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ECONOMICS IN HISTORY: What Every High School Student and Teacher Needs to Know By Lucien Ellington

Lucien Ellington is UC Foundation Professor of Education, University of Tennessee at Chattanooga and Co-director of the UTC Asia Program. He is also a Senior Fellow of FPRI's Wachman Center. This essay is a condensed version of a book chapter by the same title that appeared in Mark C. Schug and William C. Woods, eds., Teaching Economics in Troubled Times: Theory and Practice for Secondary Social Studies (Routledge Press, 2010).

Historians work in a discipline with few inherent concepts and are obliged to draw upon many fields in recreating the past. Yet authors of most school history texts, state and national standards and curriculum materials seldom incorporate economic analysis in their work. Just look at state standards that include Adam Smith and John Locke but draw no connections between their economic thought and contemporary institutions, to world history texts that treat the British Industrial Revolution as a virtual crime against humanity

This essay's objective is to integrate an economic perspective into five common topics that are taught, depending upon the course, in every world or U.S. history survey class; Ancient Greece and Rome, Imperial China, Colonial English America, the British Industrial Revolution, and the U.S. depression of the 1930s. An annotated list of pedagogical resources for topics is also included along with general resources.

THE GRECO-ROMAN WORLD AND ECONOMICS: ATHENS

As for poverty, no one need be ashamed to admit it: the real shame is in not taking practical measures to escape from it. Pericles, 431 BCE (Thucydides)

Pericles spoke these words during the Peloponnesian War as a reminder to grieving Athenian parents of the differences between their city-state and totalitarian Sparta. They symbolize an ethos characteristic of Athens: economic freedom. The Greek word, *Oikonomia*, originally meaning "household management," is the root word for economics. While it is wrong to stereotype Athens and other Greek city states, Imperial Rome (and ancient China for that matter) as having free enterprise economies as conventionally understood today, these societies were affluent because both by design and accident, powerful economic ideas were institutionalized. Lack of fertile agricultural land and growing populations forced Greeks to become what Plato called frogs on a (Mediterranean) pond. They established trading colonies in places as far flung as Egypt, the Black Sea, and the site of contemporary Lyon exporting pottery, olive oil, and other goods, using silver coins for purchases of enormous amounts of grain. Early on, evidence indicates that Athens probably became wealthier than other Greek city-states in trade by making coinage more valuable by the innovation of developing large and small denominations.

Solon, who gained power over Athens in 594, established laws that made use of economic incentives. Only fathers who taught their sons a trade were legally entitled to support from the son in old age. Son of an aristocratic family which lost its wealth, Solon made his fortune as a merchant. He advanced the cause of economic freedom and battled aristocratic landowners' bias against trades people, by allegedly promulgating a law that forbade reproaching someone for the trade in which he (or she) engaged (Austin, Vidal-Naquet, 1997, p. 212).

By the mid and late fifth century, Athens was the commercial center of the eastern Mediterranean. Before the Peloponnesian War, Athens was the largest Greek city-state with a probable population of 305,000, including citizens, 100,000 slaves, and 25,000 free born foreigners or *metics*. More than half the entire population could read and write, insuring the necessary human capital for a variety of enterprises (Grant, 1992, p. 67). The legal system generally maintained positive institutional support for economic activity. Although a wide variety of taxes were placed on goods and services, they were low and there were few property taxes. Maritime loans—enforced by written contract—provided an incentive for foreign trade. Although metics and slaves couldn't own agricultural land, virtually all of the former, and many of the latter, engaged in commercial enterprises with metics as owners and slaves as employees at different levels.

By the fourth century both metics and slaves could enter into written contracts. Also, unlike the case in some other Greek city-states, most notably Sparta, there were opportunities for economic and social mobility. Slaves, most of whom were not Athenian, could be freed and become metics and, more rarely, even citizens. Metics, who were dominant in commerce, could occasionally become citizens. One famous entrepreneur, Pasion, began his career as a slave in a bank, was freed and elevated to Metic and then to citizen status. When he died, he owned a bank, a shield workshop, and extensive real estate and assets (Grant, 1992, p. 113). The economic incentives and economic freedom of Athens, in sharp contrast with Sparta, helped to make it affluent and socially stable. While metics *chose* to come to Athens and the city had virtually no slave revolts, in Sparta's garrison state slave revolts were frequent enough to always be a security concern. Athens was absorbed by Macedonia and then later by the Roman Empire, but its golden age cannot be fully explained unless its successful economy is understood.

THE ROMAN EMPIRE

Extremely low taxes encourage investment. The ordinary Roman works two days a year to pay his taxes. Professor Rufus Fears ("Freedom in the Roman Empire, 2001")

Athens prospered for a little more than a century with economic freedom but its widespread institutionalization in Rome's massive empire, stretching from Britain to what is now Iraq, fostered a general prosperity lasting roughly three centuries. Lord Acton, the famous historian of freedom, provoked his contemporaries when he said that the Roman Empire did more for liberty than the earlier republic. However, if economic liberty is considered as valuable as political liberty, he was correct (Fears, 2001, p. 34). In the early imperial period, although republican political liberties vanished, taxes were low, and social mobility prevalent, most people in a multicultural polity could live the lives they chose, and a free market economy brought goods and services from the known world to Roman cities.

The Roman Empire was not a modern economy; aristocrats enjoyed legal privileges, slavery existed, technology was uneven. There was excellent infrastructure such as roads but it was below average in scientific advancement compared to China, and other civilizations – and there was popular prejudice against merchants. Still, Rome with nearly a million people, and numerous other cities in an empire ranging between 50 and 65 million people, maintained a legal system that was not discriminatory toward commerce, used one basic currency, and had a critical mass of literate people. Women could even own (but not sell) property, a condition unthinkable in Ancient Greece (Fears, 2001, p. 35). A large middle class lived in the cities (Grant, 1992, p. 116).

Although freeing of slaves (manumission) occurred in Athens and other Greek cities, it was more widespread in the Roman Empire. Unlike those in Greece, Roman slaves could own property. They were shopkeepers, merchants, and providers of services in Roman cities. Slaves could even save money and purchase their own freedom. Although people died earlier in antiquity, many slaves, and virtually all domestic slaves could expect manumission by age 30 (Grant, 1992, p. 115).

Imperial Rome's government was reluctant to interfere with local politics and focused on providing national and domestic security and maintaining a road system. The early Roman Empire had an efficient and small bureaucracy. Significant numbers of prosperous citizens in Rome and other imperial cities enjoyed tourism and hotels, bookshops, and good food provided by the private sector. They also relished products from both China and India. Trade was particularly brisk with coastal India. Roman imports included cotton cloth, exotic animals, and spices, particularly pepper. The Romans exported glass, cosmetics, and silverware to India but by far, the biggest export was Roman gold coinage. The latter led to a cash flow problem in the Roman Empire which the famous essayist and imperial official, Pliny the elder, lamented in the mid-first century (Davis, 2009, pp. 9-12).

For many reasons—including the lingering prejudice of elite Romans toward merchants—the Western Roman Empire's economic fortunes waned from the fourth century until the fall. As the economy worsened, the once modest bureaucracy expanded and taxes rose. Various emperors attempted policies such as currency devaluation, including issuing tin plated copper coins instead of the normal issue silver, with predictable results: rampant inflation and hoarding of silver coins.

As procuring steady supplies of food became a problem in the latter empire, wage and price controls were also tried with Emperor Diocletian's attempt being the most far reaching. Faced with inflation that made money so worthless that barter was

making a major comeback, Diocletian issued an edict in 301 CE covering well over 1,000 wages and prices (Schuettinger & Butler, 1978, pp. 19-26). The preamble to Diocletian's edict has a contemporary ring as he blamed merchants, who he labeled "uncontrollable madmen," for Rome's problems (Hooper, 1979, p. 492). Diocletian's results were predictable. Temporary price stability came at the cost of hoarding, shortages, a black market, and mob violence against merchants who exceeded set price levels. Emperor Diocletian abdicated four years later, after issuing the edicts, complaining of the stress of governing.

As the Western empire neared its end, emperors frantically tried to micromanage the economy with more price controls as well as wage controls on certain occupations. This led to the army being responsible for forcing people to remain in jobs with regulated wages when they tried to find better compensation. Not only did the economic distortions grow much worse but invading Germanic tribes gained large numbers of Roman citizen sympathizers from bad policies. Rome's economic history, like that of any society, has positive and negative lessons.

IMPERIAL CHINA AND ECONOMIC FREEDOM

The more prohibitions there are, the poorer the people will be. (Lao Tzu, 6th Century BCE)

In 1500 at the dawn of Europe's age of exploration, China had absolutely no incentive to "discover" new trade routes to Europe. Despite periods of disunification, Chinese enjoyed what was probably the world's richest economy for many years ranging from the Han Dynasty (202 BCE-220 CE) until approximately the mid-eighteenth century. Although China, like Greece and Rome, was primarily an agricultural society, the empire was a world leader in technology, and enjoyed a vibrant commercial sector, some manufacturing, and domestic and international trade. China's trade surplus with Europe lasted well into the nineteenth century. The primary reasons behind China's wealth were political and legal systems that generally supported—although sometimes unintentionally—economic freedom and a culture of entrepreneurship and innovation.

Imperial Chinese institutions, beginning with the Han Dynasty, were undergirded by a combination of three belief systems: Legalism, Daoism, and Confucianism. Each had substantial components that helped to facilitate economic growth. Legalists believed that people acted from self-interest so rulers should systematically promulgate laws that tie individual self-interest to societal progress. This meant creating a legal framework that rewarded wealth acquisition and curtailed overly ambitious government bureaucrats from exceeding their authority regarding tax collection and private sector regulation.

Beginning with the Han dynasty, Confucianism gained favor among political elites. By the Song Dynasties (960-1279), it formed the basis of China's educational system. Mastery of rigorous Confucian-based examinations, rather than a privileged birth, was the key to top positions in the Chinese bureaucracy by the millennium. This helped to eliminate feudalism 400-500 years earlier than Europe and thus expanded labor market freedom. Confucians advocated individual ethics, self-responsibility, self-cultivation, and a small but effective government bureaucracy. Although Confucian scholar-bureaucrats disdained merchants as parasites, they also recognized their social usefulness and usually left them alone, while competently administering a state that generally kept taxes low, maintained a grand canal linking China's two great maritime commercial arteries, the Yellow and Yang Tse Rivers, and for much of China's history secured the famous Silk Roads linking Chinese traders with Central Asia, India, and the Mediterranean.

Libertarian ideas are evident in Daoism, the third great Chinese belief system, as David Boaz (1997) noted in his introduction to the *Libertarian Reader*. The central Daoist idea that is basic to economic freedom is that it is usually better for society if rulers stand aside and let the people get on with the daily business of living.

The institutional-legal structure described above was fully in place by the middle of the Song dynasty and for the next several hundred years, despite dislocations and even foreign conquest, the economy prospered. Large agricultural surpluses were generated through technology and genetically resistant seeds, which in turn created rapidly expanding food supplies and markets. With the discovery of Mexico and Peru's silver mines, China became the world's largest sixteenth century importer of the precious metal. The silver imports fueled even more economic expansion (Rawski, 2008). The Chinese exported vast quantities of tea, porcelain and silk to Europeans. Domestically, through local markets or major distributors who used the Grand Canal to transport food nationally, agricultural productivity advances meant that small farmers in the South's "rice bowl" were able to feed their families, pay taxes, and still market an average of 40 percent of annual yields (2004, Asia for Educators).

Besides the absence of a feudal system, long-term de facto property rights also enabled Chinese farmers to prosper. Although theoretically, the emperor owned all land, the institutional structures described earlier acted as a powerful check on arbitrary imperial power and farmers were left alone so they could ensure that the nation had enough to eat. Even though China's economy was agrarian-based with products like tea and silk, industries such as iron, ship building, salt, and porcelain flourished. The government controlled sales of a few industries such as salt, but most manufacturing was less regulated. Imperial Chinese cities featured vibrant commercial activity. By 1700, an elaborate system of remittance banks existed and provided capital for merchants. Merchants deposited cash in one locale, received a remittance certificate, and used it in another part of the empire as payment for transactions (2006, Asia for Educators).

In the nineteenth century, an elite prejudice against science and technology, overpopulation, the Taiping rebellion, which dwarfed the American Civil War, and European encroachment weakened China's economy. Ultimately, in 1911 the imperial era ended. While imperial China is included in every world history textbook, explanations of the economics behind the wealth are largely non-existent.

ENGLISH COLONIAL AMERICA

The material standard of living enjoyed by the typical white family unit in the thirteen mainland English colonies was almost certainly the highest in the world by the 1770s. Professor Edwin Perkins (*The Economy of Colonial America* 1980, p. 145)

The approximately two and a half million people who lived in Britain's American colonies created, by the standards of the day, an economic powerhouse decades before the war for independence. On that war's eve, the median annual per capita income of the free colonial population, converted into dollars, was somewhere between \$65 and \$165 higher than Britain. Since the colonists were subject to lower tax rates than the English, the typical American family enjoyed a standard of living 20 percent higher than their English counterparts. In 1700, colonial gross domestic product had been four percent of England's; by 1770 it was 40 percent (Perkins, 1980, p. 145, 164). The average British soldier in the French and Indian War was two inches shorter than his colonial counterpart because of differing affluence levels (McDougall, 2004, p. 123). Although slavery is a pernicious institution, even black slaves, who constituted about 20 percent of the colonial population, had a better standard of living when compared to agricultural workers in Africa and South America and on average enjoyed steady increases during the eighteenth century (Perkins, 1980, p. 78). The vital question in understanding both the colonial period and the roots of American affluence is how did all this happen?

The lower labor costs on the southern plantations and the British provision of virtually no-cost military protection until the last decade of the period are part of the reasons for colonial prosperity but far from the only ones. A few of the many factors responsible for most of this amazing success story include the impact of political and legal institutions upon economic activity, competitive labor markets, low taxes, and the fostering of a culture friendly to entrepreneurship and merchants.

Unlike the Conquistadores, who epitomized Imperial Spain's strategy in the New World, finding, extracting, and transporting precious metals back to the mother country—the first English settlers were subject to English legal and political traditions and different incentive structures. The sanctity of private property rights was becoming institutionalized in English political culture. Also, the almost total absence of gold and silver in English America meant that colonists did not have the precious metals extraction option. After a brief failed experiment with common ownership of land in the Massachusetts Bay Colony in the early 1620s, founder William Bradford quickly initiated the shift from public to private ownership that made, in his 1623 words ...“all hands very industrious....” (Schug, Caldwell & Ferrarini, 2006, p.39). Cheap land made private property ownership and its accrued benefits even more important in the American colonies than in England. By the latter colonial period a majority of American farmers outright owned and worked their land and tenancy rates were low by European standards. In England, absentee landed gentry owned most land, which was worked by tenants with few economic incentives for productivity. Farm owner operators of 40 acres or more of farms only held about one-quarter of English farm land (Perkins, 1980, pp. 41-42).

Labor was a scarce commodity in most of the 13 colonies and the colonial population expanded as Europeans left the old world for economic opportunities. Although large scale manufacturing, with the exceptions of shipbuilding and iron, was never a major part of the colonial economy, artisans and merchants found the colonies and particularly the growing urban centers, attractive. For silver smiths, candle makers and black smiths not only were fees and wages on average 30 to 100 percent higher than for identical work in England, but the absence of an institutionalized guild system meant that unlike in Britain, an aspiring artisan had more freedom to produce goods or services (Perkins, 1980, p .82).

Farmers, artisans, and merchants were also richer than their counterparts in England for yet another reason; Americans had more disposable income because of tax rates that were among the lowest of all organized governments. Until the now infamous tax increases of the 1760s, English colonists paid a little under 20 percent on average of the rates of the mother country. Port cities such as Boston and Philadelphia tended to have the highest colonial tax rates, but residents in those cities only paid a total of 4-5 percent of annual incomes in taxes (Perkins, 1980, pp. 123-125).

Colonial economic success stories are impressive. New Englanders were adroit at both building ships and transporting goods throughout the British Empire as well as to other countries. The New England colonies literally became a world shipping power (North, 1966, p. 40). Foreign trade accounted for 10-12 percent of colonial economic output with New England business concerns selling dried fish to southern Europe and a variety of goods including horses, pine boards, cattle, and candles to the Caribbean. The middle colonies also exported products to Southern Europe and the West Indies including bread, flour, wheat, and salted pork. A variety of merchants operated in American cities selling imports from Britain and other European countries as well as domestically produced merchandise (Perkins, 1980, pp. 17-36). Southern colonists exported tobacco and indigo as well. Although with the exception of iron, large scale manufacturing was rare in America, more and more merchants, planters, and professionals were experimenting with manufacturing as side lights by the end of the period and

investments ranged from hat to candle factories.

In part, impressive levels of colonial growth and affluence were generated because from the start, there was no entrenched aristocracy which looked down on business. The culture of entrepreneurship flourished in the colonies. Even southern planters might engage in commercial farming, also practice law, and dabble in investing in export ventures. Merchants enjoyed high status and unlike in Europe, had a much easier time becoming involved in government. The U.S. tradition of respect for merchants and business leadership in politics pre-dates the founding of the nation as does the American tradition of achieving affluence and being proud of it.

THE BRITISH INDUSTRIAL REVOLUTION: A DARK TIME?

There is however, one supreme myth which more than any other has served to discredit the economic system to which we owe our present-day civilization.... It is the legend of the deterioration of the position of the working classes in consequence of the rise of capitalism. F.A. Hayek (*Capitalism and the Historians*, 1963, p.10)

Nowhere is Hayek's above assertion more valid than during the British Industrial Revolution. In 2004 research for a Fordham Foundation project focusing upon world history texts, the author examined how this seminal event was treated in five leading high school world history texts (Ravitch, 2004). Typically, coverage is a combination of a few pages on impressive advances in technology and more space devoted to the horrid conditions of the British working class in general and children in particular. Consider a "student interactive" page from a leading text telling the story of a small boy who left his rural family to join an uncle in a textile factory. Once students have read the account and seen a graphic portrait of a boy frantically working with a menacing looking adult watching, they are given this "portfolio" assignment.

After a 12 hour day at the mill, you decided to write a letter to your family. In your letter, describe your new job and say whether you want to keep working here in Manchester or go back home to the farm (Ellis and Esler, 2003, p. 507).

This typical, probably unintentional distortion of the industrial revolution is an educational one. However, misleading examples about the event abound in literature and cinema. Perhaps no topic in economic history has been so misrepresented. What were the industrial revolution's economic effects in Britain when it was occurring? What were the various opinions about industrialization at the time? How does an economic analysis of housing for the poor and child factory labor influence your understanding of the industrial revolution?

The general short-term effect of the industrial revolution is that it improved the standard of living of most British people including the working urban poor. In the early part of the nineteenth century and for decades afterward, new technology and organization resulted in greatly expanded production of goods, beginning with cotton textiles. International trade increased, British population grew but wages did not drop and in many industries they increased. Price levels declined because of better productivity and increased trade. Ordinary English citizens, including all but the poorest of the poor, could attain many new products for the first time including comfortable clothing, tea, coffee, sugar, clocks, handkerchiefs, boots, and wheat bread. They could eat meat, fish, and poultry regularly and not just for special occasions. Even among the urban lower middle and working classes, savings banks, popular newspapers, pamphlets and new Protestant church construction attested to rising standards of living (T.S. Ashton, in Hayek, 1963, pp. 137-155). Factory growth also provided employment stability at higher wages than poor people could find in rural areas and they flocked to the growing cities.

Certainly dangerous and unsanitary conditions existed in many smaller factories and with certain factory operatives. Hand loom workers, in particular, were at risk. But even while events were unfolding, politics, naiveté, and widespread ignorance of the actual lives of the working poor as well as of economics, caused misperception of what was occurring to become conventional wisdom. Opponents of industrialization included Tory landowners, with their deep prejudices against tradesmen and factory owners, and Victorian social reformers.

There were exceptions, particularly among Victorian reformers, but majorities of both groups and their supportive upper middle and upper class publics usually had never set foot in a factory. Tories were ready to believe stories about horrible conditions in factories, quite possibly because of legitimate fears of a depleted low cost agricultural work force. One result was acceptance of a sensational 1831-32 report to Parliament that over exaggerated adverse conditions for children even though subsequent reports in 1833 and 1834 evidentially refuted it (W.H. Hutt, in Hayek, 1963, pp. 159-160.). Content based upon the first Sadler Committee Report, named for the member of Parliament who chaired the committee, still remains conventional history text wisdom. Although Victorian reformers—especially those who visited factories—pointed out legitimate problems, many also thought the factories were bad for workers, including children, because they gave employees enough income to consume too much tea and sweets and encouraged young girls to buy dresses from shops instead of virtuously making their own clothes! Also, opposition to a changing economy coincidentally occurred during the revival of British literary romanticism. This meant talented novelists, most prominently Charles Dickens, were able to add fuel to the rhetorical fires through poignant narratives.

In contemporary texts and popular culture, the industrial revolution and greedy landlords receive exclusive blame for cities characterized by terrible housing for the working poor. These allegations ignore important developments shortly before and during the early years of industrialization that affected the supply and quality of housing for the poor. In the latter decades of the eighteenth century and the first decade and a half of the nineteenth, imperial Britain engaged in a long and costly war with Napoleon. The British government commandeered or paid attractive prices for many of the raw materials, bricks and timber for example, used in home construction. The result was a housing shortage in Britain's cities that most adversely impacted the range of choices for poor immigrants from the rural areas. As small builders struggled to meet pent up and increasing demand for houses, government placed a wide range of taxes on many products to raise much needed war funds and, later, to pay off the national debt. For example, homebuilders and landlords, often the same people, were responsible for paying a tax for each window in a house. Home construction entrepreneurs who built inexpensive homes, many of whom had businesses with only two to five employees, were often capital starved, suffered high bankruptcy rates, and thus had every possible incentive to cut costs. Hence the government, not builders, was at least partially responsible for what one historian has described as "a price on light and air" (T.S. Ashton, in Hayek, 1963, p. 50).

When the question of child labor is analyzed from an economic viewpoint, a different perspective emerges than one of simple degradation and misery. Contrary to the perceptions of many romantics, working in a factory was a better alternative for poor children and their parents than others that existed at the time. Educational opportunities were extremely scarce and even Peter Gaskell, a prominent Victorian reformer and no friend of factories, argued that factories were a better choice for poor children than the streets or remaining at home unattended during the day. An examination of the charge that poor children working in factories were puny and deformed compared to poor children who didn't was empirically refuted in the parliamentary commissioned 1833 and 134 reports (W.H. Hutt, in Hayek, 1963, pp. 168, 174). Rural work, which children regularly undertook, was usually more physically taxing than the relatively light work to which they were assigned in factories. Although the long-term consequences—because of a growth in educational opportunities—were beneficial for many poor children, the unintended short-term consequences of the first child labor laws meant less money for poor families and an abrupt interruption of skills and behaviors that children were learning in the workplace that would help them keep employment as adults (W.H. Hutt, in Hayek, 1963, pp. 180-183.).

Perceptions of the costs and benefits of the British industrial revolution may very well be the single topic most characterized by economic illiteracy.

THE U.S. AND THE WORLD DEPRESSION

We will not have any more crashes in our time. (John Maynard Keynes, 1927)

The U.S. Depression dramatically affected a generation and created public "memories" about the role of government that often resulted in bad economic policies in ensuing decades. The events of the 1930s left an indelible impact on most Americans alive at the time. In 1933, at its depths, 25 percent of all workers were unemployed. After a moderate 1935-37 recovery, by 1938, unemployment soared to over 19 percent and was still at almost 15 percent in 1940. Full employment would only come after the beginning of World War II (Smiley, 2008). Why did the depression occur? What were the effects of government policies intended to fight it? How did impressions of the event influence later government economic policy? Although even experts still disagree about the causes and consequences of the depression, textbook treatment usually concentrates on human misery but not analysis of causes and effects.

The events leading up to the American depression had both domestic and international causes. Domestically, a boom in stocks caused their overvaluation. Eventually the "Bubble" burst in October 1929 with the Wall Street crash. This event, however, only triggered the depression and was not a long-term cause of it or, undoubtedly, of its exceptional U.S. longevity. Since the end of World War I, foreign investors and governments were allowed to buy gold from the United States, which remained on the gold standard and owned approximately 40 percent of the monetary version of the precious metal. In 1928, investors and governments in countries with unstable currencies bought large amounts of gold from the United States. The Federal Reserve Board, in an attempt to stem the gold outflow, raised the discount rate it charged member banks, pushing up interest rates. Although the move was intended to incentivize foreigners to buy American bonds instead of gold, the policy also raised interest rates throughout the U.S. economy, which discouraged business spending (Schug, Caldwell, Ferrarini, 2006, p. 352).

The Hoover Administration attempted several policies including first reducing taxes and then, when government surpluses turned to deficits, raising them which further discouraged business growth. Also the administration and private sector believed that keeping wages high would encourage spending. Less growth meant higher unemployment and major reductions in aggregate spending (Smiley 2008). Herbert Hoover's successor, Franklin Roosevelt, initiated many policies to combat the slump; some of which were effectual and others with serious unintended negative consequences. The more successful policies included Roosevelt's 1933 bank holiday and taking America off the gold standard, which restored American confidence in a banking system that was collapsing.

Government programs—such as the Works Project Administration and the Federal Emergency Relief Act—created

temporary government jobs that increased aggregate demand and spending (Schug, et al, pp. 366-367). However, two federal programs, the Agricultural Adjustment Act (AAA) and the National Recovery Act, made the economy worse. Policymakers based both programs on the assumption that overproduction was the cause of low prices and if production was curtailed prices would rise and producers would earn more. The AAA slaughtered six million pigs and managed to salvage only a fraction of the meat, when many Americans were hungry, and paid cotton farmers to destroy a quarter of planted crops, which gave landowners but not tenants economic relief. The National Recovery Act employed the same policy with major industries as the government coordinated production. The effect of both programs was to make some agricultural products and industrial products too expensive for many Americans to buy, as well as to increase unemployment on farms and in factories (Smiley, 2008).

Even though full employment did not occur until World War II, because of Roosevelt's charisma and numerous high profile government initiatives, most ordinary Americans believed his policies were responsible for ending the depression. These policies were partially based on the ideas of economist John Maynard Keynes, who perpetuated the notion that policymakers could manipulate the economy like a machine. The basic Keynesian idea was that government should spend less in good times, building a surplus, and increase spending in bad times to prime the economic pump. For decades after the 1930s Keynesian economics, which ignored perpetual incentives for governments to always spend, was conventional wisdom. Eventually, the economic doldrums of the 1970s and early 1980s ended, for at least a large segment of the general public and policymakers, a faith in the efficacy of significant widespread government management of the economy. Certainly, the question of government's role in the economy, always an ongoing source of debate, is still relevant today.

CONCLUSION: TEACHING RESOURCES

Numerous resources are available to assist teachers in integrating economics into world and U.S. history courses. Table 11.1 offers several websites, curriculum guides, books, and audio courses developed by excellent scholars and teachers. These resources contain content and classroom activities that are particularly applicable for high school and university survey level history instructors.

Educators should think "outside the box" when considering entries included in the table. For example, teachers typically don't consider audio resources as good pedagogical tools for adolescents. However, Professor Rufus Fears, the single-most popular lecturer who works with the *Teaching Company*, clearly understands the importance of economic freedom and dynamically conveys that importance in ways that will most assuredly appeal to many young people. This is true not just in the case of the entry in Table 11.1, but applies to other series Fears has developed for the *Teaching Company*.

Chapter 1 of Gwartney, Stroup, and Lee's *Common Sense Economics* should be required reading in history, as well as economics, classes because it may very well be the single most lucid explanation of economics generalizations currently in print. It contains no supply or demand curves, mathematical formulas or tables laden with statistics yet is a quintessential primer in basic economics.

Finally, given the paucity of teaching materials on the British Industrial Revolution, that employ economic analysis, anyone who teaches world history should read Lawrence Read's essay on child labor also included in Table 11.1.

Table 11.1: Pedagogical Resources

- Education About Asia* Website. Ann Arbor MI: Association for Asian Studies
Retrieved on November 18, 2009 from <<http://www.asian-studies.org/EAA/>>.
Several economic history articles are available on the Web site of this journal for teachers.
- Columbia University. Asia for Educators Website. Retrieved on November 18, 2009 from
<<http://afe.easia.columbia.edu/>>.
Components on China and Europe, the Silk Roads, and the Song dynasty graphically demonstrate imperial China's economic freedom.
- Davis, R. 2010. *Global India Circa 100 CE: South Asia in Early World History*.
The chapter on merchants and trade illustrates the long-term power of Indian commerce.
- Fears, J.R. (2001). "Freedom in the Roman Empire." *Philosophy & Intellectual History: A History of Freedom Part I*. (audio series with study guide) Chantilly, VA: The Teaching Company.
This series, and several others by a master teaching professor, are highly recommended for students of economic freedom.
- Gordon, S. (2008). *When Asia Was the World*. Philadelphia, PA: Da Capo Press.
The author of this featured History Book Club work includes several chapters that are illustrative of Asia's economic dynamism from 500-1500 CE.
- Gwartney, J., Stroup, R.L., & Lee, D.R. (2005). *Common Sense Economics*. New York, NY: St. Martin's Press.
The best introduction to basic economics available in print.
- McCorkle, S., Meszaros, B.T., Odorzynski, S.J., Schug, M.C., Watts, M., & Horwich, G. (2002). "Lesson Four: Sparta, Athens, Cuba, and the United States: Ancient and Modern Examples of Command and Market Economies". *Focus: Economic Systems*. New York, NY: National Council on Economic Education.
This is an excellent lesson that illustrates economic incentives don't change over time.
- Public Broadcasting Company. The Roman Empire in the 1st Century.
Retrieved on November 18, 2009 from
<<http://www.pbs.org/empires/romans/educators/index.html>>.
Several video segments illustrating Rome's wealth and social system are available online.
- Reed, L. "Child Labor and the Industrial Revolution." Retrieved on December 3rd, 2009 from <<http://www.mackinac.org/3879>>
Midland MI :Mackinac Center for Public Policy.
Economic analyses of the industrial revolution suitable for classroom use appear virtually non-existent. This Lawrence Reed essay that originally appeared in *The Freeman* is an exception.
- Roberts, J.T., & Barrett, T. (2004). *The Ancient Greek World*. New York, NY: Oxford University Press.
This publication, written for 9th graders, is a good general text and resource. There are also volumes in the same series on Rome and imperial China.
- Schug, M.C., Caldwell, J., & Ferrarini, T.H. (2006). *Focus: Understanding Economics in United States History*. New York, NY: National Council on Economic Education
This comprehensive guide is an essential pedagogical tool for any U.S. History instructor.

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FPRI, 1528 Walnut Street, Suite 610, Philadelphia, PA 19102-3684

For more information, contact Alan Luxenberg at 215-732-3774, ext. 105, email fpri@fpri.org, or visit us at www.fpri.org.