



THE CRISIS OF ECONOMIC ILLITERACY

BY SANDRA CZELUSNIAK

No matter where you look, it's becoming harder and harder to avoid hearing the endless talk about the current economic downturn. Newspapers and television shows are brimming with references to terms such as GDP, inflation, deficits, liquidity, and interest rates. But sadly, studies show that very few Americans truly understand these basic economics concepts, much less the complex workings of the financial system.

A study by the National Council on Economic Education showed that fewer than half of the respondents knew what it meant to say that the Gross Domestic Product has increased, and nearly two thirds did not know that in times of infla-

tion, money loses its value.¹ Such ignorance bodes ill for the future of a nation whose freedoms have traditionally depended on an educated and informed populace.

There is almost no question that American high schools on the whole do a very poor job educating students about basic economic and financial literacy. According to a Jump\$tart financial literacy survey, only a minority of teens could answer basic questions pertaining to savings, investments, and taxation correctly.² And this ignorance about basic personal finance—not to mention larger questions about markets and macroeconomic policy—continues into the college years and beyond. That leaves

our colleges and universities with a sizable gap to fill—and there is reason to believe they aren't doing the job, in Florida and elsewhere.

The American political tradition, going back to Thomas Jefferson, has valued liberal arts education as one of the bulwarks of a free society. Our colleges and universities are, of course, our primary providers of that education. Although American higher education has undergone several changes since the 18th Century, its basic purpose remains the same: to give citizens the knowledge that is fitting for a free people.

In Jefferson's day, this usually meant learning Latin and Greek, but also the history of the West, the culture that gave the American political system its birth. Today, most institutions of higher education also at least give lip service to providing students a grounding in history, the humanities, and the natural sciences. And in 21st Century America—when we trade with the entire world, have an enormously complex and interconnected financial system, and even compete globally—it would also seem reasonable that all college graduates should have a basic familiarity with economics.

Economics has become one of the most complex fields of study in the academy, yet its basic concepts of supply and demand, price level and GDP, spending and investment affect us all. And with average consumer debt hovering around \$20,000 per household and financial news dominating the papers, well-worn economic nuggets such as “There Is No Such Thing as a Free

Lunch,” marginal utility, and opportunity costs are just as relevant to the student of French literature as they are to the business major. But a recent survey by the American Council of Trustees and Alumni found that virtually none of our big-name universities require their students to take an economics class as part of their general education requirements. The list of those that don't require economics includes all but one of the state flagship universities, not to mention the entire Ivy League.

An exception to this distressing rule is the University of Alaska at Fairbanks. UAF requires students to take a course on Political Economy, a “survey of the evolution and operation of the American domestic political economy, with consideration of market failures and government responses” and a “review of major issues in political economy such as inflation, poverty, and budget deficits.”

It is an admirable requirement, and almost certainly gives Alaska students an advantage over their peers in other states when it comes to economic literacy. By comparison, public and private universities in Florida do not measure up. Neither the University of Florida at Gainesville nor Florida State University has a specific requirement to study economics.³

At the private University of Miami, the “People and Society” requirement for the Bachelor's degree includes economics as an option, but not a requirement.⁴ Similarly, a survey of Florida's other major public universities shows that economics is generally regarded as

one possible subject to fulfill a social science distribution category.

At the University of South Florida, for instance, students are required to take three social science courses but are able to choose from a long list of classes of which basic economics is only one part.⁵

The school that comes the closest to requiring economics of its students is the University of Central Florida, which has students choose one course out of only three options, two of which are economics courses: Principles of Microeconomics, Principles of Macroeconomics, or American National Government.⁶

Florida's colleges and universities are hardly alone in their failure to require all students to have some grasp of basic economic principles. But this points to a larger problem affecting higher education today—the near-*visceration* of the general education curriculum.

General education, commonly referred to as the “core curriculum,” is designed to give students a common foundation of knowledge that will benefit their future studies, employment, and citizenship. At the very minimum, students should have competencies in English composition, college-level mathematics, natural science, and a foreign language, along with an exposure to the great works of literature.

However, survey after survey reports large gaps among college graduates in terms of numeracy and cultural knowledge. Given that at many schools, genuine college-level work in these subjects is easily evaded, such revelations are not

surprising. At Dartmouth College, a course on Bob Dylan can count for a literature humanities requirement, while at Northwestern University, students can take music theory and Slavic linguistics courses to fulfill Formal Studies (Math) requirements.⁷

Our colleges and universities, which traditionally have seen themselves as repositories and transmitters of our civic and cultural heritage, have in the past expected students to have a thorough knowledge of American history and institutions. But it is becoming apparent that schools have largely relinquished this responsibility. In its 2000 publication “Losing America’s Memory,” the American Council of Trustees and Alumni found that most college graduates, even those from elite universities, are unable to pass a basic test in U.S. History.⁸ The Intercollegiate Studies Institute’s 2008 report, “Our Fading Heritage,” reports similar findings from testing Americans on our civic institutions—including the market economy.

According to that survey, only a little over half (54 percent) of college graduates understood that a free enterprise system is one in which individuals create, control, and exchange goods and services. And fewer than half chose the correct answers on questions related to taxes and government spending, international trade, and fiscal policy.⁹

Although commentary on these civic literacy reports usually tends to focus on the percentages of students who fail to name correctly the rights protected by the First Amendment or to identify certain phrases as coming

from the Declaration of Independence or Gettysburg Address, it is telling that historical illiteracy and ignorance of the basics of free market economics appear to coincide.

These numbers do not paint a pretty picture. How can college graduates who cannot name the freedoms protected by the Constitution be expected to speak out intelligently if these rights are abused? How can college graduates who cannot answer basic economic questions be expected to make informed decisions about which elected officials to vote for, which public policies to support, or which investment choices to make? That is why a knowledge of fundamental economics simply isn't optional these days—nor should it be in college.

But how does one go about promoting economics requirements for general education? For ACTA, the answer to this and many other questions involving higher education is to appeal to those with the fiduciary authority over the institutions—the trustees. While trustees should not micromanage, they can use their authority to push their schools in the direction of curricular reform. Trustees have done exactly this at the State University of New York and at George Mason University.

Anyone who chooses to put an end to economic and civic illiteracy must acknowledge at some point the importance of colleges and universities. Parents and taxpayers pay a great deal of money, and they rightly expect the next generation to be given the skills they need to make sense of a complex world and

respond to future challenges like the ones we face today. Considering what is at stake, a general education requirement in economics certainly makes sense—in the Sunshine State and nationwide. ∞

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Endnotes

- 1 Dana Markow and Kelly Bagnaschi, "What American Teens & Adults Know About Economics," National Council on Economic Education, 2005, [CouncilforEconEd.org](http://207.124.141.218/WhatAmericansKnow-AboutEconomics_042605-3.pdf), 20 March 2009 <http://207.124.141.218/WhatAmericansKnow-AboutEconomics_042605-3.pdf>.
- 2 "2008 Survey of Financial Literacy Among High School Students," Jump\$tart Coalition, 2008, [Jump\\$tart.org](http://www.jumpstart.org/upload/2008%20Survey%20of%20Personal%20Financial%20Literacy%20Among%20High%20School%20Students.doc), 20 March 2009 <www.jumpstart.org/upload/2008%20Survey%20of%20Personal%20Financial%20Literacy%20Among%20High%20School%20Students.doc>.
- 3 "Undergraduate Degree Requirements," Florida State University 2009-2009 General Bulletin Undergraduate Edition, [Fsu.edu](http://www.fsu.edu), 3 October 2008 <http://registrar.fsu.edu/bulletin/undergrad/info/undergrad_degree.htm>; "University Requirements – General Education," Office of the University Registrar, University of Florida, [ufl.edu](http://www.registrar.ufl.edu/catalog/policies/advisingened.html), 8 April 2008 <www.registrar.ufl.edu/catalog/policies/advisingened.html>.
- 4 "General Education Requirements—Undergraduate," Academic Bulletin, University of Miami, 19 March 2009 <www6.miami.edu/umbulletin/info/aca/gened.htm>.
- 5 "Liberal Arts Requirements," USF 2008-2009 Undergraduate Catalog, University of South Florida, 19 March 2009 <<http://www.ugs.usf.edu/catalogs/0809/libarts.htm>>.
- 6 "Undergraduate Degree Requirements: Courses," 2008-2009 Undergraduate Catalog, University of Central Florida, 19 March 2009 <http://catalog.sdes.ucf.edu/undergraduate_degree_requirements/general_education_program/courses/Default.aspx>.

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narrative that continued to follow the same line of statist political indoctrination. This is why Schweikart's book will remain significant and why students of history should be encouraged to consult as many sources as possible.

When teachers allow students to consult the primary sources and think for themselves, students are often left more stimulated by history, and thus more apt to take a further interest in it. America has an incredible history and Schweikart's book reminds historians to check their politics at their door. As Pink Floyd once proclaimed, "We don't need no thought control.... Teacher leave those kids alone." ❧

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Endnotes

1 <http://americancivilliteracy.org/>.

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7 "Timetable of Class Meetings," Office of the Registrar, Dartmouth College, [Dartmouth.edu](http://oracle-www.dartmouth.edu/dart/groucho/timetable.display_courses), 17 May 2008 <http://oracle-www.dartmouth.edu/dart/groucho/timetable.display_courses>; "Approved Distribution Courses 2007-2008, Area II: Formal Studies," Weinberg College of Arts and Sciences, Northwestern University, [Northwestern.edu](http://www.wcas.northwestern.edu/advising/degree/distro-courses/documents/Area_II_2007-08.pdf), 20 March 2009 <http://www.wcas.northwestern.edu/advising/degree/distro-courses/documents/Area_II_2007-08.pdf>.

8 Anne D. Neal and Jerry L. Martin, "Losing America's Memory," American Council of Trustees and Alumni, 2000.

9 "Civic Literacy Report—2008-2009 College Test Scores and Rankings," Intercollegiate Studies Institute, 2008, [Americancivilliteracy.org](http://www.americancivilliteracy.org), 19 March 2008 <http://www.americancivilliteracy.org/2008/major_findings_finding1.html>.

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Alexis de Tocqueville had enormous insight about the ever-perambulating nature of the American psyche:

"In the United States, a man builds a house in which to spend his old age, and he sells it before the roof is on; he plants a garden and leaves it just as the trees are coming into bearing; he brings a field into tillage and leaves other men to gather the crops; he embraces a profession and gives it up; he settles in a place, which he soon afterwards leaves to carry his changeable belongings elsewhere. If his private affairs leave him any leisure, he instantly plunges into the vortex of politics; and if at the end of a year of unremitting labor he finds he has a few days vacation, his eager curiosity whirls him over the vast extent of the United States, and he will travel fifteen hundred miles in a few days to shake off his happiness. Death at length overtakes him, but it is before he is weary of his bootless chase of that complete felicity which forever escapes him."

Although some 177 years have passed since de Tocqueville wrote those words, his observations of Americans' restless character and frontier spirit are still relevant today. ❧

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