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## ABSTRACT

This model provides community college economics instructors with a flexible plan for developing instructional programs and materials to improve the level of economic understanding among non-business majors. More specifically, the model provides instructors with some exposure to the systems approach to instructional design and to appropriate instructional methods, teaching aids, references, and resource materials. In addition, the model presents suggested teaching topics upon which to base an introductory economics course. The course involves six instructional units on various aspects of the American economic system. Unit 1 defines and introduces alternative economic systems. Unit 2 deals with personal and economic freedoms. Unit 3 dissects the definition of capitalism. Unit 4 covers the law of supply and demand and the system of markets. Unit 5 concentrates on participants in the United States economic system. Unit 6 reviews the persisting issues and problems of the American economic system. Rationale for each unit, student objectives, study outlines, suggested teaching and learning activities, and resources for each unit are presented, and a list of organizations sponsoring materials on free enterprise education is included. (TR)

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Thomas R.  
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A Model For Teaching The American Economic  
System to Non-Business Majors

by

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Professor

Lauren E. Merriam, Jr.  
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Gulf Coast Community College  
1978

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## ACKNOWLEDGEMENTS

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## PREFACE

The importance of having an economic literate citizenry is apparent in that we have a democratic government, our country goes where we--all of us together--decide we want to take it. Only if the choices we make are based upon an adequate understanding of our economic system can these choices be made wisely. Informed decisions are essential if we are to be successful in meeting our future economic and social challenges at home and abroad. Thus, it is of the utmost importance that students leaving the classroom and entering the world faced with a variety of economic decisions be well informed as to how our economic system works.

The purpose of this model, "A Model For Teaching The American Economic System To Non-Business Majors," is to provide the community college economics instructors (especially those at GCCC) with a flexible plan for developing instructional programs and materials aimed at improving the level of economic understanding among non-business majors enrolled in community colleges which are appropriate in content and delivery system. More specifically, the purposes of this model are:

- Provide the community college economics instructor with suggested teaching topics upon which an introductory level economics course can be developed for non-business majors, or a specific unit of instruction on some aspect of the American economic system.
- Suggest to the community college economics instructor some appropriate instructional methods, teaching aids, references, and resource materials.
- Provide the community college economics instructor with some exposure to the systems approach to instructional design.

While this model was designed specifically for use by economics instructors at Gulf Coast Community College, it is hoped that it will provide a starting point for other community college economics instructors in designing similar materials.

## PLANNING AND IMPLEMENTATION

The following section offers suggestions relative to instructional strategy, flexible course offerings, and textbook selections.

### The Systems Approach

The author strongly encourages the utilization of the following form of a systems approach to instruction in designing instructional programs and materials. It is based on an extensive review of the literature in instructional and learning theory relative to economics education. This model was designed to provide the essential ingredients needed for this purpose. What follows is a description of this systems approach to instruction.

The learner is first provided with a rationale statement which explains why the mastery of a particular unit of instruction is important. Next the learner is presented with a set of specific instructional objectives telling the learner what he/she should be able to do after completing the unit of instruction. The learner is then pretested using a criterion referenced test on the instructional objectives to determine what he/she already knows so that he/she may be directed or choose learning activities most beneficial to him/her from the standpoint of accomplishing those instructional objectives not already learned at the mastery level. The appropriate learning activities are then completed by the learner. Research in instructional and learning theory

relative to economics education shows strong evidence that the most beneficial set of learning activities from the standpoint of improved student learning is a set of learning activities which uses a multi-media delivery system and requires the active participation of the learner. A post-test on the instructional objectives is then administered to the learner to determine if the instructional objectives have been mastered. If the learner fails to accomplish a given instructional objective, he/she is then recycled through a set of additional learning activities prescribed by the instructor until mastery is achieved.

#### Suggested Course Offerings and Texts

The following represents some alternative uses of the model in terms of course offerings and their instructional methodology.

#### Three Semester Hour Introductory Economics Course: Lecture-Discussion Format

A full three semester hour introductory level economics course using the lecture discussion format should use all units of instruction and objectives. It is suggested that, in addition to the lecture-discussion session, a simulation game be used (see model) and that students be required to investigate at least one economic problem or issue and make an oral presentation on it. The following texts are suggested:

McKenzie, Richard B. and Tullock, Gordon, The Modern Political Economy, New York, McGraw-Hill Book Co., 1978.

Miller, Roger LeRoy, Economics Today and Tomorrow, San Francisco, Canfield Press, 1978.

#### One Semester Hour Mini-Course

A one semester hour mini-course using a seminar type format should cover Units I, III, and IV and utilize speakers from the local business community and college to cover specific economic issues and problems. Would give a bare bones coverage. Suggested texts are:

Eggert, Jim, What is Economics? Los Altos, CA. William Kaufman, Inc., 1977.

Heyne, Paul, The Economic Way of Thinking, Chicago, Scientific Research Associates, 1976.

### Variable Credit: Independent Study

A program of independent study utilizing the model could be designed for a variable number of credit hours or for simply a unit of instruction provided the pre-requisite learning resources were available.

The author is sure these are not the only instructional possibilities or suitable texts, but are offered simply as suggestions.

### Final Comments

The author has purposely not prepared testing instruments or other evaluative criteria since each instructor undoubtedly will choose to measure the achievement of specific instructional objectives under varying conditions, performance standards and methods. It is, however, pointed out that test materials and items should be criterion-referenced to the instructional objectives. Please feel free to utilize any and all of the materials contained within this model, and by all means, seek to improve upon them. I hope that you will share your experiences with me. Those at Gulf Coast Community College know where to find me.

For others who may use this material, my address is as follows:

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Business Division  
Gulf Coast Community College  
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Panama City, FL 32401



## Unit Outline

### What is Economics?

- A. Definition of Economics.
- B. Definition of an Economic System.
- C. Concept of Scarcity
  1. Resources: Land, Labor, Capital
  2. Opportunity or Alternative Costs
- D. Basic Economic Questions
  1. What kinds of goods and services shall the system produce?
  2. Who shall produce goods and services and by what method?
  3. For whom shall goods be produced?
- E. Ways of Answering Economic Questions
  1. Traditional Economic System
  2. Command (Authoritarian) Economic System
  3. Market System

### Suggested Teaching/Learning Activities

- Have students bring to class for display and discussion articles from newspapers and magazines concerning economic topics found in this unit.
- Stage a debate on alternative solutions to the problem of scarcity in the local community or in the nation.
- On a world map have students indicate countries that have economic systems which are predominately one of the three basic types.
- Have students propose how a given scarce resource, such as oil, should be used in the future and defend his proposal.

### Resources

#### Printed Resources

Madden, Carl H. Why Economics? Washington, D.C.: United States Chamber of Commerce, 1966.

Samuelson, What Is Economics?

Wagner, Lewis E. What Are Economic Problems? Iowa City: University of Iowa, 1966.

What Everyone Should Know About Man's Economic Wants. Greenfield, Mass.: Channing L. Bete Co., Inc., 1967.

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Samuelson, What Is Economics?

Wagner, Lewis E. What Are Economic Problems? Iowa City: University of Iowa, 1966.

What Everyone Should Know About Man's Economic Wants. Greenfield, Mass.: Channing L. Bete Co., Inc., 1967.

What Everyone Should Know About Economics. Greenfield, Mass.: Channing  
L. Bete Co., Inc., 1967.

#### Nonprinted Resources

Basic Economics. Encyclopedia Britannica Educational Corporation,  
425 N. Michigan Ave., Chicago, IL 60611. Filmstrip series.

Basic Economic Concepts. McGraw-Hill Films, 327 West 41st St., New  
York, NY 10036. Filmstrip.

Economic Decision Making: What, How and For Whom. Social Studies  
School Services, 10,000 Culver Blvd., Culver City, CA 90230. Sound  
Filmstrip.

Economics in Action. Multimedia Division, Melton Book Co., 111 Leslie St.,  
Dallas, TX 75207. Transparency set.

Economics: The Science of Choice. McGraw-Hill Films, 327 West 41st St.,  
New York, NY 10036. Filmstrip.

Supply and Demand. McGraw-Hill Films, 327 West 41st St., New York, NY  
10036. Filmstrip.

What is Economics? Eye Gate House, Inc., 146-01 Archer Ave., Jamaica,  
NY 11435. Filmstrip.

## Unit II - Personal and Economic Freedoms

### Rationale

Our country was brought into existence as a result of a people seeking not only religious freedom but also economic freedom. We, therefore, find that our founding fathers, who were early capitalists, wrote into the constitution certain personal freedoms which can only exist in a free enterprise economy. If we are to preserve our personal freedoms, then we must seek to preserve our economic system of free enterprise. To accomplish this, we must seek to understand and develop an appreciation for it, for history has illustrated that people do not preserve that which they do not understand and appreciate.

Student Objectives: After completing this unit you should be able to:

1. State the basic economic freedoms of capitalism.
2. Cite the constitutional basis of these freedoms.
3. Discuss the various economic freedoms in terms of his/her own life.
4. Cite at least one personal freedom which could exist only in a free enterprise economic system.

### Unit Outline

#### Personal and Economic Freedoms

##### A. Economic Freedoms of Capitalism

1. Private Property
2. Freedom of Choice and Enterprise
3. Right to Profit
4. Freedom of Contract

##### B. Personal Economic Freedoms

1. Choosing how, where, when and for whom to work
2. Starting and Operating a Business
3. Investing and Saving for Capital-Accumulation
4. Pursuit of Personal Success
5. Choosing what you buy and who you buy from

### Suggested Teaching/Learning Activities

- Have the students view the film, "The Incredible Bread Machine."
- Let the students select one of the topic guides to "The Incredible Bread Machine" film, and write a short theme giving a synopsis of it and their reaction.
- Have the students report on how one of our basic economic rights has been infringed upon by the government and cite the constitutional basis for this infringement.
- Let students debate the meaning of the term "common good."
- Use other AVT materials cited in the resources list.

### Resources

#### Printed Resources

Dietz, Gotfried, In Defense of Property, Baltimore, John Hopkins Press, 1971.

Rand, Ayn, Capitalism: The Unknown Ideal, New York, Signet, 1967.

The Incredible Bread Machine Film Topic Guides, World Research, Inc., San Diego, Calif., 1976.

Madden, Carl H., The Power of Choice, Washington, D.C., United States Chamber of Commerce, 1966.

Lieberman, Jethro, How the Government Breaks the Law, Baltimore, Penguin, 1973.

#### Non-Printed Resources

"The Incredible Bread Machine." World Research, Inc., San Diego, Calif., 1976, 16 mm film (30 minutes).

## Unit III- Dissecting The Definition of Capitalism

### Rationale.

Capitalism is an economic system in which individuals with comparative freedom from external restraint produce goods and services for public consumption under conditions of competition and with private profit or personal gain being the principle motivating force. In this unit we will examine each component of this definition and how it contributes to the overall functioning of the economic system called capitalism. Although the American economic system is a modified form of capitalism, its still a capitalistic economic system and, therefore, it is imperative that we understand the definition of capitalism to understand our own economic system.

**Student Objectives:** What the learner will be able to do after completion of the unit.

1. Define Capitalism.
2. Discuss the concept of private enterprise in terms of the economic freedoms it provides the businessmen and consumers.
3. The student will be able to explain today's meaning of the term "comparative freedom."
4. Define the term profit.
5. State what purposes profits serve in the American free enterprise system.
6. State what factors should be considered in assessing whether or not a given level of profit is reasonable.
7. Report on the average level of profits (as a % of sales) earned in three different types of business enterprise.
8. Define the term competition.

9. Describe those conditions which foster competition in the American system of free enterprise.
10. Describe how our economy benefits from competition between sellers.
11. Cite the various laws which were implemented to preserve competition and whose responsibility it is to enforce them.

#### Unit Outline

#### Dissecting The Definition of Capitalism

##### A. Capitalism

1. Private Property/Private Enterprise
2. Freedom Choice/Freedom to Compete
3. Freedom of Contract
4. Private Profit

##### B. Role of Profit

1. Payment for Risk
2. Cost of Doing Business
3. What Is A Reasonable Level of Profit

##### C. Role of Competition

1. Competitive Environment of Today
2. Benefits of Competition
3. Regulating Competition

#### Suggested Teaching/ Learning Activities

- Utilize audio-visual resources listed for the unit.
- Have each student select one manufactured item and note how many competitors (Manufacturers) there are for that item and what effect competition has on the production of the item.
- Have students discuss the similarities of competitive athletics with economic competition. What similarities and differences do they note.
- Invite an owner of a small business to address the class on :
  - (1) Why that person chose to enter that business.
  - (2) How he competes with similar businesses.
  - (3) How the capital was accumulated to begin the business.
  - (4) What some of the problems of owning a business are.
  - (5) What his average level of profit is as a percentage of sales.
- Invite a member of the Chamber of Commerce to address the class on the function of profits and competition.

Have the students obtain an annual stockholder's report from a large public held corporation asked them to then report the answers to the following questions:

- How much profit was reported?
- How were the profits reported?
- What was done with the reported profits.
- Did the profits vary significantly over several years. If they did, what may have been the cause?
- Do you consider these profits to be low, average, or high? Justify your answer.
- In your opinion, was the profit for the actual company being studied a fair profit? Give your reasons for your answer.
- If you had the money available would you consider buying stock in the company you studied? Why?

### Resources

#### Printed Resources

Are Profits Without Honor in Our Country? Bethlehem Steel Corporation. Public Affairs Department n.d., Bethlehem, Penn. ( no charge )

It's a Great System ( Pass It On ). Standard Oil Company, (Indiana), Public & Government Affairs, P.O. BOX 5910-A MC. 3705, Chicago, IL 60680 ( no charge ).

How to Read a Financial Report. Merrill, Lunch, Pierce, Fenner; and Smith. New York, 1973.

Jackstadt, Steve, and Hamada, Yukis. The Adventures of Primo Dinero Chicago, Follett Educational, Corp., 1971.

Madden, Carl H., The Power of Choice. Washington, D.C.: United States Chamber of Commerce, 1966.

That's what America's All About. Phillips Petroleum Co., Phillips Building, Bartlesville, OK 74004. ( no charge )

The Engine That Built America. Office of Public Affairs, Dept. of the Treasury, Washington, D.C. 20220. (no charge)

The Profit Pendulum. U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062. (no charge)



## Non-Printed Resources

American Economy Filmstrip Series. McGraw-Hill Films,  
327 W. 41st. St., New York, NY 10036.

Capital.

Prices: Wheels of the Economy

Profits: Fuel of the Economy

Competition. Eye Gate House, Inc.,  
146-01 Archer Avenue, Jamaica,  
NY 11435. Filmstrip.

Profit Motive. Eye Gate House, Inc.,  
146-01 Archer Avenue, Jamaica,  
NY 11435. Filmstrip.

The Case for Competition. Association  
Instructional Materials, 866 Third Avenue,  
New York, NY 10022. 16mm film.

What is Capitalism. New York, Guidance Associates,  
1976. Filmstrip.

## Unit IV - The Systems of Markets

### Rationale

Up to this point we have examined what an economic system is, what basic economic questions it must answer and the various components which make the economic system called capitalism. It is now a valid question to ask -- How does all this work in our economy?

Student Objectives: What the learner will be able to do after completing this unit of instruction.

1. Given a demand schedule which is downward sloping and to the right, explain in terms of the Law of Diminishing Utility and the Law of Demand why it does so.
2. Illustrate an understanding of the Law of Supply by generating a supply schedule for a particular product.
3. Describe the characteristics of a totally free market.
4. Illustrate how a free market would operate using the equilibrium theory of prices.
5. Explain how the market mechanism brings about an adjustment in supply and demand when a surplus or a shortage exists.
6. Give examples of factors which can affect supply and demand schedules for products, and illustrate the resulting effect on the equilibrium prices for them.
7. Describe how the market mechanism is affected when the competition is monopolistic in nature.
8. Cite one example of a market which is an oligopoly and explain how the market mechanism works in it.
9. Explain why legal monopolies are regulated by the government.
10. Determine which type of competition is most prevalent in our economic system and explain why.

## Unit Outline

### The System of Markets

- A. Law of Supply and Demand
  1. Law of Supply
  2. Law of Diminishing Marginal Utility
  3. Law of Demand
  4. Price Elasticity
  5. Demand Schedule
  6. Supply Schedule
  
- B. Perfect Competition
  1. Characteristics
  2. Assumptions
  3. Equilibrium Theory Prices
  4. Market Mechanism
  5. Shifts in Supply and Demand
  
- C. Imperfect Competition
  1. Monopolistic
    - a. Characteristics
    - b. Market Mechanism
    - c. Examples
  2. Oligopolistic
    - a. Characteristics
    - b. Kinked Demand Curve
    - c. Price Leadership
    - d. Examples
  
- D. Monopolies
  1. Legal Monopolies
  2. Regulating Agencies Role
  3. Problems Facing a Regulated Industry
  4. Economic Efficiency of Regulated Industries

### Suggested Teaching/Learning Activities

- Use a simulation game to demonstrate the operation of the market system.
  
- Provide price data, and quantity demanded per year data for some hypothetical consumer product to the students and have them construct supply and demand schedules for it. Ask them then to identify the equilibrium point and give the equilibrium price, quantity supplied and quantity demanded.
  
- Have them interview a local merchant to learn what effect mark-downs on merchandise has on sales. Ask them if the interview results support the law of demand.

Invite an employee of a local public utility who is knowledgeable of the rate hearing process to discuss how it is conducted and the preparation the company does in preparing for one.

Utilize the audio-visual materials listed in the resource section.

Have the students discuss the advantages and disadvantages of product branding.

## Resources

### Printed Resources

Dorfman, Robert. Prices and Markets. Englewood Cliffs, N.J., Prentice-Hall, Inc. 1967.

Do You Know Your Economic A, B, C's? Washington, D.C., United States Government Printing Office, 1966.

Friedman, Milton. Capitalism and Freedom. Chicago, University of Chicago Press, 1962.

Haneman, Robert H. and Knopf, Kingon. The Market System. New York, John Wiley and Sons, 1966.

Henderson, Hubert. Supply and Demand. Chicago, University of Chicago Press, 1958.

The Price System. Philadelphia Federal Reserve Bank of Philadelphia, N.D.

### Non-Printed Resources

Beat the Market. South-Western Publishing Company, 11310 Gemini Lane, Dallas, TX 75229. Simulation Games.

Competitive Prices in Action. Thompson-Mitchell and Associates, 2996 Grandview Avenue, N.E., Atlanta, GA 30305. 16 mm film. Rental Fee: \$45.00.

Economic System. Academic Games Associates, Inc., 430 E. 33rd St., Baltimore, MD 21218. Simulation Games.

Enterprise. Interact, P.O. Box 262, Lakeside, CA 92040. Simulation.

The Anatomy of Free Enterprise. Thompson-Mitchell Associates, 2996 Grandview Avenue, N.E., Atlanta, GA 30305. 16 mm film. Rental Fee: \$45.00.

## Unit V - Who Are The Participants in Our Economic System?

### A. The Role of the Individual As A Consumer and Producer

#### Rationale

Because we have a consumer-oriented economy in which the ultimate consumer has freedom of choice to buy what he or she wants from whom he or she wants, the consumer, through his or her purchasing behavior determines what will be produced, in what quantities, and to some degree for what price. That is to say, the consumer casts an economic vote for a productive activity everytime he or she purchases something, while at the same time, exchanging his or her productive service for the prerequisite purchasing power. If we are to wisely direct the economy and contribute through our productive activity to its further growth and health, we need to understand our role in it as both consumer and producer.

Student Objectives: After completing this unit, the learner will be able to:

1. Draw the circular flow of goods and services and explain it.
2. Describe the role of the consumer in the American economic system of free enterprise.
3. Describe the personal responsibilities of the consumer in the free enterprise system.
4. Discuss the role of the consumer as a producer.
5. Present at least three ways the consumer can help the economy operate more efficiently.

## Unit Outline

### Who Are The Participants In Our Economic System?

- A. The Role of The Individual As A Consumer and Producer
  1. Circular Flow of Goods and Services
  2. The Individual As A Consumer
    - a. Rational vs. Emotional Buying
    - b. An Informed Consumer
    - c. Personal Economic Decision Making
  3. The Individual As A Producer
    - a. Wages - A Cost of Production
    - b. Productivity and Its Effect On Prices
    - c. Productivity - An Individual Responsibility

### Suggested Teaching/Learning Activities

- Have the students think through a recent purchase of a durable good, they made and list the various steps taken and decisions made.
- Ask the students to report on how the television industry arrives at its program schedule, and list the questions asked in this process.
- Require the students to interview a local businessman and inquire as to how his employees could help the business hold down costs and, thereby, improve its efficiency.
- Let the students in small groups outline the steps they would follow and questions they would want answered prior to introducing a new product.

### Resources

#### Printed Resources

The Advertising Council, The American Economic System and Your Part In It, Economics, Pueblo, CO 81009.

Consumer Reports, a monthly magazine dealing with consumer product test results and market evaluations.

Changing Times, a personal money management magazine published monthly.

Likachman, Robert, Inflation: The Permanent Problem Boom or Bust, New York, Vintage Books, 1973.

Miller, Roger LeRoy, Economic Issues for Consumers, St. Paul, West Publishing Co., 1976.

Neale, Walter C., "The Peculiar Economics of Professional Sports,"  
in Harry G. Johnson and Burton A. Weisbrod, eds., The Daily  
Economist, Englewood Cliffs, Prentice Hall, Inc., 1973, pp. 46-56.

Rees, Albert, The Economics of Trade Unions, Chicago, University of  
Chicago Press, 1962, Chapters 1-4.

U.S. Department of Agriculture, Family Economics, Washington, D.C.,  
(Published monthly).

## Unit V. - Who Are The Participants In Our Economic System?

### B. The Role of the Producers-Business

#### Rationale

Business performs the following functions:

It determines what the consumers' wants, needs, and desires are. (Interprets consumer demand.)

Develops and produces a product with those wants-satisfying qualities.

Distributes and supplies the product to the consumer where he wants it, when he wants it, at a price he is willing and able to pay.

How well a business performs these functions determines the success of that enterprise and our economy in meeting the needs of our people. It, however, does this in an environment that is constantly interacting with it. It is, therefore, appropriate that we examine how business performs its tasks in our economy.

Student Objectives: What the learner will be able to do after completing this unit of instruction.

1. Define the term business.
2. Give at least five characteristics of today's business environment.
3. Describe the role of business in our economic system.
4. Discuss the two major activities of business production and marketing.
5. Discuss the importance of such basic economic rights in the development of our economy as:
  - (a) ownership.
  - (b) competition.
  - (c) profit-making.
6. State the economic utilities provided by business.
7. Define the term business ethics, and discuss the current state of ethical business practice.



## Unit Outline

### The Role of the Producers-Business

- A. Definition of Business
- B. Business Environment of Today
  - 1. Buyer's Market
  - 2. Political and Legal Environment
  - 3. Demographics of Population
  - 4. Social and Technical Trends
  - 5. Business Ethics and Enlightened Self Interest
- C. Supplies A Variety of Goods and Services
- D. Utilizes Economic Resources
  - 1. Nature
  - 2. Capital
  - 3. Labor
  - 4. Management
  - 5. Government
- E. Production (Form Utility)
- F. Marketing Functions
  - 1. Utilities of Time and Place
  - 2. Information Utility
  - 3. Possession Utility
  - 4. Form Utility
  - 5. Value Added Concept
- G. Foundations of Private Enterprise
  - 1. Private Property
  - 2. Private Enterprise
  - 3. Freedom to Compete
  - 4. Freedom of Choice and Contract
  - 5. Right to Profit

### Suggested Teaching/Learning Activities

Have a class discussion of economic voting and how these votes influence business. Have student list economic votes cast for week by their purchase behavior.

Have the class organize itself into a business and

- ...select a product to be produced;
- ...plan the production process;
- ...design its packaging;
- ...select a pricing strategy;
- ...design promotional program for it.

Trace the price changes a product goes through from time of production till it reaches the ultimate consumer being sure to give the cost and profit breakdown at each step.

## Resources

### Printed Resources

Calderwood, James, and Ferish, George. Economics in Action. New York: Macmillan Company, 1968.

Childs, Marquis, and Cates, Douglas, eds. Ethics in a Business Society. New York: New American Library, 1960.

Cochran, Thomas C. Basic History of American Business. Princeton: D. Van Nostrand, 1959.

The American Business System: A Historical Perspective, 1900-1955. New York: Harper and Row, 1962.

DeBrum, Joseph, et al. General Business for Economic Understanding. Dallas: Southwestern Publishing Company, 1971.

### Non-Printed Resources

American Business System Series. Association Instructional Materials, 8615 Directors Row, Dallas, TX 75247. 16mm films.

American Marketing Association Film Library. CCM Films, Inc., 866 Third Avenue, New York, NY 10022. 16mm films.

Enterprise. The National Federation of Independent Business, 150 W. 20th. Avenue, San Mateo, California 94403. Filmstrip-Tape

Financial Management. Instructional Media Center, Division of Extension, The University of Texas at Austin, TX 78712. 16mm film.

The Corporation. Guidance Associates, 41 Washington Ave., Pleasantville, NY 10570. Sound filmstrip.

The Modern Corporation. John Sutherland Productions, Inc., 8425 West Third Street, Los Angeles, CA. 90048. 16mm film.

## Unit V -- Who Are The Participants In Our Economic System?

### C. The Role of Government

#### Rationale

Prior to the turn of the century we had a laissez-faire economic system. That is, the government followed a policy of non-intervention with regard to private enterprise. We all can assert from observing our current economic system that this is no longer the case. Government now, at all levels, has gone beyond the protection of individual rights and maintaining competitive markets to providing a wide variety of economic services. In some instances only government is equipped to do this and in others, they could be supplied by the private sector. The essence of this section, therefore, is to explore the functions of government as a major component of the American free enterprise system. So that the student can make some judgment as to the appropriateness of the role government is playing in our economy.

**Student Objectives:** What the learner will be able to do after completing this unit.

1. Trace historically the changing role of the government in the economy.
2. Describe the various areas in which the government is involved in the economy today.
3. Cite the constitutional basis from which this power to intervene in the private sector of the economy is derived.
4. Discuss in a short essay the reasons for government controls over business.
5. Explain how this has modified our basic economic freedoms under capitalism.

6. Discuss how, due to government intervention in the market place, your personal freedoms have been limited.
7. Name and discuss three government regulating agencies in terms of who, what, how, and why they regulate.
8. Evaluate the economic impact of one of these regulating agencies on an industry they regulate.
9. Describe what you feel are the proper functions of government in our economy today.
10. Give his/her plan for preventing any further expansion of the role of government in our economy.

### Unit Outline

#### The Role of Government

##### A. The Historical Evolution of Modified Capitalism

1. Merchantilism
2. The Role of Government - 19th Century
3. The New Deal Period
4. The Great Society Period
5. The New Federalism

##### B. The Constitutional Basis For Intervention By Government Into The Private Sector

1. Preamble to the Constitution
2. Fifth and Fourteenth Amendments
3. The Implied Power Clause
4. The "Common Good" Concept

##### C. Government As A Producer

1. Collective Services.
2. Services with Spillover Benefits
3. Services with high collection costs
4. Services provided by natural monopolies
5. Efficiency of Governmental Producers

##### D. Government As A Regulator

1. Subsidies
2. Ownership
3. Price Controls
4. Price-wage controls
5. Built in stabilizer
6. Jaw-boning

## E. Government As A Spender

1. Budgeting
2. Deficit Spending
3. Debt Financing

### Suggested Teaching/Learning Activities

- Have students use local, state, and federal budget reports to determine major sources of governmental revenues and major expenditures.
- Invite a city attorney to explain local regulations which affect competition.
- Invite a member of a local zoning board to explain how such a governmental body operates, how it makes its decisions, and the reasons for local zoning.
- Have individual students make reports on the federal government's regulations of particular types of businesses.
- Have students read and discuss the implications of the Employment Act of 1946. What broad objectives for the economy were outlined? Do the students agree or disagree with those objectives? Why or why not?
- Have student attend a local rate hearing request session between the Public Service Commission and a local utility.
- Invite one of the local county commissioners to discuss how the commission arrives at the county budget.
- Require that students attend and report back on the business conducted at a regular business meeting of the city commissioners.

### Resources

#### Printed Resources

Economic Report of the President, Washington, D.C., United States Government Printing Office, n.d.

Dawson, George, "The Role of Government in the Economy," Gladys Bahr and F.K. Bangs Eds., National Business Education Yearbook #13, National Business Education Association, Reston, VA. 1975.

Friedman, Milton, Capitalism and Freedom, Chicago: The University of Chicago Press, 1962.

Friedman, M. and Schwartz, A., A Monetary History of United States 1867-1960, Princeton: Princeton University Press, 1963.

Isaacs, Asher and Slesinger, Reuben E., Business, Government, and Public Policy, Princeton, NJ, D. Van Nostant Co., Inc., 1964.

Keynes, J.M., The End of Laissez-Faire, London: The Hogarth Press, 1926.

Lewis, Ben, Government and Our Economic System, New York, Teaching Resources, 1962.

Monsen, R. Joseph, Jr., "Can Anyone Explain Capitalism?" Saturday Review, 46:13-15, Dec. 14, 1963.

The Federal Reserve System: Purposes and Functions, Dallas; Federal Reserve Bank, n.d.

#### Non-Printed Resources

Big Government and Private Enterprise in the 70's, Learning Arts, P.O. Box 917, Wichita, Kansas 67201. Sound Filmstrip.

The Regulatory Agencies -- A Fourth Branch of Government, Guidance Associates, 41 Washington Ave., Pleasantville, NY 10570. Sound filmstrip.

## Unit VI - What Are Some Persisting Issues and Problems of the American Economic System of Free Enterprise?

### Rationale

Although the American free enterprise system promises and delivers a maximum amount of economic freedom within reasonable limits, there are problems that continue to persist. These problems and future economic problems are surmountable. Because we have a constitutional democracy, we, as a majority, will determine how these problems will be attacked. Therefore, we the people must base our adoption of such solutions on sound economic knowledge and reasoning, while at the same time, seeking to preserve the freedoms of the individual. It is therefore relevant that we try to gain some understanding of the nature of these problems, how we have sought to solve them in the past, and what the implications of some proposed future solutions are.

Student Objectives: After completing this unit of instruction, the learner will be able to:

1. Draw the business cycle and label the various stages.
2. Define the various stages and cite at least three causes for each's occurrence based on your knowledge.
3. Using either the cost-push or demand-pull concepts of inflation, present your plan for slowing down the rate of inflation and defend it.
4. Describe how the government, through monetary and fiscal policy, attempts to stabilize the economy.
5. Explain how the Humphrey-Hawkins Bill would attempt to solve the unemployment problem and give a short critique.
6. Describe the economic impact the lowering of tariffs on imports would have on our economy.
7. Define the term trade deficit and discuss the economic significance of it.

8. Explain what deficit spending is and what the economic impact of it could be.
9. Give at least three reasons a government would enter into deficit spending.
10. Explain how the citizens of a nation can help bring about a reduction in deficit spending by a government.

### Unit Outline

#### What Are Some Persisting Issues and Problems of the American Economic System of Free Enterprise?

- A. The Business Cycle
  1. Definition and Characterization of the Various States
  2. Concepts of Inflation and Deflation
  - e. Causes for the Various States
- B. How the Government Seeks to Stabilize The Economy
  1. The Federal Reserve Board and Monetary Policy
  2. Fiscal Policy
  3. Deficit Spending: What is it? What does it do?
- C. Unemployment and Other Social Problems
  1. Unemployment
  2. Income Distribution
  3. Social Security
  4. National Health Insurance

### Suggested Teaching/ Learning Activities

- Have students historically trace back through 1900, the various stages of the business cycle and describe the economic conditions that existed then. Ask them what they think caused these various economic conditions.
- Have two groups of students debate from stand point of Keynesian theory and monetarist theory how the government should seek to resolve a recessionary period.
- Ask students to identify at least three causes for the Great Depression.
- Prepare list comparing the inflation rates of the United States with a list of 10 or so other industrialized countries.
- Assign a group of students to back to the Price-Wage Control policy that followed during the Nixon Administration and how well it worked in coping with inflation.
- Use the A-V materials listed in the non-printed resource list.



## Resources

### Printed Resources

Chandler, Lester V., America's Great Depression: 1929-41. New York : Harper & Row, Publishers, Inc. 1972.

Gordon, Robert A., Economic Instability and Growth: The American Record, New York: Harper & Row Publishers Inc., 1974

Lekachman, Robert, Inflation: The Permanent Problem of Boom or Bust, New York, Vintage Books, 1973.

McKenzie, Richard B., and Tullock Gordon, Modern Political Economy. New York, McGraw-Hill Book Co., 1978

Terkel, Studes, Hard Times, New York, Avon Books Div., 1971.

### Non-Printed Resources

America- An Economic Oasis, Thompson-Mitchell and Associates, 2996 Grandview Avenue, N.E., Atlanta, Ga. 30305. 16mm Film  
Rental Fee: \$45.00

Inflation Is Everybody's Problem, Thompson-Mitchell and Associates, 2996 Grandview Avenue, N.E., Atlanta, Ga. 30305. 16mm Film  
Rental Fee: \$45.00

Profits, Captial, Equipment and Economic Progress. Thompson-Mitchell and Associates, 2996 Grandview Avenue, N.E., Atlanta, Ga. 30305.  
16mm Film Rental Fee: \$45.00

## ORGANIZATIONS SPONSORING MATERIALS IN FREE ENTERPRISE EDUCATION

This list, rather than recommending specific items, endeavors to provide you with sources from which you can receive various materials such as audio-visuals, brochures, and pamphlets, books, and educational games. Many of these organizations provide free materials, others have items available on a free-on-loan basis, and still others have a nominal charge. This listing does not constitute an endorsement of these materials. The instructor, however, is urged to review them and make selections based on instructional material needs. Catalogs are available upon request from these sources at no charge.

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The Advertising Council, Inc., 825 Third Avenue, New York, NY 10022.

American Advertising Federation, 1225 Connecticut Avenue, N.W., Washington, D.C. 20036.

The American Bankers Association, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

The American Economic Foundation, 51 East 42nd Street, New York, NY 10017.

American Institute of Cooperation, 1129-20th Street, N.W., Washington, D.C. 20036.

Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, D.C. 20036.

Committee for Economic Development, 477 Madison Avenue, New York, NY 10022.

Exxon Film Library, c/o Modern Talking Picture Service, Inc., 2323 New Hyde Park, NY 11040.

Federal Reserve Bank of: Atlanta, GA 30303. Boston, MA 02106. Chicago, IL 60690. Cleveland, OH 44101. Dallas, TX 75222. Kansas City, MO 64198. Minneapolis, MN 55480. New York, NY 10045. Philadelphia, PA 19105. Richmond, VA 23261. St. Louis, MO 63166. San Francisco, CA 94120.

Joint Council on Economic Education, 1212 Park Avenue, New York, NY 10036.

Modern Talking Picture Service, Inc., 2323 New Hyde Park Road, New Hyde Park, NY 11040.

National Association of Manufacturers, Education Department, 1776 F St., N.W., Washington, DC 20006.

National Management Association, 2210 Arbor Blvd., Dayton, OH 45439.

National Association of Securities Dealers, Inc., 1735 K Street, N.W.,  
Washington, D.C. 20006.

National Business Education Association, Dulles International Airport,  
P.O. Box 17402, Washington, D.C. 20041.

National Education Association, Order Department, Academic Building,  
Saw Mill Road, West Haven, CT 06516.

J.C. Penney Company, Inc., Educational Relations Department,  
1301 Avenue of the Americas, New York, NY 10019.

Phillips Petroleum Company, Phillips Building, Bartlesville, OK 74004.

Sears, Roebuck & Company, Sears Tower, Chicago, IL 60684.

Small Business Administration, Washington, DC 20416.

Standard Oil Company (Indiana), P.O. Box 5910-A, MC 3705, Chicago, IL  
60680.

Tax Foundation, Inc., 50 Rockefeller Plaza, New York, NY 10020.

Texaco, Inc., 135 East 42nd Street, New York, NY 10017.

U.S. Department of Commerce, Social and Economic Statistics Administration,  
Washington, D.C. 20233.

U.S. Department of Labor, Bureau of Labor Statistics, Washington, DC  
20212.

U.S. Government Printing Office, Superintendent of Documents, Washington,  
D.C. 20402.

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