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CRITICAL THEORIES

VS

HUMAN FLOURISHING

Alternative Social-Studies Curricula
for Teachers and School Districts

Introduction & Background



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Teacher training programs in schools of education frequently introduce their students to racially-based critical theories. Curricula like *The New York Times'* 1619 Project and Howard Zinn's *A People's History of the United States* have been widely adopted in schools across the country. Even under superficial examination, however, such curricula reveal major gaps and inaccuracies.

In this paper we offer a number of ideas for school districts interested in a more hopeful social-studies curriculum, one which emphasizes free markets, free people, free enterprise, capitalism, and human flourishing. This paper is broken down into three sections: it begins with definitions and background, then we discuss "Flawed Curriculum and Textbooks" and then concludes with our longest section entitled "Hopeful Lessons for Social Studies Instruction." At the end we include an extensive list of curricular resources that teachers might use in conjunction with these ideas.



Critical Race Theory: Definitions and Background

Critical Race Theory (CRT) originated in the academic and legal world beginning in the 1970s. Its central tenet proclaims that “race is a social construct that was created to maintain white privilege and white supremacy” (Pluckrose and Lindsay, 2020). Today, social justice thinkers combine the frameworks of Marxian economics and postmodern deconstruction philosophy to support CRT. Frequently CRT-based ideas are cast in mild and innocuous language, allowing proponents to accuse opponents of overreacting. However, in its original form, CRT is intense. The theory’s name comes from Karl Marx’s demand that everything be “ruthlessly” criticized.

A number of distinctive terms are used in CRT and the social justice movement, as applied to education:

Antiracist

The work of Ibram Kendi (2019) maintains that it is illegitimate to claim to be “not racist.” One is either a racist or actively working against racism (antiracist). Racism in this context is defined as “a marriage of racist policies and racist ideas that produces and normalizes racial inequities.” Building upon this definition, social justice thinkers promote socialism-oriented public policies as the antidote for an inherently unfair American culture.

Equity and Equality:

Equality of opportunity is the universally accepted ideal that all ought to be provided the same chance to achieve success. Under the traditional viewpoint, success is dependent upon individual gifts and effort. Equality of outcomes, however, is a requirement that regardless of individual effort or gifts, outcomes must be the same for all individuals. To many social justice advocates,

equality of opportunity is not desirable, as it accommodates inequality of outcomes. Under this view, what’s called “equal opportunity” actually favors those with an inherent social advantage.

Woke

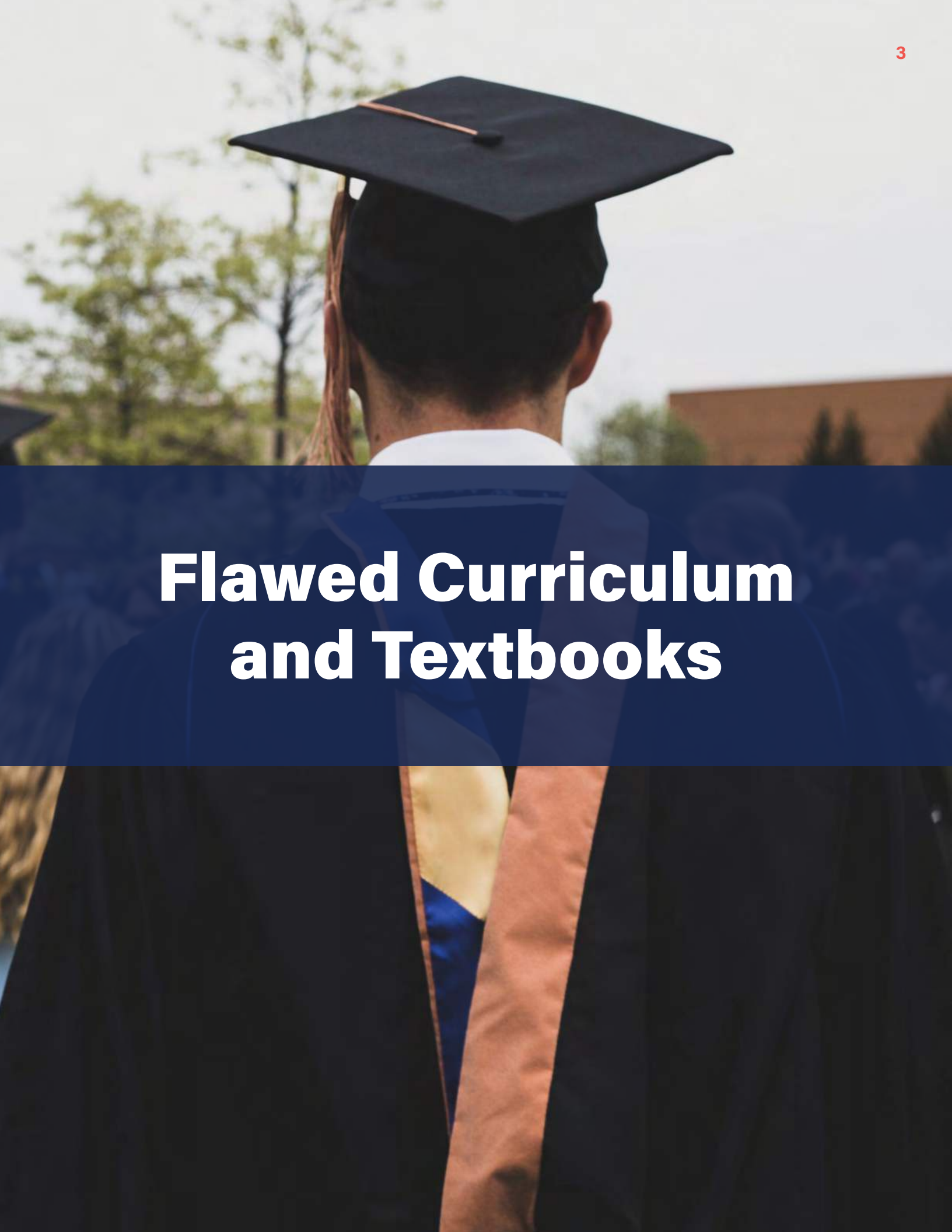
While traditionally this is simply the past tense form of the verb “to wake,” as currently used, “woke” is a cultural and political term referring to awareness of issues concerning social and racial justice. To be woke is to awaken from a sleep of ignorance to a full consciousness of pervasive injustice.

Social Justice

The classical definition of justice concerns what an individual is due based upon natural or divine rights. *Social* justice has come to mean equality of outcome, achieved by whatever means are necessary, for all of society (hence the “social” part). In particular, social justice implies that traditional virtues and faith-based values are inferior to ideals such as social progressivism, cultural inclusivity, transgenderism, feminism, and multiculturalism.

Systemic Racism

This theory teaches that existing social structures oppress minorities. Traditionally, racism referred to the belief that certain groups of humans possess different traits corresponding to physical appearance and should be distinguished based on the alleged superiority of one race over another. By contrast, systemic racism is said to be so deeply incorporated into social structures that it can operate without conscious racism on the part of the privileged. Thus, one can be part of a systemically racist society without knowingly engaging in any racist behavior.

A photograph of a graduate from behind, wearing a black mortarboard cap with a gold tassel and a black gown with a blue stole and an orange sash. The graduate is looking out over a campus with green trees and a brick building in the background. A dark blue semi-transparent banner is overlaid across the middle of the image, containing the title text.

Flawed Curriculum and Textbooks

Social scientists spend their careers looking at multiple attributes of people to explore their diversity in depth. From this perspective, CRT is simply bad social science, throwing away multiple individual characteristics to rely on race alone. If society is systemically racist, there is little point in exploring institutions that promote human flourishing and commerce, as only race will matter in the end.

In curricula where CRT and social justice dominate, high-school students may never encounter the alternatives to these ideas, such as the benefits of free markets and individual liberty. Instead, they are frequently overwhelmed by antimarket curricular material and textbooks accompanied by teachers who are poorly informed on economics generally. A 2019 Gallup Poll found that capitalism and socialism are equally popular among young adults (Saad, 2021) for the first time since the poll began in 2010. Since 2010, the positive ratings of socialism have hovered near 50%. In this setting all too many students are not seeing alternatives to an unqualified narrative on the evils of capitalism and free markets.

Almost certainly the curricular materials school districts choose in the teaching of social studies and other areas have an impact. A report by the Wisconsin Institute for Law & Liberty (WILL) found that the vast majority of Wisconsin's teacher-training programs at public universities include instruction in identity-based theories and ideas. Unfortunately, curricula that are biased, inaccurate, and cynical are pervasive in the social studies classroom, both in Wisconsin and in other states.

As an example, in August of 2019, *The New York Times* magazine published a special issue announcing "The 1619 Project." In the online announcement, the *Times*' editor in chief proclaimed the purpose of the project as follows:

"The 1619 Project is a major initiative from The New York Times observing the 400th anniversary of the beginning of American slavery. It aims to reframe the country's history, understanding 1619 as our true founding, and placing the consequences of slavery and the contributions of black Americans at the very center of our national narrative." (Silverstein, 2019)

As Peter Wood points out in his book responding to this project (2020), this is an unusually ambitious goal for a magazine, typically left to historians and scholars of the field. In fact, well-known historians of diverse political views have written letters and articles pointing out numerous factual errors in this project.* In response to reviews from these historians and many others, the *Times* quietly removed the reference to the "true founding" in its online announcement. Under the pressure of open criticism, the *Times*' editors issued corrections to other essays in the project, even while accepting a Pulitzer Prize for their work.

The lead essay in the project is titled "Our Founding Ideals of Liberty and Equality Were False When They Were Written. Black Americans Fought to Make Them True. Without This Struggle, America Would Have No Democracy

* <https://www.nytimes.com/2019/12/20/magazine/we-respond-to-the-historians-who-critiqued-the-1619-project.html>

at All.” This essay by Nikole Hannah-Jones asserts that the Revolutionary War was fought primarily to protect slavery. Under criticism from historians on both the right and the left, the *Times* issued what it called a small clarification, saying that “some of” the colonists fought the American Revolution to defend slavery. Even after this correction, historians nearly unanimously reject the contention that slavery was a primary motivator for the Revolution. Even a basic examination of writings from the leaders of this time makes such an assertion difficult to maintain:

“*There is not a man living who wishes more sincerely than I do, to see a plan adopted for the abolition of [slavery].*”
— George Washington, *Letter to Morris*, 1786

“*...[E]very measure of prudence, therefore, ought to be assumed for the eventual total extirpation of slavery from the United States I have, through my whole life, held the practice of slavery in abhorrence*”
— John Adams, *Letter to Evans*, 1819

“*Slavery is ... an atrocious debasement of human nature.*”
— Benjamin Franklin, *an Address to the Public from the Pennsylvania Society for Promoting the Abolition of Slavery*, 1789

“*The laws of certain states ... give an ownership in the service of negroes as personal property But being men, by the laws of God and nature, they were*

capable of acquiring liberty—and when the captor in war ... thought fit to give them liberty, the gift was not only valid, but irrevocable.”

— Alexander Hamilton, *Philo Camillus No. 2*, 1795

“*Every master of slaves is born a petty tyrant. They bring the judgment of heaven on a Country. As nations [cannot] be rewarded or punished in the next world, they must be in this. By an inevitable chain of causes & effects providence punishes national sins, by national calamities.*”

— George Mason, *James Madison’s Notes on the Federal Convention*, 1787

Matthew Desmond’s contribution to the 1619 Project, “In Order to Understand the Brutality of American Capitalism, You Have to Start on the Plantation,” asserts that plantation slavery was a model for a capitalist economy. In this second essay in the project, Desmond cites plantation bookkeeping and concentrations of Southern capital as proof that American capitalism had its origins in slavery. Even a rudimentary understanding of economics makes clear that capitalism is built upon voluntary exchange and cooperation—exactly the opposite of the coercion and oppression inherent in slavery.

Nonetheless, The Pulitzer Center on Crisis Reporting, a Washington, D.C.-based nonprofit not affiliated with the prize of the same name, released lesson plans and reading guides aimed at bringing “The 1619 Project” into American classrooms.* The center updates and adds to these materials regularly. The Pulitzer Center’s

* <https://1619education.org/>

2021 annual report claims that more than 4,500 teachers reported using the materials since the project's launch.*

Along the same lines, a textbook used in many schools is Howard Zinn's *A People's History of the United States* (2003). (We'll refer to it as *A People's History*.) Zinn's work has been criticized for its inaccuracies and selectivity of facts, and yet the book has sold over 2.6 million copies. "The 1619 Project" is small potatoes in comparison. *A People's History* is used as a textbook in many high schools and appears on the reading lists of numerous college courses. Zinn's book is considered influential in the move to reverse the celebration of Columbus Day to a day of mourning.†

Since 2008, Zinn's openly Marxist approach has grown with the addition of the Zinn Education Project (ZEP) (<https://www.zinnedproject.org>). ZEP has partnered with Rethinking Schools, a leftist social justice organization that began in Milwaukee in 1986, and Teaching for Change. ZEP provides lesson plans, newsletters, conferences, and other activities to support the "people's history" approach inspired by Zinn. The website reports that over 123,000 teachers are signed up for its materials, and claims that it has reached millions of students. To place this in context, the National Council for the Social Studies, the largest organization of social studies teachers, claims to have a membership of about 10,000 teachers. Although Zinn died in 2010, his book continues to sell very well.

Here is a quote posted on the Zinn Education Project website from Corey Winchester, a teacher of high school history in Evanston, Illinois:

"I've used the Zinn Education Project's materials since my first-year teaching.

Nine years later, my students can speak to the power of deconstructing the narratives of Christopher Columbus and Abraham Lincoln's efforts that have replicated white supremacy and marginalization of people of color in historical discourse.

For many of them, it is empowering to learn from multiple perspectives and invigorates desire to learn and disrupt the status quo."

The popularity of *A People's History* might, at least partially, be the result of weak competition provided by traditional history textbooks. Books with a clear voice are exceedingly rare. Story telling is a tradition that has all but disappeared. Even worse, the visual design of history textbooks has become a confusing jumble of call outs, charts, images, and all sorts of other interruptions. Even if there were an engaging story being told, readers would find it difficult to follow. As we will see, Zinn is guilty of many sins, but failing to tell a good story is not among them. His book has a clear voice and is highly engaging.

Let's examine some recent criticisms of Zinn's *A People's History*. A critique written by Sam

* <https://reports.pulitzercenter.org/pulitzer-center-2020-annual-report/index.html>

† Graber, Mary. *Debunking Howard Zinn: Exposing Fake History that Turned a Generation against America*. Washington D.C.: Regnery History 2019.



Franklin Delano Roosevelt

Wineberg, the Margaret Jacks Professor of Education at Stanford University and Director of the Stanford History Group, appeared as an article in *American Educator* in the winter of 2012-2013. Wineberg explains that *A People's History* is in some ways similar to traditional history textbooks. Like traditional texts, it relies heavily on secondary sources. It reports no original research. There are no footnotes. When primary sources are mentioned, they are used "to prop up the main text but never provide an alternative view or open a new field of vision."

A People's History includes 25 chapters spanning 729 pages. Wineberg focused his attention on Chapter 16, "A People's War?" This chapter extends from the mid-1930s to the Cold War. If you were hoping to read in Zinn's book about the contributions of the "Greatest Generation" and the leadership of Franklin Delano Roosevelt

and Winston Churchill over fascism, you will be disappointed.

Wineberg finds four major flaws with Zinn's Chapter-16 narrative.

- 1. Overreliance on slim anecdotes as evidence**
- 2. Posing questions asking for either/or answers without the nuances required to understand why people made the choices in the past that they did**
- 3. Presentation of misleading timelines**
- 4. Stating outcomes with a certainty few historians would endorse**

ANECDOTES

Wineberg points to Zinn's claim that the attitude of African Americans toward World War II was one of widespread indifference, even hostility. In Zinn's view, this was no "people's war." Fighting against fascism, he claimed, was not important to African Americans at the time. Zinn made this assertion based on three pieces of evidence: a quote from an African American journalist, a quote from an angry college student, and a poem called the "Draftee's Prayer."

But there are contrary anecdotes that Zinn did not mention. Wineberg explains that in the same journal that voiced the angry college student, there appears the writing of Horace Mann Bond, president of Georgia's Fort Valley State College and father of the civil rights leader Julian Bond. Bond explained emphatically that African Americans did indeed care about the war and resented the suggestion of African American indifference.

The quotes and poem all came from one secondary source. Wineberg went to the source used by Zinn and discovered what Zinn omitted. The subject was data on the number of conscientious objectors enrolled by the draft. The total was about 50,000. It turned out that only about 400 African Americans were conscientious objectors and draft evasion rates were very low.

QUESTIONS

Wineberg explains that Zinn regularly relied on loaded questions to pose false choices for readers. He counts 29 questions posed in Chapter 16 alone.

Here are three examples pointed out by Wineberg:

- Did the behavior of the United States show her war aims were humanitarian, or centered on power and profit?
- Was she fighting the war to end the control by some nations over others or to make sure the controlling nations were friends of the United States?
- With the defeat of the Axis, were fascism's "essential elements—militarism, racism, imperialism—now gone? Or were they absorbed into the already poisoned bones of the victors?"

Such questions present history as an "either/or" proposition that shuts down student thinking. Zinn was bullying students into accepting his one point of view.

TIMELINES

Staying with World War II, Zinn wrote: "At the start of World War II German planes dropped bombs on Rotterdam in Holland, Coventry in England, and elsewhere." He added that these bombings were minor compared with the devastating U.S. and British bombing of German cities such as Dresden.

Wineberg accuses Zinn of chronological "bait and switch." In 1940, America had not yet entered the war and the Royal Air Force was limited for the most part to dropping leaflets over Germany. The bombing of Dresden did not take place until February of 1945, long after rules of air war had all changed. But it gets worse. Zinn fails to mention that at the time of the Coventry

raids, Germany had already flattened Warsaw, destroying half of the buildings, killing tens of thousands, and terrifying civilians.

CERTAINTY

A common interpretation regarding the use of atomic bombs was that they were used as a last resort to end the war in the Pacific and save thousands of American and Japanese lives. Zinn disagreed, saying the United States was all too ready to drop the bombs.

Historians debate the possibility of Japanese surrender under certain conditions. Wineberg calls these the conventional use of counterfactuals where words like “might” and “could have” are used to help frame the question.

But Zinn’s narrative claimed to know for certain what would have happened. He wrote: “If only the Americans had not insisted on unconditional surrender—that is, if they were willing to accept one condition to the surrender, that the Emperor, a holy figure to the Japanese, remain in place—the Japanese would have agreed to stop the war.” (Page 423) Zinn seemed to consider himself to be all-knowing.

Only a handful of article-length critiques of *A People’s History* have been written. That is a surprise given the book’s popularity. By contrast, Mary Grabar’s relatively new book *Debunking Howard Zinn: Exposing Fake History that Turned a Generation Against America* stretches to over 300

pages. She begins with commenting on Zinn’s rock star status. *A People’s History* received comments in the movie *Good Will Hunting*. The book was featured in *The Sopranos* and *The Simpsons*. Zinn’s death in 2010 sent it to near the top of *The New York Times* paperback nonfiction list. He had tributes on *Saturday Night Live* and MTV. More recently, Zinn is reported to have inspired plays, movies, Black Lives Matter, a BBC series, and Occupy Wall Street.*

Why does Zinn continue to get so much attention? Grabar cites an article in which James Green, a University of Massachusetts historian in the *Chronicle of Higher Education*, states “While challenging official versions of historical truth, Zinn assumes a moral authority exceedingly rare in professional academic writing.” Zinn, unlike many of his fellow Marxists, did not get bogged down in the intricate details of Marxist theory. Zinn made emotional appeals and assumed a role as the revealer of hidden truth.

Grabar asserts that Chapter 1 of *A People’s History* was the inspiration that kicked off the movement to abolish Columbus Day. She writes that “in October of 2018, San Francisco, Cincinnati, and Rochester, New York joined at least sixty other cities in replacing Columbus Day with Indigenous Peoples’ Day.” Many articles reporting on the movement to get rid of Columbus Day came back to Zinn. So, what was said in *A People’s History* that led to such a movement?

Grabar meticulously deconstructs Zinn’s first chapter titled “Columbus, the Indians, and Human

* Grabar, Mary. *Debunking Howard Zinn: Exposing Fake History that Turned a Generation against America*. Washington D.C.: Regnery History 2019

Progress.” The first words in Zinn’s book described Columbus’s encounter with native people. It turns out that Zinn’s opening description of what was claimed to be a ground-breaking revelation regarding genocide was taken nearly word for word from a book written by one of Zinn’s friends, Hans Koning. Koning, like Zinn a Marxist, had already come under severe criticism for what was considered an oversimplified argument showing little understanding of the context in which Columbus was operating.

To a great extent, Zinn plagiarized the writing of his colleague. That seems to be bad enough, but it does not go to the substance of the argument. It turns out that both Koning and Zinn were highly selective in the quotes they took from Columbus’s log. Grabar notes that in the very first paragraph of Chapter 1 of *A People’s History* Columbus is misquoted.

Here Zinn is quoting the log of Columbus: (Note the ellipses.)

“*They . . . brought us parrots and balls of cotton and spears and many other things, which they exchanged for the glass beads and hawks’ bells. They willingly traded everything they owned . . . They were well-built, with good bodies and handsome features . . . They do not bear arms, and do not know them, for I showed them a sword, they took it by the edge and cut themselves out of ignorance. They have no iron. Their spears are made of cane . . . They would make fine servants . . . With fifty men we could subjugate them all and make them do whatever we want.”*

Statue of Christopher Columbus



Grabar focuses on the words: “They would make fine servants.” The implication is Columbus wants to take these people as slaves, the beginning of genocide. Here is what Zinn left out by his use of the ellipsis just before the quote saying “they would make fine servants”:

“*I saw some who bore wounds on their bodies, and I made signs to them to ask how this came about, and they indicated to me that people came from other islands, which are near, and wished to capture them, and they defended themselves. I believed, and still believe, that they come here from the mainland to take them for slaves.*”

So, leaving out these words allowed Zinn to attribute a meaning to the words of Columbus that they did not have. Columbus was saying that these people would be fine servants—slaves—for the people from the other islands, and thus they were vulnerable.

Grabar continues in this fashion, rebutting Zinn at every turn. In Zinn’s world, America is the most racist country in the world. Capitalism is America’s greatest evil. Hitler’s Germany was no worse than the United States. The Soviet Union was never a threat to the West. The Cold War was just a power grab. The American Revolution was merely a way for the elites to remain in power.

Zinn never claimed to be an objective historian. He wrote from a Marxist narrative model of history which means that he decided in advance on the overall story and then forced the evidence he cited into that story. How on earth would young readers know they were being deceived? After all, the book was probably given to them

by their teachers. Thus, young people are led through a series of errors of omission, errors of commission, and flat-out falsehoods to conclude that America is truly evil.





Hopeful Lessons for Social Studies Instruction



What if school districts and individual teachers wanted to reject this kind of race-focused and Marxist instruction and instead consider the more hopeful ideas and outcomes that free market-oriented economics can provide? Economics is, of course, a social science. Accordingly, the Wisconsin Department of Public Instruction (DPI) has promulgated standards in it as well as the other social studies topics like history, geography, political science and the behavioral sciences (anthropology, psychology, and sociology).

Here we present some basic pedagogical tools for providing students with the knowledge and skills to analyze social studies-based topics and issues in keeping with human flourishing and individual liberty.

THE BENEFITS FROM ECONOMIC FREEDOM

Economists have long understood that the key to prosperity for a nation is its level of economic freedom. (Some social studies curricula imply that natural resource endowments, such as oil or water sources, are more important.) Writing back in 1776, Adam Smith said:

“*Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things.*”

Today economists have developed tools for measuring the levels of economic freedom and institutions. Such measures, like the Fraser Institute's *Economic Freedom of the World* annual report, rely on seven categories to gauge economic freedom: political stability, secure property rights, limited government in the economy, reasonable regulation of business, legal systems and rule of law, and freedom to trade. Data points are then collected from sources like the World Bank and the United Nations to construct the index for most countries around the world. (Nations like North Korea and Cuba cannot be included in the study given the lack of reliable data.)

The following countries all fall in the “top 10” of this ranking of economic freedom from the most recent 2020 report: Singapore, New Zealand, Switzerland, the United States, Ireland, Australia, and Denmark. Countries like Iran, Zimbabwe, Libya, Sudan, and Venezuela find themselves in the “bottom 10.” Over the past ten years, this research has been cited more than 4,000 times in academic journals.* Such research has found nations that score well on measures of economic freedom are wealthier (higher GDP per capita). This is illustrated in Table X, which shows the top and bottom 10 countries in economic freedom along with their GDP per capita. They also score higher on a broad array of demographic indicators, including life expectancies, infant mortality rates, and literacy rates. They even have greater tolerance for people of different races or sexual orientations. It would seem that this information—the real sources of wealth and human flourishing—might be important to include in the high-school social-studies

* <https://www.fraserinstitute.org/economic-freedom/citations>

Figure 1: The Great Enrichment

TOP TEN IN ECONOMIC FREE	PER CAPITA GDP RANK	BOTTOM TEN IN ECONOMIC FREEDOM	PER CAPITA GDP RANK
HONG KONG	9th	Central African Rep.	191st
SINGAPORE	2nd	Dem. Rep. of Congo	189th
NEW ZEALAND	31st	Syrian Arab Republic	N/A
SWITZERLAND	5th	Republic of Congo	150th
GEORGIA	84th	Iran	96th
UNITED STATES	7th	Zimbabwe	168th
LITHUANIA	37th	Algeria	109th
IRELAND	3rd	Libya	132nd
AUSTRALIA	20th	Sudan	151st
DENMARK	10th	Venezuela	143rd

curriculum. However, as social-studies teachers can attest, the importance of economic freedom is rarely mentioned in standard curricula.

INCOME INEQUALITY

Much of the instructional material on income inequality makes an implicit assumption that any inequality is bad. In this view, it follows obviously that we should always seek ways to lessen inequality. This preoccupation with inequality leads to a focus on leveling or reducing the earnings of those at the top end of the income distribution. Yet the greatest potential for alleviating human suffering occurs at the bottom of the income distribution. Consider the following question: Would you favor a policy that would triple the incomes of the poorest in our society—if that same policy also quintupled the incomes of the wealthiest among us? Such a policy would increase income inequality, but would also

reduce or possibly eliminate poverty. For those stuck in poverty with its drastic limits on the opportunity to live a quality life, overall inequality is surely the lesser issue.

And, of course, some currently poor people are not suffering at all—consider medical students, law clerks, and other future rich individuals who are currently in the stage of developing their human capital. A focus on inequality—rather than the real social ill of poverty—translates into doubts about capitalism. But capitalism is the social system that has allowed the human race to experience what Angus Deaton called “the great escape” and others have referred to as “the great enrichment.” Figure 1 demonstrates how dramatically world GDP (income and output) increased with the spread of industrialism and capitalism. In *Leviathan*, Thomas Hobbes said the life of man was, “... solitary, poor, nasty, brutish, and short.” At the time, he was right, as the average person, even in 1800, was no better off than those living in 100,000 B.C. For most of

human history people lived on something like \$1 to \$3 per day. Yet today the average American lives on around \$164 per day (or \$60,000 per year).

What changed is a move away from an extraction-based economy (featuring theft, slavery, imperialism and colonialism) to one based on cooperation, voluntary exchange, and partnership. The latter is what capitalism is all about. A more hopeful lesson for students is to focus on how wealthy societies achieved what they have. Was it with a widespread ethic of serving others through a market economy—or through taking from others with force or deception? In this light, a focus on alleviating poverty is seen as a more helpful way to improve society rather than leveling outcomes to reduce income inequality. As the chart below demonstrates, this conversion to a market-oriented economy built on cooperation (today

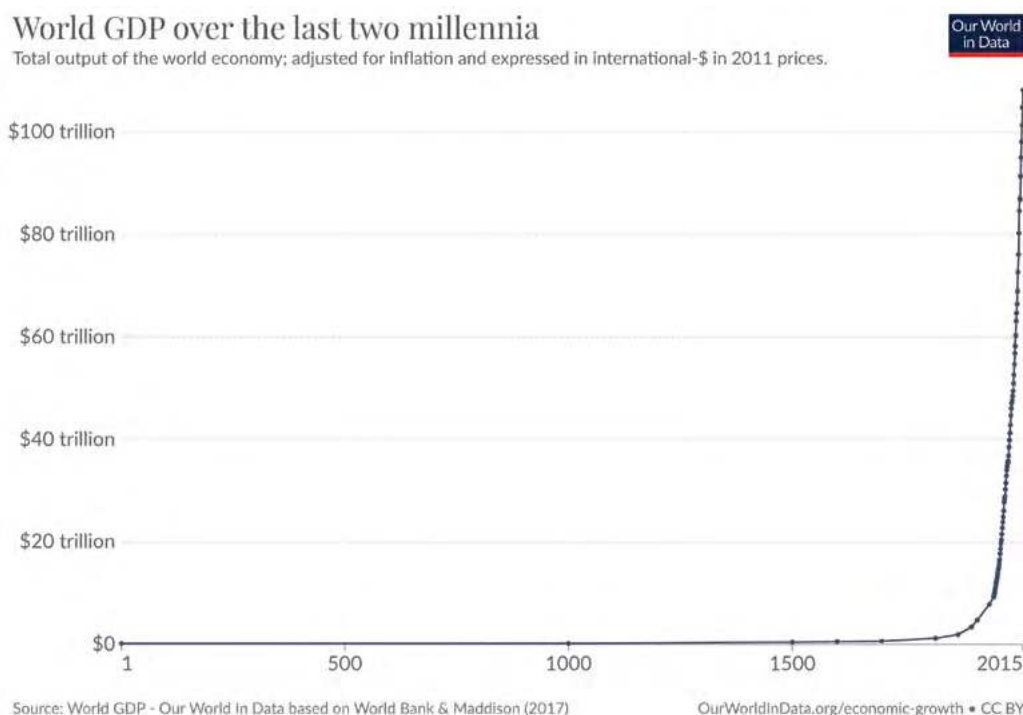
referred to as capitalism) has caused the world to finally experience real growth in living standards in relatively recent times.

THE RELATIONSHIP BETWEEN CAPITALISM AND SLAVERY

A capitalist or a market economy relies on individual choices and voluntary exchange to determine which goods and services will be produced. Market economies have certain characteristics, including the following:

Private Property

Markets depend on an individual's ability to own and sell property. In market transactions, people can choose to sell property to others and



transfer the right of ownership with the sale. The transactions are voluntary. No one can force you to purchase a hamburger from McDonalds or an iPad from Apple.

Competition

Markets foster competition because they allow many producers to enter market sectors and strive to meet the demands of consumers. Competition puts pressure on businesses to satisfy consumers. Businesses that fail to satisfy consumers are eventually forced out of business, making room for others to try to do better.

Profit Motive

Profits are the money left after a business has paid all of its expenses. Profits act as incentives for businesses to produce the goods and services consumers want. Those businesses that satisfy consumers and produce efficiently are rewarded with profits.

Voluntary Exchange

Producers and consumers participate voluntarily in market transactions. Nobody is required to produce particular products; nobody is required to buy particular products. Producers can specialize and focus their efforts on what they do best and trade their surplus production to others. Markets encourage trade and thus create wealth.

Taken together, these four characteristics go a long way toward describing a capitalistic or a free market economy. As noxious as slavery was to prominent Founders and authors of the Constitution, it might seem, at first glance, that the institution of slavery fits neatly into the profile of a market economy. Enslaved people

were, indeed, regarded as private property. Courts for years enforced that principle. Markets for enslaved people involved competition, exchange, and profit seeking. Prices for individuals on sale in these markets depended on certain distinguishing characteristics (age, gender, physical condition, skills, and so on) just as prices for other goods depend in part on their characteristics.

Still, slavery was not a market institution. It operated in flagrant violation of a central principle of market economies. To explain this point, we turn again to the concept of economic freedom. Economic freedom has been defined as follows in an influential study by Gwartney, Lawson, and Block (1996):

“Individuals have economic freedom when property they acquire without the use of force, fraud, or theft is protected from physical invasions by others and they are free to use, exchange, or give their property as long as their actions do not violate the identical rights of others.”

The key characteristic of economic freedom, as highlighted in this definition, is that all exchanges must be voluntary. In any voluntary or free exchange, both parties expect to benefit. If one side does not expect to benefit, the exchange does not go forward. An exchange in which one of the parties expects to lose—a jogger gives up a wallet, for example, because of a mugger’s threat—would not be an exercise of economic freedom.

This brings us back to the issue of slavery and markets. Adam Smith, the founder of economics and a proponent of free trade, was an abolitionist. He opposed slavery on moral and economic



Statue of Adam Smith

grounds. He regarded slavery as economically unsustainable. He wrote in *The Wealth of Nations*:

“I believe that the work done by free men comes cheaper in the end than the work performed by slaves. Whatever work he [a slave] does . . . can be squeezed out of him by violence only, and not by any interest of his own.”

Smith and nearly all economists would agree that private ownership of property is the fundamental economic freedom. And from that point of view, the right to own oneself is surely the most fundamental property right. If this right is not protected by the government, then the system is one of exploitation, not market exchange. Coercion—or the threat of force—must be used to induce individuals to make transactions to which they do not voluntarily agree, such as getting abducted and being forced to pick cotton in another man’s field, for no pay. It is here that slavery fundamentally fails the test of being a market institution. At its root, it depended on coerced, involuntary exchanges. Enslaved people

never gave their consent to be involved in any transaction with slave holders. They complied only because of threats of dire consequences for noncompliance.

SLAVERY AND THE U.S. CONSTITUTION

Did the Constitution protect slavery, as suggested by critics, or did it envision the end of slavery? This is a controversial question. The Constitution did not abolish slavery. One view is that it protected slavery. For example, it delayed ending the external slave trade until 1808. And it is true that many of the signers of the Constitution were slaveholders, including James Madison himself, sometimes called the “Father of the Constitution.”

Another view is that the Founders believed slavery would fade away. Many thought that its inefficiencies and immoral nature would cause it eventually to collapse. History appeared to

be on the side of slavery's decline. In 1772, Lord Chief Justice Mansfield, head of the British court system, ruled in *Somerset v Stewart* that slavery had no basis in common law and had never been formerly approved by Parliament. (Great Britain did not end the slave trade until 1807. In 1884, it ended slavery in most of its colonies.)

Soon after independence, 10 of the 13 American states abolished the slave trade. The Founders struggled to resolve the slavery dispute. As debate continued, South Carolina and Georgia threatened to walk out of the Constitutional Convention if slavery was threatened. What might happen next? The Founders had two worries. First, the new nation would crumble into

a combination of confederacies or independent states. The new nation would soon resemble Europe, with unending conflicts and wars destroying lives and prosperity.

Second, they feared the establishment of a separate, sovereign slaveholding nation in North America operating with few internal restraints. How long would the institution of slavery last under these conditions? Many of the Founders believed that keeping slave states within the union provided a better chance to abolish slavery over the long term.

A measure called the three-fifths compromise illustrates this point. Delegates who supported



slavery wished to count all people, free and enslaved, for the purposes of representation. The supporters of counting all people hoped that this approach to allocating representatives would strengthen the power of the slave states in Congress and thus make emancipation less likely.

Delegates who opposed slavery wished to count only free citizens. They hoped that this approach would weaken the power of the slave states in Congress and thus make emancipation more likely. Unable to agree on counting zero slaves or all slaves by state, the Founders decided that enslaved individuals would be counted as three-fifths of a person by counting three-fifths of the slaves for representation. This is a great example of how history is often twisted in schools. What was actually a move to limit the power of slave states is often presented as an effort to treat slaves as something less than human.

The best opportunity to abolish slavery almost certainly occurred at the Constitutional Convention of 1787 when the delegates debated it. But they failed. Slavery became profitable with changes in the production of cotton. It would take the bloody Civil War to finally abolish it.

AFRICAN AMERICANS AND THE DENIAL OF ECONOMIC FREEDOM

It is not free markets or capitalism but the *lack* of fully functioning free markets that has held African Americans back. As mentioned earlier, the key to free markets is voluntary exchange or the ability of people to negotiate contracts and voluntarily trade with one another. It is hard to overstate

how profoundly state-sponsored racist policies suppressed the economic freedom of African Americans as well as other people of color.

The power of racist state policies stymied African Americans economically at nearly every turn. Let's start with the Jim Crow laws. Jim Crow, on the surface, sure seems like a poor business practice for whites and African Americans. Free labor markets were impaired. White-owned businesses could not easily sell to willing African Americans. Jim Crow laws prevented African Americans from moving into better paying jobs.

If separate but equal treatment under the law was to be taken seriously, it was an expensive and inefficient proposition. Two of everything would need to be provided—or more likely, matching facilities for African Americans often would not be provided at all. Throughout the Southern states, by the early 1900s the Jim Crow practices meant that towns often had no libraries, parks, or other public services for African American residents. Privately owned facilities were also segregated. Jim Crow laws and customs were applied to restaurants, stores, hotels, and other facilities, sometimes by extraordinary means. African American customers might be served at separate counters or areas within a store, for example, barricaded off from areas reserved for whites, or simply not served at all.

Protection of life and property, a fundamental economic freedom, was often denied African Americans. Law enforcement did not prevent acts of terror perpetrated against African Americans. This included thousands of lynchings, threats by members of the Ku Klux Klan, and wholesale riots such as East St. Louis in 1917, Atlanta in 1906, Omaha and Chicago in 1919. Perhaps worst of all was the Tulsa race massacre of 1921. African

American families were often attacked and forced off their land. It is hard to overstate the stress and fear caused by these actions. They were clearly aimed at denying African Americans economic opportunity.

Even as challenges to Jim Crow laws continued over the years, African Americans took direct action to improve their economic condition. They voted with their feet. During World War I and World War II, millions of African Americans moved to cities in the North, Midwest, and West to take jobs in the nation's factories. Historians call this the "Great Migration." In their new locations, they earned more than they had under Jim Crow.

Slowly, African American family incomes rose. In 1939, the average annual income of an African American family was \$489, a little more than one-third of the average white family income of \$1,325. By 1949, the average annual African American family income reached \$1,533, nearly half of the \$3,138 earned by an average white family. And in 1955, when Rosa Parks refused to give up her seat on a bus, average African American family income had risen to more than half of the average white family income (\$2,418 to \$4,331).

Another reason for improving income had to do with human capital. Human capital refers to investments in formal education, on-the-job training, informal education, life experiences, and just plain learning by doing. The 20th century saw a huge increase in the human capital of African Americans, even in the face of daunting obstacles.

One of slavery's most pernicious legacies was that it was illegal to teach enslaved individuals

to read. Robert A. Margo (1993) estimated that 90 to 95 percent of newly freed African American adults were unable to read or write. But generations of African American parents set out to change this even though their schools were not as good as the ones white children attended. They invested in their children's human capital by sending them to school.

According to the 1900 census, 37 percent of southern African Americans between the ages of 15 and 24 were completely illiterate. By 1920, the illiteracy rate had declined to 18 percent. Margo (1993) reports that by 1950, 69 percent of African American children were in school, the same as the white attendance rate. He observes that each successive generation of African American children attended school for more years than the previous generation.

The fact that racial differences in education and income would be reduced over time is largely due to ordinary African American parents who made the best of an unjust situation. Margo (1993) writes, "Thus, black parents are the unsung heroes of the Civil Rights Movement." (Page 67)

Finally, there was the growing group of successful African American entrepreneurs who made their mark in the midst of the Jim Crow era. These stories are widely neglected in African American history as well as in traditional American history textbooks.

The National Negro Business League (NNBL) was founded by Booker T. Washington in 1900. The idea was to foster entrepreneurship among African American business leaders. In their new book *Black Liberation Through the Marketplace: Hope, Heartbreak, and the Promise of America*, Ferguson and Witcher (2022) quote historian



Booker T. Washington

Maceo Crenshaw Daily, Jr., stating that the purpose of the organization was to bring “black businesses men and women . . . from around the nation to share success stories, describe economic opportunities, establish partnerships, discuss strategies for increasing consumption, and promote the spirit of capitalism in the African American community.” Membership expanded to 40,000 with 600 chapters in 1915.

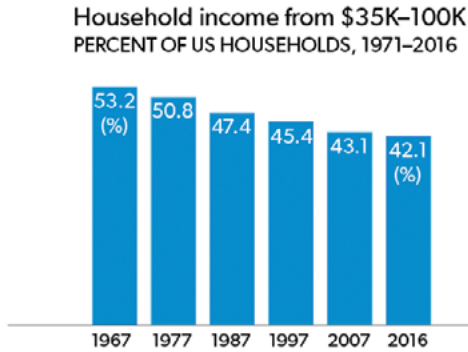
Ferguson and Witcher (2022) go on to explain that the NNBL had many prominent and successful members including:

- Junius G. Groves, who was known as “the Potato King” for his innovative growing methods.

- John S. Trower, who developed a catering business that made him one of the wealthiest African Americans in Philadelphia.
- H.C. Haynes, who invented the ready-to-use Haynes Razor Strop and turned it into an international business that brought him great success.

In a league by herself was Madam C.J. Walker. She developed and marketed a line of cosmetic and hair care products for African American women. She founded Madam C.J. Walker Manufacturing Company. She became the first female self-made millionaire in America.

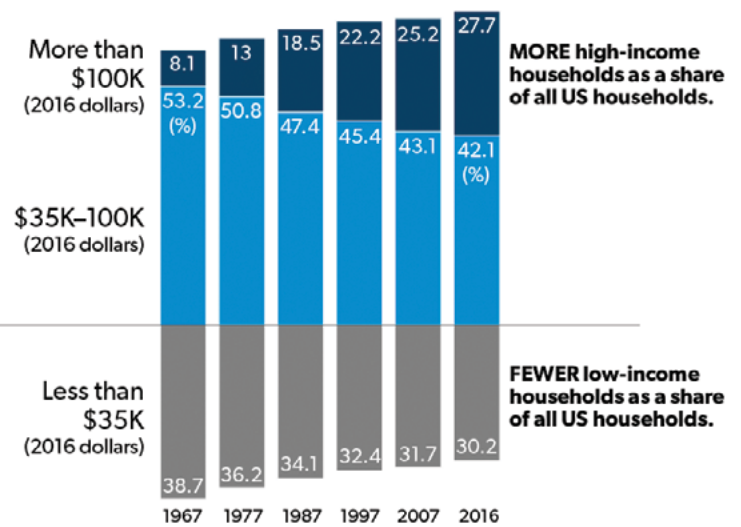
Yes, the US middle class is shrinking...



Carpe Diem **AEI**

Source: US Census Bureau (Inflation-adjusted 2016 dollars)

...because Americans are moving up.



INCOME MOBILITY AND FINANCIAL LITERACY

Myths are widespread regarding who is financially successful. The image of the wealthy as high-living heirs of family fortunes is inaccurate. In fact, wealthy families tend to earn rather than inherit their wealth. Most live in modest homes and drive used cars. Most are married. Most rich people earned their income by providing consumers with goods and services that improve our lives. Then, they saved and invested over many years to finally achieve a high net worth.

The degree to which people move up and down in terms of income is called *income mobility*.

Income mobility in the United States has remained steady over the past several years. It may not be as robust as we would like, but Americans continue to move up and down the income ladder. Families with very high wealth rarely persist in the ranks of the most wealthy for multiple generations. Meanwhile, the poor are still able to rise out of poverty. More importantly, there is little relationship between inequality and poverty. The fact that some people become wealthy does not mean that others will become poor.

The difference between the narrative of growing income inequality and reality is illustrated by the following chart from the American Enterprise Institute.* The narrative often focuses on the first

* <https://www.aei.org/carpe-diem/yes-the-us-middle-class-is-shrinking-but-its-because-americans-are-moving-up-and-no->

chart, with the complaint that the middle class is shrinking. However, it is critical to note that this is primarily the result of more Americans joining the upper class (here defined as those making over \$100,000 in inflation-adjusted dollars) rather than more Americans falling into poverty.

Is there a magic way that society can help young people join the middle class? It may not be magic but one set of advice is remarkably successful. A focus of the Brookings Institution in Washington D.C. is offering serious advice for young people for improving their human capital. Education attainment is highly associated with earning higher income and thus, enhancing social mobility. Brookings' scholars Isabelle Sawhill and Ron Haskins (2009) have found that achieving economic success—joining the middle class—is highly probable if individuals follow what they call the “success sequence.”

Using data from the U.S. Census Bureau, they found that about three quarters of Americans reach the middle class when they:

- Graduate from high school;
- Get a full-time job
- Wait until after age 21 to become parents.

Sawhill, Haskins, and other scholars believe that young people can benefit from knowing and following the success sequence. It provides youth from all backgrounds with a sense of agency, taking responsibility for what is happening in their lives. Some critics say that this emphasis on agency deflects policy leaders away from other social problems. They may have

a point. But the research is clear that following these commonsense norms can make a big difference in the lives of young people. It is a data-supported, nonpartisan approach to lift people out of poverty.

Another tool to improve income mobility is to become financially literate. Building financial success starts with investing in human capital. On average, higher levels of educational attainment are strongly and consistently associated with earning higher incomes. For example, according to the U.S. Bureau of Labor Statistics, workers with a bachelor's degree had median weekly earnings of \$1,305 in 2020, compared with \$781 for workers with a high school diploma. And the unemployment rate for bachelor's-level workers was 5.5 percent, compared with 9.0 percent for those whose highest level of education was a high-school diploma.

Then, there are all the basics to help young people participate in the economy through engagement with the financial markets. These basics are easy to identify: setting financial goals, budgeting, saving, investing in stocks and bonds over the long term, having diversified investments, avoiding rushing in and out of markets, and so forth. Schools in Wisconsin are already required to include standards for financial literacy in their K-12 curricula under a bill signed into law in 2017. Further, Wisconsin's Department of Public Instruction provides school districts with a strong set of standards in its publication *Standards for Personal Financial Literacy* (2020). This is a great tool for school districts to integrate financial literacy into the K-12 curriculum.

Here are Wisconsin Standards for Personal Financial Literacy At-a-Glance taken directly from the document.

Students will . . .

Financial Mindset

1. Develop strategies to make intentional financial decisions throughout their lifespan.
1. Analyze how financial psychology impacts financial well-being.
1. Establish digital awareness to enhance their financial mindset.

Education and Employment

1. Compare the effect of personal income on their goals.
1. Evaluate the impact of lifelong learning on one's ability to function effectively in a diverse and changing economy.

Money Management

1. Demonstrate their ability to use money management skills and strategies.
1. Utilize financial institutions and service providers to support money management.

Saving and Investing

1. Explore savings concepts and apply this knowledge to attain financial security.
1. Explore investing concepts and apply this knowledge to attain financial security.

Credit and Debt

1. Examine the benefits and costs of using credit.
1. Interpret lending options and consumer rights and responsibilities.

Risk Management and Insurance

1. Contrast different types of risk and how it could affect financial decisions.
1. Assess possible choices to protect against financial risk.

We encourage school districts to embrace these standards and find ways to bring them into the school curriculum.

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