

BOOK REVIEW

ECONOMIC EPISODES IN AMERICAN HISTORY, 2ND ED.

MARK C. SCHUG, WILLIAM C. WOOD, TAWNI HUNT FERRARINI,
AND M. SCOTT NIEDERJOHN
MORRISTOWN, N.J.: WOHL PUBLISHING, 2019

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American history is one of the unfortunate casualties of the progressives' takeover of high school education and subsequent decline in student standards. Over the past several decades, by emphasizing common core requirements and tailoring learning outcomes to the least motivated students at the expense of the higher achieving students, schools teach American history less and less. Decades ago, when schools taught American history, instructors taught key individuals and the causes and consequences of major historical events, such as why the Industrial Revolution occurred and what were its effects. Granted, their pedagogy usually contained a strong left-wing bias and criticized capitalism at every step, but at least the students walked away with some understanding of

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important people and events. Since the 2010s, however, the pedagogy has increasingly focused on race and gender divisions—why the Industrial Revolution benefitted white men more than women and how the Industrial Revolution was based upon the oppression of minorities. Even worse, the anti-capitalist element is magnified, and students learn that racial and sexual discrimination resulted from America’s pro-market and individualistic ideology. The 1619 Project is a prime example. In other words, students get the progressive trifecta: they learn that history is not important, and to the extent it is important the main takeaways are that capitalism is economically exploitative and benefits only white males.

The second edition of *Economic Episodes in American History* by Mark Schug, William Wood, Tawni Hunt Ferrarini, and M. Scott Niederjohn is a welcome response to the changes in how the beleaguered subject has been taught in high schools over the past eleven years (the first edition came out in 2011). For Schug et al.’s work provides the cure for the current pedagogical dispensation: learning American history is important because it is a way students can understand what economists call the economic way of thinking, capitalism and industrial development were (and still are) responsible for an unprecedented rise in living standards, and capitalism especially improved the well-being of women and minorities. This is surely what today’s students need to learn!

The main goal of *Economic Episodes* is to use economics to “engage students in formulating economic analyses of key events from America’s past” (p. iv). It correctly emphasizes that this is something students “are not likely to discover in traditional textbooks” (p. iv). After all, most history teachers have an abysmal understanding of economics, how markets work, and how the price system operates. The authors tackle this shortcoming head on in “Chapter 1: How Can Economics Illuminate History?” by teaching the basics of scarcity, opportunity cost, voluntary trade, competition, and profit (p.1). Students learn insights that history classes normally do not teach, such as the crucial (but frequently denied) principle that “people gain when they trade voluntarily” and Adam Smith’s Invisible Hand—self interest motivates people to produce goods and services others want (p. 6).

These economic concepts are essential for any well-grounded education. But because economics is often taught in very abstract,

dry, and mathematical ways, most students fail to understand these concepts. This is where the rest of the book shines, because the remaining chapters apply these and other economic truths to explain important events in American history. In the next chapter, “Why Did the British Colonies Succeed Economically—Without Finding Gold and Silver?” students learn that it was because of “economic growth—fostered by entrepreneurship, specialization, and trade” (pp. 11, 14). The authors also include the importance of institutions that govern entrepreneurs’ private property, particularly “Britain’s informal policy of ‘salutary neglect’—that is, lax enforcement of laws for control of the colonies” (p. 17). “Chapter 15: Were the Robber Barons Robbers or Barons?” teaches that the actions of Andrew Carnegie, John D. Rockefeller, and Henry Ford increased production from economies of scale, thereby lowering prices of consumer goods, increasing real wages, and shortening the work week (p. 141). The chapter applies the Invisible Hand principle students learned about earlier, and something they should be repeatedly reminded of: consumers benefitted, even though “it may or may not have been the intention of Carnegie or Rockefeller” (p. 148). In Chapter 28, the authors delve into an important question that modern society has unfortunately forgotten: “Why Did Communism Collapse?” (p. 275). The answer, of course, involves the eternal importance of the “rules of the game” and how the encouragement and enforcement of private property allows for market economies to greatly surpass communist countries’ abilities to “answer three basic economic questions: what to produce, how to produce, and for whom to produce” (pp. 278, 281).

What makes each chapter’s communication of basic economic principles through historical illustrations so effective are the “Then & Now” sections at the end, which reinforce the material by applying it to current events with questions for students. Thus, in Chapter 2, the authors apply seventeenth and eighteenth century mercantilism to China and ask students “in what ways does China’s policy of promoting exports resemble [and is different from] old-fashioned mercantilism?” (p. 19). Chapter 15 discusses “Who are Today’s Robber Barons” and “in what ways has the work of Jeff Bezos, Bill Gates, and Mark Zuckerberg benefitted society?” (pp. 150–51). It is very important to make these connections because examples of modern capitalism and government intervention resonate with more students.

Crucially, Schug et al. provide excellent chapters that disprove the third component of the current pedagogy: the history of minorities in America is one of continual oppression and results from America's capitalistic and freedom-loving ideologies. In multiple chapters they show how minorities shared in the general improvement of living standards. In "Chapter 7: Was Slavery a Market Institution?" the authors explain that although slavery was "profitable in the period before the Civil War," it was not a market institution because "it depended on coerced, involuntary exchanges" (pp. 61, 65). "Chapter 25: Who Desegregated Major League Baseball: Adam Smith or Jackie Robinson?" may be the highlight of the textbook (p. 245). It emphasizes the role "competitive labor markets and profits play[ed] in desegregating major league baseball" and how club owners began to hire African Americans because they realized it could improve the success, and hence profitability, of their teams (p. 246). The authors finish their chapter by applying the economics of discrimination to the modern gender wage gap, arguing that the same profit motive that encouraged baseball managers to hire African Americans also encourages businesses to hire females. Current differences in pay between men and women are not due to discrimination but differences "in education, experience, and type of job" (p. 253). In "Chapter 27: What were the Origins of the African American Middle Class?" the authors explain that the literary gap between whites and African Americans declined from 1870 to 1930 and African Americans experienced a 75 percent increase in real earnings between 1940 to 1950, compared with the 37 percent increase for whites (p. 265).

I do not agree with all of the authors' historical analyses, such as their argument that the Constitution was designed to be a limited government document and contributed to the prosperity of the 1790s, that deflation hurt farmers in the late nineteenth century, that banking panics required the creation of an independent central bank, or that the collapse in the money supply caused the Great Depression. I also wanted the authors to discuss and emphasize how government regulations made slavery profitable, such as the Constitution's fugitive slave clause and taxpayer funded slave patrols in the South. Teachers interested in the correct analyses of these and other episodes will have to use additional sources.

But these criticisms cannot prevent me from valuing this work very highly. *Episodes in Economic History* is sorely needed in today's high school system and every student's education will improve if they read it.