

Winning Essay, 2017
Elizabeth Thilmany

Why Economic Understanding Matters to Me

“What?” is the common response I hear when informing others of my plan to major in economics. I still have trouble communicating my passion for understanding the science of choices, but I do know it is a field I want to use in my career because of the role it plays in society, industry, policy and everyday life. A simple understanding of economics assists people in budgeting their time, resources, and energy, and in a broader sense, becoming wiser citizens.

“Your budget for back-to-school clothing is \$40; if you choose those nice pants then you won’t have the money to buy anything else,” was the usual warning I heard from my mother when shopping. Since frivolous spending was eliminated from my consumer choices at a young age, I began to save. I am grateful because looking at the cost of college, I realize the importance of choices and resource budgeting.

Today, attending a university should not be an automatic expectation. For young adults obtaining their first jobs, setting up bank accounts, and becoming consumers for the first time, having honest conversations with knowledgeable adults about future goals and financial planning are critical. One hopes that choosing to invest in personal human capital by attending a university in pursuit of better job opportunities will ultimately pay off; however, choosing to work, join the military, or attend a vocational or technical school at a lesser cost is an alternative path. These “opportunity costs” teenagers must consider in pursuing education must also be weighed against investing in a house, starting a business, or buying a car. None of these decisions are simple or easy, but economics can provide an individual with a useful toolkit for analyzing the difficult array of choices.

Economics connects us all; it is the only system that guarantees participation from every citizen because everyone buys and produces in the open market. A greater understanding of the principles of economics, saving, and budgeting prevents individuals from long-term financial trouble because they can better understand why the economy rewards different choices (i.e. education, saving, investing) differently. Beyond personal finances, informed voters should know the economic plans and platforms of the candidates they support and know which ones align with their own priorities. Democracies rely on the involvement of informed citizens. An educated population with an understanding of economics enables the people who make up a nation to react to critical issues through different avenues of participation: voting, campaigning, discussing.

Citizens are often misled by the loud voices of politicians and biased news sources without a solid grasp of the economic principles that provide critical thinking skills. For example, the likely outcomes of major tax cuts and plans to spend on military and infrastructure in terms of debt and economic growth can only be understood with some economic knowledge of fiscal policy. Beyond the facts, economics teaches individuals to ask the smart questions needed to improve the current system, questions that scare the passive politicians, bore the general population, and escape biased news outlets. Therefore, the current system indirectly influences the value young people place on higher education. If the cost of tuition is perceived as too high,

it will discourage people from investing in human capital . . . but only those with an understanding of the long-term implications would understand how to appropriately assess this cost-benefit analysis.

Economics is essential to our society, and whether we are aware or not, unavoidable. There is little hope for a society which lacks a basic understanding of budgeting, the implications of consumer choices, and the national economic situation. Therefore, I have decided to dedicate my life to the science of economics. Economics matters.