

of relative poverty through the famous linen shirt example- if you cannot afford a linen shirt ,but not being able to afford a linen shirt marks you out as being poor, then in that society you are poor if you cannot afford a linen. When defining poverty in relative terms, it does not reflect the real poverty. Nonetheless, understanding relative poverty puts light on the exogenous factors influencing the demand of consumers for certain products and explaining consumer 'misbehavior' to a decent extent.

One such is the curious case of demand for counterfeit (fake) products. Ask a label ho- "Jimmy Choo?", and pat will come the reply- "Jimmy Who?!" Fake products are not fabulous, clearly not fashion and are not even a centimetre close to classy. Fakes have little or no quality or control standards, one does not know where they are from, and if there is any problem, no one will give a hoot. They pose serious threat to manufacturers and retailers of authentic designer products. The range of associated irregularities is indefinite, and so, their demand seems incomprehensible. In his pursuit to fit the bill of the cool and the snazzy, customers overtly buy 'knock offs' of big brands. After all, imitation is the best form of flattery. Here, not so much. The demonstration effect is at work- if your budget constraint is too constrained to own Prada, Gucci, herms, Apple, Rado, Eterna- simply ditch the highroad. They are willing to part their cash for fakes but not local goods. Counterfeit goods take up approximately 6-10% of world trade- and that is a lot!

With the rising level of income, standard of living increases which in turn imply the greater incidence of conspicuous consumption .The term 'deprivation' becomes broader and complex, as the meaning of 'necessity' has an attached

subjectivity. The new mantra is-'It's in vogue to spend money'; the Gandhian doctrines of altruism and simplicity are not coming back and the flamboyance is here to stay. Comparison is imbibed in the human psyche and the notion of relative poverty, though not all embracing, is understandable. And now we clearly know the 'economics inspiration' behind South Korean artist, PSY's single, 'Gangnam Style' -which is a critique of conspicuous consumption in Korea in general. It pokes fun at people of Gangnam, Seoul who try to exude a certain supposed "class" .The song is more than just a plump, funny Korean guy dancing a funny step- it unwittingly teaches economics!

Applying Feminist Economics to the Education Sector

Amrita Garai

*"Education is not preparation for life;
education is life itself."*

~ John Dewey

Economics has influenced our perceptions about not only markets and material goods, but also about political and social institutions, such as education. Economic concepts of self-interest, scarcity, maximization, choice, efficiency, value, and competition, originally developed to understand market transactions dominate education policies. Therefore, education economists apply economic constructs to analyze the outcomes of educational investment and the creation of human capital through education.

Certainly the economic model is appropriate for the business side of education and both both economics and

education seek to increase well-being but neoclassical economics' narrow framing of human character, human purpose, and means to achieve well being, are ill suited to convey the complex and transformational goals of the education sector.^[1] The goals of educators include not only teaching people cognitive material, but also, more broadly, helping them to fulfil their human potential, initiate an examination of the meaning of their lives, and fulfil their sense of duty and responsibility.

The Evolution of Feminist Economics

The feminist critique began for the purpose of improving women's economic condition. The first feminist economists were John Stuart Mill, Harriet Taylor, and Barbara Bodichon working in the period of the 1840s through the 1870s to theorize women's equality in employment and property ownership. Since then feminist economists have questioned the social constructions of traditional economics, the extent to which it is positive and objective, and provides a tempered form of the prevalent economic constructs.

Feminist economics has emerged with an alternative perspective about the education sector which takes into consideration both the economic and holistic approaches to education. It critiques the three economic constructs that dictate the economics of education and expands it to include teaching practices that are more consonant with the goals of educators.

- **Scarcity and Consumption**

Scarcity is essentially defined as a situation in which needs and wants of an individual or group of individuals exceed the resources available to satisfy them, which then leads to competition. This has been one of the most integral assumptions of economics and has been integrated into the education system by educators worldwide by creating a scarcity of good grades and therefore competition for those grades. The purpose was to foster competition (preparing them for the work scenario where they would be exposed to keen competition and extrinsic reward system) and providing the students

with incentives to learn better. Consequently, this grade competition does not promote cooperation in the learning process. But there is no substantial proof to suggest that competing for grades is a better way to learn than co-operation which encourages an unconditional exchange of knowledge.

Educators have essentially created a zero sum game where the students who help others to learn may reduce their own grades. For example, a student with 'A' grade might be willing to help a C or D student because that would not reduce his payoffs but he definitely would not help a B or fellow A student. This attitude inhibits beneficial peer learning.

Robert Slavin (1990) reported that as long as cooperative learning incorporates individual accountability as well as group goals, there are considerable positive effects of cooperative learning methods on student achievement as compared to the achievement of students in a competitive structure. Reduced competition results in more learning by more people (through peer effects as well as through more powerful motivation).

Competition for grades inevitably leads to a conflict between private and social interests, promoting Nash equilibrium as opposed to Pareto efficiency. Pareto efficiency through cooperative learning maximizes the joint welfare of the students which is undoubtedly better for the society and is consonant with the goal of education.

- **Efficiency**

According to neo classical theory, education system is viewed in terms of a production function where the "output" is knowledge, produced by a series of "inputs," the human and capital infrastructure of the education system. Therefore, efficiency in education would be to maximise knowledge. But how do you measure knowledge?

Feminist economists argue that the strategic standardised tests that measure cognitive knowledge are at best an approximation but not conclusive proof of the retention and proper utilisation of the acquired knowledge. The fault lies not only in the examination system (that encourage

short-term cognitive recall) but more importantly in the way efficiency of education is defined and perceived.

"A great deal is lost when efficiency of knowledge production becomes the watchword in education. Creativity does not march to the drum of efficiency. Neither does the attainment of wisdom." Myra H. Strobers

Efficiency in education should not be restricted to the maximisation of cognitive knowledge but should include affective knowledge, emotional intelligence and social skills. Although such variables are difficult to measure nevertheless they should not be completely eliminated from the curriculum. Feminist pedagogy advocates a cooperative setup where factors like class participation; group discussions etc are also evaluated.

• Value and Well Being

Adam Smith recognised two types of value: use value and exchange value. Exchange value is the price that a good or service commands in the marketplace. Use value, on the other hand, is the value of a good or service to an individual, regardless of its exchange value. Economists divide the value derived from education into three categories: investment benefits to the individual (exchange value), consumption benefits to the individual (use value), and benefits to society - the external benefits (exchange value). Use value is ignored and exchange value is then equated with value itself on the grounds that economics is interested only in economic value and economic well-being and exchange value comes close to measuring these concepts.

Therefore, mainstream economists consider education an investment activity, where investment benefit (income) is the return to the investment (fees and time invested). Education increases the individual's productivity which then translates into increased earnings. This increase in earnings is then interpreted as an increase in well-being although economists agree that it is not an exact measure.

Traditional economic constructs have also influenced the budget allocations of the

education sector. Subject areas that are associated with earning a living receive the greatest proportion while those subjects that are not associated with vocational development are often starved for resources. For example, since few people earn income by pursuing music and art, these subjects are thought to yield merely consumption benefits and are far more likely to be targeted for budget cuts than math and science, which are viewed as central to preparation for work. In higher education, the humanities suffer at the expense of the sciences.^[1]

Feminist economists have challenged this notion of value and well-being. As Myra H. Strobers pointed out, "The struggle to view education as important beyond its human capital investment implications is tied to the broader struggle to stop equating well being with income or GNP."

Moreover, exchange value is not the same as value. Consumption benefits, which include development of emotional and social aptitude, are integral considering building a better society and furthering democracy are one of the primary goals of public education. The emotional and cognitive rewards of community service and the understanding students develop about the non-economic assets of members of the community who are not financially well off are viewed by feminist economics as critical benefits as well despite the fact that they may never be used to create exchange value in the labor market.

In summary, in many instances the economic and education models are at odds. Although both seek to create well being, in practice, economics defines well being much more narrowly than does education and the economic definition often crowds out the more expansive and more difficult to measure definitions of educators. In such a scenario feminist economics helps ease economics imperialistic invasion of education policies. Education needs the insights of economics, but those insights need to be frequently challenged from other social sciences, from the humanities, including moral philosophy, and from feminist scholarship.

References

[1]: *"The Application of Mainstream Economics Constructs to Education: A Feminist Analysis": Myra H. Strober*

FROM THE EDITORS' DESK

Taxes on Alcohol & Cigarettes

Deeksha Trehan & Aditi Singh

History reveals that commodities which are considered sinful or unhealthy traditionally attract the heaviest duties. In this article, we shall look particularly at alcohol and cigarettes. We shall call those who consume them 'the sinners' and those who abstain from them 'the saints'. The duties levied for the good of our physical and moral well-being we call 'sin taxes'.

The government wishes to curb smoking and drinking because it thinks that society incurs a huge cost due to them. However, this is a myth. The studies which tell the cost that society incurs, known as cost of vice studies, often present grossly exaggerated figures. The temperance group Alcohol Concern, for example, insists that "the cost of alcohol to society is estimated at £17-22 billion, or even as high as £55 billion". The anti-smoking group Action on Smoking and Health says that "the annual cost of smoking to the national economy is £13.74 billion". As Sloan *et al.* note in their book *The Price of Smoking*, "Using the willingness-to-pay value of lost lives, some estimates of smoking-attributable cost have exceeded the gross domestic product of the U.S. manufacturing and health sectors, which is implausible". These studies are dominated by 'costs' which are neither financial nor borne by the taxpayer like intangible costs of premature mortality and emotional distress, lost productivity due to absenteeism, sickness and death and expenditure on the product itself. All these

costs are borne by the 'sinner' himself. The myth that smokers and drinkers are leeches on the taxpayer's arteries persists because the government has no incentive to tell the public that these groups are being exploited and the affected industries dare not advertise the savings that come from lives being cut short by excessive use of their products.

The case of alcohol differs from that of tobacco and 'unhealthy' food in so far as there are additional externalities relating to violence, drink-driving and property damage, but these are covered by existing alcohol taxes with several billion pounds to spare. Even if we use the broadest estimates offered to us in British cost-of-vice studies, the publicly borne costs of drinking amount to less than £7 billion a year. Notwithstanding the fact that these figures exclude the benefits of alcohol, this is less than the £9 billion received by the state each year in alcohol taxes.

The intention behind sin taxes is not always genuine. It is seen that governments increase taxes on cigarettes and alcohol when they are in need of quick cash. The USA fought both the World Wars, the Civil War and the War of 1812 on the back of alcohol taxes. In Germany, taxes on cigarettes rose dramatically during the Second World War, until they made up 80 to 95 per cent of the price of a pack. More recently, faced with his own budget deficit in 2009, Barack Obama raised the federal cigarette tax by 156 per cent, despite having promised a year earlier that "no family making less than \$250,000 a year will see any form of tax increase". Even during election times, when it comes to balancing budgets, voters prefer raising tobacco taxes to other tax increases or cutting crucial programs such as education and public safety. They are easier to collect than income taxes and less visible than direct taxes. Moreover, tax increases on 'sinful' items are considered to be 'righteous'. These taxes are also motivated by base financial considerations. Various US states and several EU countries have purposefully