



Are High School Economics Textbooks Reliable?

by Lawrence W. Reed and Burton Folsom

Summary

Many of the most popular high school economics textbooks used in Michigan classrooms contain gross errors and dangerous myths about the market economy and the role of government. Schools should adopt only those texts that teach sound economic principles.

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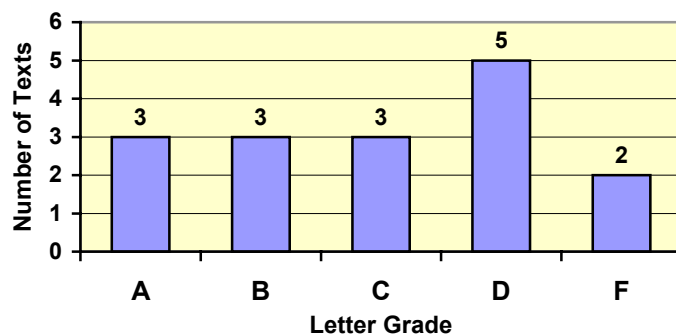
“Economic illiteracy is dangerous,” warns economist Todd Buchholz. “I can ride on a roller coaster without understanding centrifugal force. . . . Physics can protect me, whether I believe it or not. But if I ignore basic economics, I could go broke. And if a country ignores basic economics, it could go bankrupt.”

These observations about economics are profound. Nations (and individuals) can rise or fall on the basis of their knowledge of economics. When people don’t understand economics, they gullibly embrace “quick fix” promises that make problems multiply and worsen.

Ordinarily, it might make sense to recommend that Americans pick up a high school economics text and read it. Sadly, that would probably be a poor choice. The Mackinac Center for Public Policy has reviewed 16 of the top-selling high school economics textbooks used in Michigan. We found only six texts we could grade either an “A” or a “B” for their economic accuracy and freedom from bias.

Errors abound in the economics texts students are reading in Michigan. What follows is a sample of statements that do not inform students, but instead mislead them.

Grades of 16 High School Econ Textbooks



Source: Mackinac Center for Public Policy survey, 1999.

“As societies become more complex, the need for government power tends to increase.” From Sanford Gordon and Alan Stafford’s *Applying Economic Principles*, this statement is tossed out in a matter-of-fact fashion.

Have these authors studied the abysmal track record of government central planning in the 20th century? One of the key reasons for the collapse of the Soviet empire was the inability of the state to keep up with the information and innovations of competitive markets.

Leonard Read, who started the Foundation for Economic Education in the late 1940s, pointed out that the impossible task of one

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person planning the life of another is made even more complex when a handful of people in government set out to plan the lives of millions. “No mind of man,” Read noted, “nor any combination of minds can even envision, let alone intelligently control, the countless human energy exchanges in a simple society, to say nothing of a complex one.”

“Despite fears by some Americans that governmental tampering with the free enterprise system would be harmful, most government policies have met with success.” David E. O’Connor teaches this to high school students in his text, *Economics—Free Enterprise in Action*.

Government doesn’t always fail, but the track record hardly suggests that “most” of its policies have been successful. Education? Studies show the more government spends and regulates, the worse the schools become. Monetary policy? Several recessions, a Great Depression, and a currency worth a nickel of its value when the Federal Reserve System was established does not add up to success. Poverty? Recent scholarship shows that \$5 trillion in poverty spending since 1965 has only increased the problem.

“During the Industrial Revolution, ‘wages were so low that sometimes entire families had to work.’” Richard Hodgetts and Terry Smart say this in their text, *Economics*, to tell high school readers that the Industrial Revolution set society back because it made many people work for the first time.

To the contrary, evidence shows that life was far worse *before* industrialization boosted productivity and gave people longer lives, new medicines, and better diets. Children especially suffered: Large numbers of them died before the age of five and those who survived typically labored under appalling conditions and never heard the phrase, “summer vacation.”

“Under a balanced budget, the government would not be able to do things that many people think it should do, like building roads and providing for the needy.” Henry Billings, in his *Introduction to Economics*, apparently believes one of the following: a) when government spends more than it raises in taxes, we get the extra goodies for free; or b) people have to be bamboozled into supporting programs they wouldn’t knowingly want to pay for.

High school students need to learn that a balanced budget means taxpayers pay now for what they get from government now. Deficit spending simply means that today’s taxpayers get the goodies and tomorrow’s get the bills, plus a hefty interest charge.

Perhaps today’s economic texts need to come with warning labels. Certainly authors should make clearer to students what are facts and what is mere opinion. If our current crop of textbook authors could be sued for malpractice, many would need skillful attorneys to stay out of jail.

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One text tells high school readers that the Industrial Revolution set society back because it made many people work for the first time. To the contrary, evidence shows that life was far worse before industrialization boosted productivity and gave people longer lives, new medicines, and better diets.

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