

# Are We Teaching “The Dismal Science” Dismally?

by Jack Betts

*In an era of increasing emphasis on economic development in North Carolina, many businessmen and legislators are concerned that public school students don't know enough about the American free enterprise system. State law requires that it be taught, but is it being taught well enough?*

**O**ne day last fall, a small Charlotte company that you never heard of went out of business forever. The reason for its demise was not that it couldn't hack it in the business world. In fact, it was a success. It developed a product, found a market, met the demand at a reasonable price, filled its orders on time, kept its books in good shape, and made money.

So why did it close? Because it was supposed to. The business was an experiment in free enterprise run by a class at Myers Park High School in business-oriented Mecklenburg County, the mother church of commerce in North Carolina. Students enrolled in “Applied Economics” produced T-shirts with Class of 1987 logos, marketed them to other students after using computer software to determine market demand, and closed the books at the end of the experiment without incurring any red ink. The class was a part of the growing enrollment in economics courses in the state's largest school system and, to varying degrees, symbolic of growing interest in economic education across the state and the nation.

By all accounts, that particular class was a resounding success. It gives hope to those who believe economic literacy among high school students is as important as basic skills in reading, writing, and arithmetic. But almost everyone concedes that success stories in classroom economic education are comparatively rare, and that economic ignorance prevails among public school students from Rodanthe in the East to Ranger in the West.

One of the prime critics is John Redmond, executive director of the business-financed N.C. Council on Economic Education at the University of North Carolina at Greensboro. Redmond is blunt about it: “At the national level, we are a nation of economic imbeciles...because by and large, our public school students are taught little or no economics. We have raised generations of economic illiterates.”

Redmond's view is shared by many. One of them is state Sen. Harold Hardison (D-Lenoir), who

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for years has pressed the state Department of Public Instruction to offer more economics courses. A Deep Run tire dealer who aspires to be lieutenant governor, Hardison observes, "It disturbs me that we are bringing up a generation of illiterates when it comes to economics. I see it in my business, and other businessmen do, too. That's what frightens me. When we hire someone in our business, we look for someone who can read and write. We take them today in the full knowledge that we are going to have to teach them what business is all about. They just don't have any knowledge of business when they come to us."

That's the same view taken by former U.S. Secretary of Education Terrel H. Bell, who points to a national failure in the classroom to prepare students for basic skills in economics. "Most modern civics courses do an adequate job of teaching about the structure of government," says Bell, "but the importance of our economic system and our social institutions receive too little attention in the classroom."<sup>1</sup>

## The Legislative Controversy

The sentiments of these critics may come as unsettling news to those who were under the impression that public schools are — and have been — teaching economics routinely as part of the required curriculum for years. But the fact is that economic education, and more particularly free enterprise education, is a relatively new development in the curriculum of the vast majority of North Carolina high school students. Barely a generation ago, there was no statewide requirement for teaching economics. Most high school seniors went off to college or into the work force without even a rudimentary understanding of the basics of free enterprise, let alone the intricacies of how to make a product, how to sell it, how to keep corporate books, how to meet a payroll, how many government regulations there are to master, how to maintain an inventory, or how to establish a price or a wage.

Legislators, many of them businessmen them-

selves, were acutely aware of the lack of economics education in the schools, and began pressing for an economics curriculum in the late 1960s. In 1969, the N.C. General Assembly called for a study of the need for a curriculum in "the Free Enterprise System and Economics," and for recommendations in how to

train teachers to teach such courses.<sup>2</sup> The subsequent study, written primarily by Dr. David Lapkin, a UNC-Chapel Hill economics professor, found that there was a critical need for economics education in the public schools. Lapkin recommended that social studies teachers receive in-service training — short courses in economics while on the payroll — to bolster their own understanding of free enterprise and economics.<sup>3</sup>

The next session, the General Assembly approved legislation giving the State Board of Education the authority to provide

for in-service training of teachers in economics, but no additional money was appropriated to finance that training, and little was done.<sup>4</sup> The state education budget approved in 1971 did have some funds for in-service training, but without legislation specifically earmarking the money for economics education, the impact of the bill was negligible.

After four years, impatient pro-business legislators were angry with the Department of Public Instruction for its lack of interest in free enterprise education. Sponsors of earlier legislation directing the study and recommending in-service training in economics felt they had given the education establishment long enough. If the State Board of Education wasn't willing to tackle economics, the legislators would force their hand.

A bill mandating the teaching of the free enterprise system touched off a heated policy debate centering on whether the legislature should dictate the curriculum for public school students. Pro-business legislators argued that students weren't being taught the basics of an economic system that had made America prosperous, and that only by requiring economics instruction could a new generation of entrepreneurs be educated. Opponents of the bill argued that such decisions must be left to profes-

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sional educators, who had the expertise and the knowledge to determine what students should be taught. Part of the debate centered on whether the teaching should focus on economics generally or the American economic system. Some lawmakers and educators pointed out that a course in comparative economics, studying how different systems worked worldwide, would be helpful to students, while others argued that it was the capitalistic system as practiced in this country that was most critical to a student's future. Understanding such basic principles as supply and demand was far more practical, they contended, than learning about socialism or communism or some other brand of "ism."

After a protracted and sometimes bitter debate, the General Assembly adopted a bill requiring that "the free enterprise system at the high school level, its history, theory, foundation, and the manner in which it is actually practiced," be taught in the public schools.<sup>5</sup> (Of course, the legislators did not mean that "free enterprise at the high school level" should be taught; they meant that "free enterprise" should be taught "at the high school level." Such careless bill drafting may serve as its own commentary on the

relative familiarity of legislators with the English language. For more, see page 73).

The Department of Public Instruction got the message. In 1976, the State Board of Education reached agreement with the N.C. Council on Economic Education on a program called the Developmental Economic Education Program, or DEEP. The department agreed to seek funds for in-service training, and the money would go to local school systems to reimburse them for substitute teachers while classroom teachers took time off to attend economics training sessions sponsored by the Council on Economic Education. In 1977, the legislature began appropriating money to finance in-service training of social studies teachers in economics.

### Where'd The Money Go?

**F**rom 1977-1978, a \$25,000 appropriation was provided for each year exclusively for economics. In 1979, another \$100,000 was appropriated, but it was to be divided between economics and citizenship education. In 1980, the legislature sought to expand the economic education program with a



*Judy Morganhall, Charlotte-Mecklenburg Schools*

East Mecklenburg High School seniors Kim Crawford and Rac Cramer use computer software in their Applied Economics course, developed by Junior Achievement.

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\$500,000 appropriation, part of which went to employ six "economic education coordinators" in the Department of Public Instruction's Regional Education Centers. Later, the titles of these coordinators were changed to "social studies coordinators," a switch which sticks in the craws of businessmen who feel that represented a reduced commitment to economics education.

From 1978 to 1984, the Council on Economic Education was able to provide in-service training to several thousand teachers at one of the Council's 10 Centers for Economic Education, located on the campuses of colleges and universities throughout the state. The program trained nearly 1,100 teachers in 1978, and by 1981, when the legislature had expanded the program, the centers trained nearly 4,500 teachers in economic education, while the Department of Public Instruction (DPI) trained another 1,000. In 1982, legislative cutbacks in the program pared down appropriations for in-service training to about \$150,000, and the number of participants declined to about 4,500, including 3,500 trained by the Council and 1,000 by DPI. By 1984, the number of participants trained by the Council and the DPI was down to about 2,000, and in both 1985 and 1986, fewer than 1,000, the smallest numbers since the training program began, as state funds dwindled.

By then, the in-service training budget for economics teaching was lumped with the Department of Public Instruction's general budget for in-service training, and that account was used to fund in-service training in other subjects which the department was getting increased pressure to emphasize. The list

includes math, science, languages, drug education, and history.

The effect was dramatic. The money for in-service economics training dwindled, and Redmond, of the N.C. Council on Economic Education, was well aware of what was happening. Education, he notes, is a field where there are enormous pressures from competing interest groups. "The schools are under so many mandates and must deal with so many different kinds of interest groups that what they do is nod their heads, put the subject into the Basic Education Plan, and nothing really gets done. . . . The effect is literally zero."

John D. Ellington, director of the Division of Social Studies for the Department of Public Instruction, admits that the pressures from competing groups have affected economic instruction funding. "There are a hundred different interests that want to come in and have us teach something," explains Ellington. "I'm not saying they aren't legitimate. They are. But the State Board of Education believes its job is to determine the curriculum, and whenever you mandate a course legislatively, that reduces the number of electives a student can take."

Should North Carolina mandate such courses? The critics are specific on this point. "Of course we should not be legislating curriculum," says Howard Maniloff, former deputy superintendent of public instruction and now superintendent of Vance County Schools. "On the other hand, we should be teaching economics in our schools. But the State Board of Education should be establishing curriculum, not the General Assembly."

The N.C. General Assembly has often taken the opportunity to meddle in this area of education policymaking. The legislature has ordered taught just about every subject that should be taught in a school anyway. This statutory list includes: arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies, vocational education, citizenship in the U.S., N.C. government, U.S. government, fire prevention, the free enterprise system, and the dangers of drugs and alcohol. Oh yes — and driver training. Very little is left out, except sex and AIDS education — and hazards of tobacco. Sen. R.P. Thomas (D-Henderson) proposed adding that to the list in 1987, but his suggestion went up in smoke.

As for the money for in-service training, Ellington is candid: "We had that money for two or three years and then they [school officials seeking more in-service training for such subjects as history, for

instance] came back and said, "We need to do something in other subject areas, too." With a finite number of dollars and a seemingly infinite number of subjects in which teachers must be trained, the in-service training budget is simply not large enough. Efforts to reinstitute specific funding for economics training in the 1985 General Assembly failed, and the prospects in 1987 are not good, says Senator Hardison. "The reason we haven't continued funding this kind of program is that it's just not as politically popular as some other things," says Hardison. Legislation before the 1987 legislature to provide \$265,000 for in-service training in free enterprise was not approved.<sup>6</sup>

When the Basic Education Plan (requiring a core curriculum for all school systems and helping poor school districts to offer courses only their urban counterparts could offer previously) was adopted by the General Assembly in 1985, economic education remained in the state's curriculum.<sup>7</sup> The Teacher Handbook in Social Studies continues to emphasize economic education and guides teachers in how it can be taught at all grade levels.<sup>8</sup> That guidebook sets certain levels of achievement — "competencies" in education jargon — that students must meet.

Mandating curriculum may not be the best education policy, but it certainly is widespread. According to the National Council of the Social Studies and the Joint Council on Economic Education, 27 states require some form of economics instruction, and 15 of them go further than North Carolina law and require a separate course in economics.<sup>9</sup> North Carolina's law requires only that the free enterprise system be taught in its schools, but not necessarily in a separate course. That rankles pro-business critics of state education policy, who believe that economics gets short shrift in the classroom.

### Economic Hodgepodge

Under current state policy, the economics instruction that most high school students receive comes in a ninth grade class called "Economic, Legal and Political Systems," known as ELP for short. In essence it is a civics course, generally popular with students because of its strong link to current affairs and government process. But even most teachers and administrators admit that students receive a lot of L and P instruction but relatively little E.

"ELP is a hodgepodge of things now," says Ellington. "Most of our school systems are making good efforts to include economics in the classroom.

But there's not enough yet." School officials around the state agree. David Wyatt, principal of Madison High School in western North Carolina, notes that in his district it's a struggle to provide anything beyond the basic curriculum. "We're really not doing a whole lot in economics beyond what the state requires. And I really do not think that is enough."

Vann Langston, former principal of Millbrook High School in Wake County (one of the state's largest, with an extensive offering of courses) says much the same thing. "Maybe we are not doing everything we ought to in economics instruction," says Langston, now assistant superintendent for secondary programs in Wake County schools. "But on the other hand, we are making an effort to do more. North Carolina may not be doing enough, but nationally most school systems are not doing enough, either."

Part of the problem is that North Carolina's method of school financing has meant that the bigger schools in urban counties can offer far more courses than the smaller schools in rural districts, which do not have the property tax base to support a broad selection of electives. Nor do they have the number of students to fill a wider range of courses. The Basic Education Program was designed to ensure that each school district will offer a minimum number of electives, but disparities will remain. For instance, Wyatt's Madison High School cannot come close to matching Wake County's Millbrook High in the number of courses it offers. As *North Carolina Insight* reported in 1984, per-pupil spending on education in the state's 142 school systems (140 now) can vary by as much as 60 percent — with rich urban counties spending far more than rural counties.<sup>10</sup>

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Redmond believes North Carolina's high school students, despite the recent emphasis on economics education and teacher training, are trailing far behind other students nationally. In May 1986, Redmond's group released the results of a standardized test in economics education, which was administered to 1,800 Tar Heel high school seniors. The results, says Redmond, were depressing. North Carolina students scored well below the national average in their knowledge of economics and the free enterprise system, and well below even other students in the South.<sup>11</sup>

Redmond's group also administered a survey of the students' responses to a set of statements about the economic system. North Carolina students' mean score on the objective test was 17.97; the average in the South was 19.59; nationally, it was 24.22. On the survey portion, they found that students had positive responses about the free enterprise system, but were pessimistic about their futures and about economic opportunities.

"The conclusion we draw from this study is that our young people are graduating without sufficient preparation in an area which is vital to them" says Redmond. "Without some basic knowledge of eco-

nomics, these young people will be much less able to manage their financial affairs or their careers, and of equal importance, they will be limited in their ability to become informed voters and effective citizens."

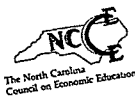
### Are Teachers Qualified?

Redmond blames this ignorance of economics partly on classroom teachers, who he says are not qualified to teach the free enterprise system. "Of the 57,000 teachers out there, few have an economics degree and only a handful of them is qualified to teach even a semester of economics. Schools are faced with having to teach something they are not qualified to do. Most of these teachers, if they were inclined to economics, would not have gone into teaching. As a result, what is being taught is only what teachers are prepared to teach." Though more than 10,000 teachers have received in-service training in economics, many of those teachers have left the classroom, while others need more training.

That's a problem, concede most administrators. "Teachers feel less comfortable statewide with teaching economics, compared with other social studies subjects," says Betty Jo Johnson, coordinator of social studies for the Wake County schools.

## Partners for Economics Teachers

A program to help schools prepare young people for the future.



THE  
**BASIC EDUCATION PROGRAM**  
 FOR NORTH CAROLINA'S PUBLIC SCHOOLS  
 REVISED JANUARY 1986

NORTH CAROLINA STATE BOARD OF EDUCATION  
 RALEIGH, NORTH CAROLINA  
 Originally Proposed to  
 The North Carolina General Assembly  
 October 15, 1984

"Typically, not many teachers come to the high school level with a degree in economics. Most of us only had one or two economics courses in college. That may reflect a lack of interest in economics. So we do find that is the area we have to work on the most in in-service training."

Adds Ellington of the state education department, "Most teachers aren't comfortable teaching economics, and I think part of that is the fault of the economists themselves. Some of them try to make economics frightening. But most of the economics that our teachers need to know are really very basic, simple concepts."

One of the difficulties in teaching those concepts, though, is that not only are teachers not well prepared, there aren't comprehensive materials in texts that North Carolina schools use, either, says Ellington. "There are some good texts out there, but whether they are readily available to most teachers is another question," he says. In the ELP course, for instance, "The economics part is just not as readily available and a lot of teachers are just not well prepared for it, so they teach more legal and political systems than they do economics. I'd probably do the same thing myself."

### What Works?

Despite the dearth of trained economics teachers, the lack of state funding for in-service training of teachers, and the absence of readable, comprehensive textbooks, educators believe that North Carolina's schools are making progress in teaching economics — and that they are teaching economics at least as well as they are teaching other traditional subjects such as math, science, English, or history.

For instance, the education department's Ellington points out that thousands of students each year take a one-semester senior class elective course



Someone's search for excellence these days, where do kids belong? Kids with dreams who need direction. They want to run your company some day, but first they need the facts of life, business life. American ideas got back on track, in vogue. Somewhere, American ideas got back on track, in vogue. Kids today yearn to turn their drive and brains into personal success, but how are they to know, who's going to tell them? We in Junior Achievement recognize that in a competitive global economy American kids have to start young to gain that critical edge. Since its founding in 1919, Junior Achievement has brought the business and education worlds closer together.

**JA** Benefits

- ▲ broad range of employee development
- ▲ practical entrepreneurial business experience
- ▲ teen fairs, conferences, competitions, fun
- ▲ adult and teen sharing and networking

**EA** Benefits

- ▲ raises economic literacy of future consumers, voters, employees, employers
- ▲ partnership that builds economic education guidelines
- ▲ training and support
- ▲ advanced computer software and exceptional text and materials

**BB** Benefits

- ▲ partnership that assists schools in fulfilling economic education guidelines
- ▲ potential to reach tens of thousands of youngsters
- ▲ early awareness, nurtured by the JA dynamic produces a value-added result

**PB** Benefits

- ▲ partnership that fulfills economic education guidelines
- ▲ cost effective
- ▲ fun, flexible, creative
- ▲ training, original "user friendly" materials
- ▲ early career exploration



**Business Basics** introduces youngsters in 5th-5th grade to the fundamentals of Organization, Management, Product and Marketing through a lively mix of role plays, discussions and activities. Consultants, in partnership with classroom teachers, draw upon their own experiences and special training to act as role models. The colorful course materials and the teacher follow-up activities build upon this unique approach. Starting early, youngsters grow up familiar with American business reality...what makes it run...what brings it to a halt.

**BB** Benefits

- ▲ partnership that assists schools in fulfilling economic education guidelines
- ▲ potential to reach tens of thousands of youngsters
- ▲ early awareness, nurtured by the JA dynamic produces a value-added result

**Project Business** is a flexible, economic awareness program that supplements an 8th-8th grade social studies class. Business consultants showcase themselves and their businesses through the use of carefully planned materials. It's the fun way to clarify economics.

**PB** Benefits

- ▲ partnership that fulfills economic education guidelines
- ▲ cost effective
- ▲ fun, flexible, creative
- ▲ training, original "user friendly" materials
- ▲ early career exploration

**Applied Economics** is the high-tech, high-touch way of teaching the "darnal science." High school students in decades interact in the marketplace and then finally how their experience clarifies theory and then finally combines the best of economics with practicality. Applied Economics students outperform students from regular economic courses. Again, the dynamic partnership of business executive and classroom teachers, with text, course guide, computer software and staff support makes this course a high demand nationwide.

**AE** Benefits

- ▲ raises economic literacy of future consumers, voters, employees, employers
- ▲ partnership that builds economic education guidelines
- ▲ training and support
- ▲ advanced computer software and exceptional text and materials

Join the thousands of executives and educators nationwide who together wake kids up to their dreams. Investing in you.

## We Wake Up Kids to Dreams

Junior Achievement

in economics. Although there are no certain figures on enrollment, Ellington estimates that as many as 10,000 seniors — out of a statewide enrollment of about 69,000 seniors — take the economics elective course. (The department's class year enrollment figures, taken once a year in the fall, show 6,700 students enrolled; Ellington says a conservative estimate of half that many probably are taking the same course in the spring semester, producing his estimate of 10,000 students).

Thousands more are enrolled in a marketing course derived from the old Distributive Education courses and in other business courses in the vocational education curriculum. A growing number of students are enrolled in economics classes adopted in various school systems across the state. Those courses often involve substantial help from the local business community, Ellington says.

One economics course in Mecklenburg County has been so successful that the school system will require it for graduation beginning with the class of 1988 — which means about 4,500 students each year will be taking the course. The course there was de-

veloped by Junior Achievement Inc., a national business-backed organization that has helped students learn about free enterprise in after-school programs since 1919.

In 1979, the Kellogg Foundation gave Junior Achievement a grant to develop a course that could be put into the classroom. That course, which would be taught by a social studies teacher with the regular help of a local volunteer businessman, would combine classroom theory, computer programming, and the actual experience of running a small business for a short time. The program began with a junior high school course called "Project Business," used in a number of North Carolina's junior high and middle schools. From that course grew a more ambitious one for the high school level.

Called "Applied Economics," the new course was an immediate hit with high school students. Various classes have learned about business and economics by operating companies producing auto safety lights, T-shirts (as did the class at Myers Park last year), Christmas candy packages, and the like.

"Applied Economics" is a very popular course," notes Evelyn Gerdes, social studies specialist for Charlotte-Mecklenburg schools. "The kids get very involved, and they like it because they get very involved in the mainstream of economics, working with profit and loss statements and the like." Johnson says school systems in Asheville, Buncombe County, Henderson County, Haywood County, Greensboro, Guilford County, and Forsyth County have adopted the "Applied Economics" course as part of their regular offerings. But not every system will get that sort of assistance from business groups like Junior Achievement. The bigger districts will, but will rural counties like Bertie in the East or Swain in the West?

Other economics education programs offered by business groups in cooperation with chambers of commerce are available to public schools, and many local systems are considering their adoption, educators say. Business interest in stimulating more economic instruction continues, says Ellington, though it is not quite as strong as it used to be.

"We still hear about it a lot from some legislators and from some businessmen," says Ellington. "It reached a peak a few years ago, but since then, I think they have realized that there are other subjects that need an emphasis, too. The way to sell economics education is not by legislating it, or by having the Chamber of Commerce demand it. You have to convince teachers and superintendents that it is important. Most of the business community has

been highly supportive of the schools, but we cannot expect it to take the place of teachers. For the long haul, it will have to be the teacher in the classroom who can teach economics." □ □

## FOOTNOTES

<sup>1</sup>Bell quoted in Robert Rothman, "Economic Literacy: School Reform, Business Concerns Seen Boosting Trend Toward Required Coursework in Economics," *Education Week*, Vol. VI, No. 27, April 1, 1987, pp. 1 and 56.

<sup>2</sup>Chapter 1230 of the 1969 Session Laws (Regular Session, 1969).

<sup>3</sup>Dr. David Lapkin, *The Feasibility of Teaching Economics in the Public Schools of North Carolina*, Department of Public Instruction, Dec. 11, 1970.

<sup>4</sup>Chapter 974 (SB 745) of the 1971 Session Laws (Regular Session, 1971).

<sup>5</sup>Chapter 65 (SB 126) of the 1975 Session Laws (Regular Session, 1975), now codified more grammatically as G.S. 115C-81(b).

<sup>6</sup>SB 890, 1987 General Assembly, referred to Committee on Appropriations.

<sup>7</sup>*The Basic Education Program For North Carolina's Public Schools*, Revised January 1986, N.C. State Board of Education, pp. 22-23. See also N.C.G.S. 115C-81, "Basic Education Program," adopted as Chapter 479 of the 1985 Session Laws (Regular Session, 1985), Sections 55(c)(1) and 55 (c)(2).

<sup>8</sup>*Teacher Handbook*, Social Studies K-12, Division of Social Studies, Instructional Services, N.C. Department of Public Instruction, 1985, pp. 477-544.

<sup>9</sup>Rothman, p. 56.

<sup>10</sup>Lanier Fonvielle, "Disparity in Public School Financing," *North Carolina Insight*, Vol. 7, No. 1, June 1984, pp. 30-37. See also Bill Finger, "Disparity in Public School Financing — An Update," *North Carolina Insight*, Vol. 7, No. 4, April 1985, pp. 44-49.

<sup>11</sup>"North Carolina High School Seniors Show Poor Knowledge of Basic Economics," Summary Report issued by the N.C. Council on Economic Education, May 1986, pp. 1-2.

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— N.C.G.S 115C-81

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