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ABSTRACT

The tenth grade unit, developed by the University of Minnesota's Project Social Studies, is the sixth and last unit on continuity and change in American civilization. The development of the consumption economy and its social implications are studied. Major attention is given to the depression of the 1930's and to an analytical study of the causes of business fluctuations. American values and society of today are analyzed and compared to the colonial era. The course is designed to teach attitudes and inquiry skills as well as generalizations and concepts. The inquiry approach to teaching is stressed. Preceding the main body of the unit are three sections on the following: 1) major historical points to be developed in the unit; 2) a list of unit objectives; and, 3) content outline showing how different topics in American history can be used to teach the unit's major generalizations. The objectives, content, teaching procedures, and instructional materials to be used are specifically explained in the main body of the unit, and the relationship among these is made clear. Specific questions to facilitate classroom discussion are listed. A bibliography of student and teacher materials to be used in the course is listed, however, many other materials can be used in lieu of those suggested. Related documents are SO 006 777-783. (Author/RM)

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Grade Ten
Unit VI: CONSUMPTION ECONOMY

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UNIT VI - THE CONSUMPTION ECONOMY AND MODERN AMERICA,
1920's TO THE PRESENT

Robert F. Berkhofer, Jr.

After World War I, a new phase began in American industrial history. By the time of that war, the United States was a mature industrial nation, for the available technology was applied to the bulk of its resources. The industrial machine no longer had to expand capital resources but could switch to producing consumer goods. This transition was seen most vividly in the 1920's by the rise of new industries devoted to the production of automobiles, radios, and home electric appliances, or to the construction of roads and suburban housing. During that decade, millions of Americans got new ideas about the normal amount of income and how it should reach beyond the necessities of shelter, food, and clothing. With this increased income among so many, there came a reverence for the businessman and businessman's civilization. All other aspects of life seemed subordinated to the pursuit of wealth and the emulation of the successful. In line with the trend, Christ became a great salesman in one of the best-sellers of the mid-20's, and the churches were referred to as "plants."

Accompanying this new economic era, and probably because of it, social disorganization in morality and family life seemed rampant to the people of the time. Just the possession of a car meant new sexual freedom for the adolescent and a vehicle for the family to

drive over the countryside on Sunday rather than church. (The automobile also meant suburban a new status symbol.) The new motion picture tabloid industry portrayed life in shocking terms. In diagnosing the evils of the era, Anglo-Saxon, Protestant Americans placed the blame upon Catholics, immigrants, cities, and alcohol. As a result they urged immigration restriction, prohibition, and joined the Ku Klux Klan. The presidential candidacy of Al Smith and the opposition of William Howard Taft to his nomination seemed to symbolize these forces in the struggle over the nature of future American society.

Politics in the twenties served the needs of business. Harding and Coolidge frankly dedicated the federal government to the interests of business and a business civilization. The Supreme Court rendered decisions favorable to the corporate system. Both businessmen and politicians encouraged the public to believe that prosperity would continue indefinitely if business had its way without any government interference. Unfortunately for the proponents of this view, the crash and the depression changed the attitude of government's relationship to the

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This new economic era, and probably the beginning of disorganization in morality and rampant to the people of the time. The invention of a car meant new sexual freedom and a vehicle for the family to

drive over the countryside on Sunday rather than go to church. (The automobile also meant suburban homes and a new status symbol.) The new motion picture and tabloid industry portrayed life in shocking sexual terms. In diagnosing the evils of the era, some white Anglo-Saxon, Protestant Americans placed the blame upon Catholics, immigrants, cities, and alcohol. As a result they urged immigration restriction, voted for prohibition, and joined the Ku Klux Klan. The presidential candidacy of Al Smith and the opposition to him seemed to symbolize these forces in the struggle over the nature of future American society.

Politics in the twenties served the needs of big business. Harding and Coolidge frankly dedicated the federal government to the interests of businessmen and a business civilization. The Supreme Court rendered decisions favorable to the corporate powers. Both businessmen and politicians encouraged the people to believe that prosperity would continue indefinitely if business had its way without any government interference. Unfortunately for the proponents of this view, the crash and the depression changed this attitude of government's relationship to the economy.

Never before had the nation felt a depression so much, for never before had so many so much to lose after

the affluence of the twenties. It is this loss that made possible the unprecedented step of the government intervening in the economy to restore employment and prosperity. With industrial production geared to the production of consumer's goods, the prosperity of the masses became more essential to the profits of the industrial system. Herbert Hoover did more than any previous president to bolster the faltering economy, but his measures seem insignificant compared to those of his successor. In spite of popular opinion, the acts of Roosevelt for recovery and reform were the most conservative possible to restore the economy to its normal state. The New Deal did not attempt to change the traditional American economic structure of private enterprise but rather it sought to preserve it, although it may also have supplemented it in areas where private enterprises refused to risk capital.

From the 1930's to the present, the federal government has become a major factor in the economy, and this is perhaps best seen in the Employment Act of 1946, which is the lasting heritage of the New Deal to government-economy relations. As a result of this intervention in the economy, both in the regulation of the business cycle and in providing welfare for private individuals, the federal government is "closer" to the people than ever before -- to the cheers of some and despair of others. The farmers since Hoover's day, and workers since FDR's era, have enjoyed special favor: parity and crop storage for agriculture and quasi-governmental status of collective bargaining practices for labor. (Even the Taft-Hartly Act did little to change the National Labor Relations Act.) With the positive encouragement of government, unions have gained more members than ever before, though

organized labor still continues to grow in the non-agricultural work force. The government maintained that under the New Deal intervention in the economy was for the benefit of the masses. In fact, the New Deal in this respect was to create a big agriculture, a big industry, and a big government to counteract big business and to create competition within the nation, but among large organized groups. The truth of this theory, the New Deal's laissez-fairism in American economic policy, not of capitalistic free enterprise, has not approached continues until today. The party captures Congress and the

The presence of post-World War II has continued the trend to consumption that began in the 1920's. With this new era the social problems feared by the older America, and interestingly, the government have reacted in ways reminiscent of the twenties. This new era is far from that of the earlier period when the government attempts to underwrite the economy rather than leaving it to the decisions of the market.

Because of the importance of the citizen today, the period from the present with its depressions and its uncertainty for detailed analysis of the decision-making in the economy of business. In short, it provides a new working of our economic system and the concepts learned in the ninth

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organized labor still continues as a minority of the non-agricultural work force. Some analysts have maintained that under the New Deal, government intervention in the economy was for the aid of all groups. In fact, the New Deal in this view is supposed to create a big agriculture, a big labor, and a big government to counteract big business, and thus restore competition within the nation, not among individuals but among large organized groups. Regardless of the truth of this theory, the New Deal marks the end of laissez-fairism in American economic attitudes (but not of capitalistic free enterprise) and this new approach continues until today, regardless of which party captures Congress and the Presidency.

The presence of post-World War II prosperity has continued the trend to consumption and affluence that began in the 1920's. With this trend has also come the social problems feared by those who remember an older America, and interestingly enough, many of them have reacted in ways reminiscent of the hate groups of the twenties. This new era of affluence is different from that of the earlier period because now the federal government attempts to underwrite the prosperity rather than leaving it to the decisions of businessmen.

Because of the importance of the economy to every citizen today, the period from World War I to the present with its depressions and wars affords opportunity for detailed analysis of business cycles and decision-making in the economy by government and business. In short, it provides an overview of the workings of our economic system which will review the concepts learned in the ninth grade and build upon them.

The evolution of the modern American economic system has been the chief focus of this part of the curriculum, but an attempt should be made to place this system within the broader context of the social and political ramifications that accompanied the changing industrial structure. The students should not leave this story of industrial America feeling that the economic interpretation of history explains everything; it only appears this way in the past century because the chief factor for change has been industrialism. Changes in other periods occurred for other reasons, and even the initial rise of industrialism cannot be explained by crude economic determinism.

OBJECTIVES

This unit should make progress toward helping students learn the following:

GENERALIZATIONS

1. At any specific time, the total economic output is affected by the quantity and quality of productive resources (land or natural resources, labor and capital goods), by the level of technology, and by the efficiency of the organizational structure.
 - a. Investment in technology research and development may lead to higher levels of technology and so to greater productivity because of more or better quality of consumer or capital goods.
 - 1) New inventions open up whole new fields of production.
 - b. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.
 - 1) Capital investment through savings is a major means of increasing output, because it increases productive capacity.
 - a) Net investment or capital formation involves an increase in real capital such as machines, equipment and building; an exchange of property from one person to another may be spoken of as investment for an individual but does not add to a country's capital formation.
 - b) Savings (or forgoing present consumption) are required for investment formation.
 - 2) Most U.S. corporations today have accumulated corporation savings for reinvestment upon investment from outside sources.
 - c. Division of labor and specialization permit possible increased production and greater interdependence.
 - 1) Mass production, with its division of labor and substitution of capital for labor, permits a reduction of cost.
 - d. Efficiency studies may increase productivity by increasing the amount of research and development, bringing about a different organization of production or increasing motivation.
2. A mature economy demonstrates the use of technology and entrepreneurial skill in producing things that it chooses to produce. It is in a state of world scientific knowledge and has the capacity to move beyond the traditional industries which powered its early levels of living in which the masses consumed far above the level of the

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c. Division of labor and specialization can make
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greater interdependence.

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2. A mature economy demonstrates that it has the tech-
nology and entrepreneurial skills to produce most
things that it chooses to produce, given the available
state of world scientific knowledge. Such an economy
has the capacity to move beyond the original
industries which powered its takeoff and to provide
levels of living in which the masses of people
consume far above the level of bare necessities.

3. Economic wants of people seem never to be satisfied, since many goods and services must be replenished constantly as they are used up, since population is expanding, and since new inventions create new wants.
4. Measurements of the nation's economy or national income statistics and index numbers make it possible for people to evaluate economic policies, whether they are businessmen or government economists.
5. People generally would like to see their economic systems provide both economic growth (and so higher levels of living) and stability (and so economic security).
 - a. People's ideas of what constitutes an adequate level of living on one hand or poverty on the other change as average living levels change.
 - b. Although living levels in the U.S. are very high compared to those in most countries, a large number of people still live in poverty by American standards of what is needed for adequate living levels.
 - 1) Even in so-called prosperous times, not all people enjoy levels of living which most consider necessary for an adequate level of living.
- 2) Even during prosperous times, there will be some structural changes in the economy, those changing skills, and those becoming obsolete by technology. These changes may also be some disadvantageous to certain groups of people.
 - c. Levels of living are not determined by the amount of goods and services produced, but by the amount that people buy, not just by the amount that is produced, but also by the amount that may be offset by changes in the economy.
 - d. Living levels do not rise unless production grows faster than population.
 - e. In general, people want to have more land, or capital for investment, in order to be able to buy the amount of desired goods and services.
6. Money is wanted for exchange, which has no value in and of itself.
 - a. Barter is inefficient because the monetary system provides a means for the division of labor and exchange.
 - b. Money makes exchange possible since many objects that are used to trade are not of equal value, cannot be stored, and are difficult to transport. Money, as a means of exchange, as a measure of value, as a storer of value, and as a medium of exchange, is essential for the economy.

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- 2) Even during prosperous times there will be some structural unemployment among those changing jobs, those without any skills, and those whose skills are made obsolete by technological changes. There may also be some unemployment among certain groups because of discrimination.
 - c. Levels of living are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.
 - d. Living levels do not rise unless output of production grows at a faster rate than population.
 - e. In general, people wish to sell their labor, land, or capital for the highest incomes possible in order to obtain the largest amount of desired goods and services possible.
6. Money is wanted for what it can buy; paper money has no value in and of itself.
 - a. Barter is inefficient; the development of a monetary system promotes exchange and so a division of labor and greater productivity.
 - b. Money makes exchange easier than barter does since many objects which people might want to trade are not of equal value, do not last well, cannot be divided, or are hard to transport. Money serves as a medium of exchange, as a measure of value, and as a storer of value, and it is divisible.

- c. The value of money varies, depending upon what it can command in exchange. When prices rise, the value of money falls; when prices fall, the value of money rises. Thus even money is not a perfect storer of value.
 - d. Since banks are not required to keep 100 percent cash reserves on hand against deposits, they can loan out much of the money on deposit. By granting loans, they can create new money.
7. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.
- a. A depression or recession results in unemployment.
 - b. A depression or recession results in a rise of business failures and less than full use of existing productive resources.
 - c. A depression usually results in a fall in prices.
 - d. A long depression usually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.
8. Different groups in society are affected differently by depression. However, all groups are affected by the interdependence of society.
- a. People on fixed incomes lose their money during periods of inflation and less in periods of deflation.
 - b. People counting on fixed incomes find that these incomes disappear during depression since debtors may not pay and companies may fail at the same time.
 - c. Debtors find it hard to pay during periods of deflation when their income is less than their debts.
 - d. People of all income levels find themselves out of work in depression, although unemployment is most severe for unskilled laborers.
 - e. Depressions and recessions have economic and psychological effects on all people, but the most advanced countries are affected most adversely.
 - f. Even those people who have relatively good incomes are affected by depression because of the burdens during hard times.
9. Prices are affected by changes in demand, and price changes affect the market.
- a. It is demand, backed by willingness to pay for goods, which affects the market. Supply does not affect the market unless it is into effective demand.

Money varies, depending on the amount of money in command in exchange. In a depression, the value of money falls, and the value of prices falls. Thus, even money is not the best measure of value.

It is not required to keep cash reserves on hand. If banks have deposits, they can loan out the money on deposit. By creating new money, they can create new resources.

Resources costs are the alternative cost of resources during a depression. That cost could have been avoided if resources had been used in other ways.

A recession results in a decrease in the demand for resources.

A recession results in a decrease in business failures and less use of existing productive resources.

A recession usually results in a decrease in the demand for resources.

A recession usually results in a decrease in either wage rates or the income of workers because of a decrease in the hours worked or a cut in the hours worked.

8. Different groups in society are affected differently by depressions and inflation. However, all groups are affected because of the interdependence of society.
 - a. People on fixed incomes can buy more with their money during periods of low prices and less in periods of inflation.
 - b. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail and banks may fail.
 - c. Debtors find it hard to pay back debts in periods of deflation when money is worth more and their income is less.
 - d. People of all income levels may find themselves out of work in a serious depression, although unemployment is greatest among unskilled laborers.
 - e. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.
 - f. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.
9. Prices are affected by changes in supply and demand, and price changes affect supply.
 - a. It is demand, backed by the ability and willingness to pay for goods at specific prices, which affects the market; people's wants do not affect the market unless they are turned into effective demand.

- b. The quantity of a specific product or service which will be demanded at a specific price depends upon: (a) consumer desires, (b) availability of alternative goods and services, (c) the prices of alternative goods and services, (d) the amount of money consumers have and are willing to spend.
 - 1) Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.
 - c. Adjustment of supply to demand is hampered by factors which decrease mobility of productive resources.
 - 1) Wage contracts make it difficult to adjust wage rates to changes in the supply and demand for labor.
 - 2) An investment in expensive capital goods cannot easily be turned to the production of other goods, since capital goods are highly specialized.
10. The circular flow of income can be broken down into three general types of flows: between business and the public, between the government and the public, and between savers and investors.
- a. The money saved by private consumers and put into banks becomes a source for possible investment by those who borrow the money to make capital goods.
 - b. Fluctuations in the business cycle are the result of changes in the level of income.
11. Economic systems are usually distinguished into public and private ownership, and are made both by government and private businessmen.
- a. In a private enterprise system, the market which permits business to compete with one another, which determines the supply into a price system, is responsible for the solution of economic questions and serves to determine labor to be produced, how much shall be produced, and the distribution of part of the production. In a public enterprise system, policies and factors which determine perfect competition and allocation of resources and income.
 - 1) Firms may compete with one another by advertising to make their products known and so increase sales rather than for competition.
 - 2) Competition does not determine prices; it may actually determine prices and high prices.
 - 3) Government expenditure and consumer expenditure are sources of resources to the production of goods and services and determine the amount produced.
 - b. Most economic systems are in a state of constant change.

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financed by private consumers. The savings banks becomes a source for investment by those who borrow to make capital goods.

b. Fluctuations in the business cycle are the result of changes in the circular flow of income.

11. Economic systems are usually mixed, with both public and private ownership and with decisions made both by government and by consumers and businessmen.

a. In a private enterprise system, it is the market which permits buyers and sellers to deal with one another, which translates demand and supply into a price system, and which is chiefly responsible for the way in which the basic economic questions are worked out. The market serves to determine largely what shall be produced, how much shall be produced, how it shall be produced, and who shall get what part of the production. However, government policies and factors which interfere with perfect competition also affect the allocation of resources and income.

1) Firms may compete with each other by heavy advertising to make their products better known and so increase the demand for them rather than for competing products.

2) Competition does not always lead to lower prices; it may actually lead to monopolistic practices and higher prices.

3) Government expenditures act just like consumer expenditures to affect allocation of resources to the production of different goods and services and to affect the total amount produced.

b. Most economic systems are in the process of constant change.

12. The fluctuations of different business cycles are similar in some respects and different in others.
 - a. Business cycles vary in length and degree of fluctuation. Economists have noted smaller cycles within larger cycles. Moreover, some cycles show a drastic drop in business activity (a depression) and some show only a minor drop (a recession).
 - b. Changes in business activity during a business cycle tend to be cumulative; that is, a small change in one direction tends to cause further changes in the same direction.
 - c. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is, change in one direction tends to build up pressures which bring about a reversal of direction.
 - d. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.
13. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.
 - a. When productive capacity is used to capacity, an increase in output results in lower costs per unit produced because fixed costs can be divided over a larger amount of output produced.
 - b. As business activity expands, firms build up inventories (materials of production) at lower prices and sell them off at higher prices.
 - c. As prices decline, businesses must sell off inventories at lower prices than they paid for them in order to cover some of their costs.
 - d. Since labor costs are usually fixed by wage agreements, labor costs tend to rise more slowly than prices and decline more slowly than prices.
 - e. Firms may continue to operate at a loss in order to cover some of their fixed costs.
14. Both internal and external factors are important in causing business fluctuations. The most important factor seems to be the rate of investment in new capital goods.
 - a. Aggregate demand must be equal to the output of goods an economy can produce in order to operate at full capacity.
 - b. Investment is affected by many factors. Changes are hard to predict because of the psychology of business transactions about what will happen in the future. The expansion of production of recent years is due to an increase in consumer demand, technological advances, and changes in the psychology of business transactions.

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- a. When productive capacity in a plant has not been used to capacity, an increase in production will result in lower costs per unit produced, since fixed costs can be divided among more units produced.
- b. As business activity expands, businesses buy inventories (materials of production and products for sale) at lower prices and sell them at higher prices.
- c. As prices decline, businessmen may find that they must sell off inventories at lower prices than they paid for them in the first place or at least for much less profit than before.
- d. Since labor costs are usually set by long-term wage agreements, labor costs tend to rise more slowly than prices and decline more slowly than prices.
- e. Firms may continue to operate despite losses, in order to cover some of their fixed costs.

14. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

- a. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.
- b. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacity to consumer demand, technological changes, the state of inventories, changes in consumer income etc.

- 1) The motive for savings may be to provide for future security rather than to make more money because of interest rates. People may save even when interest rates are low.
- 2) In a mature economy, high consumption and high investment work together; low consumption leads to low investment since business is unlikely to invest savings unless it thinks it can sell goods.
 - (a) Attempts by individual consumers to save during a depression may give added impetus to the downswing of business.
- c. The pattern of income distribution affects savings and consumption of consumer goods and so investment.
 - 1) Upper income groups save more of their income both in terms of absolute amounts and in terms of the percentage of their total income.
 - 2) Monopolistic restrictions of output to keep prices high tends to create greater inequalities in income and make it more difficult for people to purchase consumer goods, unless wages are raised.
 - 3) Unless wages rise as rapidly as productivity per worker, or unless prices are reduced, the distribution of income becomes more unequal.
- d. With increasing emphasis upon goods, consumer expenditures fluctuate more than in earlier years. The consumption of non-durable goods fluctuates more than the consumption of durable goods.
- e. Inventories expand and contract with changes in consumer spending; this leads to business fluctuations.
- f. Business spending for new capital equipment varies more than other types of investment and seems to be the key factor in business fluctuations.
 - 1) An increase in net investment will increase national income, while a decrease in investment will decrease national income by more than the drop in investment. The multiplier principle means that the rise and fall of business spending is more than the amount of the change in investment.
 - 2) Net investment will drop rapidly as consumer sales level off and stop continuing to grow.
 - 3) An increase in demand for consumer goods leads to an even-greater increase in demand for producer's goods and so in investment.
15. Government policies can either exaggerate fluctuations within the economy and can promote or hinder economic growth.

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d. With increasing emphasis upon consumer durable goods, consumer expenditures have tended to fluctuate more than in earlier years. Consumption of non-durable goods fluctuates less than consumption of durable goods.

e. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.

f. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.

1) An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the drop in this investment. This multiplier principle means that the effect of investment in capital goods is to increase the rise and fall of business activity by more than the amount of the increase or decrease in investment.

2) Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

3) An increase in demand for consumer goods leads to an even-greater increase in demand for producer's goods and so in investment.

15. Government policies can either help reduce or exaggerate fluctuations within the business cycle and can promote or hinder economic growth.

a. Some government action to prevent violent fluctuations in business activity requires decisions: (Such action includes fiscal policy involving an increase or decrease in public expenditures or changes in tax rates and monetary policy such as changes in interest rates, requirements for down-payments on installment buying or margin requirements for buying stock, or open-market operations.)

1) As long as there are unemployed resources government expenditures should lead to an increase in production and not to inflation.

a) Many economists recommend deficit spending when business activity is declining or at least a cut in tax rates; they recommend a reduction in spending and/or a raise in tax rates when productive resources are being used to full capacity and there is danger of inflation.

(1) Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.

(2) A reduction in tax rates when productive resources are not fully used, increases disposable income in the private sector and may lead to higher production and not much or any loss in tax revenues.

(3) An increase in tax rates or a government spending may reduce demand.

(4) If the government increases expenditures to encourage more production it may offset this change by taxes.

b) The extent to which interest payments given national debt are a burden depends on the level of national production. Thus deficit spending which serves national production and income may decrease the burden of the nation although increasing the size of the debt.

2) Government monetary policies can be used to influence lending and so the amount of money in circulation and aggregate demand.

a) The government can control interest rates, reserve requirements and can buy government bonds to affect bank lending.

b) The government can influence credit by raising margin requirements for banks or the amount needed for down payments on goods purchased on credit.

c) The government can borrow money and so reduce the amount of money in circulation, or it can borrow money and influence the amount of money in circulation in a different direction.

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(3) An increase in tax rates or a decline in government spending may reduce aggregate demand.

(4) If the government increases its expenditures to encourage more production, it may offset this change by increasing taxes.

b) The extent to which interest payments on a given national debt are a burden on citizens depends on the level of national income. Thus deficit spending which serves to increase national production and income may even decrease the burden of the national debt although increasing the size of the debt.

2) Government monetary policies can be used to influence lending and so the amount of money in circulation and aggregate demand of goods.

a) The government can control interest rates and reserve requirements and can buy or sell government bonds to affect bank lending.

b) The government can influence credit by raising margin requirements for buying stock or the amount needed for down payments on goods purchased on credit.

c) The government can borrow money from consumers and so reduce the amount of money in circulation, or it can borrow money from banks and influence the amount of money in circulation in a different direction.

- 3) Both monetary and fiscal policies require discretionary action which may be difficult both because of a lack of knowledge and because of the difficulty of persuading officials to take action.
- (a) Measurement of the nation's output or national income statistics and various indexes make it easier for government officials and businessmen to assess the state of the economy and plan appropriate courses of action. However, economists do not agree on what these statistics indicate about the exact stage of the cycle.
 - (b) Monetary policies affect spending only indirectly and so take longer than do fiscal policies to take effect.
 - (1) Governments cannot affect the velocity of money as easily as they can the amount of money in existence. Thus measures designed to decrease the money supply may not have the desired effect on velocity, and measures to increase the ability of banks to lend may not increase borrowing by business or consumers.
- 4) Different combinations of monetary and fiscal policies aimed at fighting depression or inflation affect different groups differently. Thus the combination chosen is important.
- b. Built-in stabilizers act automatic new government action to shore up power when business activity declines slow down increases in purchasing business activity increases.
 - c. Government taxation policies affect what share of the national income.
 - d. Government price controls, allocation and consumer rationing affect business. They may be used to hold down inflationate production resources to essential industries during wartime inflation.
 - e. Government policies toward monopolistic restrictive practices affect business both directly by affecting output and indirectly by affecting income.
 - f. Government labor policies affect business both directly by affecting minimum wage of labor and indirectly by affecting strength of unions. These policies, affecting income distribution and output production, affect business activity.
16. Whenever things valued by a society are scarce will be differential access to and control of these valued and scarce things by subsets of the society.
- a. Class membership has certain effects on behavior. These effects are known and correlates.
 - b. Members of a class can move out of their class by various means, and this mobility may be high or low.

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- b. Built-in stabilizers act automatically without new government action to shore up purchasing power when business activity declines or to slow down increases in purchasing power when business activity increases.
 - c. Government taxation policies affect who gets what share of the national income.
 - d. Government price controls, allocation controls, and consumer rationing affect business activity. They may be used to hold down inflation and allocate production resources to essential industries during wartime inflation.
 - e. Government policies toward monopolies and restrictive practices affect business activity both directly by affecting output and prices, and indirectly by affecting income distribution.
 - f. Government labor policies affect business activity both directly by affecting minimum wages and hours of labor and indirectly by affecting the strength of unions. These policies, by affecting income distribution and costs of production, affect business activity.
16. Whenever things valued by a society are scarce, there will be differential access to and control of these valued and scarce things by sub-groups within the society.
- a. Class membership has certain effects on life and behavior. These effects are known as class correlates.
 - b. Members of a class can move out of the class by various means, and this mobility may be up or down.

- c. Every society provides for differentiation of status among its members. In some societies certain material objects become status symbols and are desired in part because of the status they indicate, not just for their material value.
17. Conflict is a struggle over values and claims to scarce status, power, and resources in which the aims of the opponents are to neutralize, injure, or eliminate their rivals.
- a. In political conflict the conflicting sides attempt to use the authority of the political system to win the conflict.
18. Frustration may result in aggression. When people are frustrated by events seemingly beyond their control, the aggression may be turned against others who become scapegoats.
19. Although culture is always changing, certain parts or elements may persist over long periods of time.
- a. People change their culture if they see a real need for change, if they are dissatisfied with existing aspects of their culture.
- b. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.
- 1) All institutions in a society are interrelated; because of these relationships, a change in one institution is likely to affect others.
20. Any decision is in part a product of internalized values and the perception of the person making the decision.
21. The decision-maker reacts to previous decisions of decision-makers.
22. Any decision-maker is limited by his own perception.
23. The individual participant in the socialization process has attitudes, outlooks, and goals which have been learned through the process of political socialization.
- a. The process of political socialization is a continuous process; the individual acquires new values and patterns of behavior and a sharp change in his life through re-socialization.
24. Most political communication depends on symbols, negative and positive symbols; other communication shortcuts; communication depends on the effectiveness of these symbolic tools.
25. Constitutions change through custom and interpretation as well as by formal amendment.

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1) All institutions in a society are inter-related; because of these interrelationships, a change in one institution is likely to affect others.

20. Any decision is in part a product of the internalized values and the perceptions of the person making the decision.
21. The decision-maker reacts to pressures from other decision-makers.
22. Any decision-maker is limited by available information.
23. The individual participant in the political process has attitudes, outlooks, values, and goals which have been learned through a process of political socialization.
 - a. The process of political socialization is a continuous process; the individual continually acquires new values and patterns of behavior, and a sharp change in his life may result in re-socialization.
24. Most political communication depends on the use of symbols, negative and positive stereotypes, and other communication shortcuts; effective communication depends on the effective manipulation of these symbolic tools.
25. Constitutions change through custom and interpretation as well as by formal amendments.

26. Democracy does not bear up well in societies in which basic dissatisfactions with the social and economic institutions prevail and become the focus of political competition.
27. Internal social stability is important to the development of national power in that it enables the nation to concentrate on external matters without disruption or the diversion of attention.

SKILLS

1. Attacks problems in a rational manner.

- a. Is alert to incongruities, recognizes problems, and is concerned about them.
- b. Identifies value conflicts.
- c. Sets up hypotheses.
 - 1) Sets up hypotheses by applying previously-learned generalizations.
- d. Considers alternative courses of action.
 - 1) Sets up hypotheses about consequences of alternative courses of action.

2. Gathers information effectively.

- a. Reads for main ideas or to answer questions.
- b. Takes effective notes on lectures.
- c. Interprets cartoons.

d. Gains information through in

- 1) Increases the accuracy of through the use of questi

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d. Gains information through interviews.

1) Increases the accuracy of his observations
through the use of questionnaires.

e. Uses simple statistical devices for analyzing
data.

f. Increases accuracy of observation through use
of indices.

g. Uses models to make sense out of complex data.

h. Interprets tables and charts.

1) Draws inferences from tables, graphs and
charts.

3. Evaluates information and sources of information.

a. Checks on the accuracy of information.

1) Checks on the bias and competency of authors
and other sources.

2) Compares sources of information.

b. Distinguishes between facts and estimates.

c. Identifies basic assumptions.

d. Identifies persuasion techniques.

e. Detects inconsistencies.

f. Checks on the completeness of data and is wary
of generalizations based on insufficient
evidence.

- 1) Recognizes limitations of data.
- 2) Checks on completeness of data; rejects assumptions of cause-effect relation in correlations.
- 3) Rejects post-hoc arguments; looks for another factor which may have caused the later event.
4. Has a well-developed sense of time.
 - a. Looks for relationships among events.
 - b. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.
5. Organizes and analyzes information and draws conclusions.
 - a. Applies previously-learned concepts and generalizations to new data.
 - b. Categorizes data.
 - c. Tests hypotheses against data.
 - d. Generalizes from data.
 - e. Considers consequences of alternative courses of action.
6. Works well with others.
 - a. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

ATTITUDES

1. Is curious about social data and history and wishes to read and study further sciences.
2. Values the scientific method and research as applied to social as well as to natural sciences.
3. Believes that the social sciences contribute to men's welfare by providing informative explanatory generalizations which help achieve their goals.
4. Respects evidence even when it contradicts prejudices and preconceptions.
5. Is sceptical of theories of single causes in the social sciences.
6. Evaluates information.
7. Is sceptical of panaceas.
8. Believes in the possibilities of improving conditions.
9. Values institutions as a means of promoting human welfare, not because of tradition; willing to change institutions as needed to solve new problems.
10. Evaluate proposals and events on the basis of their effects upon individuals as well as upon society.

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ATTITUDES

1. Is curious about social data and human behavior and wishes to read and study further in the social sciences.
2. Values the scientific method and rational thought as applied to social as well as to natural data.
3. Believes that the social sciences can contribute to men's welfare by providing information and explanatory generalizations which help them achieve their goals.
4. Respects evidence even when it contradicts prejudices and preconceptions.
5. Is sceptical of theories of single-causation in the social sciences.
6. Evaluates information.
7. Is sceptical of panaceas.
8. Believes in the possibilites of improving social conditions.
9. Values institutions as a means of promoting human welfare, not because of tradition; is willing to change institutions as times create new problems.
10. Evaluate proposals and events on the basis of their effects upon individuals as human beings.

CONDENSED OUTLINE OF CONTENT

- I. A mature economy demonstrates that it has the technological and entrepreneurial skills to produce, most things that it chooses to produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the original industries which powered its takeoff and to absorb and to multiply efficiently over a wide range of its resources the most advanced fruits of modern technology. By the 1920's the United States was a mature industrial nation; the industrial machine no longer had to expand capital resources and could shift the emphasis to consumer goods production.
 - A. An impressive increase in production was made possible in the 1920's by greater mechanization, more efficient management, and intensive research.
 - B. The use of new mass consumer industries was marked in the 1920's.
 - C. Although the impressive increase in productivity was achieved without any expansion of the labor force as a whole, one segment of the work force, the white collar workers, increased rapidly in the 1920's.
- II. Changes in one aspect of culture will have the effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system. To the people of the 1920's, all other aspects of life seemed subordinated to the pursuit of wealth and the emulation of the successful.
 - A. The affluent style of life, promoted by the consumption economy, seemed to alter some of the traditional virtues of American society. The nineteenth century American with his set of personal characteristics adapted to an economy of scarcity seemed to give way to a new twentieth century American whose personal characteristics were geared to an economy of abundance.
 - B. Family life, which had been undergoing economic and social change from the beginning of the industrial era, seemed to be affected even more in the affluent age of the 1920's.

C. Politics in the twenties served the needs of big business.

III. Conflict is a struggle over values and claims to scarce status, power, and resources, in which the aim of the opponents are to neutralize, injure, or eliminate their rivals. Rural-urban conflict, which had existed for decades became more intensive as the old order fought to preserve the traditional values. Those who accepted the affluent urban and suburban life of the 1920's consciously rejected rural values and society and made no attempt to conceal their contempt for small town America. Rural leaders, who were steadily losing power and prestige over the past several decades, attacked in turn the city as the Modern Gomorrah; political fundamentalism was an attempt to deny any real division in American society by imposing a patriotic cult and coercing a sense of oneness.

A. Efforts toward social change were condemned as un-American, and the Constitution was worshipped more than ever before.

B. Everything "foreign" was also condemned.

C. Fears of changing elements within the United States led to the growth of the KKK and other "patriotic" organizations which opposed Negroes, immigrants, Catholics and Jews.

D. Alcohol was attacked as the mainstay of the immigrant masses of the city and of the arriviste rich. Prohibition, which had been advocated for several generations, became the order of the day.

E. The presidential candidacy of Al Smith and the opposition to him seemed to symbolize these forces in the struggle over the nature of the future American society.

IV. In a depression or recession productive resources are not used to capacity or are not fully employed. The cost to society is what might have been produced if they had been fully employed. Thus depressions and recessions result in a drop in the Gross National Product and national income. The prosperity of the 1920's came to an abrupt end in 1929. The depression of the 1930's which followed was longer than any in U.S. history and had serious psychological as well as material effects upon the American people.

- A. The depression led to mass unemployment, sharp reduction in wages and salaries and other income, much lower prices, many business and bank failures, and in general to a drastic reduction in GNP and in living levels. The period was marked by what some have called "A Paradox of Poverty in the Midst of Plenty."
 - B. Different groups in society are affected differently by depressions and inflation. However, all groups are affected by depressions because of interdependence of society.
 - C. Serious depressions have both material and psychological effects upon the people who are affected most seriously. The depression of the 1930's was so severe that private, local and state agencies were unable to care for all of those needing relief.
- V. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.
- A. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.
 - B. Fluctuations in the business cycle are the result of changes in the circular flow of income.
 - C. Specialization and division of labor lead to greater interdependence as well as increased production. This interdependence makes private enterprise systems highly susceptible to business fluctuations.
 - D. Although each business cycle differs somewhat from other cycles, cycles tend to have certain things in common. An idealized model of different phases of the cycle helps one identify factors causing changes in business activity.
 - E. Each business cycle differs somewhat from others.

F. Investment fluctuates more and seems to be more important than other types of expenditures. It seems to play the key role in causing business fluctuations. Investment is affected by many factors, and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacities to consumer demand, technological changes, the state of investments, changes in consumer income, population changes, etc.

VI. Government policies can either help reduce or exaggerate fluctuations within the business cycle and can promote or hinder economic growth.

A. Although Hoover's administration finally took a few steps toward more federal action to improve economic conditions, the administration hoped that the depression would reverse itself and that local and state agencies could handle problems of relief. Hoover's administration finally set up the Reconstruction and Finance Corporation to loan money directly to businessmen and to local governments for relief purposes. However, increased federal spending did not offset the decline in state and local spending, let alone the decline in spending in the private sector of the economy.

1. The Hoover administration tried unsuccessfully to balance the budget by raising taxes. However, an increase in tax rates or a decline in government spending may reduce aggregate demand.
2. Congress passed the highest tariff in history in order to protect American industry from foreign competition. However, the increase in tariff rates reduced sales abroad and did not help aggregate demand.
3. Different kinds of public expenditures have different effects. Thus one kind of expenditure might lead to greater total aggregate spending, while another expenditure might be completely offset by increased taxes to balance the expenditure. The RFC and Hoover tended to salvage firms in danger of failing but did not do much to stimulate new investment. Moreover, its loans to local agencies for relief merely replaced what local agencies had been spending.

- B. Roosevelt followed a pragmatic approach rather than fitting all of his proposals into one overall economic theory. As a result, much of his earlier program was based on a different view of what role business and government should play than was his later legislation. Basically, his aim was to preserve the private enterprise system and political democracy.
1. In the early days of the New Deal, Roosevelt was much influenced by men who believed in restriction of output to raise prices and in business cooperation in setting prices. When the Supreme Court declared the NRA unconstitutional, the administration was already convinced that the NRA had not done the job expected of it. Nor were New Dealers pleased with destruction of food in the face of hunger.
 2. After considerable experimentation, Roosevelt's administration developed a series of fiscal and monetary policies to try to end the depression. It also put into effect a number of programs which have come to be known as built-in-stabilizers to offset future downswings and drastic upswings in business activity.
- VII. By and large, the nation has come to accept the idea that the federal government is responsible for promoting economic growth, offsetting sharp fluctuations in the business cycle, and achieving high employment.
- A. The Full Employment Act of 1946 has been followed by general acceptance of both major political parties although the parties still differ as to just what action should always be taken. Economists now accept many aspects of Keynesian economics and, in general, the possibilities of compensatory finance as a means of evening out business fluctuations and promoting economic growth.
 - B. Although the U. S. has had recessions since World War II, they have been nowhere near as deep or as long as the depression of the 1930's. Different factors have been important in each of these recessions, but the level of investment has again been the key factor.

- C. Today, real incomes and national production far exceed anything known in the 1920's. Nevertheless, there are still a large number of poor in this country and new government programs are aimed at trying to achieve the Great Society in which such poverty will be reduced greatly. The extent to which the government should engage in poverty and welfare programs is still debated widely.
- D. Today the U. S. has a mixed economy, as do most countries. However, the mix still lies further in the direction of private enterprise than do many mixed economies in the world.

VIII. The depression and its aftermath have had important political and social ramifications, although our economic problems were also affected by non-economic factors.

- A. The depression brought about a number of changes in our political system.
- B. The depression plus the wars and cold war which followed have brought about changes in American attitudes.
- C. The depression, World War II, and the postwar prosperity have combined to bring about massive movements of people from one place to another.
- D. The depression, wars, and increased prosperity since World War II have each influenced education and the use of leisure.
- E. The depression served to concentrate attention upon domestic affairs during Hitler's rise to power, while international affairs such as the war in Viet Nam can make it difficult to carry forward some domestic, economic and social programs.
- F. Although culture is always changing, certain parts or elements may persist over long periods of time. Some of the attitudes which mark present-day Americans can be traced back to early days in American history, despite the many changes which have taken place during the twentieth century. However, the basic cultural values of today help make today's America far different from the America of colonial days.

OBJECTIVES

- A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.

OUTLINE OF CONTENT

- I. A mature economy demonstrates that it has the technological entrepreneurial skills to produce most things that it can produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the traditional industries which powered its takeoff and to absorb and to utilize efficiently over a wide range of its resources the most advanced fruits of modern technology. By the 1920's, the United States was a mature industrial nation; the industrial machine had to expand capital resources and could shift the emphasis to consumer goods production.

- A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.
- S. Increases the accuracy of his observations through the use of questionnaires.

OUTLINE OF CONTENT

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- I. A mature economy demonstrates that it has the technological and entrepreneurial skills to produce most things that it chooses to produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the original industries which powered its takeoff and to absorb and to multiply efficiently over a wide range of its resources the most advanced fruits of modern technology. By the 1920's, the United States was a mature industrial nation; the industrial machine no longer had to expand capital resources and could shift the emphasis to consumer goods production.

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TEACHING PROCEDURES

MATERIALS

Initiatory activities:

1. As a pre-test, have the students write an essay, describing the impressions which they have gained from movies, TV, and books about American life in the 1920's. Ask them to name specific movies, books, and shows if possible. Have the students compare their impressions. Then ask: How valid do you think these impressions probably are? Have students retain their essays for later comparisons.
2. If activity #1 is not used, play E. R. Murrow's I Can Hear It Now, Vol. 3. for the years 1919-1929 to give the students the typically American kaleidoscopic view of the 1920's. Where necessary, give brief background sketches of the events and people. Ask: Can you identify any patterns or trends of the 1920's by listening to the records? (They probably cannot do so.) Suggest that pupils continue to look for these patterns or trends in the text and/or other readings. Explain why a pattern or theory is hard to find. (The era is too recent for perspective by historians, and many aspects of life seemed to change all at once, etc.)
3. Have the students ask their grandparents and older neighbors about life in the 1920's as they remember it. Develop with the class a set of questions to be asked, including ones on Ford cars, silent movies, college life, prohibition, KKK, women's styles, the "emancipated women," etc. Discuss the reasons for having each student use a similar questionnaire.

Recording: I Can Hear It Now,
Vol. 3, Columbia.

A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.

S. Sets up hypotheses.

A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.

S. Reads for main ideas.

S. Identifies value conflicts.

S. Reads for main ideas.

S. Generalizes from data.

G. At any specific time, the total economic output is affected by the quantity and quality of productive resources (land or natural resources, labor, and capital goods), by the level of technology, and by the efficiency of the organizational structure.

A. An impressive increase in production was made possible in the 1920's by greater mechanization, more efficient management, and intensive research.

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4. Use slides or bulletin board pictures to show consumer items characteristic of the 1920's such as cars, silent movies, radios, new suburban living, clothing, household appliances, etc. Indicate the year of as many of the inventions as possible. Also provide production statistics in the 1920's, profits made from these industries, etc. Have the class examine the display. Then ask: What changes in everyday life do you think these new consumer items probably brought?

5. Introduce the students to the wide range of fictional and biographical literature written on the 1920's. Let them browse through the books to find the ones that appeal to them. Give them guide questions to help them cull out the salient ideas about the 1920's in which we are interested in this unit: the increased use of consumer products and the affluent life which accompanied it, the value conflicts arising from the increased abundance, the dominance of the successful businessman in society, etc.

See Bibliography.

6. Have the students use different textbooks, suitable to their reading ability. They should skim the text chapter on the 1920's to gain an overview of the unit. Ask them to look for any pattern or trends which explain the 1920's, as they did in activity #2 above.

U. S. history textbooks of various reading levels.

Developmental Activities:

7. Show the Ford Motor Company's film, The American Road. Before the students begin to watch the movie, suggest points for them to consider as they watch it, such as the ways in which the automobile changed leisure time activities, work activities, family life,

Film: The American Road, Ford Motor Company.

- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.
- G. New inventions open up whole new fields of production.
- A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.
 - 1. Machine power replaced human labor at a startling rate (The assembly line and electric motor were most prominent in this era.)
 - 2. The application of F. W. Taylor's theory of scientific management made for an enormous increase in efficiency.
 - 3. Intensive research made for better products and use of by-products.
- B. The use of new mass consumer industries was marked in the 1920's.
 - 1. The mass-produced automobile led the list of new goods.
- S. Generalizes from data.
- S. Applies previously-learned concepts and generalizations to new data.
- G. Mass production, with its greater specialization and substitution of capital goods for labor, permits a reduction of costs.
- G. Efficiency studies may increase output without increasing the amount of resource input by bringing about a different organization of production or increasing motivation for production.

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residential living patterns, etc. and how the invention of the auto affected the economy as a whole. Also ask them to watch closely to find out if Ford applied Taylor's principles of scientific management to the auto industry. (It may be necessary to review Taylor's ideas from a previous unit.)

8. After the movie in #7 is shown, ask: How is the automobile industry different from the industries which we studied in the 1860-1915 period? (This discussion should bring out the idea it is a consumer industry as opposed to the heavy production-directed industries studied in the previous period. Be certain to discuss these questions: 1) Why was the low price of the Ford car significant? 2) Why was Ford able to keep the price low and still make profits? At some point raise the question: Did Henry Ford really make any significant advances in American industrial development? (If the students do not recall Ford's selection on mass production or the Taylor selection, used in the previous unit, review them here.)

- G. A mature economy demonstrates that it has the technological and entrepreneurial skills to produce most things that it chooses to produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the original industries which powered its takeoff and to provide levels of living in which the masses of people consume far above the level of bare necessities.
- S. Tests hypotheses against data.
- S. Compares sources of information.
- G. Every society provides for differentiation of status among its members. In some societies certain material objects become status symbols and are desired in part because of the status they indicate, not just for their material value.
- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

9. Review Rostow's stages of economic growth, giving particular emphasis to the characteristics of the stage of mass consumption. Utilize his comparative chart to show which nations are just beginning this stage. Have students think of other modern nations which are striving toward this stage.

Rostow, Stages of Economic

10. Have the students check their textbooks to see if they can find evidences of a mass consumption stage beginning in the 1920's.

Any U. S. History textbook

11. Have students read about what people of the period had to say about the automobile industry and its effects on their lives.

Mowry, ed., The Twenties, Flappers, and Fanatics
5, 8, 9.

Discuss the selections, emphasizing the car as a status symbol and the changes in everyday life which the acquisition of the auto produced. Compare the changes as seen by these contemporaries with those shown in the Ford film on The American Road.
Ask: What groups of people were able to afford the car?

s stages of economic growth, giving particular characteristics of the stage of mass consumption. Have him utilize his comparative chart to show which nations are in this stage. Have students think of other nations which are striving toward this stage.

Rostow, Stages of Economic Growth.

Students check their textbooks to see if they can find the mass consumption stage beginning in the 1920's.

Any U. S. History textbook.

Read about what people of the period had to say about the automobile industry and its effects on their lives.

Mowry, ed., The Twenties, Fords, Flappers, and Fanatics, Selections 5, 8, 9.

Read selections, emphasizing the car as a status symbol in everyday life which the acquisition of the automobile brought. Compare the changes as seen by these contemporaries shown in the Ford film on The American Road. How many of people were able to afford the car?

G. Economic wants of people seem never to be satisfied, since many goods and services must be replenished constantly as they are used up, since population is expanding, and since new inventions create new wants.

S. Generalizes from data.

G. Every society provides for differentiation of status among its members. In some societies certain material objects become status symbols and are desired in part because of the status they indicate, not just for their material value.

G. Economic wants of people seem never to be satisfied, since many goods and services must be replenished constantly as they are used up, since population is expanding, and since new inventions create new wants.

2. The production of radios, refrigerators, and hold gadgetry was geared to the mass consumer.
3. The construction of suburban single-family houses and new roads rose rapidly.
4. The new canning industry made possible widespread distribution of higher grade food products.

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hold gadgetry was geared to the mass consumer.
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new roads rose rapidly.
4. The new canning industry made possible widespread distri-
bution of higher grade food products.

12. Perhaps have a group of students use magazine articles to prepare a report comparing the impact of the automobile in Germany and Italy in the 1950's with its impact in the United States in the 1920's.

Use Reader's Guide.

13. If activity #5 was used, ask: What types of consumer products other than the automobile did you find described in your books as either desired or in general use? (e.g. movies, radios, household gadgetry, etc.) Compare the attitudes toward these consumer products as status symbols with the attitude toward the automobile as a status symbol. Also discuss: How widespread was the use of such products? Did more people have an opportunity to use them than could purchase automobiles? Did they seem to desire them as much?

If activity #5 was not used, have a group of students read selections from Mowry and report to the class on the points outlined above.

Mowry, ed., The Twenties, Fords, Flappers, and Fanatics,
Selections 10-13.

Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

Firms may compete with each other by heavy advertising to make their products better known and so increase the demand for them rather than for competing products.

The quantity of a specific product or service which will be demanded at a specific price depends upon: (a) consumer desires, (b) availability of alternative goods and services, (c) the prices of alternative goods and services, (d) the amount of money consumers have and are willing to spend.

5. Ingenious sales techniques were devised to promote new mass-consumer industries.

14. If activity #4 was not used previously, it can be used here as an alternative to activity #13. The one aspect of discussion in #13 which would not be evident if activity #4 is used instead, deals with the attitudes and groups of people involved. Students could make intelligent guesses, however, and the teacher can tell them how accurate these guesses are.

15. As another alternative to activity #13, show the movie The Golden Twenties. Suggest that the students watch for examples of conspicuous consumption: cars, radios, refrigerators, movies, clothes, etc. Following up the movie by discussing the points listed in activity #13.

Film: The Golden Twenties
McGraw Hill, 68 min.

16. Review what students learned from the articles on the automobile about the selling techniques used to sell automobiles. Now have pupils read other articles about selling techniques. Discuss: How widespread were the techniques used in the auto industry? How did they change consumption patterns? How did credit compare with an increased money supply in affecting demand? Why did the new mass production industries use such techniques? How did producers compare with each other in ways other than reducing prices?

Mowry, ed. The Twenties,
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Mowry, ed. The Twenties, Selections
3 and 4 (and review 5.)

G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

S. Sets up hypotheses.

S. Tests hypotheses against data.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the culture's

C. Although the impressive increase in productivity achieved without any expansion of the labor force whole, one segment of the work force, the white collar workers, increased rapidly in the 1920's.

1. The professional technician came into his own with the increased use of efficient machinery.

2. The new consumer industries demanded an increased force and an efficient office staff. These two in turn, increased the ever-growing sales output.

3. The white collar worker created a new middle class in America.

a. Unlike the old middle class of the 19th century it was dependent on the industrial machine for its status and its livelihood.

b. This new middle class was urban, and increasingly suburban, unlike its rural based 19th century predecessor.

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 - a. Unlike the old middle class of the 19th century, it was dependent on the industrial machine both for its status and its livelihood.
 - b. This new middle class was urban, and increasingly suburban, unlike its rural based 19th century predecessor.

17. Have the students read (or have one student read and report to the class) the selection by Daniel in Mowry. Discuss fully what installment buying means as well as the economic problems it creates. Compare the installment buying of the 1920's with that of the 1960's. (Have students skim newspaper ads to see present day techniques of encouraging credit buying.)

Mowry, selection #5.

18. Ask: What changes in the type of work force do you think the new consumption industries would produce? What types of jobs would the new consumer industries develop? (selling, advertising, office work, technical crafts, etc.) Would there be an increase in the number of factory workers on the assembly line? Why or why not?

Mills, White Collar, Ch.

Give the class data on changes in the composition of the work force in the 1920's. Have them check their hypotheses against this data.

19. Ask: To what class did the people filling these new jobs (selling, advertising, office work, professional technicians) belong? From their previous reading, students should be able to identify the class indicators of the 1920's as well as see that this new group is obviously an urban and suburban one in orientation. Point out, if students do not, that this new white collar group is probably middle class, although the class indicators have changed from the nineteenth century. A comparison between this new middle class with its new interests, demands, and problems should be made with that of the traditional American middle class of either the Jacksonian or Progressive era.

Teacher should consult M
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Students read (or have one student read and report to the class) the selection by Daniel in Mowry. Discuss fully what installment buying means as well as the economic problems it created. Compare the installment buying of the 1920's with the installment buying of the 1960's. (Have students skim newspaper ads to see the techniques of encouraging credit buying.)

Mowry, selection #5.

Changes in the type of work force do you think the new industries would produce? What types of jobs would the new industries develop? (selling, advertising, office work, etc.) Would there be an increase in the number of factory workers on the assembly line? Why or why not?

Mills, White Collar, Ch. 4.

Use the data on changes in the composition of the work force in the 1920's. Have them check their hypotheses against the data.

Which class did the people filling these new jobs (selling, office work, professional technicians) belong? From their reading, students should be able to identify the characteristics of the 1920's as well as see that this new group was an urban and suburban one in orientation. Point out, however, that this new white collar group is probably different from the traditional middle class of the 19th century. A comparison between this new middle class and the traditional American middle class of either the Progressive era or the Gilded Age should be made.

Teacher should consult Mills, White Collar for needed data and interpretations.

- G. Whenever things valued by a society are scarce, there will be differential access to and control of these valued and scarce things by sub-groups within the society.
- G. Members of a class can move out of the class by various means, and this mobility may be up or down.
- G. Class membership has certain effects on life and behavior. These effects are known as class correlates.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

II. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are in social organization, in ideology, or whatever part of the cultural system. To the people of all other aspects of life seemed subordinated of wealth and the emulation of the successful system.

A. The affluent style of life, promoted by the economy, seemed to alter some of the traditions of American society. The nineteenth century with his set of personal characteristics and an economy of scarcity seemed to give way to the twentieth century American whose personal characteristics were geared to an economy of abundance.

1. A new conviction developed that thrift was socially harmful and spending a virtue, the traditional value of saving. Businessmen used ingenious methods to transform anxiety into a desire for luxury consumption.

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II. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system. To the people of the 1920's, all other aspects of life seemed subordinated to the pursuit of wealth and the emulation of the successful.

A. The affluent style of life, promoted by the consumption economy, seemed to alter some of the traditional virtues of American society. The nineteenth century American with his set of personal characteristics adapted to an economy of scarcity seemed to give way to a new twentieth century American whose personal characteristics were geared to an economy of abundance.

1. A new conviction developed that thrift could be socially harmful and spending a virtue, thus reversing the traditional value of saving. Business developed ingenious methods to transform anxiety about scarcity into a desire for luxury consumption.

20. Discuss: Why did the consumer industries have to work so hard at selling their products? This discussion should center around the change which had to be wrought in the traditional American value of thrift. If students do not bring up Ashdown's article, have them re-read it. Make certain they understand the value conflict which he has between his well-developed Protestant ethic and his desire to acquire the latest status symbol. Conclude discussion with these questions: Does Ashdown really approve of his behavior and that of his fellow members of the middle class?

Mowry, ed., The Twenties,
Selection #8.

Also ask: What happened to the American concept of debt in the 1920's? How did the concept of debt in the 1920's compare with that of the Franklin era? and with that of the present day? Was the change in attitude toward debt necessary for the United States to enter fully into the age of mass consumption? Why or why not? Was this change in values good or bad for American society? Why or why not?

- a. The acquisition of certain products became i of social prestige.
- b. Installment buying made conspicuous consumpt for a greater number of people. Debt no lon shameful as it had been in the nineteenth ce

S. Generalizes from data.

S. Sees meaningful differences between eras; notes relation-ships within any era between institutions and cultural assump-tions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organ-ization, in ideology, or whatever else is a part of the cultural system.

2. The so-called "status revolution" earlier in th century undercut the authority of men who had s American moral standards: the professional cla especially ministers, lawyers, and teachers; th gentry; the farmer; the urban patricians. The urban minorities and arriviste businessmen were not equipped, nor even aware of the need to sup standards or to create new ones.
3. The development of personality rather than char stressed in the new affluent society.
 - a. Personality, the ability "to see" oneself, s to be the key to material and social success
 - b. Since the new affluent man was especially de of the approval of others, he became increas "service" oriented; thus voluntary associati once again flourished in American society.

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3. The development of personality rather than character was stressed in the new affluent society.
 - a. Personality, the ability "to see" oneself, seemed to be the key to material and social success.
 - b. Since the new affluent man was especially desirous of the approval of others, he became increasingly "service" oriented; thus voluntary associations once again flourished in American society.

21. Using the materials they have already read or seen, each student should write an essay in which he attempts to describe values other than thrift which he thinks were affected by the new era of mass consumption. Have them give specific examples where possible. Suggest that they use the following questions to guide their thoughts on this subject: (1) If conspicuous consumption was widely adopted, what would become of the basis for judging people? Is this basis new or old in American history? (2) What determined "success or failure" in the 1920's? Were the standards for judging success and failure the same as they had been in the era of Franklin, Jackson, or Rockefeller? (3) What personal value conflicts did the people of the era seem to have? etc. Encourage the students to speculate on these questions, using the implications which they found in the reading and films. Tell them that the class will later discuss these speculations and try to evaluate them.

Discuss the ideas on value conflicts and value changes which appeared in the student essays. Have the students give their specific examples in class, so that the class can evaluate them.

S. Reads for main ideas.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

G. All institutions in a society are interrelated; because of these interrelationships, a change in one institution is likely to affect others.

S. Compares sources of information.

S. Checks on the bias and competency of sources.

B. Family life, which had been undergoing economic change from the beginning of the industrial revolution, was affected even more in the affluent age of

1. No longer a productive economic unit, the urban family became a consumption unit; prestige was measured by its conspicuous house, car, refrigerator, etc.

2. The new affluence made entertainment of more feasible and desirable. The automobile, the theater, the service organization, etc., drew various family members outside of the home.

3. The status of women seemed to be undergoing change.

a. Household gadgetry, plus newly available positions, made it possible for women to stay home and to join the work force in numbers never before.

b. The "liberated" women of the 1920's had the same freedom of movement that men had, and the same economic and political rights.

c. Women, as well as men, placed great value on marriage and thus had greater expectations. That the greater expectations were being filled is shown by the sharp increase in divorce rate in the 1920's.

4. The parent-child relationship also seemed to become more certain as the home continued to lose its functions to outside agencies.

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- B. Family life, which had been undergoing economic and social change from the beginning of the industrial era, seemed to be affected even more in the affluent age of the 1920's.
1. No longer a productive economic unit, the urban and sub-urban family became a consumption unit whose social prestige was measured by its conspicuous possessions: house, car, refrigerator, etc.
 2. The new affluence made entertainment outside the home more feasible and desirable. The automobile, the movie theater, the service organization, etc., all drew various family members outside of the confines of the home.
 3. The status of women seemed to be undergoing a fundamental change.
 - a. Household gadgetry, plus newly available office positions, made it possible for women to leave the home and to join the work force in greater numbers than ever before.
 - b. The "liberated" women of the 1920's demanded the same freedom of movement that men had, as well as the same economic and political rights.
 - c. Women, as well as men, placed greater demands on marriage and thus had greater expectations of it. That the greater expectations were not always fulfilled is shown by the sharp increase in the divorce rate in the 1920's.
 4. The parent-child relationship also seemed increasingly uncertain as the home continued to lose some of its functions to outside agencies.

22. Have students read the selections on marriage, child rearing, housekeeping, leisure activities, and clubs in the sociological study of Middletown. They should look for changes occurring in values and habits in the 1920's as well as for continuity with the past. Class discussions should be held on individual selections to make certain the students see the problems which the people of Middletown thought they faced.

Lynd and Lynd, Middletown, pp. (on marriage), pp. 132-137 (reading); pp. 154-158, 171-173 (housekeeping); pp. 251, 253-254 (on recreation); pp. 272, 285-286 (clubs).

Have students compare and contrast the conclusions found in the Middletown study with those which they come to as a result of reading the fictional and biographical literature of the 1920's.

Give an informal lecture presenting sociologists' arguments about the validity of the Middletown study.

read the selections on marriage, child rearing, leisure activities, and clubs in the socio-logy of Middletown. They should look for changes in values and habits in the 1920's as well as for differences with the past. Class discussions should be held on the selections to make certain the students see how different which the people of Middletown thought they

Lynd and Lynd, Middletown, pp. 115-117 (on marriage), pp. 132-137 (on child rearing); pp. 154-158, 171-173 (on housekeeping); pp. 251, 253-254, 257-263 (on recreation); pp. 272, 285-287 (on clubs).

compare and contrast the conclusions found in their own study with those which they come to as a result of reading the fictional and biographical literature of the

final lecture presenting sociologists' arguments on the validity of the Middletown study.

- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.
- S. Compares sources of information.

- S. Checks on the completeness of data.
- S. Checks on the accuracy of data.
- S. Generalizes from data.

- A. IS CURIOUS ABOUT SOCIAL DATA.
- S. Looks for relationships among events.

- 5. The new affluent Americans of the 1920's seemed to be preoccupied with sex and developed new attitudes toward it. The new forms of mass media, but particularly the new tabloid and the movies, exploited this new obsession and gained great profits from it.

- C. Politics in the twenties served the needs of big business.

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C. Politics in the twenties served the needs of big business.

24. Have a small group of students read Mowry's selections on "Freedom for the Second Sex." Have them report to the class on the changes in attitudes which appeared in relationship to courtship, marriage, rearing of children, dress, and alcoholic consumption. Have the group of experts on Middletown (#23) compare and contrast their findings with that of the Mowry group.

Mowry, ed. The Twenties,
Selections 30-35.

25. Have the students re-read their essays prepared in activity #21. Ask them to re-write the essay, evaluating their earlier conclusions in light of the reading and discussion which they have done since they wrote them. Tell students to include any new conclusions which they have arrived at subsequent to their original writing. Ask them to answer this question, if possible: What factors are responsible for the differences which occurred between their original and final essays?

26. As an introduction to the political sector of the unit, play a recording about political events of the 1920's. In the discussion which follows try to determine what the students already know from their previous readings about the politics in the 1920's, concentrating especially on these points: popular opinion toward politics and politicians, politicians' attitudes toward business, businessmen's attitudes towards politicians, significance of elections.

Recordings: Replay selection
of I Can Hear It Now
Columbia Records.

group of students read Mowry's selections on "The Second Sex." Have them report to the class in attitudes which appeared in relationship marriage, rearing of children, dress, and adoption. Have the group of experts on Middletown and contrast their findings with that of the

Mowry, ed. The Twenties,
Selections 30-35.

Students re-read their essays prepared in activity #21. Rewrite the essay, evaluating their earlier con- sideration of the reading and discussion which they have now written. Tell students to include any new insights which they have arrived at subsequent to their writing. Ask them to answer this question, if possible: Are they responsible for the differences which occurred between original and final essays?

In connection to the political sector of the unit, play a dramatization of political events of the 1920's. In the discussion which follows try to determine what the students already know from their previous readings about the politics in the 1920's, illustrating especially on these points: popular opinion and politicians, politicians' attitudes toward businessmen's attitudes towards politicians, significance

Recordings: Replay selected parts of I Can Hear It Now, Vol. 3, Columbia Records.

S. Looks for relationships among events.

S. Reads for main ideas in to answer questions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

1. Harding, Coolidge, and Hoover frankly dedicated the Federal government to the interests of businessmen and business civilization.
 - a. The government created new agencies to advise and aid big business.
 - b. The anti-trust agencies were filled by lawyers and businessmen whose interest was the protection of big business.
2. The Supreme Court rendered decisions favorable to the corporate powers, thus encouraging their growth.
3. Both politicians and businessmen encouraged the people to believe that prosperity would continue indefinitely if business had its way, without any governmental interference.

27. Have the students re-read the text sections dealing with the politics of the 1920's. Give them questions to guide their reading, such as: (1) What was the attitude that governmental officials had toward business? (2) Was this attitude new or traditional? (3) In what ways was governmental policy affected by business dominance in the 1920's?

U.S. history textbooks of varied reading levels.

28. Read to the students Calvin Coolidge's address to the Chamber of Commerce of New York. Discuss the following: (1) Are these attitudes expressed in the speech typical of those of governmental officials in the 1920's? (2) Is Coolidge in the tradition of Theodore Roosevelt? McKinley? Grant? (3) Is Coolidge truly realising the hopes of Washington? (The students should be able to discuss these questions on the basis of the reading already done and on the basis of knowledge gained in the previous unit. Be sure to ask students to explain their answers.)

See Traverso, ed. The 1920's, Rhetoric and Reality.

G. Any decision is, in part, a product of the internalized values, the perceptions, and the experiences of the persons making the decision.

G. Any decision is, in part, a product of the internalized values, the perceptions, and the experiences of the persons making the decision.

S. Takes effective notes on lectures.

S. Generalizes from data.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

29. Give a lecture both on the attitudes of the Supreme Court and the federal commissions toward business in the 1920's. It would be best to concentrate on the background of the men on the court and commissions and their attitudes toward business. It is not necessary to do a detailed study of the court cases, as a few illustrations to prove the generalizations in Kelly and Harbison will suffice.

Kelly and Harbison, The American Constitution, Chap. 26 and pp. 679-701, 704-708, 711-715.

Have pupils take notes on this lecture. Collect them and make suggestions for improving them.

30. Discuss: Did the political leaders of the 1920's reject the Progressives of the 1900-1914 generation? This discussion should include such points as the following: (1) the type and style of political leadership in the two periods, (2) the groups which the Progressives and the Twenties' leaders represented (3) voter interest and participation in the two periods, and (4) the effect that the changes in the nature of industrialism in the 1920's had both on governmental officials and on the voters.

- G. Conflict is a struggle over values and claims to scarce status, power, and resources in which the aims of the opponents are to neutralize, injure, or eliminate their rivals.
- G. In political conflict the conflicting sides attempt to use the authority of the political system to win the conflict.
- G. The individual participant in the political process has attitudes, outlooks, values, and goals which have been learned through a process of political socialization.
- G. Generalizes from data.
- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.
- III. Conflict is a struggle over values and claims to scarce status power, and resources, in which the aims of the opponents are to neutralize, injure, or eliminate their rivals. Rural-urban conflict, which had existed for decades became more intensive as the old order fought to preserve the traditional values. Those who accepted the affluent urban and suburban life of the 1920's consciously rejected rural values and society and made no attempt to conceal their contempt for small town America. Rural leaders, who were steadily losing power and prestige over the past several decades, attacked in turn the city as the Modern Gomorrah; political fundamentalism was an attempt to deny any real division in American society by imposing a patriotic cult and coercing a sense of oneness.
- A. Efforts toward social change were condemned as un-American, and the Constitution was worshipped more than ever before.
- B. Everything "foreign" was also condemned.
1. Isolation in foreign affairs was advocated.
 2. Curbs on immigration were sought to preserve "Old America" before it was too late.

31. To provide a link between politics in the 1920's and the rural-urban conflict, discuss: Why did the election of 1928 generate so much more excitement than those of 1920 and 1924? From their readings the students will have obtained ideas which can be explored here, such as the Catholic issue, the prohibition issue, rural-urban conflict, etc.

Make available a wide variety of readings and materials on the election of 1928 and on the rural-urban conflict of the 1920's. Have the students consider these questions as they read: (1) In the election of 1928, what did Herbert Hoover symbolize for many Americans? What did Al Smith symbolize? (2) What were the real issues in the campaign? Why was the election so bitterly contested? (3) Who supported which candidates? Did this support come from traditional Republican and Democratic areas?

Have some students do background reading on prominent issues considered in Mowry's selections on "The Dry Crusade" and "Intolerance" and in Traverso's and Halsey's selections on the KKK and prohibition.

The next activities provide for discussion of these readings. It would be wise to hold these activities in their proper sequence.

32. Hold a class discussion on the issues of the 1928 campaign: prohibition, intolerance, and prosperity. Since prosperity and governmental business attitudes have already been handled in earlier activities 27-31, deal with them only briefly and concentrate on the other two issues. It may be wise to hold two separate discussions: (1) on the issue of prohibition--its origins, purposes, supporters, opponents, problems and failures; (2) on the issue of intolerance--its origins, purposes, supporters, opponents, and relative strength.

Any U. S. history textbook
Lorant, The Presidency; H
Age of Reform, chap. on H
(pp. 283-299). Lorant, P
History of the American P
American Heritage articles
Traverso and Halsey, eds.
1920's, selections from H
etc.

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relative strength.

Any U. S. history textbooks.
Lorant, The Presidency; Hofstadter
Age of Reform, chap. on Hoover
(pp. 283-299). Lorant, Pictorial
History of the American Presidents.
American Heritage articles.
Traverso and Halsey, eds., The
1920's, selections from Hoover,
etc.

G. Frustration may result in aggression. When people are frustrated by events seemingly beyond their control, the aggression may be turned against others who become scapegoats.

C. Fears of changing elements within the United States led to the growth of the KKK and other "patriotic" organizations which opposed Negroes, immigrants, Catholics, and Jews.

D. Alcohol was attacked as the mainstay of the immigrant population of the city and of the arriviste rich. Prohibition, which had been advocated for several generations, became the order of the day.

E. The presidential candidacy of Al Smith and the opposition to him seemed to symbolize these forces in the struggle over the nature of the future American society.

1. Smith personalized the desire of sons of urban immigrants to make a place for themselves in national politics. He also represented the other features of the city which the rural people disliked: city bossism, Catholicism, and free use of alcohol.

2. Hoover, though a successful businessman, represented at least in his origins, the older rural American type of many people.

3. Although Hoover was overwhelmingly elected, Smith succeeded in gaining the allegiance of the cities through the Democratic party and thus laid the foundation for the urban-based Democratic party of the 1930's.

A. IS CURIOUS ABOUT SOCIAL DATA.

IV. In a depression or recession productive resources are not used to capacity or are not fully employed. The cost to society is what might have been produced if they had been fully employed. Thus depressions and recessions result in a drop in the Gross National Product and national income. The prosperity of

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- C. Fears of changing elements within the United States led to the growth of the KKK and other "patriotic" organizations which opposed Negroes, immigrants, Catholics, and Jews.
- D. Alcohol was attacked as the mainstay of the immigrant masses of the city and of the arriviste rich. Prohibition, which had been advocated for several generations, became the order of the day.
- E. The presidential candidacy of Al Smith and the opposition to him seemed to symbolize these forces in the struggle over the nature of the future American society.
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Now lead a discussion comparing the prohibitionist and intolerance movements. Questions to be considered: Did they have the same sources of strength? Did they have the same sources of opposition? Did they have the same aims?

Also discuss the candidates of the 1928 election. Ask: What did Hoover and Smith symbolize in 1928? (Make certain students use Hoover's pre-depression image.) The discussion should include the men's background, supporters, personal appeal, etc. Be sure to include in this or in a follow-up discussion an analysis of the images which farmers and urbanites held of one another in the 1920's.

Finally, discuss: Was the election of 1928 the final victory of rural America in its struggle against the changing nature of American society? A thorough analysis should be made of the 1928 election, both from the readings and discussion and from additional data and theories available to the teacher in Leuchtenberg.

Leuchtenberg, Perils

33. Read aloud quotations from some of U.S. government and business leaders in 1928 and 1929 to the effect that prosperity would continue --that the U.S. did not need to fear any

Galbraith, Great Crash, 6, 75.

Bernstein, The Lean Years,

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is to be considered: Did they have the same
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Galbraith, Great Crash, 6, 18, 31, 57,
75.

Bernstein, The Lean Years, p. 247.

1920's came to an abrupt end in 1929. The depression of the 1930's which followed was longer than any in U. S. history and had serious psychological as well as material effects upon the American people.

A. IS CURIOUS ABOUT SOCIAL DATA.

S. Interprets cartoons.

G. A depression or recession results in unemployment.

A. IS CURIOUS ABOUT SOCIAL DATA.

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depression. Then remind pupils of the record they heard earlier on the period of the 1920's. What happened in 1929?

Recording: I Can Hear It Now, vol.

Perhaps replay the part of the Morrow recording dealing with the stock market crash and the onset of the depression.

34. Give pupils an attitudes scale on topics such as unemployment, the poor, the government's role in promoting prosperity, etc. Discuss class results rather briefly, noting differences of opinion. Use these differences to arouse interest in finding out more about topics.
35. Show the class some of the cartoons which appeared on unemployment and the depression during the 1930's. Discuss attitudes portrayed by cartoonist. (Also discuss the cartoonists' devices for trying to affect attitudes.)
36. Ask: Have you ever heard your parents or grandparents discuss the depression of the 1930's? What kinds of remarks have they made about it? What attitudes have they expressed?
37. Read aloud quotations or show pupils examples of references to the depression period in presidential elections after World War II. (Try to use recent as well as earlier elections.) Such quotations should show the impact which the depression had on people.

- S. Distinguishes between facts and estimates.
- G. A depression or recession results in unemployment.
- A. IS CURIOUS ABOUT SOCIAL DATA.
- G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.
- S. Is alert to incongruities, recognizes problems, and is concerned about them.
- G. Misallocation of resources costs consumers what they could otherwise have had. The alternative
- A. The depression led to mass unemployment, sharp reduction in wages and salaries and other income, much lower prices, many business and bank failures, and in general to a drastic reduction in GNP and in living levels. The period was marked by what some have called "A Paradox of Poverty in the Midst of Plenty."

38. If possible, have a pupil obtain photographs of the depression years from the local library. He should prepare bulletin board displays on one of the following topics: (a) The Farm Revolt of the 1930's, (b) Migrant Farmers of the 1930's, (c) Sharecroppers of the 1930's, (d) Unemployment during the Depression, (e) Depression Shantytowns. If such pictures are not available for posting, show a few photos of such scenes to arouse interest in the depression years.

39. Have pupils examine tables showing unemployment from 1929-1941 and the total number of workers who wanted work. Ask: What proportion of the workers were unemployed? Now cite other estimates of the total number unemployed. Ask: Why do you think these figures differ?

Daughtery, Under Growth, p. Merrill and Halsey to Economic Smolensky, Adjust and War, p.

Discuss: Suppose you had lost a job and had taken to selling apples on the street to earn a living. Should you have been counted among the unemployed? Would you have considered yourself unemployed? What other problems would arise in establishing criteria by which to judge whether or not a person is unemployed? In counting the number of unemployed?

Say: Suppose you were asked to describe the cost of this unemployment? What would you consider?

40. Have pupils read brief accounts of the effects of the depression on employment, wages, and business failures, and of the destruction or waste of food and fuel, etc. Discuss: Why has this period been described as a "Paradox of Poverty and Plenty?"

West, Merideth, Contemporary Shannon, ed., The pp. 26-28. Merrill and Halsey to Economic 18.

upil obtain photographs of the depression library. He should prepare bulletin board the following topics: (a) The Farm Revolt of the 1930's, (c) Share-croppers, (d) Unemployment during the Depression, and ghost towns. If such pictures are not available, use a few photos of such scenes to arouse interest in the subject.

Tables showing unemployment from 1929-1941 of workers who wanted work. Ask: What workers were unemployed? Now cite other workers who were unemployed. Ask: Why do you think they differ?

Suppose you had lost a job and had taken to selling your own produce to earn a living. Should you have been self-employed? Would you have considered yourself a business owner? What other problems would arise in establishing a business? How would you judge whether or not a person is unemployed? How do you measure the number of unemployed?

Students are asked to describe the cost of this depression. How would you consider it?

Give brief accounts of the effects of the depression on the economy, on business failures, and of the destruction of property, etc. Discuss: "Why has this period been called the 'Paradox of Poverty and Plenty?'"

Daughtery, Understanding Economic Growth, p. 94.

Merrill and Halsey, eds., Responses to Economic Collapse, p. 26.

Smolensky, Adjustments to Depression and War, p. 17.

West, Merideth, and Wesley, eds., Contemporary Problems, pp. 360-361.

Shannon, ed., The Great Depression, pp. 26-28.

Merrill and Halsey, eds., Responses to Economic Collapse, pp. 14-18.

cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

- G. A depression or recession results in unemployment.
- G. A depression or recession results in a rise of business failures and less than full use of existing productive resources.
- G. A depression usually results in a fall in prices.
- G. A long depression usually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.
- G. It is demand, backed by the ability and willingness to pay for goods at specific prices, which affects the market; people's wants do not affect the market unless they are turned into effective demand.

Smolensky, Adjustment to D
and War, pp. 5-17.
Leuchtenberg, Franklin Roc
the New Deal, pp. 1-3
22-30.
Bernstein, Lean Years, pp.
261.
Bird, The Invisible Scar,

41. Have a pupil draw a series of cartoons illustrating the reactions of people during the 1930's to the "Paradox of Poverty and Plenty."

- Smolensky, Adjustment to Depression and War, pp. 5-17.
- Leuchtenberg, Franklin Roosevelt and the New Deal, pp. 1-3, 18-19, 22-30.
- Bernstein, Lean Years, pp. 254-255, 261.
- Bird, The Invisible Scar, p. 107.

a series of cartoons illustrating the reactions
the 1930's to the "Paradox of Poverty and Plenty."

- G. Democracy does not bear up well in societies in which basic dissatisfactions with the social and economic institutions prevail and become the focus of political competition.
- S. Draws inferences from tables, graphs and charts.
- S. Checks on the completeness of data and is wary of generalizations based on insufficient evidence.
- S. Applies previously-learned concepts and generalizations to new data.
- G. Levels of living are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

The cartoons should be made large enough to post on the bulletin board, or they should be made on standard slides or on transparencies for projection.

42. Discuss the potential danger to democracy of a serious depression. Ask pupils to imagine that they had been unemployed and hungry while food was destroyed. Ask: How would you have felt? Now compare some of the percentages of U. S. unemployment with those in Germany when Hitler came to power. Very briefly point out what some have felt was the relationship between his rise and unemployment. What other kinds of political movements might the unemployed turn to? Suggest that pupils try to find out whether the depression years did see a rise in membership in such political groups or other radical groups of the left or right.

43. Have pupils examine a table showing what happened to the national income and to salary and wage income in this country from 1929 to 1941 or from 1929 until today. Ask: What does this table show about what happened to living levels? What else would we need besides the table on salaries and wages to decide what had happened to living levels?

Merrill and Halsey
to Economic C
Economic Report of
pp. 240-244.

Now show pupils a table showing consumer index changes for this period. Ask: What happened to real wages during the depression years?

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y should be made on standard slides or on trans-
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What happened to real wages during the depression

Merrill and Halsey, eds., Responses
to Economic Collapse, p. 27.
Economic Report of the Pres. 1965,
pp. 240-244.

- S. Increases accuracy of observation through use of indices.
- S. Checks on the completeness of data.

- G. Levels of living are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.
- G. People's ideas of what constitutes an adequate level of living on one hand or poverty on the other changes as average living levels change.
- S. Uses simple statistical devices for analyzing data.

44. The students should understand differences between current dollars and constant dollars. To demonstrate fluctuating prices, have the class construct a cost-of-living price index for their local community. Have each student select a few items about which he can gather price data from local stores. As this is gathered point out problems of sampling, regional and seasonal variations, etc.

Wallace, William S. "L
Our Own Cost-of-Li
Social Education,
pp. 283-284. Expl
local price index
constructed by student

45. Discuss any recent statements about poverty in this country and the kind of salary or wage needed to have a minimum standard of living at the present time. (Or have pupils try to decide what they think such a minimum must be in the local area and then have a pupil check with local relief agencies to find out what these agencies set as a basic figure.)

Weisbrod, Ec. of Poverty,
7-14.
Economic Report of the I
1965, pp. 240, 244,
206ff.

Now have pupils examine a table showing consumer price indexes for the period of the present day and the depression period of the 1930's. Have them also look at tables showing average wages per week in industry and in different occupations including farming during the 1930's. Have them figure out the change in prices from the depression days until now and work out a table on real wages for the depression period in terms of present-day prices. Have them compare these wages with those which they or local relief agencies think are bare minimums today. Ask: Do you think the average wages in different occupations met the needs for a minimum level of living as we would think of it today? Do you think that people's ideas about what is a minimum level of living might change? Why? As they study this unit, pupils should try to find out if the wage incomes of the 1930's met what people then thought of as a minimum standard of living.

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class construct a cost-of-living price index
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different occupations met the needs for a min-
imum as we would think of it today? Do you think
about what is a minimum level of living might
they study this unit, pupils should try to find
examples of the 1930's met what people then thought
standard of living.

Wallace, William S. "Let's Make
Our Own Cost-of-Living Index,"
Social Education, 13 (Oct., 1949),
pp. 283-284. Explains how a
local price index was con-
structed by students.

Weisbrod, Ec. of Poverty, pp. 1-3,
7-14.

Economic Report of the President
1965, pp. 240, 244, 223-226,
206ff.

46. Have a pupil construct a chart showing income distribution and a series of charts showing how much people in different income groups could buy in 1935-1936. He should show them to the class. Discuss charts in terms of what they indicate about living levels in this period.

See Appendix.

47. Have students examine a table of the number of retail stores in 1929 which had gone out of business by 1939. Ask: What does this data indicate about economic conditions? Also have pupils examine a table showing bank suspensions from 1929 to 1935.

"Selected Readings on
of the 1930's."
Merrill and Halsey, e
to Economic Coll
(Bank suspension

Discuss: What do you think these suspensions meant for the country as a whole? For the people who had money deposited in these banks?

48. Show and discuss the film: Bank Holiday Crisis of 1933.

Or have a pupil report on the bank crisis facing Roosevelt when he took office and his bank moratorium. Show pupils pictures of lines of people waiting to take money out of banks.

Film: Bank Holiday C
30 min., CBS Tel
tributed by Youn
Wersteip, National Fi
p. 112 (picture)
Leuchtenberg, Perils
Mitchell, Depression
Wecter, Age of the Gr

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See Appendix.

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"Selected Readings on the Depression of the 1930's."
Merrill and Halsey, eds., Responses to Economic Collapse, p. 29.
(Bank suspensions).

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Film: Bank Holiday Crisis of 1933, 30 min., CBS Television, Distributed by Young America Films.
Werstein, National Fights Back, ff. p. 112 (picture).
Leuchtenberg, Perils of Prosperity.
Mitchell, Depression Decade.
Wester, Age of the Great Depression.

- S. Distinguishes between facts and estimates.

- G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

- G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

- G. A depression or recession results in unemployment.

- G. A depression or recession results in a rise of business failures and less than full use of existing productive resources.

- G. A depression usually results in a fall in prices.

49. Project a chart or have a pupil prepare a chart showing the cost of the depression in terms of the value of what could have been produced during the depression period. Show another comparing this loss in production to the cost of all U. S. factories in a particular year or the present budget of the U. S., etc. Discuss: Why can we deal only with estimates here? How do you think these estimates were made?

Samuelson, Economics,
West, et.al., Contemp
p. 360.

50. Have a pupil read local newspapers for the last week of February and the first week of March, 1933 or for any two weeks in 1933, to locate information about how the depression affected the local area. He should report to the class on such things as prices (as seen in advertisements), unemployed, relief, bank failures, etc.

Use Public Library m

Or have a pupil investigate other sources on what happened in his own state and report to the class.

For Minnesota see:

Mayer, Political Car
Olson, pp. 107,
Leuchtenberg, Frankl
p. 95.

Time, April 16, 1934
Shannon, Great Depre

Or several pupils might prepare a booklet on "Our Community During the Depression Period" or "Our State During the Depression." They should include copies of newspaper articles which appeared at that time, and prepare their own articles summarizing what happened. Some of their information should be drawn from local reports and agencies such as relief agencies.

or have a pupil prepare a chart showing the cost in terms of the value of what could have been the depression period. Show another comparing this on to the cost of all U. S. factories in a particular present budget of the U. S., etc. Discuss: Why with estimates here? How do you think these es- le?

Samuelson, Economics, p. 224.
West, et.al., Contemporary Problems,
p. 360.

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Use Public Library newspaper files.

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For Minnesota see:

Mayer, Political Career of Floyd B. Olson, pp. 107, 123-128.
Leuchtenberg, Franklin Roosevelt,
p. 95.
Time, April 16, 1934, p. 18.
Shannon, Great Depression, p. 120.

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G. A long depression usually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.

G. It is demand, backed by the ability and willingness to pay for goods at specific prices, which affects the market; people's wants do not affect the market unless they are turned into effective demand.

S. Gains information through interviews.

S. Increases the accuracy of his observations through the use of questionnaires.

G. Different groups in society are affected differently by depressions and inflation. However, all groups are affected because of the interdependence of society.

B. Different groups in society are affected differently by depressions and inflation. However, all groups are affected by depressions because of the interdependence of society.

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B. Different groups in society are affected differently by depressions and inflation. However, all groups are affected by depressions because of the interdependence of society.

51. Have several pupils read sections of Middletown in Transition, on conditions in Middletown in the mid-1930's. They should tell the class how life in Middletown had changed since the earlier study of the 1920's.

Lynd and Lynd, Middletown in Transition.

52. Have students formulate some questions to ask their parents and/or grandparents about how the depression affected them and their families. Then have pupils interview parents and/or grandparents. Discuss their findings in class. Pupils will soon see that people were affected differently. Discuss possible reasons for the differences.

Or have several pupils interview some of the teachers in the school who are old enough to remember the depression clearly. Pupils might ask them how the depression affected them. Or they might interview several of the older highly respected members of the community and ask the same questions.

- G. People on fixed incomes can buy more with their money during periods of low prices and less in periods of inflation.
- G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.
- G. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.
- 1. Those on fixed incomes (savings, insurance payments, stable salaries) are usually helped by a drop in prices. However, many people in these groups lost savings in failures, lost insurance payments through failures of companies, and lost their jobs or sometimes were not paid though they continued to work (as in the case of Chicago teachers for some months.)

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1. Those on fixed incomes (savings, insurance payments, relatively stable salaries) are usually helped by a drop in prices. However, many people in these groups lost savings in bank failures, lost insurance payments through failure of insurance companies, and lost their jobs or sometimes were not paid even though they continued to work (as in the case of Chicago teachers for some months.)

Or invite a highly respected member of the community or older teacher to class to describe how the depression affected him and his family and friends.

53. Ask: What would happen to the real income of people who were on relatively fixed incomes--whose incomes did not drop when prices dropped drastically? Use the blackboard to help students understand what happens to real incomes of such groups.

Now ask: What groups would have relatively fixed incomes? What would be the sources of their incomes? From what you have studied so far, what do you think happened to those people during the depression? If necessary, remind the class of bank failures and failures of insurance companies. Give examples of the failure to pay certain groups such as the Chicago school teachers, etc. Ask students to look for examples of any people in such groups who lost incomes during the depression of the 1930's, as they read about the depression years.

- S. Draws inferences from tables.
- G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.
- G. Different groups in society are affected differently by depressions and inflation. However, all groups are affected because of the interdependence of society.
- G. A long depression unusually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.
- G. Debtors find it hard to pay back debts in periods of deflation when money is worth more and their income is less.
2. Those whose incomes usually change fairly rapidly go up or down are likely to lose more during a depression than those on fixed incomes.
3. Those who have borrowed money in good times find it hard to pay the money back when prices drop especially, if prices of things they sell or own drop more than prices of things they must buy.

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2. Those whose incomes usually change fairly rapidly as prices go up or down are likely to lose more during a depression than those on fixed incomes.

3. Those who have borrowed money in good times find it very hard to pay the money back when prices drop drastically, especially, if prices of things they sell or their wages drop more than prices of things they must buy.

54. Ask: What groups would tend to have their wages cut most quickly during a depression? Show pupils tables of changes in the consumer price index as compared to changes in wages in certain industries during the depression. Did wages go down more rapidly than the consumer price index or more slowly? What happened to living levels of people working in these industries?

Ec. Report of Pres., Jan., 1965
pp. 223, 234, 244.

55. Use figures on the chalkboard to show what happens to a person who has borrowed money in good times and now must pay it back in depression times. (Use farmers who borrowed money during World War I or during the 1920's as an example.) Ask pupils to look carefully to see what happened to farmers who were in debt as they study farmers during the depression.

See Appendix.

G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.

S. Sets up hypotheses.

G. People of all income levels may find themselves out of work in a serious depression, although unemployment is greatest among unskilled laborers.

4. Those who have loaned money out in the past are usually helped by a drop in prices, since the money is worth more. However, during the depression of the 1930's, many could not collect debts.

5. People in unskilled jobs were more likely to become unemployed than those in skilled jobs, white collar work, or professional work. However, the great interdependence brought about by the division of labor in our economy meant that all kinds of businesses suffered, and people in all types of occupations were unemployed during the depression of the 1930's. People in some general kinds of business were hurt worse since these businesses were hit hardest during the depression (e.g. construction industry workers, and workers of all kinds in durable goods industries.)

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56. Ask pupils to assume that they had lived during the 1920's and 1930's. They loaned some of their money to a farmer or some small or large businessman during the 1920's. Now prices have dropped, as the loan comes due. Would they gain or lose in terms of what the money repayment would buy? Why? Would they be sure of being able to collect the debt? Why or why not?

57. List general kinds of occupations on the board (e.g. unskilled workers, skilled workers, white collar workers such as clerks in stores, secretaries, etc., professional workers such as engineers, lawyers, doctors, management officials, etc.) Ask: Which of these general classifications do you think suffered the most unemployment during the 1930's? Why?

See Appendix.

Now project a table showing the distribution of unemployment among different groups or quote figures on this distribution. Ask: Do you think that people in some of the same general kinds of occupations were affected differently depending upon what business or industry they were engaged in? Why or why not? (e.g. Use construction and durable goods industries as examples.) Ask pupils to look for examples of unemployment among professional groups as they read during the next part of the unit.

Some figures are found
Depression Decade,

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See Appendix.

Some figures are found in Mitchell,
Depression Decade, pp. 97-98.

- S. Sets up hypotheses.
- G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.
- G. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.
- S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.
- S. Reads for main ideas or to answer questions.
- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.
6. Many of those in higher income groups found reduced by a greater percentage than those in lower income groups unless they lost because of the stock market crash, bank failures, or loss of jobs. Even those who enjoy relatively high incomes, were affected by taxes for government expenditures to overcome depression, and by taxes for local government services which are always higher for the poor (health, police protection).
- C. Serious depressions have both material and psychological effects upon the people who are affected most severely. The depression of the 1930's was so severe that private and state agencies were unable to care for all those needing relief.

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6. Many of those in higher income groups found their incomes reduced by a greater percentage than those in lower income groups. However, they still had more income left than those in lower income groups unless they lost everything because of the stock market crash, bank failures, business failures, or loss of jobs. Even those who continued to enjoy relatively high incomes, were affected indirectly by taxes for government expenditures to overcome the depression, and by taxes for local governments for general services which are always higher for the poor (e.g. fire, health, police protection).

C. Serious depressions have both material and psychological effects upon the people who are affected most seriously. The depression of the 1930's was so severe that private, local and state agencies were unable to care for all of those needing relief.

58. Show the class figures on the drop in income among upper income groups and lower income groups (among those who did not lose jobs). Ask: Which lost more in terms of the percentage of their incomes? Why? How else would those with higher incomes be affected adversely by the depression even if they kept their jobs or businesses? Let pupils set up hypotheses to be tested as they study the effects of the depression in the next part of the unit.

59. If possible, have each student read a book of non-fiction about the depression. Arrange a browsing period so that each can find a book which he would like to read. Earlier, give students an annotated reading list, so that they will know something about which books they would like to examine. Each pupil should turn in 3x5 cards giving his name, the book he is reading, and his reactions to the book.

See bibliography.

Students should be prepared to take part in class discussion of the topics covered by their books. For example, those who read books on unemployment should be prepared to discuss unemployment in terms of what they find in their book. Those who read about migrant workers, should be prepared to discuss this topic on the basis of what they read.

- S. Is alert to incongruities, recognizes problems, and is concerned about them.

- S. Checks on the accuracy of information.
- S. Checks on the bias and accuracy of authors and other sources.
- S. Checks on the completeness of data.

- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

- S. Checks on the accuracy of information.
- S. Checks on the bias and accuracy of authors and other sources.
- S. Checks on the completeness of data.

Give pupils general questions to guide their reading on each of the main topics covered by the different books (e.g. Unemployment, Youths During the Depression, Migrant Workers, Sharecroppers, Marginal Farmers of Other Types, Life Among Miners, etc.)

60. Hold a general class discussion on the question: How good is fiction as a source of historical information? (Discuss fiction as an example of protest movements or attitudes as well as accuracy of information.) Also discuss the problem of assessing the accuracy of novels, plays, and films. Ask: What must the author or producer do, given the time or page limitations? How should accuracy of fiction be evaluated?

61. Have students who read books of fiction write written reports. They should: (1) analyze the effects of the depression on individuals, (2) evaluate the book in terms of general accuracy, and (3) examine the book as an example of protest literature.

S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

S. Checks for main ideas.

S. Reads for main ideas or to answer questions.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

62. Have all pupils who are not reading specialized books on the unemployed, read brief selections on unemployment. The selections for students can be chosen in terms of each student's reading level.

Shannon, ed.,
pp. 10-1
80-92, 1

Swados, ed. The
and the Great
Wector, Age o
pp. 19,
Mitchell, Dep
98, 104.

Leuchtenberg,
pp. 24-2
Merrill and B
to Econo
24.

Bernstein, Th
332.

Chambers, ed.
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Ginzberg and
American
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206.

Bird, The Inv
40, 47-5

"Selected Rea
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Epstein, Ins
America,
210-211,

63. Hold a general class discussion on the effects of unemployment. Be sure to discuss psychological as well as physical or material effects. Ask: How did unemployment affect people's attitudes toward law and order? Radical movements? How did unemployment

See photos in
Roosevel
41, 14-1

who are not reading specialized books on the un-
brief selections on unemployment. The selections
be chosen in terms of each student's reading

- Shannon, ed., Great Depression,
pp. 10-15, 36, 41-54, 50, 82,
80-92, 110-120, 137-171.
- Swados, ed. The American Writer
and the Great Depression, Parts I, III.
- Wector, Age of the Great Depression,
pp. 19, 32-33, 38-40.
- Mitchell, Depression Decade, pp. 97-
98, 104.
- Leuchtenberg, Franklin Roosevelt,
pp. 24-26, 72-73, 74, 95.
- Merrill and Halsey, eds., Responses
to Economic Collapse, pp. 21-
24.
- Bernstein, The Lean Years, pp. 291-
332.
- Chambers, ed., New Deal at Home
and Abroad, pp. 57-68.
- Epstein, Insecurity: The Challenge
to America.
- Ginzberg and Berman, eds., The
American Worker in the
Twentieth Century, pp. 203-
206.
- Bird, The Invisible Scar, pp. 27-
40, 47-51, 59-63, 82-83.
- "Selected Readings on the Depression
of the 1930's."
- Epstein, Insecurity: A Challenge to
America, pp. 200-201, 204-209,
210-211, 215-219.

class discussion on the effects of unemployment.
uss psychological as well as physical or material
How did unemployment affect people's attitudes
order? Radical movements? How did unemployment

See photos in Lorentz, The
Roosevelt Year, pp. 2-3, 40-
41, 14-15, 60-61.

- S. Is alert to incongruities, recognizes problems, and is concerned about them.

- G. People of all income levels may find themselves out of work in a serious depression, although unemployment is greatest among unskilled laborers.

- S. Checks on the accuracy of information.

- S. Checks on the bias and competency of authors and other sources.

- S. Checks on the completeness of data.

- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

affect different groups within the population?

Use students who have done special reading as resource people during this discussion. Show pictures of unemployed, bread lines, selling apples, Hooverville's, etc. Also discuss the bias and competency of different authors and the limitations of data in different books.

Bernstein, The Lean Ye
following p. 306.
Wector, Age of the Gre
pp. 18-19.
Mitchell, Depression D
87, 110-111.

64. Show the film Valley Town. Have pupils compare what they find in the film on effects of unemployment with what they have read. Also discuss the causes of unemployment as shown in this film.

Film: Valley Town, N.

ent groups within the population?

who have done special reading as resource people
discussion. Show pictures of unemployed, bread
ing apples, Hooverville's, etc. Also discuss the
petency of different authors and the limitations
ifferent books.

Bernstein, The Lean Years, photos
following p. 306.

Wector, Age of the Great Depression,
pp. 18-19.

Mitchell, Depression Decade, pp. 86-
87, 110-111.

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the causes of unemployment as shown in this film.

Film: Valley Town, N.Y.U.

- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.
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- S. Checks the accuracy of information.
- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.
- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

65. Ask a social worker to come to class to talk about the psychological effects of unemployment upon the unemployed person. If possible, get someone who worked in a relief agency during the depression years of the 1930's.

66. You might read aloud the short story The Daring Young Man. Or have several pupils read it and tell the class about their reactions to the story. Discuss: Do you think that Saroyan was exaggerating things? Do you think that those who said "Nobody really starved in the U.S." were right?

Saroyan, Daring Young Man
Flying Trapeze

Shannon, ed., Great Depression
pp. 36, 45-46

Bernstein, Lean Years
332.

Wecter, Age of Reform
pp. 39-40.

"Selected Readings
of the 1930's"

If they have not done so before, have students read several accounts of serious malnutrition. Discuss: What effects would malnutrition have in addition to actual starvation?

67. Read aloud excerpts from articles on studies of the effects of slow starvation to show what happens to: (a) the ability and will to work under starvation conditions, (b) reactions to cold under conditions of starvation, (c) emotional reactions to others during conditions of starvation. Discuss: What implications do these studies made during World War II have for the effects of the depression upon the unemployed or the very poor?

"I Starved for Science"
Digest, Jan.

68. Project a graph showing marriage rates from 1900-1960 and age at marriage during this period. Ask: What happened to rates and age during the depression years?

"Supplementary Series"

ker to come to class to talk about the psychological
loyment upon the unemployed person. If possible,
worked in a relief agency during the depression
O's.

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r the very poor?

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this period. Ask: What happened to rates and
epression years?

Saroyan, Daring Young Man on the
Flying Trapeze.

Shannon, ed., Great Depression,
pp. 36, 45-48, 50-54.

Bernstein, Lean Years, pp. 291-
332.

Wecter, Age of the Great Depression,
pp. 39-40.

"Selected Readings on the Depression
of the 1930's."

"I Starved for Science," Reader's
Digest, Jan., 1947.

"Supplementary Set of Charts."

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

S. Identifies value-conflicts.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

69. Read aloud a quotation from the then President of Notre Dame to the effect that: "as a result of the depression, a great portion of the American public rediscovered the Home, rediscovered fire-side joys, rediscovered the things of the spirit." Now have a pupil report on the effects of the depression upon families.

Cavan and Ranck, the Depressi

70. A pupil might write an imaginary report of a federal investigator sent out by the President to study conditions among those receiving relief.

Epstein, Insecurit
Bernstein, Lean Ye
332.
Epstein, Insecurit
America, pp.
177-179.

71. Have a pupil imagine that he was an unemployed worker from 1930 until the defense program got underway in 1940. He should comment on the statement: "We must preserve the laissez faire system."

72. A pupil might write a Rip Van Winkle story of a worker who falls asleep in 1867 (or 1900) and wakes up in 1933. He should describe his reactions.

73. Have a pupil report on Gilfillan's I Went to Pit College or one of the other books on conditions in mining communities. Then have other pupils who have read about mining communities compare the data in the report with data in communities which they have studied.

Gilfillan, I Went
Davidson, South of
Moris, Plight of B
Miner.
Bernstein, The Lea
Ginzberg & Berman,
Worker in the
pp. 231-233.

tion from the then President of Notre Dame to "as a result of the depression, a great portion of the public rediscovered the Home, rediscovered fire, rediscovered the things of the spirit." Now have a list of the effects of the depression upon families.

Use an imaginary report of a federal investigator assigned to study conditions among those receiving

Use the case of a man that he was an unemployed worker from 1930 to 1940. He should comment on the program that got underway in 1940. He should comment on "We must preserve the laissez faire system."

Use a Rip Van Winkle story of a worker who falls asleep (1900) and wakes up in 1933. He should describe

Use Gilfillan's I Went to Pit College or one of the conditions in mining communities. Then have students read about mining communities compare the conditions with data in communities which they have

Cavan and Ranck, The Family and the Depression.

Epstein, Insecurity, pp. 172-179.

Bernstein, Lean Years, pp. 291-332.

Epstein, Insecurity, A Challenge to America, pp. 173, 174-176, 177-179.

Gilfillan, I Went to Pit College.

Davidson, South of Joplin.

Moris, Plight of Bituminous Coal Miner.

Bernstein, The Lean Years, Ch. 10.

Ginzberg & Berman, eds., The American Worker in the Twentieth Century, pp. 231-233.

S. Compares sources of information.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

S. Generalizes from data.

S. Checks on the bias and competency of authors.

S. Draws inferences from graphs.

G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

74. Have all pupils read Shannon on boy and girl tramps during the depression. If possible have a pupil give a report on Minehan's Boy and Girl Tramps of America or his simplified version of this account.

Have another pupil prepare and show charts on wages, hours, and conditions among child workers during the 1930's.

Another pupil might report briefly on Davis's study of attitudes of youth during the 1930's.

Discuss: What effect did the depression have upon the youth of America?

75. You might read aloud Adamic's short story "Girl on the Road." Discuss it as an example of the reactions of an author to events as well as of the conditions depicted. Ask: Do you think Adamic exaggerated conditions?

76. Have a pupil prepare several graphs to show what happened to farmers' production and incomes and to prices of what farmers sold and what they had to purchase during the 1920's. He should use these graphs in a report on "The Causes of the Farm Problem During the 1920's."

Shannon, ed.,
pp. 61-6
Minehan, Boy
America.
Minehan, Lone
Lumpkin & Dou
America,
Davis, The Lo
Ginzberg and
Worker in
pp. 217-
from Lum

This story is
Best, ed.

See Appendix.

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This is an example of the reactions of an author to events
and the conditions depicted. Ask: Do you think Adamic
describes the conditions?

A pupil prepare several graphs to show what happened to
production and incomes and to prices of what farmers
had to purchase during the 1920's. He should
include graphs in a report on "The Causes of the Farm Problem
in the 1920's."

Shannon, ed., The Great Depression,
pp. 61-65, 55-58.

Minehan, Boy and Girl Tramps of
America.

Minehan, Lonesome Road.

Lumpkin & Douglas, Child Workers of
America, (data for charts).

Davis, The Lost Generation.

Ginzberg and Berman, eds., The Am.
Worker in the Twentieth Century,
pp. 217-220 (includes excerpts
from Lumpkin).

This story is found in This Is My
Best, edited by Whit Burnett.

See Appendix.

G. Debtors find it hard to pay back debts in periods of deflation when money is worth more and their income is less.

G. Different groups in society are affected differently by depressions and inflation. However, all groups are affected because of the interdependence of society.

G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

Or have pupils examine a table or graph showing what happened to farm income from 1929-1939. Have them figure out the percentage of decline in farm income from 1929-1932. Now have them compare this drop with that in the drop in wages and salaries for the same years. Ask: Which group was harder hit? Have pupils compare a graph or table on farm income with a table or graph on prices which farmers had to pay for the goods they purchased.

Merrill & Hals
Economic
Smolensky, Ad
and War.

77. Have all pupils read on general farm poverty and the farm revolt. Show pupils charts on problems faced by farmers, particularly marginal farmers during this period. Discuss the effects of the depression on farmers in general, before going on to a more detailed study of sharecroppers and migrant farmers. Show photos on the farm revolt.

Shannon, ed.,
pp. 26-3
Shover, Cornb

Examine a table or graph showing what happened to farm income from 1929-1939. Have them figure out the percentage drop in farm income from 1929-1932. Now have them compare that in the drop in wages and salaries for the same period. Which group was harder hit? Have pupils compare a table on farm income with a table or graph on prices which farmers pay for the goods they purchased.

Merrill & Halsey, eds., Responses to Economic Collapse, pp. 27-28.
Smolensky, Adjustments to Depression and War, p. 50.

Read on general farm poverty and the farm revolt. Discuss the problems faced by farmers, particularly during this period. Discuss the effects of the farm revolt on farmers in general, before going on to a more detailed study of sharecroppers and migrant farmers. Show photos of the farm revolt.

Shannon, ed., The Great Depression, pp. 26-34, 120-127.
Shover, Cornbelt Rebellion.

- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

- G. Economic output is affected by the quantity and quality of productive resources (land or natural resources, labor, and capital goods), by the level of technology, and by the efficiency of the organizational structure.

- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

Wecter, Age of the Great Depression
p. 135.
Woofter, Seven Lean Years
Leuchtenberg, Franklin D. Roosevelt
pp. 23-24, 74, 94
See Lorentz, The Roosevelt Era
pp. 4-7, 26, 38,
photos.

78. Show the film And So They Live and discuss conditions of poverty in the Kentucky hill region during the 1930's. Also discuss the causes of this poverty.

Film: And So They Live
University.

79. Show slides or pictures on conditions among some of the marginal farmers in the pupils' own or neighboring states during the 1930's. Discuss the reasons for the poverty among these farmers.

Use microfilm of pictures
government agency
slides; or use pictures
local libraries.

Wecter, Age of the Great Depression,
p. 135.

Woofter, Seven Lean Years.

Leuchtenberg, Franklin Roosevelt,
pp. 23-24, 74, 94.

See Lorentz, The Roosevelt Years,
pp. 4-7, 26, 38, 41 for
photos.

And So They Live and discuss conditions of poverty
in the hill region during the 1930's. Also discuss the
poverty.

Film: And So They Live, New York
University.

Use pictures on conditions among some of the marginal
farmers' own or neighboring states during the
1930's. Discuss the reasons for the poverty among these farmers.

Use microfilm of pictures taken by
government agencies to make
slides; or use pictures from
local libraries.

- G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

- S. Is alert to incongruities, recognizes problems, and is concerned about them.

- S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

- S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

- S. Evaluates information in terms of accuracy.

- S. Compares sources of information.

- S. Checks on the bias and competency of sources.

- S. Checks on the completeness of data.

81. Now show the feature film: Grapes of Wrath. Discuss the film, calling upon those who have read books about migrant farmers to discuss whether or not the film is realistic or exaggerated. (Be sure to have pupils try to understand the point of view of farm owners in California and in Oklahoma as well as that of migrants.) Have those who have read the book Grapes of Wrath comment on ways in which it and the film differ. Have a pupil report how Steinbeck gathered data for his book and reported it in a pamphlet.. He should compare the conditions described in the pamphlet with the book or film. Read aloud McWilliam's description of Elk Grove Camp in Oklahoma City. Then show pupils a series of pictures or slides taken of migrant farmers during the 1930's. Discuss: Were the living conditions pictured in the film exaggerated?

Film: Grapes of Wrath
Steinbeck, Grapes of Wrath
Steinbeck, Their Blood is the Seed
French, ed., A Companion to the
Grapes of Wrath
McWilliams, Ill Fares the Land
pp. 205-206.

Use microfilm taken by
agencies to make slides
pictures from local libraries

feature film: Grapes of Wrath. Discuss the film, those who have read books about migrant farmers to whether or not the film is realistic or exaggerated. (Be sure the pupils try to understand the point of view of farm life in California and in Oklahoma as well as that of migrants.) Those who have read the book Grapes of Wrath comment on ways in which the book and the film differ. Have a pupil report how Steinbeck prepared for his book and reported it in a pamphlet.. He compared the conditions described in the pamphlet with the conditions in California. Read aloud McWilliam's description of Elk Grove in Oklahoma City. Then show pupils a series of pictures or photographs of migrant farmers during the 1930's. Discuss: Were the conditions pictured in the film exaggerated?

Film: Grapes of Wrath.
Steinbeck, Grapes of Wrath.
Steinbeck, Their Blood is Strong.
French, ed., A Companion to the
Grapes of Wrath.
McWilliams, Ill Fares the Land,
pp. 205-206.

Use microfilm taken by government agencies to make slides; or use pictures from local libraries.

- G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.
- S. Is alert to incongruities, recognizes problems, and is concerned about them.
- S. Compares sources of information.

- G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.
- S. Is alert to incongruities, recognizes problems, and is concerned about them.
- S. Generalizes from data.

82. Perhaps read aloud part of Ch. 25 in Steinbeck's Grapes of Wrath. Discuss: What does this chapter show about Steinbeck's attitudes toward the depression? Does he lay the blame on any group of people? Do you think that his last paragraph shows him to be a radical or Communist? Now have a pupil tell the class about Steinbeck's portrayal of Communists in his book, In Dubious Battle.

Steinbeck,
Steinbeck,

83. Have a pupil draw a cartoon depicting the idea of Chapter 25 in Steinbeck's Grapes of Wrath. Have him also draw a cartoon depicting the destruction from the standpoint of the farm owner.

84. Have a pupil who plays a guitar sing some of the songs of protest which were written during the depression period. Or have pupils listen to some of the songs on recordings. Or have them read some of the words to such songs.

Recordings
Folkways,
Greenway,

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Steinbeck, Grapes of Wrath.
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e of the songs on recordings. Or have them read
ords to such songs.

Recordings: Songs of the Depression,
Folkways. Talking Dust Bowl, Folkways,
Greenway, Am. Folksongs of Protest.

S. Generalizes from data.

S. Empathizes with others,
seeing things through
their eyes, whether he
accepts their viewpoints
or sympathizes with them
or not.

S. Generalizes from data.

G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.

Discuss: What do these songs show about the feelings of the people during the depression years?

Merrill and H
to Econo

85. A student who likes to draw or paint might create a pictorial representation or drawing of what the depression represents to him. For example, he might create a picture to represent the waste of food, unemployment, or impact of poverty upon migrants, etc.
86. Have each pupil imagine that he is one of the following: (a) an unemployed worker during the depression, (b) a sharecropper during the depression, or (c) a migrant farmer. He should write a letter to a friend, giving his reaction to a speech he heard a politician make to the effect that the U. S. was a rich country and that anyone who wished to could get a good job and work his way up in the world. The letters should be dated during the 1930's. Or, if the pupil imagines the individual as illiterate, he should write an article a newspaper reporter might have written after interviewing him about his reactions to the speech.
87. Now return to the question raised earlier (activity #58): How were those in upper income groups hurt by the depression? (Bring into the discussion such points as increased taxes to pay for local, state, and federal expenditures. Note the kinds of expenses which would increase for local governments.)

What do these songs show about the feelings of the
during the depression years?

Merrill and Halsey, eds., Responses
to Economic Collapse, pp. 24-25.

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For example, he might create a picture to represent
lack of food, unemployment, or impact of poverty upon
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worker during the depression, (b) a sharecropper
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where anyone who wished to could get a good job and work his
share of the world. The letters should be dated during the
depression, if the pupil imagines the individual as illiterate,
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to the question raised earlier (activity #58): How
did the upper income groups hurt by the depression?
In the discussion such points as increased taxes to
state, state, and federal expenditures. Note the kinds
of taxes which would increase for local governments.)

- G. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.

- S. Looks for relationships among events.

- S. Interprets tables.

- S. Generalizes from data.

- S. Generalizes from data.

- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

88. Show pupils tables on the vote cast for different Presidential candidates in 1928 and 1932. Ask: What happened to the vote for Hoover who was President when the depression began? What happened to the vote for Socialist and Communist candidates? How can you explain these changes?

89. Before ending this section of the unit, show pupils tables comparing industrial production in 1919 and in 1933. Ask: What happened to the consumption economy of the 1920's?

For industrial
Road Map of
1954.

90. Remind the class of the large increase in the middle class during the 1920's and the sharp rise in living levels and consumption goods during this period. Have students examine a graph showing earlier depressions in American history. Discuss: Why do you think this depression is frequently singled out as being the worst in American history? Why do you think the people of this country reacted so strongly against the President as a result of the depression?

Use tables on the vote cast for different Presidential candidates in 1928 and 1932. Ask: What happened to the vote for Hoover when the depression began? What happened to the vote for Socialist and Communist candidates? How can you explain these changes?

During this section of the unit, show pupils tables comparing industrial production in 1919 and in 1933. Ask: What happened to the consumption economy of the 1920's?

For industrial production, see:
Road Map of Industry, Jan. 15,
1954.

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- G. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.
- G. The fluctuations of different business cycles are similar in some respects and different in others.
- G. Business cycles vary in length and degree of fluctuation. Economists have noted smaller cycles within larger cycles. Moreover, some cycles show a drastic drop in business activity (a depression) and some show only a minor drop (a recession).
- V. Both internal and external factors are important in business fluctuations; however, the most important factor seems to be the level of investment in new capital.
 - A. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.
 - 1. Cycles vary in length and degree of fluctuation as well as in the relative importance of the factors causing upturns or downturns.
 - 2. Business cycles are commonly divided into periods of expansion (consisting of a period of rapid growth or prosperity) and periods of contraction (consisting of a period of crisis and then a period of recession.) However, it is not easy to distinguish one period from another.

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V. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

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A. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.

1. Cycles vary in length and degree of fluctuation, as well as in the relative importance of certain factors causing upturns or downturns.

2. Business cycles are commonly divided into periods of expansion (consisting of a period of revival and then prosperity) and periods of contraction (consisting of a period of crisis and then a period of depression or recession.) However, it is not easy to mark off one period from another.

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91. Remind students of the questions which they have been raising about why such a serious depression took place. Point out that they will now study the causes of depressions and of upswings in business. Define the meaning of the term business cycle and show pupils charts of: (a) actual changes in business activity over a period of years, showing minor fluctuations within broader cycles, (b) changes in business activity during the fall and rise of business activity from 1929 to 1945, (c) a smoothed out model of business cycle showing the different phases of the cycle, and (d) a smoothed out model of the cycle in the form of a circle. On the basis of what pupils already know, have them make a list of what happens to prices, sales, employment, etc. during the two phases in the downswing. They should add to this as they proceed with their study. Have pupils note the general trend in output despite the fluctuation.

Charts: Cleveland
Charts of "Business
History." "Statistics"
Charts."

Note: The particular activities used to develop this part of the unit will depend very heavily upon whether or not pupils have studied the ninth grade economics course in the Project Social Studies Curriculum. If they have, many of these activities can be omitted and the ideas reviewed rather briefly. If they have not, the teacher will need to use most of them to help pupils understand the causes of business cycle fluctuations.

the questions which they have been raising about depression took place. Point out that they will be aware of depressions and of upswings in business. Define the term business cycle and show pupils charts of changes in business activity over a period of years. (a) show fluctuations within broader cycles, (b) changes in business activity during the fall and rise of business activity (c) a smoothed out model of business cycle showing the different phases of the cycle, and (d) a smoothed out model of the cycle in the form of a circle. On the basis of what you have just said, have them make a list of what happens to production, employment, etc. during the two phases in the cycle. They should add to this as they proceed with their work. They should note the general trend in output despite the

Charts: Cleveland Bank & Trust Co.,
Charts of "Business Cycles in American
History." "Supplementary set of
Charts."

These activities used to develop this part of the course depend very heavily upon whether or not pupils have had a high school grade economics course in the Project Social Studies. If they have, many of these activities can be used and ideas reviewed rather briefly. If they have not, they will need to use most of them to help pupils understand the phases of business cycle fluctuations.

- G. Fluctuations in the business cycle are the result of changes in the circular flow of income.
- A. VALUES THE SCIENTIFIC METHOD AND RATIONAL THOUGHT AS APPLIED TO SOCIAL AS WELL AS TO NATURAL DATA.
- A. BELIEVES THAT THE SOCIAL SCIENCES CAN CONTRIBUTE TO MEN'S WELFARE BY PROVIDING INFORMATION AND EXPLANATORY GENERALIZATIONS WHICH HELP THEM ACHIEVE THEIR GOALS.
- S. Uses models to make sense out of complex data.
- G. The circular flow of income can be broken down into three general types of flows: between business and the public, between the government and the public, and between savers and investors.
- S. Uses models to make sense out of complex data.
- B. Fluctuations in the business cycle are the result of changes in the circular flow of income.
1. The circular flow of income can be broken down into three general types of flows: between business and the public, between the government and the public, and between savers and investors.
- a. Business buys productive resources (labor and natural resources) from the public and pays them wages, interest, and rent which the public uses to buy goods and services from business.
- b. The public pays taxes to government and the government provides services to the public and provides productive resources from the public.
- c. Many people save part of their income by putting it in banks which lend the money to business which in turn pays interest and eventually repays the loan.

B. Fluctuations in the business cycle are the result of changes in the circular flow of income.

1. The circular flow of income can be broken down into three general types of flows: between business and the public, between the government and the public, and between savers and investors.

a. Business buys productive resources (labor, capital and natural resources) from the public and pays them wages, interest, and rent which the public uses to buy goods and services from business.

b. The public pays taxes to government and the government provides services to the public and also buys productive resources from the public.

c. Many people save part of their income by putting it in banks which lend the money to business which in turn pays interest and eventually repays the loan.

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92. Tell the class that before they can analyze causes of depressions, they need to look at an economic model (in this case a diagram model) of a simplified version of how the economic system works.

Project a very simplified chart showing the flow of spending and money. This first chart should be pictorial, with the flow of goods to consumers, the flow of labor to plants, the flow of wages to workers (consumers), shown as "tubes" or "pipes" through which a liquid might flow. Now project a more abstract chart showing the same thing but with arrows or lines rather than tubes. Ask pupils what they think needs to be added to make this chart more realistic. Pupils will probably suggest a number of factors which might be added to it or which might be categorized under one of the existing labels (e.g. services along with goods). Or project more and more complicated charts or overlays (e.g. Project a chart with a box for the government and ask pupils to suggest flows to and from the government.)

Kapp and Kapp, A Guide to Economics.
Wagner, Measuring the Economy.

93. Tell pupils that economists call such diagrams models. Can they think why? (Perhaps show original model using tubes again.) Ask pupils to imagine it as a working model. Perhaps even project a

that before they can analyze causes of depressions, look at an economic model (in this case a diagram or a simplified version of how the economic system works.

A simplified chart showing the flow of spending and investment should be pictorial, with the flow of money, the flow of labor to plants, the flow of goods (consumers), shown as "tubes" or "pipes" through which things flow. Now project a more abstract chart showing the same thing but with arrows or lines rather than tubes. Ask the pupils what they think needs to be added to make this chart a more complete one. Pupils will probably suggest a number of factors to be added to it or which might be categorized under different labels (e.g. services along with goods). They may also suggest more complicated charts or overlays (e.g. showing the flow of money to and from the government and ask pupils to suggest ways to show it and from the government.)

Kapp and Kapp, A Graphic Approach to Economics.
Wagner, Measuring the Performance of the Economy.

What do economists call such diagrams models. Can they perhaps show original model using tubes again.) Ask the pupils to use it as a working model. Perhaps even project a

G. Measurements of the nation's economy or national income statistics and index numbers make it possible for people to evaluate economic policies, whether they are businessmen or government economists.

2. Economic growth and changes in business activity are difficult to measure; however, several statistical measures provide workable estimates which are of help to businessmen and to government officials.

S. Uses simple statistical devices for analyzing data.

picture of a working model or "Moniac." Now ask pupils what a model of a house or airplane is in reality. Does it include all of the things in a real house or airplane? What does it include? Why do pupils make models? Do people in industry or construction make models? What kinds? Why do they make them?

Help students to understand that the models may be simple or complicated, depending upon one's purpose and upon the need to simplify to understand. Models include important factors or essentials which are key to understanding how a house or an airplane will look or work. (e.g. One might make a model of a machine like a cotton gin just to show what it looked like from the outside or a more complicated model to show how it worked; however, it would never be as complicated as the real thing.) Ask: What are the advantages of models?

Point out that this kind of flow diagram is only one kind of model used by economists. Explain that they will see other types later, but that the essence of a model is simplification for easier study with focus upon certain key factors, holding certain other factors the same or temporarily assuming them the same. (Cite a simple example which is not in the form of a diagram.)

94. Tell the class that these models show the flow of goods and money but not the speed of flow. Return to the simple model showing tubes. Say: Suppose you wanted to put meters in to measure the flow. How could economists measure the speed of flow or fluctuations in the level of business activity? How could they measure changes in levels of living from one period to another such as 1900 to the present? (After all these models could represent an economic system of 1900 just as well as today or a system of 1928 just as well as 1938.)

- S. Categorizes data.
 - S. Uses simple statistical devices for analyzing data.
 - S. Sets up hypotheses.
 - S. Tests hypotheses against data.
- a. Gross National Product (GNP) is one of the most frequently used measures of our total output. This is everything (goods and services) produced in a year and is measured in terms of those who buy it:
 - 1) Cons.- Consumers (This is by far the largest part)
 - 2) Inv. - Investment (Bought by businesses).
 - 3) Gov't. - Government's purchases.
 - 4) NEx. - Net exports (Net amount bought by foreign countries - Difference between exports and imports.)

Ask pupils how they would measure fluctuations in business activity or in the business cycle? How could they measure changes in levels of living from 1800 to the present or from 1900 to the present? What kind of measures have they come across so far? Why might it be important for businessmen to be able to measure business activity? for the government to be able to do so?

Ask: How would you try to figure out the total production in the U.S. or the volume of flow of goods and money? (At first leave out the complication of production in terms of services.) How would you add production of autos to production of apples, etc.? How do you think economists might do this job?

If pupils do not suggest this method, point out that scientists add the money value of goods. Now suggest a number of goods which are used in producing a single product. Ask: How would you add these goods in arriving at production totals? Get pupils to analyze the problems faced and guess at ways of solving them. Now tell pupils how GNP is actually figured.

95. Ask: Who purchases goods and services in the U.S. (by broad classifications)? Make a list on the board as pupils offer suggestions. By appropriate questions, get pupils to add to the list. Then have them classify the suggestions into larger groups if they have listed many small groups.

Now ask: What proportion of the total national production do you think would be taken by personal consumers? What proportion by private domestic investment? by Government? by foreign countries?

Show pupils a chart illustrating the breakdown. Begin with a chart which uses just a few groups and then project a somewhat more detailed chart.

See Upgren and Sta
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See Uppgren and Stahrl, Ec. for You and Me.

Wagner, Measuring the Performance of the Am. Economy.

Heilbroner and Bernstein, Primer on Government Spending.

S. Uses simple statistical devices for analyzing data.

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G. Measurements of the nation's economy or national income statistics and index numbers make it possible for people to evaluate economic policies, whether they are businessmen or government economists.

b. Another way of measuring is to examine income received for producing the goods and services that receive income in the form of:

- 1) Wages and salaries.
- 2) Income of individual firms.
- 3) Profits of corporations.
- 4) Interest.
- 5) Rent.

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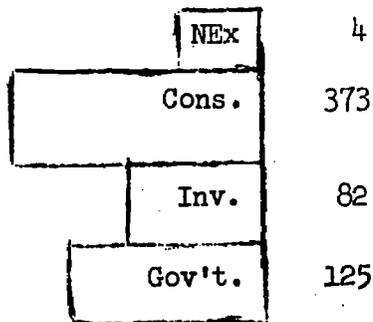
b. Another way of measuring is to examine the National income received for producing the product. People receive income in the form of:

- 1) Wages and salaries.
- 2) Income of individual firms.
- 3) Profits of corporations.
- 4) Interest.
- 5) Rent.

96. To dramatize components of the GNP have four boxes (one each for C, I, G, and NEx) of proportional sizes. Discuss what types of products and services go into each box. After this stack the boxes to show the "piling up" of GNP.

(GNP 1963 estimate 584)

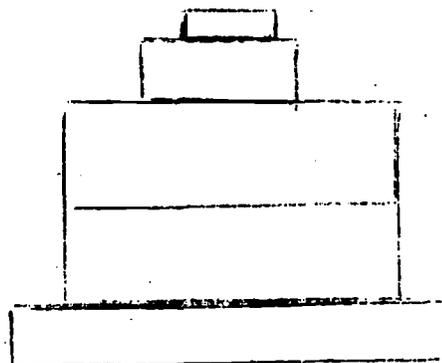
In 1963 Billions of \$'s



97. Since students have seen "boxes" used for GNP analysis, have a committee of students make a similar presentation for national income.

Have able students figure out the reason for the discrepancy between the total figures of the two "loops" of the flow chart.

12
24
51
51
340



Rent
Interest
Corp. Profits
Bus., Prof. and Farm Incomes
Wages

c. There are other measures which are also common as a measure of growth. Net National Product is less than the Gross National Product by an amount equal to depreciation, (that which wears out). Income (NI) is less than NNP by an amount equal to Indirect Taxes.

S. Uses simple statistical devices for analyzing data.

G. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.

G. Living levels do not rise unless output of production grows at a faster rate than population.

S. Uses simple statistical devices for analyzing data.

d. A growing population requires a proportionate increase in goods and services just to "stay even." A standard of living would require an even higher rate of growth. Accurate measures of economic growth require National Product figures to be stated on a per capita basis.

- c. There are other measures which are also commonly used as a measure of growth. Net National Product (NNP) is less than the Gross National Product by an amount equal to depreciation, (that which wears out). National Income (NI) is less than NNP by an amount equal to Indirect Taxes.

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- d. A growing population requires a proportionate growth in goods and services just to "stay even." A higher standard of living would require an even higher rate of growth. Accurate measures of economic growth require National Product figures to be stated on a per capita basis.

In a summary discussion, have students explain why the dollar value of all the goods and services produced in a year must be about equal to the dollar value of income received. Also discuss: How could such statistical measures help economists and businessmen?

98. Briefly describe some other measures pupils may come across such as NNP.

99. Using one of the statistical sources mentioned in the bibliography, have a student graph GNP from 1900 to the present (or other suitable time period.) Have him make the chart large enough so that it can be displayed prominently in class and used in a class discussion.

Or see Robinson, Ec
p. 49.

100. Have a student make a chart of GNP per capita over the same time period chosen for activity #99. Compare charts to initiate a discussion of the necessity of using per capita figures in measuring economic growth. Ask: What difference does it make whether we state just GNP or GNP per capita? Take current figures for GNP and population. Have students divide population into GNP to get per capita figure. Have them rework the problem, assuming GNP stays about the same and population doubles (and vice versa.)

Or see Wagner, Measu
Performance of
p. 10.

Every discussion, have students explain why the dollar value of goods and services produced in a year must be about equal to the dollar value of income received. Also discuss: How could statistical measures help economists and businessmen?

Describe some other measures pupils may come across such

of the statistical sources mentioned in the bibliography, student graph GNP from 1900 to the present (or other suitable period.) Have him make the chart large enough so that it can be viewed prominently in class and used in a class discussion.

Or see Robinson, Ec. Growth,
p. 49.

Student make a chart of GNP per capita over the same time period as chosen for activity #99. Compare charts to initiate a discussion of the necessity of using per capita figures in measuring growth. Ask: What difference does it make whether we use total GNP or GNP per capita? Take current figures for GNP and population. Have students divide population into GNP to get a figure. Have them rework the problem, assuming GNP constant but the same and population doubles (and vice versa.)

Or see Wagner, Measuring the Performance of the Economy,
p. 10.

- G. It is difficult to compare GNP or living levels over time because of the differences in the quality and variety of goods produced in different periods.
- e. Other aspects of economic growth are to measure. Along with growth in the great changes in leisure time, quality
- G. The value of money varies, depending upon what it can command in exchange. When prices rise, the value of money falls; when prices fall, the value of money rises. Thus even money is not a perfect storer of value.
- f. Since prices fluctuate, National Product must be adjusted for dollar value to measure.
- S. Uses simple statistical devices for analyzing data.
- S. Recognizes limitations of data.

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f. Since prices fluctuate, National Product figures must be adjusted for dollar value to give a "real" measure.

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101. Use pictures to show economic growth on the "quality" side (i.e. a picture of a model T Ford next to a 1968 Ford, a kerosene lamp next to an electric lamp). Initiate a discussion on such change, with students using their own examples. Ask: How does one measure growth in terms of these changes? Ask the students to think of goods and services which, even though we had the per capita GNP dollar value we have today, could not have been purchased 50 years ago. Use this as a springboard to the discussion of the quality and variety aspects of growth.

102. Project a graph showing changes in GNP from 1929 to 1940. Ask: How much did GNP drop from 1929 to 1933? Do you see anything wrong in saying that GNP dropped by almost 50%? Why or why not? If pupils do not point out the change in price level, ask: In the light of what you have learned about how GNP is measured, what should we do to these figures to get a more accurate estimate of how much production actually dropped? How much did prices drop in this period? Have pupils compute real GNP for these years. Now use a China marking pencil to draw in a new line to show the change in GNP corrected for changes in prices.

103. Have pupils compute real GNP per capita for these same years. Have them graph this data. Compare the graph with a graph showing change in real GNP.

104. Have a pupil read and report to class (using a chart) on the problems involved in using different indexes such as GNP, FRB, Unemployment, Consumers Price Index, etc.

Smolensky, Adjustment and War, p. 19
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Smolensky, Adjustment and War, p. 19
Robinson, Ec. Growth

Ryche, ed., Beg. Re
pp. 351-357.

U.S. News, March 14

show economic growth on the "quality" side (i.e. a 1968 Ford next to a 1933 Ford, a kerosene lamp next to a kerosene lamp). Initiate a discussion on such change, using their own examples. Ask: How does one measure the value of these changes? Ask the students to list goods and services which, even though we had the per capita income we have today, could not have been purchased in 1933. Use this as a springboard to the discussion of the various aspects of growth.

showing changes in GNP from 1929 to 1940. Ask: How much did GNP drop from 1929 to 1933? Do you see anything that GNP dropped by almost 50%? Why or why not? Point out the change in price level, ask: In what way have you learned about how GNP is measured, and how do these figures to get a more accurate estimate of production actually dropped? How much did prices drop? Have pupils compute real GNP for these years using a China marking pencil to draw in a new line to show GNP corrected for changes in prices.

compute real GNP per capita for these same years. Have students compare the graph with a graph showing real GNP.

and report to class (using a chart) on the results of using different indexes such as GNP, FRB, and Consumers Price Index, etc.

Smolensky, Adjustments to Depression and War, p. 15.
"Supplementary Set of Charts."

Smolensky, Adjustments to Depression and War, p. 15.
Robinson, Ec. Growth, p. 49.

Ryche, ed., Beginnings in Ec., pp. 351-357.
U.S. News, March 14, 1952, pp. 72-76.

- G. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.
 - G. Savings (or forgoing present consumption) are required for investment or capital formation.
 - G. The motive for saving may be to provide for future security rather than to make more money because of interest rates. People may save even when interest rates are low.
 - G. The money saved by private consumers and put into banks becomes a source for possible investment by those who borrow the money to make capital goods.
- 3. Capital formation through saving is increasing an economy's total output; it increases productive capacity.
 - a. Savings (forgoing present consumption) for investment or capital formation.
 - b. The money saved by private consumers becomes a source for possible investment; those who borrow the money to make capital goods.

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3. Capital formation through saving is a major means of increasing an economy's total output over time, because it increases productive capacity.

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b. The money saved by private consumers and put into banks becomes a source for possible investment by those who borrow the money to make capital goods.

105. Project a chart which shows the money flow as though it were flowing through pipes. Include a pipe which drains off savings. The chart should picture a pump which can be used to pump the savings back into the system in the form of investments.

Samuelson, Economic

106. Illustrate the necessity for saving in order to have something for investment. If a person spends his entire income today he has not saved any for tomorrow and could not buy materials to make a tool or buy a machine, etc.

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Have the students think of slogans or admonitions regarding savings. For example: "A penny saved is a penny earned," "Tuck-abuck-a-day-away," "Save for a rainy day," etc. Discuss: Why do people save money in our society?

107. Discuss: How does the return for money saved tend to influence the desire to save? How do savings get turned into investment?

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through pipes. Include a pipe which drains off savings.
Should picture a pump which can be used to pump the
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Samuelson, Economics, p. 224.

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The Industrial Relations Center of
the Univ. of Chicago, Capital:
Key to Progress.

students think of slogans or admonitions regarding
saving. For example: "A penny saved is a penny earned,"
"Don't spend a day away," "Save for a rainy day," etc. Discuss:
How do people save money in our society?

How does the return for money saved tend to influence
the decision to save? How do savings get turned into investment?

- G. Capital investment through savings is a major means of increasing output, because it increases productive capacity.
 - G. Net investment or capital formation involves an increase in real capital such as machines, equipment and buildings.
 - G. Investment in technological research and development may lead to higher levels of technology and so to greater productivity because of more or better quality of consumers' or capital goods.
 - G. Fluctuations in the business cycle are the result of changes in the circular flow of income.
 - G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.
 - S. Sets up hypotheses.
- 4. Aggregate demand must be enough to an economy can produce if the economy is to operate at full capacity.
 - a. A drop in consumption by one of the consumers does not lead to a decrease in business production if it is offset by an increase in the production of other factors. If the economy is to operate at full capacity, a drop in consumption by one of the consumers does not lead to a decrease in business production unless it exceeds investment in other factors.

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4. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.
 - a. A drop in consumption by one of the groups which buys goods and services does not cause a drop in business production if it is offset by increased production of other factors. Increased savings by consumers does not lead to a decline in business activity unless it exceeds investment.

108. From interviews with local businessmen or from corporate financial reports, the students should find numerous instances of the types of things businesses buy when they "invest." Try to obtain at least one or two examples from each of the areas of factories, machines, tools, inventories. How do the managers of this business think that such investment will increase its growth?

109. Now return to the model in activity #105. Discuss: What would happen if the savings were not reinvested? What might lead people to invest their savings? What might prevent investment of savings?

G. Fluctuations in the business cycle are the result of changes in the circular flow of income.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

G. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.

G. In a mature economy, high consumption and high investment work together; low consumption leads to low investment since business is unlikely to invest savings unless it thinks it can sell goods.

G. In general, people wish to sell their labor, land, or capital for the highest incomes possible in order to obtain the largest amount of desired goods and services possible.

b. A drop in demand by one group may lead to a drop in demand by one or more of the others. In a mature economy, low consumption leads to low investment, since business is unlikely to invest savings unless it thinks it can sell goods. Increased consumer savings at the expense of consumer expenditures could lead to a drop in investment in a mature economy.

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b. A drop in demand by one group may lead to a drop in demand by one or more of the others. In a mature economy, low consumption leads to low investment, since business is unlikely to invest savings unless it thinks it can sell goods. Thus increased consumer savings at the expense of consumer expenditures could lead to a drop in investment in a mature economy.

110. Have students read an account of an imaginary potato community in which saved potatoes are not reinvested. Once again project the model used in activity #105. Ask: Do you wish to change your minds about what you said in activity #109? Why can we call the community a model?

West, et. al.
Problem

111. Students should realize that not all savings are invested. Someone must be willing to borrow before savings can be turned into capital goods. This "risk taking" is directly related to the profit motive. Have the students investigate several corporation financial reports to see how much was invested during the year and why. Ask: How much was borrowed outside the corporation? How much of the earnings of the corporation were "plowed back" into additional investment instead of being issued to stockholders as dividends (which they, in turn, could have either spent for consumption or saved)? How do the businessmen expect this investment to increase sales and profits? Under what conditions would you as a businessman hesitate to borrow? Why?

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Students read an account of an imaginary potato community in which saved potatoes are not reinvested. Once again project the results of activity #105. Ask: Do you wish to change your model? What about what you said in activity #109? Why can we call the potato community a model?

West, et. al., Contemporary Problems, pp. 373-374.

Students should realize that not all savings are invested. Some businesses are willing to borrow before savings can be turned into capital. This "risk taking" is directly related to the profit motive. Have the students investigate several corporation financial statements to see how much was invested during the year and why. How much was borrowed outside the corporation? How much of the savings of the corporation were "plowed back" into additional investment instead of being issued to stockholders as dividends? How, in turn, could they have either spent for consumption or investment? How do the businessmen expect this investment to increase profits? Under what conditions would you as a businessman be willing to borrow? Why?

New York Stock Exchange, How to Read a Financial Report.
New York.

- G. Division of labor and specialization make possible increased production but also lead to greater interdependence.
- G. Money is wanted for what it can buy; paper money has no value in and of itself.
- G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the money on deposit. By granting loans, they can create new money.
- S. Generalizes from data.
- G. Barter is inefficient; the development of a monetary system promotes exchange and so a division of labor and greater productivity.
- G. Money makes exchange easier than barter does since many objects which people might want to trade are not of equal value, do not last well, cannot be divided, or are hard to transport. Money serves as a medium of exchange, as a measure of value, and as a storer of value, and it is divisible.
- C. Specialization and division of labor lead to greater dependence as well as increased production. This dependence makes private economic systems highly susceptible to business fluctuations.

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C. Specialization and division of labor lead to greater inter-
dependence as well as increased production. This inter-
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112. If pupils have not had the ninth grade course on economics, you may wish to show them some of the filmstrips of an imaginary economy based on the book Enterprise Island. Do not show all of the filmstrips at once. At this point, you might show the first one which explains the effects of a division of labor and specialization and the advantages of money. Be sure to discuss the effects of specialization and what money really is. Discuss: What would happen if all of the paper money in the U.S. were abolished? Would the country be poorer than it was before? As you show the filmstrip of Old Jo loaning the money as a banker, have pupils note the basis on which he loans it. What happens to the money supply? to the turnover or velocity of money?

113. Or prepare a series of cut-out pictures of articles which a person might own or raise (e.g. a pound of butter, a cow, a plow, a radio). Prepare enough cut-outs for each student. Then divide the class into groups of 6 or 7 students each. On each cut-out, indicate in pencil the number of such items which the producer owns and can exchange for other items. They should try to obtain goods they may want to barter.

After letting groups barter for a few minutes, hold a class discussion. What problems arose in bartering? (Be sure to discuss such things as the lack of divisibility of some products which were more expensive than others; the difficulty of making exchanges through barter when one man may want a product produced by a second man who does not want the product produced by the first man but rather a product produced by a third man.) Also discuss:

If we not had the ninth grade course on economics, you show them some of the filmstrips of an imaginary island on the book Enterprise Island. Do not show all the strips at once. At this point, you might show the strip which explains the effects of a division of labor and specialization and the advantages of money. Be sure to discuss the effects of specialization and what money really is. Discuss what would happen if all of the paper money in the U.S. were destroyed. Would the country be poorer than it was before? As you show the filmstrip of Old Jo loaning the money as a banker, note the basis on which he loans it. What happens to the velocity of money?

Filmstrip: Basic Economic Series,
E.B.F.

Prepare a series of cut-out pictures of articles which a student can own or raise (e.g. a pound of butter, a cow, a plow, etc.). Prepare enough cut-outs for each student. Then divide the class into groups of 6 or 7 students each. On each cut-out, have the student pencil the number of such items which the producer is willing to exchange for other items. They should try to obtain the items they may want to barter.

After the trading groups barter for a few minutes, hold a class discussion. What problems arose in bartering? (Be sure to discuss such things as the lack of divisibility of some products which were more difficult to barter than others; the difficulty of making exchanges when one man may want a product produced by a second man who does not want the product produced by the first man but rather a product produced by a third man.) Also discuss:

G. The value of money varies, depending upon what it can command in exchange. When prices rise, the value of money falls; when prices fall, the value of money rises. Thus even money is not a perfect storer of value.

G. Prices are affected by changes in supply and demand, and price changes affect supply.

2. Prices are affected by changes in supply and demand, and price changes affect supply.

Suppose these are real products. You own butter but do not want to spend all of your pounds of butter now for other goods. You want to save enough so you can buy a larger object later. What problems might arise? Or suppose you had to take butter with you to barter for goods in stores in this city. What problems would arise? What advantages does some kind of money system have over barter? Why does money fail to be a good storer of value at times?

114. If pupils have not had the ninth grade course in economics, it will be necessary to teach them something about the effects of supply and demand upon prices. (Otherwise, just review ideas at this time.) Several devices may be used to teach the meaning of demand and the effects of changes in demand and supply.
- a. You might give pupils play money and ask them to decide how much they would offer you if you had just enough 10¢ candy bars in class to go around the class. Perhaps some pupils don't want candy bars. (Use cut-outs of candy bars posted on cardboard to illustrate supply.) Therefore, you have several left. Will any pupils buy them at the same price? Suppose it is just after breakfast. Will they buy them? Imagine rather that it is in the middle of the afternoon, or that they have been kept after school and have missed supper, or that there has been a blizzard which has marooned them in school with no other food in the school. Discuss how much pupils would pay and what teacher would do to the price in each of these cases. Now consider these cases again if the teacher has only half enough candy bars to go around or only five candy bars. What happens if the price goes up drastically? Some may not be able to pay as much as others and so will lose the candy bars. Is there less demand?

- S. Sets up hypotheses.
- G. Division of labor and specialization make possible increased production but also lead to greater interdependence.
- S. Uses models to make sense out of complex data.
- D. Although each business cycle differs somewhat from other cycles, cycles tend to have certain things in common. An idealized model of different phases of the cycle helps one identify factors causing changes in business activity.

(At this point make sure that pupils understand the difference between wants and demand. You might even graph the supply and demand for these fake candy bars under different conditions. Point out that economists do not call it a change in demand when demand is less at higher prices than at lower prices. The economists talks about a change only when the demand changes at the same price.)

- b. Show pupils several of the filmstrips on Enterprise Island which deal with the effects of supply and demand.
- c. Use the simulation games developed for the ninth grade course to show demand, supply, and prices.
- d. Project a graph showing several supply and demand curves and show how prices are affected by supply and demand.

Filmstrip: Basic Econo
E.B.F.

See my economics text.

115. Discuss: Why would a private economy with a high degree of specialization and division of labor be more likely to have sharp fluctuations in business than an economy with a lower degree of specialization? (Have pupils set up hypotheses.)

116. Project a chart showing the business cycle, with the cycle divided into 8 different phases, each phase numbered. Tell pupils that they will examine what happens during each of these phases. (Point out that cycles differ, but that this is fairly good description of tendencies). (Each time you show one of the transparencies on a particular phase of the cycle, project this same chart showing the whole cycle, so that pupils will remember just where the smaller chart fits into the cycle.

"Supplementary Set of C

make sure that pupils understand the difference between supply and demand. You might even graph the supply and demand for candy bars under different conditions. Point out that a change in price does not call it a change in demand when demand is higher at higher prices than at lower prices. (The economist talks only when the demand changes at the same price.)

Several of the filmstrips on Enterprise Island which show the effects of supply and demand.

Filmstrip: Basic Economics Series,
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Activities and games developed for the ninth grade course to illustrate supply, demand, and prices.

When showing several supply and demand curves and show how they are affected by supply and demand.

See my economics text.

Would a private economy with a high degree of specialization of labor be more likely to have sharp fluctuations than an economy with a lower degree of specialization? (Set up hypotheses.)

Showing the business cycle in a circle, with the cycle divided into 8 different phases, each phase numbered. Pupils will examine what happens during each phase. (Point out that cycles differ, but that there are good descriptions of tendencies). (Each time you show a transparency on a particular phase of the cycle, show the chart showing the whole cycle, so that pupils can see where the smaller chart fits into the cycle.

"Supplementary Set of Charts."

- G. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is, change in one direction tends to build up pressures which bring about a reversal of direction.
- S. Applies previously-learned generalizations.
- S. Sets up hypotheses.
- G. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.
 - 1. As inventories are used up, demand will exceed supply, prices will rise, and production will contract.
- G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.
 - 2. Since banks are not required to keep reserves on hand against deposits, they create much of the deposits. Consequently, they create new money in the form of checking account deposits. By granting a loan and creating a checking account for a borrower, the bank starts the creation of almost five times as much checking account money as the original deposit. Consequently, by increasing loans, banks contract the money supply and so affect prices.
- G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By reducing loans, banks contract the money supply and so affect prices.

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2. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By granting a loan and creating such a deposit for a borrower, the bank starts a process which leads to the creation of almost five times as much checking account money as the original loan. By reducing loans, banks contract the money supply and so affect prices.

117. Project a chart labeled phase 8 of the cycle, in which the cycle is at the bottom of a depression and certain factors are building up to bring about a reversal or upswing in business activity. Begin at the top of the chart and work down. Cover all but one line at a time, and ask pupils what they think would be true about this particular factor. e.g. Why would there continue to be some demand for goods at this phase of the cycle despite such heavy unemployment? Would GNP be low or high at this phase of the cycle? Why would costs of production be low during this phase? etc. Interrupt the showing of the chart on phase 8 at the appropriate points to do the following:

- a. Show a chart on inventories from 1929 to 1940. Ask: At the bottom of the depression in 1933, how did production compare with total sales? What did this ratio do to inventories? (Be sure that the term inventory is defined before you show pupils this chart.)
- b. Help pupils understand more clearly how banks affect the money supply. You might also project several charts to show how deposits in banks can be loaned out, how much banks can loan at different reserve ratios, and how loans through the creation of checking account deposits can tend to create far more check book money than the original loan.

"Supplementary Set of C

Filmstrip: Basic Econ
Use table in Samuelson
p. 277.

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"Supplementary Set of Charts."

Filmstrip: Basic Economics Series, E.B.F.
Use table in Samuelson, Economics,
p. 277.

S. Generalizes from data.

G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By reducing loans, banks contract the money supply and so affect prices.

- c. Say: Suppose I were to give you my personal check for \$25.00. Would you accept it? Why? Point out that the check "stands for" money and hence is readily accepted. Draw a diagram showing how a transfer from one account to another results when the student deposits the check to his account. Note that no actual cash changes hands.
- d. Have the students think of (or investigate) numerous examples in the local community where money has been "created." (Commercial bank loans to firms against which checks can be written, purchases of securities, etc.) Make it clear that savings banks do not have a checking function and hence are not creators of money as are commercial banks.
- e. Instead of activity #b, have 5 small groups in class act as different banks: A,B,C,D, and E. Give another pupil play money of \$1,000. He should deposit it in Bank A. Then have Bank A figure out, using present reserve requirements, how much it can loan out to student no. 2 who wants a loan. Let it give student 2 this loan in terms of a checking account. Have student 2 pay with a check for goods he purchases from student 3. Have student 3 deposit the check in his bank (B). Now let Bank B loan out money on the basis of this deposit to student 4, etc.

Continue this process and then add up the total amount of money created on the basis of the original deposit with Bank A. Perhaps go through this process again, letting banks loan out money in differing amounts to three or four students at a time. Let some of the students use checks they receive to pay for services from other students. Again figure out what has happened to the expansion of money and note the effects of velocity even with check book money.

- f. Diagram (or have a student diagram) the "clearing house" function of banks when accounts are settled by checks. Or, visit a bank or have a banker describe this function. Or divide the class

S. Applies previously-learned concepts and generalizations.

S. Sets up hypotheses.

G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By reducing loans, banks contract the money supply and so affect prices.

G. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.

S. Applies previously-learned concepts and generalizations.

3. A small change in the direction of recovery tends to bring about further changes which promote recovery and a rise in production.

into several committees called banks. Have other students write and deposit checks. Have the committees perform clearing house functions.

- g. Show pupils a chart showing the quantity of money of different types, including check book money (for some one year).
- h. Once again show pupils the chart of phase 8. Ask: What tends to happen during this phase to bank loans? Have two pupils role play a meeting between a businessman and a banker during this stage of a cycle. Let them assume that the bank is in good condition and has considerable sums of money in reserve. They should discuss the bank loan which the businessman requests.

"Supplementary Set of Charts."

Return to the chart. Ask: What would happen to money supply during this stage in a cycle? Why? What might be true of the psychology of businessmen? Why?

118. Now turn to the chart on phase 1 of the cycle showing the beginning of the upturn in business activity. Have pupils examine this chart, beginning at the bottom and gradually moving up the chart. Cover all but one item at a time, and ask pupils what they think would happen to this factor during this phase of the cycle. Interrupt the showing of this chart at the appropriate points to do the following:

"Supplementary Set of Charts."

S. Sets up hypotheses.

G. Changes in business activity during a business cycle tend to be cumulative; that is a small change in one direction tends to cause further changes in the same direction.

G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.

G. When productive capacity in a plant has not been used to capacity, an increase in production will result in lower costs per unit produced, since fixed costs can be divided among more units produced.

G. Since labor costs are usually set by long-term wage agreements, labor costs tend to rise more slowly than prices and decline more slowly than prices.

S. Sets up hypotheses.

a. During an upward swing in the business cycle, prices tend to rise faster than costs, thus providing wider profit margins.

1) When productive capacity in a plant has not been used to capacity, an increase in production will result in lower costs per unit produced, since fixed costs can be divided among more units produced.

2) Since labor costs are usually set by long-term wage agreements, labor costs tend to rise more slowly than prices.

- a. As you come to the factor of costs on the chart in phase 1, project several other charts which show how costs of production may decline as production in partly-unused factories increases. (Be sure pupils understand how overhead costs are divided among more and more units of production to lead to lower unit costs.)

Show pupils a graph which illustrates the way in which costs tend to lag behind prices during an upswing in business activity and tend to fall more slowly than prices during a downswing. Tell pupils they will come back to this chart later. At this point, ask: What would happen to profits during this early phase of the upswing in the cycle? What effects would this change in profits have? (Upon investment, upon inventories? etc.)

Samuelson, Economics, p. 443.
"Supplementary Set of Charts."

- S. Applies previously-learned concepts and generalizations.
- S. Sets up hypotheses.
- G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.
- G. Prices are affected by changes in supply and demand, and price changes affect supply.

- S. Sets up hypotheses by applying previously-learned generalizations.
- G. Changes in business activity during a business cycle tend to be cumulative; that is, a small change in one direction tends to cause further changes in the same direction.
- G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.

- b. Return to the chart on phase one of the cycle and continue to work upward on the different factors until you come to the section on money supply. Then have two pupils again role play a meeting between a businessman who wants a loan and his banker. Let them discuss why he wants a loan at this point and whether or not he can expect to repay it to the bank. Afterwards, ask: What would tend to happen to the money supply in this phase of the cycle? Why? How would this cycle affect prices?

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119. Now project the chart showing phase 2 of the cycle. Again work from the bottom of the chart upwards, covering all but one item at a time. Ask pupils to guess what would happen to each factor during this phase of the cycle.

"Supplementary

the chart on phase one of the cycle and continue to
ed on the different factors until you come to the
money supply. Then have two pupils again role play
between a businessman who wants a loan and his banker.
Discuss why he wants a loan at this point and whether
can expect to repay it to the bank. Afterwards, ask:
i tend to happen to the money supply in this phase of
Why? How would this cycle affect prices?

"Supplementary Set of Charts."

the chart showing phase 2 of the cycle. Again work from
f the chart upwards, covering all but one item at a time.
o guess what would happen to each factor during this
cycle.

"Supplementary Set of Charts."

- G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the drop in this investment. This multiplier principle means that the effect of investment in capital goods is to increase the rise and fall of business activity by more than the amount of the increase or decrease in investment.
- b. Increased investment and consumption lead to even greater investment and consumption.
- G. An increase in demand for consumer goods leads to an even greater increase in demand for producers' goods and so in investment.
- G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.
- G. Changes in business activity during a business cycle tend to be cumulative; that is, a small change in one direction tends to cause further changes in the same direction.

Interrupt the discussion of the chart when pupils come to the section on investment. Project a chart which shows the acceleration principle. Ask: How does new investment affect business activity? What happens when the investment stops except for replacement of worn-out machines? (Remind pupils that this is not what is happening at this phase of the cycle, but that they need to understand this principle at a later stage.)

Samuelson, Economics, p. 332.

120. Now project the chart showing phase three of the cycle, handling this chart in the same way as you have the others. At the appropriate points on the chart, do the following:

"Supplementary Set of Charts."

G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.

S. Applies previously-learned concepts and generalizations.

G. As business activity expands, businesses buy inventories (materials of production and products for sale) at lower prices and sell them at higher prices.

G. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.

S. Applies previously-learned concepts and generalizations.

S. Interprets graphs.

4. As a business cycle continues to move upward to full production, changes take place which tend to build up pressures for a reversal in direction and a downward swing in business activity.

a. Show the chart on costs and prices once again. What happens to profits as costs begin to creep up on prices? What effect would this have upon the business cycle.

"Supplementary Set of Charts."

b. When you come to inventories on the chart of phase three, have two pupils role-play a discussion between two plant managers on the wisdom of increasing inventories both of the supplies they need for producing more goods and of the goods they sell. Discuss: Why might retailers and wholesalers wish to increase inventories?

c. At the appropriate point, show pupils a graph of housing starts from 1920 to 1956. Ask: When did the number of new housing starts slow down? (Relate to phases of model of cycle pupils are examining.) What effect would such a slow-down have upon other business activity? When did new housing starts begin to increase once more?

Road Map of Industry, No. 1095,
Dec. 21, 1956.

G. Consumption of non-durable goods fluctuates less than consumption of durable goods.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

S. Looks for relationships between events.

S. Applies previously-learned concepts and generalizations.

G. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is, change in one direction tends to build up pressures which bring about a reversal of direction.

a. As costs begin to rise, profits are squeezed.

1) As productive resources become fully employed, less efficient managers and workers may bring a rise in costs.

2) As bank reserves get low, banks are less willing to make loans and raise interest rates. This action increases costs of production.

Now have pupils look at the chart showing business fluctuations from 1929 to 1945. What relationship is there between the decrease in housing starts and business activity in general? between the increase in 1933 and business activity? How can pupils explain the drop in housing starts in the early 1940's when business activity increased so much? (World War II.)

121. Show pupils the chart on phase 4 of the cycle when there is still prosperity but several factors are at work to reverse the cycle-- and danger signals can be seen. Use this chart in the same way as you have the others, again working upwards from the bottom of the chart. Interrupt the examination of the chart to do the following:

"Supplementary Set of Charts."

- S. Applies previously-learned concepts and generalizations.
- G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.
- S. Sets up hypotheses.
- G. With an increasing emphasis upon consumer durable goods, consumer expenditures have tended to fluctuate more than in earlier years. Consumption of non-durable goods fluctuates less than consumption of durable goods.
- S. Applies previously-learned concepts and generalizations.
- G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.
- b. If total spending by consumers, business, and government does not equal total production, prices tend to fall, profits will fall, and business cut back on production and investment.
- 1) With an increasing emphasis upon consumer goods, consumer's expenditures tend to fluctuate more than earlier in history.
- 2) Net investment in capital goods takes place when businessmen expect national income to grow. A period of prosperity may come to an end because consumption levels off or increase at a declining rate. It does not wait for a decline in consumption.

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- b. If total spending by consumers, business, and government does not equal total production, prices will tend to fall, profits will fall, and business will cut back on production and investment.

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- 1) With an increasing emphasis upon consumer durable goods, consumer's expenditures tend to fluctuate more than earlier in history.

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- 2) Net investment in capital goods takes place only when businessmen expect national income to continue to grow. A period of prosperity may come to an end because consumption levels off or increases at a declining rate. It does not wait for a decline in consumption.

a. Show pupils a chart on steel production as compared with steel capacity from 1914 to at least 1945. Have pupils note the 1920's and particularly in 1928 and 1929. Ask: If you had been in the field of steel production in 1928-1929, would you have built new plants or purchased new machines? Why or why not?

Road Map of Industry, No. 1033,
Sept. 28, 1956.

b. Show a chart on installment credit. Have pupils notice ways in which installment credit even now rises and falls and varies more for some kinds of goods than for others. Ask pupils to think of reasons for these changes. Now remind pupils that they have been examining phase four of the cycle. What would they expect to have happen to consumers' requests for installment credit for durable goods during this phase? What might happen to the willingness of business to extend such credit? Why?

Road Map of Industry, No. 1145,
Dec. 6, 1957.

c. Remind pupils of what they have learned about monetary flow and the need for investment of savings to prevent a decline in business activity. Summarize: What would cause a decline in investment at this phase? Why wouldn't savings be invested? (If necessary, show the chart on the multiplier and acceleration principles once more.)

- G. Net investment or capital formation involves an increase in real capital such as machines, equipment, and buildings; an exchange of property from one person to another may be spoken of as investment for an individual but does not add to a country's capital formation.
- G. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is, change in one direction tends to build up pressures which bring about a reversal of direction.
- G. Changes in business activity during a business cycle tend to be cumulative; that is a small change in one direction tends to cause further changes in the same direction.
- S. Applies previously-learned concepts and generalizations.
- G. Adjustment of supply to demand is hampered by factors which decrease mobility of productive resources. (Wage contracts make it difficult to adjust wage rates to changes in the supply and demand for labor.)
5. A few changes in the direction of a downward swing business activity tend to set into play other forces to make business activity decline even further.
- a. During a downward swing in the business cycle, tend to fall faster than costs, thus squeezing or even wiping them out completely. Business failures increase, and other firms reduce production.

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5. A few changes in the direction of a downward swing in business activity tend to set into play other forces to make business activity decline even further.

- a. During a downward swing in the business cycle, prices tend to fall faster than costs, thus squeezing profits or even wiping them out completely. Business failures increase, and other firms reduce production.

- d. Give pupils figures on the proportion of savings not used for investment in new capital goods in this country in 1928-1929. Ask: What did people do with savings? Remind pupils of stock market speculation as one outlet for savings? Ask: Did such speculation add to the stock of goods in the country? What effect did it have upon aggregate demand for goods? Did it have the same effect as any new investment in capital goods?

122. Now show pupils a chart on phase 5 of the cycle. Use it in the same way as you have used the others, except for the rest of these phases, work from the top down. Interrupt at the appropriate points to do the following:

"Supplementary Set of Charts."

- a. Have students examine once more the chart they saw earlier on changes in costs and prices. Discuss the effects of the profit squeeze.

"Supplementary Set of Charts."

- G. Adjustment of supply to demand is hampered by factors which decrease mobility of productive resources. (An investment in expensive capital goods cannot easily be turned to the production of other goods, since capital goods are highly specialized.)
- G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downswing in the business cycle prices tend to fall more rapidly than costs.
- G. Firms may continue to operate, despite losses, in order to cover some of their fixed costs.
- G. Inventories expand and contract more rapidly than does consumer spending; this gives an added impetus to business fluctuations.
- G. As prices decline, businessmen may find that they must sell off inventories at lower prices than they
- 1) Since labor costs are usually set by long-wage agreements, labor costs tend to decline slowly than prices.
 - 2) As prices decline, businessmen may find they must sell off inventories at lower prices than they paid for them in the first place or at for much less profit than before.

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tories at lower prices than they
paid for them.

- 1) Since labor costs are usually set by long-term wage agreements, labor costs tend to decline more slowly than prices.
- 2) As prices decline, businessmen may find that they must sell off inventories at lower prices than they paid for them in the first place or at least for much less profit than before.

b. While discussing the relationship of costs and prices, ask:
Why would some firms continue to operate though they operate at
a loss? Now show pupils a table showing why they do so because
of overhead costs.

See "Supplementary Set of Charts"

c. Have three pupils role-play a discussion between a factory
owner, a wholesaler, and a retailer on what they should do in
raising or lowering inventories.

paid for them in the first place or at least for much less profit than before.

- G. Net investment will drop rather than increase or remain the same if consumer sales level off rather than continue to grow.
- G. Attempts by individual consumers to save during a depression may give added impetus to the downswing of business.
- G. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.
- G. Net investment will drop rather than increase or remain the same if consumer sales level off rather than continue to grow.
- b. If demand does not equal supply, prices will fall, profits will fall, and business will cut back on production.

- S. Applies previously-learned concepts and generalizations.
- S. Sets up hypotheses.
- G. Changes in business activity during a business cycle tend to be cumulative; that is a small change in one direction tends to cause further changes in the same direction.
- S. Tests hypotheses against data.

- S. Uses models to make sense out of complex data.

E. Each business cycle differs somewhat from others.

A number of factors were important in leading to a decline in investments and the depression which began in 1929.

123. Show pupils charts on phases 6 and 7 of the cycle. (By this time they should be able to predict fairly well what would happen to each factor in each phase.)

"Supplementary Set of Charts."

As an alternative to projecting these charts, show pupils the numbered chart of a circle representing the business cycle. Then give all pupils a dittoed sheet with questions about what would happen in the case of each of the factors mentioned on chart in these phases. They should give reasons for their predictions. Discuss these predictions and then check them against the charts.

Have several pupils role-play a collective bargaining session between management and labor during phase 7. They should be concerned with drawing up new wage contracts.

124. Now tell pupils once more that they have seen not a description of each and every cycle or even one of the cycle of the thirties. Show them once more the chart showing business fluctuations from 1929 to 1945. Ask: Since the two kinds of charts differ so much, what is the value of the charts which show a steady movement of business activity up or down? Review the values of models in economics.

"Supplementary Set of Charts."

Also point out that what they have seen in the model is description. It doesn't really answer the question of which factors are most crucial in bringing about upturns and downturns. Economists have had different theories about this, although there is a growing tendency to agree upon one factor as being crucial. Point out also that some of the things shown in these charts were not really true during the phase leading up to the 1929 depression. Consequently, pupils will now study the specific trends of the 20's which economists point to as important and some of the differing theories of business cycles.

- S. Sets up hypotheses.
 - G. Unless wages rise as rapidly as productivity per worker, or unless prices are reduced, the distribution of income becomes more unequal.
 - G. The pattern of income distribution affects savings and consumption of consumer goods and so investment.
-
- S. Sets up hypotheses.
 - S. Tests hypotheses against data.
 - G. Competition does not always lead to lower prices; it may actually lead to monopolistic practices and higher prices.
 - G. Monopolistic restriction of output to keep prices high tends to create greater inequalities in income and make it more difficult for people to purchase consumer goods, unless wages are raised.
- 1. Labor unions grew weaker during the 1920's at the same time that a greater concentration in business made it possible for firms to hold prices steady while output per worker increased greatly.
 - a. Unless wages rise as rapidly as productivity per worker or unless prices are reduced considerably the distribution of income becomes more unequal.
 - b. Monopolistic restriction of output to increase prices tends to create greater inequalities of income and make it more difficult for people to purchase consumer goods unless firms raise wages at the same time.

125. Have a pupil report on labor union strength during the 1920's. The student should show the class a chart on the decline in labor union membership between 1920 and 1930. How did this lack of strength affect wage rates during a period of sharp increase in labor productivity?

See figures in Grossman, Readings in Current Economics, pp. 82ff.
Bernstein, Lean Years.

Show figures comparing the increase in wage rates, prices, and profits during the 1920's. Also show charts on the division of income in 1920 and 1929. Ask: What changes had taken place? Discuss: What effect would such differences in growth have upon consumption? upon investment? Why?

126. Discuss: What other trends during the 1920's (besides the decline in labor union strength) may have contributed to the growing inequalities in income? Have pupils try to figure out the answer on the basis of what they have studied so far. Then project charts showing the extent of mergers during the 1920's and the increasing concentration of control in the hands of a few companies. Ask: What effect would these trends have? Why?

Kapp and Lore, Graphic Approach to Economics, pp. 48, 51

report on labor union strength during the 1920's. The
ould show the class a chart on the decline in labor union
between 1920 and 1930. How did this lack of strength
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See figures in Grossman, ed.,
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n of control in the hands of a few companies. Ask:
would these trends have? Why?

Kapp and Lore, Graphic Approach to
Economics, pp. 48, 51.

G. Monopolistic restriction of output to keep prices high tends to create greater inequalities in income and make it more difficult for people to purchase consumer goods, unless wages are raised.

S. Applies previously-learned concepts and generalizations to new data.

G. Government taxation policies affect who gets what share of the national income.

2. Government financial policies contributed to the growing inequalities in income distribution.

G. Even in so-called prosperous times, not all people enjoy levels of living which most consider necessary for an adequate level of living.

3. Upper income groups save more of their income both in terms of absolute amounts and in terms of the percentage of their total income; consequently, the growing inequality of incomes affected savings, consumption, and investment.

G. The distribution of income pattern affects savings and consumption of consumer goods and so investment.

127. A pupil might give a report on some of the restrictive practices of business. He should use the blackboard to demonstrate the theory of monopoly price. Discuss: How do these practices affect the distribution of income?

See any economic texts
monopoly price.

128. Discuss: How did the efficiency movement of the 1920's affect the need for new investment to increase production?

129. Have a pupil report briefly on federal government rebates and tax policies of the 1920's. Ask: How did these policies affect income distribution?

History textbooks.

130. Have pupils examine more carefully the chart on the distribution of national income in 1929. They should note how much the top 5% got of the national income. Would the top 5% be likely to buy almost half of all consumer goods? Why or why not? What would they be likely to do with their money? What would have to happen to have the rest of the consumer goods purchased?

See Appendix, pp. 78, 79

Project charts showing savings at different income levels. Then have pupils examine charts which compare the average expenditures of the lowest income group in 1929 with those of the very wealthy

Kapp and Lore, Graphic A
Economics, pp. 78,

Give a report on some of the restrictive practices of
the monopolist. He should use the blackboard to demonstrate the theory of
monopoly price. Discuss: How do these practices affect the dis-
tribution of income?

See any economic texts for
monopoly price.

What did the efficiency movement of the 1920's affect the
investment to increase production?

Give a report briefly on federal government rebates and tax
policies of the 1920's. Ask: How did these policies affect in-
vestment?

History textbooks.

Examine more carefully the chart on the distribution
of income in 1929. They should note how much the top
5% of the national income. Would the top 5% be likely to buy
most of all consumer goods? Why or why not? What would
they do with their money? What would have to happen
to the rest of the consumer goods purchased?

See Appendix, pp. 78, 80.

Charts showing savings at different income levels. Then
examine charts which compare the average expenditures
of the middle income group in 1929 with those of the very wealthy

Kapp and Lore, Graphic Approach to
Economics, pp. 78, 80.

- G. Upper income groups save more of their income both in terms of absolute amounts and in terms of the percentage of their total income.
- G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.
- G. In a mature economy, high consumption and high investment work together; low consumption leads to low investment since business is unlikely to invest savings unless it thinks it can sell goods.
- G. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.
- G. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacities to consumer demand,

group. Ask: What do these charts show about the amount of poverty in 1929? Can you see any possible relationship between this kind of distribution of income to the onset of the depression? If so, what?

131. Once more, project a chart showing the extent of uninvested savings in 1928-1929. Review reasons why savings were not invested and what happened to them. Again show pupils the model of income flow with the pump for investment. Review what happens to production when savings are not invested. Ask: What does the drop in production do to employment?

technological changes, the state of inventories, changes in consumer income, etc.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

G. Most U. S. corporations today depend more upon corporation savings for new investment than upon investment from outside the business.

S. Sets up hypotheses.

G. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

G. An increase in demand for consumer goods leads to an even greater increase in demand for producers' goods and so in investment.

F. Investment fluctuates more and seems to be more important than other types of expenditures. It seems to play a key role in causing business fluctuations. Investment is affected by many factors, and so changes are hard to predict. These factors include the psychology of businessmen, expectations about what will happen, the relationship between expansion of productive capacities to consumer demand, technological changes, the state of investments, changes in consumer income, population changes, etc.

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F. Investment fluctuates more and seems to be more important than other types of expenditures. It seems to play the key role in causing business fluctuations. Investment is affected by many factors, and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacities to consumer demand, technological changes, the state of investments, changes in consumer income, population changes, etc.

132. Have a pupil prepare and show the class a chart on how corporations get much of their investment funds from corporation savings rather than from the sale of bonds. Discuss the effects of this trend (which was taking place during the 1920's) upon investment opportunities for individuals.

Use current annual reports of corporations.

133. Project a graph showing the fluctuation in different indexes over a period of years. Which indexes fluctuate the least? the most? How did the great increase in production and sale of consumer durables in the 1920's affect the stability of the economy?

Use a current set of indexes.

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their investment funds from corporation savings rather
sale of bonds. Discuss the effects of this trend
taking place during the 1920's) upon investment oppor-
tunities for individuals.

Use current annual report of large
corporations.

graph showing the fluctuation in different indexes over
years. Which indexes fluctuate the least? the most?
great increase in production and sale of consumer
goods in the 1920's affect the stability of the economy?

Use a current set of indexes.

G. With an increasing emphasis upon consumer durable goods, consumer expenditures have tended to fluctuate more than in earlier years. Consumption of non-durable goods fluctuates less than consumption of durable goods.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

G. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.

134. Have pupils examine a chart showing an analysis of changes in expenditures for private consumption, private investment, foreign investment, federal government, and state and local government and changes in the GNP from 1929 to 1933. Ask: Which factor dropped the most? Is it logical to argue that this factor is what brought on the depression? Could it have been one of the other factors? What happened to foreign investment and to state and local and federal government expenditures? How did changes in government expenditures compare at the federal and the local and state levels?

Upgren, et. al., Security A
Depressions?

135. Now project a table which shows the GNP in the U. S. for the years 1929-1951, with aggregate consumption broken down into private consumers, government, housing construction, investment in factories and machinery, for inventories, and foreign consumption. Have pupils note which fluctuated the most from 1929 to 1951. Which ones dropped the most percentage-wise from 1929 to 1933?

Upgren and Stahr, Ec. For
Me, p. 74.

Examine a chart showing an analysis of changes in expenditure for private consumption, private investment, foreign interest, federal government, and state and local government and the total GNP from 1929 to 1933. Ask: Which factor dropped the most? Is it logical to argue that this factor is what brought about the depression? Could it have been one of the other factors? How did changes in government expenditures affect the total GNP? How did changes in government expenditures affect private consumption and to state and local and federal government expenditures? How did changes in government expenditures affect the total GNP at the federal and the local and state levels?

Examine a table which shows the GNP in the U. S. for the years 1929 to 1951. Break down the total aggregate consumption broken down into private consumption, housing construction, investment in factories and machinery, for inventories, and foreign consumption. Have pupils calculate the percentage change for each of the above categories. Which ones dropped the most from 1929 to 1951. Which ones dropped the most percentage-wise from 1929 to 1933?

Upgren, et al., Security Against Depressions?

Upgren and Stahl, Ec. For You and Me, p. 74.

- G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the amount of the decrease in investment.

- G. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.

- G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the amount of the decrease in investment.

- G. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will

Now project the graph just showing investment and GNP changes from 1929 to 1945.

Smolensky, Adjustment and War, p. 21.

136. Have pupils examine a table showing what happened to manufacturing income and income from construction during the period 1929-1938. Ask: Which fell more drastically? Why do you think this was so. On the basis of just these years, which do you think is the more important index to watch in trying to figure out what is happening in the business cycle?

Merrill and Halsey, e to Economic Coll

Quote several economists on the importance of the role of investment. Then ask: What factors affect investment?

the graph just showing investment and GNP changes
1945.

Smolensky, Adjustment to Depression
and War, p. 21.

examine a table showing what happened to manufacturing
income from construction during the period 1929-1938.
Fall more drastically? Why do you think this was
basis of just these years, which do you think is
important index to watch in trying to figure out
turning in the business cycle?

Merrill and Halsey, eds., Responses
to Economic Collapse, p. 27.

economists on the importance of the role of invest-
ment: What factors affect investment?

happen, the relationship of recent expansion of productive capacity to consumer demand, technological changes, the state of inventories, changes in consumer income, etc.

- S. Checks on completeness of data; rejects assumption of cause-effect relation in correlations.
- A. IS SCRPTICAL OF THEORIES OF SINGLE-CAUSATION IN THE SOCIAL SCIENCES.
- G. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

137. Have a pupil use the blackboard to demonstrate the way in which buying on the margin on the stock market helped create a panic when stock market prices began to decline in 1929. He should also discuss the time at which the stock market declined as compared to the decline in some other indexes and the way in which the corporate structure of the 1920's affected the crash.

Galbraith, Great Crash.

Galbraith, Liberal Hour, Ch. 6

138. Have one student look up the various theories of business cycles-- especially the dramatically interesting ones such as stages of the moon theory, sunspots, etc. Include the fairly recent statement about height of women's hemlines and business activity. Have the class evaluate the evidence which led to these generalizations. Discuss reasons why economists are careful about discriminating between "correlation" and "cause and effect." Have pupils note differences between what economists call external and internal factors.

See economics textbooks.

S. Rejects post-hoc arguments; looks for another factor which may have caused the later event.

S. Considers alternative courses of action.

S. Sets up hypotheses about consequences of alternative courses of action.

G. Government policies can either help reduce or exaggerate fluctuations within the business cycle and can promote or hinder economic growth.

VI. Government policies can either help reduce or exaggerate fluctuations within the business cycle and can promote or hinder economic growth.

139. A pupil might draw a series of cartoons or charts illustrating the different theories of what caused the depression of 1929 or different theories of business cycles in general.
140. Have all pupils in class pretend that they were economic analysts for a newspaper in 1930. Each should write a column trying to explain to readers what caused the depression which began in 1929.
141. Read aloud quotations from Democratic campaign speeches which later blamed Hoover for the depression or called the Republican Party the "depression party." Ask: Do you think this change logical? What kind of reasoning is involved? Did any of the policies of Republican presidents affect business activity adversely?
142. Begin this section of the unit by having pupils try to figure out what would need to be done in order to stop the downswing in the cycle and start an upswing, without waiting for the cycle to hit bottom (as they saw in the models they examined earlier.) Project one of the more complicated flow charts that they examined earlier. Now project a table showing what happened to consumer spending, private investment, government spending, and net exports during the first year of the depression. Ask: What would have to happen to the combined spending by these groups in order to restore the drop in GNP? What measures might make sense? What possible federal government action might be used to restore aggregate spending? What might be the advantages and disadvantages of each type of action? (A student might make a list for the class which can be saved and checked after pupils have done more studying about actual steps taken by Hoover and Roosevelt.)

"Supplementary Set of Charts."

A. VALUES INSTITUTIONS AS A MEANS OF PROMOTING HUMAN WELFARE, NOT BECAUSE OF TRADITION; IS WILLING TO CHANGE INSTITUTIONS AS TIMES CREATE NEW PROBLEMS.

A. IS CURIOUS ABOUT SOCIAL DATA.

G. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacity to consumer demand, technological changes, the state of inventories, changes in consumer income, etc.

G. The motive for saving may be to provide for future security rather than to make more money because of interest rates. People may save even when interest rates are low.

A. Although Hoover's administration finally took a few steps toward more federal action to improve economic conditions, the administration hoped that the depression would reverse itself and that local and state agencies could handle problems of relief. Hoover's administration finally set up the Reconstruction and Finance Corporation to loan money directly to businessmen and to local governments for relief purposes. However, increased federal spending did not offset the decline in state and local spending, let alone the decline in spending in the private sector of the economy.

143. Read aloud quotations by leaders in government and industry soon after the depression began to show how these people tried to restore the confidence of the American people. Ask: Why did they think this important? Why do you think they failed?

See Appendix.

Cronan, ed., Twentieth Century
pp. 446-447.

Mitchell, Depression Decade

- 148 -

ons by leaders in government and industry soon after
an to show how these people tried to restore the
American people. Ask: Why did they think this
you think they failed?

See Appendix.

Cronan, ed., Twentieth Century Am.,
pp. 446-447.

Mitchell, Depression Decade, p. 31.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

A. IS CURIOUS ABOUT SOCIAL DATA.

S. Reads for main ideas.

S. Generalizes from data.

G. Any decision is in part a product of the internalized values and the perceptions of the person making the decision.

G. If the government increases its expenditures to encourage more production, it may offset this change by increasing taxes.

1. The Hoover administration tried unsuccessfully the budget by raising taxes. However, an increase in tax rates or a decline in government spending reduced aggregate demand.

2. Congress passed the highest tariff in history to protect American industry from foreign competition. However, the increase in tariff rates reduced aggregate demand and did not help aggregate demand.

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1. The Hoover administration tried unsuccessfully to balance the budget by raising taxes. However, an increase in tax rates or a decline in government spending may reduce aggregate demand.
2. Congress passed the highest tariff in history in order to protect American industry from foreign competition. However, the increase in tariff rates reduce sales abroad and did not help aggregate demand.

144. Read aloud songs and excerpts from comments by people at the time Hoover left office in order to show how far Hoover's reputation had fallen by that time. Suggest that as pupils read about the action he took, they consider the causes of the depression and try to decide whether or not he deserved this reputation.

Cronan, ed., Twentieth
pp. 465-466.

Have pupils read brief accounts of Hoover's attempts to end depression. Tell them that you are not interested in having them learn details about all of the things the administration did. However, they should try to figure out how these actions related to causes of the downswing in business activity and why Hoover made the decisions he did.

Smolensky, Adjustment
and War, pp. 22-3
Any textbook on U. S.

145. Ask: How did Hoover's actions compare with ideas about business and the role of government which were prevalent in the 1920's? Now tell students about the ideas of economists in 1928 before Keynesian economics was developed and spread to this country and before the system of national income accounting had been developed. Point out that Hoover did more than any past president in having the federal government take action to counter a depression. Ask: Why wasn't it surprising that he did no more than this? How did his own attitudes affect his actions? What effect did his measures have upon aggregate spending? (Upon government spending? Upon spending by consumers? Upon investment? Upon net exports?)

Cronan, ed., Twentieth
pp. 462-464, 447-

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t exports?)

Cronan, ed., Twentieth Century Am.,
pp. 465-466.

Smolensky, Adjustment to Depression
and War, pp. 22-38.

Any textbook on U. S. history.

Cronan, ed., Twentieth Century Am.,
pp. 462-464, 447-448.

- G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in this investment will decrease national income by more than the drop in this investment. This multiplier principle means that the effect of investment in capital goods is to increase the rise and fall of business activity by more than the amount of the increase or decrease in investment.
- G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.
- S. Detects inconsistencies.
3. Different kinds of public expenditures have different effects. Thus one kind of expenditure increases greater total aggregate spending, while another kind of expenditure might be completely offset by a drop in private expenditure to balance the expenditure. The RFC acted to salvage firms in danger of failing by providing loans and grants much to stimulate new investment. More attention was given to local agencies for relief merely reorganizing what the agencies had been spending.
- B. Roosevelt followed a pragmatic approach in putting all of his proposals into one overall economic program. As a result, much of his earlier program was replaced by a different view of what role business and labor should play than was his later legislation. Basic to his program was to preserve the private enterprise system and democracy.

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3. Different kinds of public expenditures have different effects. Thus one kind of expenditure might lead to greater total aggregate spending, while another expenditure might be completely offset by increased taxes to balance the expenditure. The RFC and Hoover tended to salvage firms in danger of failing but did not do much to stimulate new investment. Moreover, its loans to local agencies for relief merely replaced what local agencies had been spending.

- B. Roosevelt followed a pragmatic approach rather than fitting all of his proposals into one overall economic theory. As a result, much of his earlier program was based on a different view of what role business and government should play than was his later legislation. Basically, his aim was to preserve the private enterprise system and political democracy.

146. Discuss: According to what you know about the multiplier effect, what would large-scale government loans to business do if they led to new investment? What firms actually got loans from RFC during Hoover's administration? Why didn't these loans do much to increase investment? Why didn't RFC loans for relief increase consumption and so investment?

Keller, ed., The
88.

147. Have a pupil examine the Democratic platform of 1932. He should also find out what concrete proposals Roosevelt and the Democrats made, if any, to bring about an upswing in business activity and solve some of the problems caused by the depression. He should report his findings to the class. Ask: Did Roosevelt seem to have any overall plan? What inconsistencies were there in some of his campaign speeches?

Cronan, Twentieth
pp. 460-462.
Merrill and Halsey
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pp. 80ff.

According to what you know about the multiplier effect, large-scale government loans to business do if they led to investment? What firms actually got loans from RFC during Roosevelt's administration? Why didn't these loans do much to increase investment? Why didn't RFC loans for relief increase consumer investment?

Keller, ed., The New Deal, pp. 87-88.

Examine the Democratic platform of 1932. He should discuss what concrete proposals Roosevelt and the Democrats made, to bring about an upswing in business activity and to solve the problems caused by the depression. He should refer to the readings to the class. Ask: Did Roosevelt seem to have a plan? What inconsistencies were there in some of his speeches?

Cronan, Twentieth Century Am., pp. 460-462.

Merrill and Halsey, eds., Responses to Economic Collapse, pp. 80ff.

G. Most political communication depends on the use of symbols, negative and positive stereotypes, and other communication shortcuts; effective communication depends on the effective manipulation of these symbolic tools.

S. Identifies persuasion techniques.

S. Reads for main ideas.

S. Detects inconsistencies.

S. Generalizes from data.

G. Government policies toward monopolies and restrictive practices affect business activity both directly by affecting output and prices, and indirectly by affecting income distribution.

1. In the early days of the New Deal, Roosevelt was much influenced by men who believed in restriction of output to raise prices and in business cooperation in setting prices. When the Supreme Court declared the NRA unconstitutional, the administration was already convinced that the NRA had not done the job expected of it. Nor were New Dealers pleased with destruction of food in the face of hunger.

148. Remind pupils of the run on the banks just as Roosevelt took over and of the Bank moratorium he declared. Then have pupils listen to his first inaugural address. Ask: Why do you think this address caught the public imagination?

Recording: FDR Speaks
Records.

149. Have pupils read brief accounts of Roosevelt's New Deal program. Tell them not to try to remember specific acts but rather to look for any inconsistencies between programs, for purposes behind different programs, for ways in which ~~Programs~~ affected aggregate consumption, and for factors which affected decisions Roosevelt made about what to do.

Smolensky, Adjustment and War, pp. 39-
Rozwenc, ed., The New
or 75-95; or 96-
Keller, ed., The New
59-73.
Werstein, Nation Fights
U. S. history textbook

150. Discuss: In the light of what you know about American history, do you think the NRA was following earlier traditions or was it a break with American traditions? Why did Roosevelt decide to try the NRA? Why did the Supreme Court declare it unconstitutional? Why were New Dealers not particularly displeased when the Court ruled it illegal?

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Bank moratorium he declared. Then have pupils listen to
inaugural address. Ask: Why do you think this address
public imagination?

Recording: FDR Speaks, Washington
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Smolensky, Adjustment to Depression
and War, pp. 39-63.
Rozwenc, ed., The New Deal, pp.1-24,
or 75-95, or 96-101, or 102-111.
Keller, ed., The New Deal, pp. 23-35,
59-73.
Werstein, Nation Fights Back.
U. S. history textbooks.

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...h American traditions? Why did Roosevelt decide to
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- S. Applies previously-learned concepts and generalizations.
- G. Prices are affected by supply and demand.
- S. Identifies value-conflicts.
- A. EVALUATE PROPOSALS AND EVENTS ON THE BASIS OF THEIR EFFECTS UPON INDIVIDUALS AS HUMAN BEINGS.
- A. EVALUATES PROPOSALS AND EVENTS ON THE BASIS OF THEIR EFFECTS UPON INDIVIDUALS AS HUMAN BEINGS.
- S. Generalizes from data.
- S. Detects inconsistencies.
- S. Identifies basic assumptions.
- G. The decision-maker reacts to pressures from other decision-makers.
- G. Government policies toward monopolies and restrictive practices affect business activities both directly by affecting output and prices, and indirectly by affecting income distribution.

151. Remind pupils of early action to destroy pigs and corn and other food crops. Discuss: Why did the Roosevelt administration take such action when it was trying to help the needy and when so many needed food? What steps were taken later to try to accomplish the same thing?
152. Have a pupil prepare several cartoons comparing the food stamp plan to the earlier plan for destroying food to raise prices.
153. Have a pupil report on later trust-busing activities of the New Deal. Discuss: How consistent was this policy with the NRA? On what different assumptions was each of the two programs based? (Point out change in advisors from the time of the NRA.)

- G. As long as there are unemployed resources, government expenditures should lead to an increase in production and not to inflation.
- G. Government expenditures act just like consumer expenditures to affect allocation of resources to the production of different goods and services and to affect the total amount produced.
- G. Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.
- G. Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.
2. After considerable experimentation, Roosevelt's administration developed a series of fiscal and monetary policies to try to end the depression. It also put into effect a number of programs which have come known as built-in-stabilizers to offset future swings and drastic upswings in business activity.
- a. Roosevelt began to follow the advice of the economists who believed that government fiscal policies should be used to offset swings in business activities; this theory became known as the theory of compensatory finance.
- 1) The theory of compensatory finance calls for increased expenditures to offset a decline in consumer and business consumption and reduced expenditures when productive resources are abundant.
- 2) At first some of the programs of government were made from practical necessity rather than from a belief in their efficacy in the theory of compensatory finance. The federal government was persuaded that it must step in to prevent a decline in business activity after local and state agencies were unable to provide relief loans.

2. After considerable experimentation, Roosevelt's administration developed a series of fiscal and monetary policies to try to end the depression. It also put into effect a number of programs which have come to be known as built-in-stabilizers to offset future downswings and drastic upswings in business activity.

a. Roosevelt began to follow the advice of those economists who believed that government fiscal policies should be used to offset swings in business activities; this theory became known as the theory of compensatory finance.

1) The theory of compensatory finance calls for increased expenditures to offset a decline in consumer and business consumption and reduced expenditures when productive resources are fully used.

2) At first some of the programs of government expenditures were made from practical necessity rather than from a belief in their efficacy in compensatory finance. The federal government was persuaded that it must step in to prevent human suffering, after local and state agencies were unable to handle relief loans.

154. Have pupils read a brief account of the theory of compensatory finance. Ask: What parts of the New Deal program would help carry out this theory? (List as many as possible and save lists for future reference.) Were these actions designed originally for this purpose? If you believed in compensatory finance, how would you finance increased government expenditures in times of a depression?

Heilbroner and
on Governm
Chase, Where's
From? Ch.
West, et.al.,: 0
pp. 392-398

155. Have a pupil report briefly, without giving details on the early relief programs. Then discuss: Why did the federal government start such a program?

Bernstein, The

brief account of the theory of compensatory
parts of the New Deal program would help
try? (List as many as possible and save lists
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you believed in compensatory finance, how would
ed government expenditures in times of a

Heilbroner and Bernstein, Primer
on Government Spending.

Chase, Where's the Money Coming
From? Ch. 12.

West, et.al., Contemporary Problems,
pp. 392-398. . .

at briefly, without giving details on the early
Then discuss: Why did the federal government
am?

Bernstein, The Lean Years, Ch. 14.

G. Any decision is in part a product of the internalized values and the perceptions of the person making the decision.

G. Most political communication depends on the use of symbols; negative and positive stereotypes, and other communication shortcuts; effective communication depends on the effective manipulation of these symbolic tools.

S. Generalizes from data.

3) Fiscal policies which increased aggregate included a variety of public works projects as well as more direct forms of aid such as local relief agencies, old age pension non-insurance aspects of the Social Security Act.

G. Some government action to prevent violent fluctuations in business activity requires decisions; (such action includes fiscal policy involving an increase or decrease in public expenditures or changes in tax rates and monetary policy such as changes in interest rates, requirements for downpayments on installment buying or margin requirements for buying stock, or open-market operations.)

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3) Fiscal policies which increased aggregate consumption included a variety of public works programs as well as more direct forms of aid such as help to local relief agencies, old age pensions, and other non-insurance aspects of the Social Security Program.

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156. Have pupils listen to Roosevelt's Fireside Chat of April 28, 1935 in which he described the purposes of the work program. Discuss: Why do you think he talks about an "attack upon enemies?" Do you think he is correct when he says that the administration is "not proceeding in any haphazard fashion?"

Recording: F.I.
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157. Have a group of pupils prepare a panel discussion on the pros and cons of public works programs. They should examine the programs in the light of what they have learned about business cycle theory. Now discuss: Do you think reactions today differ from those when the programs were put into effect? Why or why not? What were some of the problems faced in setting up programs initially? What proposals have been made to offset such problems if depression threatens in the future? How easy would it be to start and stop public works programs as business starts declining and rising?

Wecter, Age of
pp. 74-78,
Mitchell, Depre
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Recording: F.D.R. Speaks. Wash-
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Wecter, Age of the Great Depression,
pp. 74-78, 96-101.
Mitchell, Depression Decade, Ch. 9.
Okun, ed., Battle Against Un-
employment, pp. 118-125.
Lorentz, Roosevelt Years, pp. 52,
53, 152-153, 162-173.

G. Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.

S. Identifies value-conflicts.

S. Generalizes from data.

S. Identifies value-conflicts.

S. Applies previously-learned concepts and generalizations.

S. Applies previously-learned concepts and generalizations.

4) After the 1937 recession, which followed a cut in federal expenditures and an increase in tax rates Roosevelt paid more attention to those economists who favored compensatory finance policies.

158. Have a pupil investigate and report upon WPA and FWA projects in the local area. Then ask: What have been the long-term effects on these projects?
159. Have a pupil write imaginary editorials which might have appeared during the 1930's supporting or criticizing the WPA. Distribute dittoed copies to the class for analysis.
160. Ask each pupil to try to diagram the way in which Roosevelt's economic advisors expected the public works programs to affect the economy.
161. Project a chart showing government purchases and employment from 1929 to 1960. Ask: What happened to government expenditures while Hoover was President? While Roosevelt was in office? What happened to expenditures as against federal income in 1936-1939? Tell pupils about the increase in income tax rates in the

Economic Report of the F
1965, pp. 260, 265.
Smolensky, ed., Adjustme
Depression and War, p.2

investigate and report upon WPA and FWA projects in
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s about the increase in income tax rates in the

Economic Report of the President,
1965, pp. 260, 265.
Smolensky, ed., Adjustments to
Depression and War, p.28

S. Draws inferences from graphs.

S. Looks for relationships among events.

S. Generalizes from data.

G. If government increases its expenditures to encourage more production, it may offset this change by increasing taxes.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

S. Looks for relationships among events.

5) It was not until expenditures for national defense during World War II that the full impact of government spending became obvious. This experience helped convince economists and others that government spending can offset depressions and recessions and promote economic growth. It also helped convince them that the increase in debt as a result of deficit spending would not be catastrophic if GNP rose. The burden of paying interest on the debt depends upon the level of the national income. The war also showed the need for other kinds of inflationary controls when compensatory finance principles cannot be applied because of wartime needs.

mid 1930's and the tax on undistributed profits in 1936. Ask: Were these taxes in line with the theory of compensatory finance? Why or why not?

Grossman, ed., Readings in Economics, p. 474.

Now have pupils examine a chart showing GNP from 1929 to 1960. Ask: What happened to GNP in 1937? What relationships do you see between government expenditures and GNP?

Also show pupils estimates of unemployment in 1938 and 1939. Ask: Do these figures show that the theory of compensatory finance cannot be used to get countries out of depressions? Why or why not? Why didn't federal government expenditures during the 1930's have more effect upon business activity?

162. Have pupils examine graphs showing the GNP from 1929-1945, unemployment from 1929-1945, and government expenditures from 1929-1945. Discuss changes in each. Ask: How can you account for changes in GNP and employment? Have a pupil prepare graphs adjusted for price changes to show the change in real GNP for this period.

See charts used earlier.

the tax on undistributed profits in 1936. Ask:
in line with the theory of compensatory finance?

Grossman, ed., Readings in Current
Economics, p. 474.

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nd employment? Have a pupil prepare graphs ad-
changes to show the change in real GNP for

See charts used earlier.

A. RESPECTS EVIDENCE EVEN
WHEN IT CONTRADICTS
PREJUDICES AND PRECON-
CEPTIONS.

S. Draws inferences from
graphs.

G. The extent to which interest
payments on a given national
debt are a burden on citizens
depends on the level of national
income. Thus deficit spending
which serves to increase
national production and in-
come may even decrease the
burden of the national debt
although increasing the
size of the debt.

G. Government price controls, allo-
cation controls and consumer
rationing affect business activity.
They may be used to hold down in-
flation and allocate production
resources to essential industries
during wartime inflation.

G. Government monetary policies can be
used to influence lending and so
the amount of money in circulation
and aggregate demand for goods.

b. The government adopted a series of monetary policies
aimed at bolstering prices, preventing business
failures, and encouraging private investment.

S. Categorizes data.

163. Have a student look up the statistics and graph the national debt each year since 1900 (or other suitable period). Discuss causes for the rising debt. On another chart have him graph annual interest payments on this debt over the same period. Discuss ownership of debt and refunding problems.

Have a student look up the figures and graph the national debt and interest on the national debt and GNP on the same composite chart. (Also chart the debt per capita and GNP per capita.) Have pupils note the relative burden of the debt and how it depends on the rate of growth of national income. Discuss: Does the high interest on the national debt rule out deficit spending as a means of preventing depressions? Why or why not?

164. Discuss: If the government had followed principles of compensatory finance during World War II, what would it have done when inflation threatened? Why didn't it do so? Tell pupils about some of controls which were substituted.

165. Define what economists mean by monetary policies. Discuss: What parts of the New Deal program seem to fall under this classification? What were the aims of such programs?

Treasury Dept., Our National Debt
Grossman, ed., Readings in Economics, p. 74.

Samuelson, Economics, p. 3
Grossman, ed., Readings in Economics, p. 75.
Heilbroner and Bernstein,
Wagner, Measuring the Performance of the Economy, p. 37

For teacher's use:

Mark and Slate, eds., Ec.
pp. 234-273.
Hanson, Am. Economy.

Look up the statistics and graph the national debt from 1900 (or other suitable period). Discuss causes of the debt. On another chart have him graph annual payments on this debt over the same period. Discuss debt and refunding problems.

Look up the figures and graph the national debt and the national debt and GNP on the same composite chart the debt per capita and GNP per capita.) Compare the relative burden of the debt and how it decreases with the growth of national income. Discuss: Does the national debt rule out deficit spending for preventing depressions? Why or why not?

If the government had followed principles of compensation during World War II, what would it have done when the economy was threatened? Why didn't it do so? Tell pupils about the policies which were substituted.

What do economists mean by monetary policies. Discuss: What New Deal program seem to fall under this classification? What are the aims of such programs?

Treasury Dept., Our National Debt.
Grossman, ed., Readings in Current Economics, p. 74.

Samuelson, Economics, p. 356.
Grossman, ed., Readings in Current Economics, p. 75.
Heilbroner and Bernstein, Primer.
Wagner, Measuring the Performance of the Economy, p. 37.

For teacher's use:

Mark and Slate, eds., Ec. in Action, pp. 234-273.
Hanson, Am. Economy.

- G. The government can control interest rates and reserve requirements and can buy or sell government bonds to affect bank lending.
- G. The government can influence credit by raising margin requirements for buying stock or the amount needed for down payments on goods purchased on credit.
- G. The government can borrow money from consumers and so reduce the amount of money in circulation, or it can borrow money from banks and influence the amount of money in circulation in a different direction.
- G. Monetary policies affect spending only indirectly and so take longer than do fiscal policies to take effect.
- G. Governments cannot affect the velocity of money as easily as they can the amount of money in existence. Thus measures designed to decrease the money supply may not have the desired effect on velocity, and measures to increase the ability of banks to lend may not increase borrowing by business or consumers.
- 1) Governments can use control over interest rates and reserve requirements and can buy or sell government bonds to affect bank lending.
 - 2) Governments can influence credit by raising margin requirements for buying stock or the amount needed for down payments on goods purchased on credit.
 - 3) Governments can borrow money from consumers and so reduce the amount of money in circulation by decreasing disposable incomes, or it can borrow from banks by selling banks bonds which banks can use to increase loans.

166. Use charts to explain the structure and functions of the federal reserve system. Emphasize the ways in which changes in the re-discount rate, reserve requirements, and open market operations can affect money supplies.

"Supplementary Set of
See also Upgren and S
You and Me, Ch.

Now tell pupils how the Chicago Reserve Bank and Federal Reserve Board worked at cross purposes during the late 1920's. Point out that Roosevelt's administration obtained legislation to give the Federal Reserve Board more power. Describe other powers acquired by the Board and have pupils figure out how they would affect prices. Discuss: Why is it harder to use monetary policies than fiscal policies to control fluctuations?

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Discuss how the Chicago Reserve Bank and Federal Reserve
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how the Federal Reserve's administration obtained legislation to give the
Federal Reserve Board more power. Describe other powers acquired
and have pupils figure out how they would affect prices.
Why is it harder to use monetary policies than fiscal
policies to control fluctuations?

"Supplementary Set of Charts."
See also Uppgren and Stahl, Ec. for
You and Me, Ch. 17.

S. Sets up hypotheses.

A. IS SCEPTICAL OF PANACEAS.

G. Both monetary and fiscal policies require descretionary action which may be difficult both because of a lack of knowledge and because of the difficulty of persuading officials to take action.

G. Measurement of the nation's output or national income statistics and various indexes make it easier for government officials and businessmen to assess the state of the economy and plan appropriate courses of action. However, economists do not agree on what these statistics indicate about the exact stage of the cycle.

S. Applies previously-learned concepts and generalizations.

G. Different combinations of monetary and fiscal policies aimed at fighting depression or inflation affect different groups differently. Thus the combination chosen is important.

c. Both monetary and fiscal policies require descretionary action which may be difficult both because of lack of knowledge and because of the difficulty of persuading officials to take action.

1) Measurement of the nation's output or national income statistics and various indexes make it easier for government officials and businessmen to assess the state of the economy and plan appropriate courses of action. However, economists do not agree on what these statistics indicate about the exact stage of the cycle.

2) Officials who can affect different policies do not agree and may follow policies which complement or offset each other.

3) Elected officials may not wish to follow policies which are called for under theories of compensation and finance, because they are unpopular with the public.

d. Different combinations of monetary and fiscal policies all aimed at fighting depression or fighting inflation would affect different groups differently.

c. Both monetary and fiscal policies require discretionary action which may be difficult both because of a lack of knowledge and because of the difficulty of persuading officials to take action.

- 1) Measurement of the nation's output or national income statistics and various indexes make it easier for government officials and businessmen to assess the state of the economy and plan appropriate courses of action. However, economists do not agree on what these statistics indicate about the exact stage of the cycle.
- 2) Officials who can affect different policies may not agree and may follow policies which conflict or offset each other.
- 3) Elected officials may not wish to follow policies which are called for under theories of compensatory finance, because they are unpopular with the voters.

d. Different combinations of monetary and fiscal policies all aimed at fighting depression or fighting inflation would affect different groups differently.

monetary
at fighting
affect different
the combination

167. Discuss: Suppose certain monetary and fiscal policies could be put into effect at the same time. Which would be likely to affect business activity more rapidly? Why? What would have to be done to put monetary and fiscal policies into effect? Why might it be difficult to make changes quickly or at all? What difficulties would economists face in trying to decide when to put certain policies into effect?

168. Give pupils a list of possible combinations of monetary and fiscal policies. Have them figure out how each combination would affect different groups in the country.

- G. Government labor policies affect business activity both directly by affecting minimum wages and hours of labor and indirectly by affecting the strength of unions. These policies, by affecting income distribution and costs of production, affect business activity.
- e. The government developed a series of reforms aimed at reducing inequalities in income distribution and so bolstering consumer consumption.
- G. Built-in stabilizers act automatically without new government action to shore up purchasing power when business activity declines or to slow down increases in purchasing power when business activity increases.
- f. The government also developed a series of reforms which have been known as built-in stabilizers. Built-in stabilizers act to bolster purchasing power in times of recession and a decline in aggregate demand.
- 1) A number of stabilizers were developed or modified by the Roosevelt administration.
- A. IS SCEPTICAL OF PANACEAS.
- a) Unemployment insurance serves as a built-in stabilizer because it serves to provide unemployed with money when they need it and stop providing such money when people go back to work.
- b) Agricultural parity programs serve as built-in stabilizers since they provide farmers with money when prices are low; this financial help is reduced when prices are high.

169. Have a pupil report on labor legislation of the New Deal in terms of purposes and implications for income distribution. Perhaps show a film on the National Relations Board or on the Fair Labor Standards Act.

Films: The Story of
AFL-CIO, 26 min.
The Constitution
Standards, IU-AV
Books on labor history

170. Tell pupils that some economists believe that the New Deal succeeded in developing a series of what they call built-in stabilizers. These serve to help even out business fluctuations without any new action by the government. Have pupils figure out how unemployment insurance serves this purpose.

Describe the operation of the parity program in agriculture if pupils have not studied this in the 9th grade. Ask: How would this program serve as a built-in stabilizer?

Tell pupils about the Bank Deposit Insurance Corporation. Ask: How does this program serve as a built-in stabilizer?

Then point out that some other built-in stabilizers were merely modified somewhat by the New Deal. Discuss the effects of income tax structure and corporate taxes as stabilizers.

Ask: What is the advantage of built-in stabilizers over fiscal policy as a means of reducing business fluctuations? Do built-in stabilizers make fiscal policy unnecessary? Why or why not?

report on labor legislation of the New Deal in terms and implications for income distribution. Perhaps at the National Relations Board or on the Fair Labor

Films: The Story of the N.L.R.B.,
AFL-CIO, 26 min., 1955.
The Constitution and Employment
Standards, IU-AVC, 29 min., 1958.
Books on labor history and New Deal.

that some economists believe that the New Deal succeeded as a series of what they call built-in stabilizers. These even out business fluctuations without any new action or government. Have pupils figure out how unemployment insurance works as a stabilizer.

operation of the parity program in agriculture if pupils studied this in the 9th grade. Ask: How would this program serve as a built-in stabilizer?

about the Bank Deposit Insurance Corporation. Ask: How would this program serve as a built-in stabilizer?

that some other built-in stabilizers were merely introduced by the New Deal. Discuss the effects of income tax and corporate taxes as stabilizers.

the advantage of built-in stabilizers over fiscal policy in reducing business fluctuations? Do built-in stabilizers make fiscal policy unnecessary? Why or why not?

- c) Government programs for insurance of bank deposits serve as built-in stabilizers since depositors get insurance if banks fail during a depression and do not get insurance if banks remain sound.
 - d) Progressive tax systems serve as built-in stabilizers since they bring in increased receipts to the government in times of prosperity and reduced receipts in times of recession or depression. They act automatically, without action by the government.
- 2) Government fiscal stabilizers serve as a cushion against too sharp a fall or rise in business activity, but do not offset other changes enough to provide the stimulus to sharply reverse business trends. They may also retard recovery once it has begun.
- g. Discretionary fiscal policies usually take a period of time to put into effect and so to have an effect upon business activity; they may take effect to offset the retarding influence of built-in stabilizers once business activity has begun to move in the desired direction.

S. Generalizes from data.

171. Play a recording of F.D.R.'s Fireside Chat of April 14, 1938 in which he discussed the relationship between economic conditions and democracy. Discuss: On the basis of this speech and of what you have read so far, do you think Roosevelt was trying to preserve or destroy the American economic system of private enterprise?

Recording: FDR Speaks,
Records.

- 174 -

ding of F.D.R.'s Fireside Chat of April 14, 1938 in which
the relationship between economic conditions and democracy.
the basis of this speech and of what you have read so
think Roosevelt was trying to preserve or destroy the
economic system of private enterprise?

Recording: FDR Speaks, Washington
Records.

3. Interprets cartoons.

G. People change their culture if they see a real need for change, if they are dissatisfied with existing aspects of their culture.

G. People generally would like to see their economic systems provide both economic growth (and so higher levels of living) and stability (and so economic security).

S. Generalizes from data.

G. Many economists recommend deficit spending when business activity is declining or at least a cut in tax rates; they recommend a reduction in spending and/or a raise in tax

VII. By and large, the nation has come to accept the idea that the federal government is responsible for promoting economic growth, offsetting sharp fluctuations in the business cycle, and achieving high employment.

A. The Full Employment Act of 1946 has been followed by general acceptance of both major political parties, although the parties still differ as to just what action should always be taken or how much action should be taken. Economists now accept many aspects of Keynesian economics and, in general, the possibilities of compensatory finance as a means of evening out business fluctuations and promoting economic growth.

172. Have a pupil use old New Yorkers and other popular magazines to locate cartoons which depicted actions by Hoover and Roosevelt to try to end the depression. He should get copies made of these cartoons and prepare a cartoon history (on an opaque projection strip) of "Attempts to End the Depression." Project with opaque projector. Or have microfilm photos or 2x2 slides made; mount microfilm photos separately in 2x2 slides.

Use public library.

173. Read aloud or have pupils read an excerpt from the Full Employment Act of 1946 on the aims of the act. Explain the structure set up to carry out the aims! Quote Eisenhower's reactions. Show copies of economic reports. Then discuss: Does this act really guarantee full employment? Why was it important?

Grossman, ed., Readings in Economics, pp. 4-6 (excerpts of Act.)
Hansen, Am. Economy, Chs.

174. Quote an economist on the present-day trend among economists to incorporate much of Keynesian economics. Ask: Why do you think such a change took place?

e.g. See Samuelson, Econ
pp. 212, 360.

Use old New Yorkers and other popular magazines to find pictures which depicted actions by Hoover and Roosevelt to combat the depression. He should get copies made of these pictures and prepare a cartoon history (on an opaque projection screen) of "Attempts to End the Depression." Project with opaque prints. Have microfilm photos or 2x2 slides made; mount them separately in 2x2 slides.

Use public library.

Have pupils read an excerpt from the Full Employment Act of 1946 on the aims of the act. Explain the structure of the act. Lay out the aims. Quote Eisenhower's reactions. Read recent economic reports. Then discuss: Does this act guarantee full employment? Why was it important?

Grossman, ed., Readings in Current Economics, pp. 4-6 (for excerpts of Act.)
Hansen, Am. Economy, Chs. 5-7.

Discuss the present-day trend among economists to the revival of Keynesian economics. Ask: Why do you think this took place?

e.g. See Samuelson, Economics, pp. 212, 360.

rates when productive resources are being used to full capacity and there is danger of inflation.

G. A reduction in tax rates when productive resources are not fully used, increases disposable income in the private sector and may lead to higher production and not much or any loss in tax revenues.

G. An increase in tax rates or a decline in government spending may reduce aggregate demand.

A. BELIEVES THAT THE SOCIAL SCIENCES CAN CONTRIBUTE TO MEN'S WELFARE BY PROVIDING INFORMATION AND EXPLANATORY GENERALIZATIONS WHICH HELP THEM ACHIEVE THEIR GOALS.

A. BELIEVES IN THE POSSIBILITIES OF IMPROVING SOCIAL CONDITIONS.

B. Although the U. S. has had recessions since World War II, they have been nowhere nearly as deep or as long as the depression of the 1930's. Different factors have been important in each of these recessions, but the level of investment has again been the key factor.

175. Have a student report on the proposals and debates concerning the tax cut of 1962-1964. Note the arguments on both sides of the issue. Have pupils look at a table showing changes in consumer spending and GNP after the tax cut. Also show figures on what happened to receipts from income taxes after the cut. Ask: How can you explain these figures?

Okun, ed., Battle Against Recession, pp. 88-102,

Perhaps have pupils read some of the debate over Johnson's proposed tax increase during the Viet Nam War. Discuss the pros and cons of the proposal.

Use Reader's Guide.

176. Divide the class into groups to read very brief accounts of some of the recessions which have taken place since World War II. Each group should describe the extent of the recession, show charts to illustrate some of the factors at work in bringing on the recession, show charts to illustrate the way in which built-in stabilizers served to cushion the downswing, and discuss measures taken by the government to try to promote recovery.

Use Reader's Guide.
Uppgren, Sec. Ag. Depressions,
Mark and Slate, eds.,
in Action, pp. 19
Conference on Economic
"Recession--Cause

student report on the proposals and debates concerning the
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explain these figures?

Okun, ed., Battle Against Unemploy-
ment, pp. 88-102, 145-159.

Have pupils read some of the debate over Johnson's pre-
tax increase during the Viet Nam War. Discuss the pros and
of the proposal.

Use Reader's Guide.

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recessions which have taken place since World War II. Each
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bilizers served to cushion the downswing, and discuss measures
taken by the government to try to promote recovery.

Use Reader's Guide.

Uppgren, Sec. Ag. Depressions?
Mark and Slate, eds., Economics
in Action, pp. 191-208.
Conference on Economic Progress,
"Recession--Causes and Cure."

G. Any decision-maker is limited by available information.

G. Although living levels in the U.S. are very high compared to those in most countries, a large number of people still live in poverty by American standards of what is needed for adequate living levels.

C. Today, real incomes and national production far exceed anything known in the 1920's. Nevertheless, there are still a large number of poor in this country and new government programs are aimed at trying to achieve the Great Society in which such poverty will be reduced greatly. The extent to which the government should engage in poverty and welfare programs is still debated widely.

G. Even during prosperous times, there will be some structural unemployment among those changing jobs, those without any skills, and those whose skills are made obsolete by technological changes. There may also be some unemployment among certain groups because of discrimination.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

177. Point out that National income statistics and the use of statistical data were not available to Hoover in 1929. Quote an economist to the effect that private business firms did not have adequate statistical data on which to make decisions. Ask: Why did this make for more business failures when the crash came in 1929? Why did it make it more difficult for government officials to decide what courses of action would help most?

178. If students have studied the 9th grade course in the Center's curriculum, merely review ideas about the extent, causes of, and programs designed to reduce present-day poverty. If not, do the following and perhaps some of the other activities in the 9th grade unit on poverty.

a. Project graphs showing changes in the real GNP and real GNP per capita and changes in income distribution from 1929 to the present. Ask: What has happened to levels of living in general?

b. Have pupils look at figures on present-day incomes by different groups. Remind them of the figures they obtained on what is needed in the local area for a basic living level as defined by local relief agencies. Ask: How many of the people in this country do not achieve this level? Would the level be the same in all sections of the country? Why or why not?

Weisbrod, ed., Economic
Section B.

Have pupils look at a table which shows how government agencies estimate the total number of Americans living in poverty. Ask: How do they arrive at this estimate? What proportion of the population do they include within this level today?

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a on which to make decisions. Ask: Why did this make
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Weisbrod, ed., Economies of Poverty,
Section B.

As look at a table which shows how government agencies
estimate the total number of Americans living in poverty. Ask:
How do they arrive at this estimate? What proportion of the
do they include within this level today?

S. Differentiates between facts and estimates.

G. Although living levels in the U.S. are very high compared to those in most countries, a large number of people still live in poverty by American standards of what is needed for adequate living levels.

- c. Or project a chart showing the percent of families by states with incomes below \$2,000 in 1962. Have pupils note the number for their own state. Ask: How does our state stack up with the others? What reasons can you think of for the large numbers of poor in some states?

U. S. Dept. of
fare, Conv
pp. 20-21.

- d. Have a pupil check with his state's welfare department (under whatever name it operates), to find out how many people in the state have exhausted their unemployment benefits, how many are now drawing benefits, and how many are unemployed in the state at the present time.
- e. Have a pupil make photographs of slum areas in the local area and project them for the class. Discuss: Why do we find such housing in good times?

179. Discuss: Why do you think there is still so much poverty in this country when we are experiencing such good times in general? Have pupils list possible reasons. If they have had the 9th grade course in the Center's curriculum, review what pupils learned in the unit on Pockets on Poverty. If not, do the following:

- a. Have a pupil interview a social worker who has been with a social relief agency for many years. He should try to find out how the kinds of cases coming to the attention of relief agencies have changed from the depression period to the present.

at showing the percent of families by states with
1000 in 1962. Have pupils note the number for

Ask: How does our state stack up with the
reasons can you think of for the large numbers
states?

U. S. Dept. of Health, Ed. and Wel-
fare, Converging Social Trends,
pp. 20-21.

Ask with his state's welfare department (under
operates), to find out how many people in the
state had their unemployment benefits, how many are
on benefits, and how many are unemployed in the state
at the same time.

Show photographs of slum areas in the local area
for the class. Discuss: Why do we find such
slum areas?

Do you think there is still so much poverty in this
country experiencing such good times in general? Have
pupils give reasons. If they have had the 9th grade course
in social studies, review what pupils learned in the unit
on poverty. If not, do the following:

Interview a social worker who has been with a social
agency for many years. He should try to find out how the
attention of relief agencies have
changed from the depression period to the present.

- G. Although living levels in the U.S. are very high compared to those in most countries, a large number of people still live in poverty by American standards of what is needed for adequate living levels.

- G. Even during prosperous times, there will be some structural unemployment among those changing jobs, those without any skills and those whose skills are made obsolete by technological changes. There may also be some unemployment among certain groups because of discrimination.

b. Have a panel discuss "Who are the Poor Today?"

Lineberry, ed., Chal
Employment.
Harrington, The Other
May, Wasted American
Lebergott, ed., Man
Weisbrod, ed., Econom

c. Have pupils find out more about some of the poverty still existing in the late 1940's and early 1950's among coal miners and among migrant workers. Have several illustrated reports on these topics. Discuss the cause of such poverty when so much of the nation was well off.

Med. Survey of Bitum
Industry. Colo
Migrant Farm Lab
No Work Today
Pamphlet).
Shotwell, The Harves

d. Show the film Depressed Area to illustrate the problems in a West Virginia coal town.

Film: Depressed Area
distributors, 19

e. Show the film Harvest of Shame and discuss present-day problems of migrant farmers.

Film: Harvest of Sha
Now Production.

Discuss "Who are the Poor Today?"

Find out more about some of the poverty still existing in the late 1940's and early 1950's among coal miners and migrant workers. Have several illustrated reports made available. Discuss the cause of such poverty when so much of the population was well off.

Use the Depressed Area to illustrate the problems in a typical coal town.

Use the Harvest of Shame and discuss present-day migrant farmers.

Lineberry, ed., Challenge of Full Employment.
Harrington, The Other America.
May, Wasted Americans.
Lebergott, ed., Man Without Work.
Weisbrod, ed., Economics of Poverty.

Med. Survey of Bituminous Coal Industry. Colorado Tale. Migrant Farm Labor in Colorado. No Work Today (Public Affairs Pamphlet).
Shotwell, The Harvesters.

Film: Depressed Area, AFL-CIO distributors, 1962, 14 min. sd.

Film: Harvest of Shame, (See It Now Production.) McGraw-Hill.

S. Considers alternative courses of action.

S. Considers consequences of alternative courses of action.

G. Economic systems are usually mixed, with both public and private ownership and with decisions made both by government and by consumers and businessmen.

G. In a private enterprise system, it is the market which permits buyers and sellers to deal with one another, which translates demand and supply into a price system, and which is chiefly responsible for the way in which the basic economic questions are worked out.

D. Today the U.S. has a mixed economy, as do most countries. However, the mix still lies further in the direction of private enterprise than do many mixed economies in the world.

f. Show one of the many films on effects of automation. Discuss: Will automation create more jobs than it destroys, as have past inventions? What are the immediate effects? What groups are hit hardest by automation?

g. See 9th grade unit on poverty for other suggestions.

180. Have a panel discussion on Johnson's Poverty program and the aims of "The Great Society." Relate to what pupils have learned about factors affecting GNP and to fiscal policy. Ask: What problems have been encountered in carrying out this program?

Weisbrod, ed., Econ. of
Pt. 2.

181. Discuss: Does the U.S. have a private enterprise system today? To what degree has our economic system and people's beliefs about the economic system changed since the early period in American history? Review the role of the market in today's economic system. Emphasize the fact that other economic systems are also mixed economies, but ours has a mix which differs from the others.

"Supplementary Set of C

Perhaps use the kind of diagram used in the ninth grade course to show a three dimensional continuum between both of these and a reciprocal system on the other dimension. Review the meaning of the diagram and then have pupils try to place the present-day U.S. economy on this diagram. Have them place the colonial economy on this diagram. Have them place the economy of around 1880 on this diagram.

many films on effects of automation. Discuss: Will
it create more jobs than it destroys, as have past inventions?
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affecting fiscal policy. Ask: What problems have been en-
countered in carrying out this program?

Weisbrod, ed., Econ. of Poverty,
Pt. 2.

Does the U.S. have a private enterprise system today? To what extent?
Compare the economic system and people's beliefs about the economic
system in the early period in American history? Review
the market in today's economic system. Emphasize the fact
that all economic systems are also mixed economies, but ours has
characteristics from the others.

"Supplementary Set of Charts."

Use the diagram used in the ninth grade course to show
a continuum between both of these and a reciprocal
relationship dimension. Review the meaning of the diagram and
try to place the present-day U.S. economy on this
diagram. Place the colonial economy on this diagram. Have
the economy of around 1880 on this diagram.

The market serves to determine largely what shall be produced, how much shall be produced, how it shall be produced, and who shall get what part of the production. However, government policies and factors which interfere with perfect competition also affect the allocation of resources and income.

- G. Most economic systems are in the process of constant change.
- G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.
- S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.
- G. The process of political socialization is a continuous process; the individual continually acquires new values and patterns of behavior, and a sharp change in his life may result in re-socialization.
- VIII. The depression and its aftermath have had important political and social ramifications, although our economic problems were also affected by non-economic factors.
- A. The depression brought about a number of changes in our political system.
1. The depression resocialized millions of American citizens; today the majority of voters are basically Democrats, although many will vote for particular Republican candidates at times.

182. Have pupils examine voting statistics for 1928, 1932, and 1936. Now give pupils figures for the number of voters who claim Democratic affiliation today and who claimed it when Eisenhower was elected. Discuss: Why was Eisenhower elected if a majority of the voters thought of themselves as Democrats? How do you account for the change in party affiliation from the period of the 1920's?

See figures in tables for 6th grade unit on Political Parties and Elections.

2. The depression led to a changed role for the federal government as compared to the local and state governments and also to a much larger bureaucracy. It marked the beginning of "big government" in U. S. affairs and changed attitudes toward what the government should do in economic and also social affairs. The people began to think more often of turning to the federal government to solve problems formerly considered state affairs.

G. Constitutions change through custom and interpretation as well as by formal amendments.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

B. The depression plus the wars and cold war which followed have brought about marked changes in American attitudes.

1. Although the American people still value material wealth and economic growth, they also place a higher value today on economic security and economic justice than they did during the 1920's.

183. Show a graph on the increase in the number of federal employees since 1929. Discuss: How can you account for these changes?
184. On the chalkboard, list some of the domestic problems being discussed in Congress now or those handled in Congressional acts during the last session of Congress. Ask: How many of these have to do with welfare or economic problems? Discuss: What do these acts and Congressional bills indicate about changes from the 1920's? How can you account for these changes?
185. Have several pupils role-play a discussion in Heaven between some of the framers of the U.S. constitution (and perhaps with F.D. Roosevelt and Kennedy) about what has happened to the constitution without actual amendment.
186. Have pupils rate in order of preference the kind of job which they would like in the future: one with a very large income but a great risk of losing the job; one with good pay but a 50-50 chance of losing the job; or one with great security but low income? One with a very large income and long hours of work or one with less income and shorter hours of work?

Stein and Cloward, eds., Social Perspectives on Behavior, pp. 321-322 (for study made in 1940's.)

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

S. Looks for relationships among events.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

2. World War II, the Korean War, the cold war, and the war in Viet Nam have resulted in a tremendous increase in government expenditures and so have had important effects upon our economic system (including a sharp increase in national production and a rise in living levels) and upon attitudes of the American people.

Compare class results with those of a study made in the 1940's. Also discuss: How do you think the attitudes of this class compare with those of people in the 1920's? With those in the 1890's?

187. Have pupils compare the results of some opinion poll taken during recent years toward helping the poor or the poverty program with attitudes of Americans during the 1920's. How can they account for the changes?

188. Say: We have been talking about ways in which economic changes affected values and other aspects of American life. What non-economic events affected our economic and social system? How?

189. Read aloud a quotation by a sociologist on present-day attitudes toward work and play. Ask: Do you agree that the statement expresses accurately the attitudes of the American people? How does it compare with the attitudes of the American people in colonial days? in the late 19th century? in the 1920's?

Larrabee and Meyersohn, eds.,
Man's Leisure, p. 93.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Looks for relationships among events.

3. New Deal programs, wartime programs, and postwar prosperity have led to a revolution in rural ideas about technology and material wealth and values.

C. The depression, World War II, and the postwar prosperity have combined to bring about massive movements of people from one place to another.

1. The introduction of labor-saving machinery on southern farms combined with wartime industry to bring about a great increase in horizontal mobility, particularly among southern Negroes.

190. Have a pupil compare results of current opinion polls dealing with some of the same topics discussed in the study of the 1920's.
Ask: What changes do you see? What might account for these changes?

Or have pupils report on some of the changes as seen by modern sociologists.

Olson, ed., America As a Mass Society.

191. Have a pupil give a report on what has happened in Plainville, U.S.A. (What has happened to attitudes of farmers toward technology, science, and wealth? toward cooperation with neighbors? toward what provides prestige? What has brought about these changes?) Discuss: Do you think that there is as great a conflict today as in the 1920's between urban and rural groups?

Olson, ed., Am. As a Mass Society, pp. 187-204.

192. Remind pupils of some of the reasons for the migrants of the 1930's.
Ask: What was forcing sharecroppers off the land? Where might many of the southern Negroes have gone during World War II? Why? Show pupils tables showing the increase in Negro population in northern cities since 1930. Discuss: Why has mobility for other groups increased too?

e. g. Stein and Cloward, e Soc. Perspectives on pp. 288-314.

Compare results of current opinion polls dealing with the topics discussed in the study of the 1920's. What changes do you see? What might account for these

Olson, ed., America As a Mass Society.

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Olson, ed., Am. As a Mass Society, pp. 187-204.

of some of the reasons for the migrants of the 1930's. What was forcing sharecroppers off the land? Where might Southern Negroes have gone during World War II? Why? Tables showing the increase in Negro population in the 1930's since 1930. Discuss: Why has mobility for other groups increased too?

e. g. Stein and Cloward, eds., Soc. Perspectives on Behavior, pp. 288-314.

- 195 -

2. Public works construction during depression days, needs of wartime and defense construction, postwar prosperity, government policies related to home building, and the spurt in population growth have accentuated the rate of urbanization and particularly of the growth of suburbs.

D. The depression, wars, and increased prosperity since World War II have each influenced education and the use of leisure.

1. The war and post war prosperity have been accompanied by a sharp rise in birth rates, which in turn has had an effect upon education and upon our economic system.
2. The great increase in living levels following World War II combined with other factors such as the GI Bill to bring about a great increase in the proportion of youth attending college and also finishing high school.
3. The depression had its effect upon leisure, while the post-war prosperity and shorter hours of work have resulted in increased leisure and different patterns of using leisure.

193. Compare population data for a number of large cities in U. S. and the pupils' own state in 1930 and today. Show pupils maps of a large city in their own state today and in the 1920's or 1930's. Ask: What has happened to suburbs in this period? What accounts for the growth of suburbs? What effects has suburban living had upon Americans? What problems has it raised?

Olson, ed., Am. As a Society, pp. 24
(Use for report.)

Have a pupil give a report on the effects of suburban dwelling upon American life.

194. Show pupils a graph or table on changes in the birth rate from 1929 until the present. Discuss: What may have caused the changes during the depression? during the war and postwar period? What effects have these changes had upon our economic system? (Discuss the relationship of population to investment opportunities.) What effects have these changes had upon our educational system?

195. Have pupils compare a graph showing GNP from 1929 until today and one comparing the population growth and number of pupils remaining in high school or attending college. Ask: How many of your fathers or relatives went through college under the GI Bill? What has happened to the attitudes of American people toward education? What change has taken place in school attendance?

196. Have a pupil report on what happened to leisure during the depression days. Have students draw comparisons with the present day. Have the class examine a chart showing changes in hours of work since 1920. Ask: What does increasing leisure mean to the American people? How has the use of leisure been affected by prosperity?

Wecter, Age of the Great Depression, Ch. 11.
Larrabee and Meyerson, Leisure.

Population data for a number of large cities in U. S. and own state in 1930 and today. Show pupils maps of a in their own state today and in the 1920's or 1930's. What has happened to suburbs in this period? What accounts for growth of suburbs? What effects has suburban living had on means? What problems has it raised?

Will give a report on the effects of suburban dwelling on urban life.

Draw a graph or table on changes in the birth rate from the present. Discuss: What may have caused the changes during the depression? during the war and postwar period? What effects have these changes had upon our economic system? (Discuss relationship of population to investment opportunities.) What effects have these changes had upon our educational system?

Compare a graph showing GNP from 1929 until today and one showing population growth and number of pupils remaining in school or attending college. Ask: How many of your fathers or brothers went through college under the GI Bill? What has happened to the attitudes of American people toward education? What change has taken place in school attendance?

Will report on what happened to leisure during the depression and have students draw comparisons with the present day. Have the students draw a chart showing changes in hours of work since 1920. How does increasing leisure mean to the American people? How has the amount of leisure been affected by prosperity?

Olson, ed., Am. As a Race,
Society, pp. 244-256.
(Use for report.)

Wecter, Age of the Great Depression,
Ch. 11.
Larrabee and Meyerson, eds., Man's
Leisure.

G. Internal social stability is important to the development of national power in that it enables the nation to concentrate on external matters without disruption or the diversion of attention.

E. The depression served to concentrate attention on domestic affairs during Hitler's rise to power, while international affairs such as the war in Viet Nam can make it difficult to carry forward some domestic economic and social programs.

G. Although culture is always changing, certain parts or elements may persist over long periods of time.

S. Sees meaningful differences between eras.

F. Although culture is always changing, certain parts or elements may persist over long periods of time. Many of the attitudes which mark present-day American culture can be traced back to early days in American history despite the many changes which have taken place during the twentieth century. However, the basic cultural values of today help make today's America far different from the America of colonial days.

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197. Read aloud a brief quotation or tell pupils about interpretations which lay some of the blame for the U.S. failure to pay more attention to Hitler in his early years of power to America's concentration upon solving problems raised by the depression.

Have pupils follow newspaper reports to see if they can find indications of ways in which problems of foreign affairs are affecting our economic and social affairs today.

198. Give pupils a list of some of the values identified by anthropologists as being values held by the American people today. How do they compare with those held by Americans in 1900? in the late 1920's? What factors might help account for the changes? Are there any resemblances between some of these attitudes and those of colonial Americans? of Americans during the early national period? What degree of continuity has there been?

Morison, ed. The American Style

FAMILY INCOMES 1929

Per Cent of Families	Income
21%	Under \$1000
42%	Under 1500
71%	Under 2500*
92%	Under 5000

* Frequently given as the income needed at that time for a "minimum" standard of living.

U. S. LEADERS ON ECONOMIC CONDITIONS. 1929-30

HENRY FORD

These really are good times, but only a few know it.

CHARLES M. SCHWAB

Never in my life have I been more optimistic of this country's prosperity than today.

THOMAS W. LAMONT

The trying experiences through which we are passing may ultimately be a fine thing for us.

J. P. MORGAN

I don't know anything about any depression.

HENRY FORD

If this period of convalescence through which we have been passing must be spoken of as a period of depression, it is far and away the finest depression that we have ever had.

SAMUEL INSULL

Our people should not take the situation here so pessimistically. Laugh a bit. It would be helpful in every way.

**NO. OF UNEMPLOYED IN PHILADELPHIA IN 1931 BY
TYPE OF OCCUPATION ***

Occupation	Number of men Unemployed
Total.....	8,177
Laborer.....	3,398
Semi-skilled laborer..	2,601
Skilled laborer.....	1,158
Foreman, Supervisor.	171
Clerical Worker.....	156
Salesman.....	120
Business Man.....	354
Professional Man.....	30
Not Certain.....	26
No Report.....	163

***Adapted from Ewan Clague and Webster Powell, Ten Thousand Out of Work, Philadelphia: University of Pennsylvania Press, 1933, Table 8, p. 34.**

INCOMES AND EXPENDITURES

July, 1935-June, 1936

Earning Under \$1,000 a year

Earning Under \$1,000 a year
(Includes relief payments)

12 million families plus 6 million
individuals or 41% of families
of U. S.

AVERAGE EXPENDITURES OF FAMILY IN THIS INCOME GROUP

	Per Week	Per Month	Per Year
Food	\$5.86		\$304.72
Rent		\$20.00	240.00
Clothing			52.00
Other Expenses			<u>14.00</u>
Total	_____		\$610.72
Average Deficit per year	_____		160.00

APPENDIX

CHANGES IN FARM PRICES FROM 1920 to 1932

1. Changes in Prices of Farm Products

Date	Price of wheat (per bushel)	Price of corn (per bushel)	Price of cotton per pound
April, 1920	\$2.42	\$1.64	\$.39
1932	.39	.29	.06 ¹ / ₂

2. Changes in Prices of Goods Farmers Sold Compared to Prices of Goods He Bought (Index Numbers, with 1920 Prices Equal to 100)

	1920	1932
Prices of What Farmer Sold	100	31
Prices of What Farmer Bought	100	53

3. Problems Faced by Farmers Who Went Into Debt

Suppose Farmer A mortgaged his farm in 1920 for \$10,000. He agreed to pay \$1,000 a year plus interest until debt was paid.

To pay \$1000 in 1920, he would need to
sell 413 bushels.

To pay \$1000 in 1932, he would need to
sell 2,564 bushels.

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A. The Depression Years, Causes of the and Measures to Reduce Business Fluctuations

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Key to Reading Level

- * Easy reading for tenth grade students.
 - # Above average reading for tenth grade students.
 - ## For only superior tenth grade students
- Those not marked are of average difficulty.

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Only superior tenth grade students
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