

Europe's Philosophy of Failure

By Stefan Theil

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In France and Germany, students are being forced to undergo a dangerous indoctrination. Taught that economic principles such as capitalism, free markets, and entrepreneurship are savage, unhealthy, and immoral, these children are raised on a diet of prejudice and bias. Rooting it out may determine whether Europe's economies prosper or continue to be left behind.



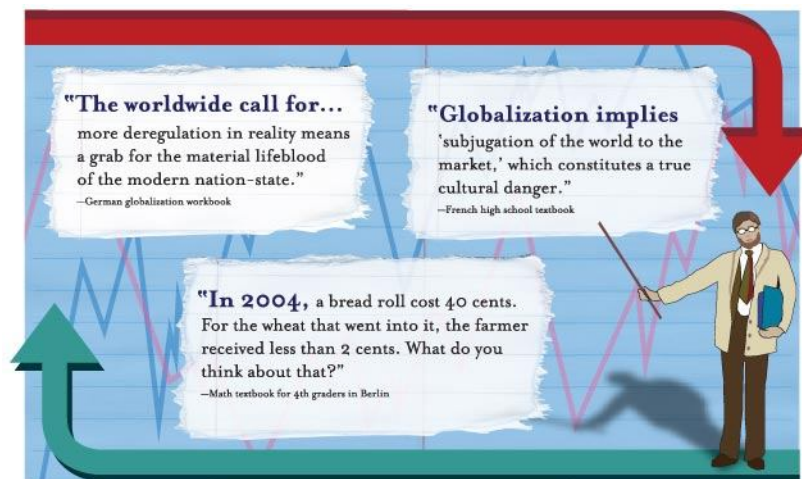
BOB DAHM FOR FP

Millions of children are being raised on prejudice and disinformation. Educated in schools that teach a skewed ideology, they are exposed to a dogma that runs counter to core beliefs shared by many other Western countries. They study from textbooks filled with a doctrine of dissent, which they learn to recite as they prepare to attend many of the better universities in the world. Extracting these children from the jaws of bias could mean the difference between world prosperity and menacing global rifts. And doing so will not be easy. But not because these children are found in the *madrasas* of Pakistan or the state-controlled schools of Saudi Arabia. They are not. Rather, they live in two of the world's great democracies—France and Germany.

What a country teaches its young people reflects its bedrock national beliefs. Schools hand down a society's historical narrative to the next generation. There has been a great deal of debate over the ways in which this historical ideology is passed on—over Japanese textbooks that downplay the Nanjing Massacre, Palestinian textbooks that feature maps without Israel, and new Russian guidelines that require teachers to portray Stalinism more favorably. Yet there has been almost no analysis of how countries teach economics, even though the subject is equally crucial in shaping the collective identity that drives foreign and domestic policies.

Just as schools teach a historical narrative, they also pass on "truths" about capitalism, the welfare state, and other economic principles that a society considers self-evident. In both France and Germany, for instance, schools have helped ingrain a serious aversion to capitalism. In one 2005 poll, just 36 percent of French citizens said they supported the free-enterprise system, the only one of 22 countries polled that showed minority support for this cornerstone of global commerce. In Germany, meanwhile, support for socialist ideals is running at all-time highs—47 percent in 2007 versus 36 percent in 1991.

It's tempting to dismiss these attitudes as being little more than punch lines to cocktail party jokes. But their impact is sadly and seriously self-destructive. In Germany, unemployment is finally falling after years at Depression-era levels, thanks in no small part to welfare reforms that in 2005 pressured Germans on the public dole to take up jobs. Yet there is near consensus among Germans that, despite this happy outcome, tinkering with the welfare state went far beyond what is permissible. Chancellor Angela Merkel, once heralded as Germany's own Margaret Thatcher, has all but abandoned her plans to continue free-market reforms. She has instead imposed a new "rich people tax," has tightened labor-market rules, and has promised renewed efforts to "regulate" globalization. Meanwhile, two in three Germans say they support at least some of the voodoo-economic, roll-back-the-reforms platform of a noisy new antiglobalization political party called Die Linke (The Left), founded by former East German communists and Western left-wing populists.



Many of these popular attitudes can be traced to state-mandated curricula in schools. It is there that economic lessons are taught that diverge substantially from the market-based principles on which the Western model is based. The phenomenon may hardly be unique to Europe, but in few places is it more obvious than in France and Germany. A biased view of economics feeds into many of the world's most vexing problems, from the growth of populism to the global rise of anti-American, anti-capitalist attitudes.

ECONOMICS A LA CARTE

"Economic growth imposes a hectic form of life, producing overwork, stress, nervous depression, cardiovascular disease and, according to some, even the development of cancer," asserts the three-volume *Histoire du XXe siècle*, a set of texts memorized by countless French high school students as they prepare for entrance exams to Sciences Po and other prestigious French universities. The past 20 years have "doubled wealth, doubled unemployment, poverty, and exclusion, whose ill effects constitute the background for a profound social malaise," the text continues. Because the 21st century begins with "an awareness of the limits to growth and the risks posed to humanity [by economic growth]," any future prosperity "depends on the regulation of capitalism on a planetary scale." Capitalism itself is described at various points in the text as "brutal," "savage," "neoliberal," and "American." This agitprop was published in 2005, not in 1972.

When French students are not getting this kind of wildly biased commentary on the destruction wreaked by capitalism, they are learning that economic progress is also the root cause of social ills. For example, a one-year high school course on the inner workings of an economy developed by the French Education Ministry called *Sciences Economiques et Sociales*, spends two thirds of its time discussing the sociopolitical fallout of economic activity. Chapter and section headings include "Social Cleavages and Inequality," "Social Mobilization and Conflict," "Poverty and Exclusion," and "Globalization and Regulation." The ministry mandates that students learn "worldwide regulation as a response" to globalization. Only one third of the course is about companies and markets, and even those bits include extensive sections on

unions, government economic policy, the limits of markets, and the dangers of growth. The overall message is that economic activity has countless undesirable effects from which citizens must be protected.

No wonder, then, that the French default attitude is to be suspicious of market forces and private entrepreneurship, not to mention any policies that would strengthen them. Start-ups, *Histoire du XXe siècle* tells its students, are "audacious enterprises" with "ill-defined prospects." Then it links entrepreneurs with the tech bubble, the Nasdaq crash, and mass layoffs across the economy. (Think "creative destruction" without the "creative.") In one widely used text, a section on technology and innovation does not mention a single entrepreneur or company. Instead, students read a lengthy treatise on whether technological progress destroys jobs. In another textbook, students actually meet a French entrepreneur who invented a new tool to open oysters. But the quirky anecdote is followed by a long-winded debate over the degree to which the modern workplace is organized along the lines imagined by Frederick Taylor, the father of modern scientific management theory. And just in case they missed it in history class, students are reminded that "cultural globalization" leads to violence and armed resistance, ultimately necessitating a new system of global governance.

This is a world apart from what American high school students learn. In the United States, where fewer than half of high school students take an economics course, most classes are based on straightforward, classical economics. In Texas, the state-prescribed curriculum requires that the positive contribution of entrepreneurs to the local economy be taught. The state of New York, meanwhile, has coordinated its curriculum with entrepreneurship-promoting youth groups such as Junior Achievement, as well as with economists at the Federal Reserve. Do American schools encourage students to follow in the footsteps of Bill Gates or become ardent fans of globalization? Not really. But they certainly aren't filling students with negative preconceptions and suspicions about businesses and the people who run them. Nor do they obsess about the negative side effects and dangers of economic activity the way French textbooks do.

French students, on the other hand, do not learn economics so much as a very specific, highly biased discourse about economics. When they graduate, they may not know much about supply and demand, or about the workings of a corporation. Instead, they will likely know inside-out the evils of "la McDonaldisation du monde" and the benefits of a "Tobin tax" on the movement of global capital. This kind of anticapitalist, antiglobalization discourse isn't just the product of a few aging 1968ers writing for *Le Monde Diplomatique*; it is required learning in today's French schools.



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LEARNING TO LOVE THE DOLE

Germans teach their young people a similar economic narrative, with a slightly different emphasis. The focus is on instilling the corporatist and collectivist traditions of the German system. Although each of Germany's 16 states sets its own education requirements, nearly all teach through the lens of workplace conflict between employer and employee, the central battle being over wages and work rules. If there's one unifying characteristic of German textbooks, it's the tremendous emphasis on group interests, the traditional social-democratic division of the universe into capital and labor, employer and employee, boss and worker. Textbooks teach the minutiae of employer-employee relations, workplace conflict, collective bargaining, unions, strikes, and worker protection. Even a cursory look at the country's textbooks shows that many are written from the perspective of a future employee with a union contract. Bosses and company owners show up in caricatures and illustrations as idle, cigar-smoking plutocrats, sometimes linked to child labor, Internet fraud, cell-phone addiction, alcoholism, and, of course, undeserved layoffs. The successful, modern entrepreneur is virtually nowhere to be found.



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German students will be well-versed in many subjects upon graduation; one topic they will know particularly well is their rights as welfare recipients. One 10th-grade social studies text titled FAKT has a chapter on "What to do against unemployment." Instead of describing how companies might create jobs, the section explains how those without jobs can organize into self-help groups and join weekly anti-reform protests "in the tradition of the East German Monday demonstrations" (which in 1989 helped topple the communist dictatorship). The not-so-subtle subtext? Jobs are a right to be demanded from the government. The same chapter also details various welfare programs, explains how employers use the threat of layoffs as a tactic to cut pay, and concludes with a long excerpt from the platform of the German Union Federation, including the 30-hour work week, retirement at age 60, and redistribution of the work pie by splitting full-time into part-time jobs. No market alternative is taught. When fakt presents the reasons for unemployment, it blames computers and robots. In fact, this is a recurring theme in German textbooks—the Internet will turn workers into "anonymous code" and kill off interpersonal communication.

Equally popular in Germany today are student workbooks on globalization. One such workbook includes sections headed "The Revival of Manchester Capitalism," "The Brazilianization of Europe," and "The Return of the Dark Ages." India and China are successful, the book explains, because they have large, state-owned sectors and practice protectionism, while the societies with the freest markets lie in impoverished sub-Saharan Africa. Like many French and German books, this text suggests students learn more by contacting the antiglobalization group Attac, best known for organizing messy protests at the annual G-8 summits.

One might expect Europeans to view the world through a slightly left-of-center, social-democratic lens. The surprise is the intensity and depth of the anti-market bias being taught in Europe's schools. Students learn that private companies destroy jobs while government policy creates them. Employers exploit while the state protects. Free markets offer chaos while government regulation brings order. Globalization is destructive, if not catastrophic. Business is a zero-sum game, the source of a litany of modern social problems. Some enterprising teachers and parents may try to teach an alternative view, and some books are less ideological than others. But given the biases inherent in the curricula, this background is unavoidable. It is the context within which most students develop intellectually. And it's a belief system that must eventually appear to be the truth.

CAN OLD EUROPE DO NEW TRICKS?

This bias has tremendous implications that reach far beyond the domestic political debate in these two countries. These beliefs inform students' choices in life. Taught that the free market is a dangerous wilderness, twice as many Germans as Americans tell pollsters that you should not start a business if you think it might fail. According to the European Union's internal polling, just two in five Germans and French would like to be their own boss, compared to three in five Americans. Whereas 8 percent of Americans say they are currently involved in starting a business, that's true of only 2 percent of Germans and 1 percent of the French. Another 28 percent of Americans are considering starting a business, compared to just 11 percent of the French and 18 percent of Germans. The loss to Europe's two largest economies in terms of jobs, innovation, and economic dynamism is severe.

Attitudes and mind-sets, it is increasingly being shown, are closely related to a country's economic performance. Edmund Phelps, a Columbia University economist and Nobel laureate, contends that attitudes toward markets, work, and risk-taking are significantly more powerful in explaining the variation in countries' actual economic performance than the traditional factors upon which economists focus, including social spending, tax rates, and labor-market regulation. The connection between capitalism and culture, once famously described by Max Weber, also helps explain continental Europe's poor record in entrepreneurship and innovation. A study by the Massachusetts-based Monitor Group, the Entrepreneurship Benchmarking Index, looks at nine countries and finds a powerful correlation between attitudes about economics and actual corporate performance. The researchers find that attitudes explain 40 percent of the variation in start-up and company growth rates—by far the strongest correlation of any of the 31 indicators they tested. If countries such as France and Germany hope to boost entrepreneurship, innovation, and economic dynamism—as their leaders claim they do—the most effective way to make that happen may be to use education to boost the cultural legitimacy of going into business.

The deep anti-market bias that French and Germans continue to teach challenges the conventional wisdom that it's just a matter of time, thanks to the pressures of globalization, before much of the world agrees upon a supposedly "Western" model of free-market capitalism. Politicians in democracies cannot long fight the preferences of the majority of their constituents. So this bias will likely continue to circumscribe both European elections and policy outcomes. A likely alternative scenario may be that the changes wrought by globalization will awaken deeply held resentment against capitalism and, in many countries from Europe to Latin America, provide a fertile ground for populists and demagogues, a trend that is already manifesting itself in the sudden rise of many leftist movements today.

Minimal reforms to the welfare state cost former German Chancellor Gerhard Schröder his job in 2005. They have also paralyzed modern German politics. Former communists and disaffected Social Democrats, together with left-wing Greens, have flocked to Germany's new leftist party, whose politics is a distasteful mix of anticapitalist demagoguery and right-wing xenophobia. Its platform, polls show, is finding support even among mainstream Germans. A left-leaning majority, within both the parliament and the public at large, makes the world's third-largest economy vulnerable to destructive policies driven by anticapitalist resentment and fear of globalization. Similar situations are easily conceivable elsewhere and have already helped bring populists to power in Latin America. Then there is France, where President Nicolas Sarkozy promised to "rupture" with the failed economic policies of the past. He has taken on the country's public servants and their famously lavish benefits, but many of his policies appear to be driven by what he calls "economic patriotism," which smacks of old-fashioned industrial protectionism. That's exactly what French schoolchildren have long learned is the way the world should work.

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Both the French and German cases show the limits of trying to run against the grain of deeply held economic ideology. Yet, training the next generation of citizens to be prejudiced against being enterprising and productive is equally foolhardy. Fortunately, such widespread attitudes and the political outcomes they foster aren't only determined by tradition and history. They are, to a great extent, the product of education. If countries like France and Germany hope to get their nations on a new economic track, they might start paying more attention to what their kids are learning in the classroom.

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