

The Treatment of the Role of Government in High School Economics Textbooks

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Abstract

The content and point of view of high school economics textbooks likely influences what is taught in high school economics classes. Using a set of recently published high school economics textbooks, we examine the manner in which each text treats the role of government. We develop a rubric of eight criteria from Milton Friedman's *Capitalism and Freedom* (1962). Using these criteria, we evaluate each text on the basis of content coverage and whether a free-enterprise discussion of the topics is included. We find a considerable degree of variability in the texts' discussions of property rights and in their point of view about the role of government.

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I. Introduction

High school economics textbooks have the potential to exert a great deal of influence on what is covered in high school economics classes. Although economics is a high school graduation requirement in 15 states, and 49 states include economics in their high school content standards (NCEE, 2005), many teachers do not have a strong background in the subject area. Therefore, teachers may rely heavily on the textbook to determine the content that they will cover in the course. Further, because economics encompasses many vastly different schools of thought, the textbook author's approach to the content has the potential to exert a strong influence on both teacher

and student attitudes. With this in mind, this paper investigates how high school economics textbooks approach the role of government. We find that while the coverage of some basic ideas about the role of government is similar across textbooks, some textbooks omit discussion of critical concepts such as property rights. In addition, some textbooks take much stronger free-enterprise approaches in their discussion of basic functions of government than do others.

II. The Textbooks

To conduct our analysis, we identified all economics textbooks available for purchase by U.S. high schools in 2001.¹ We eliminated books clearly intended for colleges and universities, those published before 1996, those designed for religious or home schools, those whose primary focus was consumer education, and those that more resembled workbooks than textbooks. This left us with 11 textbooks that fall into two somewhat distinct categories. We call the first group “comprehensive” textbooks. Seven textbooks fell into this category, and they have several features in common. In particular, they were written by university professors, were designed for mainstream high school economics courses, have very similar content order, are close to the same length, sold for close to the same price, and were published by one of four major publishers of high school textbooks. The second category we term “specialty” textbooks. The three books that fall into this group were designed for use in non-mainstream classes, such as those in adult schools and continuation high schools, or special education.² The remaining textbook, *JA Economics 2000*, more resembles the first category of textbooks than the second, but is considerably shorter, has unidentified authors, and was provided free to schools that participate in the Junior Achievement program.

¹ We located textbooks at the annual meetings of the National Council for the Social Studies, through the Social Studies School Service catalogue, and through sample copies sent to Directors of Centers for Economic Education.

² The three textbooks designed for special audiences are: *Economics for Everybody*, 1999, and *Economics: Institutions and Analysis*, 1997, both written by Gerson Antell and Walter Harris and published by Amsco School Publications, and *Pacemaker Economics*, 2001, authors not identified, published by Globe Fearon, Inc. The Amsco publications were paperback and sold for \$14 and \$14.50, respectively, whereas the Globe Fearon text was hardcover and sold for \$34.95. All of these books were written at a lower level and had fewer visuals than the books in our study. *Economics for Everybody* has more of a consumer focus, as it contained 11 consumer chapters.

We limit the textbook analysis in this paper to the seven comprehensive textbooks and the Junior Achievement textbook since they were all designed for use in regular (as opposed to special) classes. Table 1 lists, alphabetically by author, these eight textbooks, their authors, publishers, and characteristics.

Table 1: High School Economics Textbooks

| <p>Common characteristics, unless otherwise noted: Price: \$51.97–\$57.99 hardbound (2001 catalogues: school price for student text) Authors: University professors with doctorates in economics Content Order of Chapters: Intro/basic, micro, macro, international Reference Materials: At end, include consumer sections, maps, data Style/Format: 499–679 pages, four color, pictures, graphs or tables on every page Publisher: One of four major high school textbook publishers</p> | | |
|---|--|---|
| Text (Publisher) | Author(s) | Comments |
| <i>Economics in Our Times</i> , 2001 (Glencoe McGraw Hill) | Arnold, Roger A. | Meets criteria outlined above. |
| <i>Economics: Principles and Practices</i> , 2001 (Glencoe McGraw-Hill) | Clayton, Gary | Meets criteria outlined above. |
| <i>Economics: Today and Tomorrow</i> , 2001 (Glencoe McGraw-Hill) | Miller, Roger LeRoy | Meets criteria outlined above except consumer chapters are at beginning. |
| <i>The Study of Economics: Principles, concepts, & Applications</i> , 2000 Dushkin-McGraw Hill | Mings, Turley and Matthew Marlin | Meets criteria outlined above except consumer chapter is near beginning, fewer visuals, and no reference section. |
| <i>Economics: Principles in Action</i> , 2001 (Prentice Hall) | O'Sullivan, Arthur and Steven Sheffrin | Meets criteria outlined above. |
| <i>Holt Economics</i> , 1999 (Holt, Reinhart, and Winston) | Pennington, Robert L. | Meets criteria outlined above. |
| <i>Southwestern Economics</i> , 1997 (Glencoe McGraw Hill) | Wilson J. Holten and J.R. Clark | Meets criteria outlined above except Holten holds a D.B.A. |
| <i>JA Economics</i> , 2000 (Junior Achievement) | Unidentified | Free to schools in JA program, 2-color, microeconomic focus, paperback, 203 pages. |

At least six prior studies have evaluated high school economics textbooks (*American Economic Review*, 1963; Townshend-Zellner and Carr, 1970; Watts, Leet, and Niss, 1986; Miller, 1988; Folsom, Leef and Mateer, 1999; and Leet and Lopus, 2003). The study by Folsom, Leef and Mateer focused on 16 high school textbooks used in Michigan between 1989 and 1997, including some designed for college classrooms. It looked for biases in textbooks along 11 dimensions, including the role of government.

Our research for this paper yielded many observations. We found that the high school textbook industry has undergone major consolidation over the past 20 years, with four main publishers emerging in the comprehensive textbook market. Most texts cover most of the *Voluntary National Content Standards in Economics* (National Council on Economic Education, 1998). However, most texts do not directly address Standard 17, government failure. As expected, the comprehensive textbooks provide more complete and in-depth content coverage than do the specialty textbooks. The comprehensive books are also more likely to cover more concepts not included in the voluntary standards, such as elasticity, absolute advantage, and diminishing marginal returns. Except for a tendency to distinguish needs from wants, we did not find glaring errors in the texts. However, when conducting an in-depth analysis of the treatment of the role of government in the comprehensive textbooks, we uncovered significant differences in related content coverage and therefore in point of view. The remainder of this paper will present and discuss these findings.

III. Analysis

We use Milton Friedman's *Capitalism and Freedom* (1962) to develop a rubric to analyze the treatment of the role of government in the eight textbooks in our analysis. Friedman identifies two principles that enable a society to benefit "from the promise of government while avoiding the threat to freedom." The first principle (p.2) is that "the scope of government must be limited. Its major function must be to protect our freedom both from the enemies outside our gates and from our fellow-citizens, to preserve law and order, to enforce contracts, to foster competitive markets. Beyond these major functions, government may enable us at times to accomplish jointly what we would find it more difficult or expensive to accomplish severally." The second principle (p.3) is that dispersed

power is preferred to centralized power. We synthesize Friedman's discussion into the following list of functions for government in a free society:

1. The government should protect the nation from coercion.
2. The government should establish a legal system to preserve law and order.
3. The government should enforce voluntary contracts and define and enforce property rights through the legal system.
4. The government should support competitive markets. Friedman says that to avoid governmental fostering of monopoly, government should enforce rules embodied in anti-trust laws. He discusses monopoly on the product as well as the input side of the market (e.g., both business monopolies as well as labor unions) and views anti-trust as applicable in both circumstances.
5. The government should conduct oversight of natural (“technical”) monopolies. Natural monopoly “may on occasion justify a *de facto* public monopoly,” but it should not be illegal for other entities to compete with it. Friedman prefers private monopolies to public monopolies or regulated monopolies when possible, but sees an occasional need for a public monopoly. He recognizes that technological change may render obsolete the economic rationale for a public monopoly.
6. The government should intervene when there are positive or negative externalities (“neighborhood effects”) and when strictly voluntary exchange is impossible. However, this should be done with a minimal distortion of market prices.
7. The government should be responsible for the monetary system and provide a monetary framework. The government should not engage in stabilization policies through fine-tuning the money supply.
8. The government should undertake very limited income re-distribution. Specifically, it should assume a paternalistic role only with respect to “madmen and children” and others clearly unable to

take care of themselves. Due to free-rider problems, voluntary charity may be inadequate, so Friedman recognizes that some segments of society may need protection and care from the state.

Table 2 presents the results for these eight functions for government for each of the eight books. For the first three items, we considered whether the texts identified the designated function as a role of government. For the next five functions, we considered both whether or not each book addressed the functions and also whether they included a free-enterprise focused discussion of the topic, along the lines of Friedman's analysis.³ When a book addressed the issue raised, we gave it a star (*). For items five through nine, if the book also included a free-enterprise discussion, we gave the book two stars (**). Thus, a total of 13 stars is possible.

IV. Results

The textbook by Roger Arnold, which earns all possible 13 stars, is clearly the standout by the criteria we have developed.⁴ Arnold focuses considerable attention on government as enforcer of contracts and the importance of property rights. He points out the distinction between excludable and non-excludable public goods. He discusses different types of monopolies and market impediments caused by monopoly (e.g., tying contracts, price discrimination, interlocking directorates). He addresses problems of regulation of monopolies (e.g., price regulation, profit regulation, capture theory, public choice theory) as well as the problems of measuring the costs and benefits of regulation and identifying unintended consequences of regulation. He also discusses the unintended consequences and possibility of government failures when government tries to correct

³ Specifically, a book earns two stars for competitive markets if it addresses the potential costs as well as benefits of anti-trust legislation. A book earns two stars for natural monopoly if it points out that what is a natural monopoly changes over time and/or discusses market solutions to regulation. It earns two stars for externalities if it discusses market-based solutions, such as defining property rights and allowing parties to engage in voluntary exchange when possible. Two stars are earned for monetary framework if the book points out that monetary stabilization is controversial, and rules may be preferred to discretion. Two stars are awarded for paternalism if the book discusses incentive problems resulting from income redistribution.

⁴ The Arnold textbook also ranked the highest in the study by Folsom, Leef and Mateer, the only other recent study that ranks textbooks.

negative externalities. He discusses the possibility of putting monetary policy on “automatic pilot” and not having the central bank “fiddle with the money supply...” Arnold does not mention income redistribution at all under the topic “The Role of Government in a Free-Enterprise Economy.” However, when discussing the differences between a free enterprise economic system and a socialist system, he says that less attention is paid to income distribution under free enterprise and that although income distribution is unequal in the United States, income mobility is considerable.

Table 2: Extent to which High School Economics Textbooks Discuss the Role of Government Using the Criteria of Milton Friedman

| Criteria | Text (Alphabetically by last name of author(s) if known) | | | | | | | |
|---|---|---------|--------|------------------|-------------------------|------------|------------------|--------------|
| | Arnold | Clayton | Miller | Mings/ Marlin | O'Sullivan/ Sheffrin | Pennington | Wilson/ Clark | Junior Ach't |
| 1. Protect the nation | * | * | * | * | * | * | * | * |
| 2. Establish legal system | * | * | * | * | * | * | * | * |
| 3. Enforce voluntary contracts and define and enforce property rights | * | | | | * | | * | * |
| 4. Support competitive markets | ** | * | * | * | * | * | * | ** |
| 5. Oversee natural monopoly | ** | * | * | * | * | * | * | ** |
| 6. Correct externalities | ** | * | * | * | * | * | * | * |
| 7. Provide monetary framework | ** | * | ** | * | ** | ** | ** | * |
| 8. Limited income re-distribution | ** | ** | ** | ** | ** | * | ** | * |
| Total: | 13 | 8 | 9 | 8 | 10 | 8 | 10 | 10 |

Among the runners-up, each earning 10 stars, Wilson and Clark have the most extensive discussion of free-enterprise approaches to the criteria in Table 2. We did not award them two stars in the “correct externalities” category because, although they mention property rights in this context, they do not suggest defining property rights as an alternative to command and control policies. Another runner-up, *JA Economics 2000*, does a nice job in general given that the book is so much shorter than the others. However, it lacks free-enterprise discussions in three areas. With respect to books earning nine stars or fewer, none of them discusses enforcing voluntary contracts and defining and enforcing property rights with respect to the role of government.⁵

V. Conclusion

In our previous research regarding the impact of the national standards on economics concepts covered in high school textbooks, we found that the decrease in the number of publishers has not lessened the quality of the textbooks. In general, the books available today do a good job of introducing the discipline. However, as we have shown in this paper, current high school textbooks treat the role of government quite differently.

Our analysis of the treatment of the role of government in the eight high school economics textbooks available for mainstream classes in 2001 concludes that *Economics in Our Times* (2001) by Roger Arnold best meets the criteria we established, following Friedman’s *Capitalism and Freedom* (1962). Because high school economics teachers may rely heavily on a textbook for economic content and point of view, we believe that analyses of this sort are potentially valuable. Clearly, high school economics textbooks could be evaluated along other dimensions from a free-enterprise perspective, and our rubric does not include some other topics related to the role of government (tariffs, taxes, and fiscal policy, to name a few). As new editions of the textbooks are introduced it will be interesting to extend this analysis along different dimensions.

⁵ If we were to index the scores such that 13 stars equals 100 percent, books earning 10 stars would score 77 percent, those earning nine stars would score 69 percent, and those earning eight stars would score 62 percent.

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