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ABSTRACT

GRADES OR AGES: Grades 10 and 11. SUBJECT MATTER: Social studies; United States economic system. ORGANIZATION AND PHYSICAL APPEARANCE: The major portion of the guide is divided into seven subunits, each of which is laid out in three columns, one each for topics, activities, and materials. Other sections are in list form. The guide is mimeographed and staple-bound with a paper cover. OBJECTIVES AND ACTIVITIES: General objectives for the unit are listed on the first page. More specific objectives are listed on the first page of each subunit. Each group of activities in the second column is related to a topic in the first column. INSTRUCTIONAL MATERIALS: Each group of materials listed in the third column is related to one or more activities. In addition five appendixes contain curriculum materials--articles and charts. STUDENT ASSESSMENT: No provision. OPTIONS: The guide is prescriptive as to course content and timing. Activities and materials listed are optional. (RT)

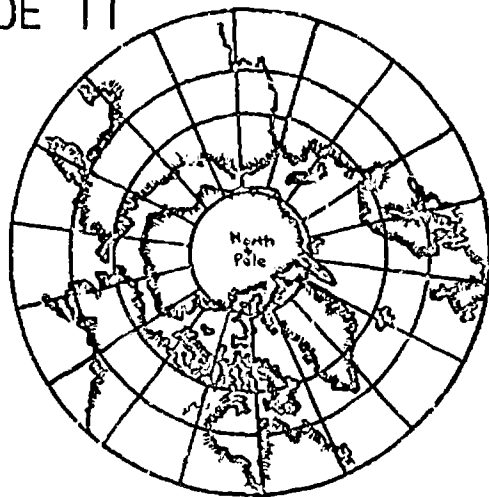
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**PROVIDENCE  
SOCIAL  
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PROJECT**

10 & 11

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**THE DEVELOPMENT OF THE  
UNITED STATES'  
ECONOMIC SYSTEM  
AMERICAN CIVILIZATION  
RESOURCE UNIT III  
GRADE II**



**RHODE ISLAND COLLEGE  
PROVIDENCE PUBLIC SCHOOLS**

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# RESOURCE III

## THE DEVELOPMENT OF THE UNITED STATES' ECONOMIC SYSTEM

### A. INTRODUCTION:

The purpose of this section is to present in historical perspective the ways in which the United States' economy has evolved since the period of colonization. The emphasis is strongly centered on the change of the United States from a rural agricultural to an urban industrial society, and the ways in which the economy interacted with social and occupational phenomena, producing change in all sectors.

### B. MAJOR UNDERSTANDINGS:

To understand that the changes which have occurred in the economy of the United States are not peculiar to this country; that the same processes are closely related to any economy in the process of changing from a rural agricultural to an urban industrial society.

### C. AIMS:

1. To have the students develop an understanding of the stages of economic growth.
2. To show that the economy of the United States is constantly being modified by the interaction of government, producer, consumer, and financial institutions.
3. To have the students develop insight into the workings of the American economy.
4. To develop an understanding of the various economic institutions which have developed in the United States.
5. To demonstrate how the United States has evolved from a basically free market economy to a mixed economy.

## D. GENERALIZATIONS:

1. The roots of economic activity are to be found in scarcity on the one hand and dynamic human wants on the other.
2. An economic problem arises from the continuing need to allocate scarce resources among competing demands.
3. Any economic system is judged in terms of its demonstrated ability to reduce and eventually eliminate scarcity (the ideal state is one free from scarcity).
4. Economic forces do not operate in a vacuum; they are contingent upon geographical, social, and political realities which modify and limit economic probabilities.
5. As an economic system approaches full maturity, the economic institutions of that system become more complex.

## E. SUGGESTED TERM PAPER TOPICS

1. Guilds - What were they? What were the different types? When and where were they prevalent? How were they organized? When did their influence decline? How are they related to unions?
2. Biography - Reports on the economic ideas of Veblen, Smith, Mill, Marx, Malthus, Keynes, George, Hayek, et al.
3. Physical Environment - How does the lay of the land, the natural resources, and the number of people inhabiting the land affect the economic development of the land? Use actual countries, comparing and contrasting two.
4. Technology - What is technology? Why is it important? What aspects of technology are peculiarly American?
5. Social Environment - What was the effect of the Puritan ethic and Calvinistic philosophy on the development of the United States economic system?
6. Immigration - What effect did immigration have on the developing United States economy? What activities in particular were aided by the large influx of immigrants? What positions today are still filled by immigrants or 2nd generation Americans?
7. Colonial Period - What were the economic motives for the founding of colonies? Motives for going to the colonies? Economic activities in the British colonies? Were the colonies economically beneficial to Great Britain? Why was colonial trade restricted? What various Trade Acts were instituted by the British from 1660-1775?
8. Banking - What is the old world background of banking? (Banking houses such as Medici, Fuggers and Rothschild). What types of pre-revolutionary banks existed in the United States? What caused so many bank failures in the 19th century and early 20th century? What has caused the great decrease in bank failures during the last 3 decades?
9. Trade - What trading was most important in colonial America? (Tri-cornered trade). In the 19th century America? (Clipper ships). 20th century United States? (industrial goods and capital goods).
10. Manufacturing - Report on Rhode Island manufacturers of the 19th century. Who provided capital? Where did labor come from? Where were products sold? What was used as power?

11. Transportation - When were the first canals dug? Who dug them? How much did they cost? Were they profitable? How long were they used? Why were they important? Why did they cease to be used? When did steamships come into use? (same as above). When did railroading begin? (same as above)
12. Reformers - What were the reform movements of various eras of United States history?  
1840-1860 Radical Republicans  
1870-1900 Populism  
1900-1940 Progressivism  
What did they seek to rectify? How successful were they? What do we see around us today that is a product of their endeavors? How did each modify or change the economic course of the United States?
13. Big Business - Who were the "robber barons"? Why were they so called? What were the good points of big business? What evils came about because of big business? What government action came about to curb big business? Did this governmental interference negate the concept of free enterprise?
14. U.S. Economic capacity - A comparison of United States economic capacity (natural resources and ability to produce) with various nations in the world. (U.S.S.R., Canada, Britain, China, W. Germany, Japan, etc.)

## OVERVIEW

### H. THE TRANSFORMATION FROM AN AGRICULTURAL TO AN INDUSTRIAL SOCIETY (1870-1967)

(SUGGESTED TIME: 5-8 WEEKS)

#### 1. INTRODUCTION:

The most important key to the present position of the United States is its high degree of industrial and technical knowledge. This has brought about its current position as a world power. Therefore, in this unit an attempt has been made to portray in broad general terms the causes and effects of this transformation from a rural, agricultural society to an urban, industrial society.

As a unit this should move quickly through discussion and serve as an overview to the resource unit.

#### 2. AIMS:

a) To show that during the last 100 years, the United States has become predominantly industrial and urban in character.

b) To have the students understand that urban areas developed for many reasons, and that industrialization is but one of these many reasons.

#### 3. GENERALIZATIONS:

a) By the late 19th century industrialization had begun to make extensive inroads over agricultural interests.

b) This period saw the final effort by the farmers to join together in the defense of their interests.

c) The rise of big business coupled with a governmental policy of Laissez-faire created social abuses.

d) Progressivism, Unionism, and Socialism protested the position of the urban workers.

e) Political parties occasionally have championed the rights of the worker over the plans of big business. Since the 1930's, social legislation has been especially pronounced.



| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| <p>What are the evidences that America did change from an agrarian to an industrial society?</p> | <p>Chart showing urban and rural population of the United States in ten year intervals from 1790-1950.</p>                             | <p>American Book Co.<br/><u>History: USA</u><br/>pp. 339-394</p>  |
| <p>How did the emerging industrial society affect agriculture?</p>                               | <p>Graph of the United States tariff changes through this period.</p>  | <p>Keystone: <u>Mastering American History</u><br/>pp. 383-393</p>  |
|  | <p>Relation of the United States to other countries in exports and world production.</p>   | <p>Hammond: <u>Atlas of American History</u><br/>pp. 19, 26</p>   |
|  | <p>A chart on the number of labor unionists in the United States at ten year intervals from 1870 to 1960.</p>                          | <p>Scott, Foresman: <u>Labor in American Society</u><br/>pp. 51-73</p>  |
|  | <p>A student report on the types of industry that first appeared on the American scene and how this changed throughout the period.</p> | <p>Scott, Foresman: <u>United States History</u><br/>pp. 189, 379, 493, 571, 681</p>  |
|  | <p>A group report on the effect of the tariff on emerging United States industrial development.</p>                                    | <p>McGraw-Hill: <u>The Shaping of Modern America</u><br/>(ALL)</p>  |
|  | <p>A report on industrialization in the post Civil War South.</p>  | <p>Filmstrips<br/>SS-C-24e "Reconstruction and Economic Development"</p>  |
|  | <p>A student report on the importance of industrialization to the coming of the mechanized farm.</p>                                   | <p>SS-C-24f "Road to World Power and Responsibility"</p>  |
|  | <p>A debate or panel discussion on whether United States farms are agricultural or commercial.</p>                                     | <p>SS-H-21f "An Era of Industry"</p>  |
|  |  | <p>Transparencies<br/>Title II TRSS-44f "United States in 1861"<br/>Title II TRSS-44g "United States in 1893"<br/>Title II TRSS-44h "United States Today"<br/>Title II TRSS-44i "United States Historical Progress"</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>What were the reasons America began to develop its own industry in the 19th century?</p> <p>(For industry to develop six items must be present. These are:</p> <ul style="list-style-type: none"> <li>. raw materials</li> <li>. workers</li> <li>. capital</li> <li>. transportation</li> <li>. market</li> <li>. source of power</li> </ul> <p>These were all present in the 19th century United States.)</p> | <p>Have a student prepare a chart showing the chief types of goods and volume of goods in 1840, 1860, 1880 and 1900.</p> <p>Have a class discussion on the nature of the factory system.</p> <p>Have a group determine the people who worked in the factories. Where did they come from? Were they displaced from their former jobs by the factory? Were there many immigrants employed? How many at different times?</p> <p>A group project to determine the effect of the tariff on the rise of industry and manufactures.</p> <p>A student report on Hamilton's view of the tariff and the development of infant industry.</p> <p>A class discussion on the prerequisites for industrial development. (Lead to where and why industry developed in the United States.)</p> <p>A group report on how the emergence of banking aided the growth of industry.</p> | <p>American Book Co.<br/><u>Viewpoints: USA</u><br/>pp. 195-214</p> <p>Scott, Foresman:<br/><u>Growth of Industrial Enterprise</u><br/>(ALL)</p> <p>Scott, Foresman:<br/><u>Commerce, Cotton, and Western Expansion</u><br/>pp. 39-46, 59-72</p> <p>Hammond: <u>Atlas of American History</u><br/>pp. 370-409</p> <p>Scott, Foresman:<br/><u>United States History</u></p> <p>Keystone: <u>Mastering American History</u><br/>pp. 271-283</p> |

| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS  |
|---|--|--|
| How did the rise of industry alter American society?  | Have a student prepare a chart showing immigration from 1820 to the present using ten year intervals. Include both numbers and places of origin.         | American Book Co.<br><u>History: USA</u><br>pp. 394-406                  |
| From where did the manpower for industry come?  | Have a group find the problems created by the new industrialism.   | Keystone: <u>Mastering American History</u><br>pp. 286-287               |
| How was it possible for the United States to develop rapidly as an industrial society and yet maintain a high agricultural output?          | Have a student report on the typical textile workers' week in 1870, 1890, 1910, etc.   | Hammond: <u>Atlas of American History</u>                                |
|   | Prepare charts to show westward movement of the center of population, numerical population, growth, and shift in population from rural to urban centers. | Scott, Foresman: <u>Labor in American Society</u><br>pp. 78-85           |
|   | A report on the question of whether most industrial workers were immigrants or excess population from the farms.   | Macmillan: <u>The Progressive Movement</u> . pp. 1-41                    |
|   |  | <u>Statistical Abstracts</u>   |
|   |  | Scott, Foresman: <u>The Growth of Industrial Enterprise</u><br>pp. 50-72 |
|   |  | McGraw-Hill: <u>The Shaping of Modern America</u><br>pp. 30-35           |
| What effect did industrialization have on the farmers?  | Chart of farm production by year.  | American Book Co.<br><u>History: USA</u><br>pp. 409-421                  |
|   | Chart of farm exports, and per cent of population engaged in farming for various years.  | Keystone: <u>Mastering American History</u><br>pp. 330-344               |
| How was it possible for the number of farmers and the number of acres under cultivation to decline and yet have total farm output increase? | A group activity to show how farming interests opposed industrial interests.   | <u>Historical Statistics</u>   |
|   | A graph showing the relative value of farm goods to industrial goods in various years.   | Scott, Foresman: <u>Reform in America</u><br>pp. 59-119                  |

| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS   |
|---|--|---|
|   | <p>A report on the growth of mass distribution of goods (railroads and canal systems) and the effect this had on growing government regulations.</p> | <p>American Book Co.<br/>Pamphlets # 6A, 6B, 6C, and 7A</p> <p>Delta:<br/><u>Toil and Trouble</u><br/>pp. 24-37</p> <p>Scott, Foresman:<br/><u>The Growth of Industrial Enterprise</u><br/>pp. 66-72</p> <p>Scott, Foresman:<br/><u>United States History</u><br/>pp. 468-507</p> |
| <p>Why did unions come into being during this period.</p>       | <p>Have a student prepare a chart showing the rise and merger of unions during the 19th and 20th centuries.</p>                                      | <p>American Book Co.<br/><u>History: USA</u><br/>pp. 380-385, 535, 551</p>  |
| <p>What effect did they have on the emerging industrialism?</p> | <p>Have the students read biographies of various labor figures. (Gompers, Keuther, Hoffa, etc.)</p>  | <p>American Book Co.<br/><u>Viewpoints: USA</u><br/>pp. 212-216</p>   |
| <p>What effect did Progressivism have on unionism?</p>          | <p>Have a group prepare a chart on the objectives of American labor unions and the degree to which they have attained their goals.</p>               | <p>Keystone: <u>Mastering American History</u><br/>pp. 346-370</p>  |
|   | <p>Have a student visit a union office to gain material on the purpose and function of unions.</p>   | <p>Delta:<br/><u>Toil and Trouble</u><br/>pp. 13-23, 72-97, 160-208, 268-288</p>  |
|   | <p>A group report on the Progressive movement and the effect this had on the union movement.</p>   | <p>Scott, Foresman:<br/><u>Labor in American Society (ALL)</u></p>  |
|   | <p>A chart of legislation accomplished by the Progressives.</p>  | <p>Scott, Foresman:<br/><u>United States History</u><br/>pp. 182, 277,</p>  |
|   | <p>A debate or panel discussion on whether the Progressives were pro or anti-union.</p>  | <p>381-384, 492, 644 ff., 727</p>   |

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS   |
|---|---|---|
| <p>What was the connection between American overseas expansion and industrial growth?</p>                 | <p>Biographies of any of the Progressive leaders; their background, education, family, social standing, etc.</p>  | <p>Scott, Foresman:<br/><u>The Growth of Industrial Enterprise</u><br/>pp. 59-65</p> <p>American Book Co.<br/>Pamphlets # 7A, 7B, 7C</p> <p>Scott, Foresman:<br/><u>Reform in America</u></p> <p>McGraw-Hill:<br/><u>Expanding Horizons</u><br/>pp. 47-56</p> <p>Filmstrips<br/>SS-H-21G "New Stature in a New Century"</p>               |
| <p>Was the Spanish-American War fought for altruistic motives or simply as an excuse for imperialism?</p> | <p>Chart showing the dates and areas acquired by the United States.</p> <p>Map showing possessions throughout the world in 1840, 1860, 1880, 1900 (in color for year of conquest or attainment).</p> <p>A debate or panel discussion on the question of industrial motives to imperialism. (Was industry searching for new markets?)</p> <p>A report on the status of these possessions at the present. If independent, when did they become so, etc.?</p> <p>A group report on reasons for the Spanish-American War. (Altruism versus Imperialism)</p> | <p>American Book Co.<br/><u>History: USA</u><br/>pp. 446-457</p> <p><u>Viewpoints: USA</u><br/>pp. 218-238 Pamphlet # 7A</p> <p>Keystone: <u>Mastering American History</u><br/>pp. 427-455</p> <p>McGraw-Hill:<br/><u>Expanding Horizons</u><br/>pp. 1-37</p> <p>Macmillan:<br/><u>From Imperialism to Isolationism</u><br/>pp. 1-32</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>By 1910 what evidences are there that the United States had become a world leader in industrial output?</p> | <p>Have a class discussion as to what were the means of identifying a world industrial power in 1910.</p> <p>A bar graph showing the relative productivity of the leading world producers in oil, iron ore, steel, copper, etc., in 1840, 1860, 1880, 1900, 120, 140, 1960.</p> <p>A class discussion leading to the importance and inter-relatedness of industrial power and world leadership.</p> | <p>Scott, Foresman:<br/><u>United States History</u><br/>pp. 434-455</p> <p>Scott, Foresman:<br/><u>American Foreign Policy</u><br/>pp. 32-65</p> <p>Transparencies<br/>TR-SS-35 "Manifest Dentiny"<br/>Title II - TRSS-44g "United States in 1893"</p> <p>Filmstrips<br/>SS-C-24f "Road to World Power and Responsibility"<br/>SS-H-21f "An Era of Industry"</p> <p>Films<br/>T-203 "Territorial Possessions of the United States"</p> <p>American Book Co.<br/><u>History: USA</u><br/>pp. 464-493</p> <p>McGraw Hill:<br/><u>Expanding Horizons</u><br/>pp. 39-44</p> <p>Scott, Foresman:<br/><u>World Power and New Problems(ALL)</u></p> <p><u>United States History</u><br/>pp. 468-470ff.</p> <p><u>Historical Abstracts</u></p> |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| <p>In what way did United States involvement in World War I represent a radical break from American tradition since the time of Washington?</p>            | <p>A student report on Washington's farewell address and what effect it had on future presidents' decisions.</p> <p>A panel discussion on the merits of isolationism versus intervention.</p>  | <p>Filmstrips<br/>SS-H-21f "An Era of Industry"</p> <p>American Book Co.<br/><u>Viewpoints: USA</u><br/>pp. 242-263</p> <p>Pamphlets # 7D, 8A</p> <p><u>History: USA</u><br/>pp. 496-513</p>  |
| <p>Following World War I why did the United States fail to join the League of Nations?</p>   | <p>Charts on United States' casualties, numbers in the service, expense, etc., and a comparison with the other combatants.</p> <p>A group report on Wilson's fourteen points.</p> <p>A student report on the founding of the League of Nations.</p> <p>A student report tracing the failure of the League during the 1920's and 1930's. Why did it fail?</p> | <p>McGraw-Hill:<br/><u>Democracy on Trial</u> (ALL)</p> <p>Macmillan:<br/><u>From Imperialism to Isolationism</u><br/>pp. 1-60, 61-86</p> <p>Scott, Foresman:<br/><u>World Power and New Problems</u><br/>pp. 5-43</p> <p>Filmstrips<br/>SS-H-21h "World War I and Its Effects"</p> |
| <p>What was the New Deal?</p> <p>Why did it come into being during the 1930's?</p> <p>Did New Deal legislation favor labor or did it favor management?</p> | <p>Have a group of students define a depression and give examples of a depressed economic situation</p> <p>Have a group draw a chart on the effects of the depression on industry by year.</p> <p>A chart on price of agricultural goods and decline of agriculture.</p>   | <p>American Book Co.<br/><u>History: USA</u><br/>pp. 542-562</p> <p><u>Viewpoints: USA</u><br/>pp. 286-287</p> <p>Pamphlets # 8B, 8C, 8D, 8E</p> <p>Keystone: <u>Mastering American History</u><br/>pp. 311-315</p>   |

| QUESTIONS | SUGGESTED ACTIVITIES  | MATERIALS  |
|-----------|---|--|
|           | <p>Have a group of students develop a report on the main characteristics of the New Deal.</p> <p>A student report on the causes of the "great depression" and what attempts were made to cope with it prior to Roosevelt and the "New Deal".</p> <p>A student report on the New Deal as a culmination of a century of reform.</p> <p>A group report on the New Deal labor legislation and how it differed from previous government involvement.</p> | <p>Scott, Foresman:<br/><u>Reform in America</u><br/>pp. 121-167</p> <p><u>Labor in American Society</u><br/>pp. 119-128</p> <p><u>Adjustments to Depression and War</u><br/>pp. 25-63</p> <p>Macmillan:<br/><u>The New Deal</u><br/>pp. 1-58</p> <p>McGraw-Hill:<br/><u>Boom and Bust</u><br/>(ALL)</p> <p>Filmstrips<br/>SS-C-14- "Civilian Conservation Corps"<br/>SS-H-21h "World War I and Its Effects"<br/>SS-H-21i "Depression, Recovery, and World War II"</p> <p>Films<br/>Y-206 "Your Social Security"<br/>F-207 "Franklin Delano Roosevelt"<br/>C-301 "Causes and Immediate Effects of the First World War"</p> |



| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| <p>How did the United States become involved in World War II?</p> <p>How did this bring the United States into a position of world leadership?</p> | <p>Biographies of leaders of countries involved in World War II.</p> <p>Charts showing the loss of life and destruction caused by the war for all of the countries involved. (Comparison)</p> <p>Group activity on the various events leading up to war. (Two groups; one for Europe and one for the Pacific). These reports should be put on ditto and handed out to the entire class.</p> <p>Have a student prepare a political spectrum and locate the various countries involved in World War II along this spectrum.</p> <p>Student reports on origin and nature of Nazism, Fascism, Communism, Capitalism, and Japanese Totalitarianism.</p> | <p>American Book Co. <u>Viewpoints: USA</u> pp. 290-311</p> <p><u>History: USA</u> pp. 566-625</p> <p>McGraw-Hill: <u>Global Conflict (ALL)</u></p> <p>American Book Co. Pamphlets # 8E, 9A</p> <p>Keystone: <u>Mastering American History</u> pp. 485-536</p> <p>Scott, Foresman: <u>Problems of Prosperity and Leadership</u> pp. 1-58</p> <p>Filmstrips<br/>SS-H-21i "Depression, Recovery, and World War II"</p> <p>Films<br/>S-303 "Second World War Allied Victory"<br/>S-304 "Second World War Axis Triumph"</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| <p>What were the effects of World War II (1941-45) on the United States?</p> <p>a) labor<br/>b) agricultural growth<br/>c) transportation<br/>d) military training<br/>e) dislocation of people<br/>f) new industrial development<br/>g) United Nations<br/>h) national debt<br/>i) government control (C.P.A.)<br/>j) population growth</p> | <p>Have groups of students prepare reports on any of the topics listed or any that they or the teacher wish to add to this list.</p> <p>(The best approach to this question would be class reports followed by a discussion period or, if the teacher wishes to remain out of the discussion, a panel discussion could be utilized.)</p> | <p>American Book Co.<br/><u>History: USA</u><br/>pp. 620-678</p> <p>Pamphlets # 9A, 9B, 9C</p> <p>McGraw-Hill:<br/><u>Global Conflict</u><br/>pp. 52-59</p> <p><u>The Cold War</u><br/>(ALL)</p> <p>Macmillan:<br/><u>The Cold War</u><br/>(ALL)</p> <p>Scott, Foresman:<br/><u>Problems of Prosperity and Leadership</u><br/>(ALL)</p>                                     |
| <p>What major problems confront the United States currently because it has become an urban industrial power and world leader?</p>  | <p>Class discussion:</p> <p>a) minority groups<br/>b) poverty<br/>c) integration<br/>d) education<br/>e) religion<br/>f) social change<br/>g) foreign aid<br/>h) "dollar diplomacy"<br/>i) war<br/>j) rising taxes<br/>k) civil rights<br/>l) cost of living<br/>m) art and music</p>  | <p>American Book Co.<br/><u>Viewpoints: USA</u><br/>pp. 314-326</p> <p><u>History: USA</u><br/>pp. 682-709</p> <p>Pamphlets # 9A, 9B, 9C 9D, 9E</p> <p>Keystone: <u>Mastering American History</u><br/>pp. 522-581</p> <p>Scott, Foresman:<br/><u>Adjustments to Depression and War</u><br/>pp. 71ff.</p> <p><u>Problems of Prosperity and Leadership</u><br/>pp. 59ff.</p> |

| QUESTIONS | SUGGESTED ACTIVITIES | MATERIALS  |
|-----------|----------------------|--|
|           |                      | <p>Free Press:<br/> <u>The United States</u><br/> <u>in the Contempo-</u><br/> <u>rary World</u><br/> <u>(1945-1962)</u><br/> (ALL)</p> <p>Transparencies<br/> Title II -<br/> TRSS-44-h<br/> "United States<br/> Today"</p> |

## SECTION . I

### F. MODE OF ANALYSIS FOR ECONOMIC DEVELOPMENT IN THE UNITED STATES

SUGGESTED TIME: 4-6 WEEKS

#### 1. INTRODUCTION

This unit will attempt to give the teacher and the students a frame of reference for dealing with the development of the United States economic system. It is hoped that this unit will provide the students with sufficient economic understandings and terminology so that they will be capable of analyzing the stages of economic growth.

As in Sections I and II, the approach will be to look at the United States in the present and then to reflect both topically and chronologically on our past. One continuing question is: How did we reach this present stage?

#### 2. AIMS

- a) To have the students obtain the economic terminology and methodology necessary for the interpretation and understanding of United States economic growth.
- b) To analyze the economic growth of the United States and thus arrive at an understanding of the free market system and of the various roles played by government, producers and consumers.

#### 3. GENERALIZATIONS

- a) Some insights into the character of the United States' economic system can be obtained through data collected by the census and other agencies.
- b) All economic systems are composed of similar institutions; only the character of these institutions change from system to system.
- c) For a nation to develop full economic maturity, social, political, and technological advances must exist; of these certain seem more appropriate to growth than others.
- d) The wealth of an economy is its capacity to produce goods and services.

## 4. DEVELOPMENT OF UNIT

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| What is economics?   | Through class discussion and through reading of the various books provided a viable definition of economics should be arrived at.  | <u>Harcourt, Brace and World: History of the American Economy</u> pp. 1-16  |
| Why is economics important?  | Again, through discussion or readings, an understanding of the four central economic problems should be instilled.   | <u>Merrill: Economics</u> pp. 1-35  |
| What are the central economic problems faced by all societies?                                   | The class might be divided into several groups of students and each assigned a country. The purpose of the activity would be to illustrate for them how an economic system develops and that its degree of maturity is dependent upon available resources, skills, and capital. The point that should be emphasized is that each country's economic system develops in answer to the needs of the people and depends upon the resources available and the country's political philosophy, and economic theory. | <u>Allyn &amp; Bacon: Modern Economics</u> pp. 1-16   |
| a) economic wants<br>b) Scarce resources<br>d) decision making<br>d) Need for an economic system | The class might be divided into several groups of students and each assigned a country. The purpose of the activity would be to illustrate for them how an economic system develops and that its degree of maturity is dependent upon available resources, skills, and capital. The point that should be emphasized is that each country's economic system develops in answer to the needs of the people and depends upon the resources available and the country's political philosophy, and economic theory. | <u>McGraw-Hill: Economics For Our Time</u> pp. 1ff.   |
| Who are the dominant economic theorists?   | <ul style="list-style-type: none"> <li>. India</li> <li>. Syria</li> <li>. Brazil</li> <li>. U.S.S.R.</li> <li>. Australia</li> <li>. W. Germany</li> <li>. Japan</li> <li>. Argentina</li> <li>. Algeria</li> <li>. South Africa</li> <li>. Ethiopia</li> <li>. Yugoslavia</li> </ul>   | <u>Bate: About the Nature of Economics ( a'l ) and About Man's Economic Wants.</u><br>(all)<br><u>Mentor: Ideas of the Great Economists</u> pp.1-16 |
| How do these theories differ?<br>e.g<br>Marx<br>Smith<br>Keynes<br>Veblen                        | <ul style="list-style-type: none"> <li>. India</li> <li>. Syria</li> <li>. Brazil</li> <li>. U.S.S.R.</li> <li>. Australia</li> <li>. W. Germany</li> <li>. Japan</li> <li>. Argentina</li> <li>. Algeria</li> <li>. South Africa</li> <li>. Ethiopia</li> <li>. Yugoslavia</li> </ul>   |   |

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS   |
|---|---|---|
| <p>What are some of the methods that the economist uses in analyzing various phases of the economy?</p> <p>[chart and graphs.<br/>Employment ratios<br/>health figures<br/>Production of capital goods<br/>Import-export ratio<br/>Deficit spending<br/>Amount of leisure time<br/>Hours worked<br/>Amount of "excess income"<br/>Percentage spent on luxuries and percentage on necessities<br/>G.N.P.]</p> <p>What is the economic position of the United States in the world today? (see Appendix D)</p> | <p>The class might compile two or three tables of raw data on various countries concerned with wages earned, hours worked, median age of workers, income expended for necessities, income remaining for luxuries, number of hours labor necessary to buy certain consumer goods (clothing, refrigerator, car, washers, etc.) The figures should be examined and analysed. This might be followed by discussion or reports on the implications of these figures.</p> <p>A class discussion on how the students budget their allowances or earning. How do their parents budget, and how do governments budget?</p> | <p>Allyn &amp; Bacon:<br/><u>Modern Economics</u><br/>pp. 18-24</p> <p>Bete: <u>About Financial Statements</u> (all)</p> <p>Scott Foresman:<br/><u>Problems of Prosperity and Leadership 1945-present</u> (all)</p> <p>Merrill: <u>The Development of the American Economy</u> pp. 561-608</p> <p>Allyn &amp; Bacon:<br/><u>Modern Economics</u><br/>p. 398ff</p> <p>McGraw-Hill:<br/><u>Economics for Our Times</u><br/>pp. 376-92, 499ff;<br/>394-402.</p> <p>Scott Foresman:<br/><u>World Trade</u> (all)<br/><u>International Economic Problems</u> (all)</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS  |
|--|---|--|
| What is the product flow cycle?  | A student or group assignment to draw a chart of the product flow cycle to be mimeographed and handed out to the class.   | Allyn & Bacon: <u>Modern Economics</u> pp. 33-36                       |
| How does it operate?   | A discussion on what other elements besides the public have an influence on the size and direction of flow. (government)  |  |
| Why do all economic systems have a similar flow cycle?                                   | A panel discussion on the differences between a capitalist, a communist, and a socialist product flow cycle.  |  |
| (see Appendix A)   | After the "simple" product flow chart is clearly understood, the students should then discuss the role of government on the United States product flow cycle.   | McGraw-Hill: <u>Money and Banking in the American Economy</u> pp. 1-39 |
| What is money?   | A class project or group project to determine what items have been used as money or a medium of exchange in the United States from pre-Columbian times to the present.  | Merrill: <u>Economics</u> pp. 160-166ff                                |
| What is the function of money in our economy?  | A group report on the reason our paper currency has real value. (how it is backed, why is it convenient, what happens if an excess of money is printed, what determines the value of coins, why is silver no longer used in manufacturing coins?) | Allyn & Bacon: <u>Modern Economics</u> pp. 229-244; 123-144            |
| a) medium of exchange<br>b) a measure of value<br>c) a store of value (easy way to save) |   | McGraw-Hill: <u>Economics for Our Times</u> pp. 226ff; 289ff           |
| Where does money come from?  |   | Beta: <u>About Money and Banking in the American Economy</u> . (all)   |
| How is the money supply controlled?  | A student report on the United States price system.   | Prentice-Hall: <u>Economic Myth and Reality</u> pp. 1-25               |
|  | Various groups to report on money throughout the world. To answer the questions for various countries: Is this money sound? Has it ever been devalued? Why? Does the economy enjoy a favorable balance of trade?                                  | Fed. Res. System: <u>Money: Master or Servant</u> pp. 1-22             |
|  |   | Public Affairs Pamphlet #302 <u>How to Stretch Your Money</u> (all)    |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS  |
|--|---|--|
| <p>What is the gold standard?</p> <p>What system of financial backing is used in the United States today?</p> <p>What have we used in the past?</p> <p>What were the causes for the gold crisis of 1968?</p> <p>How was it resolved?</p> <p>Could it reoccur?</p> <p>What is international trade?</p> <p>What is deficit spending?</p> <p>What is "balance of payments"?</p> | <p>The questions on money and banking can be handled with the cooperation of Mr. Elliot Joslin of Industrial National Bank. The teacher should not, however, expect Mr. Joslin to "teach" the section. He should be utilized as a resource person.</p> <p>A brief discussion reaching all the way back to the era of exploration and colonization through the attempts to find gold in Virginia, its discovery in California and Alaska to demonstrate the high value that has constantly been placed on gold by Western man.</p> <p>A student report on the United States monetary system.</p> <p>Have the class divide into several groups. Each group could define, analyze and give examples of each of the questions posed. The purpose of these questions is to make the students familiar with this terminology and not to teach this material in any depth.</p> | <p>Scott Foresman:<br/><u>United States History</u><br/>pp. 45-46; 349.</p> <p>Films:<br/><u>Title VI-S-228</u><br/>"The Story of a Check"</p> <p>Merrill: <u>Economics and Public Policy</u><br/>pp. 178ff</p> <p>Merrill <u>Economics</u><br/>pp. 164; 158; 162;<br/>430-422-423</p> <p>McGraw-Hill:<br/><u>Economics For Our Times</u> p. 293</p> <p>Public Affairs<br/>Pamphlet # 378<br/><u>The Balance of Payments Crisis</u><br/>(all)</p> <p>Scott Foresman:<br/><u>United States History</u> pp. 425;<br/>431; 472; 521-522</p> <p>A.B.C. Document<br/>6C</p> <p>A.B.C. Document<br/>8B</p> |



| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>What is banking?</p> <p>What are the various types of banks?</p> <p>How do banks "create" money?</p> <p>What is credit?</p> | <p>Have a representative of a local bank come to school to respond to such questions as: What services do banks perform, how is it able to pay interest on deposits, what are the various sources of money that the bank has access to, how safe are our banks, what is the F.I.D.C., what is a "run" on a bank, how does the bank determine its prime interest rate?</p> | <p>Merrill: <u>Economics</u> pp. 166-173ff</p> <p>Allyn &amp; Bacon: <u>Modern Economics</u> pp. 245-260</p> <p>McGraw-Hill: <u>Economics For Our Times</u> pp. 237ff</p>   |
|  | <p>The class as a whole should determine the number and classification of various types of banks. The class could then be divided into several groups to determine the specific functions of each.</p> <p>Development of banking - why does it seem to almost be a necessity to a complex society? What is the role of the bank in the development of an economy?</p>     | <p>Bete: <u>About Money and Banking</u> (all)</p> <p>Public Affairs Pamphlet # 382: <u>Buyer, Be Wary!</u> (all)</p> <p>McGraw-Hill: <u>Money and Banking in the American Economy</u> p. 40ff</p> <p>Scott Foresman: <u>United States History</u> p. 17</p> |
| <p>What are the various types of economic systems in the world today?</p>  | <p>Four groups of students; three to report on the most common economic systems found in the world today and one to give a historical perspective on other types of economic systems which have existed. (Ancient Egypt, Ante-Bellum South, Medieval Europe).</p>   | <p>Merrill: <u>Economics</u> pp. 438-491</p> <p>Allyn &amp; Bacon: <u>Modern Economics</u> p. 27ff</p>  |
| <p>What economic system is found in the U.S.?</p>  | <p>A debate or panel discussion on the statement: "The United States operates on a free-enterprise capitalist system of economics."</p>   | <p>Scott Foresman: <u>Capitalism, Socialism, and Communism</u> (all)</p> <p>Bete: <u>About the American Economy</u> (all)</p>   |
| <p>Have we always had this system?</p>   | <p>How has our economic system changed over the last 200 years?</p>   |   |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS  |
|--|--|--|
| <p>(Although the terms capitalist, communist, and socialist are used to describe economic systems, these are not really appropriate. The students could use these terms, but the teacher should clarify their use)</p> | <p>A student report on the increase of government involvement in economic activity for the United States since independence.</p> <p>A comparison of the objectives of Mercantilism and Laissez-Faire.</p> <p>A bulletin board depicting the three major economic systems found in the present day world. Who controls production in each system? Who owns the property and means of production? Who determines what will be produced? What is the extent of government regulation and control? What percent of the profit is reinvested?</p> | <p>Mentor: <u>Ideas of the Great Economists</u> (all)</p> <p>McGraw-Hill: <u>American Capitalism and Capitalism and Other Economic Systems</u></p> <p>Holt, Rinehart &amp; Winston: <u>Comparative Economic Systems</u> (all)</p> <p>Scott Foresman: <u>United States History pp.17; 380;385</u></p> |
| <p>What is the "market"?</p>   | <p>A group report to explain how the United States' economic system is based on a market economy. (include production in anticipation of demand, right to own a business, right to make a profit, minimal governmental control, right to private property, etc)</p>  | <p>Merrill: <u>Economic</u> pp. 74-102</p>   |
| <p>Why is the "market" necessary to the U.S. economic system?</p>  | <p>A student report on what is a free-enterprise economy.</p>  | <p>Allyn &amp; Bacon: <u>Modern Economics</u> pp. 23;129.</p>  |
| <p>What systems exist that minimize or bypass the market economy concept?</p>  | <p>Culminate with a debate or discussion on, "How free is the United States economic system?"</p>  | <p>McGraw-Hill: <u>Economics For Our Times</u> p. 160ff</p> <p>Oxford: <u>Business and the American Way</u> (all)</p>  |
| <p>How free is the market economy in the United States today? (or: Does the United States today have a free-enterprise economy?)</p>   |  | <p>Bote: <u>About the United States Market System</u> (all) and <u>About Man's Economic Wants</u> (all)</p>  |
| <p>How does the law of supply and demand operate?</p>  |  |  |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS  |
|--|---|--|
| What is economic growth?   | A discussion of what growth implies - especially to the economy.  | <u>Merrill: Economics</u><br>pp. 236-270   |
| Why is it necessary?   | A chart prepared by a group of students to be handed out to the entire class showing U.S. economic growth in the 20th century.  | <u>Allyn &amp; Bacon: Modern Economics</u><br>pp. 146-190  |
| What are the ways of increasing productive capacity?<br>a) more workers<br>b) better quality labor force<br>c) Increase in stock of capital goods                            | A discussion on the elements of economic stability. Do stability and growth exclude one another? What is the accepted ratio between stability and growth that the United States government tries to maintain? (3 1/2 to 5% annual increase) | <u>McGraw-Hill: Economics For Our Time</u> p. 58ff<br><br><u>Scott Foresman: Understanding Economic Growth</u> (all)<br><br><u>Prentice Hall: Economic Development: Past and Present</u> (all) |
| What is economic stability?  |   | <u>U.S. Department of Commerce: Science and Technology and U.S. Economic Growth</u>  |
| What are some of the measures employed to avoid inflation and depression? (rise or fall in interest rates, decrease or increased taxation, less or more government spending) |   |  |

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS  |
|---|---|--|
| What is the G.N.P.?   | A group of students to prepare a chart showing the total makeup of the United States G.N.P. for 1967. This should be mimeographed and passed out to the entire class. Members of this group should then explain a part of the total to the class with the chairman of the group presenting a synthesis of all that was previously done as a culminating activity. | Merrill: <u>Economic</u> pp. 237-245; 273-266ff                            |
| How is it determined?   |   | Allyn & Bacon <u>Modern Economics</u> pp. 39-47                            |
| Why is the G.N.P. of importance?  | A class discussion on the G.N.P. Why is it important? What does it show? What is a healthy increase in the G.N.P.? What are the danger signs to watch for?  | McGraw-Hill: <u>Economics For Our Times</u> pp. 298-353; 473ff             |
| What is National Income?  |   | AEL-CIO: <u>Government Spending and Full Employment (all)</u>              |
| How is it determined?   | These same two activities are applicable to National Income)  | Transparencies: Title II(67) TRSS-57-eee 'Growth of U.S. Financial System' |
| What effects does it have on the economy? (multiplier effect; accelerator effect) |   | Merrill: <u>Economics</u> pp. 472-490                                      |
| What are the stages of economic growth?   | Information on these questions should be presented by the teacher, since the material is theoretical and needs concise presentation.  | Cambridge: <u>The Stages of Economic Growth (all)</u>                      |
| Do all emerging countries have to go through this same process?                   |   | Considering Appendix B, what conclusions can be drawn?                     |
| What categories of countries skip ed stages?                                      | Which progressed normally?  |  |

## SECTION II

## G. THE UNITED STATES AS A TRADITIONAL SOCIETY (1607-1815)

SUGGESTED TIME: 1-2 WEEKS

## 1. INTRODUCTION

Unit II will attempt to portray the character of a traditional society, especially the society that was developing in what is now the United States.

Basically, a traditional society has five obvious characteristics. These are: a general fatalism, limited production based on pre Newtonian science and technology, a ceiling on level of attainable output per head, rudiments of manufacturing, and a high degree of agriculture.

To understand the traditional society, a student must examine the economic institutions that exist in that society along with the amount, type, and methods of accumulating capital which are employed.

## 2. AIMS

- a) To give the students a framework from which every traditional society can be easily identified.
- b) To analyze the state of U.S. economic development during the 17th and 18th centuries.
- c) To determine the position of colonies in the English colonial system and of the economic principles that were prominent in their formation.
- d) To develop a clear understanding of the differences in economic belief between Thomas Jefferson and Alexander Hamilton, and of the effects their differences had on the economic development of the new nation.

### 3. GENERALIZATIONS

- a) The United States, as most other countries, was at one time a traditional society.
- b) Britain, after 1763, commenced to enforce navigation acts, and also searched for ways to raise revenue in the American colonies; the colonists resisted these measures and the struggle for economic control resulted in the American Revolution.
- c) The early economic development of the new nation was strongly influenced by the opposing views of two men with strongly differing ideas: Hamilton and Jefferson.
- d) Through the war of 1812 the American Economic system functioned according to the theories of mercantilism.

## 4. DEVELOPMENT OF UNIT

| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS   |
|---|--|---|
| <p>What were the principal occupations in the American colonies during the 17th and 18th centuries?</p> <p>What degree of social mobility existed?</p> <p>What occupations were considered most desirable?</p> <p>(this could be done in a matter of minutes and utilized as an introduction since the same question was posed in the Overview)</p> | <p>The teacher could either pass out dittoed tables to be considered or the students might compile these tables from the various items suggested.</p> <p>Through class discussion the opposite questions can be answered by an examination of the tables and through a recall of material presented in the first two sections (Overview and Society).</p>  | <p><u>Economic Forces in American History Vol. I</u><br/>pp. 16-29</p> <p>Houghton Mifflin:<br/><u>The Working Man in American Life</u><br/>pp. 1-15</p> <p>Scott Foresman:<br/><u>United States History</u> p. 28</p> <p>Institute of Life Insurance: <u>The Search for Economic Security</u><br/>pp. 1-8</p> <p><u>Filmstrips</u><br/>SS-H-21-a<br/>"The Emerging American"</p> |
| <p>What is a colony?</p> <p>What functions can colonial possessions bring to the "mother country"?</p>  | <p>A discussion to determine if any colonies exist at the present, what countries control them, how long have they been colonies, does the U.S. have any colonies, what are the benefits that colonies can bring, what liabilities can be associated with colonies? (e.g. Pax Americana)</p>   | <p><u>Economic Forces in American History Vol. I</u><br/>pp. 1-15</p> <p>Harcourt Brace and World:<br/><u>History of the American Economy</u><br/>pp. 18-47</p>   |
| <p>What costs?</p> <p>What economic theory upheld the importance of colonies for economic growth? (mercantilist theory)</p>   | <p>Groups of students might draw maps of various 18th and 19th century European colonial possessions or of various imperialist adventures on the part of the U.S. during the 19th century. (Remember to correlate with overview).</p> <p>A group or student report on how the early English colonies differed from colonies belonging to other countries (socially, economically and politically).</p> | <p>Merrill: <u>The Development of the American Economy</u><br/>pp. 1-17</p> <p>Heath: <u>The Formative Era of American Enterprise</u> pp. 1-74</p> <p>Scott Foresman:<br/><u>United States History</u> pp. 22, 28; 35, 43, 44.</p>  |

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS   |
|---|---|---|
|   | <p>Group reports on the Mercantilist theory, and the theory of Laissez-Faire, followed by a class discussion to arrive at a clear understanding of how they differ, in what ways they are similar; are any countries peculiarly one or the other at the present; followed by a description of the prevalent theory in the U.S. at the time of the traditional society and at the present.</p> <p>Biographical sketches on Adam Smith, Thomas Malthus, and David Ricardo.</p> <p>A group of students to explain the reasons for and importance of</p> <p>a) Bacon's Rebellion<br/>b) The Parson's Cause<br/>c) Stamp Act Congress<br/>d) Boston Tea Party<br/>e) Burning of the Gaspee</p> |   |
| <p>What type of trade was carried on by the American colonists?</p>                                     | <p>Have a class discussion on the types of trade. Why is trade necessary? What trade is most important in the U.S. today? What was most important in the period of the Traditional Society?</p>   | <p><u>Economic Forces in American History Vol. I</u><br/>pp. 30-48</p>                    |
| <p>What regulations were imposed by England?</p>  | <p>Have a group of students compile a list of the various regulations imposed by England on colonial trade. This could be mimeographed and passed out to the entire class.</p>  | <p>Harcourt Brace and World:<br/><u>History of the American Economy</u><br/>pp. 69-95</p> |
| <p>Which regulations were most disliked by the colonists?</p>   | <p>Through discussion it could be pointed out why these regulations were odious to the colonists. Why did the British insist on these regulations?</p>  | <p>Merrill: <u>The Development of the American Economy</u><br/>pp. 20-40</p>              |
| <p>What methods were employed by England to deal with those caught trying to avoid the regulations?</p> | <p>A student report on colonial star chamber proceedings. Were they legal? Did they violate the individual rights of the colonials? What of the admiralty courts? (tie in to question of the traditional rights of Englishmen in the Overview)</p>  | <p>McGraw-Hill:<br/><u>Economics For Our Time</u> pp.284-285</p>                          |
| <p>How effective were the British regulations?</p>  |   | <p>Scott Forseman:<br/><u>United States History</u><br/>pp. 44-49;50-53</p>               |



| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| <p>What were some of the economic factors responsible for the outbreak of the American Revolution?</p> <p>How was the Revolution financed by the Americans?</p> <p>By the British?</p> | <p>A discussion on differences in economic activity between the Southern, Middle and Northern colonies. What accounted for these differences?</p> <p>A report on the modes of internal migration in this period.</p> <p>A group report to determine what foreign countries aided the revolting colonies either financially or with manpower or through diplomatic recognition.</p> <p>A student report on how the Continental Congress raised internal revenue to pay and provision the army and navy.</p> <p>A student report on "fiat" money and the implications of the term "not worth a continental".</p> | <p>Rand McNally:<br/><u>A History of American Roads</u></p> <p>Insurance of Life Institute:<br/><u>The Search For Economic Security</u><br/>pp. 1-22</p> <p><u>Economic Forces in American History Vol. I</u><br/>pp. 49-51</p> <p>Harcourt Brace and World:<br/><u>History of American Economy</u><br/>pp. 90-95</p> <p>Merrill: <u>The Development of the American Economy</u> pp.45-58</p> <p>McGraw-Hill:<br/><u>Economics For Our Times</u> p. 285</p> <p>Scott Foresman:<br/><u>United States History</u><br/>pp. 60-97</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| Following the Revolution what new economic circumstances faced the new nation? | Have the class divide into groups and research and report to determine what methods of obtaining revenue was in use during the last years of the 13th century.   | Scott Foresman: <u>Decisions That Faced The New Nation 1783-1820</u> pp. 5-34   |
| What economic measures were attempted under the "Article of Confederation"?    | A mimeographed map showing the various trade route patterns followed during the period - This could easily be developed through an explanation of what articles were traded, and how did these trade routes develop, did they lead to economic stability? - possibly the teacher could introduce the term "comparative advantage" to the class with a simple explanation of its universal application. | Merrill: <u>The Development of the American Economy</u> pp. 61-92<br>McGraw-Hill: <u>Economics For Our Times</u> p. 285 |
| What effect did the Constitution have on the economy?                          | Following an introduction by the teacher the class might be divided into groups to determine the economic activity permitted the (A) Federal Government (B) State government (C) Individual.   | Mentor: <u>Ideas of the Great Economists</u> p.16ff   |
| What economic activities were reserved for the federal government?             | A discussion of the statement, "The Constitution created a climate which was favorable to risk taking by businessmen and Enterprisers"   | Scott Foresman: <u>United States History</u> pp. 82-86; 89; 98ff;102ff  |
| What economic activities were left to the states?                              | A report on the first United States Bank. Why was it founded, what did it do, how successful was it?   | <u>Filmstrips</u><br>SS-F-14b<br>Thomas Jefferson<br>SS-F-14c   |
| To the individual?   | A capable student might read Hamilton's <u>Report on Manufacturers</u> and compare and contrast it to Adam Smith's main ideas.   | Alexander Hamilton  |
|  | A student report on Shay's Rebellion. What economic causes brought it about? What effect did the political climate have on the coming of the rebellion? (Weakness of Articles of Confederation especially on economic matters).  |   |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS  |
|--|--|--|
| <p>When did the United States first utilize a tariff?</p> <p>What group favored the tariff? What group opposed the tariff?</p> <p>How have the tariff items and rates changed in American History?</p> | <p>Students to read, evaluate and present to class the importance of such Supreme Court cases as:</p> <p>a) <u>Brown vs Maryland</u><br/> b) <u>Darhmouth College Case</u><br/> c) <u>McCulloch vs Maryland</u></p> <p>How did each of these help the development of a market economy in the United States?</p> <p>A comparison of the economic positions of Hamilton and Jefferson. (Many of Hamilton's theories triumph, U.S. accepts war debts and institutes the protective tariff)</p> <p>Discussion to arrive at various reasons for a rise or a fall in the tariff rate</p> <p>a) protection<br/> b) revenue<br/> c) subsidy<br/> d) reprisal</p> <p>Tie in the size of the tariff to the three main questions in the Overview (people, government and industrial). Are any tendencies noticeable between social, political and the economic movements in each era?</p> <p>A group activity to arrange a bulletin board showing the rise and fall in tariff rates for the entire period of United States History (1790-1968).<br/> This should have two parts. First, a simple graph to show average rate and second, the rate for certain items.</p> | <p>Scott Foresman: <u>Decisions that Faced the New Nation 1783-1820</u> pp. 35-51</p> <p>Harcourt, Brace and World: <u>History of American Economy</u> pp. 241-243; 375-377 420; 598-600 646</p> <p>Merrill: <u>Economics</u> pp. 406-407</p> <p>McGraw-Hill: <u>Economics For Our Times</u> p. 393</p> <p>Scott Foresman: <u>United States History</u> pp. 207-2 3ff</p> <p>Transparencies: TRSS-62-59 "United States Tariff History"</p> |

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS   |
|---|---|---|
| When did manufacturing begin in the United States?  | A group report on the development of manufacturing in Rhode Island and other New England states.  | Scott, Foresman: <u>Decisions That Faced the Nation 1733-1820</u> pp. 44-51 |
| Where did the capital to finance manufacturing come from?   | What is necessary for manufacturing to begin?   | Harcourt, Brace & World: <u>History of the American Economy</u> pp. 62-68   |
| What were some of the reasons that manufacturing flourished in the United States during this early period?        | Why was New England acceptable for this development?  | Heath: <u>The Formative Era of American Enterprise</u> pp. 79ff.            |
| What would be necessary on the part of government to allow the United States to become basically self-sufficient? | Considering "comparative advantage", how did the United States equal and surpass other earlier entries in the manufacturing race?<br><br>Student biographies of famous manufacturers of the period:<br><br>a) Samuel Slater<br>b) Brown family of Rhode Island<br>c) Robert Fulton<br>d) DeWitt Clinton<br>e) Eli Whitney | Scott, Foresman: <u>United States History</u> p. 159                        |
|   | A class trip to a local manufacturing plant. Many plants give free guided tours of their facilities and are more than happy to escort a class through their plant.  |   |
|   | A group report on how the following affected the rise of manufacturing in the United States:<br><br>a) Navigation Acts of 1696<br>b) The Berlin Decrees<br>c) The Essex Decision<br>d) Embargo of 1807<br>e) Non-Intercourse Act of 1809<br>f) British blockades during the War of 1812                                   |   |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS  |
|--|--|--|
| <p>What economic activities had become most pronounced by the end of the War of 1812?</p> <p>How did the United States of 1812 differ economically from the United States of 1770?</p> <p>What economic developments had occurred?</p> | <p>A student might read Article I, Section 8 of the Constitution of the United States which contains the "enumerated powers" of the United States Government and select the enumerated powers which directly affect the performance of the United States' economy.</p> <p>The student should attempt to show how each power served to encourage commercial and agricultural development.</p> <p>Follow with a discussion period.</p> <p>Again, most of this information was presented previously, but a discussion should still be conducted to make clear the fantastic changes that occurred during this half century period.</p> <p>The teacher might attempt a rapid discussion of world-wide changes through this period to demonstrate that the United States was only a participant in a world-wide trend rather than vice-versa.</p> | <p>Scott, Foresman: <u>Decisions that Faced the New Nation 1783-1820</u> pp. 55-68</p> <p>Oxford Book Co.: <u>The Farmer and the American Way</u> pp. 1-21</p> <p>Scott, Foresman: <u>United States History</u> pp. 78-79</p> <p>Filmstrips:<br/>SS-H-21C "The Nation Grows"</p> |

## SECTION 411

## H. PRECONDITIONS FOR TAKE-OFF (1815-1840)

SUGGESTED TIME: 1-2 WEEKS

## 1. INTRODUCTION

This unit attempts to show what a society must possess before economic progress can proceed. Specifically the unit will portray the economic developments in the United States between 1815-1840 which paved the way for future United States economic growth.

In essence, the economic preconditions for take-off include the beginning of compound interest, strong control by a central government, the development of banks and other institutions for mobilizing capital, and the expansion of manufacturing coupled with scientific improvements in agriculture.

To supplement these economic preconditions a series of societal preconditions must also be present. These include a politically stable government, a sense of nation, a strong unexploited land base, and an acceptance of new attitudes toward life and toward goods.

## 2. AIMS

- a) To give the students a framework from which the preconditions for take-off can be recognized in any society.
- b) To analyze the economic developments in the United States from 1815-1840.
- c) To develop an understanding of the importance of fast means of communication and transportation to the developing country.
- d) To determine the importance of banking on the development of the American economy.
- e) To determine the relative importance of manufacturing through this period and the influence of these new industries on "cycles of prosperity" or business cycles.

### 3. GENERALIZATIONS

a) The economic preconditions for take-off can be determined in any society. Generally they include the beginning of compound interest, strong central governmental control, the development of banks and credit institutions, the expansion of manufacturing and scientific improvements in agriculture.

b) Along with economic preconditions certain societal preconditions must also exist; i.e., political stability, a "sense of nation", a good land base, willingness to accept new attitudes toward goods, and so forth.

c) New inventions in several fields tended to increase productivity and lower labor cost and thus reduce prices and increase sales.

d) Increases in various modes of inexpensive transportation brought about sectional specialization and a westward movement of the population.

e) The "business cycle" --inflation, recession, depression-- is a direct outgrowth of industrialism. The United States experienced this for the first time during the first half of the nineteenth century.

## 4. DEVELOPMENT OF UNIT

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS   |
|---|---|---|
| <p>What was the occupational make-up of the United States in 1815? in 1849?</p>   | <p>Teacher should prepare charts on occupations in the two years mentioned, (this could be done by a student) have them mimeographed and passed out to the entire class.</p>  | <p>Scott, Foresman: <u>Decisions That Faced The New Nation 1783-1820</u> pp. 64-72</p>  |
| <p>What shifts had occurred?</p> <p>(This has already been presented in Section II. A short one class discussion might, therefore, be sufficient to refresh the students in a general way on this point.)</p> | <p>A group report on the industrial, commercial, and manufacturing changes which had occurred in the United States during the first four decades of the nineteenth century.</p> <p>A student report on the changes in farming and farming regions during the period. What changes occurred through technological improvements? through transportation improvements?</p> | <p>Scott, Foresman: <u>Commerce, Cotton and Westward Expansion 1820-1850</u> pp. 1-17</p> <p>Institute of Life Insurance: <u>The Search For Economic Security</u> pp. 23ff.</p> |
| <p>What is regionalism?</p>   | <p>Have a student prepare a map of the United States in 1815. Have each economic region colored separately and have various reports on the unifying factors for each of these regions.</p>  | <p>Transparencies: TRSS-82-56 "Growth from Rural to Urban Population"</p>   |
| <p>Which regions were definable in 1815?</p>  | <p>A discussion to arrive at various reasons that specialization toward a certain aspect of economic activity occurs in certain areas.</p>  | <p>Scott, Foresman: <u>Decisions That Faced the New Nation</u> pp. 55-63</p>  |
| <p>What economic activity was dominant in each region?</p>  | <p>Class discussion of the effects regionalism had on national unity.</p>   | <p>Scott, Foresman: <u>Commerce, Cotton and Westward Expansion</u> pp. 59-72</p>  |
| <p>What were the main causes for these economic differences?</p> <p>a) climate<br/>b) soil<br/>c) background of inhabitants<br/>(economic regions)</p>  | <p>(best handled by class discussion)</p>   | <p>Merrill: <u>Economics</u> pp. 413-415</p>  |
| <p>(best handled by class discussion)</p>   |   | <p>Scott, Foresman: <u>United States History</u> p. 180ff.</p>  |



| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS  |
|--|--|--|
| <p>What change occurred in the agricultural segments of the population during the period?</p> <p>How did the western movement affect agriculture?</p> <p>Which scientific and technological inventions aided the agricultural segment?</p>   | <p>A student or group report on the various technological and scientific improvements in agriculture during the period.</p> <p>A student might demonstrate the increased efficiency or productivity of these new machines through statistics or through demonstration (possibly a home variety of the cotton gin).</p> <p>Have a student write to one of the farm machinery manufacturing companies, McCormick-Deering or Caterpillar, for a catalog and price list on their machinery. The class might then determine the number of men, pay, and time the machine saves as opposed to its cost and upkeep. From this exercise they should realize the importance of science and technology in the development of an economy.</p> | <p>Scott, Foresman: <u>Commerce, Cotton, and Westward Expansion 1820-1860</u> pp. 19-25</p> <p>Merrill: <u>The Development of the American Economy</u> pp. 96-121</p> <p>Oxford Book Co.: <u>The Farmer and the American Way</u> pp. 22-46</p> <p>Scott, Foresman: <u>United States History</u> p. 182ff.</p> <p>Films:<br/>I-17 "Inventions In America's Growth"</p> <p>Transparencies:<br/>Title II(67)TRSS-57-iii<br/>"Growth In Agriculture"</p> |
| <p>What is transportation?</p> <p>Why is it important to economic development?</p> <p>What new or improved modes of transportation were begun during this period?</p> <p>What effects did these improvements have on various sectors of the economy?</p> <p>How was the development of the new transportation system financed?</p> | <p>A student to produce a chart depicting year, mode of transportation, and time needed to cover 100 miles for the period 1815-1849 at 10 year intervals</p> <p>A group report on the history of the railroad:<br/>Where was it first used?<br/>How was it powered?<br/>How expensive?<br/>Who invented it?<br/>What improvements came about during the period?<br/>Why was the railroad such a breakthrough?</p> <p>A group report on canals (ibid above)</p> <p>A group report on river transportation (steamboats, barge, etc).</p> <p>A group report on roads.</p>   | <p>Scott, Foresman: <u>Commerce, Cotton and Westward Expansion 1820-1860</u> pp. 27-38</p> <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 125-146, 276-301, 181, 77</p> <p>Merrill: <u>The Development of the American Economy</u> pp. 125-169</p> <p>McGraw-Hill: <u>Economics For Our Times</u> p. 285ff.</p>  |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>What areas of the nation were drawn closer together both economically and socially by the early railroads and canals?</p> |   | <p>American Education Publications:<br/><u>The Railroad Era</u><br/>pp. 11-16</p> <p>Scott, Foresman:<br/><u>United States History</u> p. 175ff.</p> <p>Rand McNally: <u>A History of American Roads</u><br/>pp. 10-30</p> <p>Rand McNally: <u>A History of American Railroads</u></p> <p>Filmstrips:<br/>SS-N-5 "Night and Day:</p> <p>Transparencies:<br/>Title II(67)TRSS-57h "Growth of Transportation"</p> |
| <p>Where was the manufacturing center of the United States located during this period?</p>                                   | <p>A biography of Samuel Slater<br/>Jan Ernet Matzeliger or any other famous industrial or commercial leader of the period.</p>   | <p>Scott, Foresman:<br/><u>Commerce, Cotton and Westward Expansion 1820-1860</u><br/>pp. 39-45</p>  |
| <p>What products were produced?</p>  | <p>A group report to prepare charts on imports and exports for the period. What did we import? Why? Could we have produced these goods in the United States? What did we export? Where? How much profit was involved? (principle of comparative advantage).</p> | <p>Harcourt, Brace &amp; World:<br/><u>History of the American Economy</u><br/>pp. 183-204</p>  |
| <p>What products were still imported?</p>  |   | <p>Signet: <u>Machines That Built America</u><br/>pp. 1-104</p>   |
| <p>How were the early manufacturers able to compete with foreign goods?</p>  | <p>Biographies of any of the important industrialists and inventors of the era (best handled as a class report).<br/>Eli Whitney - Sam Colt<br/>Cyrus McCormick - Sam Slater<br/>Jedediah Strutt - Sam Collins<br/>David Watkinson - Elisha King Root</p>       | <p>Scott, Foresman:<br/><u>United States History</u> p. 180ff.</p>  |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| <p>What tariff policy was followed during this period?</p> <p>How successful was it?</p>                     | <p>A debate or panel discussion on the two opposing views on the tariff as embodied in the theories of the Federalists and anti-Federalists.</p> <p>A class discussion on the successes and failures of the United States tariff policy during this period.</p> <p>Student report on the Nullification issue with South Carolina in 1832. What were the implications of this issue? Upon what theories is it based? What important personages favored nullification? Which opposed it?</p> | <p>Harcourt, Brace &amp; World:<br/><u>History of the American Economy</u><br/>pp. 241-243</p> <p>McGraw-Hill:<br/><u>Economics For Our Times</u> p.393</p> <p>Scott, Foresman:<br/><u>United States History</u><br/>pp. 190-91, 207, 222</p> <p>American Book Co<br/>Document 4A</p> |
| <p>What are the various types of banks?</p>  | <p>An organized trip to a local bank. Most banks would gladly supply an officer to explain the history, functions, and modes of banking.</p>   | <p>Scott, Foresman:<br/><u>Commerce, Cotton and Westward Expansion 1820-1860</u> pp. 47-58</p>  |
| <p>What is a "National Bank"? When did the United States have such banks? What functions did they serve?</p> | <p>A group report on the 1st and 2nd banks of the United States. Why were they organized? What functions did they perform? What sections or elements in the country objected to them? What did these objectors propose for a substitute?</p>   | <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 161-182</p> <p>Merrill: <u>The Development of The American Economy</u> pp. 175-201</p>   |
| <p>Why were the national banks opposed by certain segments of the population?</p>                            | <p>A student report on the "pet banks" created under Andrew Jackson. What economic situations were created by the presence of these banks?</p>   | <p>Merrill:<br/><u>Economics</u><br/>pp. 184-191</p>  |
| <p>What were the effects of not re-chartering the 2nd "National Bank"?</p>                                   | <p>A group report on the way capital was accumulated at this period:</p>   | <p>McGraw-Hill:<br/><u>Economics For Our Times</u><br/>p. 285ff.</p>  |
| <p>How did banks regulate credit?</p>  | <p>a) bonds<br/>b) stocks<br/>c) banks<br/>d) partnership<br/>e) corporations<br/>f) savings</p>   | <p>Scott, Foresman:<br/><u>United States History</u> p.223ff.</p>   |
| <p>How was capital accumulated in this period?</p>   |  | <p>American Book Co.<br/>Document 3A</p>  |

| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS  |
|---|--|--|
|   | <p>Biographies on Nicholas Biddle, Roger Taney, and Henry Clay.</p> <p>A discussion on the reasons for Andrew Jackson's stand concerning the 2nd National Bank of the United States.</p> |  |
| <p>What is a "business cycle"?</p> <p>How do these cycles develop and expand?</p> | <p>A group of students to draw a line graph showing the rise and fall of business prosperity from 1820 to the present.</p>   | <p>Harcourt, Brace &amp; World: <u>History of American Economy</u> pp. 406-415</p>   |
| <p>What are inflation, recession, depression, bankruptcy?</p>                     | <p>A student report on the reasons for business cycles and an explanation of the various phases that all cycles invariably follow.</p>   | <p>Merrill: <u>The Development of the American Economy</u> pp. 449-505</p>           |
| <p>How was the "business cycle" kept under control in the 1830's?</p>             | <p>A group to study Jackson's "Specie Circular" and explain its relationship to the following in the panic of 1837:</p>  | <p>Allyn &amp; Bacon: <u>Modern Economics</u> pp. 56-65</p>                          |
| <p>How is it controlled at the present?</p>                                       | <p>a) The amount of and circulation of available bank notes suffered a decline.</p>  | <p>Scott, Foresman: <u>United States History</u> p. 191ff.</p>                       |
|   | <p>b) The supply of money used in commerce declined, as did the volume of trade.</p>   | <p>Institute of Life Insurance: <u>The Search for Economic Security</u> pp. 24-5</p> |
|   | <p>c) The sale of public lands was sharply curtailed.</p>  | <p>Transparencies: TR53-62-68</p>  |
|   | <p>d) Railroad production declined.</p>  | <p>"Business Cycle 1800-1964"</p>  |
|   | <p>e) Unemployment increased.</p>  | <p>Merrill: <u>Economics</u> p. 272-282</p>  |
|   | <p>f) Fewer new industries and factories started operation in New England and many existing ones closed.</p>   |  |

## SECTION .IV

## I. THE TAKE-OFF (1840-1860)

SUGGESTED TIME: 1-2 WEEKS

## 1. INTRODUCTION

Unit IV will attempt to evaluate a society just embarking on a predominantly industrial course. Specifically it will attempt to evaluate the economic development in the United States from Jackson through the Civil War.

The Take-Off period can be identified in any society by the amount of technology being employed. During the Take-Off the forces of economic progress expand and come to dominate, growth becomes the normal economic condition, and a great expansion occurs in the exploitation of natural resources.

## 2. AIMS

a) To make students aware of the economic advantages and disadvantages to be derived from technological improvements and specialization.

b) To analyze the dichotomy that came about in the United States between the northern and southern economies.

### 3. GENERALIZATIONS

a) As economic progress expands and more technology is utilized, specialization will become constantly more pronounced.

b) Technological improvements benefited the entire economy, not only the industrial sector as is generally assumed. It also created a new series of problems which are still in the process of being solved.

c) The fast growth of the industrial sector of the United States economy from 1840-1860 was the result of vast exploitation of natural resources.

d) The extension of the market results in increased competition which forces the enterpriser to find ways of cutting costs, i.e. through technology.

e) As the market extends, competition increases and the manufacturer is forced to cut costs.

f) Competition and comparative advantage determine which enterpriser is to be more successful.

g) Profit or increase that results from production must be returned to enterprise and at a rate to sustain economic growth.

## 4. DEVELOPMENT OF UNIT

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>What is specialization?</p> <p>Why did specialization develop in the United States?</p> <p>What benefits are derived by society as a whole through specialization?</p> <p>What other economic improvements developed because of this specialization?</p> <p>What effect did the existence of inexpensive and bountiful natural resources have on specialization and population movement?</p> <p>a) gold in California<br/>b) free land in the West<br/>c) iron fields of the Mesabi range</p> | <p>A class activity to discover what economic activities were dominant in various areas of the country along with the reasons for this sectional specialization.</p> <p>Culminate with a discussion on "comparative advantage".</p> <p>(Remember-- not only must a source of a needed commodity be discovered, <u>but</u> there must be easy access to this commodity and a cheap means of transporting it to the market; i.e., the Canadian north is rich in resources, but it is both inaccessible and far from the inexpensive means of transportation.)</p> |   |
| <p>What is economic interdependence between regions?</p> <p>Which regions were economically interdependent?<br/>(East and West)</p> <p>Which regions remained somewhat isolated? (South)</p>   | <p>Prepare a bulletin board showing the various lines of transportation and communication (rail, canal, river, roads and turnpikes, mail routes). Note that the majority of transportation links run between East and West with few connections North to South or South to West.</p>  | <p>Scott, Foresman:<br/><u>Commerce, Cotton, and Westward Expansion</u><br/>pp. 59-72</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS  |
|--|---|--|
| <p>(Check lines of communication and transportation, i.e. railroads, stage lines, canals, mail routes.</p> | <p>Prepare a map showing the interdependence of East and West at this time. This map would show both product flow and population movement. Again, it will be noted, the South is relatively isolated from the rest of the country.</p>  |  |
| <p>How far had industrialization proceeded by the 1840's?</p>  | <p>A chart showing the percentage of people engaged in agriculture versus trade, commerce, and industry in 1850.</p>  | <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u><br/>pp. 200-204</p> |
| <p>What per cent of the population was urban in 1840? How had this increased from 1800?</p>                | <p>Class discussion concerning the reasons for this constant shift from rural to urban, and agricultural to industrial society.</p>   | <p>Institute of Life Insurance: <u>The Search For Economic Security</u> p. 29ff.</p>       |
| <p>In what section had urbanization proceeded at the fastest rate? For what reasons?</p>                   | <p>A group activity to draw a chart or line showing the growth of various industries during the period 1840-1860.</p>   |  |
| <p>Where had the agricultural population expanded in this period? For what reasons?</p>                    | <p>A discussion on the developing interrelatedness of agricultural, industrial, and technological advances.<br/>(Example: The Ohio Valley farmer uses newer implements, sowed more acres, shipped his produce to distant Eastern markets, bought factory-made clothes and shoes which were shipped from the East, etc.)</p> |  |
| <p>What technological improvements developed during this period (1840-1860)?</p>                           | <p>A group of students to draw up a list and a short biography of important inventors or innovators of the period and to give examples of the changes resulting therefrom.</p>  | <p>Scott, Foresman: <u>Commerce, Cotton and Westward Expansion</u><br/>pp. 40-42</p>       |
| <p>How did these improvements benefit the areas of the economy?</p>  | <p>A class discussion on the question of where and for whom these technological improvements had their greatest impact.</p>   | <p>Institute of Life Insurance: <u>The Search For Economic Security</u> pp. 33-4</p>       |



| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS |
|--|--|-----------|
| <p>At what rate did the industrial sector of the economy grow?</p> <p>How did it compare to other sectors?</p> | <p>A panel discussion on how technological change brought in its wake social, political and economic upheaval.</p> |           |

## SECTION V

## J. THE DRIVE TO MATURITY (1860-1910)

(SUGGESTED TIME: 1-2 WEEKS)

## 1. INTRODUCTION

This unit will attempt to describe a society's drive toward economic maturity. Generally speaking all countries which have reached economic maturity have followed approximately this same course. Specifically we are concerned with the drive to economic maturity in the United States and the problems of this unit will answer questions from the American perspective. It must be clearly understood, however, that these same questions could be asked of any nation under any type of government or social order.

Basically, the drive to maturity can be identified by the application of modern technology to all areas of the economy, a decrease in imports and a subsequent increase in exports, a modification of traditional values to accommodate the new growth patterns, and an extension of technological processes to more complex areas such as machine tooling, chemicals, and electrical equipment.

## 2. AIMS

- a) To have the students understand the social implications of this complex technological growth.
- b) To gain insights into the reason for the growth of certain industries, while others remained static or ceased to function.
- c) To develop an understanding of the "national market".
- d) To determine the economic position of the American farmer during this entire period.

### 3. GENERALIZATIONS

a) By the time of the Civil War business was producing large quantities of industrial goods for a national market.

b) A problem that faced the United States during this period was manpower to work in the new industries. Basically two answers were found for this problem: a movement from the farm to the urban centers, and, much more important, the great flow of immigrants that extended through the entire period.

c) The constant flow of capital necessary to finance the new industrial giants came from several sources: foreign investment, banks and insurance companies, and sales of stocks and bonds.

d) The entire period marked a constant decline in the economic position of the farmer. To combat this the farmers began to unite in various organizations and tried to gain political power.

e) As business grew larger and more impersonal labor began to organize itself for mutual protection. Although not legally recognized, unions began to have a definite effect on the economic outlook of the United States.

f) Large businesses brought in their wake many abuses. Trusts, monopolies, price fixing, interlocking directorates, and many other unethical, if not illegal, practices became commonplace. The laws made no provisions for these phenomena and new laws had to be promulgated to meet the circumstances.

g) As the industrial sector gained strength, the tariff barriers were often raised to protect our industry from foreign competition.

## 4. DEVELOPMENT OF UNIT

50

| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS  |
|---|--|--|
| <p>In 1860 what was the occupational makeup of the United States?</p> <p>What changes had occurred since Jackson?</p> <p>(Constant shift from rural to urban and agricultural to industrial)</p>                    | <p>Having completed the preceding section, the students should have some knowledge of the technological advances made and various methods utilized in gathering capital. With this knowledge, the students should be able to speculate as to the changes in occupational makeup of the United States which may have occurred. After discussion several students should check the statistical information covered in the overview.</p>  | <p>Scott, Foresman: <u>The Growth of Industrial Enterprise</u> pp. 1-5</p> <p>Scott, Foresman: <u>United States History</u> p. 268 269, 272</p>  |
| <p>In what respects was slavery an economic cause of the Civil War?</p> <p>Were there other economic considerations?</p> <p>How did the economic position of the North and South change as a result of the war?</p> | <p>Two groups, one to determine the economic position of the North, the other the position of the South at the outbreak of the Civil War. Following their research and presentation to the class, the two groups might engage in a panel discussion on the economic causes of the Civil War and its justification from both sides.</p> <p>A discussion on the effects that the war had on both the North and the South. What physical, social, and economic changes resulted from the war?</p> <p>Have two groups write simulated newspaper articles on the economic causes of the Civil War. One group should express the Northern point of view, the other the Southern point of view.</p> | <p>Scott, Foresman: <u>The Growth of Industrial Enterprise</u> pp. 1-5</p> <p>Scott, Foresman: <u>United States History</u> pp. 270ff, 318ff</p> |

| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS  |
|---|--|--|
| <p>Where did most immigrants come from during this period?</p> <p>What occupations did they enter?</p> <p>What effect did they have on the United States economy?</p> | <p>Student report utilizing material from Section II - Society - to show economic importance of slavery in the South and the connection of slavery to the outbreak of the war. (Student reporter should be reminded to include in his report the fact that slavery failed in the North because it was economically unfeasible.)</p> <p>A group might be given the term "melting pot" and referred to some of the material in the section on "Society in the United States". This group should attempt to explain the economic motivation and consequences of immigration.</p> <p>A student report on the jobs open to the typical immigrant:</p> <p>What type of job?</p> <p>What pay in comparison to the United States as a whole?</p> <p>What were his prospects for advancement in the job?</p> <p>A panel discussion or debate on the question: "Was the immigrant a positive dynamic force on the development of the American economy or was he a depressant who took over existing jobs and forced a decline in the wage level?"</p> <p>A group project to prepare a chart comparing the origin of immigrants from 1860-1914 to the origin of immigrants in the period 1910-1960.</p> | <p>Scott, Foresman: <u>The Growth of Industrial Enterprise</u> p. 8, 22, 33</p> <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 389-394</p> <p>Merrill: <u>Economics</u> p. 337</p> <p>Scott, Foresman: <u>United States History</u> pp. 269-272, 335</p> <p>Transparencies: TRSS-62-55 "Immigration 1920-1960"</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS  |
|--|--|--|
| <p>Where did the capital necessary for the fast industrial advances of the period come from?</p> | <p>A student report on where the money necessary for the development of new industry came from<br/>(stress the ever-increasing importance of the stock and bond markets)</p>   | <p>Scott, Foresman: <u>The Growth of Industrial Enterprise</u> p. 34ff pp. 33-49</p>   |
| <p>What was a "national market"?</p>   | <p>A panel discussion or debate on the implications of a "national market":<br/>Resolved that "The development of the 'national market' was the single most important factor in the rise of the United States as a great industrial power."</p> <p>A class discussion on what constitutes a national market. This might be begun by analyzing some of our local Rhode Island industries such as Leasona, Crinnell, Gorham or Brown &amp; Sharpe and demonstrate how their products are sold nationwide and even worldwide. Simple every-day commodities could then be traced and a clear definition of national market arrived at.</p> | <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 283, 302-330</p> <p>Merrill: <u>The Development of the American Economy</u> pp. 209-242</p> <p>Merrill: <u>Economics</u> p. 170ff</p> <p>Allyn &amp; Bacon: <u>Modern Economics</u> pp. 179-181</p> <p>Scott, Foresman: <u>United States History</u> p. 272ff</p> |
| <p>What were some of the abuses that accompanied the rise of big business?</p>                   | <p>Various groups of students to analyze and define such abuses as interlocking directorates, price fixing, reduced rates, monopolies, trusts, and others. What effect did these actions have on the American economy as a whole?</p>  | <p>Scott, Foresman: <u>The Growth of Industrial Enterprise</u> pp. 57-65</p>   |
| <p>Why was government powerless to exert control over business?</p>                              | <p>A panel discussion on the opposing merits of Laissez-Faire versus Governmental Control.</p>   | <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 287-295, 347-358</p>  |
| <p>When and how did government control begin?</p>  | <p>A student report or several student reports on the</p>  | <p>Merrill: <u>The Development of the American Economy</u> pp. 351-400</p>   |
| <p>What laws and regulations were passed?</p>  | <p>A student report or several student reports on the</p>  |  |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| How did this policy of government controls of business fit into the theory of Laissez-Faire? | <p>great men in American business of the period, coupled with an explanation of how they achieved their positions.</p> <p>a) Rockefeller<br/>b) Carnegie<br/>c) Gould<br/>d) Morgan<br/>e) Astor<br/>f) Vanderbilt<br/>g) Hill<br/>h) Drake</p>                         | <p>Allyn &amp; Bacon:<br/><u>Modern Economics</u><br/>pp. 322-346</p> <p>American Education<br/>Publication:<br/><u>The Railroad Era</u><br/>p. 18ff</p> <p>Delta: <u>Oil and<br/>Trouble</u> pp. 1-97</p> <p>Signet: <u>Machines<br/>That Built America</u><br/>pp. 104ff</p> <p>Scott, Forester:<br/><u>United States<br/>History</u><br/>pp. 375ff, 413-432</p> <p>American Book Co.<br/>Documents 6A, 6C,<br/>7B</p> <p>Filstrips:<br/>SS-H-21-f "An Era<br/>of Industry"</p> |
| How did the agricultural sector of the economy fare during the period?                       | <p>A group report on the Orange Movement.<br/>Where did it begin?<br/>Why, when, who, and how?</p>  | <p>Scott, Forester:<br/><u>The Growth of<br/>Industrial Enter-<br/>prise</u> pp. 53,<br/>54-51</p>  |
| What were some of the measures taken by farmers to alleviate their situation?                | <p>A debate or panel discussion on the free silver controversy:</p> <p>Who would benefit by "free coinage of silver"?<br/>Who would be hurt?<br/>Was this the only answer?<br/>How successful was the campaign?<br/>Why did the farmers join the "free silverites"?</p> | <p>Harcourt, Brace &amp;<br/>World: <u>History<br/>of American Econ-<br/>omy</u> pp. 247-275</p> <p>Merrill: <u>The De-<br/>velopment of the<br/>American Economy</u><br/>pp. 312-347</p>   |
| How successful were they?  | <p>A group report on the Populist Party:<br/>What was its platform?<br/>Who were its candidates?<br/>What lasting effects did they have?<br/>What happened to the Populist Party?</p>   | <p>Allyn &amp; Bacon:<br/><u>Modern Economics</u><br/>pp. 375-396</p> <p>McGraw-Hill:<br/><u>Economics For Our<br/>Times</u> pp. 280-293<br/>pp. 457-51</p>   |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>How did the United States tariff policy aid industrialization?</p> <p>What items incurred the highest tariffs? Which the lowest? Why?</p> | <p>Several students should collect figures either for the bulletin board or dittoed sheets on the falling farm prices for such products as grain, corn, dressed livestock, and other staples.</p> <p>The teacher could have a "You Are There" session on the formation of the Granger. A group of students could either tape or present live to the class a heated debate by a group of farmers on the reasons for the necessity of forming an organization for mutual protection and mutual benefit.</p> <p><u>Scene I</u> - A discussion of the troubles facing the farmers.</p> <p><u>Scene II</u> - A debate on the various alternatives that the farmers can take to help themselves.</p> <p><u>Scene III</u> - A discussion on the action taken. The effects of Populism and Progressivism on the status of the farmer.</p> <p>A general discussion to determine and review what United States tariff policy had been since the 1790's. A rapid redefinition of Hamilton's position on manufacturing and the effect that the tariff had on various sectors of the economy. Who felt that the tariff was injurious to them (i.e. South Carolina in 1832). Who felt that the tariff aided them (i.e. New England textiles).</p> | <p>Scott, Foresman: <u>United States History</u> pp. 390-409</p> <p>Institute of Life Insurance: <u>The Search for Economic Security</u> pp. 31ff</p> <p>Film: M.44 - "Machines That Help the Farmer"</p> <p>Scott, Foresman: <u>The Growth of Industrial Enterprise</u> p. 68</p> <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 368-381</p> |



| QUESTIONS | SUGGESTED ACTIVITIES  | MATERIALS  |
|-----------|---|--|
|           | <p>A discussion on the overall effects of the protective tariff during the period.</p> <p>A student project to reproduce a graph showing the rise and fall of the tariff during this period of United States history. This should be mimeographed and passed out to the entire class. A group of students should then consider why certain duties rose or fell and what effect this had on the overall economy.</p> | <p>McGraw-Hill:<br/><u>Economics For Our Times</u><br/>pp. 303-308</p> <p>Scott, Foresman:<br/><u>United States History</u><br/>pp. 410-419</p> <p>American Book Co.:<br/>Document 70</p> <p>Film: J-18<br/>"Inventions in America's Growth"<br/>II</p> <p>Transparencies:<br/>TRSS-62-59<br/>"United States Tariff History"</p> |

## SECTION VI

K. THE AGE OF HIGH MASS CONSUMPTION  
(1910 - 1963)

(SUGGESTED TIME: 1-2 WEEKS)

## 1. INTRODUCTION

This unit will attempt to describe the United States economic setup familiar to the great majority of living Americans. Even given the Great Depression of the 1930's, the last fifty odd years have been beneficial, especially in the acquisition of material things, for all Americans. Our standard of living has increased to such a high level that many goods previously considered luxury items are now grouped as necessities by the public at large (e.g., televisions, automobiles, washers, refrigerators, etc.)

This age of high mass consumption is characterized by a shift in production to durable consumer goods and services, heavy and constant shift to urbanization, large increases in white collar workers and technicians, the emergence of the welfare state, and a large increase in the service industries.

## 2. AIMS

a) To make the students aware of the social implications of urbanization, and the welfare state

b) To give the students an understanding of how industry decides what to produce and for whom.

c) To determine the causes, effects, and alleviations of the "great depression".

d) To develop an understanding of the stock market, how it developed, and how it influences the economy.

e) To gain insights into the "new economics" of John Maynard Keynes.

f) To determine the importance of the gold standard to the present day world economic community.

### 3. GENERALIZATIONS

a) Urbanization and the emergence of the welfare state have brought in their wake a variety of social problems.

b) The chief characteristic of the free enterprise system is production in anticipation of demand.

c) The depression of 1929-40 was by far the most severe in American history.

d) The dominant economic policy of the United States government since the late 1930's is based on the "new economics" of John Maynard Keynes.

## 4. DEVELOPMENT OF UNIT

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS  |
|---|---|--|
| <p>What was the economic condition of the United States at the outbreak of World War I?</p> <p>What was the occupational makeup of the entire nation? (simple rural versus urban)</p> <p>How prosperous was the United States population in comparison to other nations?</p> <p>Why had the United States developed so rapidly during the 50 preceding years?</p> | <p>This entire series of questions can best be handled by a class discussion which will, in a general way, give direction to the entire section.</p> <p>Of prime importance is the idea that World War I saw the end of the United States as a creditor nation and its emergence as a world power with New York City the unquestionable center of world finance.</p> <p>A group of students might prepare some statistical data to be distributed to the class which demonstrate the items above.</p> | <p>Scott, Foresman: <u>World Power and New Problems</u> pp. 1-11</p> <p>Institute of Life Insurance: <u>The Search for Economic Security</u> pp. 35ff.</p> <p>Scott, Foresman: <u>United States History</u> pp. 468-478</p> <p>Filmstrips: SS-H-21-h "World War I and Its Effects"</p> <p>SS-U-3a "A Period of Prosperity"</p> |
| <p>What were the numbers and origins of the immigrants entering the country throughout this entire era?</p> <p>What effect did the restrictions of the 1920's have on the United States economy?</p> <p>What were immigration restrictions supposed to accomplish?</p>  | <p>A chart or graph showing country of origin of immigrants at ten year totals from 1910-1960.</p> <p>A group report on the economic effects that this immigration had on the United States.</p> <p>A discussion on the economic effects of the restrictive immigration policy since 1925.</p>  | <p>Scott, Foresman: <u>World Power and New Problems</u> pp. 6, 18</p> <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 329-394</p> <p>Scott, Foresman: <u>United States History</u> p. 554ff.</p> <p>Transparencies: TRSS-62-55 "Immigration 1820-1960"</p>  |

| QUESTIONS  | SUGGESTED ACTIVITIES   | MATERIALS   |
|--|--|---|
| <p>What is the position of agriculture in this era?</p>  | <p>Comparison by groups of students of the number of hours worked and amount of money earned by farmers in this century as compared to the position of farmers 75 or 100 years ago.</p> <p>How much has mechanization increased since the depression of the 1930's?</p> <p>How many acres does the average farmer possess as compared to 25 years ago; 50 years ago; etc.?</p> <p>What type and quantity of education does the farmer receive? How does this compare with the rest of the population?</p> <p>What are the prospects for the future in agriculture?</p> | <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 421-470</p> <p>Merrill: <u>The Development of the American Economy</u> pp. 336ff.</p> <p>Allyn &amp; Bacon: <u>Modern Economics</u> pp. 375-396</p> <p>McGraw-Hill: <u>Economics For Our Times</u> pp. 458-71</p> <p>Oxford Book Co.: <u>The Farmer And The American Way</u> pp. 47ff.</p> <p>Scott, Foresman: <u>United States History</u> p. 551ff, 557ff.</p> <p>Films:<br/>Title II-E-29<br/>"Eggs to Market: The Story of Automated Egg Processing"</p> |
| <p>What major developments occurred in transportation in this period?<br/>(Most important is the amount of time it took to travel a certain distance. As transportation improved the number of miles able to be covered in one day became larger and larger)</p> | <p>Have a group develop charts to be handed out to the class, demonstrating the constantly contracting time necessary to travel or transmit merchandise through various parts of the United States at 10 year intervals since 1850.</p> <p>Student reports on inventions and inventors who contributed to this advance in transportation (e.g. the Wright Brothers, Henry Ford, air brake design for railroads, the Pullman Car, hydraulic braking sys-</p>  | <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> p. 471-496</p> <p>Merrill: <u>The Development of the American Economy</u> p. 510-557</p> <p>Scott, Foresman: <u>United States History</u> p. 589ff</p>   |

| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS   |
|---|--|---|
| <p>What is the Federal Reserve System?</p> <p>How does it operate?</p> <p>How does its decisions affect the entire economy?</p> <p>What are its objectives?</p> <p>How does the Gross National Product and the National Income reflect the economic position of the nation?</p> | <p>tems for automobiles, Trans-Atlantic Cable, diesel powered ocean liners).</p> <p>The topic of the Federal Reserve can be touched upon lightly or gone into in great depth. The decision rests entirely with the teacher. If the teacher wishes to go deeply into this topic, Mr. Joslin at Industrial National Bank has a series of slides, a film, and a prepared lesson. He has consented to work in conjunction with you in presenting this material to the class. In contacting Mr. Joslin please try to give him a 3 to 4 week notice.</p> | <p>Rand McNally:<br/><u>A History of American Roads</u><br/>pp. 30ff</p> <p>Scott, Foresman:<br/><u>World Power and New Problems</u><br/>pp. 53-55</p> <p><u>Adjustments To Depression and War</u><br/>p. 46</p> <p>Harcourt, Brace &amp;<br/><u>World: History of the American Economy</u><br/>pp. 497-537</p> <p>Merrill: <u>The Development of the American Economy</u><br/>p. 418ff</p> <p>Merrill: <u>Economics</u><br/>pp. 162, 163, 156-170, 280, 303-310</p> <p>Allyn &amp; Bacon:<br/><u>Modern Economics</u><br/>p. 251ff</p> <p>McGraw-Hill:<br/><u>Economics For Our Times</u> p. 262ff, 292-93</p> <p>Federal Reserve<br/><u>Open Market Operations</u> (all)</p> <p>Federal Reserve:<br/><u>Money: Master or Servant?</u> (all)</p> <p>Scott, Foresman:<br/><u>United States History</u> p. 503</p> |

| QUESTIONS   | SUGGESTED ACTIVITIES  | MATERIALS   |
|---|---|---|
| How does the stock market operate?                      | A student report on how business cycles are reflected by stock prices.  | Scott, Foresman: <u>World Power And New Problems</u> pp. 21-25, 51-59 |
| What are its functions?                                 | A group activity to re-create the experiences of people in a depression.  | Merrill: <u>Economics</u> pp. 45-51, 184-191                          |
| What causes fluctuations in prices?                     | Have students find pictures of bread lines, W.P.A. workers, bread rioting, Oakies, slums, etc.  | Allyn & Bacon: <u>Modern Economics</u> p. 211ff                       |
| What is the cause of crashes?<br>Can they be prevented? | A visit to a stock broker's office, giving the students a chance to witness such things as ticker tapes and quotation boards first hand.  | McGraw-Hill: <u>Economics For Our Times</u> p. 212ff                  |
| Which are the largest stock exchanges in the world?     | A group discussion on the differences between a speculator, a trader, and an investor.  | Scott, Foresman: <u>United States History</u> p. 556ff                |
| What is "speculation"; "investment"; "margin buying"?   | (Try to gain understandings of terms such as "margin buying", short term profit, long term profit, sell short, etc.)  |   |
|   | Teachers who wish to go further than a general look at the Stock Market might contact Mr. William Ford at Merrill, Lynch, Pierce, Fenner, and Smith or Mr. Crompton Farle at Paine, Webster, Jackson & Curtis. Both of these men have consented to have groups of students visit their offices and describe how the stock market operates. Both have said that they would make sure that the visit was educational and not simply a sightseeing tour. |   |
|   | A group of students might follow and "invest in" a few selected stocks for a period of 2-4 weeks and then report to the class their "profits" or "losses" with an explanation of why they originally "invested" in those particular stocks, what type of stock was it (investing, growth, speculative, etc.), and what would they do differently in the future.   |   |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>How long did the depression of 1929 last?</p> <p>What government action was taken by Hoover to alleviate the problems? By Roosevelt?</p> <p>How did the various measures aid the United States in recovering from the depression?</p> | <p>A discussion to determine what a depression is and a general review of the fact that the United States had had several other depressions and recessions prior to 1929.</p> <p>Two groups: one to investigate Hoover's methods of combating the depression; the other to examine the policies of Roosevelt.</p> <p>A graph to depict the rise and fall of the Gross National Product during the period 1910-1968.</p> | <p>Scott, Foresman: <u>Adjustments To Depression And War 1930-1945</u> (all)</p> <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 418, 427, 430, 626-660</p> <p>Merrill: <u>Economics</u> pp. 281-301</p> <p>Spectrum: <u>The Great Depression</u> (all)</p> <p>Scott, Foresman: <u>United States History</u> p. 566-585</p> <p>Heath: <u>Responses to Economic Collapse: The Great Depression of the 1930's</u> (all)</p> <p>Institute of Life Insurance: <u>The Search for Economic Security</u> pp. 41-44ff</p> <p>Filmstrips:<br/> SS-U-3-c "The Great Depression"<br/> SS-U-3-d "Measures Against the Depression"<br/> SS-U-3-e "Solving Other Problems"</p> |



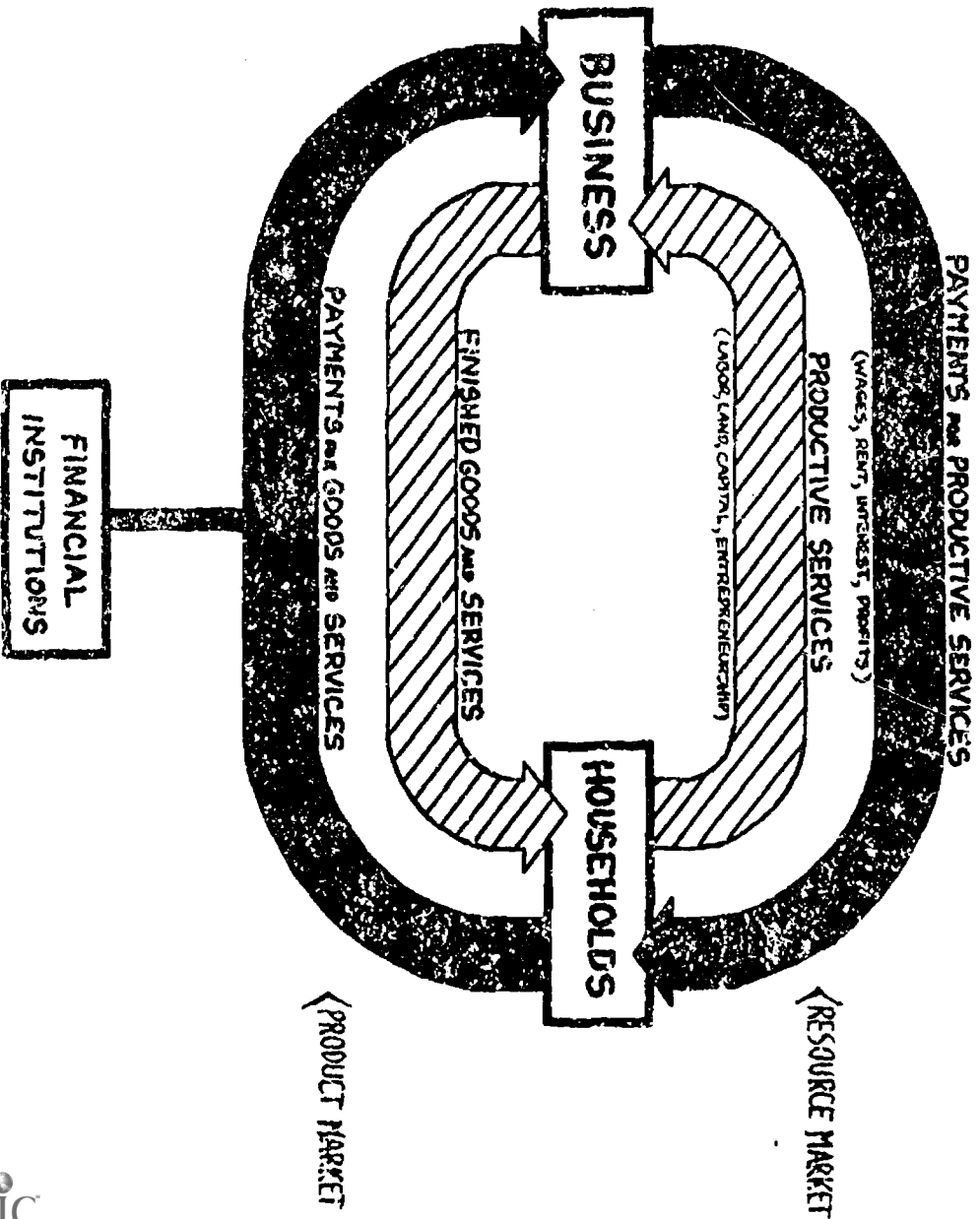
| QUESTIONS   | SUGGESTED ACTIVITIES   | MATERIALS  |
|---|--|--|
| <p>What are unions?</p> <p>What is their legal position?</p> <p>What was the importance of the Wagner Act on unionism?</p> <p>What divisive forces exist in unionism?</p> <p>What numerical and legal strengths have come to unions since the 1930's?</p> | <p>The teacher might contact a union official and have him visit the school to discuss the positive contributions of unionism. This might best be placed in historical perspective.</p> <p>A discussion of how unions are able to succeed better than an individual in their demands on management.</p> <p>A clear understanding of such terms as strikes, lock-out, scab, "brother", arbitor, mediation, collective bargaining.</p> | <p>Harcourt, Brace &amp; World: <u>History of the American Economy</u> pp. 382-405, 205-222, 604-626</p> <p>Merrill: <u>The Development of The American Economy</u> pp. 247-311</p> <p>Merrill: <u>Economics</u> pp. 62-63, 337-49</p> <p>Allyn &amp; Bacon: <u>Modern Economics</u> p. 279ff</p> <p>McGraw-Hill: <u>Economics For Our Times</u> pp. 406-422</p> <p>Scott, Foresman: <u>Our Labor Force</u> (all)</p> <p>Oxford Book Co.: <u>Labor and The American Way</u> (all)</p> <p>American Education Publication: <u>The Rise of Organized Labor</u>(all)</p> <p>Delta Book Co.: <u>Toil &amp; Trouble</u> (all)</p> <p>Houghton-Mifflin: <u>The Workingman In Our Life</u> (all)</p> <p>Prentice Hall: <u>The American Labor Movement</u> (all)</p> <p>Scott Foresman: <u>Labor In American Society</u> (all)</p> <p>American Book Co. Document: 3C</p> <p>Transparencies: TRSS-62057<br/>"Growth of Union Membership 1860-1960"</p> |

| QUESTIONS  | SUGGESTED ACTIVITIES  | MATERIALS   |
|--|---|---|
| <p>How has the "new economics" of John Maynard Keynes affected United States economic growth and direction from 1940 to the present?</p> | <p>Have various groups read sections of <u>Ideas of the Great Economists</u> and proceed to a class discussion on how each differed in theory, where they agree and whose ideas are most prevalent in various areas of the world at the present.</p>  | <p>Merrill: <u>Economics and Public Policy</u> pp. 25-52, 57</p> <p>Merrill: <u>The Development of the American Economy</u> p. 486ff</p> <p>Merrill: <u>Economics</u> p. 315</p> <p>Mentor: <u>The Ideas of the Great Economists</u> (all)</p> <p>Prentice Hall: <u>Economic Myth And Reality</u> (all)</p>   |
| <p>What is the economic position of the United States in the world today? (see Appendix D)</p>   | <p>As a culminating project, groups of students could make up an economic system for a fictitious country. This would show that a student in the 11th grade now understands <u>all</u> or <u>nearly all</u> of the concepts provided in the section. (This activity would include maps and charts showing natural resources, population, work force, education level, cultural advances, National Income, Gross National Product, economic growth patterns, economic stability, etc.)</p> | <p>Scott, Foresman: <u>Problems of Prosperity and Leadership 1945-Present</u> (all)</p> <p>Merrill: <u>The Development of the American Economy</u> pp. 561-608</p> <p>Allyn &amp; Bacon: <u>Modern Economics</u> p. 398ff</p> <p>McGraw-Hill: <u>Economics For Our Times</u> pp. 375-392 499ff, 394-402</p> <p>Scott, Foresman: <u>World Trade</u> (all)</p> <p>Scott, Foresman: <u>International Economic Problems</u> (all)</p> |

| QUESTIONS | SUGGESTED ACTIVITIES | MATERIALS   |
|-----------|----------------------|---|
|           |                      | <p>Scott, Foresman:<br/><u>United States</u><br/><u>History</u> pp.688ff</p> <p>Rand McNally:<br/><u>Foreign Trade of</u><br/><u>the United States</u></p> <p>Filmstrips:<br/>SS-H-21-j "The<br/>United States<br/>Faces the Future"</p> <p>SS-U-5<br/>"Unemployment<br/>In a Free Economy"</p> |

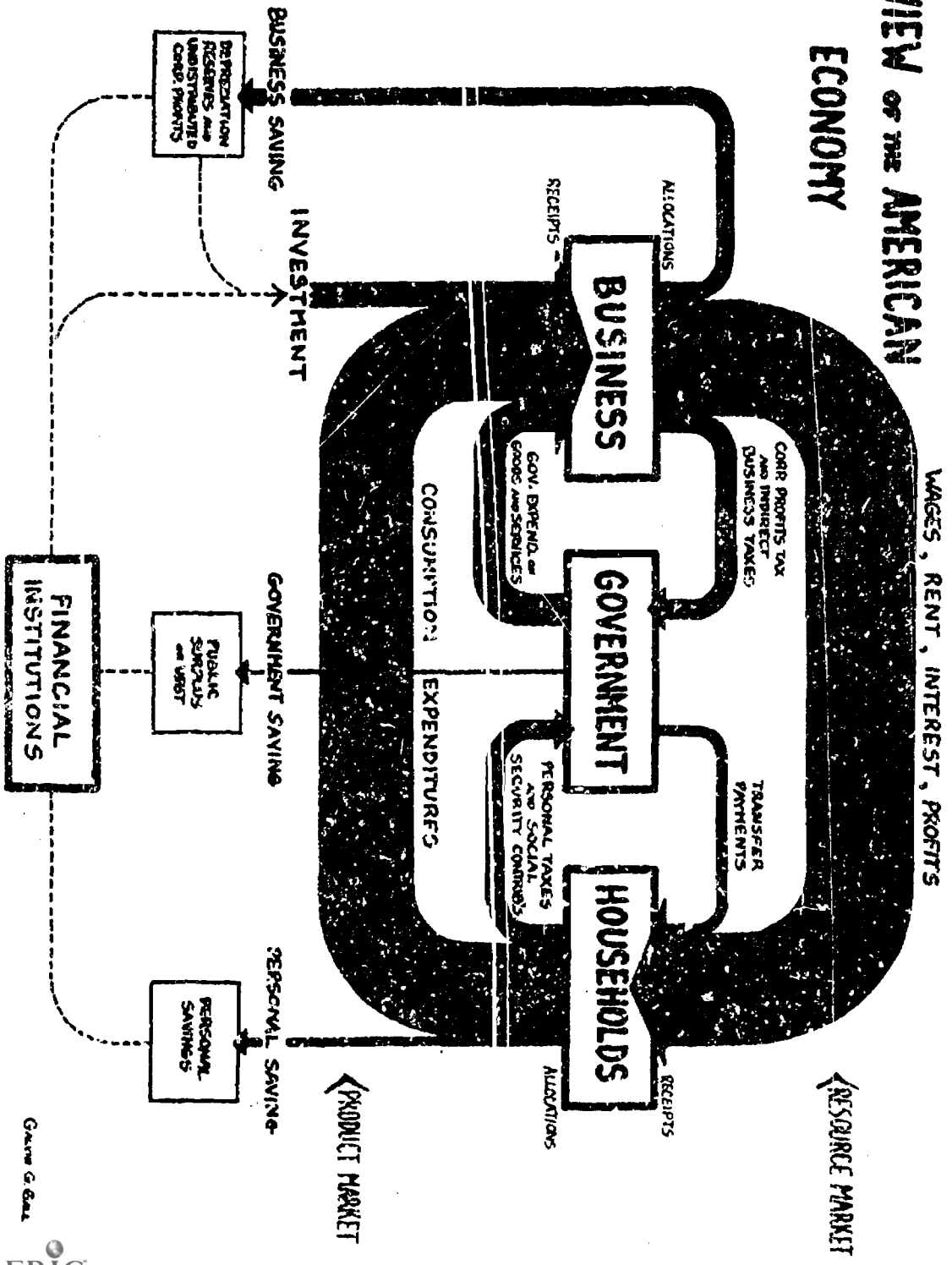
# 1. THE CIRCULAR FLOWS OF ECONOMIC ACTIVITY

## APPENDIX A



# 2. OVERVIEW of the AMERICAN ECONOMY

## APPENDIX A



## APPENDIX B

### IDENTIFICATION OF THE MAIN AREAS OF MODERN ECONOMICS OR THE ECONOMIC IDEAS EVERY HIGH SCHOOL GRADUATE SHOULD KNOW SOMETHING ABOUT

The National Task Force identified seven major areas of modern economics of which it hoped every high school graduate would have some understanding. These seven areas are, with a few exceptions, listed below in the order in which they appear in the Report of the National Task Force.

1. What economics is all about, why it is important, and how one thinks about economic problems.
2. The nature of the persistent economic problem faced by all societies: wants, scarce resources, the need for decision-making, and the need for an economic system of some kind.
3. The market economy of the United States: how it is decided in the U. S. today (a) what goods and services will be produced, (b) how they will be produced, (c) what total level of production will be maintained, and (d) how what is produced will be shared among the American people.
4. Economic growth and stability: the long- and short-run performance of the American economy. (a) Economic growth--the long-run problems associated with increasing the total production of goods and services faster than the rate of population growth so that living standards can rise, and (b) Economic stability--the determinants of the level of income and employment in the short-run or how to manage our economy so that we can have full employment without inflation.
5. The distribution of income: the factors determining the distribution of income among individuals and groups in the U.S. and thus determining who will get the goods and services produced.
6. The U.S. in the world economy: the importance of world trade and finance to the U. S. and the ways in which the achievement of our economic goals is related to world economic developments.
7. Other economic systems: how other societies organize economic life to achieve their economic goals--not only the communist countries but also the democratic societies of the West and the developing nations of Asia, Africa, and Latin America.

Developmental Economic Education Program. (Teacher's Guide)  
Part I Economic Ideas & Concepts. Joint Council on Economic  
Education 1964

## APPENDIX C

## B. For the American History Course

1. Changing roles of labor, business, agriculture and government in the evolving American economy.

## Concepts to be developed

Market participation by different sectors  
 Allocation of resources among industries  
 Division of labor  
 Labor productivity  
 Savings and investment  
 Real cost, opportunity cost  
 Monopoly and competition  
 Income distribution among the factors of production

Application The U. S. History course is ideally suited to include an analysis of the structure of the American economy and how that structure has changed over time. Such an analysis requires a mastery of the following big ideas:

The central economic problem of limited means to satisfy all the wants of society has existed from colonial times to the present.

- a. This relative scarcity of productive resources (i.e. land, labor, capital), created the need for decision making in order to allocate the available resources, in every period of American history.
- b. The institutionalized arrangements which have been created to decide what goods and services will be produced, how they will be produced, how much will be produced, and how the production will be distributed, are called the American economy.
- c. These institutionalized arrangements for solving the economic problem (i.e. deciding the best use for scarce resources) have been modified and changed throughout American history.
- d. The market mechanism has been the basic allocating mechanism of the American economy from colonial times to the present. It is through the market that most of the allocation of scarce resources is made.
- e. As the United States grew in size and complexity there has been an increasing demand for purchase of certain goods and services collectively through the spending of taxes and the production of goods and services through government. There has been a change over time in the quantity of goods and services demanded and produced by government--(Local, state, and federal). [Education, roads, defense, police, postal service, TVA.]

- f. The American people through government, federal, state, and local, have forbidden certain kinds of production and consumption at various times in our history. We have not allowed the free market to determine all choices in allocating scarce resources. (i.e. gambling establishments in some states, narcotics, misrepresented goods, and so on).

With these basic understandings, how then might a U. S. History course teach the factors of structural change in the American economy? First, from the production side, in every period there can be an examination of the role of business, the role of government, and the role of agriculture, and in a broad sense the role of workers in producing the goods and services of society. The relative importance of each segment in the production process in Colonial America, Post Civil War America and the America of the 1960's may be examined. But the crucial question to answer is, why did the structure change? What are the factors of change? And what are the interrelationships of the factors of production?

A specific example is the changing role of labor in the economy:

What was the composition of the labor force in Colonial America compared to other historical periods? What occupations demanded labor as a resource? How many farmers? How many sea captains, slaves, factory workers, lawyers, doctors?

To what degree has there been specialization or division of labor within these occupations? A good example to note is that doctors in pre-Civil War America performed many operations! In fact dentistry was so unspecialized that barbers performed the tooth-pulling function. Today, the obvious comparison can be seen in the degree to which doctors have specialized. The tasks of the farmer have likewise become more specialized. Specialization has greatly affected the composition of occupations.

To what degree have the changing tastes of the American consumer changed the occupations required in our economy? We no longer desire horses to ride to work and the blacksmith has become a rare fellow in our economy. The tastes are reflected in the market as demand, and the market price for certain occupations will attract or discourage the supply of workers in these occupations.

To what degree has technology affected the composition of the work force? As the worker on the American farm began to use machinery he became more productive. Increased productivity also arose from increasing levels of education of the work force. As a result of this changing productivity, fewer farmers have been required to produce the amount of products demanded by the American people. The accumulation of capital has therefore been an important influence upon the composition of the labor force.

To what degree have changes in relative costs of factors affected the composition of the work force? The decision of



businessmen to purchase machinery in place of labor (e.g., coal mining) indicates that, in their opinion, the returns to be gained from more capital relative to labor are greater.

To what degree has government decision affected the composition of the work force? Why didn't the Colonies have a large number of textile workers? (The English law forbade the occupation). Again, some communities allow gamblers to operate while others do not.

To what degree do cultural values affect the work force in American history? What is the comparison of the relative number of ministers demanded in Colonial America, compared to today. The number of soldiers at various periods? Why was there slave labor in the South and not in the North?

To what degree has the mobility of labor affected the industrial and geographic distribution of labor in the American economy?

To what degree has the creation of new economic organizations--labor unions, corporations, stock markets--affected the structure of occupations?

Distribution of product and its relationship to employment structure through history (e.g. a blacksmith today may make a better living than one in 1800).

This analytical outline of the factors behind occupational structure can be similarly worked out for business enterprises. But the main point here is to see the dynamic interdependence of the factors of production.

## 2. Economic Stability in the American Economy

Concepts to be developed

Gross national product and its components  
 Variations in levels of spending  
 Dynamic economic interdependence  
 The role of money and banking

Application: Economic Instability; the Great Depression of the 1930's.

- a. Economic stability means steady income and employment for the people. If there is growth, income and employment should be steadily rising.
- b. Incomes are paid largely from business receipts. If receipts are steady, so will income be steady.
- c. Receipts of business will be steady if there is steady spending by consumers (C), business (I=investment), government (G), and foreigners (F). The sum of these expenditures, the Gross National Product (GNP), is equal to the total incomes of all those who participate in the productive process. That is,  $C + I + G + F = \text{GNP}$ . (Technically, F is net foreign spending.)

- d. Instability of total spending must arise because the spending by one or more of the four sectors is irregular. An important question is this. Which of the four sectors contributed most to the decline in total spending in the U. S. from about 100 billion dollars in 1929 to about 60 billion in 1933?
- e. A look at the historical record will reveal that spending by all sectors declined, but the most drastic decline was in business spending for investment--plant, equipment, machines and other tools of production.
- f. Two important reasons for the greater instability in investment spending by business are (a) the purpose for which such spending is made and (b) the physical nature of the goods purchased by such spending.
- (1) Investment spending is made with an eye to future, expected profits. It depends therefore upon the vagaries of expectations--what will future prices be? Costs? Taxes? Expectations of this kind are easily disturbed and so are the spending plans that flow from them.
  - (2) Investment spending is on durable (capital) goods. These goods last a long time and, since business always has some on hand, it can always postpone getting more. Business can get along with what it has.

By contrast, consumers cannot so easily postpone the purchase of goods and clothing; government cannot so easily postpone spending on the salaries of public servants nor upon the goods that are needed for national defense. And none of these expenditures by consumers or government is tied closely to the unstable expectation of profit. (Foreign spending on our production behaves much like domestic, consumption spending.)

- g. Almost any decline in spending has a cumulative, multiplier effect upon GNP. In our present consideration of the huge decline in investment 1929-1933, we note that this decline snowballed. When businesses bought fewer machines, the workers in the machine-making industries had lower incomes. As they, in turn, spent less on groceries, clothing, and other consumers goods, people employed in the grocery and clothing businesses had lower incomes and had to curtail their spending with further repercussions throughout the economy.
- h. We cannot easily state why the downward spiral came to an end, although we can suggest that there appear to be lower limits to how far any sector can cut its spending. Individuals and businesses will use up savings and borrow money before they will cut spending to zero. Governments may take strong actions to compensate

for the decline in private spending although they did not do so in 1929-1933. Compensatory action may also be taken by the monetary authorities, the Federal Reserve. But--

- i. As it was structured and managed in the first years of the Great Depression, the monetary system greatly aggravated the worsening economic climate. As depositors withdrew their deposits from banks, the banks failed in increasing numbers. Millions of people lost billions of dollars because the banks could not pay off on their deposits.
  - j. An interesting exercise at this point is to show how a system of commercial banks creates money (demand deposits) and why it is well nigh impossible for all banks to pay off their depositors at the same time.
  - k. Among the several aspects of the historic record of the collapse of 1929-1933 are: (a) the number of bank failures, (b) the contraction of the money supply, (c) the fall in employment and the tremendous rise in unemployment.
1. Questions which might now be tackled include:
- (1) Why and when did banks stop experiencing so terrific a rate of failure?
  - (2) What happened to government spending after 1933? Why?
  - (3) How did the numbers of people belonging to labor unions behave?

### 3. Economic Growth in the American Economy

Concepts to be developed

Gross National Product  
 Technological change  
 Capital formation  
 Growth of markets

Application. Growth in America's Transportation System

American history is a long-run record of economic growth, at times spasmodic but generally expansive. Such rich sources of information as Historical Statistics of the United States reveal the great increase of manufacturing and agricultural production, mining, and transportation.

The closing decades of the nineteenth century readily lend themselves to a focus upon the tremendous economic consequences of railroadization. Mark Twain in his book, Life Along the Mississippi, sadly comments on what the railroad did to passenger and freight traffic on our greatest river system. Where once the colorful steamboats had dominated, the railroad had taken over by the 1870's. Minneapolis and Saint Paul, he notes, were served by a dozen railroad companies with over sixty trains daily at the time of his writing.

Completion of the nation's railroad system destroyed much of the business of waterways and destroyed equally the separate local markets for all kinds of goods that once were regionally insulated. Grain and meat from the Mid-West could now be efficiently transported to both seaboard and, indeed, to all countries of the world. The flow of manufactures became nation-wide.

Labor and capital became more mobile and more competitive. As a response to the development of national markets, huge business combinations or trusts arose threatening to monopolize vast industries. On the labor side, national labor unions grew in size and number. Such social and political movements as the Knights of Labor and the Populists gave voice to the fears created by the commercial unification of society. It is worth noting that much popular discontent was directed at the railroads. The Interstate Commerce Commission of 1887 and the Sherman Act of 1890 both highlighted public concern.

Instructive comparisons and contrasts can be made between the plight of inland water transportation in the last quarter of the nineteenth century and the plight of railroads today. The growth of the trucking industry and of air transportation have made the economic position of many railroads precarious. Trade unions are once again preoccupied with meeting threats to wage and occupational structures although this time under greatly changed circumstances.

Developmental Economic Education Program (Teacher's Guide)  
Part II Suggestions For Grade Placement And Development Of  
Economic Ideas And Concepts, Joint Council on Economic Education  
1964, pp. 52-57.

## APPENDIX D

If All the World Were 1,000 People

Then

60 Americans Would Own Half of all the Money in it

We are taught that all men are brothers. But 3 billion brothers is an idea almost too big to grasp.

It is easier to concentrate on a fraction of the 3 billion, the small group that lives in the U.S. It is still easier to concentrate on one-billionth of the people who live in the world, the three or so who live in your home, and forget about the others.

Perhaps the best way to think of the 3 billion people in the human family is to represent it as a single village of 1,000 persons. In this village there would be 90 North Americans, 50 South Americans, 210 Europeans, 85 Africans, and 565 Asians. There would be about 300 whites and 700 nonwhites. Three hundred would be Christians, of which 185 would be Catholics.

Out of the 1,000 people in the village, 60 would be citizens of the U.S. These 60 Americans would receive half the total income of the world; the other 940 members of the village would receive the other half. For every \$1 you have the other villagers have 6¢.

The American part of this village has 12 times as much electricity, 21 times as much oil, 22 times as much coal, 50 times as much steel, 50 times as much general equipment as the other part.

We are rich. Very many other people in our village are poor, hungry, in need of medical care, education, or even basic human decencies. And we live in the same village.

But if we compare the industrialized lands, the U.S., Canada, Europe, the USSR, Japan, and Australia, with the underdeveloped lands, Latin America, Africa, and Asia, we see the rich getting richer, the poor lagging further behind.

Let us look at a few figures. The amount of goods and services produced in a year by the factories, farms, and labor force of a nation is called the gross national product, GNP. The GNP for the U.S. for 1964 was over \$600 billion, about \$3,000 for each of our roughly 200 million persons. It is \$1,300 per person in the Common Market of Europe. The annual GNP of more than half the human family in the underdeveloped lands runs to about \$150 per capita. We have 20 times as much.

Elizabeth Reid  
Catholic Digest  
 April, 1966