

**The Role of the Council for Economic Education in Advancing
Economic and Financial Education in the United States
and Developing a Vision for Latin America**

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As the President of the organization in the United States leading the campaign for economic and financial literacy, the Council for Economic Education, I am very pleased to have this opportunity, distinguished colleagues from the Central Banks of Latin America, to think and talk with you about a critical question for all of us: *How can we improve economic and financial literacy among all our citizens?*

I have been looking forward to being with you here in Lima since meeting in July with Federico Rubli Kaiser at the Banco Central de Mexico. Through this brief meeting and into the future, I am excited about the prospect of working with you to further develop our respective visions for enhancing financial culture in our countries. In turn, I know that the work of the Council for Economic Education will be enriched by your visions.

I am also delighted to be sharing this presentation time with Dr. Adrian Figueroa of the Argentine Central Bank. I had the pleasure of meeting with Dr. Figueroa in both Denver at our Annual Conference and in New York in October. We have begun working closely with the Argentine Central Bank in a strategic partnership which perfectly illustrates this type of vision in action. Adrian has hit the ground running with his plans to bring economic education programming to 400 schools all over his country. He has also benefited us and his institution by sending one of his top program coordinators to our Teacher Training program that has just finished this past week in Mexico City. Thus, Dr. Figueroa, thank you for being one of our key allies in Latin America and for showing us how this work is done and done with passion.

In September, 2006, I had the opportunity to be one of the speakers at a conference of representatives from the Central Banks of about 40 nations in Warsaw, Poland. I learned a great deal in that meeting, as I am learning from you now.

Before I begin to share my thoughts with you, however, I want to thank those who are communicating my remarks through simultaneous translation. I have great respect for people who can think in two languages at once! I made a presentation in Mexico City and afterward thanked the woman who had done the simultaneous translation. I told her that I sincerely hoped I had not talked too fast. She smiled and replied, "*Oh, no, I was able to make sense out of everything you said.*" I was tempted to ask her to come back with me to the U.S.—to help make sense out of everything I say, everywhere I go. I hope to be able to make some sense in talking to you today.

I believe that the most useful and timely thing I can do here is to share with you some of the developments that I think have been definitive for advancing economic and financial education in the United States—that is: what is working, what has worked in the past, and why. The Council for Economic Education: our newly-announced name for the National Council on Economic Education (the NCEE). The Council is an independent NGO, not-for-profit and non-partisan organization, that was founded 60 years ago by a group of visionary business leaders and educators. The Council has had a strong presence internationally for the past twelve years, working primarily in the countries of the former Soviet Union and Eastern Europe, with economies in transition from controlled to market economies. Our work internationally involves professional development for teachers, developing teaching tools and materials, study tours and opportunities for exchange, and assisting with capacity and infrastructure building activities.

The Council is now embarking on a strategic, focused expansion to form partnerships in the countries of Latin America. We are well aware that in many of your countries there are numerous promising initiatives already underway, and we have been most impressed with the degree of enthusiasm and interest that has recently been shared with us by colleagues in Mexico, Argentina and Peru.

It goes without saying that a fringe benefit of working in this region is the opportunity to enjoy the incredible cuisine, rich music, breathtaking landscapes, and fascinating artistic, cultural and political heritages of your countries. Obviously, however, my central inspiration is a desire to make the most of this historic moment of immense growth, development and change in Latin America.

There are six key developments of our work in the United States that I would like to outline for you today. They are interrelated. The goal is to provide effective economic and financial education for pre-University students and, now also, to an increasingly significant degree, for adults. These six factors make a difference.

So, let me describe each in a sentence and then elaborate:

- *The first is advocacy—that is, making the case.*
- *The second is the expansion of teacher education and preparation.*
- *The third is the specification of economic content to be taught.*
- *The fourth is the development and provision of economics instructional materials and resources.*
- *The fifth is assessment of economic understanding and the determinants of learning.*
- *And the sixth is forming substantive and formalized partnerships to deepen the reach and impact for all of the above elements.*

Before I begin to look at each of these in some depth with you, let me state that I broadly define economic education to include instruction in basic economics, personal and consumer finance, business and entrepreneurship. To reduce repetition, however, I will just use the general term “economic education” throughout my comments.

1. Advocacy --Making the Case for Economic and Financial Literacy

The first factor advancing economic education in the United States has been the fact that many academic economists, bank officers, business leaders, and government officials have been advocates for economic education over the years. The Council for Economic Education has often been responsible for recruiting such individuals to help advance economic education, as we have worked with other organizations, particularly the Federal Reserve System and Banks.

My organization has always enjoyed a special relationship with the Federal Reserve in the U.S. Currently two Federal Reserve Bank Presidents serve on our thirty-member Board of Directors.

Chairman Ben Bernanke will be the keynote speaker at a Summit Conference on Economic and Financial Literacy that the NCEE will convene and conduct in Washington, DC, Wednesday, February 27, 2008 for educators, private sector leaders and government officials— *to which, you are all cordially invited.*

My point is that a major reason for the advancement of economic education in the United States in the past decade is that top economists, business leaders, bankers, educators, government officials, and especially people in the Federal Reserve, from former Chairman Alan Greenspan to Ben Bernanke today, have spoken publicly in support of it for years—with an incremental effort.

This advocacy has resulted in more legislation and funding for economic education at the Federal and state levels. This support has helped advance economics instruction in the schools through more course requirements, improved teacher education, and the development of innovative curriculum.

2. Teaching the Teachers

The key, we have found, over fifty years in this work, to advancing economic education is to focus on teacher education and preparation. Having well-prepared and well equipped teachers is vital to the learning of students while they are in school. The Council recognized this need long ago, and responding to it remains at the core of our mission, and now also our international program initiatives.

The Council has pursued this approach with passion after coming to understand that teachers had very limited training or education in economics. I suspect that is true for your countries also. In fact, a Council report written by several distinguished economists and educators, a few years ago, recommended that all future teachers, regardless of subject, be required to take one basic course in economics.

The Council is recognized in the US as the leader and innovator in professional development for teachers. That is one reason why it was awarded a five-year grant from the U.S. Department of Education through the Excellence in Economic Education Act. The EEE grants have provided substantial funding for The Council to continue its work to improve teacher education and preparation for economics instruction nationwide.

The Council has also been the recipient of major federal grant funding through the Cooperative Education Exchange Program (CEEP) to assist with teacher training in other nations around the world.

3. Specifying the Economics Content to be Taught: Setting Standards

A third definitive factor for improving economic literacy in the United States is a consensus on what economic content should be taught and how it should be taught. Content guides in the United States were prepared by economists and educators through the Council to provide a clear and concise statement of what should be taught to pre-college students. The Council was a pioneer in this area.

The first guide was the *Framework for Teaching Basic Economic Concepts* that was first published in 1977. The *Framework* focuses on 21 economic concepts, divided into four categories: *fundamentals, microeconomics, macroeconomics* and *international*.

In 1977, the Council published the *Voluntary National Content Standards in Economics*. These standards are 20 content statements about what Economics should be taught in grades 1–12. Each standard states a basic principle or proposition of economics; the standard statement is then followed by a short rationale written in nontechnical terms. The 20 standards are further differentiated and defined in 211 “benchmarks” that describe what a student should be able to do with that understanding at grades 4, 8 and 12.

You will find a handout of the standards translated into Spanish and we can provide you with any additional background you need.

4. Providing Economics Instruction in the Schools

Making the case; teaching the teachers; setting the standards for what to teach: next the issue is, ‘Whom do you teach, when and where?’

What we have learned over the years is that effective economic education must begin with young people while they are in school, because they are already learning to make economic and financial decisions. Even young children are capable of learning basic economic concepts that help them understand their economic world.

Waiting until students are in a university to teach them basic economics is a matter of “too little and too late.” The majority of students in the U.S. end their formal education with secondary school, and even those students who attend a university may not take an economics course. The best opportunities for economic education occur before graduation from high school.

The Council for Economic Education has developed a wide range of curriculum and instructional materials for teaching economics from kindergarten through twelfth grades. Some of these are print materials and others use innovative technology. In fact, the Council has continually used technology—in all of its innovative forms and venues—from film in the early

years to video tape to CD-ROMs and , and now, DVDs and the Internet. Several of the more recent DVDs are done in a compelling, MTV-style that youth find highly-engaging and teachers find useful.

The Council recognized early in its history that providing economic education in the Nation's schools would require some flexibility. Essentially, two ways are used to provide economic instruction in the United States—as a separate course in economics, usually at the high school level, and through inclusion or “infusion” of economics in other subjects—such as history and mathematics—especially in the lower grades.

Both approaches “work”, and in fact are most effective when taken as complementary—getting some economics, like scarcity and supply-and-demand in various courses, then pulling it together in a class in Economics, taught by a well-prepared teacher.

5. Assessing the Economic Understanding of Students

The fifth development positively influencing economic education in the United States is the emphasis given to testing, assessment, and research. In these areas, the Council has been a significant leader. The most widely-used test for a course in basic economics is the *Test of Economic Literacy* (TEL) now in its third edition and published by the Council. We are continuously running assessment studies and analyzing the determinants of learning.

6. Extending reach and deepening impact through partnerships

One of the hallmarks of the Council's programs nationally and internationally has been the formation of partnerships. We learned early on that it is best to form alliances with people who have commitment, ideas and enthusiasm for this work.

One type of partnership, of which we have over 200 in the United States alone, is with the economics and business schools within public and private universities, resulting in the creation of a Center for Economic Education in the University to do teacher training. Through this unique Network of university centers, we gain access to the school teachers.

A second type of partnership that we form is with the private sector, with financial institutions, insurance companies and corporations. One of our most successful partnerships that we have has been with Goldman Sachs, who have sponsored for eight years an annual Economics Challenge, with teams of high school students from all over the country competing. Through this program alone, the Council has touched the lives of thousands of youth, their teachers, and their families. We have documented that the sense of competition and teamwork measurably improves the retention of what is learned.

In the next phase of our work we are very interested in forming strategic partnerships throughout Latin America, in many cases beginning with Central Banks. As I have underscored, the South is our area of greatest interest at this moment in the development of the Council—globally. I have my Manager of New Program Development, Anya Maria Mayans, here with me. Anya Maria's family is from Uruguay, so she—unlike myself—is fluent in Spanish. Anya Maria is helping me to pave the way for our partnerships with our colleagues in the South. Please take the

opportunity to speak with her about any ideas that you have in mind. We feel that we have a great deal to learn from you, but we also feel that we have much to offer in terms of what we have learned and the materials and models we have developed for economic education. My staff and I are eager to talk and think concretely with you more about the possibilities.

Summary: What Works and What to Avoid

Because in the United States we are often accused abroad of having a short attention span and wanting things simple, I will remain faithful to this reputation and leave you with my “top ten” list of what works—that is, best practices—and what to watch out for on this critical path of advancing economic and financial literacy. I respect the immense diversity in Latin American countries and their respective social and educational contexts, and so I offer you these suggestions, my “top ten” list, simply for you to consider in light your own circumstances and to stimulate conversation.

- 1. Don't try to do it all at once or all alone.** Don't re-invent the wheel. Spend time learning what other countries are doing before you embark on your campaign. Much can be adopted, adapted or culturally translated (with the appropriate permissions of course).
- 2. Establish a base and form alliances within the education community.** We work with teachers because it produces a multiplier effect. For every teacher you teach, you touch thousands of students and their respective families over time. Thus it is critical to establish connections with the education decision-makers—presumably the Ministry of Education, as well as highly-regarded teacher training institutions and major universities. Working through the education system provides an existing infrastructure through which to disseminate a program. It also provides a degree of credibility in the public eye, which is essential.
- 3. Build a network of providers within your country.** The capacity to deliver is critical. It does no good to develop the materials that sit on a shelf.
- 4. Use the Central Bank's influence to raise awareness of the importance of the issue.** You are positioned uniquely to make a very strong case for why it is essential to teach people about savings and about having a sound, healthy relationship with credit. It is important that they know that economic education is a long-term, vital investment in individuals, in communities, and for the well being of the nation.
- 5. Do research to find out what is going on already and what is missing.** Consider undertaking a comprehensive mapping project with two dimensions: 1) assess the level of economics knowledge of the youth you will be trying to reach using a survey and, 2) ascertain everything that the various financial institutions, NGOs and government bodies are already doing in this field. Such surveys set the agenda for action steps

Thus you will be asking some variation on two key questions:

- *What is the baseline level of knowledge of students in your schools?* (You can decide whether to examine all levels or just the high school level)
- *What are the banks and others doing outside of the education system in economic education?* (This is critical so that you can see where efforts are duplicated and where the gaps lie.)

6. Develop a concrete program that can grow: After you learn what is missing, determine where your Central Bank can have the maximum impact and develop a strategy around that. One of my favorite examples in this context is the project undertaken by the Central Bank of Mexico to sponsor the Museum of Interactive Economics in Mexico City (MIDE), a collaborative venture between educators, economists, scientists, and several members of the business community. The MIDE's development began several years before the Museum received its first visitor. It was a project with a detailed vision and with the necessary resources to build an institution of highest quality. It was also something that has developed in pieces over time.

The Council has had success doing its work through teachers and the schools, but we have also realized that as our program grows to meet the needs of new audiences especially in Latin America we have to be prepared to incorporate new delivery mechanisms, such as working more with parents and entrepreneurs—while remaining faithful to our mission of k-12 economic education.

- 7. Be geographically balanced.** Avoid the pitfall of concentrating efforts on urban or central areas. Although it is perhaps more difficult, you will want to take on the challenge of incorporating rural areas into your strategy. Complex as it may be, this is a necessary and rewarding use of resources. We did this, for example, with a credit and debt management course in Alabama in the poorest per-capita county in the US. It was one of the most moving and satisfying experiences I have had in this work.
- 8. Dedicate resources for developing and disseminating quality materials.** Commit to a serious and substantial investment internally, but do not spend extraordinary amounts on overly-branded or untested products. Along these lines, we are in productive conversations with partners in Mexico and Argentina to undertake adaptations and cultural translations of our materials for the audiences in their respective countries. We have spent years on the development of each resource, bringing together economists and educators to develop the highest-quality tools and continue evaluating the efficacy of our resources. So we can build together on proven strength, adaptability, and quality.
- 9. Do not wait until you have a perfect strategy before doing something.** The field of economic and financial literacy is developing in many different directions and ever-changing. With the impacts of globalization and the plethora of financial services available to consumers of all socioeconomic levels, the need for sound decision-making skills is increasing as we speak. So, don't wait. Take on small initiatives as you continue building your larger strategy. As the poet Antonio Machado explained, we “make the road by walking.”

10. Do not give up. This is a long-term investment and can be a complex process. You will see times of frustration and wonder whether you are actually making an impact. You will be. Remain optimistic and be creative--and together we will make a difference.

What does it mean to be economically and financially literate? The answers to that very important question vary widely.

The outstanding British economist, Alfred Marshall, saw economics as “the study of mankind in the ordinary business of life.” Marshall’s words and vision suggest that our best chances for success lie in helping people to make the connections between economics and real life—connections that include the ability to make sound financial decisions, build wealth, safely navigate the hazards of the marketplace, and evaluate the public policy decisions that face all citizens.

Or to put the matter another way, as the great philosopher, Alfred North Whitehead, said, “The business of education is the creation of the future”.

And so it is.

We have several ideas for partnerships and are very open to others. However, there are two that we are actually in the process of formulating now. The first would be a Survey across Latin America of what each country is doing in the area of financial literacy, what programs are available at present (both with the Central Banks, through the Associations of Banks, and through the schools). Another aspect of this Survey would involve a sense of what the outstanding needs are. Something like a ‘macro’ and region-wide version of what I outlined above. The second, emerging from the Survey would be the First Latin American Summit on Economic and Financial Literacy. The vision that we have for this would be a regional meeting bringing together four or five people from all of the interested countries in the region. For each country it might be ideal to have, say, one official from the Central Bank, one official from the Ministry of Education, one high-level University official, one committed executive from the private sector and one person from the Banking Association. I am very eager to get your feedback on this and to speak with those of you individually who may want to collaborate with us on such initiatives, going forward.

Thus, I see this meeting, and I hope you do also, as the beginning of an ongoing conversation—about the need to improve economic and financial literacy in all of our countries, about opportunities and about the creation of the future.

Thank you for your time and attention. Let us now open the floor for questions—and have that conversation.