



How Economics Can Strengthen the Teaching of U.S. History

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Teaching Opportunity

Overview

- Problems in history, civics, and economics
- How economic thinking might help
- Features of *Focus: Understanding Economics in U.S. History*
- Lesson 8 Demonstration



Visit:

<http://ushistory.councilforeconed.org/>

Problems Teaching U.S. History

- Schools rely on U.S. history to teach
 - Our national identity
 - An academic understanding of our past
- But, history teaching is criticized as being
 - Boring in content and pedagogy
 - Superficial and trivial
 - Distant from practical matters



Problems Teaching U.S. History

- Students usually take 6 semesters of U.S. history:
 - Grade 5: 2 semesters
 - Grade 8: 2 semesters
 - Grade 11: 2 semesters
- Yet, national tests show that achievement in history is low.



U.S. History Achievement Levels: 1994, 2001, 2006 *NAEP*

Level	Grade 4			Grade 8			Grade 12		
	1994	2001	2006	1994	2001	2006	1994	2001	2006
At Adv.	2%	2%	2%	1%	2%	1%	1%	1%	1%
At or Above Prof.	17%	18%	18%	14%	17%	17%	11%	11%	13%
At or Above Basic	64%	66%	70%	61%	62%	65%	43%	43%	47%
Below Basic	36%	34%	30%	39%	38%	35%	57%	57%	53%

NAEP History – 2010

Achievement Level Details

- NAEP - US History Report Card
- No significant change.

NAEP Civics Achievement Levels: 1994, 2001

Level	GRADE 4		GRADE 8		GRADE 12	
	1998	2006	1998	2006	1998	2006
At Advanced	2%	2%	2%	2%	4%	5%
At or Above Proficient	23%	24%	22%	22%	26%	27%
At or Above Basic	69%	73%	70%	70%	65%	66%
Below Basic	31%	27%	30%	30%	35%	34%

NAEP Civics – 2010

Achievement Level Details

- NAEP - US Civics Report Card
- Yikes!

Economics Achievement Levels: 2006 and 2012, *NAEP*

Level	Grade 12
At Advanced	3%
At or Above Proficient	42%
At or Above Basic	79%
Below Basic	21%

Research on Focus: U.S. History

Table 1: Descriptive Statistics for Pre- and Post-Test ¹

Group	Mean Score Before <i>U.S. History</i>	Mean Score After <i>U.S. History</i>	Change in Predicted Direction?	Paired sample t-statistic	p-Value (2-Tailed Test)
Control Group	13.26 (4.24) n=150	13.66 (4.33) n=150	Yes (no statistically significant change)	-1.465	p=0.145
Group that Used <i>U.S. History</i>	13.49 (4.65) n=353	18.85 (10.57) n=353	Yes (change is statistically significant)	-9.977	p<0.000

¹ Schug, M.C. & Niederjohn, M.S. (2008). Can Students Learn Economics in U.S. History? *Journal of Private Enterprise*, 23 (2), 167-176

American Economic History

- Provides lenses by which students can look at historical events and explain how wealth and prosperity unfolded in the most successful nation in the world.

American Economic History

- Offers students opportunities to study the underpinnings of the successes and failures peppered through U.S. history.

American Economic History

- Systematically takes what students learn and helps them see the existing opportunities in the present world that allows them to create an amazing future for themselves and others.

Start line. Visit: <http://www.usdebtclock.org/>

- Write down the following numbers for:
 - US National Debt (upper left hand corner)
 - Student loan debt (scroll down to 6th row on the left hand side/locate in center of that row)

What Can Economics Contribute?



- Economics centers around scarcity.
- All people make choices that involve benefits and costs, including non-monetary costs because of scarcity.

Economics is the science of choice!

- It examines the two sides of every coin.
 - Benefits/costs
 - Visible/invisible consequences
 - Direct/indirect effects

Six Core Principles

- People choose.
- People's choices involve costs.
- People respond to incentives in predictable ways.
- People create economic systems that influence individual choices and incentives.
- People gain when they trade voluntarily.
- People's choices have consequences that lie in the future.

John Maynard Keynes

- The inevitable never happens. It is always the unexpected.



Who Would Have Predicted in 1970?

- The Internet, Google, Skype, etc.
- An African American President of the United States in 2009.
- The Great Recession of 2007-09.



Who Would Have Predicted in 1970?

- The collapse of the Soviet Union.
- The reunification of Germany.
- Nelson Mandela becoming President of South Africa.
- An attack on the World Trade Center on 9/11.



They Didn't Know How It Would All Turn Out

- In writing history or biography, you must remember that nothing was on track. Things could have gone any way at any point. As soon as you say “was” it seems to fix an event in the past. But nobody ever lived in the past, only the present.

TALKING HISTORY WITH: David McCullough; Immersed in Facts, The Better to Imagine Harry Truman's Life
By ESTHER B. FEIN
Published: August 12, 1992 *New York Times*



They Didn't Know How It Would Turn Out

- The difference is that it was their present. They were just as alive and full of ambition, fear, hope and all the emotions of life. And, just like us, they didn't know how it would all turn out.
- The challenge is to get the reader [student] beyond the thinking that things had to be the way they turned out and to see the range of possibilities of how it could have been otherwise.
 - David McCullough

The Economic Way of Thinking

- *Focus: Understanding Economics in U.S. History* introduces students to the economic way of thinking.
 - It stresses how people at the time were making choices in response to anticipated benefits and costs.
 - This approach allows students to be “present-minded” about the past.

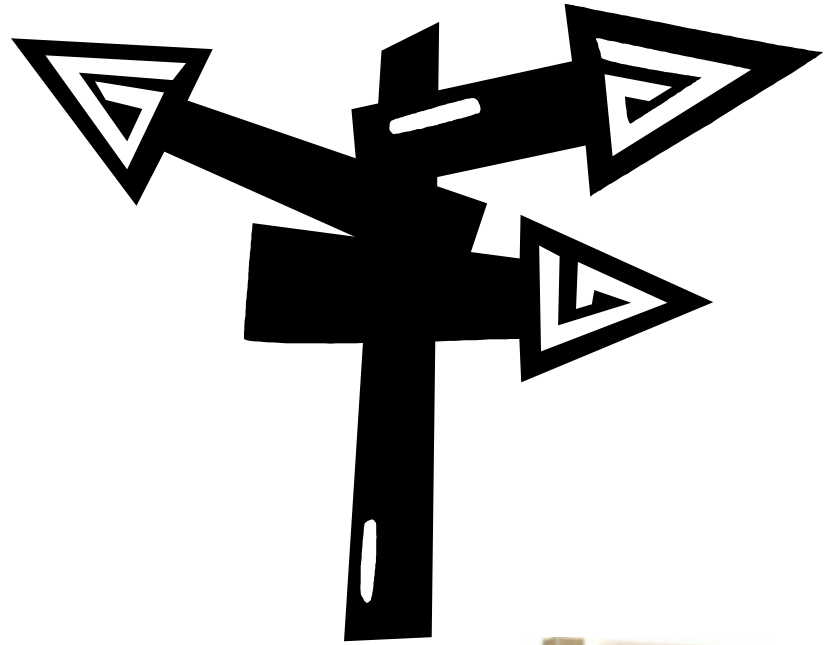


Introduction to the Economic Way of Thinking



Guide to Economic Reasoning

- *Focus:*
Understanding Economics in U.S. History uses six principles of economic reasoning to solve mysteries in U.S. history.



Guide to Economic Reasoning



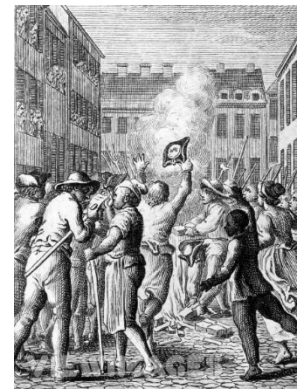
1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
5. People gain when they *trade* voluntarily.
6. People's choices have *consequences* that lie in the *future*.

Lesson 8. Problems Under the Articles of Confederation



Mystery

- After the American Revolution, the Articles of Confederation defined the space in which the Americans would act and interact.
 - Problem: Debt left over from the war
 - No power to tax
 - Who was going to pay the debt?
 - Should it be repaid? Why worry?



Debt versus deficit



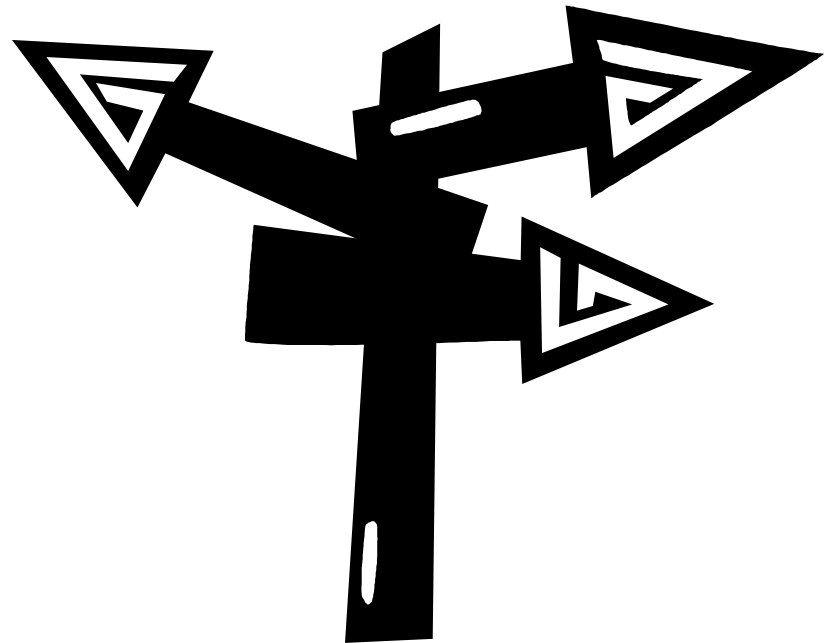
- Debt (over time) vs deficit (one fiscal year)
- Financing options:
 - Power to tax
 - Impose tariffs
 - Deficit-spend
 - Issue bonds

Apply the Guide to Economic Reasoning

1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
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People Choose

- The colonists debated (i) should they repay the debt and (ii) if they should, how.



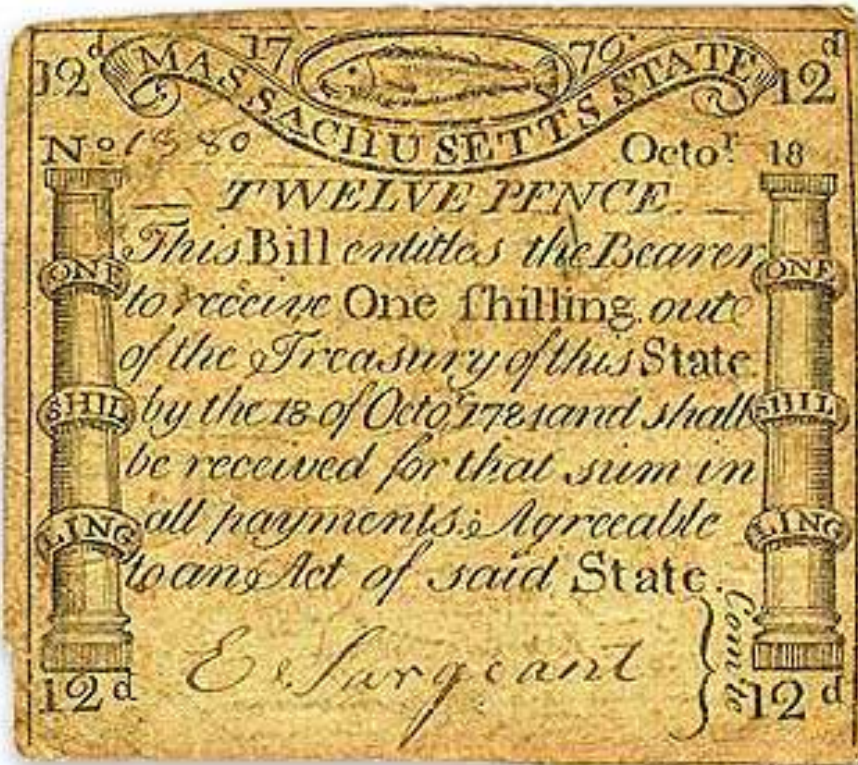
People's Choices Involve Costs

- Questions of should they repay the war debt loomed large. (It was primarily owed to the French government.)
- If they defaulted on their bonds (principal and interest) they risked losing:
 - Future financial backing
 - Future access to foreign capital

People Respond to Incentives

- Break students out into groups
- Ask them to identify the options of repayment
- Assign each group one option
- Ask them to determine the impact on incentives and future investment, consumption, and production
- Tax
- Tariffs
- Print money

People Create Economic Systems



- Under the Articles, there was no enforcement behind the act of taxing.
- “States” were loosely tied.
- Could impose tariffs, print money and issue bonds.

People Gain from Voluntary Trade

- Trade was very important to the new economy, both domestic and international.
- Taxes, tariffs, inflation, etc. slow trade and distort incentives to be productive and invest.



Future Consequences

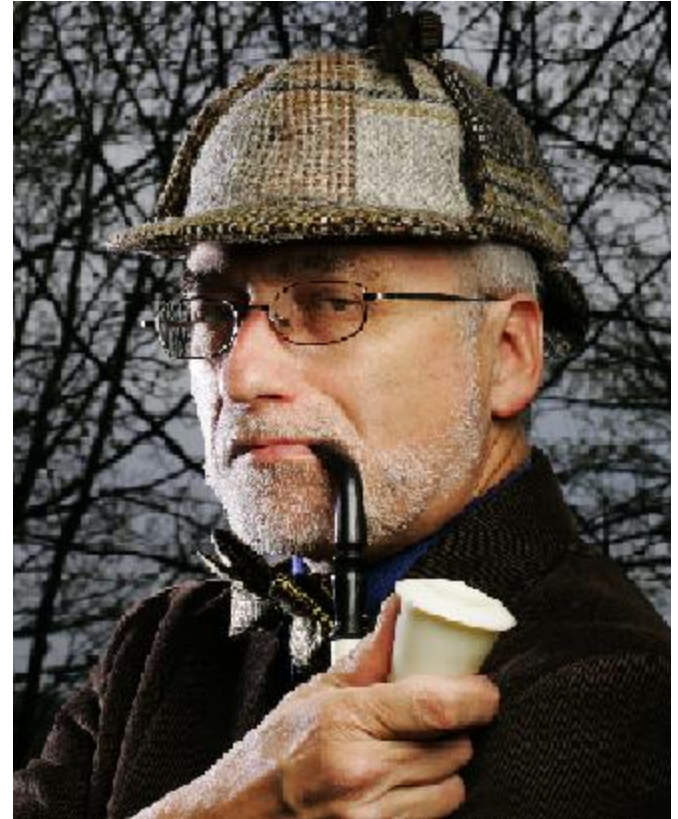


- Higher taxes
- Higher tariffs
- Print more money
- Issue more bonds

- Stable government focused on the protection of property rights and the nation security.

Solve the Mystery

- Related events lead to the U.S. Constitutional Convention.



Finish line. Return to: <http://www.usdebtclock.org/>

- Write down the following numbers for:
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- Question to you...
 - Does the current US national debt matter?
 - Why or why not? Explain using the 6 core principles.

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Questions?

- Questions and answers.
- Stay in touch! Send suggestions on which lesson you'd like to cover next.
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- Friend me on Facebook Tawni Hunt Ferrarini