

Wu-Teach Clan Report

Purpose

The purpose of this paper is to suggest improvements for high school economic education based off our limited research and interactions with educational organizations and teachers. We have discovered some themes that we want to share. While we do not have definitive answers for best practices, the consistency of our discoveries suggests that this information may be valuable.

Background

Our group intended to analyze and benchmark a high school liberty-based course and associated materials in order to be able to report on the value and feasibility of creating a Bill-of-Rights-Institute (BRI) inspired program with model lesson plans.

The following is a brief synopsis of what our group accomplished:

Research of the Landscape

- We researched and compiled information on the following:
 - Existing economic curricula
 - Existing economic educational organizations
 - Current state and national economic educational standards

Experiment with Collegiate

- Our group worked with the Market-Based Management Institute (MBMI) to make marginal contributions to a free-market, liberty-based economics course.
- Throughout the semester, we implemented pre-and post-tests to determine the students' knowledge and understanding of the philosophical foundations of prosperity.

Interacted with Existing Organizations and high school teachers

- We examined the programs of several existing organizations in order to determine their impact.
- Through our communication with teachers, we found that many of them are interested in philosophical economics curriculum.
- We learned about the limitations of interjecting a new course or lesson plan that could be interpreted as ideologically one-sided.
- We discovered the barriers to creating a new organization, and that suggesting specific improvements to the curriculum of existing organizations is the best alternative.

Suggestions

Our research, experiment, and interaction with organizations and teachers have given us a unique perspective on the state of high school economic education. Based on that knowledge, the following suggestions for implementation have been determined:

- Creating a BRI-inspired program is not the best method to improve high-school economic education for two reasons:
 - Many organizations already offer similar economic curricula and have established teacher networks.
 - The costs of creating an organization outweigh its potential benefits.

- Since relationships already exist between organizations that conduct similar programs, the best alternative is to suggest specific improvements to the curriculum of existing organizations.

Research Findings

To substantiate our suggestions, the following is a brief synopsis of what we discovered in our research. As mentioned before, we researched the landscape, conducted an experiment with Collegiate in Wichita, conducted a survey with teachers across the nation, and interacted with existing educational organizations.

Landscape

We researched several programs and curricula that already exist. Many organizations offer economics curriculum and programs to high school students (some of which are specific to Kansas). However, we found that gaps exist in the curricula itself and how it is distributed.

For example, we found that organizations such as The Kansas Council for Social Studies and The New Renaissance in Education had a specific focus on teaching basic economics, rather than philosophical economics. Many of their lesson plans would touch on the philosophical aspects of economics, but not go into much depth. From this, we concluded that there is an unmet need to teach students the philosophical foundations of economic prosperity.

Also, organizations such as Foundation for Teaching Economics and the Foundation for Economic Education have very large target markets, or target markets more focused on public school education. From this, we concluded that there is an unmet need to distribute economics curriculum to private schools and home schools.

On another note, our research from the Bill of Rights Institute and other similar organizations has shown that teachers respond better to supplementary materials rather than full-course plans. The benefits of supplementary materials compared to a full course include less constraints and more flexibility.

Experiment with Collegiate

The results obtained through the pre and post tests displayed an interesting dichotomy. Many of the questions that were answered correctly by the majority of the students were ones that involved experiential knowledge. However, the results were more scattered for the questions which alluded to philosophical underpinnings.

For instance, in one module ^{test}, 72% of the students answered correctly that a public restroom remains dirty because employees are not paid according to performance, and there is no clear owner of the restroom. When asked how society can increase wealth and reduce suffering, 34% answered that “the government can control the price of goods and services so everyone can afford them,” and 19% said that “the government can keep foreign goods out.”

Both questions are a subset of an overarching question: what is the role of government? The first question is trying to get at the tragedy of the commons and the second, at the rule of law.

Overall, we found that students had some knowledge of the freedom philosophy (presumably through culture, surroundings, family, etc.). They understood that freedom was necessary for growth and development, and entrepreneurship is needed for economic prosperity.

Nevertheless, philosophical concepts and ideas, such as property rights, the role of government, and the importance of institutions, need to be elaborated.

Survey

Resources

As mentioned before, we have determined that suggesting specific improvements to the curriculum of existing organizations is the best method for reaching private school students with philosophical economics curriculum. In order to create programs to fill gaps in these organizations, we suggest using the following resources:

- Readings
 - *How the West Grew Rich*
 - *Common Sense Economics*
 - *The Law* (Bastiat)
 - *The Road to Serfdom* (Hayek)
 - *Of the Origin and Design of Government* - Thomas Paine
 - *Federalist no.10* - James Madison
 - *Associations in Civil Live* - Alexis de Tocqueville
 - *On Property and Government* - John Locke
 - *Justice and Property* - David Hume
 - *The Declaration of Independence* - Thomas Jefferson
 - *The Use of Knowledge in Society* - FA Hayek
 - *What is Seen and What is Not Seen* - Frederic Bastiat
- Websites
 - Council for Economic Education (<http://www.councilforeconed.org/>)
 - Fraser Institute (http://www.fraserinstitute.org/education_programs/)
 - Foundation for Economic Education (www.fee.org)
 - The Freeman (<http://www.thefreemanonline.org/>)
- Model Lesson Plan
 - See Addendum B

Conclusion

We believe that there are two foundational aspects of economic education that high school students should understand: basic economic principles and the philosophical framework necessary for economic prosperity. Basic economic principles are already taught in schools through organizations such as the Foundation for Teaching Economics, the Council for Economic Education, and the National Foundation for Teaching

Entrepreneurship. This includes economic concepts such as profit motives, incentives, and supply and demand. What is lacking is a decidedly philosophical approach to the study of economics, which would explain the foundations of prosperity.

We have concluded that a philosophical approach is necessary in the study of economics in order to teach students about the foundations of prosperity. However, creating a new organization in order to teach these concepts is not the best approach. Starting a new organization costs time and resources because it involves laying the groundwork for a network of teachers, creating curricula, hiring staff, and getting teacher buy-in. We can save time and resources by working with existing organizations that have the networks and resources already in place. Rather than creating a new organization, we believe that the better alternative is to get more hands-on with the educational organizations that are already being funded. Specifically, suggestions could be made for improving existing curricula, thereby influencing these organizations to put a greater emphasis on teaching the driving forces of economic prosperity.

Based on what we learned from the experiment with Collegiate, greater emphasis should be placed on entrepreneurship, private property, rule of law and the freedom of exchange in economics curriculum (see Addendum B). The students seemed to acknowledge these concepts but did not necessarily understand how they affect the prosperity of society. With a greater emphasis on practical principles, students will not only understand how economics works, but also how it directly affects their lives.

In summary, the study of economics ought to include a basic understanding of the philosophical foundations of prosperity. While many organizations attempt to teach students basic economics, they often fail to make the concepts real for students. The best way to address this problem is to build on the organizations and programs that already exist in order to give students a fuller picture of economics and its affects on society.

Addendum A

Foundation for Teaching Economics

- *Mission:* to introduce young individuals to an economic way of thinking about national and international issues, and to promote excellence in economic education by helping teachers become more effective educators.
- *Target:* high school and middle school grade levels by providing programs and teaching resources which target primarily the social studies curriculum.
- *Method:* programs for teachers to learn how to integrate economic thought into their classes.

Foundation for Economic Education

- *Mission:* to offer the most consistent case for the “first principles” of freedom: the sanctity of private property, individual liberty, the rule of law, the free market, and the moral superiority of individual choice and responsibility over coercion.
- *Target:* “students of liberty”; free-market individuals who want to expand their knowledge
- *Method:* seminars, publications, and events for those who are interested in learning more about free-market economics.

Council for Economic Education (Kansas Council for Economic Education)

- *Mission:* To advocate for better and greater school-based economic and personal finance education at the K-12 level.
- *Target:* K-12 by providing teachers with lesson plans for state standards
- *Method:* workshops, resources, lesson plans, college credit courses that address economics and personal finance

The Kansas Council for the Social Studies

- *Mission:* to promote the growth and prosperity of the social sciences.
- *Target:* social studies teachers
- *Method:* clearinghouse for teaching resources related to social studies

The New Renaissance in Education

- *Mission:* to create and manage a sophisticated web-based platform that makes it possible for educators throughout the country to interactively develop curriculums in a coordinated fashion that teach K-12 students about free markets, Western intellectual thought, and various other aspects about America's cultural and Constitutional heritage.
- *Target:* public school system
- *Method:* build relationships with free-market teachers in public schools to market the website.

Economics In a Box (sponsored by economicthinking.org)

- *Mission:* teach economic principles: 1) prosperous societies vs. those who remain in poverty, 2) job creation and innovative products and services, and 3) failing government programs and policies.
- *Target:* high school homeschool students
- *Method:* 16-week course with books, videos, and guides included

Stossel in the Classroom (sponsored by Center for Independent Thought)

- *Mission:* to get students engaged and excited while building on their critical thinking skills and fulfilling standards-driven curriculum.
- *Target:* advanced middle school, high school, and college students
- *Method:* free DVDs that include video segments from Stossel's television programs and specials, along with a teacher guide with lesson plans and ideas for complementary activities.

Addendum B

Lesson Plan – Innovation and Discovery

Readings: *Use of Knowledge in Society* by FA Hayek, *Common Sense Economics – Competitive Markets* (pages 44-60)

Learning Objectives:

- Competition drives innovation and discovery
 - When firms are uncertain in which direction to innovate more competition results in better innovation.
 - Discovery is driven by competition because competition aggregates dispersed knowledge in society.
- ‘Creative destruction’ is the innovative entry of entrepreneurs in the marketplace that creatively destroy established firms to create better products and services.
 - Failure of businesses is part of the discovery process.
 - Technology is one result of innovation. It stems from competition and creative destruction.

Overview:

This lesson plan is designed to show that property rights within free markets make competition possible. Competition initiates the discovery process and fosters innovation. Innovation, effectively, translates into more and better goods and services. We hope that students will understand the importance of competition among businesses as it drives economic growth and development.

Anticipatory Set:

- Philosophical backdrop:
 - Competition based on private property rights is central to economic progress and development.
 - The teacher could start with this group exercise: See Addendum C
 - This activity will show that products that did not sell were ones people did not want. The product had to be useful to other people in the class.
 - Competition results in reduced prices.
 - What else does competition bring?
 - Competition places pressure on producers to operate efficiently and cater to the preferences of consumers.
 - It gives a strong incentive to develop better products and discover lower-cost production methods.
- Introduce innovation and discovery
 - What is innovation and discovery?
 - Show this Stossel video: (<http://abcnews.go.com/video/playerIndex?id=8056882>) and ask them how they felt about it. Get around to asking them if competition can help poor people as well rich businessmen.
- Tell students about the production of nails in the Soviet Russia.

- Why there only one kind of nails that were produced?
- Were the needs' of consumer addressed?
- Why not?
- Resources were wasted because they were not allocated to the right ends. Central planning does not cater to consumers' preferences.
- When resources are scarce it is best the market allocate these resources.
- The market process is a trial and error process to arrive at the most productive uses for given resources.
- Apart from scarcity, another problem is too much information in too many different places.
- How do competition and the market solve that problem?
 - The problem here is that information is dispersed which makes "economic planning" difficult.
 - So either we can let the government do the planning – which is central planning, or, let people and businesses compete.
 - Competition means decentralized planning by many different people. It is bottom up, rather than top down. In essence, people closest to the needs of consumers are making decisions of what to produce.
- Creative Destruction:
 - Ask students what they think creative destruction is, and why it is important?
 - It means that some businesses go bankrupt! How can this be good?
 - Ask them what they thought about the bank bailouts?
 - Critical Thinking: Ask who thought it was a good thing; and then ask who thought it was bad; then ask who doesn't know. Tally the results as good or bad or don't know on the board. (Make a note for future reference)
 - Help students arrive at the conclusion that the bailouts did not help carry out the discovery process to its end.
 - The discovery process involves some businesses going bankrupt, because people no longer think their product is needed.
 - Subsidizing things people don't want or need is a waste of resources.
 - Creative destruction also results in innovation.
 - You have to be innovative to enter a market. You can just have the same old thing out there.
 - Give examples of things like MP3 players.
 - The first MP3 player was made by this company called Rio Diamond. Since then many companies made similar products. Then Apple produced the iPod. It was different. At first it only stored more music. But they kept innovating to stay in the market. They produced iPods that show videos. They integrated that with phones and the internet. They had "destroy" their old product and keep coming up with new technology to stay in the market and give consumers what they want.

Conclusion:

We talked about property rights, which give rise to competition. We also talked about decentralization of power, which helps entrepreneurs gather accurate information about what citizens really want.

Competition is the life-blood of the economy, since it incentivizes innovation and discovery. It keeps the door open for new and improved products and services, which tend to increase the standard of living for society.