

# Chapter 1

## Exploring Your Own Local Economy Using Adam Smith



Laura Grube

**Abstract** In this paper, I describe a course, “The Beloit Economy and Adam Smith,” which I designed for a first-year initiative program at Beloit College in Beloit, Wisconsin. The course, as the title suggests, includes readings from Smith’s *An Inquiry into the Nature and Causes of the Wealth of Nations*, as well as experiential or community-based learning experiences. These experiences include tours of the local community and visits to local businesses.

### 1.1 Introduction

Smith teaches us economics by looking at the world and asking questions. Why are pins—such a simple, “trifling manufacture”—produced through eighteen distinct steps and the cooperation of ten men, rather than a single person making the pin from start to finish (Smith 1981, p.14)? Why is it, in contrast, that in small villages in the Highlands of Scotland workers do not perform a series of simple tasks, but instead juggle even multiple occupations? Or, as Smith says, “every farmer must be butcher, baker and brewer for his own family” (Smith 1981, p. 31). Smith’s descriptions call upon our economic imagination. We are transported to a pin factory and provided a description of the division of labor (as if Smith himself had visited the factory and taken notes on the activity he observed). It becomes clear that division of labor increases output, and we’re persuaded by his reasoning that this happens through (1) increases in dexterity, (2) avoidance of switching costs, and (3) the creation of better-suited tools to aid production. His critical examination of the everyday, appeals to concrete examples and reason (a persuasion that doesn’t involve mathematical abstraction), and descriptions that call upon the economic imagination, make Smith’s writing a fun and accessible introduction to economics.

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L. Grube (✉)  
Beloit College, Beloit, WI, USA  
e-mail: [grubel@beloit.edu](mailto:grubel@beloit.edu)

For these reasons, I often assign passages from Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* (hereafter, WON) in my Principles of Economics course. In fall 2018, I had the opportunity to take Smith's writings farther and create a new course to contribute to our campus-wide First Year Initiative (hereafter, FYI). I chose to combine passages from Smith's WON with a study of our local economy (Beloit, WI) and included several community excursions. On the surface, this combination may seem strange. After all, isn't the point of teaching economic history (via Smith's WON) as Boulding (1983, pp. 233–234, emphasis added) states, "to give the student a sense of an extended present and indeed an extended place *beyond his own backyard?*" (1971: 233–4, emphasis added). Or, you might wonder, how can one make meaningful comparisons across such different contexts—eighteenth century Europe (Scotland) and twenty-first century Beloit, Wisconsin? My thinking in combining WON with a study of our own 'backyard economy' was to try to mimic Smith's method of inquiry—that is, for the students to ask questions about the (immediate) world around them. I wanted students to develop a habit of mind in which they are asking questions, interrogating what may appear as mundane, and conducting research to find answers. I should note that for most of the students, the environment was new because they were coming from other states or other countries. Second, I wanted to take the basic economic theory from WON and show how the theories still apply today. By asking students to apply ideas to new contexts, we know that students retain the material better and gain further understanding. Finally, in full disclosure, one of the key goals of the FYI is to acquaint students with the campus and larger community (and I really like reading Smith).

My learning goals for the course were:

- Students will become acquainted with the mission, values, and expectations of Beloit College as a residential liberal arts learning community.
- Students will learn about the industrial history and current economy of Beloit.
- Students will begin to grasp 'the economic way of thinking' and become familiar with economic terms and language.
- Students will further develop their reading, writing, and verbal communication skills.

These learning goals are informed by the learning goals of the FYI program.<sup>1</sup> Although I taught this course as a first-year seminar at a small liberal arts college with a class of 15 students, I hope that faculty at other institutions may also be able

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<sup>1</sup>The learning goals for the First Year Initiative Program are: (1) Encounter and Exploration—offers students an introduction to our campus community, our mission, and our curriculum; (2) Agency—provides a strong emphasis on helping students find their own path through college, giving them the tools and support they need to follow it successfully; (3) Higher-Order Communication Skills—helps students to become more aware of expectations for effective communication at the college level by providing concrete strategies for developing as writers and speakers as well as opportunities for improvement; and (4) Social Identities—acquaints students with the presence, interests, and needs of various communities within and beyond Beloit College—local, national, and international—while asking students to reflect upon, analyze and evaluate their own position in relation to communities of which they are (and of which they aspire to be) a part.

to carry out a similar course, or incorporate some of the aspects of the course. This course may be especially appealing to:

- Faculty (in economics or history) teaching a first-year seminar course;
- Faculty located on campuses in which students come from many different places across the U.S. and world and may not know about the particular town where the college/university is located;
- Faculty interested to offer an interdisciplinary elective course; or
- Teachers/faculty who want a way to get students out of the classroom and in-to the community.

In the remainder of the paper I make an argument (or rather, rely on others' arguments) for assigning Smith and for incorporating experiential/community-based learning into pedagogy. I then describe the course layout and devote time to a discussion of business visits. Next, I share important logistical considerations. I discuss student learning (tying back to course objectives) and evaluation of student performance as well as the feedback from the students about the course.

## 1.2 Lessons from Adam Smith

Why read Adam Smith? Smith is, of course, considered the 'founder' of the field of economics. Students who go on to take other courses in economics, or are more casual consumers of economics (for example, reading news articles) will inevitably come across a reference to Smith. Boulding (1983) has summarized various views on the value of reading 'the ancients,' or the value of studying the history of economic thought.<sup>2</sup> Boulding argues that Smith's *WON* is seminal, in that almost all modern contributions can be linked back to some idea contained in *WON*. Smith is part of what Boulding describes as the "extended present, which shows no signs of coming to an end" (Boulding 1983, p. 231). Indeed, we can continue to find new insights in Smith. Buchanan (2008) points out that important parts of Smith's theory were lost in neoclassical economics. For example, Buchanan references Smith's chapter three, "the division of labor is limited by the extent of the market," and notes that neoclassical models of market process lack this key insight that there exists an "interdependence between the two sides of the market" (Buchanan 2008, p. 24). That is, suppliers make pins available for clothing makers, however, they are also limited in what and how they make the pins depending on the size of the demand.

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<sup>2</sup>One view is that all important things were said in the past, and that 'the moderns' (M) are "feebler repetitions of the past" ( $M < A$ , where A refers to 'the ancients') (Boulding 1983, p. 225). A second view is that the ancients and the moderns are of equal value ( $A = M$ ). And a third view is that "man continuously transcends his previous achievements and that therefore the moderns exceed the ancients and indeed make them obsolete, so that the moderns include all that the ancients have to say" ( $A < M$ ) (Boulding 1983, p. 226).

Another reason to read Smith's *WON* is that he puts front and center the most important ideas in economics—(1) the true source of wealth and economic growth, (2) the market system led by an invisible hand, and, (3) the consistent application of self-interest to explain robust political economy. Smith argued against mercantilists (i.e. economic nationalists) who saw economic activity as a fixed pie and sought to accumulate precious metals in order to maximize the nation's wealth. Instead, Smith argued that wealth should be defined as access to goods and services for all people in an economy. Through division of labor (or specialization) and trade, we can produce and obtain for ourselves more goods and services—or increased economic growth and prosperity. Second, the market economy, rather than a source of chaos, is a system in which individuals, endowed with natural liberty, pursue their self-interest, and in doing so, tend to guide resources to their highest valued use and contribute to the social good. This is the 'invisible hand.' Third, Smith appeals to our reason and to our basic intuitions about human nature. For example, in all trade, it makes sense for those with the lowest cost to make the good. So why then do we sometimes not allow this to happen? When barriers to trade are constructed, it is obviously to the advantage of the home producer (who has lobbied for protection to maximize his own profits).<sup>3</sup> Smith warns that self-interested business people can capture political favor, and this should be avoided.

Relatedly, for an undergraduate student, *WON* is also appealing because of its breadth. Smith covers so much ground in *WON* that it could be considered an introduction to social science, more generally. Students who are not particularly enthralled by the origin and use of money (Book 1, chapter 4), will also find passages on why some countries are rich and others poor? (Book 3, chapter 1), or the educational system for youth and what youth ought to study (Book 5, chapter 1).

Not only does Smith incorporate the most important ideas from economics, but he does so in a way that is surprisingly easy to read (especially given that it was written in the eighteenth century). As Boulding (1983, p. 235) notes, it is self-contained and understandable without very much background knowledge in economics. After all, Smith is writing to an educated reader, but certainly not one with a graduate degree in economics (such a degree did not exist). Smith is also writing before mathematics became the dominant form of reasoning in economics. Again, Smith's style of explanation is to examine the world around him and ask questions. Consider, for example, a lesson in economic growth in which a student is presented with Smith's passage on the pin factory, versus a lesson in economic growth using the Solow Growth Model. The first provides a concrete object—a pin—and describes in plain language the process of making this pin. The description easily taps into the reader's imagination. The reader is persuaded by the simple and logical argument. In contrast, the Solow Growth Model requires that the reader

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<sup>3</sup>“To give the monopoly of the home-market to the produce of domestick industry, in any particular art of manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestick can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful (Smith 1981, p. 456).”

accept abstract and highly aggregated counts of capital, labor, and technology. The reader must grasp the meaning of a Cobb-Douglas function.

Overall, Smith is an excellent introduction to economics because of his relevance and keen insights, his focus on the important, big ideas in economics, and his accessibility. Although I argue that Smith is relatively easy to read, there are several strategies that a thoughtful instructor can employ to help maximize student learning and understanding.

### ***1.2.1 Critical Reading***

Admittedly, Smith's WON can be intimidating. Volume I alone is over 500 pages. Although there are many resources on how to help students be better readers, I share below my own strategies and lean heavily on the work of Bean (2011). Bean has an excellent chapter in which he discusses common challenges and strategies to help students read difficult texts. Some of the challenges that he identifies that are particularly relevant for WON are, students' resistance to the Time-on-Task required for deep reading, difficulty in adjusting reading strategies to different genres (or writing styles), and difficulty in perceiving the structure of an argument as they read (Bean 2011, pp. 163–165). There were a few key ways in which I sought to mitigate these challenges.

First, I required that all students purchase the same edition of the book. I selected the edition available through Liberty Fund because it is inexpensive (the two volumes together is \$20). Having the same book allowed us to reference page numbers and explore the architecture of the book together. For example, not only did we consider the organization by books, then chapters, but we also noted the paragraph numbers provided in the margins. Further, when there are unfamiliar words or phrases, we were able to interrogate them together. Together, this helped students become comfortable with the format of the book and the style of writing.

Second, I encouraged the students to write notes in the book (as well as in a notebook). I asked students to underline what they thought were key passages, circle items that they didn't understand, etc. I made it clear that 'skimming' was not what we were interested in, and that they may have to re-read the same sentence or paragraph multiple times. To make this less daunting, I assigned fewer pages rather than more pages. The reading assignments ranged from 4 to 30 pages, however, I tried to aim for no more than 15 pages. I wanted the students to invest the time in understanding everything they read. Reading carefully takes time.

Third, I put together a reading guide for each assigned reading. Bean (2011) suggests reading guides as a strategy to help students become better readers. The reading guides asked a variety of different types of questions. Some questions asked students to define a word, helped to fill in cultural context, required students to paraphrase a passage, or to summarize an argument. As Bean (2011) notes, the reading guides were intended to encourage engagement and reflection with the reading.

### 1.3 Experiential and Community-Based Learning

In addition to reading passages from Smith's WON, students also learned about the economy of Beloit, Wisconsin, both in the past and today. It made sense that we would venture out into the local economy to learn more. I did this by asking students to conduct research on businesses in the local economy (some current, some of the past) and then to present that research at the physical location of the business during a class walking tour. I also arranged visits to local companies in which students learned about the history of the company, what they produce, and how (one to illustrate division of labor and manufacturing; the other to think about international trade).

Pedagogically, these types of activities are referred to in a variety of ways, including experiential learning or community-based learning. Experiential learning is not new and can be traced back to the contributions of Dewey's (1938) *Experience and Education*. Dewey discusses the differences between learning from texts and teachers only versus learning through experience. Or, stated another way, the "acquisition of isolated skills and techniques" versus acquisition of skills and techniques "which make direct vital appeal" and "acquaintance with a changing world" (Dewey 1938, pp. 19–20). Several decades later, Kolb (1984) promoted experiential learning, emphasizing, "the linkages that can be developed between the classroom and the 'real world' ... [Experiential learning] stresses the role of formal education in lifelong learning and the development of individuals to their full potential as citizens, family members, and human beings" (Kolb 1984, p. 4). Most recently, Eyer (2009, p. 24) has defined experiential learning as learning "which takes students into the community, helps students both to bridge classroom study and life in the world and to transform inert knowledge into knowledge-in-use." She also refers to experiential learning as facilitating the move from 'theory to practice.' Experiential learning is used to describe a range of activities, including undergraduate research, hands-on laboratory experiments, field exercises, internships, service-learning, and study abroad. Experiential learning tends to be used as a more general term, covering a diversity of different practices, compared to 'community-based learning.'

Community-based learning is a relatively new term and has similarly been described in a variety of ways, however, tends to promote more specific practices. Mooney and Edwards (2001, p. 181) define community-based learning as "an education where thought and action come together in classroom and real-life settings." Jakubowski and Burman (2004, p. 161) specifically use the term experiential: community-based learning is "experiential, action-oriented forms of learning." Wickersham et al. (2016, p. 18) define community-based learning as "learning in which significant field work is guided by and grounded in academic reflection." Within the literature, community-based learning tends to refer to more sustained activities, such as internships, service-learning, and study abroad.

It is worth noting that embedded in community-based learning (and some experiential learning opportunities) is a certain set of values. One important belief is that the types of knowledge obtained outside of the classroom are as important as knowledge learned on a black board. As Westerberg and Wickersham (2015, p. 73) state, a commitment to community-based learning (or what the authors refer to as liberal arts in practice) “arises out of a belief that opportunities to learn are not the singular province of classroom learning. Instead, a student’s education in the classroom can be enriched beyond it, that the important learning we do in the classroom is tested and challenged beyond it.” Outside of the classroom students may learn lessons on how to conduct oneself in different contexts, or students may come to understand how the market structures they learn in microeconomics play out in real life or bring about specific regulation that companies cannot ignore. If community-based learning emphasizes that learning can take place in many different contexts, individuals outside of formal educators also have important lessons to offer.

The rise in experiential learning and community-based learning is certainly tied to our evolving knowledge of how people learn and evidence that these practices facilitate learning. Researchers and scholars have shown that experiential learning and community-based learning increases a students’ ability to retain new knowledge, their capacity to transfer knowledge to new contexts, and the development of critical thinking skills. All of these contribute to the cultivation of lifelong learners. As Eyler (2009) explains, new knowledge must be presented and shown how it is relevant (or applied) in order for it to be retained. In other words, we must condition knowledge, so that students can understand how it relates to other information and when it is useful. For example, if students are presented with a list of several different statistical tests, they must also see the logic for when to apply which test. This capacity to transfer knowledge to new contexts illustrates a deeper understanding, and simultaneously reinforces what the learner knows. Eyler (2009, p. 26–27) states, “Unless students learn explicitly to recognize when their knowledge might be useful, can recall that knowledge, and know how to apply it, they will fail to transfer what they know; their understanding is incomplete.”

Critical thinking is a further outcome of experiential and community-based learning that can be defined in various ways. Westerberg and Wickersham (2015, p. 74) explain, “Critical thinking requires the ability to consider options, prioritize, and contextualize information. Critical thinkers both raise and answers questions. . . Critical thinking is a progressive skill, which when mastered, puts the student in charge.” The authors view critical thinking as the transfer of knowledge, taken to the next level. This next level is outside the classroom, where the obvious punching in of the appropriate statistical test may be blurred; or where the application of knowledge also involves input from other people, or careful consideration of how it is presented.

## 1.4 Course Layout

A course is constructed with close attention to the learning goals. Fundamentally, the FYI course is about encouraging students to be curious and critically examine the world around them, including their local communities. This tone must be established from the very beginning of the course. In the first week of class, students left the classroom to explore the City of Beloit.

A large portion of the course is focused on examining the community at the level of city or town (in Beloit, this is a city with a population of 35,000 people and eighteen square miles). During the first week of class I placed students into small groups –3 or 4– and asked them to conduct research on a company in Beloit. All companies were (or had been) located close to campus, so we could visit the sites as part of a walking tour. I selected four businesses, two of which are currently operating and two that are not (currently operating: Fairbanks Morse and Irontek; not currently operating: Beloit Corporation and Alliant Energy at the Powerhouse site). The project gets the students into the library, and it is helpful to organize a presentation of library resources and how to use those resources in advance of the project. More importantly, it got the students off-campus, in some cases, to find more information, and I had all the groups present on their businesses at the business site as part of a walking tour the Friday of the first week of class. Here is the details for the Beloit Business Research Project.

### Assignment, Beloit Business Research Project

Questions to answer (at a minimum):

- Who were the founders and why did they open this business in Beloit?
- When was the business active? (lifespan) What was Beloit like at that point in history? (e.g. population, other context, such as world wars may be relevant)
- What did the business make?
- How many people were employed and doing what type of work? (other things that might be relevant: who were the workers? Particular racial/ethnic groups? What education did they have?)
- If the business ended, why? Or if the business has changed over time, how?
- What else should we know about the business?
- Is the business tied to Beloit College in any way?

Outputs:

- Paper: 2–3 page explanation of the business answering the above questions
- Presentation: A 10 min explanation to be delivered on site

After studying a collection of local companies, we explored our campus community, which is approximately 1200 students and fifty acres. I relied on our college archivist, who has several versions of presentations about the history of the college and also caters those to the specific interests of students in the course. We paired the PowerPoint presentation with a historical walking tour of campus. Some of the highlights from the presentation include information about when the college was founded (versus when Wisconsin became a state, 1846 and 1848, respectively), when African American students, women, and international students first attended



the college, and how economic and political events shaped students' experiences (during the Great Depression, some student paid tuition in agricultural products). The presentation and historical walking tour offered a contrasting view of campus, compared to the information that students were presented with at all-campus new student events and tours offered by orientation leaders that focus solely on the instrumental value to the student (e.g. where the financial aid office is located or where they can buy coffee at 10 pm).

These first two activities—conducting research on a specific local business and learning about the college community—take up the first two to three weeks of the semester. During the fourth week, then, we begin our reading of Smith's WON. I selected what I view as the most important ideas in WON, with an eye to what I imagine the students will also be interested in. Those topics are:

- Introduction to Smith: Moral Philosopher and Economist
- The Division of Labor (Book 1, Chapter 1, "Of the division of labor" pp. 13–24 and Book 1, Chapter 2, "Of the principles which give occasion to the division of labor" pp. 25–30)
- Exchange and International Trade (Book 1, chapter 3, "The division of labor is limited by the extent of the market" pp. 31–36 and chapter 2, "Of restraints upon the importation from foreign countries of such goods as can be produced at home" pp. 452–72)
- What is Money? (Book 1, Chapter 4, "Of the origin and use of money" pp. 37–46, also, p. 320; pp. 337–338, p. 341)
- A Theory of Wages (Book 1, chapter 8, "Of the wages of labor" pp. 82–98 (paragraph 40))
- Economic Development and the Urban/Rural Divide (Book 3, Chapter 1, "On the natural progress of opulence" pp. 376–380)
- Education and Human Capital (Book 5, Chapter 1, Article 2, "Of the expense of the institutions for the education of youth" pp. 758–788)

For each topic, there are three components. The first is the Smith reading. I assign a reading guide for students to complete with each WON reading assignment. The reading guide asks a range of different types of questions, and overall, my goal is to get the student to engage more deeply with the reading. Some questions ask the student to define a word, to summarize (in their own words) a particular passage, to consider why Smith brings in certain information or examples, or to explain why something is important. The following class meeting we discuss the reading. Second, I present the relevant economic theory, borrowing from my principles lectures. I emphasize the importance of Smith's contribution, and then show how the topic has been slightly formalized, or extended. Third, I tie in an example from our local economy (and sometimes national or international examples). This third aspect, again, I tried to incorporate community-based learning. Our trips to local businesses were incorporated as we made our way through Smith.

For example, for international trade, I had students read approximately twenty pages from Smith. We then considered how trade (domestic and international) is mutually beneficial. We examined the impact of tariffs using supply and demand.

We considered some information about which countries are the largest trade partners with the U.S. We looked at what goods the U.S. exports today. There are several companies in Beloit that engage in international trade. We focused on Kerry Ingredients, a food company headquartered in Ireland with offices in Beloit, WI. We were able to tour the business, hearing about the company's history, walking through laboratories where new flavors are developed, and getting an overview of all the various roles within the company. Two Beloit alumni were also able to join us for a question and answer period. The reading guide for the international trade section follows:

Reading Guide for International Trade (Book 4, Chapter 2, "Of restraints upon the importation from foreign countries of such goods as can be produced at home" pp. 452–72)

- When faced with equal profits, why does Smith say that merchants prefer to trade at home? (And not internationally?)
- This chapter contains the famous 'invisible hand' phrase. Find the quote and write it below. Explain what is being described with the invisible hand. (hint, is it a concept we've discussed previously?)
- According to Smith, who petitions for monopoly privileges? (Through tariffs) Which industries specifically?
- According to Smith, when is protectionism (e.g. tariffs) acceptable?
- What would Smith say about today's trade war?

By chance, the Economics Department hosted the international economist Dani Rodrik on campus the semester of the course. Rodrik's research is on the topic of international trade and globalization. Rodrik was able to visit the FYI course.

## 1.5 Visiting Area Businesses

Several students identified visiting area businesses as their favorite aspect of the course. Business visits, an example of experiential or community-based learning, can be a high impact practice. It can also be one of the most challenging aspects to pull off (students also expressed that these visits could have been even further integrated with the Smith content). It does matter where you go, i.e. which business you select, and there's very intentional work required before and after the visit to ensure maximum student learning. A visit that is not well-integrated into a course, or does not explicitly and repeatedly make connections between classroom learning and the visit, will not be as effective (and may even be confusing as students wonder why time was devoted to the trip).

The two businesses which we visited as part of the FYI course are both food companies.<sup>4</sup> Manufactured products, because of their concreteness, can sometimes

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<sup>4</sup>Admittedly, we completed just two business visits during the semester. Some of my knowledge here comes from organizing business visits for a department annual event, which I've led for the past 5 years. For that event we have visited various businesses in Chicago, including Groupon,

be easier for students to connect with. When students recognize the brand—Frito Lay, for example—they're all in. There does have to be a connection between the business you visit and the course content you're covering. For the Frito Lay visit, I tied this to Smith's chapter on division of labor (chap 1) and also division of labor is limited by the extent of the market (chap 3).

We completed the relevant Smith readings before the class visit. In preparation for the visit, I asked students to go to the Frito Lay website and do some reading about the company. I asked that they look up when the company was founded, several examples of chips/other snacks that they make, information about the volume of production, etc. Students had to submit these answers and three questions that they came up with on their own about the company to me on the day of the visit (I actually had them submit two copies so that they had one in hand for the trip). I told students that they were doing this preparation, in part, so that they could ask questions during our visit.

The visit began with a 40 min factory tour.<sup>5</sup> We were guided through the production lines by a young engineer, who shared information about her educational background and what she does on the floor. What was most striking about the tour, especially comparing this to the pin factory example in Smith, was the absence of laborers. Every part of the making of a potato chip was mechanized. Computer screens throughout reported on the workings of the machines and were monitored by people on the floor. Following the factory tour, we listened to a presentation about Frito Lay and had the opportunity to ask questions. This part of the visit was approximately 30 min.

For the following course meeting, I asked the students to do a reflection paper on how this business visit was connected to Smith (specifically the theory presented in chap 1 and chap 3) and something that they found surprising about the visit. In class, I asked students to volunteer to share their reflection papers. I had completed a similar assignment, and in a PowerPoint, I had decided to focus on technology/mechanization. I pulled in two aspects from Smith's chapters 1 and 3. The first was the third way that division of labor increases output: the adoption of new technology/machines. Here, Smith talks about a child laborer who innovates and makes his job obsolete.<sup>6</sup> Smith recognizes that people make improvements to

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The Center for Neighborhood Technology, the Fulton Street Business Incubator (now Make City), Studio Gang, and Legacy.com (founded by a Beloit alumnus and trustee of the College).

<sup>5</sup>For readers interested to learn about how potato chips are made and unable to tour a factory, see Roberts (2011).

<sup>6</sup>Smith (1981, Book 1, Chapter 1, Paragraph 8) notes that division of labor increases output by increases in dexterity, a reduction in switching costs, and the invention of machines. Elaborating on the third reason, "In the first fire-engines, a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the piston either ascended or descended. One of those boys, who loved to play with his companions, observed that, by tying a string from the handle of the valve which opened this communication, to another part of the machine, the valve would open and shut without his assistance, and leave him at liberty to divert himself with his play-fellows. One of the greatest improvements that has been made upon

the production process, for example, by adopting a new technology/machine. Still, the example of the boy and the mechanization at Frito Lay seem vastly different. The idea that the division of labor is limited by the extent of the market points us in the direction of scale—economies of scale—as a key factor. When Frito Lay can sell hundreds of thousands, even millions of bags of potato chips, then it becomes cost effective to use a machine (which may cost a million dollars). To further reinforce the connection between classroom learning and business visits, instructors may also make exam questions related to these points.

Visits to businesses can be a meaningful learning experience if students prepare in advance, can actively engage during the visit (by asking questions), and have an opportunity to reflect and connect classroom learning and the experiential learning afterwards. By doing these things, we can ensure the learning that Eyster (2009) and others describe. A business visit shows the relevance of classroom (in this case, WON) learning. At the same time, it puts that classroom learning in a new context. As Westerberg and Wickersham (2015) explain, we are asking students to take book learning off the shelf and apply it in ‘the real world.’ By doing so, we help students to reinforce and retain the material.

## 1.6 The Logistics

I taught this course as a first-year seminar with 15 students. A FYI course is required of all incoming students. In order to match students into these courses, students are given the title of the course and a single paragraph description of each course. They then rank their preferences, and students are placed in a course that was among their top three selections. In general then, the students had some interest in economics.<sup>7</sup> Otherwise, the students were extremely diverse; one third of the class were international students (from India, Nepal, and Ghana), two students were from Beloit, WI, and the other students were from all over the country (Maine, Oregon, Illinois).

I made use of resources on campus in the library as well as the college archives. In the weeks before fall courses began, I reached out to our librarians to ask whether someone could offer an introduction to the library and guidance on how to start our particular research project on a local business of the past or present. In the first week then, I took the FYI course to the library, where a librarian shared the generic presentation on resources available, how to search the library catalogue, etc., and showed students a research guide that she had constructed for their particular research project. The guide included specific sources (news articles) related to the economic/business history of Beloit.

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this machine, since it was first invented, was in this manner the discovery of a boy who wanted to save his own labour.”

<sup>7</sup>Reviewing the class list, approximately half of the students went on to major in economics.

I had also reached out to the college archivist before classes began, and he shared a general presentation on the history of the College. He made some modifications to his presentation to emphasize economic conditions (for example, noting that during the Great Depression some students paid tuition in agricultural products) and interests represented in the course (for example, he noted changes to athletics over time, as there were both baseball and football players in the course).

As a resident of Beloit, WI, I was able to use my existing knowledge of businesses in the area and my own contacts to arrange visits to local companies. If an instructor does not have these contacts, a good place to start could be the campus office which assists with student internships (or the development office, if there is someone who specializes in corporate partnerships), or the local chamber of commerce. I found the businesses were eager to welcome visitors.<sup>8</sup>

There were not any added costs to running the course. Because we had a reasonably small class, we relied on my personal vehicle and student cars to get us to the local businesses that were farther from campus.

Of course, the development of the course is time-intensive, and there may be funds available through your college or university to assist with new course development, or the incorporation of high impact practices into teaching.

## 1.7 Student Learning and Evaluation

I did organize the course around a series of learning goals, which were: (1) Students will become acquainted with the mission, values, and expectations of Beloit College as a residential liberal arts learning community; (2) Students will learn about the industrial history of Beloit; (3) Students will begin to grasp ‘the economic way of thinking’ and become familiar with economic terms and language; and (4) Students will further develop their reading, writing, and verbal communication skills. Another learning goal that I had for the course which I did not explicitly mention in the syllabus was to get students excited about economics! Based on my own informal perceptions of the course, student performance in the course, and the course evaluations, I believe that there was student learning in these areas, and that I also was successful in getting students interested or more interested in the discipline of economics.

My evaluation of student learning in the course was comprised of five categories. Students were evaluated based on reflection papers (6.25% × 4), quizzes (10% × 3), projects (one 5% and second 10%), reading guides and other homework (20%), and participation (10%). For each category of evaluation, students had at least two assignments. I wanted to be sure that if students struggled with one quiz, for example, they had an opportunity to reflect on their performance and make

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<sup>8</sup>Prepare students by asking them to come up with 3–5 questions to ask at the business. Also send a follow-up thank you note—include students.

appropriate changes to apply to another quiz. The diversity of evaluation methods reflected the course learning goals. For example, because the course aimed to help students further develop their writing skills, I assigned four reflection papers (each 500 words, or approximately one page single-spaced) throughout the semester. These reflection papers were also an opportunity to reflect on the content of the course. The general format asked students to focus in on a particular Smith reading, summarize the reading, and then explain how it is still relevant today. There was (as expected) the greatest variation in essays for the first essay, and I met with several students one-on-one to discuss the essay and asked them to make some changes and re-submit. Essays three and four were stronger in terms of structure, incorporating passages from the text, grammar, and detail around current application.

In order to ensure that students were practicing reading skills and learning the content along the way, I put together reading guides for each assigned Smith reading and other homework assignments, similar to the one provided earlier.

In general, student performance did improve over time, as is evident in grades received. Admittedly, especially in the context of a first-semester, first-year course, there is content learning taking place, but there is also the process of students becoming more familiar with expectations and students developing strategies to manage time, study more effectively, and seek out help when they need it. Indeed, the first learning goal of the course recognizes this period of adjustment.

Student learning and what students took from the course is also evident in course evaluations. Course evaluations were completed by 14/15 students in the course. The course evaluations are a combination of particular questions about how the student believes they performed in the course, the course, and the course instructor with responses ranging from 1 (not at all) to 7 (very much so) and general comments on how the student believes they performed in the course, the course, the course instructor, and whether they would recommend the course. Pulling some key questions in regards to the course, students reported that the assignments were useful (6.29/7), the readings were valuable (6.29/7), “overall, this was an excellent course” (6.36/7) and that “I learned a great deal in this course” (6.43/7). In regards to my unofficial goal of the course, students tended to agree that it “stimulated my interest in the subject” (6.29/7).

The general comments about the course are consistent with the numerical scores. I tried to locate general themes in the open comments, and found that students often discussed (1) how the course helped them transition to college, (2) how the course helped them make connections with peers, (3) how they learned about the college and/or town, and (4) overall comments.

- how the course helped them transition to college
  - “This has helped me adjust to college. I think this course was a lot more strict than others and proved a good transition.”
  - “I feel more prepared for more serious classes now that I have completed this FYI course. I am very happy to have a place where I was able to prepare myself for what I will need in my future classes.”

- “The course challenged me and pushed me out of my comfort zone but after awhile I got use[d] to it and it became a lot easier for me and I started to see major improvements.”
- how the course helped them make connections with peers:
  - “I am definitely a lot closer with my peers in FYI which helped coming in to college easier.”
  - “It was fun. Made friends, helped me get adjusted to the environment. The course material was really fun.”
  - “I also met many new people during my first few weeks here at Beloit; this class helped me meet those people.”
- how they learned about the college and/or town:
  - “It is equally a good introduction to college life and classes. It taught me a lot about Beloit College and the City of Beloit.”
  - “It also helped me realize how many resources this place has. Beloit has so many amazing businesses and I would not have been able to know more about them if it were not for this FYI. The course included many interesting readings about Adam Smith, which I personally enjoyed a lot. The visits to various places like Frito Lay, Kerry ingredients etc. were so much fun and gave me so many opportunities to learn about how these businesses function.”
  - “The strength of this FYI was that I had the opportunity to know the campus and the facilities it provided with the help of programs such as the tour of the history of the campus, library, CELEB, projects on business places of the city, etc.”
- overall comments:
  - This course helped me realize I want to be an Economics major while I’m here at Beloit. It’s a very interactive FYI and the relationships you build by the guidance of the instructor has put me in a successful position to succeed.”
  - “It was able to make me think a great deal. I now have more interest in economics. I wasn’t planning on taking an ECON class but now I am.”
  - “Yes, during this course, I acclimatized to Beloit extremely well, while learning about many of Smith’s main ideas. This course stimulated my interest in economics so much that I am taking an economics course next semester. This course kept me interested, did not stress me, and will be of use to me in the future. This was a great course.”

Finally, looking back at the class list and current majors of the students, approximately three-quarters of the students have declared economics majors. I take this as further evidence that the course was an effective introduction to economics!

## 1.8 Conclusion

“Exploring your own local economy using Adam Smith” was a fun course to create and allowed me to learn more about my own local economy and incorporate more of Smith into a course than I have before. Based on course evaluations, the students also greatly enjoyed the course. If I were to teach the course again, there are a few changes that I would make.

First, I would add at least one reading from Smith’s (1982) *Theory of Moral Sentiments* (hereafter, TMS). In my initial introduction to Smith (through a PowerPoint) I mention TMS and share a few key passages. Actually assigning a passage from TMS would further drive home Smith’s assumptions about human nature, possibly address common student concerns about economics, and encourage students to explore a philosophy course.

Second, although we spent considerable time talking about how to read Smith, we spent much less time discussing writing. As a learning goal of the course and FYI program, this could have been emphasized more. After receiving the first reflection paper, it was clear that further instruction was needed. Because I had already assigned the paper, I opted to meet with students who were struggling one-on-one. In hindsight, a class focused on how to incorporate evidence and how to structure a paper in advance of the writing assignment would have been helpful.

Third, two students commented that the visits to local businesses could have been more carefully tied back to Smith. I agree. Here, devoting a class to ‘debrief’ and consider these connections would have been helpful. With more preparation, the faculty member could put together these notes and then also ask them during the business visit.

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