

# The case for economics

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John Lodewijks. *Source:* Supplied

**WHY does a case for economics need to be made in the first place? Surely economics is the foundation discipline for studies in business, finance, accounting and related fields. Acknowledged as the queen of the social sciences, the scientific community recognises the value of the discipline with the award of Nobel Prizes.**

Nevertheless, the study of economics is under threat. In the high schools, fewer and fewer students are taking economics in favour of more narrowly focused business studies. In the universities, bachelor of economics degrees are being jettisoned, and departments closed in many non Group of Eight institutions. Even there some are being turfed out of business faculties and into arts.

Academically weak students are voting with their feet when faced with the option of choosing between challenging, analytical courses or descriptive, narrow courses with little intellectual challenge. That is the nation's loss.

John Quiggin said it best and I paraphrase - a tertiary institution that offers a business degree without economics is not a real university, any more than one that fails to offer arts or science degrees. Offering students supposedly vocational degrees with no real disciplinary foundation is a cruel fraud and a dereliction of educational duty.

A cornerstone of a democratic society is economic literacy. Some of the toughest issues confronting society are rapid structural, technological and demographic change, macroeconomic turbulence, global warming, and growing income inequality; therefore some of our biggest challenges will be to design tax, health, welfare and education systems, along with competition and industrial laws that balance equity and efficiency, and robust macroeconomic policies for an integrated world economy.

The performance of our economy impacts on the availability of jobs, mortgage interest rates, the value of the Australian dollar, the prices we pay in the supermarket and our overall standard of living. As such, economic performance affects everyone. We desperately need economically literate citizens that understand these public policy challenges.

Students should learn and graduate with the capacity to participate actively and responsibly in a diverse and changing world. It is the contestable nature of the economics discipline that makes it such a fascinating area of study. For students who care about how the world works, economics should be one of the most relevant and exciting courses they study. Yet many students view economics as abstract theory and fail to understand how it relates to actual decisions made by firms, consumers and governments. Partly it is our fault. We should focus more on the practical application of economic models, develop more fully basic data analysis skills and communicate our ideas better to non-economists and those students not pursuing economics majors.

Our curricula may be becoming too narrow and front-loaded with technique at the expense of the generic skills so valued by employers related to analytical reasoning skills and critical thinking. An understanding of economic history and the history of economic ideas may temper a tendency to arrogance and make us more open to alternative approaches. Yet despite our limitations, the pendulum has swung far beyond what is healthy and essential for the well-being of our economy and society. The continuing decline of economics education has profound consequences. It should be reversed.

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