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ABSTRACT

These guidelines and activities in economic education represent one part of a series developed through the combined efforts of hundreds of teachers from twenty-three school districts in the State of Washington and one in Montana over a period of three years. The paramount purpose of the guides is to help implement a program of integrating economics into the curriculum at all grade levels. The overall objective is to insure that every high school graduate has acquired a critical way of thinking about economic matters and problems through the use of scientific methods. The major economic point to be learned in the seventh grade, The Eastern Hemisphere, is that every society must have some organized approach to economic decision-making. Western Europe as a decentralized system, the Soviet Union as a centralized system, and Sub-Saharan Africa are studied. The major theme in the eighth grade is the United States today and how it has changed over the years and includes study of big business, organized labor, government role, competition, industrialization and urbanization, and international trade and investment. In the ninth grade, three major emphases appear: the characteristics, growth, and problems of growth in the State of Washington. The teaching guide for each grade includes: ideas and concepts, technique suggestions, and a bibliography of materials. (SBE)

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ECONOMIC EDUCATION

FOR WASHINGTON SCHOOLS

GRADES SEVEN, EIGHT, AND NINE

LOUIS BRUNO
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
OLYMPIA WASHINGTON



U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
OFFICE OF EDUCATION

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ECONOMIC EDUCATION FOR WASHINGTON SCHOOLS

Grades Seven, Eight, and Nine

Prepared in Cooperation with
NORTHWEST COUNCIL FOR ECONOMIC EDUCATION
under the supervision of
Office of the State Superintendent of Public Instruction

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Letter of Transmittal from the Northwest Council for Economic Education



FOREWORD

Social, political, scientific, and technological forces in this nation and the world offer ample evidence of the need for a high degree of "economic literacy" on the part of our citizenry. It is toward meeting the responsibility of the schools for advancing such knowledge and understanding that Economic Education for Washington's Schools has been developed.

The ultimate success of this project lies neither in this publication nor in the resources which are available to the schools. It's fullest success will be realized only through the ability of the teacher and the local school to rally all available resources and bring them to bear within the existing curriculum. We believe these guidelines and activities will support such a program rather than burden the teachers and the children with a course or unit expected to adequately "cover" economics concepts. The program found here should, indeed, "uncover" economics concepts and their inherent relationship and importance within different areas of the curriculum.

It is our desire that the boys and girls of the schools of the State of Washington achieve a high degree of economic literacy. This must include the ability to think critically toward the solution of economic problems which will face them as individuals, and the nation as a whole.

Five basic beliefs underlie the activity and concern of our office:

1. The schools share a responsibility for the development of economic literacy on the part of the citizenry.
2. We have an obligation to promote an understanding and appreciation of our system of capitalism and free enterprise.
3. It is our duty to help students develop an appreciation for the economic and social achievement made possible by the operation of a free people in a free society.
4. We must help youth understand that just as we have not as yet resolved all the problems of our democratic - republican form of government, neither have we resolved all of our economic problems.
5. Most importantly, we believe that we must strive toward the development of an attitude among students that as citizens they have a right and a responsibility to actively participate in the solution of economic problems.

INTRODUCTION

These guidelines and activities in economics education represent the combined efforts of hundreds of teachers, over a period of three years. Sponsored and financially supported by the Joint Council for Economic Education, the project involved teachers from twenty-three school districts in the State of Washington and one school district in Montana. Through a series of summer workshops maintained by the Northwest Council for Economic Education and pilot projects carried out by participating schools, this program was field tested and revised to its present form.

The Executive Committee of the Northwest Council for Economic Education has played a major role in this project. To give recognition to these individuals and to the diverse organizations they represent we list them as follows:

President	Other Members of Committee
Dr. Lyle Stewart	Mr. Harry L. Carr
Seattle School District	AFL-CIO
Vice President	Mr. P. A. Strack
Mr. E. C. Ruble	Peoples National Bank of Washington
Pacific Northwest Bell	
Secretary-Treasurer	Mr. Walter Kee
Mr. Ray Cowen	The Boeing Company
Federal Finance Corporation	

(A more complete listing of persons and organizations involved in this project may be found in the letter of transmittal included as the Appendix to this publication.)

OVERVIEW

ECONOMICS IN THE JUNIOR HIGH SCHOOL assumes a social study content of the Eastern Hemisphere in the seventh grade; United States History in the eighth; and Washington State History and Government in the ninth. Although, from community to community content may vary somewhat, the economic concepts to be taught can be keyed into varied social studies content.

Dr. Calderwood, whom we were fortunate to have as our chief consulting economist, urges that "Two important points need to be remembered by the seventh-, eighth-, and ninth-grade teachers who are starting to strengthen the economic content of their social studies courses. First, the paramount purpose of this guide is to help implement a program of introducing economics into the curriculum at all grade levels (K-12) in an organized, integrated way. The overall objective of this program is to insure that every high school graduate has acquired the minimum economic understandings for responsible citizenship as spelled out in the Report of the National Task Force on Economic Education. It is believed that this objective can best be achieved by a cumulative build-up of economic knowledge starting in Kindergarten, with each grade building on the preceding ones and the student acquiring an increased economic sophistication as he moves from grade to grade.

"Second, junior high teachers should understand clearly what is meant when one says that a person has economic understanding. To have economic understanding does not mean that one has memorized a lot of facts--about the Eastern Hemisphere, about United States History, or about the State of Washington. What it does mean is that one has acquired a 'way of thinking' about economic matters. It means that one has acquired the ability to think about economic problems in an organized, disciplined way, and to reach rational conclusions through the use of scientific method. It means that one now possesses certain tools of analysis which are capable of being used in a variety of situations. The ability to transfer is the payoff. If a student studies the economic growth of the State of Washington since 1889, will he just have learned about the natural resources of the State, the kinds of immigrants who came West, and the names of certain pioneers who founded great industries? This is not enough. Such a student, if his family moved to Wisconsin, would have to learn a whole new set of facts about that state. If, however, economics has been taught properly, the student will have learned about the ingredients of the growth process, such as investment in human and physical capital, advancing technology, increasing productivity, etc.; he will have acquired an analytical frame of reference; and he will be capable of applying his analytical ability to Wisconsin, to the United States as a whole, or to the Soviet Union, India, Mexico, or any other country."

The basic ideas and concepts of modern economics have been spelled out clearly, both in the Report of the National Task Force on Economic Education and, in more detail, in Teachers Guide to DEEP: Part I, Economic Ideas and Concepts by James D. Calderwood. Obviously, not all of these ideas and concepts will be introduced at every grade level. The objective of the integrated approach to economics in the curriculum is to introduce at each grade only those economic ideas and concepts which are most appropriate to the subject and which can most easily be integrated with the teacher's primary objective, whether this be an increased knowledge of United States history, of the Eastern Hemisphere, or of Washington State.

All the basic economic ideas and concepts suggested for inclusion in the three junior high grades, including the need for an economic system, the economic roles of the consumer, producer, and government in the American economy, the goal of economic growth, etc., should in broad outline be familiar to students because they will have been exposed to them in a more elementary form in earlier grades. Nor will the seventh, eighth, and ninth grades be the last occasion they will encounter them, for they will reappear in a more sophisticated form in senior high.

We all hope this volume will prove as useful to junior high age youth as ECONOMIC EDUCATION FOR WASHINGTON SCHOOLS has for elementary children.

Economics in the Seventh Grade: The Eastern Hemisphere

The major economic point to be learned in the seventh grade is that every society must have some kind of economic system--some organized approach to decision-making--so that the basic economic decisions with respect to WHAT goods and services shall be produced, HOW they shall be produced, and FOR WHOM they shall be produced can be made. All societies today--like all societies throughout history--are faced with the same basic economic problem: how to use relatively scarce productive resources to satisfy the competing wants of man. But, if the problem is the same, the approaches adopted to deal with it vary considerably. In the seventh grade, three different kinds of economic systems are considered.

Western Europe is an example of an area where primary emphasis is placed on decentralized decision-making. That is, emphasis on the participation of all citizens, acting in their various capacities as consumers, private businessmen, workers, savers and investors, in the making of the big decisions with respect to WHAT, HOW, and FOR WHOM. The basic economic institutions in Western Europe thus include the free market, prices determined by supply and demand, private enterprise and the profit motive, freedom of choice for consumers as they spend their incomes, freedom of choice for workers among jobs, and so on. As has also happened in the United States, this decentralized "market system" has been modified somewhat by government action but it has been only a modification, not a replacement.

The Soviet Union is an example of a country where primary emphasis is placed on centralized decision-making. The government makes the basic decisions with respect to WHAT, HOW, and FOR WHOM by drawing up a central plan for the running of the economy, which all citizens must accept. At present there are signs that some elements of market decision-making are being introduced into the Soviet economy.

Sub-Saharan Africa is an example of an area where, although decentralized market decision-making is significant in urban areas, yet in much of the rural area the force of tradition is the dominant influence. In tribal societies, decisions with respect to WHAT, HOW, and FOR WHOM tend to be made by reference to what is traditional.

In the seventh grade, the universal goal of economic growth--increasing the output of goods and services in order to raise living standards--can be discussed. In particular, how well each of the three economic systems analyzed is performing in the light of this growth objective can be discussed. Generally speaking, the economic systems of Western Europe and the Soviet Union have exhibited a capacity for rapid growth while Sub-Saharan Africa has been much less successful in this respect and must be classified as one of the less developed areas of the world.

The ability to transfer this knowledge should take the form of recognizing that the economic system of Western Europe is basically similar to that of the United States, Canada, Australia, and Japan, that that of the Soviet Union is basically similar to that of China, Czechoslovakia, and other Eastern European countries, and that the economic systems of the countries of sub-Saharan Africa have many points of similarity with those of some Asian and Latin American countries.

Economics in the Eighth Grade: United States History

The major economic theme in the eighth grade is the economic system of the United States today and how it has changed over the years.

The basic characteristics of our economic system, including decentralized decision-making in free markets by individual consumers, businessmen, workers, etc., are discussed. Emphasis is placed on the changes that have taken place over the years, including the rise of big business since the Civil War, the growth of organized labor in the Twentieth century, the increasing economic role played by government, the changing nature of competition (less price competition, more innovation, more advertising, etc.), the industrialization and urbanization of the nation, and the increasing involvement of the United States in the world economy through international trade and investment.

The achievements of the American economic system can be discussed in light of such goals as economic growth, greater economic security, increased economic justice, and the preservation of our basic economic freedoms. Some of the unsolved problems, which the coming generation will have to face, can also be identified, e.g., problems associated with urban growth, poverty, rapidly changing technology, etc.

Economics in the Ninth Grade: Washington State

In the ninth grade, three major emphases appear. The first is the characteristics of the economy of the State of Washington and the various economic roles played by its people. Here the same analytical concepts will be used as were used in the eighth grade when the nation's economy was discussed; viz., the role of consumers, businessmen, and workers, the processes of production, consumption, saving and investing, how decisions are made through markets and prices, the economic role of government, etc.

The second emphasis is the economic growth of Washington State. Here, as stated earlier, the basic elements of the growth process will be brought out (capital formation, rising labor productivity, etc.) and applied to the state's economy just as they could be applied to the economy of any other state or the nation or a foreign country.

The third emphasis is on the problems which the process of economic growth brings with it: as technology changes, population increases, and urban areas grow in size. These are problems which this nation, and other nations face, but in the ninth grade they are placed in the more limited context of the State of Washington.

ECONOMIC EDUCATION IN GRADE SEVEN

Teaching Guide

In a course of study which covers the Eastern Hemisphere there are many opportunities to develop economic understanding. The purpose of this guide is to integrate the teaching of economic concepts into subject matter which is already a part of the course. The units on Western Europe, the Soviet Union, and Sub-Saharan Africa have been selected as content areas in which the economic understandings assigned to grade seven can most appropriately be developed. Teachers will no doubt see many other opportunities to develop and review these understandings throughout the course.

The economic ideas and concepts to be taught are listed under the heading ECONOMIC UNDERSTANDINGS in the guide which follows. They have been organized within specified topics--Economic Systems and Economic Growth.

The section of the guide labeled ILLUSTRATIONS is meant to suggest means of teaching the economic understandings within the framework of the course of study. These suggestions are not meant to be exhaustive; they are an indication of some ways in which the integration of economics into this course can be accomplished.

As part of a K-12 sequence, the economic understandings assigned to be taught at grade seven build on what is taught at the elementary level and are essential to the program in the succeeding grades.

WESTERN EUROPE

TOPIC I - Economic Systems

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Governmental and economic systems develop in every country because certain decisions must be made.</p> <p><u>Economic system</u> refers to the organized way in which the people of a country use their resources to satisfy their wants. An economic system provides a method for making decisions:</p> <p><u>What goods and services will be produced?</u> All wants cannot be satisfied; therefore, choices must be made concerning what will be produced and what things will be foregone. <u>How much of the different goods and services shall be produced?</u> The effect of producing different amounts (proportions) of capital goods and consumer goods must be considered.</p> <p><u>How shall goods and services be produced?</u> Available productive resources may be combined in different proportions. For example, a producer may need to decide whether it would be cheaper to use simple tools and a large amount of labor, or machines and a small amount of labor.</p>	<p>Every economy (country) must find answers to the questions what? how much? how? and to whom? The way in which a country goes about answering these questions is its economic system.</p> <p>During the study of the productive resources and industries of Europe or of a major country, have the class consider why decisions about resources are important:</p> <p>Most resources can be used for several different purposes. Somehow decisions must be made about what uses will be made of a resource. One basic question might be the extent to which resources are used to produce military goods rather than civilian consumer goods. The decision concerning how much of a country's resources will be used to make consumer goods available right away and how much will be used to produce capital goods (factories and machinery) which will later produce consumer goods is important to every country's future prosperity.</p> <p>Western European nations have many good examples of mass production industries and speciality handicraft industries. A comparison of these types of industries can serve to illustrate how decisions regarding the proportions of labor and machinery used to produce goods vary.</p>

TOPIC I - Economic Systems, Western Europe (Continued)

ECONOMIC UNDERSTANDINGS

Who will get what is produced? An economic system must decide--or provide a way for deciding--who will receive the goods and services produced.

There are basically three ways in which economic decisions may be made: decentralized decision-making by individuals through the market (private enterprise); centralized decision-making by government agencies; and by custom or tradition. In reality, all three of these elements are present in all countries in varying degrees.

Private enterprise is the term used to describe a decentralized economy in which the economic decisions concerning investment and production are made by private individuals and firms. The productive agents are privately owned and individuals and businesses seek profit. What and how much shall be produced is determined basically by consumer demand for goods and services. Producers will allocate the productive resources into those areas where effective demand indicates they have the greatest opportunity to make a profit.

ILLUSTRATIONS

In Western Europe, just as in the United States, the share of the total goods and services produced that an individual or family can acquire depends upon the amount of money each has. Most people in Western Europe earn money incomes by working for wages and salaries, running businesses and farms, or from interest on savings, rent on property, and earnings on investments.

Examples:

1. Decentralized decision-making in the form of consumer demand for new housing, automobiles, modern appliances, etc., is affecting European industry at present.
2. Government ownership and management of coal mines in the United Kingdom, the aircraft industry in France, oil refineries in Italy, etc., are instances of centralized decision-making.
3. Although it has been demonstrated that larger scale farm operations are more efficient, many farmers in Western Europe continue to operate the traditional small family farms.

The demand for radios, television sets, and household appliances has caused European companies to increase their production of these items.

Agriculture is operated on a private enterprise basis in all of Western Europe.

German, English, and Italian auto companies have responded to consumer demand by producing small as well as large automobiles and trucks.

TOPIC I - Economic Systems, Western Europe (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Centralized <u>decision-making</u> refers to economic systems in which the government makes the basic decisions concerning investment and production. The government may own a large part of the productive agents and exert strong control over the use of labor.</p> <p>Countries vary in the kind of economic system they use to make decisions. Many countries use a mixture of private enterprise and centralized decision-making.</p> <p>All countries of Western Europe have mixed economies in that private individuals (and <u>business firms</u>) and the government both operate in the area of economic decision-making. There are differences from country to country as to how large a role is played by the different groups.</p> <p>Although most West European businesses and industries are owned and operated by private citizens, governments run more business than is the case in the United States.</p>	<p>In most Western European countries, some use is made of centralized decision-making. For example, in France some automobile and aircraft factories and some insurance companies and banks are owned and operated by the government.</p> <p>With the exception of Spain and Portugal, government (centralized) decision-making is subject to popular democratic control in Western Europe and therefore subject to change. For example, in the United Kingdom, steel mills and trucking were nationalized after the 1945 election, but after the 1951 election they were returned to private enterprise.</p> <p>Look at various mixtures or combinations of the different types of economic decision-making.</p> <p>West Germany, Belgium, Netherlands, Switzerland: private enterprise very strong, governments' economic role very similar to the United States and less than other European countries.</p> <p>Italy, Austria, United Kingdom, Sweden, France: specific details vary from country to country, but in general government plays a larger role in economic activities and providing more welfare services. There is also considerable private enterprise.</p> <p>Spain and Portugal: considerable government control over the economy, particularly in the fields of wages and labor-management relations.</p> <p>Most railroads and airlines in Western Europe are government operated. A large part of the radio and television industries is government owned. Most telephone and telegraph service is government owned and operated. In Austria, a portion of the steel industry, in the United Kingdom, coal mines, and in Italy, some banks and hotels and the merchant marine, are examples of government-operated industries.</p>

TOPIC I - Economic Systems, Western Europe (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Modern governments provide more welfare services than governments in the past, in a modern, interdependent society, individuals cannot rely on their own resources or be cared for by their families to the extent that this was possible when the society was more agricultural.</p>	<p>In Western Europe security has been a significant goal since the 1880's. Germany has had a social security system since the days of Bismark. The United Kingdom has had unemployment compensation and old-age pensions since before World War I. Today most West European nations have systems of national health insurance. France and some other countries have family allowances. Denmark provides nurseries for children of working mothers and housing for the aged.</p>
<p>The economic system used in a democracy is not rigid or static. Pressures--both economic and noneconomic--compel a country to adapt to new or changing conditions.</p>	<p>In order to accomplish certain tasks or to meet changing conditions, countries may make changes in their economic systems. For example, the Netherlands is strongly private enterprise, but government leadership and organization were necessary to undertake land reclamation projects.</p>

TOPIC II - Economic Growth (Advanced Economies)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>An advanced economy is highly technical, specialized, urban, industrial, and diversified. A significant proportion of consumer income is spent for discretionary goods and on goods and services that contribute to private well-being.</p>	<p>Most of the Western European countries can be classified as advanced economies. A high level of living has been achieved. Production and consumption are rising.</p>
<p>The productive capacity of a country depends on the quantity and quality of the productive resources available, including natural resources, the labor element, the availability of capital, and the level of technology.</p>	<p>After the class has acquired sufficient background information about Europe as a whole or about several different countries, have them illustrate the following factors and discuss how each one of them helps support an advanced economy:</p> <p style="margin-left: 40px;">Industrialization Technology Specialization Capital accumulation</p>
<p>Economic growth requires that savings be accumulated and invested in order to increase the supply of producer's goods, improve transportation networks, expand research, promote the development of new products, and generate innovations in the productive process.</p>	<p>Western Europe has many resources, but no one country has enough of all the natural resources to support heavy industry. Foreign trade is very important to all of these countries.</p> <p>Western Europe has a population of almost 300 million. Most of the workers are skilled in the use of machines. There is labor deficiency in some regions and a labor surplus in others. European businessmen have proven to be good managers. In general, the total population is well educated.</p> <p>Mass production and automation are widely used to produce such things as automobiles, television and radio sets, and household appliances. Sophisticated industries such as electronics, chemicals, and atomic power have been developed.</p> <p>Discuss why it is important to expand producer's goods (factories, machinery), transportation, research, etc. How does this depend on saving? How are savings accumulated?</p>

TOPIC II - Economic Growth, Western Europe (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Modern economies are based on specialization and trade. Specialization increases productivity by promoting a more efficient use of the productive resources. A region or country will specialize in producing the goods that use its most abundant, therefore cheapest, productive resources. Specialization increases with technological development. As machines and production techniques become more complex, more complex specialization is required. As specialization increases, the proportions of capital and natural resources relative to labor usually increase.</p> <p>Transportation and communication systems are necessary because specialization requires the exchange of goods, services, money, and markets.</p> <p>High incomes and economic growth within a country attract capital from abroad as foreign businessmen seek to take advantage of expanding markets to make a profit.</p> <p>Barriers to trade in the form of tariffs, quotas, and control on the movement of people prevent the most efficient use of productive resources. The market for consumer and producer goods is restricted and regional specialization is hampered.</p>	<p>Discuss why and how countries have come to specialize in producing certain items.</p> <p>German steel Swiss machine tools and watches French textiles Dutch and Danish dairy products</p> <p>Denmark has a high level of living. Why doesn't it produce automobiles?</p> <p>Why doesn't the United Kingdom attempt to produce all the food it needs?</p> <p>Note the Rhine River system and canals, and in general the density of transportation networks in Western Europe.</p> <p>Consider the number of United States companies that have branch offices and factories in Western Europe. Give examples; e.g., General Motors, Woolworths, Safeway, Hilton Hotels, Gillette, Standard Oil of New Jersey.</p> <p>An important current development in Western Europe is economic integration (gradual elimination of barriers to the movement of goods, labor, and capital).</p> <p>European Economic Community (Common Market)</p> <p>European Free Trade Association</p> <p>By 1968 manufactured goods will be able to move freely within the six countries of the Common Market and the seven EFTA countries. Already millions of workers are employed in countries other than those of their origin.</p>

TOPIC II - Economic Growth, Western Europe (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>By scaling down these barriers, the size of the market is increased, leading to more specialization and mass production. Production facilities can be located in the best places for serving the market and acquiring needed raw materials and labor.</p>	<p>The size of the (potential) economic region and market has a great effect on efficiency, growth, and specialization.</p> <p>Having trade and other customs barriers between the countries of Western Europe is not unlike what the situation might be if there were such barriers between states of the United States.</p>

Grade Seven

Page 8

SOVIET UNION

TOPIC III - Economic Systems--Communism

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Underlying every society is a system of ideas which represents that society's values and goals. This system of ideas is called an ideology. An ideology guides the political and economic systems that a nation develops.</p> <p>Communism is an ideology which includes the following ideas:</p> <p>History has been a struggle between classes-- in modern times between the workers and the owners of the means of production (capitalists).</p> <p>The means of production should belong to the society as a whole.</p> <p>Capitalism should be overthrown to establish a dictatorship of the working class.</p>	<p>Discuss the effects of ideology on the ways in which nations operate within their own borders.</p> <p>An ideology that holds that individuals should be free to make many decisions themselves leads to free elections, representative government, considerable private ownership of factors of production, and individual initiative.</p> <p>An ideology that recognizes both the importance of the individual and the reality of the limitations upon individual freedom brought about by group living will combine private ownership and initiative with some cooperative efforts (e.g., social security programs).</p> <p>An ideology that emphasizes the importance of the state more than the individual leads to more centralized control and communal ownership of property.</p> <p>The communist ideology is based on the <u>Communist Manifesto</u> by Karl Marx and Friedrich Engels, published in 1848, and on Marx's <u>Das Kapital</u> (1867).</p> <p>According to Marx, there was always an exploiting class and an exploited class which never received what it deserved in return for its work.</p> <p>Communists believe that if the state (all the people together) owns the productive resources, there are no owners to exploit workers.</p>

TOPIC III - Economic Systems--Communism, Soviet Union (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>In many ways the Soviet Union has applied communist ideology to its economic system.</p> <p>The state (nation) owns all natural resources, all heavy industry and power plants, all railroads, ships, and airlines, all banks, all communication networks, the wholesale distribution agencies in the cities, and the great majority of retail stores. The government operates state farms and controls other farms which are technically cooperatives (collective farms).</p> <p>No one is permitted to buy goods to sell at a profit or to employ labor for profit making.</p> <p>Communist ideology applied to an economic system leads to a basically command system. Centralized decision-making is the method used to determine what goods and services shall be produced, how much of each shall be produced, how they shall be produced, and who gets what is produced.</p>	<p>The workers should rise up and overthrow their exploiters according to this theory. However, the European capitalism Marx was describing in 1848 was a situation in which a small number of persons controlled the productive resources and reaped large profits. Workers worked long hours for low wages and their housing conditions were very poor. In the capitalist countries now, workers are much better off. The prosperity of the workers in capitalist countries today is a difficult fact for communists to explain, since it seems to disprove Marx's theories.</p> <p>What kinds of property are left for individuals to own?</p> <p>Would this system of property ownership have any effect on how basic decisions regarding economic policy are made?</p> <p>What differences would it make whether or not the people could express choices by voting?</p> <p>Under such a theory would one-man shops, or partnerships, or cooperatives be allowed? Why? Could large private businesses develop? Why or why not?</p> <p>In the Soviet Union the amount of consumer goods such as clothes, furniture, appliances, and other household goods which are produced has been limited so that more heavy machinery, industrial equipment, and military goods can be produced.</p>

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>In order to make these basic decisions and carry them out the government must plan many details of the production and distribution of goods and services.</p> <p>Government regulation is used to achieve the goals that are decided upon.</p> <p>The Soviet government is the world's largest employer.</p>	<p>Prices and wages are used by both the United States and the Soviet Union to allocate resources. However, in the United States prices and wages are a reflection of free decisions of the people as consumers and producers, while in the Soviet Union prices and wages are instruments of government control.</p>
<p>The Soviet government sets the prices on the goods that are produced. Essential items are priced so people can afford to buy at least the minimum requirements. Goods that are in a short supply and luxury goods are priced very high.</p>	<p>The Soviet government sets the prices on the goods that are produced. Essential items are priced so people can afford to buy at least the minimum requirements. Goods that are in a short supply and luxury goods are priced very high.</p>
<p>Discuss how keeping the prices of certain consumer goods (such as automobiles, good clothes, furniture) very high keeps the demand for them limited. What would be a private enterprise economy's reaction to a situation such as this?</p>	<p>Discuss how keeping the prices of certain consumer goods (such as automobiles, good clothes, furniture) very high keeps the demand for them limited. What would be a private enterprise economy's reaction to a situation such as this?</p>
<p>Wages are also set by the government. How could this power be used to guide people into certain kinds of work?</p>	<p>Wages are also set by the government. How could this power be used to guide people into certain kinds of work?</p>
<p>The Soviet system has achieved certain objectives but has also encountered certain problems.</p> <p>The Soviet Union has experienced rapid economic growth.</p>	<p>The Soviet Union is now the second industrial nation in the world after the United States. Transportation facilities have been improved and industrial production has been increased. Construction of factories and housing has been a major effort. Living standards are gradually rising.</p>

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Deciding what to produce without considering consumer demand has proved wasteful and inefficient. As the Soviet economy has grown, it has become more complicated. As a result, it has proven increasingly difficult to plan every detail of economic activity efficiently. Many inefficiencies and much waste have shown up in the economy.</p> <p>Agricultural production is not as high as planned.</p> <p>Non-productive spending on armaments, space research, and maintaining large standing armed forces has used up resources.</p> <p>By our standards the Soviet system does not provide economic freedom.</p> <p>Various problems have led the Soviet leadership to make some changes in their system.</p>	<p>Farm machines and other machinery could not be used at times because of a lack of spare parts. Large quantities of certain items of clothing accumulate because people do not want to buy them. What would happen in these cases if demand were used to guide production?</p> <p>Lagging agricultural production has caused shortages of products such as cotton, wool, and leather as well as foodstuffs. Discuss how this affects the whole economy. What happens when many people are required to work at agriculture? If agriculture does not produce enough wool and cotton to allow textile mills to meet their production quotas, what effects does this have on other areas of the economy? How would a private enterprise economy adjust to such situations?</p> <p>Discuss how many political decisions that nations and people make have economic implications in their use of natural and human resources and technology.</p> <p>Individuals cannot go into businesses that require any labor other than their own. Individuals cannot own productive property. Workers cannot strike. In general, consumers cannot indicate, through their buying habits in the market, what they want produced.</p> <p>Differences in wages are used as incentives to increase production and to lead workers into jobs where the government wants more workers. Recently some effort has been made to base planning for production of consumer goods more on actual consumer preferences.</p>

SUB-SAHARAN AFRICA

TOPIC IV - Economic Systems

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>In Sub-Saharan Africa, as anywhere, answers must be found to the basic economic questions what? how? and for whom?</p> <p>Many people still live in traditional ways on a subsistence basis.</p>	<p>Most Africans south of the Sahara are farmers. Many of them just grow food for themselves (subsistence). Some grow extra crops to sell for cash or to exchange for other goods in market towns. They want such manufactured goods as a hoe, a metal pail for water, some items of clothing, and kerosene for lamps. Many of these people live in tribal societies where tradition, social status, and decision by tribal chiefs determine their course of action. People who live in this way have a certain amount of security so long as they have land. High or increased production is usually not a goal in this way of life.</p>
<p>Some Africans participate in a market economy and in international markets.</p>	<p>Many Africans have moved away from the tribal society to a modern, urban society. These Africans are becoming educated, acquiring skills, and earning a money income which they may spend on such goods as bicycles, corrugated iron roofs, sewing machines, and manufactured cooking utensils. More and more Africans are producing goods which enter into national and international trade: Nigerian cotton, Congolese and Zambian copper, Gambian peanuts, Ghanaian cacao, Ugandan coffee, and Kenya's textiles and farm machinery.</p>
<p>Centralized decision-making is being practiced in some countries.</p>	<p>The low level of economic development at which some countries find themselves, together with factors such as a largely uneducated citizenry and a lack of national feeling, may make centralized decision-making seem like the most efficient means of achieving economic progress at first. Some of these countries have engaged in some experimentation with different ways of directing their economies.</p>
<p>The economic systems of most African countries include some elements of tradition, a market system, and centralized decision-making.</p>	<p>African countries vary as to the "mix" of their economic systems. There is also frequent change due to the unstable political structure in some countries. In many rural areas, traditional attitudes and ways persist, e.g., in farming. In</p>

TOPIC IV - Economic Systems, Sub-Saharan Africa (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
	<p>urban areas, such as Nairobi, Lagos, Accra, Abidjan, Dakar, and Dar es Salaam, a market economy has developed. In almost all countries, the government has taken a leadership in promoting growth by means of economic planning.</p>

TOPIC V - Economic Growth--Underdeveloped and Developing Economies

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Economic growth means increasing the output of goods and services faster than population increases. Economic growth is essential to raise the level of living in a country and to provide jobs for an expanding labor force.</p> <p>An underdeveloped economy is usually based on agriculture. Job specialization is very limited. The lack of some factor such as capital or skilled labor makes it impossible to fully utilize the available resources. Frequently there are strong elements of tradition which act as barriers to progress.</p>	<p>In the countries of Sub-Saharan Africa, national production is low and most people are very poor by American standards. In the cities of the African nations, the people generally want to reach the economic level of the more advanced countries. The only way they can do this is through economic growth. At the moment, population pressure is not a problem.</p> <p>Consider why we classify most of Sub-Saharan Africa as economically underdeveloped.</p> <p>Labor skills in general are lacking and productivity per person is low. Why? What could improve this?</p> <p>The change from tribal life to participation in a money, or exchange, economy is still in progress. Why is this an important factor in growth?</p> <p>There are resources available to achieve a higher level of economic development. If this were not true, could we say that the area is <u>underdeveloped</u>?</p> <p>In many areas there is no custom of saving to accumulate capital. (This factor should be emphasized as it is crucial in most underdeveloped areas.) In what ways could capital be obtained?</p> <p>The social goods such as roads, power plants, schools, and banking (lending) institutions available to most Africans are very limited. How does this affect their level of living? How might an increase in the social goods available to people lead to an increase in their level of living?</p>

TOPIC V - Economic Growth--Underdeveloped and Developing Economies,
Sub-Saharan Africa (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>In a <u>developing economy</u>, the people have started to break away from traditional ways and want a higher level of living. To achieve growth, people must concentrate on saving, investment, and research, and be willing to accept the changes that go with growth. There must be people who are innovators, inventors, investors, enterprisers, as well as workers who will learn new skills, and consumers who will try new products and services.</p> <p>People must be brought into a modern economy both as producers and consumers if there is to be economic growth.</p> <p>Savings must be accumulated and invested in expanding producer's goods, transportation networks, research, development of new products, and innovations in the productive process. Technological progress is essential for real increase in productivity.</p>	<p>The mass of the African people who are still living under tribal conditions are reluctant to make any changes in their traditional economic system. Since many of them are subsistence farmers they do not and cannot buy much, nor do they produce goods that enter into the economy as a whole. More and more, these people are being brought into the various national economies.</p> <p>If people are to produce more, they must, among other things, acquire more skills and knowledge and be provided with more capital equipment. But, before it is profitable to produce, there must be a market, and this requires consumers with income. The important relationship here is the fact that production and consumption are interrelated (consumers must earn income by producing and production depends upon the market created by consumers). The process of increasing production in such a situation is usually a gradual one. Production is increased due to rising consumption on the part of workers who produce the goods that actually enter into the economy. Foreign investment is a force which encourages and speeds up the growth.</p> <p>In order for the people in the underdeveloped countries to have a higher level of living, the workers must earn more income. To do this, they must become more productive. The capital goods such as machines that they need to increase their productivity must be paid for out of savings.</p> <p>If a large part of the population produces barely enough goods to stay alive, it is impossible for them to accumulate savings with which to produce capital goods. They can, however, borrow savings from other countries. They can also use the technological progress that has been developed by others.</p>

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The supply of natural resources of a country is a factor in its economic growth. Natural resources make growth possible; but capital, labor, and technology will determine how they are used. Poor supplies of some natural resources may be compensated for by developing other resources and by foreign trade.</p>	<p>Why do African countries export so many of their crops and resources in a raw form? How would it help their economies if they processed their own copper, cotton, etc., before selling it? Why don't (can't) they?</p> <p>In order to move forward, underdeveloped Africa must face and overcome some major problems which are primarily economic, but which also have political and social ramifications.</p> <p>Capital must be acquired.</p> <p>Suitable economic institutions (e.g., banks) must be established.</p> <p>An attempt to increase agricultural productivity seems necessary. Why is it so important that agriculture be raised above the subsistence level?</p> <p>Transportation and communication facilities must be improved.</p> <p>Improvement of education and health is important to economic development.</p> <p>The problems of leadership and government instability present obstacles to economic growth.</p> <p>Tribal traditions hinder economic development.</p>



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ECONOMIC EDUCATION IN GRADE EIGHT

Teaching Guide

In the study of American history in Grade Eight, there are many opportunities to examine how our economic system functions and how it has developed. This guide indicates to the teacher the specific economic understandings that should be taught within the content of the course.

The economic ideas and concepts are stated under the heading ECONOMIC UNDERSTANDINGS. They have been organized within the topics: Decentralized Decision-making, The Market, and The American Economic System. A more detailed description of these concepts is found in Teachers Guide to the Developmental Economic Education Program, Part One: Economic Ideas and Concepts, by James D. Calderwood.

Applications of the economic understandings to appropriate historical developments or incidents are listed under ILLUSTRATIONS. These suggestions are not meant to be exhaustive; rather they are an indication of some ways in which the integration of economics into this course can be accomplished.

As part of a Kindergarten through Grade Twelve sequence, the economic understandings to be taught at Grade Eight build on what is taught in the preceding grades and are essential to the program that follows in succeeding grades.

TOPIC I - Decentralized Decision-making

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p><u>Decentralized decision-making and economic freedom</u></p> <p>In contrast to societies in which the basic decisions on "what," "how," and "for whom" are made by a central authority, the main characteristic of the American economy is decentralized decision-making by the people.</p> <p>People make individual decisions as:</p> <ul style="list-style-type: none"> Consumers Producers Workers Savers and investors Voters <p>These decisions constitute our economic freedoms:</p> <p>The freedom of consumers to spend their incomes as they please, and by their decisions to indicate to producers what ought to be produced.</p>	<p>The United States was colonized and settled by people who were anxious to have a society in which individuals could make their own decisions. Even as our society has become more complex, centralized decision-making has been substituted for decentralized only where the public good has required it. Protection of individual freedoms has remained an important goal.</p> <p>Note that every person makes decisions in these different roles.</p> <p>Because consumers are free to spend their incomes as they wish, there are changes in the goods and services produced. For example:</p> <ul style="list-style-type: none"> Lighting changed from candles, to whale oil lamps, to kerosene, to gas, to electricity. Food staples changed from predominantly potatoes and bread to include dairy products and meat as well. Food items changed in form from a few varieties sold fresh or in bulk, to a variety of canned, packaged, instant, and frozen goods. Clothing changed in style and the types of fabrics used. Entertainment changed from vaudeville, to movies, to television, and records.

TOPIC I - Decentralized Decision-making (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The freedom of producers to own property and to bring together productive resources (natural resources, labor, capital) and produce what they think consumers want in order to make a profit.</p>	<p>In Colonial days, there were individual entrepreneurs such as silversmiths and wigmakers as well as the large trading companies. Many of today's large companies were founded in the 1800's:</p> <p>The Great Atlantic and Pacific Tea Company (A & P) is a chain store established in 1859.</p> <p>John Wanamaker founded his department store in Philadelphia in 1876 and in New York in 1896.</p> <p>Isaac M. Singer patented his sewing machine in 1851 and opened his plant in 1853.</p> <p>George Eastman organized the Eastman Dry Plate and Film Company in 1884.</p> <p>Frank Woolworth opened his first 5-and-10-cent store in Utica, New York, in 1879.</p>
<p>The freedom of workers to select their job and sell their services to producers in return for a money income and to change jobs as they wish.</p>	<p>A Colonial farm boy might have had to choose between staying on the farm and going to the city as an apprentice.</p> <p>During the Westward movement a young man had the choice of staying in the East or seeking better job opportunities in the West.</p> <p>Today a young job-seeker has choices such as being a box boy or having a newspaper route.</p>

TOPIC I - Decentralized Decision-making (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The freedom of people as savers to decide how much to save and in what ways to invest these savings.</p> <p>The freedom of people as citizens to decide, through their representatives, which economic decisions shall be made by government instead of by private producers and consumers.</p>	<p>Young people are free to spend their money on movies or records or save their money for clothes or vacation fun.</p> <p>People can save their money in a piggy bank, savings bonds, a savings account, or buy stock.</p> <p>In the 1832 election the voters had to decide on the issue of the second Bank of the United States.</p> <p>During the 1930's, citizens had the issue of public power put before them in the Tennessee Valley Authority Act proposed by Roosevelt and Senator George Norris.</p> <p>Congress created the Interstate Commerce Commission (ICC) in 1887 to regulate transportation facilities. The powers of the ICC have been enlarged and strengthened by several amendments to the law.</p>

Grade Eight

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ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The <u>Market</u> as a <u>Key Institution</u></p> <p>The market is where individuals register their individual decisions.</p> <p>Consumers indicate their preferences in the market by the way in which they spend their money.</p> <p>Producers compete with one another to sell goods and services in the market, and try to make a profit by providing what they think consumers want.</p> <p>Workers sell their services to employers in the labor market.</p> <p>The market "adds up" all these individual decisions and creates out of them the great aggregate forces which determine <u>what goods and services will be produced</u>, <u>how they will be produced</u>, and <u>for whom</u>.</p> <p>These aggregate forces are called <u>demand</u> and <u>supply</u>.</p> <p>Demand represents all the buyers in a market, (e.g., all the buyers of automobiles, all the employers hiring mechanics, etc.)</p> <p>Supply represents all the sellers in a market, (e.g., all the auto dealers, all the mechanics looking for jobs, etc.)</p>	<p>Consumer demand for a product such as automobiles affects supply and demand in a number of markets. For example:</p> <p>When individual consumers want a new car, they are "in the market" for a new car. All over the country people want new cars and nine million a year are sold. This is the demand for cars in the market.</p> <p>To satisfy this demand, producers produce cars in different parts of the country in numerous factories and supply them to local auto dealers, who in turn sell them to consumers. This is the supply of cars in the market.</p> <p>Producers try to estimate how many and what kinds of automobiles consumers want. They also try to influence consumer preferences by means of advertising.</p> <p>In order to produce cars, producers must acquire productive resources. They must acquire steel, glass, and chrome. They go into the market for these materials and buy them from the producers. Auto manufacturers thus constitute part of the demand for steel, glass, etc. The steel manufacturers are producing steel and supplying it to auto manufacturers in the steel market. This is the supply of steel.</p> <p>In order to produce cars, producers must hire workers-- machine-tool operators, foremen, secretaries, timekeepers, etc. They hire these people in the labor market. Auto producers constitute part of the demand for labor in general and for auto workers in particular.</p> <p>Workers looking for jobs are "in the market" for a job. They are offering their services to employers (in this case, auto producers) and constitute the supply of labor.</p>



ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p><u>The Function of Prices</u></p> <p>Demand and supply together determine the price of a good or service.</p>	<p>In order to persuade consumers to buy their products, and to acquaint consumers with the specific nature of the product (e.g., availability of automatic transmissions, power-steering, etc.), auto producers have the services of advertising agencies. Thus, auto manufacturers constitute part of the demand for the services of advertising agencies.</p> <p>The agencies are competing with one another to supply their services to auto producers in the market for advertising agency services.</p> <p>Auto producers have to ship the cars from the factories to the auto dealers. Thus, they must buy the services of railroad and trucking companies to transport the cars. The auto producers are part of the demand for such services which are supplied by the railroad and trucking companies in the market for transportation.</p> <p>Examples of the determination and operation of price in the market mechanism:</p> <p>At a cattle auction, if many buyers are trying to buy animals and the number available is limited, competition among buyers will force the price up. If, on the other hand, many cattle are brought to the market but not many buyers are "in the market" for cattle, competition among the sellers will force the price down.</p>



TOPIC II - The Market (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The prices of consumer goods or services indicate to producers what it is profitable to produce and to consumers the sensible way to allocate their spending (i.e., prices determine <u>what</u> will be produced).</p> <p>The prices of productive resources (wages, interest, etc.) constitute the cost of production to producers and indicate to them the most profitable combination of productive resources to use (i.e., prices determine how something will be produced).</p> <p>The prices of productive resources also constitute income to the owner of the resources.</p> <p>A person's income determines how much he can buy (i.e., prices determine for whom goods and services will be produced).</p>	<p>The relative prices of potatoes and sugar beets, as determined by the forces of demand and supply in the markets for these products, will indicate to a farmer which one it is profitable to plant.</p> <p>The relative prices of shirts made of dacron and shirts made of cotton, as determined by the forces of demand and supply in the markets for these items, will help indicate to a consumer which one it is sensible to buy.</p> <p>A construction firm building a road will compare the price of an earth-moving machine with the cost of having fifty men do the same work. (The wages which would have to be paid to these men would be the price of labor.) The firm will select that combination of machines and workers which will keep the total cost at a minimum.</p> <p>In a country such as India, on the other hand, where machinery is expensive and labor is cheap (i.e., the price of machinery is high and the price of labor is low), road builders are more likely to use a lot of labor and fewer machines.</p> <p>When a producer hires workers, borrows money, or rents land in order to carry on production, the prices (wages, interest, and rent) he must pay to acquire these productive resources constitute income to the people who are supplying them. These prices are determined in the market for productive resources.</p> <p>The price of labor (wages, salaries) is determined by the forces of demand and supply in labor markets. Some people can command a high price for their services (e.g., movie stars, brain surgeons, stepplejacks), because the demand for such services is great while the supply is limited. These people thus have high incomes and are in a position to buy a large share of the total goods and services produced.</p>

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>In short, we live in a price-directed economy. Prices determine our economic behavior as individuals but are themselves determined in markets by the aggregate decisions of all individuals. Thus, our economic system is characterized by <u>market decision-making</u>.</p>	<p>Other persons, however, can command only a low price for their services (e.g., dishwashers, box boys, and seasonal agricultural workers) because the supply of unskilled labor tends to be greater than the demand. These people have low incomes and thus can buy a smaller share of the total goods and services produced.</p> <p>When you go shopping, how you spend your money will depend largely on the prices of the goods and services on sale. But when you go shopping you are also, along with millions of others buyers, helping to determine these prices.</p>

ECONOMIC UNDERSTANDINGS

Key Characteristics of Our Economic System

These characteristics distinguish our economic system from other systems:

- Economic freedom
- Markets
- Prices
- Competition
- Profit motive

Other Characteristics of Our Economic System

These characteristics are important to the functioning of our economic system but are not unique to our system:

- Specialization
- Interdependence
- Large-scale production
- Exchange
- Money

ILLUSTRATIONS

These ideas were brought to this country initially by the settlers from Europe. Succeeding generations have developed, reinforced, and adapted them to meet changing conditions and needs. For example:

Freedom of enterprise for producers coupled with the profit motive made possible the establishment of big businesses.

Labor's efforts to establish the right to seek a fair wage gave rise to the railroad strike of 1877 and the formation of the A.F. of L. in 1886.

The Articles of Confederation permitted the obstruction of the national market with internal trade barriers. This was changed under the Constitution.

The purpose of the Sherman Anti-Trust Act (1890), the Clayton Act (1914), and the Federal Trade Commission (1914) is to protect and promote fair and effective competition in business.

These characteristics are essential to the development of a complex, industrialized economy such as ours. For example:

- Breaking down of interstate trade barriers under the Constitution promoted regional specialization.
- The invention and growth of communication and transportation networks facilitated national trade. This increased regional specialization and interdependence.

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p><u>Changes in Our Economic System</u></p> <p>Our economic system is a dynamic, changing one.</p>	<p>Advances in technology, such as Eli Whitney's use of interchangeable parts and Henry Ford's assembly line, made mass production possible. The size of the market made large-scale production profitable.</p> <p>Specialization and trade necessitate the use of a medium of exchange. Barter and a variety of items used as money disappeared as the nation's money supply increased. The establishment of the first and second Banks of the United States and the Federal Reserve System organized and controlled the nation's monetary matters.</p> <p>A study of American history reveals a continuous change in technology, institutions, problems and ways of dealing with problems. For example:</p> <ul style="list-style-type: none"> We have changed from a nation of farmers to city dwellers. Technology has changed from simple tools to complicated machines. There is less economic independence and more interdependence. There has been a rise in big business and big labor unions. The role of the Federal Government has grown. Our standard of living has changed. Our values have changed. There is now a growing emphasis on welfare, justice, and security.

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p><u>Gradual Modification of the Free Market Mechanism</u></p> <p>Growing Role of Government</p> <p>Federal, state, and local government decisions increasingly are substituted for decisions of the free market.</p>	<p>Some of the causes of the increased government role in economic matters are:</p> <p>Population growth, urbanization, and industrialization have created a need for child labor laws, unemployment compensation, urban renewal, and more city services such as police protection and street lighting.</p> <p>Our more complicated economy, in which people are becoming increasingly interdependent, requires government coordination, e.g., a nationwide steel strike would be crippling to the whole economy. Solving water problems, including availability, distribution, and pollution, involves the cooperation of many states.</p> <p>War or national defense needs require the government to direct productive resources and control prices of scarce consumer goods. For example, drafting men in the armed services, allotting steel to producing tanks rather than automobiles, price and rent controls, and rationing.</p>
<p>Growth of Big Business</p> <p>In some markets, a few large businesses supply most of the goods and therefore can exercise some control over the price. In these cases, big business decisions are virtually substituted for decisions made by the free market.</p>	<p>Some of the reasons businesses find it profitable to be big are:</p> <p>Advancing technology and the economies of scale open up opportunities for profit, e.g., Hill and the Great Northern Railroad, Carnegie and steel, Rockefeller and oil, General Motors and automobiles, Boeing and aircraft.</p> <p>A business may desire diversification in order to achieve business stability, e.g., Du Pont started with gunpowder in 1801 and now produces paint, nylon, plastics, insecticides, etc.</p>

TOPIC III - The American Economic System (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Rise of Organized Labor</p> <p>In some labor markets, unions have organized the workers and bargain on their behalf with employers over wages and working conditions. In such cases, the agreements arrived at through collective bargaining are partially substituted for decisions made by the free market.</p>	<p>The desire to increase profit by eliminating competition led to mergers, e.g., Rockefeller's Standard Oil Trust.</p> <p>Some of the reasons labor has found it necessary to organize are:</p> <p>The need to equalize bargaining power with big business.</p> <p>The Knights of Labor was organized in 1869, the A.F. of L. in 1886, and the C.I.A. in 1938. The A.F. of L. and the C.I.O. merged in 1955.</p> <p>The desire for more industrial democracy through direct participation by the workers in decision-making in both their place of employment and in the economy as a whole. The labor movement helped bring about state child labor laws, the establishment of the Department of Labor in 1913, and the Fair Labor Standards Act of 1938.</p>
<p>General Consequences of Modifications</p> <p>Modification of the free market mechanism has resulted in more "administered pricing" and monopoly problems as economic decisions are made by those with economic power, i.e., government agencies, big business, and big unions.</p>	<p>Examples of modification of the market system:</p> <ul style="list-style-type: none"> Farm price supports Minimum wage law Interstate Commerce Commission Civil Aeronautics Board Washington State Utilities and Transportation Commission National Labor Relations Act (Wagner Act) Sherman Anti-Trust Act
<p><u>Changing Nature of Competition</u></p> <p>There has been a decline in the traditional kind of competition which was characterized by large numbers of sellers, freedom of entry into industry, identical product, and flexible prices.</p>	<p>Consider the number of different kinds of every product that are available now in contrast to the limited choices of earlier times. Some industries, such as automobile, steel, or aircraft require such huge capital outlay that only a few sellers can enter the field.</p>

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>There has been a rise in new kinds of competition:</p>	<p>Trains have been withdrawn from service as plane flights increase, nylon replaces silk, oleo can substitute for butter, color television is beginning to replace black and white, and aluminum is being used in products that were formerly made of steel.</p>
<p>Competition among substitutes</p>	<p>Resort hotels and power tool manufacturers compete for the worker's "vacation dollars".</p>
<p>Competition for the consumer's "discretionary dollar"</p>	<p>Buick and Oldsmobile compete even though they are part of General Motors. Colgate-Palmolive produces competing tooth-pastes and soaps.</p>
<p>Competition within the firm</p>	<p>Automobile manufacturers install power steering, air conditioning, better radios, power windows to appeal to buyers. Electric shaver manufacturers bring out cordless shavers. Supermarkets install bigger parking lots and provide carry-out service.</p>
<p>Competition through innovation (non-price competition)</p>	<p>Companies compete by sponsoring television programs, creating catchy jingles to promote brand names, or using eye catching packaging to get the buyers' attention.</p>
<p>Competition through advertising</p>	<p>Some examples of the effects of industrialization are:</p> <ul style="list-style-type: none"> Growth of manufacturing and trade in the Northeast between 1815 and 1860 Growth of cities during the 19th century Influx of migrant workers to industrial centers Invention of skyscrapers, street cars, freeways Movement of families to the suburbs Growth of megalopolis
<p><u>Industrialization and Urbanization</u></p> <p>The nation converted from a society of farmers and a rural population living in small towns and villages into one of industrial and commercial people living in large urban centers.</p>	



TOPIC III - The American Economic System (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The percentage of the working force engaged in agriculture has declined even though total agricultural output has increased.</p>	<p>The farm population has decreased as farm production has increased. For example: Most families lived on farms in 1789. 50% of the population lived on farms and 50% in urban areas in 1890. 30% lived on farms in 1920. 18% lived on farms in 1946. 7% lived on farms in 1963.</p>
<p>Industrialization is the basis for our rising living standards.</p>	<p>Total farm output between 1929 and 1962 rose by 74%. This emphasizes the importance of rising productivity as an element in growth. Families not only are able to buy more goods and services, but there are new ways of living and working available to them. For example: Factory-made clothes became available due to the growth of the textile industry. The automobile became important for transportation and recreation. Rising worker productivity leads to increased income and increased leisure time. Use of machines results in less physical effort but more skill is demanded of workers.</p>
<p><u>Increasing Involvement in World Economy</u></p>	<p>Consider the relationship of international trade and trade routes to the discovery of America and to early settlement. (Marco Polo, Vasco da Gama, Cabot, Columbus, Champaign, Carifier, Frobisher, Hudson, and La Salle, etc.)</p>

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The United States is the world's largest exporter.</p> <p>The United States is the world's largest importer.</p>	<p>Economic origins of United States involvement in War of 1812 (embargo legislation)</p> <p>"Yankee Clipper" trade and shipping before Civil War</p> <p>North-South controversy over tariff and South's involvement in world trade</p> <p>British capital entering United States in 19th century</p> <p>Compare our regulations on loans and shipping to European nations in the periods preceding World War II with the period before the War of 1812.</p> <p>Foreign markets are important to many United States producers. Although only 4% of our total annual production is exported, the percentage of specific products exported such as wheat, cotton, dried milk, tractors, trucks, aircraft, and office machines may be as high as 20 or 30%. Thus, the employment and income of the workers producing these goods is affected by foreign trade.</p> <p>Many of the materials imported by the United States are essential to our industry. Some materials such as tin, rubber, nickel, and industrial diamonds and foodstuffs such as coffee and tea we do not produce at all. Nor do we have adequate quantities of such products as copper, bauxite, wool, sugar, petroleum, and newsprint.</p> <p>United States consumers also want to have specialty products from other countries such as English china, French perfume, German cameras, and Japanese motorbikes.</p>



TOPIC III - The American Economic System (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The United States is the world's largest supplier of capital to other nations through both private investment and foreign aid.</p>	<p>Private businesses in the United States invest in businesses in other countries when it is profitable for them to do so. This investment contributes to the economic growth of the countries that receive it. Examples: General Motors plant in Germany, Hilton Hotels in Paris, Istanbul, and Tokyo, Woolworths and Safeway in England.</p> <p>The United States government also invests in other countries, particularly underdeveloped countries. This investment may be in the form of loans and grants or technical aid.</p>
<p><u>Achievements of the United States Economy</u></p> <p>Growth</p> <p>The United States has achieved the highest standard of living of any country in the world. Not only has the level of living of the average family improved, but the public goods and services available in the community have increased.</p>	<p>Compare the ways people lived in different periods of our country's history such as the 1800's, 1850's, 1900's, 1920's, 1930's, 1950's, and the present. Consider such criteria as:</p> <p>The kind of housing and household goods and people had</p> <p>The kind of community goods and services available to them</p> <p>The kinds of transportation available to them, the speed, cost, and comfort of travel</p> <p>The number of hours family members spent on producing goods and services, both within and outside the home</p> <p>Examples of sources of security for families today are:</p> <ul style="list-style-type: none"> Workmen's compensation Unemployment compensation Private insurance and pensions Social security Medicare Insurance of bank deposits
<p>Security</p> <p>The average family is more secure because of higher income, and because of laws and social arrangements.</p>	



ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Justice</p> <p>More equitable distribution of income has been attempted through taxation.</p> <p>Protection of the public against false advertising, substandard food and drugs, and unfair business practices has been the subject of legislation.</p>	<p>The government has redistributed income by taxing people with high income and spending it on goods and services, such as public housing or public health facilities, that will benefit people with low incomes.</p> <p>Consumer-protection legislation:</p> <p>Pure Food and Drug Act of 1906</p> <p>Fair Labor Standards Act of 1938</p>
<p>Freedom</p> <p>Economic gains have been achieved by and large within a framework of political and economic freedom. Political freedom has been broadened and economic freedom has been preserved though often changed in form. Freedom for all has been broadened by the imposition of restrictions on some types of individual activity.</p> <p><u>Some Problems of the United States Economy</u></p> <p>Problems of Growth</p> <p>The problems of adjusting to population growth and urbanization.</p>	<p>"Truth in Packaging" - and automobile safety legislation in 1966</p> <p>Early English settlers sought economic and political freedom and transplanted these ideals to the New World.</p> <p>The Revolution and the impact of the philosophy of freedom affected our economic system.</p> <p>Political freedom has been broadened through the end of slavery, recall, direct election of Senators, women suffrage, and civil rights legislation.</p> <p>Basic economic freedom of consumers, businessmen, workers, savers, and investors have been preserved.</p> <p>Actions and programs which attempt to alleviate these problems:</p> <p>City transportation planning</p> <p>Air and water pollution programs</p> <p>Urban renewal</p> <p>Mrs. Johnson's beautification program</p>



TOPIC III - The American Economic System (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>There is a conflict between the desire to maintain local government and the apparent need for action by the federal government in certain problem areas.</p>	<p>Interstate highways Federal aid to education</p>
<p>Problems of Poverty</p> <p>The problem of what to do with people and areas who get "left behind" by economic progress.</p>	<p>Appalachia program Manpower Retraining Act VISTA (domestic peace corps) "War on Poverty"</p>
<p>International Problems</p> <p>Problems of international trade and finance which affect our property and security.</p>	<p>Examples:</p> <p>Negotiations with Common Market countries to reduce tariffs How much foreign aid to give to underdeveloped countries How to meet competition of foreign countries in world trade How to feed hungry millions in India</p>

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Grade Eight

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ECONOMIC EDUCATION IN GRADE NINE

Teaching Guide

This Guide indicates to the teacher the specific economic understandings that should be taught within the content of the ninth-grade course of Washington State.

The economic ideas and concepts to be stressed are mentioned under the heading ECONOMIC UNDERSTANDINGS. They have been organized within three topics - The Economy of Washington State and the People in It, Economic Growth in Washington State, and Problems of Economic Growth in Washington State. A more detailed description of these concepts is found in Teachers' Guide to the Developmental Economic Education Program, Part One: Economic Ideas and Concepts, by James D. Calderwood.

Suggestions for teaching the economic understandings are incorporated under the heading ILLUSTRATIONS. These suggestions are not meant to be exhaustive; they are merely an indication of some ways in which the integration of economics into this course can be accomplished.

As part of a K-12 sequence, the instruction in economic understandings at Grade Nine builds on what is taught in the preceding grades and is essential to the program that follows in succeeding grades.

The purpose of this section is to use basic economic ideas and concepts to give a picture of the present economy of Washington State and of the various roles played by the citizens of the state. Doing this should develop in students economic understandings which are capable of general application.

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>The purpose of economic activity is to satisfy wants. When people satisfy their wants, they are consumers.</p>	<p>Examples of the wants of present day Washingtonians are as follows:</p> <ul style="list-style-type: none"> Food Clothing Automobiles Color television New freeways Quality education Adequate national defense. <p>Suggested questions for discussion might be:</p> <p>Do you notice any significant differences in the wants of the people of Washington State today with those of the populace in 1889?</p> <p>Will the wants of the people of the state continue to change?</p> <p>Are the wants of people really ever satisfied?</p>
<p>In order that wants may be satisfied, goods and services must be produced.</p> <p>Productive resources are relatively scarce; therefore, choices must be made among alternatives, i.e., all people must make decisions.</p>	<p>The Boeing Company's production of commercial jet transports and its fulfillment of military contracts is satisfying wants with regard to both swift, modern means of transportation and increased national defense.</p> <p>The construction of more community colleges is an attempt to satisfy the population's demand for greater educational opportunities.</p> <p>During World War I and World II, decisions were made with regard to what percentage of Washington's productive resources (natural resources, labor, and capital) would be</p>

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Consumers are members of households. They earn money income by selling their services as workers to producers and by lending their savings and providing their property to producers. In return they receive wages, salaries, rent, interest, and other forms of income.</p> <p>Making free choices in the market, consumers "vote" with their dollars on what they want producers to produce.</p> <p>Producers bring together the factors of production (natural resources, labor, capital) and produce goods and services.</p>	<p>allocated for national defense and what percentage of these same resources would be allocated for the production of consumer goods and services.</p> <p>Today, decisions are being made as to whether land will be used to grow apples or for a new sub-division, whether young people will become engineers or salesmen, and how much of our productive resources shall be used for public goods and services (such as schools and freeways) and how much for private goods and services (such as clothes and color television).</p> <p>Using 1960 figures, the population of the state was 2,853,214, the number of households, 894,168, and the total personal income, \$6,597,000,000, with a per capita personal income of \$2,300.</p> <p>Figures can be brought up to date by consulting publications such as <u>Seattle-First National Bank's Annual Review, Summary of Pacific Northwest Industries.</u></p> <p>Examples of goods and services Washingtonians have wanted more of over the years are reflected in the increased demand for frozen foods, beauty shops, and repair services of all kinds.</p> <p>Examples of goods and services Washingtonians have wanted less of over the years are reflected in the decreased demand for wood and coal for home heating, "corner" grocery stores, and passenger travel on trains.</p> <p>Using 1963-1964 figures, some of the leading economic activities of the state are as follows:</p> <p><u>Manufacturing</u> - considered as a single unit, it represented the state's greatest primary source of wealth. Value added to the original cost of raw materials totaled \$2.9 billion.</p>

ECONOMIC UNDERSTANDINGS

ILLUSTRATIONS

They make decisions on what kinds of goods and services to produce, when to change the pattern of production, when to alter combination of factors (e.g., buy a machine to replace workers).

Producers are motivated in their decisions by a desire to make a profit.

Producers organize as individual proprietorships, partnerships, and corporations - some large, some small.

Agriculture - ranked second in the relative importance of industries. Cash farm receipts in 1964 totaled \$652 million from the marketing of more than 50 different crops.

For up-to-date information on the leading economic activities of Washington State, consult publications distributed by such agencies as the Washington State Department of Commerce and Economic Development.

Examples of producer decision-making are:

A farmer's decision regarding the crops to be planted in his field.

Boeing's decision to build the 747.

A department store's decision to automate charge accounts.

Banks performing services for their customers (bank credit cards), coin-operated car washes being installed, and greater variety in frozen foods are examples of decisions motivated by a desire to make a profit.

Examples:

Individual proprietorships in earlier times - independent trappers, prospectors, farmers, storekeepers, (some) saw-mill operators.

Today - small farmers, (some) local barbers, motel operators, and watch repairmen.

Partnerships or corporations in earlier times - fur trading companies, Columbia River Navigation Company, land developers,



TOPIC I - The Economy of Washington State and the People In It (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Idea of private enterprise.</p>	<p>transportation companies.</p> <p>Today - large retailers, insurance companies, most manufacturing businesses, many law firms.</p> <p>Examples:</p> <ul style="list-style-type: none"> Paper routes Retail stores Wheat farms Dentists Law firms Hotels
<p>Some production carried on by government on a non-profit basis.</p>	<p>Examples:</p> <ul style="list-style-type: none"> Schools Public libraries State parks Seattle City Light Washington State Ferry System Grand Coulee Dam <p>The state's total civilian labor force in 1960 was 1,089,900, in 1964, 1,134,100, and it is continuing to grow. In 1963, total civilian income received by persons participating in production was \$5,933,000,000.</p>
<p>Workers sell their services to employers and receive in return wages and salaries which they can then spend on goods and services.</p>	<p>There is a migration of people from other parts of the country to the state, from country to cities, and from the central city to suburban areas.</p>
<p>Workers are free to change jobs.</p>	<p>Mention union membership in the state, important unions, and famous strikes. Consult histories of the Pacific Northwest and Washington State for specific information.</p>
<p>Workers are free to join unions and strike if they wish.</p>	<p>Cite figures on bank deposits (Seattle-First National Bank, Peoples National Bank) and savings and loan associations deposits (Seattle Federal Savings and Loan Association, Washington Federal Savings and Loan Association). For figures,</p>
<p>Savers. People save money out of their incomes and businesses save money out of their profits.</p>	

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Most of these savings go into financial institutions (banks, insurance companies, savings and loan associations, pension funds).</p> <p>These financial institutions then lend the savings to businessmen, farmers, home-builders, etc., who invest the money in capital (tools, machines, factories). Some savings are invested directly by people when they buy stock in a company.</p> <p><u>Voters.</u> People as voters decide what economic functions should be performed by local, state, and federal government.</p> <p>Through taxes, people pay for the goods and services provided by government.</p>	<p>consult publications such as <u>Seattle-First National Bank's Ninety-Seventh Annual Report.</u></p> <p>Give examples of financial institutions in Washington other than those mentioned on the preceding page.</p> <p>Cite figures on bank loans in the state, and give examples of capital formation - tools, machines, new factories, homes, office buildings, shopping centers.</p> <p>Look up prices of shares of Washington-based companies as quoted on the New York Stock Exchange.</p> <p><u>Local government functions</u> - provision for education, street lighting, fire protection, police protection.</p> <p><u>State government functions</u> - provision for higher education, highway maintenance, state park maintenance and expansion.</p> <p><u>Federal government functions</u> - post office, Grand Coulee Dam, Bremerton Navy Yard.</p> <p>Examples of taxation in the State of Washington:</p> <p><u>Sales tax</u> - began in 1935 (2% with food exempt) today - <u>4.5%</u> on all retail sales made in the state (this tax is the state's chief source of revenue).</p> <p><u>Use tax</u> - protects the sales tax against loss of revenues when goods are bought outside the state.</p> <p><u>Public utility tax, insurance premiums tax, gasoline tax, liquor tax, cigarette and tobacco tax, property tax.</u></p>

TOPIC I - The Economy of Washington State and the People In It (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Consumers, producers, workers, savers, and investors register their decisions in <u>markets</u> where <u>prices</u> are determined.</p>	<p>For a detailed explanation of the above taxes, consult the publication <u>Tax Facts, Where The Money Comes From, League of Women Voters of Washington.</u></p> <p><u>Local markets</u> - florist shops, barber shops, retail stores.</p> <p><u>Regional markets</u> - ski resorts, bank loans for business and construction.</p> <p><u>National markets</u> - salmon and lumber leave the state; oil and automobiles enter the state.</p> <p><u>International markets</u> - jets are exported to other nations; coffee is imported from abroad.</p>
<p>Prices are determined by <u>demand</u> and <u>supply</u>. "Demand" is the total of our <u>individual demands</u> as buyers. "Supply" is the total amount all sellers offer for sale. Sometimes another name is used instead of "price," e.g., wages are the price of the worker's services, interest is the price you pay for a loan at the bank, rent is the price you pay for an apartment.</p>	<p>Identify various prices in your community, e.g., the bus "fare," the babysitter's "fee," the bank employee's "salary," the "rent" charged by a landlord, the "price" of a used car. Who "demands" these goods and services? Who supplies them? Why might such prices go up or down?</p>
<p>The prices of goods and services, which are determined by all of us collectively when we buy and sell in markets, in turn regulate our behavior as individual consumers; producers, workers, savers, and investors.</p>	<p>How is your behavior as a consumer influenced by the prices of various goods in a store? How might a farmer's decision to grow more wheat and fewer apples be influenced by the prices he can get for selling them? How might a chemistry major be influenced in his choice of a job by the salaries paid by the local high school to the teachers and by a local chemical company? How might your willingness to borrow money to buy a home or a car be influenced by the price of money, i.e., the interest rate? How might your decision between putting your savings in a savings and loan association or in a government savings bond be influenced by the interest you would receive? How might a department store be influenced in its decision to replace ten clerks by a computer by the wages the clerks</p>

TOPIC I - The Economy of Washington State and the People In It (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Thus, we live in an economy in which most decisions (except those we delegate to government) about what will be produced, how things will be produced, and who will get them are basically decided by all of us.</p>	<p>want and by the price of the computer?</p>

Grade Nine

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The people of Washington have always wanted to raise their living standards. Rising living standards are made possible by economic growth. The purpose of this section is to familiarize students with the economic growth of Washington since statehood and with the factors responsible for this growth. An understanding of the factors contributing to our economic growth will help students understand current and future economic problems in the state.

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS						
<p>Economic growth means an increase in a society's ability to produce goods and services for its people. The customary way of measuring economic growth is by using the concept of the <u>Gross National Product</u>, usually referred to as <u>GNP</u>. <u>Gross National Product</u> is the value of all goods and services produced. By measuring the rate of increase of GNP over the years, it is possible to know our rate of economic growth. Since the population of most countries is increasing also, however, per capita GNP gives a more accurate picture of a growing economy than total GNP.</p> <p>Some of the characteristics of a growing economy are usually:</p> <p>A growing population.</p>	<p>Examples of Washington's population growth are as follows:</p> <table border="0"> <tr> <td>1890 - 357,232</td> <td>1940 - 1,736,191</td> </tr> <tr> <td>1900 - 513,103</td> <td>1950 - 2,378,962</td> </tr> <tr> <td>1910 - 1,141,990</td> <td>1960 - 2,853,214</td> </tr> </table> <p>Today, the state has a population of over 3,000,000.</p> <p>A rise in living standards has also accompanied the rise in population.</p> <p><u>Private</u> - the availability of cars, homes, household appliances, and various services is readily apparent.</p> <p><u>Public</u> - freeways, schools, hospitals, floating bridges, new public libraries, the Seattle Center, etc., are examples of new and/or expanded services provided over the years.</p> <p>Washington's population increased a half-million people in each of the two recent decades for gains of 37% in the 1940's and 20% in the 1950's. Population growth in this region has been greater than the national average. A larger local market has developed.</p>	1890 - 357,232	1940 - 1,736,191	1900 - 513,103	1950 - 2,378,962	1910 - 1,141,990	1960 - 2,853,214
1890 - 357,232	1940 - 1,736,191						
1900 - 513,103	1950 - 2,378,962						
1910 - 1,141,990	1960 - 2,853,214						

TOPIC II - Economic Growth in Washington State (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>A shift from reliance on agriculture and forestry to industry, trade, and services.</p> <p>A heavier concentration of people in cities.</p>	<p>As the region has developed the trend has been away from trading raw materials to trading finished products. The increase in value that is the result of processing adds to the income of the area. There is also an increase in job opportunities due to this development.</p> <p>Early settlers exported logs. Now logs are sold in the form of plywood, sawed lumber, laminated beams, paper, pulp, and chemicals.</p> <p>Farm products are now processed more before they are traded. For example, potatoes are sold in frozen and "instant" forms as well as in their natural form.</p> <p>According to the <u>Census of Manufactures, U.S. Department of Commerce, 1963</u>, the value added by manufacture in Washington State was \$2,872,770,000.</p>
<p>The ingredients of the growth process are:</p> <p>The inputs which go into production - natural resources, human labor (both number of workers and their skills), capital goods, rising productivity based on advances in technology, education, etc.</p>	<p>The growth of Washington's population as previously discussed has occurred principally in the state's urban areas which increased by 29% from 1950 to 1960. Rural area population during the same period grew only 4%. Urban concentrations in 1960 accounted for 68% of the state's population, as compared with 63% in 1950.</p> <p>Seattle, Spokane, and Tacoma could be used as case studies.</p> <p>Resource supplies in the region:</p> <ul style="list-style-type: none"> Climate Land Lead, zinc, gold, limestone, clay Timber Coal Water

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Increasing productivity means that one worker working one hour can produce more than formerly. Such an increase comes partly from greater skills and knowledge acquired by workers, partly because they have newer and more</p>	<p>The human resources of the state have increased both in quantity and quality. Mention the population growth, immigration from other parts of the United States and from abroad, and the increase in available administrative, technical, and managerial skills.</p> <p>Capital was needed for the building of the Great Northern and Northern Pacific Railroads, highways, Grand Coulee Dam, Seattle docks, Boeing plants, fish canneries, and department stores.</p> <p>Examples of goods available to early settlers:</p> <ul style="list-style-type: none"> Hand tools Spinning wheels and hand looms Horse or ox-drawn wagons Sawmills <p>Capital goods acquired during the last of the 19th century:</p> <ul style="list-style-type: none"> Flour mills Clothing factories Shipyards Lumber mills Logging railroads Docks Transcontinental railroad Roads Pulp mills Salmon canneries <p>Total capital investment by manufacturers in Washington State had reached \$3.2 billion by 1963. Expenditures for new capital equipment in 1963 totaled \$130 million.</p> <p>Productivity has risen because of an increase in human skills (Washington's investment in education has played an important part - public schools, community colleges, Washington State University, University of Washington); increased efficiency in production because of technological advances stemming from</p>

TOPIC II - Economic Growth in Washington State (Continued)

Grade Nine

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ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>efficient machines with which to work, and partly because of more efficient management by their employers.</p> <p>The demand for output - growth (increases in production) financed by increases in money supply emanating from banks, savings and loans, insurance companies, etc., which permit people to buy the increased supply of goods and services we are capable of producing.</p> <p>The environmental factor in Washington as part of the American economy:</p> <p>Role of government in encouraging growth.</p> <p>Size of the market making mass production possible.</p> <p>Value system of the people - American attitudes toward work, saving, and achievement, stemming from the Puritans of New England and developed by the pioneering tradition of the frontier days, have contributed much to growth.</p>	<p>research, development, and investment (Boeing research labs) should also be taken into consideration.</p> <p>Examples should be given of lending by Washington financial institutions, such as the National Bank of Commerce and Washington Federal Savings and Loan which finance business or construction.</p> <p>Federal and state government incentives:</p> <p>The federal government has helped the state through subsidies to railroads, highways, shipping, through tariff protection, through agricultural extension service, and through cheap electric power.</p> <p>State and local government have helped Washington by investing in education, building roads, and encouraging private enterprise.</p> <p>Our state is a part of the nation and has a national market for its products (salmon, jets, lumber). A large national market makes large-scale production possible.</p> <p>The people of Washington have inherited the American system of values, which emphasizes hard work, thrift, and a striving for material advancement. All these attitudes encourage growth. Consider the contribution to the growth of the state by the early pioneers and settlers as well as by today's workers, farmers, and businessmen.</p>

Economic growth is a process which brings benefits to the people in the form of rising living standards. But it is also a process which creates problems. Most of these problems stem from the fact that growth means change and change imposes on people and on a society the necessity of making adjustments which are sometimes painful. What kinds of economic problems do the people of Washington have to face as the economy of the state grows? What kinds of decisions must they make as they seek to resolve these problems?

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>How many productive resources shall be allocated in the years ahead to the production of goods and services for private consumption, such as autos, television sets, clothes, and how many to goods and services for public consumption, such as schools, hospitals, and highways? This choice is important to citizens as it raises the question of how much will be taken from them in taxes and spent for them by federal, state, and local government.</p> <p>Growth is characterized (and in part made possible) by rapidly changing technology. Some skills and some business activities become obsolete; the demand for others expands. What happens to those people with skills we no longer need? How can businesses adjust to new types of production? How can we be sure that young people entering the labor force have the skills required to fit them into the new technology? To what extent can we rely on the market to make the necessary adjustments? To what extent do we have to "engineer" adjustments by means of government programs?</p>	<p>Have the class discuss the need for new schools in the community as population grows, how much they cost, and what this means in terms of property taxes for local home owners.</p> <p>A discussion of the state's needs for highways, universities, state parks, etc., and what this means in terms of state taxes may be useful.</p> <p>The supermarket replacing the corner grocery store; automatic machinery unloading coal cars in place of crews of workers, etc.</p> <p>In attempting to answer some of the complex problems that have been posed, consider the following:</p> <p>Responsibility of individuals to seek education so that they can find a useful role in our economy.</p> <p>Support of training programs by</p> <p><u>Private industry and unions</u> - Boeing, Lockheed. <u>Local government</u> - vocational education in high schools and community colleges. <u>State government</u> - state teachers' colleges. <u>Federal government</u> - Job Corps.</p>

TOPIC III - Problems of Economic Growth in Washington State (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
<p>Growth is characterized by changes in <u>consumer tastes</u>. This means that some businesses contract, others expand.</p> <p>Growth is characterized by <u>population changes</u>, including increase in total population, movements of population from the country to the city and from the central city to the suburbs.</p> <p>Urban problems are rapidly becoming among the most important in the nation now that over 70% of the population lives in cities.</p> <p>Growing urban populations want more community services. How are these to be financed? Adequacy of local taxes, borrowing, and state and federal aid?</p> <p>To what extent can these problems be solved by leaving them to the market, by local government, by state government, by federal government?</p> <p>Growth is affected by <u>changes in the national economy</u> and in <u>the world</u>.</p>	<p>Role of the Chamber of Commerce and state governmental agencies in promoting new businesses.</p> <p>Operation of state unemployment compensation system, state welfare program, and state employment service.</p> <p>Give examples of goods and services Washingtonians no longer want or want only in smaller amounts. What businesses are affected? What happens to them?</p> <p>Specific examples in local communities would be appropriate here.</p> <p>Problems of traffic congestion, air and water pollution, and adequate recreational facilities in Seattle and other cities should be discussed.</p> <p>What impact will the new Boeing plant have on the city of Everett? (schools, highways, parks, and libraries)</p> <p>Point out examples of action by private enterprise in urban areas. Also, mention examples of action by local, state, and federal governments (Seattle Center as a case study).</p> <p>Mention the impact on Seattle, Renton, and Everett of orders by United States and foreign airlines for Boeing jets.</p>

TOPIC III - Problems of Economic Growth in Washington. State (Continued)

ECONOMIC UNDERSTANDINGS	ILLUSTRATIONS
	<p>Mention the impact of the federal government's decision to give Boeing the SST contract.</p> <p>Mention the possible impact on the state if the Anglo-French SST captures the world market.</p> <p>Mention the impact of famine in India and a decision by the United States Government to supply wheat from the farmers in Eastern Washington.</p>



Grade Nine

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NORTHWEST COUNCIL FOR ECONOMIC EDUCATION

815 Fourth Avenue North
Seattle, Washington 98109

October 27, 1965

Mr. Louis Bruno
State Superintendent of Public
Instruction
P. O. Box No. 500
Olympia, Washington 98501

Dear Mr. Bruno:

We have the pleasure of transmitting to you as Superintendent of Public Instruction and to the Joint Council for Economic Education a pilot program for the teaching of economics from kindergarten through the eleventh grade. Hundreds of persons and many Washington school systems have shared in the development of this pilot program.

During the school year 1964-65 the Joint Council on Economic Education gave the Seattle Public Schools a grant to design a pilot program for the teaching of economics. In accepting the grant the Seattle Public Schools did so with the understanding that it would be a joint venture with school systems represented in workshops maintained by the Northwest Council for Economic Education, the regional affiliate of the Joint Council on Economic Education.

Materials thus prepared were tried out by many school systems throughout the state during the year of the grant, 1964-65. During the workshop from June 21 through July 9, 1965, representatives of the following school systems worked on the final revisions of the materials:

Auburn School District No. 408	Pullman School District No. 267
Baker Elementary School District No. 12 Baker, Montana	Richland School District No. 400
Bellevue School District No. 405	Seattle School District No. 1
Bethel School District No. 63	Shoreline School District No. 412
Clover Park School District No. 400	South Kitsap School District No. 402
DuPont-Fort Lewis School District No. 7	Spokane School District No. 81
Everett School District No. 2	Tacoma School District No. 10
	Vancouver School District No. 37

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Federal Way School District No. 210
Franklin Pierce School District No. 402
Highline School District No. 401
North Thurston School District No. 3
Pasco School District No. 1

Wahkiakum School District No. 200
Wapato School District No. 207
Wenatchee School District No. 246
Yakima School District No. 7

Miss Anne Coon and Miss Lou Ella Hart have pioneered in the early development of this pilot program. Miss Coon has continued throughout the entire period of preparation to give distinguished leadership in its development.

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Finally, all people in this State owe a great debt to the Joint Council on Economic Education; to Dr. M. L. Frankel, its director; to Dr. George Fersh, Dr. John Maher and Dr. John Lawrence, all on the staff of the Joint Council; and to Dr. John McIntyre, formerly on the staff of the Joint Council and now associated with the Dade County, Florida, School System. A very great debt is also owing to Dr. James Calderwood of the University of Southern California. He, with Dr. John Maher, gave invaluable service as consulting economists.

It is not appropriate for the Trustees of the Northwest Council for Economic Education to make acknowledgement here to one of their own number, as you are. However we wish to affirm our appreciation to you as State Superintendent of Public Instruction for your encouragement to the Northwest Council to develop this as a recommended course of study in economics for the State of Washington and for your own and your staff's professional counsel in this effort. Your leadership and that of your department have been invaluable.

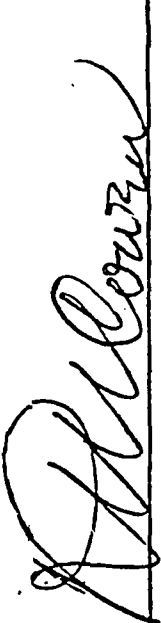
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Finally as the executive committee of the Northwest Council for Economic Education we wish to acknowledge the debt we all owe to representatives of business and labor who have given so generously to this effort. Important business groups from large utilities, banks, department stores, oil companies, savings and loan associations, consumer credit corporations, wood products industries, air and space craft companies to numerous moderate and small business firms have contributed substantial sums to make possible this effort. Thus the partnership of both management and labor has made possible this program for teaching economics from kindergarten through the eleventh grade. It is hoped that many school systems will offer an advanced elective course in economics in the twelfth grade.


We, the executive committee of the Northwest Council for Economic Education, submit this proposed curriculum for teaching economics to you as State Superintendent of Public Instruction. We most earnestly hope it will afford a proper guide for Washington youth to understand America's economic system.

Yours very truly,


Lyle Stewart
President


Ray Cowen
Secretary-Treasurer


P. A. Strack


E. D. Ruble
Vice President


Harry L. Carr


Walter Kee