

# Economic Literacy (Proof)

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Extract from NSW Legislative Assembly Hansard and Papers Friday 12 November 2010 (Proof).

### ECONOMIC LITERACY

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**Mr BARRY COLLIER** (Miranda—Parliamentary Secretary) [1.04 p.m.], by leave: In a former life I was an economics teacher for 17 years. During that time I was a long-serving member of the Higher School Certificate Economics Syllabus Committee, a member and chairperson of the Higher School Certificate Economics Examination Committee and New South Wales State Economic Curriculum Consultant with what is now the Board of Studies. I was also the author of three economics text books for Higher School Certificate [HSC] students. A number of younger current members of this House and staffers have told me they actually used my texts when studying for their HSC. In a recent discussion with local resident, good friend and co-author of my second book, Peta Batty, we reflected on the declining level of economic literacy within our community. One reason, I believe, is that fewer students are studying economics at high school.

In 1989, when I was last chairman of the Higher School Certificate Examination Committee, 21,211 candidates undertook the economics examination across the three courses in the subject. That represented 39 per cent of the total candidature of 54,247. This year, economics attracted only 6,201 candidates—a mere 8.6 per cent of the 71,310 HSC candidates statewide. What was once the third largest individual subject in 1989, after English and mathematics, is now well down the list. In 1989 some 5,784 candidates undertook the more rigorous three-unit additional economics course. Today there is only one course offered in HSC economics. Some will ask

"Well, so what?" In 2010, 16,000-odd students sat the HSC in Business Studies, a course which was not available in 1989. But that really is no answer to the worrying decline in the number studying economics at high school, and it ignores the importance of doing so. That importance is perhaps best set out in the current New South Wales HSC syllabus, which states:

Economic decisions have a crucial influence on the quality of life experienced by people throughout the world. The study of economics can help individuals, groups and societies make choices that assist them to improve their quality of life.

It continues:

Discussion of economic issues dominates the media and politics. By understanding economics, students can make informed judgements about issues and policies and participate responsibly in decision-making.

No doubt those who have studied economics at high school are better equipped than most to identify and discard the type of spin so often peddled in the media as good economic policy but which has no basis in theory or in fact. With a sound knowledge of economic concepts they can better understand and evaluate the nature and impact of policies at all levels of government. Those who have studied the subject can tell you, for example, that the Rudd Government's successful stimulus package was a very simple application of Keynesian economics, first developed in the 1930s. The students can explain the multiplier effect of increased government spending, and how it raises Australia's level of income, output and employment. Heaven forbid, they could even point out the flawed reasoning of those Federal members of Parliament who constantly bleat like sheep out of George Orwell's *Animal Farm*, "surplus good, deficit bad".

Economics students know something of fluctuations in economic activity as well as the cyclical and structural components of Federal budget deficits. They know that the national debt does not necessarily impose a burden on future generations of Australians. And, unlike some Federal politicians, they know that an economy is not run like a household. That was the reasoning at the time of the Great Depression. Those with a knowledge of economics can understand the current parity between the Australian and United States dollars, and talk about exchange rate fluctuations. They can understand the role of the Reserve Bank in determining monetary policy, the concept of overnight cash rates and the policy implications of rising interest rates. They might even explain how banks can actually create credit and money through their lending policies.

I cannot personally underestimate the importance of economics teaching and learning, and am most concerned at the declining number of students studying economics, particularly when we have a good syllabus and there is no shortage of experienced teachers who are more than willing to teach the subject, but for class numbers. I share the concerns of the New South Wales Teachers Federation that the move to a national curriculum has the potential to jeopardise the high standards and rigour of this State's economics syllabus. I do not want to see a dumbing down of the economics course and, in fact, advocate the return of an extension course for gifted students. In that regard, I applaud the work of the Economic and Business Educators [EBE] of New South Wales for promoting excellence in the subject for teachers and keeping students informed, up to date and prepared for the HSC.

I particularly congratulate and acknowledge the work of my former colleague, Ms Bronwyn Hession, for her consistent hard work on behalf of the EBE over so many years. I also commend the economics editor of the *Sydney Morning Herald*, Mr Ross Gittins, for his consistent contribution to economic literacy over the years. Ross' plain English explanation of economics concepts and current events are used by so many students and widely read by members of the public. I encourage my colleagues in Parliament to take more interest in the discipline. You do not need a degree. After all, the greatest Federal Treasurer of modern times, Paul Keating, was self-taught.

**Private members' statements noted. The House adjourned, pursuant to standing and sessional orders, at 1.10 p.m.**

**until  
Tuesday 23 November 2010 at 1.00 p.m.**