

## Econobabble: The Enemy of Economics

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In early 2019, Leigh Sales asked Prime Minister Scott Morrison ‘Where’s your evidence that higher taxes weaken an economy?’ He replied, ‘[Well I think it’s just fundamental economics 101.](#)’ However, no mainstream Economics 101 textbook argues that tax undermines the economy. In fact, the highest taxing nations of the world, [the Nordic countries](#), are among the richest. What’s more, it has been repeatedly shown that tax cuts for the rich [don’t produce lasting economic growth or ‘trickle-down’ to increase employment.](#)

So how could Morrison get away with this lie? And why do big segments of the population still believe it? [Economist Richard Dennis](#) blames econobabble and so do I. While economics is a powerful analytical tool that assists us in making choices, econobabble manipulates economic language to limit our choices. Through incomprehensible economic jargon, metaphor and the misrepresentation of simple economic ideas, econobabble can convince us of almost anything, even that the way to help the poor and the economy is through cutting taxes for the rich.

Economists should be our key defenders against the onslaught of econobabble. They must learn to recognise it and, when they do, call it out. Economics should be a tool with which we enrich our public debate and not a weapon used to destroy it.

### Components of econobabble

#### *(a) Economic jargon*

Econobabblers use economic jargon to silence. They convince us that if we can’t understand Latin phrases like *ceteris paribus* or financial indicators such as the Hang Seng Index, then we can’t possibly navigate issues like inequality, climate change, or the housing crisis. And if we can’t navigate those issues, perhaps we should just agree with them.

No issue demonstrates the dangers of economic jargon better than the budget deficit. For the two decades prior to 2020, governments and the Business Council of Australia (BCA) alike had [used economic jargon](#) to argue that budget deficits = poor economic management. In fact, the [2013 election was won](#) on the promise to get the budget ‘[back in the black](#)’ (into surplus). However, when COVID-19 hit, the government produced the biggest budget deficit in history and, together with the BCA, called for ‘[all governments \[to\] unleash their balance sheets](#),’ – borrow heavily and increase the budget deficit. In Australia, the budget deficit reached its highest point on record and, despite failing at their own criteria, the Liberal Party still called itself the party [of better economic managers](#). Not only did both the government and the BCA use econobabble to create fear around budget deficits, but they also used it to hide how wrong they’d been.

Econobabblers want to use jargon to lock ordinary Australians out of big policy debates. We can’t let them. We must demand that the information directed at us exclusively includes language we can understand.

#### *(b) Metaphor*

Another key tool of econobabble is metaphor. Metaphors are pervasive, appearing in our speech [every ten to twenty seconds](#). [Economist Anat Shenker-Osorio](#) argues that metaphors about the economy unconsciously alter how we perceive it. As such, econobabblers use metaphor to limit the range of policy options that are seen as ‘sensible.’ For example, politicians often describe the economy as if it is a ‘god’. The economy can get furious. It can seek revenge. It must be cautiously consulted. Tony Abbott went back on his initial promise to hold an inquiry into mining companies iron ore production after claiming it would [spook ‘the markets.’](#) The then-Prime Minister Malcolm Turnbull argued against a banking royal commission on the basis that would instigate [the wrath of ‘the markets.’](#) When markets, places where buyers and sellers meet, are granted feelings and god-like status, a host of policy actions are made to appear infeasible. After all, how could mere mortals challenge a god?

Other [popular metaphors](#) include that the economy is: a natural element like the weather (which self-regulates and thrives without external intervention) or a constructed object such as a building (that is created, maintained, and repaired by people, and requires investment in its foundations). The metaphors we use clearly matter. If we don’t want econobabble to limit our choices, we must think critically about the use of metaphor and refuse to be its powerless subjects.

#### *(c) Misrepresentation of simple economic ideas*

Finally, an econobabbler may simply misrepresent economic ideas and claim this misrepresentation as fact. When Morrison announces that higher taxes undermine the economy or that Australia, [one of the richest countries in the world](#), can’t afford to [increase aged-care wages](#) in line with the OECD average – he is concealing his own preferences behind economic lies. This must stop.

Econobabble is the enemy of economics. Instead of helping us make a choice, its used to convince us we don’t have one. If we believe in the value of economics, then we must speak out against econobabble.