidly globally, and so tertiary education now requires to teach people to learn to be trained several times in their careers; not to train people for specific jobs. This suggests that tertiary education must aim at producing adaptable students within flexible institutional structures. Indeed, it is within malleable institutional structures that the tension between global demands and national concerns may be resolved.

The present degree structures in many South African universities are rigid. At Wits, for example, "students are locked in their Faculties which tend to recognize only their credits into majors. They are divided into full-time, part-time and occasional categories and the system of exclusions gives no honor to those unlikely to graduate within a specific span" (Wits Task Group 15 Report, 1994). The following remedial measures have, therefore, been recommended:

- (1) a common flexible degree structure for Arts, Science and Commerce with uniform credit rating;
- (2) the scrapping of the distinction between full-time, part-time and occasional students and the introduction of a licensed listening category;
- (3) the possibility of an honorable exit prior to third year with either a diploma or an associated degree;
- (4) introduction of an accelerated teaching session which allows for the completion or repetition of a single module;
- (5) a rigorous scrutiny of all professional and pseudo-professional degrees, aimed at locating which demands are statutory and which are self-imposed; and the encouragement of open structures and the development of laterally conceived programs within such degrees (*ibid.*, p.2).

Nevertheless, these measures would not guarantee the degree of content application and practice required of an adequately internationalized discipline. Specifically, if the redefined role of Economics education is to deliver internationally adaptable, skilled manpower for the First-World component of the country's commerce and industry, as well as to satisfy the needs of the Third World component, its provision must particularly emphasize the application of economic concepts and ideas to the changeable real world.

THE RELEVANCE OF INSTITUTIONAL ECONOMICS

Economics education is, without doubt, much more than teaching and learning a set of

concepts and ideas. The discipline attracts unique forms of inquiry but with different perspectives or ways of thinking that alter the rigor and elegance with which it is taught. Ultimately, the perspective or doctrine adopted, influences policy implied from problem analyses. In this way, the different schools of thought would tend to draw different strategies. Since successful internationalization depends on institutional maneuverability, the ideas of the mainstream or early American Institutional School of the likes of Thorstein Veblen, John R Common, Wesley Mitchell and Clarence Ayres (not the new Institutional School of Oliver Williamson and others) offer useful insights (Adam, 1994).

Recent scenario analyses of a post-independent South Africa establishing mutually beneficial relationships with sub-Saharan Africa were based on the critical and orthodox methodologies (Swatuk, 1995). In either case, the policy implications were unrealistic and exaggerated, that is, they were over-pessimistic or over-optimistic, for none of the scenarios sketched before the 1994 national elections projected post-election reality. On the other hand, the institutional methodology could project a more penetrating and realistic scenario. It appears, therefore, that methodological biases in economic analysis in South Africa may have guided inter-state policy rather unsatisfactorily.

Neo-liberal analysts envisaged South Africa as an engine for continental economic growth generating trade and investments that would trickle down into African economies. On comparative costs assumptions, South Africa would maintain the old division of

labor in which it would supply manufactured goods and food products as well as base metals to Africa in exchange for raw-material inputs for South African industry. In the long run, South Africa's economic strength would pull the continent away from its debt crisis and under-development (Swatuk, 1995, p.2-3).

Skeptical scenarios from critical analysts, however, anticipated increasing domination and exploitation by South Africa over its neighbors. In the more pessimistic scenarios the probability for civil disorder and economic breakdown was highly rated (*ibid.*, p.3).

Mainstream institutional methodology, however, interprets international economic relations as inter-social transactions. It assumes that society's external relations must stem from and be consistent with its culture, polity, technology, economy and the physical environments. The more functionally similar are two societies' exchange institutions, the more intensively they will cooperate economically. Thus, societies will have to align their exchange practices closely with those of the larger international community to expand inter-social transactions. Conversely, they will follow their own methods of exchange, where their power and influence enable them to do so (Adam, 1994, p.340-343). These principles are general and reconcile with a broad range of ideological concerns. They are operational and can be tested by historical and analytical methods (*ibid.*).

In the context of South African-sub-Saharan African economic cooperation, institutional methodology would examine a wide range of exchange institutions for compatibility and divergence, identify

alternative forms of cooperation and exchanges might take and distinguish between short and long term possibilities. For instance, in addition to trade and investment flows, institutionalism would incorporate the prospects of South African public institutions linking with their African counterparts to share the lessons of post-independence experience in such areas of economic development as land reform in Zimbabwe, education policy and decentralization of governance in Ghana, small-scale agriculture in Kenya, and people-driven development in Tanzania. Thus, institutionalism as a complementary methodology internationalizes economics education in widening the theoretical framework for analyzing international economic relations.

CONCLUSION

This paper underlines the thesis that the trend to internationalizing Economics education in South Africa is dubious. The simultaneous quest for national identity and compatibility with international standards has led to a re-assessment of course contents and institutional flexibility. It is, however, hard to predict the outcome of these developments. But that the purpose of Economics delivery will have to change is unquestionable.

Economics instruction in the country has been criticized for lack of quantitative rigor, although the value of theoretical abstraction has also been called into question. More recently, the demand for practical ways of preparing students for the globalized workplace environment has increased. This means Economics training will have to change extensively from merely developing a

"rational" way of thinking about a problem to expanding the capacities not only of logical thought, discussion, communication and literacy, but also of application and adaptation (cf. King, 1987, p.145).

In responding to these compulsions, however, South African universities cannot ignore the fact that national interests and values largely determine the character of institutions, biases in curricula and syllabi and the choice of particular delivery modes. Further, a synthesis of national and international consciousness in Economics pedagogy may manifest itself in various institutional configurations. Hence, every university will have the choice to ascertain alternatives that are nationally relevant and globally reconcilable. That being the case, any suggestion that institutions of Economics delivery must be internationally uniform to bring about similar effects in individual countries is unsupported by the South African situation.

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