

# INTEGRATING ECONOMICS INTO THE SOCIAL STUDIES CURRICULUM

by

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## Introduction

The methodology of economics - the economic way of thinking - has long been recognized as promoting those critical and reflective processes which are at the core of social studies education.<sup>1</sup> Still, over half of the secondary schools in Iowa do not mandate economics as a required subject, and few teachers under the umbrella of social studies are economics majors.<sup>2</sup> Complex economics models can, however, be reduced to six questions which force the teacher and students to "think economically." The strategies of economic thinking can be integrated within existing history and government courses or applied to the study of most social studies issues.<sup>3</sup>

### **Strategy #1: Distinguishing Between Positive and Negative Statements**

Which statements or issues can be verified and which cannot?

The first strategy is to have students distinguish among statements, in a policy or position, which are factual and verifiable from those which are statements of opinion, belief, or value. For example, in studying the *Omaha Platform of the People's Party* (1892) students were to determine which of the farmer's grievances could be verified through observation or facts, and which tended to be based upon ethical and religious positions which could be verified. Two clear statements which illustrate positive and normative statements are:

1. "The urban workman are denied the right to organize for self protection, imported pauperized labor beats down their wages...."
2. "The telegraph, telephone, like the post office system, being a necessity for the transmission of news, should be owned and operated by the government in the interest of the people."

Statement 1 can be verified by appealing to the facts; statement 2 cannot. Students could generate the type of evidence that is needed to verify an argument or position.

Students may find positions and arguments to be positive but false, thereby, undermining the point of view.

### **Strategy #2: Quantify if Possible**

What data can describe, illustrate or evaluate the issue or problem?

Quantifying the argument, policy or problem is a natural outgrowth of determining which statements are positive. Students can locate, or develop for themselves from raw data, tables, graphs or charts which attempt to describe and verify the problem, argument or proposal. For example, students could research the wage rates of laborers during the period of evaluate just how much wages were "beaten down" and the extent to which the "fruits" of labor were expropriated by the few.

Table 1  
Average Hourly Earnings, 1890-1900

Year	Hourly Earnings Current dollars	Cost of Living Index	Hourly Earnings 1914 dollars
1890	0.144	91	0.158
1891	0.144	91	0.158
1892	0.145	91	0.160
1893	0.151	90	0.168
1894	0.139	86	0.162
1895	0.144	84	0.165

Teachers must teach students the concept of real values vs. nominal values—the value at the time vs. the value, with the cost of living adjusted to price levels.

### **Strategy #3: There Are No Free Lunches**

What is the cost of the proposal in terms of foregone alternatives?

Perhaps the heart of economic thinking rest upon the concept that all decisions, all policies, all choice incur cost. Cost does not necessarily mean the monetary payment for a service or good, but the cost of the alternative one forgoes as a result of choosing one policy or one decision over another. It is axiomatic that we live in a world of scarcity where land, labor, capital and technology are finite. The decision to use these factors of production to produce

more of one good or service means that another good or service must be sacrificed. An example to students is that their decision to engage in leisure activities means they forfeit study time and possibly their high grade. Students quickly seize the idea!

In the *Omaha Platform* students typically define the cost of the Populist Program as the amount of taxation that would be required in order to sustain the increase in government programs and subsidies. But, closer examination of the platform and expression of sentiments suggest that acceptance of the Populist program would entail:

- \* an increase in inflation, higher prices of all goods and services.
- \* the violation of private property rights protected by the U.S. Constitution
- \* decrease output of manufactured, industrial goods
- \* decrease investment in capital goods
- \* increased government bureaucracy and the number of agencies to regulate industry
- \* creation of state/federal banks
- \* potential redistribution of wealth and confiscation of private wealth.

The central issue is: what must be foregone as a result of the platform, policy, or decision being advocated?

#### **Strategy #4: People Economize: Extra Benefits Must be Equal to Extra Cost**

What are the extra costs and extra benefits?

Most platforms, policies, programs (and politicians) will always emphasize benefits, not costs. However, by thinking economically, students can determine, to some degree, the opportunity cost. Once benefits and costs are identified, students can then begin to identify how people will respond to a policy or a platform. The fourth strategy revolves around the principal that people make rational decisions in response to the expected benefits and costs to themselves. Specifically, people will choose that policy which will produce the greatest benefit to them while costing the least. Students are astute in determining that laborers and farmers would find the Omaha Platform attractive. These special interest groups benefit most since the identified costs do not directly involve them - they possess little or no property, have little influence over political parties, they do not possess sufficient money to transact business. People opposed to the Omaha Platform turn out to be industrialists, manufacturers, railroad corporations, and immigrants. By emphasizing that people will weigh benefits vs costs and will choose those alternatives which yield the highest benefits, student can learn to identify what will be chosen in the future-by what persons and which groups.

### **Strategy #5: Decisions/Actions Have Secondary Effects**

What are the secondary effects of the proposals?

To what extent do the immediate effects change future decisions?

Most policies, programs or platforms emphasize the immediate effects of enactment. Economists are also interested in the secondary effects, the unintended consequences or the effects which occur or develop over time. For example, the immediate and intended effect of increasing the money supply may mean an increase in farm prices and income for farmers; it may mean that railroads would be operated in the "interest of the people;" it may mean an end to government subsidies to private corporations; and it may mean that more land is distributed for settlement. These intended effects may be considered to have economic and political value, but students might begin to question the short term effects for what might happen in the long term. For example, the increase in the money supply may well increase farm prices, but it will also increase prices of manufactured goods and the prices of the land, labor, and capital needed to farm. Net effect-inflation. Government may operate railroads efficiently, but with no economic incentives, the number of railroads and trunk lines would be reduced; with an increased amount of land to be settled, this would eventually mean more farmers, more production and lower agricultural prices- the very opposite the intentions of the populist reformers. The key to this strategy is merely to have students predict what would happen to incentives, choices, and costs over time.

### **Strategy #6: Trade Creates Wealth**

Is the motivation for voluntary trade increased?

Voluntary trade occurs when an individual believes it to be to his/her benefit to exchange one good or service for another. How much a person values any good or service depends upon that person's preference for it, and so value is subjective as it varies from one individual to another and from time to time. No trade will occur if a person believes that the extra value (benefits) do not exceed or are at least equal the extra cost. Trade allows individuals to determine which goods and services have value, and the value creates wealth for both individuals. The issue becomes: to what extent any policy, platform, or decision will increase voluntary trade. Be reviewing the Populist demands, a case could be made that they intended to increase trade, especially in their attempts to regulate transportation and communications and in the distribution of public lands. Yet, by examining both the opportunity cost and the secondary effects, students could conclude that inflation, higher wages, and the lack of capital incentives for new investment would also decrease trade.

## Conclusion

The economic model suggest several advantages for teachers who wish to integrate economics into their existing courses. First, the complexity of theoretical economics can be reduced to several pillars of economic thinking which can be applied to most social studies issues. Second, economic thinking is related to critical thinking as it attempts to concentrate on application, analysis, prediction, and evaluation of issues, problems and decisions. Third, thinking economically can introduce students to economics in the absence of an economic curriculum or course.

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<sup>1</sup> See Stowell Symmes, ed. Economics Education: Links to the Social Studies. NCSS Bulletin 65. Washington D.C.: National Council for the Social Studies, 1981.

<sup>2</sup> Stein, Charles and Cummings, Donald. Economics Education in Iowa. Unpublished study by the Center for Economic Education, Economics Department, University of Northern Iowa, 1989. More recent see: Eisenhaure, Joseph G and Zaporowski, Mark. "Cross Disciplinary Teaching in High School Economics." Social Education, 58, (April/May, 1994), 226-229.

<sup>3</sup> Strategies were gathered and edited from James D. Gwartney and Richard Stroup, Economics: Private and Public Choices, 5th ed., Harcourt Brace Jovanovich, 1990; Francis and Carolyn McMann, "Economic Strategies for Election 1988," The Iowa Council for the Social Studies, Fall, 1988.