

PROCEEDINGS OF THE 13TH AUSTRALASIAN TEACHING ECONOMICS CONFERENCE**The boom we did not have: Australian Economics Degree Enrolments, 1990- 2007**

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Australian university economists have been concerned with the decline in student interest in their subject since the mid 1990s. This paper revisits the issue and updates the student enrolment data.

Introduction

Recently the Australian economy notched up seventeen years of uninterrupted economic growth. Not long after there was another burst of market turbulence following the shake out on Wall Street. Economic issues are never really off the front page and business economists appear almost every night on the TV news. One might think that with the preoccupation with economic news it would spell a greater student interest in economics. Australian university economists have been concerned with the decline in student interest in their subject since the mid 1990s and have now perhaps become acclimatised to it. This paper revisits the issue, updates the student enrolment data and ponders the future.

Data and developments

Every year John J. Siegfried provides a yearly commentary on the state of American undergraduate economics degree enrolments for the *Journal of Economics Education*. His last assessment was that economics degree enrolments at the 272 colleges and universities he monitors had well and truly recovered from the decline suffered in the mid nineties and that growth in student numbers was now fairly standard though there was a slight reverse in 2006 (Siegfreid, 2007). It will be interesting to see how the greatest financial crisis since 1929 affects economic degree enrolments there. In an earlier publication Siegfried (2006) reported that following the release of primers like Steven Levitt and Stephen Dubner's *Freakonomics* and Tim Harford's *The Undercover Economist* economics was extremely popular at the Ivy League universities. An article in *The Wall Street Journal* reported that there had been a 40% growth in economic majors in the first five years of the new millennium. Economics was seen to be a 'cool' elective among Generation Y (Vascellaro, 2005).

This recovery in student interest in economics did not, however, carry over to Australia though the Go 8 universities are probably suffering least here. Table 1 shows how economic degree enrolments have fared in Australia over the eighteen year period, 1990 until 2007. This data includes economic majors undertaken at Australian universities. It was a period punctuated by recession at the beginning and an economic boom at the end. If we take a three-year moving average of the period we find that as a percentage of total domestic students economics fell from 1.85 % between 1990-1992 to 1.21% for the years

2005-2007. Earlier empirical work by Millmow (2000) found that the same figure had slipped from 2.5% in 1989 to 1.6% by the year 2000. Both sets of data, old and new, confirm the finding that Australian economics departments were not keeping pace with the domestic student enrolments. The decline in the market share is puzzling when there is an apparent market shortage of economists for both public and private sectors. An article in the *Australian Financial Review* by Alex Millmow in January 2007 pointed out that despite the appropriate market signals the Australian public service, including the Federal Treasury and other major economic agencies, could not attract enough economics graduates.¹ The Treasury had resorted to hiring graduates from other disciplines and sending them off to do economics training provided by the Australian National University and now Monash University.

The matter of student indifference to economics has been discussed elsewhere in the press. In an article unflatteringly entitled 'Out of Touch with Life', Erica Cervini (2005) reported Steve Keen's view that business professionals are reluctant to be exposed to economics because of its innate unreality. In another article on the theme of static enrolments Cervini (2007) cited Philip Lewis' concerns whether there would be enough academic economists to teach students economics in the future. Australia can, of course, can always attract overseas-trained economists to migrate here, along with international students willing to undertaking an economics doctorate here.

Australian economists know well, of course, the problem of quantitative decline in student enrolments and the corollaries of it such as the shrinking of departments and loss of status. They also know that it has been the rise of business education that has supplanted them. In 2000 there were 37 identifiable university economics departments. Today there are around 27. Some economic departments such as the one at the Australian Defence Force Academy have disappeared. Several others, for example, Murdoch, Curtin and Flinders and one of Australia's largest economics departments at the University of Western Australia, have lost some of its autonomy by becoming merged into a business school behemoth.² Whether these mergers will be a fatal embrace is yet to be seen but it does opens up a dynamic all of its own not just in the student clientele but also research interest, inter-departmental resource allocation, even floor and office space.³ With the proliferation of business schools one might recall that in the several studies of the productivity of Australia's economic departments (Pomfret and Wang, 2003) researchers tend to forget that there are already a large number of economists working within business schools and graduate business schools.

It would be good to enumerate just how many economists there actually are in the Australian university system. Many, of course, have risen to positions of high authority

¹ The article 'Boom breeds dismal lack of economists' *AFR* 23/1/2007 drew a response from Ken Henry, Secretary of the Treasury suggesting that the matters raised 'were serious issues'. Personal communication with the author.

² For the first time in its history the Edward Shann Memorial Lecture this year was, contrary to its charter, given by a non-economist on a fairly non-economics subject. Lieutenant-General John Sanderson, former Chief of the Australian Army spoke upon the rights and obligations of indigenous Australians.

³ Consider here, for instance, the loss of the magnificent Cochrane library at the Clayton campus of Monash University because of space constraints.

and have devoted departmental resources to meeting the hunger for business and management education. The decline of economics at university may be seen in the shelf space given to economics in the campus bookshops.

Yet in recent times there has also been a flurry of books on economics for the layperson. Such 'pop economics' books, usually adopting a behavioural economics slant, have all done well in the Australian market (Kemp, 2008). It remains to be seen, however, whether it will, as in America, make Eco 101 the most popular first year elective for students. If we take secondary school enrolments in economics as a forward indicator the omens are not all that good. Table 2 shows how the last decade of Year 12 students at Victorian schools have steered away from economics palpably towards Business Management. Interestingly Accounting and Legal studies have also suffered but not as much as economics. In NSW Business Studies is the third most popular subject of all electives and drew 25% of all HSC candidates in 2008, some 16,400 students. In contrast, Economics was the fifteenth subject in popularity and drew 5,500 students. On that note, a paper by Junor and Mathews (1997) found that those students who were exposed to HSC economics fared far better at first year university economics than those who were not. This research has clear implications for those economics instructors employed in business schools who teach Eco 101 to waves of business and accounting students.

At the postgraduate level economists are riding a little on the boom in accounting education by offering wannabe accountants a terminal course in economics as part of their Masters in Professional Accounting. Sure, university economists can make a living from it but it is deadening work. Apart from that it is fairly slim pickings at postgraduate level. Last year Roy Green, then Dean of the Macquarie Graduate School of Management, noted that 'What was once known as 'the queen of the social sciences' is now just its handmaiden'. Economics, he suggested, had become 'a residual degree, following the increasing predominance of business and management studies' (Zampetakis, 2007). Ian Harper, the Executive Director of the Centre for Business and Public Policy at Melbourne Business School took a slightly contrarian view saying that while students might not want to be exposed to economics but the subject was unavoidable and sat 'like a spider in the middle of the web'. In some cases students were exposed to economic logic albeit under a different name.

Getting some sense of historical perspective

The issue of attracting students to economics and retaining their attention is not a new problem. More than twenty five years ago an academic wrote to Geoffrey Harcourt, then at the University of Adelaide, asking him to come along and present a paper at an economics education conference. Harcourt agreed to come and enclosed a letter listing four reforms to the teaching of university economics. The first requirement was to remind students that economics was a social and moral science which had historical, ideological and sociological roots. Second, economists should remind students how economics helps to understand how our society works and how it can be made better. This criterion, argued Harcourt, would attract good minds to the discipline. A third attribute was to relate economic understanding to one's society, history, sociological structure and

institutions otherwise Students would not readily connect with the subject. Finally, Harcourt wanted instructors to take a historical perspective into the teaching ‘to show students where ideas came from, to tell them about the people who developed these ideas and the influences which bore on the people concerned as developed their ideas’.⁴

It is an interesting perspective and one cannot help notice that today only a handful of Australian economic departments offer a unit in the history of economic thought or economic philosophy. This is in some contrast to North American training in economics at undergraduate level. It is also a marked departure from what a survey of Australian economic professors suggested would be an ideal degree in economics. They had recommended that the history of economic thought be among the top ten of requisite subjects (Anderson and Blandy, 1992, 29). Perhaps it is time for the exercise to be repeated. In the light of now the greatest global recession since 1929 being sparked by poor financial regulation and forgetting the lessons of economic history it would be interesting to see what the economic faculty deans recommend.

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⁴ G. C. Harcourt to Chris Hall, 18/1/1982, Harcourt Papers, University of Adelaide.

Table 1: All Domestic Undergraduate student enrolments in Economics degrees by Gender, 1990 to 2007

Year	Field of Education	Male	Female	Total Economics	National Total	% Economic Degree/ major	3 Year Moving Average
1990	040301 Economics - General	3,849	2,235	6,084			
	040302 Agricultural Economics	324	165	489			
	040304 Economic Statistics/Econometrics	9	6	15			
	040399 Economics - Other	605	241	846			
	Total (a)	4,787	2,647	7,434	382,784	1.94%	
1991	040301 Economics - General	3,713	2,255	5,968			
	040302 Agricultural Economics	382	197	579			
	040304 Economic Statistics/Econometrics	14	6	20			
	040399 Economics - Other	736	446	1,182			
	Total (a)	4,845	2,904	7,749	413,995	1.87%	
1992	040301 Economics - General	3,443	2,111	5,554			
	040302 Agricultural Economics	440	229	669			
	040304 Economic Statistics/Econometrics	11	11	22			
	040399 Economics - Other	720	446	1,166			
	Total (a)	4,614	2,797	7,411	423,242	1.75%	1.85%
1993	040301 Economics – General	3,841	2,442	6,283			
	040302 Agricultural Economics	472	236	708			
	040304 Economic Statistics/Econometrics	10	5	15			
	040399 Economics – Other	660	470	1,130			
	Total (a)	4,983	3,153	8,136	426,599	1.91%	
1994	040301 Economics - General	3,640	2,169	5,809			
	040302 Agricultural Economics	497	239	736			
	040304 Economic Statistics/Econometrics	9	7	16			

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Year	Field of Education	Male	Female	Total Economics	National Total	% Economic Degree/ major	3 Year Moving Average
	040399 Economics - Other	541	386	927			
	Total (a)	4,687	2,801	7,488	430,761	1.74%	
Year	Field of Education	Male	Female	Total Economics	National Total	% Economic s	
1995	040301 Economics - General	3,425	2,131	5,556			
	040302 Agricultural Economics	444	239	683			
	040304 Economic Statistics/Econometrics	15	7	22			
	040399 Economics - Other	575	423	998			
	Total (a)	4,459	2,800	7,259	437,565	1.66%	1.77%
1996	040301 Economics - General	3,219	2,107	5,326			
	040302 Agricultural Economics	403	223	626			
	040304 Economic Statistics/Econometrics	16	12	28			
	040399 Economics - Other	673	484	1,157			
	Total (a)	4,311	2,826	7,137	453,863	1.57%	
1997	040301 Economics – General	3,821	2,621	6,442			
	040302 Agricultural Economics	371	235	606			
	040304 Economic Statistics/Econometrics	15	13	28			
	040399 Economics – Other	806	572	1,378			
	Total (a)	5,013	3,441	8,454	466,616	1.81%	
1998	040301 Economics – General	4,002	2,613	6,615			
	040302 Agricultural Economics	331	181	512			
	040304 Economic Statistics/Econometrics	18	10	28			
	040399 Economics – Other	609	523	1,132			
	Total (a)	4,951	3,324	8,275	473,770	1.75%	1.7%
1999	040301 Economics – General	3,939	2,688	6,627			
	040302 Agricultural Economics	308	160	468			
	040304 Economic Statistics/Econometrics	95	67	162			

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Year	Field of Education	Male	Female	Total Economics	National Total	% Economic Degree/ major	3 Year Moving Average
	040399 Economics – Other	642	574	1,216			
	Total (a)	4,965	3,479	8,444	478,067	1.77%	
2000	040301 Economics – General	3,069	1,934	5,003			
	040302 Agricultural Economics	328	131	459			
	040304 Economic Statistics/Econometrics	155	89	244			
	040399 Economics – Other	941	894	1,835			
	Total (a)	4,472	3,037	7,509	477,002	1.57%	
2001	040301 Economics – General	3702	2505	6207			
	040302 Agricultural Economics	714	527	1241			
	040304 Economic Statistics/Econometrics	7	2	9			
	Total (a)	4,423	3,034	7,457	520,221	1.43%	1.6%
2002	040301 Economics – General	3659	2405	6064			
	040302 Agricultural Economics	493	314	807			
	040304 Economic Statistics/Econometrics	8	2	10			
	Total (a)	4,160	2,721	6,881	531,527	1.29%	
2003	040301 Economics – General	4405	3086	7491			
	040302 Agricultural Economics	398	231	629			
	040304 Economic Statistics/Econometrics	11	4	15			
	Total (a)	4,813	3,319	8,132	529,403	1.54%	
2004	040301 Economics – General	3765	2375	6140			
	040302 Agricultural Economics	375	243	618			
	040304 Economic Statistics/Econometrics	14	4	18			
	Total (a)	4,154	2,621	6,775	525,505	1.29%	1.37%
2005	040301 Economics-General	3519	2055	5573			
	040302 Agricultural economics	469	267	736			
	040302 Economic statistics/ Econometrics	7	1	8			
	Total (a)	3995	2311	6314	528,591	1.19%	
2006	040301 Economics -	3710	2069	5773			

THE BOOM WE DID NOT HAVE: AUSTRALIAN ECONOMICS DEGREE ENROLMENTS 1990-2007

Year	Field of Education	Male	Female	Total Economics	National Total	% Economic Degree/ major	3 Year Moving Average
	General						
	040302 Agricultural economics	504	275	779			
	040302 Economic statistics/econometrics	5	1	6			
	Total (a)	4219	2344	6563	539,934	1.21%	
2007	Economics-General	3939	2203	6142			
	Agricultural economics	543	295	838			
	Economic statistics/econometrics	4	0	4			
	Total (a)	4486	2497	6983	557,985	1.25 %	1.21%

- (a) The data takes into account the coding of Combined Courses to two fields of study. As a consequence, counting both fields of study for Combined Courses means that the total may be less than the sum of all fields of education.
- (b) Field of study classifications included are: 040301 - Economics - General, 040302 - Agricultural Economics, 040304 - Economic Statistics/Econometrics, 040399 - Economics - Other.
- (c) The table excludes all international students whether onshore or offshore.
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Table 2 Enrolment Patterns in Victorian (Australia) Year 12 Students

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	VCE Enrolments - Unit												
2													
3	Comparative data: 1996-2006												
4													
5	UNIT 3 & 4 (year 12)												
6													
7	Study	1996.0	1997.0	1998.0	1999.0	2000.0	2001.0	2002.0	2003.0	2004.0	2005.0	2006.0	Schools
8	Accounting	7222.0	7217.0	7379.0	6810.0	6309.0	6216.0	6070.0	6039.0	6518.0	6576.0	6746.0	373.0
9													
10	Business Management	8475.0	8558.0	9842.0	10255.0	11031.0	11934.0	11633.0	11245.0	11626.0	11996.0	12040.0	396.0
11													
12	Legal Studies	9372.0	8841.0	9130.0	8922.0	8407.0	8603.0	8413.0	8675.0	8909.0	8642.0	8034.0	408.0
13													
14	Economics	4178.0	3938.0	3805.0	3563.0	3491.0	3036.0	2987.0	2802.0	2706.0	2482.0	2575.0	155.0
15													
16	Industry & Enterprise		107.0	592.0	950.0	969.0	1050.0	988.0	698.0	714.0	527.0	557.0	38.0
17													
18	TOTAL	29247.0	28661.0	30748.0	30500.0	30207.0	30839.0	30091.0	29459.0	30473.0	30223.0	29952.0	
19													
20													