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An Identification of Economic Concepts and Generalizations in a Sixth Grade Social Studies Textbook

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AN IDENTIFICATION OF ECONOMIC CONCEPTS
AND GENERALIZATIONS IN A SIXTH GRADE
SOCIAL STUDIES TEXTBOOK

A Thesis
Presented to
the Graduate Faculty
Central Washington State College

In Partial Fulfillment
of the Requirements for the Degree
Master of Education

by
Merle J. Locke
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CHAPTER I

THE PROBLEM AND DEFINITIONS OF TERMS USED

Today, more than ever before, our nation and the whole free world are challenged by unfriendly forces that seek to enslave the minds and hearts of men. They would overthrow our government and uproot our moral, ethical and religious standards. We must meet this perilous challenge of our day by marshalling and strengthening all our resources. Our success in doing this may determine whether American ideals and ways of living survive or perish.

Our youths are an important resource in our determination to preserve our freedom. Our nation must have citizens who are both informed and concerned, who understand and appreciate the principles and the ideals on which our nation is founded. They must know the history and the geography of our country and the way in which our government operates.

If our nation is to sustain its position of world leadership, its citizens must also have a knowledge of the peoples, lands and resources of other nations. One school subject that plays an important role in preparing students for the responsibilities of citizenship is the discipline of Economics. Economics, or the means by which people earn a living, trade and use their natural resources is an area of great importance.
There has been an increasing emphasis on economic education because of the demands from business and because the average person is convinced of its important impact on almost all aspects of human living. There is no question that economic education has lagged. Yet, this lag did not occur because of a lack of concern about education in economics. During the past few years, active committees and workshops have met to discuss the content and method for teaching economics in the social studies field. In 1948, the Committee on the Co-operative Study in General Education prepared an "Inventory of Social Understanding" and reached this important conclusion:

The greatest deficiency in social knowledge tends to occur in the field of economics. Students are deficient in economic understanding in a way which indicates that this one of the social sciences needs more attention and more efficient instructional techniques in the program of general social studies education that at present prevails (14:5).

I. THE PROBLEM

Statement of the problem. It was the purpose of this study (1) to locate and identify economic concepts and generalizations contained in an adopted social studies text of Yakima School District #7: Cutright and Durand. Living As American Neighbors. New York: The Macmillan Company, 1962; (2) to indicate by using the following scale the degree of development of concepts and generalizations in the textbook: 1, whether merely mentioned, 2, partially developed, or 3,
fully developed; and (3) to verify the researcher's subjective judgment by comparing the identified concepts and generalizations against a series of Doctoral Dissertations from Stanford University for support. These constitute a group investigation of social science generalizations for possible use in the social studies curriculum (12:3-4).

Significance of the study. Current educational thinking includes a renewed emphasis on the teaching of economic concepts to children. Many articles have been published as evidence of current thinking in the field of economic education. Some of these articles have appeared in the National Education Association magazine, Teacher Education Quarterly, Saturday Evening Post, Parent-Teacher Association and The Professional Reviewer from Idaho State College. Committees and workshops have met to discuss the content and method for teaching economics in the social studies field. The American Economic Association now has a standing committee on economic education. These studies and articles have been valuable. This study will be of value along with others in extending our command of educational theory and practice.

At the present time there is a lack of materials for use by classroom teachers in the teaching of economic concepts and generalizations. In most of the literature on curriculum-building the stress is on economic history rather than economic analysis. The result of this emphasis can
best be judged by the fact that economics is usually offered as "part" of the social studies. Being interpreted as economic history, it becomes a large backdrop for the other social studies and not in itself the matter and substance of the course.

The material developed from the identification of these concepts and generalizations will be used in a sixth grade class of the Yakima Public Schools, until such time as economists and professional writers can fully supply other materials that will be available to elementary classroom teachers.

II. DEFINITIONS OF TERMS USED

Concepts. Furnam (11:91) describes concepts as being "functioning and understandings which children acquire from their experiences as well as from subject matter." Brownell and Hendrickson (2:106) define a concept as an abstraction that applies to a class or group of objects which have certain qualities in common.

Generalizations. Concepts may be used to develop generalizations. The Report of the State Central Committee on Social Studies to the California State Curriculum Commission defines generalizations as:

... sometimes more technically referred to as 'inclusive statements of broad applicability based upon an organization of facts in two or more concepts.'
Generalizations tend to be abstract and often take the form of principles or rules. The difference between concepts and generalizations are largely differences of degree and complexity (3:15).

Russell condenses the definition of generalizations by Brownell and Hendrickson to read: "Generalizations are verbalized formulations of relationships among concepts—they appear as rules, laws, principles, or conclusions" (20:228).

Economics. Morgan (16:11) describes economics as being concerned "... with those aspects of economizing that are related to the measuring rod of money." This definition might be translated in the words of Cutright (5:5T) as meaning: "... how people earn a living, how they trade and how they use their natural resources."
CHAPTER II

REVIEW OF THE LITERATURE

In a review of the literature, the information that was found to be available concerning economic education consisted largely of unpublished pamphlets and booklets which could be obtained from colleges and special economic organizations, such as: the Joint Council on Economic Education and the Committee for Economic Development.

Other material closely related to this project was produced by seven candidates for the Doctorate at Stanford University under the guidance of Dr. Paul Hanna. In these dissertations the authors identified over two-thousand generalizations in the social studies field. This material was used to substantiate the findings in this study and to give it support.

Interest in economic education is neither recent nor novel. For many years people have been concerned, in one way or another, with imparting economic knowledge to students and the body politic. Within the past decade, however, the largely dormant interests of many groups have been activated and more sharply focused on this problem than at any other time in the past (13:4).

The Joint Council on Economic Education, which is a non-profit, non-political organization to help meet the need for more economic education, has its roots in the belief that:
The economic and social problems of our society are becoming increasingly complex and crucial; that in a democracy the decisions on economics and social policy must be made by ordinary citizens; that our public schools have a large responsibility for developing the competence of youth in the area of economic citizenship; and that a program for the improvement of education for economic understanding should be attempted (13:21).

Delva (7:294) relates that the need for the "How and Where" of commodities and services with which children come in contact, can be fulfilled on primary or intermediate grades by keeping the following economic aspects in focus.

1. By virtue of being a social being man has the power to change economic structure.
2. The topography of the earth conditions the economy of man.
3. For effective living man needs clothing, food and shelter.
4. Man must carry on diversified work under different conditions to acquire the necessities of life and raise his standard of living.
5. For greater production and work efficiency man specializes in areas of work in which he excels.
6. Living in communities and pooling his resources and skills has helped man improve his way of living.
7. Sharing work in a community has helped man acquire more leisure time that he can utilize for richer cultural growth.
8. For centuries man's chief concern has been to make a better life for himself by producing more with a minimum amount of effort and time.
9. Environment effects four important areas of man's life: (1) his food; (2) his clothing; (3) his shelter; (4) his work.
10. Communication and transportation help man in his interdependence with others.
11. Social organizations formed by man help him improve his standard of living (7:294).

The above list could be a basis or beginning for the fulfillment of the objective of the Joint Council on Economic Education.
Stevenson (22:5) says that "many schools of the country have accepted challenges to educate for a more satisfying kind of democratic living. They are now seeking ways by which democracy can be put into practice, and children be better prepared for living."

Under the guidance of Curriculum Director, Theral T. Herrick, and co-ordinator for Economic Education, Walter Fiebig, the Kalamazoo Public Schools are carrying on an economic education program in the elementary grades to better prepare children for future living. The program begins with an exploration into the occupations of parents in the second grade. The content of the program becomes broader in scope in the later grades. Budgeting and banking units are studied in the eighth grade. A sixth grade science unit concerned itself with the scientific conservation of natural resources and the effect of the market on them (9:71).

In Indianapolis, Indiana, one teacher, in a World Problems course, loaned her students each one dollar. The students signed promissory notes in which they would pay back the one dollar at 6% in thirty days. They invested the one dollar in thirty-eight community firms. At the end of thirty days, the profits ranged from six cents to thirty dollars. This was an outgrowth of the "Indianapolis at Work" program in economic education started by school superintendent, H. L. Shibler. Under this plan, pupils study the problems and methods of industries and businesses operating within the community (21:1T).
Working with the Joint Council in 1958, the New York City Schools set economic education as a major goal of the curriculum. From simple beginnings in the elementary school, the child is led to explore his economic environment, ever more deeply and widely, in a program that culminates in a systematic study of economics in the high school (18:43).

Brandt (1:5) in his study made an interesting observation. Because of greater interest in neighborhood groups, sixth grade children and others, are developing an awareness of the interdependence which exists in society. A deeper interest in the community is felt because of contacts with community services through personal membership in Y.M.C.A., Y.W.C.A., Scouting organizations, Campfire Girls, and through personal services children render in various community drives. With this broadening of horizons, the teacher needs to provide richer and more comprehensive learning situations concerning local economic institutions along with related problems such as taxation, housing, transportation and population. In this study a number of economic needs regarding grade six were developed. These revolved around community and social economics. (See Appendix C)

In July, 1960, the National Task Force on Economic Education announced their establishment. The primary mission of the Task Force was to describe the minimum understanding of economics essential for good citizenship and attainable by high school students. Their main goal was that of providing
helpful guidelines for high school teachers, administrators and school boards (19:4). One of the recommendations of the National Task Force states:

We recommend that economic understanding be emphasized at several ... points in the entire curriculum (19:70).

There are many opportunities for building economic understandings from the time the child enters the first grade until he graduates from high school. Understanding grows gradually over the elementary school years and throughout life. For example, the generalization concerning man's increased control over his physical environment is not grasped at one full sweep. In the first grade a child begins to catch a glimmer of understanding when he discovers how a bulldozer can level a hillside in a road-building operation. In the fourth grade he learns how the Dutch reclaimed the land from the ocean. In the sixth grade he learns how man fertilizes the soil and restores its fertility. The elementary teacher, then, helps the child formulate a generalization but cannot expect him to understand all of its ramifications.

Interesting experiments now under way suggest that such simple notions as division of labor, prices, exchange in markets, and even profit can be grasped by elementary school children if they are built into carefully planned teaching materials and methods. Inescapably, children are exposed to such ideas in their day-to-day lives. The elementary grades provide an opportunity to clarify them, to relate them to daily problems of family living, especially in the social studies courses children take from early grades (19:70-71).
Professor Senesh's Purdue University work with nine-hundred first graders and teachers proved what economists had long felt could be done—"grasping economics in the primary grades." In the teaching of the units, Senesh explains the fundamental factors of land, labor and capital or which he calls "materials, labor and tools." In drawing a correlation, daddy becomes the labor, the hammer represents tools and wood the materials. Senesh says, "We are thus able to establish in the child's mind the relationship of the three factors..." (15:78-81).

Two West Hartford first-grade teachers tested units in their classes which were developed at the University Economic Education Workshop.

These units on 'The Home' and 'The Farm' explain how economic gains result from specialization of labor. In evaluating an initial project stressing this concept one of the teachers sent questionnaires to parents to determine how much learning had actually taken place judged by changes in behavior at home. Parents reported that children were demonstrating an understanding of this concept by showing greater appreciation for the father's work outside the home, the mother's work within the home, and the need for children to assume responsibility for small tasks (4:106).

Other evidence of work in the field of economic education consists of a study by Dachner (6) to determine the organization and content of a course in economics for senior high school students. Exchbach (10) has made a study of the comprehension of selected terms and concepts from a sixth grade social studies text.
II. RECENT DEVELOPMENTS IN ECONOMIC EDUCATION

Problems in economic education. If you asked the average person to give a broad, general definition of economics, he would be at a loss for an answer. His ideas concerning it are vague and imprecise. Often he disguises his ignorance of the subject by the use of economic terminology. It has become fashionable to speak in economic phrases. A reference to the "gross national product," "conspicuous consumption," or the "free-enterprise system" gives one a momentary conversational prestige in some circles. Lovenstein (14:3) in his Economics and the Educational Administrator, says:

... superficial acquaintance with economic nomenclature is a poor camouflage for ignorance of the science of economics.

Lovenstein goes on to say:

In view of the amount of discussion economics generates, it is startling—in a democracy it is frightening—that the general public, even those members of it who have had some formal training in the subject, shows so little understanding of economics (14:3).

In contrast, most people have a working definition of history, of chemistry, and even of mathematics. Their knowledge of these subjects may not be exact or profound enough to satisfy the scholar in the field, but it is sufficient, nevertheless, to serve as a basis for some discussion of these sciences.
The schools are challenged to help people interpret and use new scientific and economic facts which are presented daily through the press, radio, and screen. The public is, for example, more conscious of health, foods, diet, housing, and consumer values. It needs standards by which to judge the new facts and make its choices.

The elementary schools have heretofore aimed to educate pupils in those knowledges and skills, including manual ones, which are thought needed by all persons, so that they would have command of the arts of communication; would help develop worthy social attitudes and healthy minds and bodies; and would have experiences in school which would encourage them to seek desirable leisure and recreational activities outside of school.

In 1940, the Educational Policies Commission made this statement regarding economic efficiency:

... we must realistically face the relation of the organization of our economic and social system to the solution of our common problem (8:36).

As different groups in the community are studied, appreciation of the work they do and their contribution to community living should be emphasized; and, as children mature, attention should be given to problems of economic education. It is out of such experiences that children develop the background needed to become competent workers in home, school, and community activities.
Accomplishment has fallen short of objectives because there is a great divergence between school learnings and out-of-school practices. Ideals of democracy and personal responsibility have been taught in the schools by various means, including the use of printed materials which are intended to induct pupils into the "American way of life" (22:4).

Development of economic materials. At the Northwest Council for Economic Education workshop, which was held June 17 through July 3, 1963, at the University of Washington, a tentative guide for the teaching of economic concepts began to materialize. The material had been prepared for study only and did not represent present nor contemplated policy for any particular curriculum program. The material was designed for grades K-12. (K-6 is included in Appendix B)

In the introduction to this material (See Appendix B) it was stated:

It is hoped that this study of economics to be made in the elementary grades will instill in children an understanding of the functioning of the principal institutions of our American private enterprise system.

The introduction went on to say:

The economic concepts are to be taught as a part of the social studies program and should be applied to the social studies content at each grade level. Concepts learned on one level will be repeated and broadened in subsequent levels as there are opportunities for the children to apply them to new content material. (Appendix B:1)
The report of the National Task Force on Economic Education goes a step further and states:

What we want to emphasize is the need to develop in the student the ability to reason clearly and objectively about economic issues (19:13).

In the material of the Northwest Council's workshop, there were three basic economic understandings which they suggest should be referred to at each level, K-12. These were:

1. The basic economic problem confronting all people is the conflict between unlimited wants and limited resources.
2. Peoples, regions, and countries are interdependent.
3. The American private enterprise system is based on the freedom of the individual to own property, to contract with others, and to engage in economic activities for his own profit and well-being. (Appendix B:1)

Each phase of the nation-wide program of the Joint Council on Economic Education requires the interest and effort of an increasing number of professional economists and educators. There are a number of problems facing those who are concerned with the preparation of teachers insofar as providing a knowledge and understanding of our economy is concerned.

Few teachers, even high school teachers of social science have had a course in economics. And even among those who have had some formal training in economics, the extent seldom goes beyond one basic elementary course (23:2).

A real emphasis should be given to the education of our public school teachers in economic education. One of the major problems is the fact that very few students planning
to become teachers take a course in the principles of economics. Even more startling is that those planning to teach social studies do not take a course in economics. Yet, we are living in "the economic century"—the period in which economic issues confront us as we consider the most vital questions of public policy and the "period of human history during which titanic struggle of economic-social-political systems is being waged" (13:22).

A second major problem which confronts the education of teachers is the reputation which the principal course in economics has on the campuses of our colleges and universities. As Ben Lewis (13:22) stated in his paper before the American Economics Association in 1956: "Our problem is that we can't make our impact felt if prospective teachers of economics simply will not take our courses as part of their training in college. And too many of them will not!"

To improve the ability of teachers, the National Task Force, in their report on economic education, recommended four steps:

1. We recommend that teacher certification requirements in all states require a minimum of one full year (6 semester hours) course in college economics for all social studies and business education teachers.
2. We recommend that school boards and administrators consider these certification standards as minimum requirements and they take steps to enforce higher standards wherever possible.
3. To help present teachers improve their economic competence, recommend increased use of summer workshops, teacher participation in a nation-wide television course planned for 1962-63 and return to college for additional work in economics. (The television course has already been held and was carried on Channel 9, Seattle, Washington.)
4. We recommend that colleges preparing teachers improve the economic courses offered for this purpose, and establish other opportunities for high school teachers to increase their economic understanding (19:74-5).

It should also be added that college teachers of economics may profit, as they associate themselves with educational problems, by frequent examination of their own teaching methods. If economists are to stand on guard against the "watering down" of traditional content courses for non-majors for teachers, then teaching methods become of increasing importance (13:12).

III. GUIDING THE CHILD'S DEVELOPMENT OF CONCEPTS AND GENERALIZATIONS

The development of clear concepts and generalizations is essential to clear thinking, problem solving, and effective group action. Hazy meanings can lead only to hazy thinking. Problems cannot be attacked and solved if a person does not have a grasp of the factors and ideas involved. Communication with others is impossible if the specific meanings of various terms are not clear. Group action breaks down if inadequate understanding of issues and problems is present. Concept-building is a primary problem of those who guide the learning of children in the elementary school (15:221-25).

This problem is of special significance in the social studies because of the complex ideas and meanings involved in human relationships. The understandings involved in such
units as The Home, Community, Our State, Early American Life, Mexico, Africa, Aviation, and Communication are diverse and varied. Each unit has special concepts and generalizations of its own that children must understand and develop if meaningful learning is to take place. These concepts and generalizations are encountered in discussion, reading, audio-visual materials, and in many different activities in each unit of work. In addition, the different backgrounds of experience which children possess make for differing interpretations, differing insights, and varying misconceptions.

**Concepts.** It is difficult in a civilized society to exaggerate the importance of concepts and the words through which they are conveyed. Wesley and Adams (25:292) state that "the word concept has been identified as a word, a connotation, a meaning, a generalization, a cluster of ideas, or as the significant associations which group themselves around some central core." Words are the identification labels for objects, experiences, and ideas; they are the vehicles of communications; they are the raw materials for thinking; they are the indexes of intelligence.

Brownell and Hendrickson (2:92), however, state that a concept is "more than a 'word'"--it is an abstraction that "applies to a class or group of objects which have certain qualities in common." While arbitrary associations apply to a particular object, concepts apply to a class of objects.
Thus, mountains as a concept refers to a general class of objects and not to a particular object. The child’s understanding of mountains depends upon the experiences he has had, way in which he has distinguished mountains from hills, and so forth (15:117).

Tiegs and Adams (24:146) state that, "concepts represent meanings which extend beyond specific ideas, or objects." They identify classes of objects such as wagons, houses, and animals, rather than single objects. For example, the child does not acquire the concept animal by becoming acquainted with only one animal. He acquires the concept by having experiences with several animals and understanding why they belong to the same group or classification. Nevertheless, words must be used to designate these concepts, and words do not themselves reveal whether they are mere connections or actual concepts (24:146).

In their summary of some important assumptions and principles that must be observed in order to guide children in acquiring meaning and useful concepts, Tieg and Adams state:

Generally speaking, the larger the number of meaningful experiences, or the more instances in which children perceive and remember a variety of meanings and associate them with a word, the better the concept is established (24:149-151).

**Generalizations.** Generalizations are typically on a higher level than are concepts. Brownell and Hendrickson state that a generalization is "any verbalized formulation of a relationship which is of broad applicability" (23:119).
Michaelis (15:118) states that generalizations may be "laws, rules, principles, conclusions, inferences. . ."

Examples in the social studies are:

1. People adapt themselves to conditions in their environment.
2. People secure food, clothing, and shelter from the resources in their environment.
3. Increasing interdependence among the people of the world has brought about a need for international institutions (15:118).

Bright children with a wealth of rich concepts often grasp the meaning, significance and usefulness of a generalization on a first encounter without going through the process of inductive thinking. On the other hand, slow pupils frequently cannot make the mental leap or accomplish the mental synthesis involved in a single summary generalization like "All the Jones' children have shoes," even when they know that each child has shoes.

When the mental powers of children are limited, simple generalizations are sometimes taught as facts. Thus, if after many examples of interdependence and adaptation, the pupil cannot reach the conclusion that Men and Nations are interdependent or that man must adapt his activities to his environment, some teachers try to teach these generalizations as memorized facts in the hope that they will somehow prove useful (24:155).

Wesley and Adams (25) state that "Generalizations can seldom be conveyed to a pupil; he must add instance to instance and perceive the soundness of the concluding generalization."
The understanding of existing generalizations is important; it is the first step toward making them for oneself. As is true in so many aspects of teaching, the most useful generalization is the one which the pupil makes for himself. Consequently the most the teacher can do in developing generalizations is to provide examples, identify materials, and help to assemble related instances. The pupil must see the relationships and draw the synthesizing conclusion.
CHAPTER III

DESIGN OF STUDY

This study entailed the identification of economic concepts and generalizations from the adopted social studies textbook for the sixth grade, School District #7, Yakima, Washington. After the problem and the area of study were selected, it was decided that the best method for conducting the necessary research was by a page-by-page and chapter-by-chapter evaluation and identification of concepts and generalizations for use in an economic education program. The identified concepts and generalizations will be used in an economic education program beginning the fall of 1963.

The design which was used in determining the concepts and generalizations called for an analysis of textbook content based upon (1) the author's experiences acquired during his undergraduate study of economics, (2) the use of five basic criteria and/or categories into which various concepts and generalizations could be assigned.

To support the author's findings, seven doctoral dissertations were used. These dissertations included several thousand basic social studies generalizations. The initial purpose of these dissertations was to provide raw curriculum materials for public school people. Assuming a thorough study was made in the doctoral dissertations, the presence of generalizations in the dissertations similar to those found in
Living As American Neighbors, as identified by this author, would tend to substantiate the selections of the author of this study.

I. PROCEDURES FOR IDENTIFICATION

The author had been thoroughly acquainted with the textbook that was to be used in this study. He was one of the first teachers to use the textbook, after its adoption, for classroom teaching during the 1962-63 school year in the Yakima School District.

An attempt was made to associate the identified concepts and generalizations with five basic criteria. These were:

1. How the needs of the family and community for food, shelter, clothing and transportation are met.

2. Ways of earning a living in different sections of the United States and in other nations in all kinds of regions.

3. The conditions (such as use of natural resources, means of transportation, war and peace) that influence trade.

4. The economic resources of the United States and of nations which have ties of trade or common boundaries with it; and the need for the wise use of resources.

5. The interdependence of the peoples of the world in meeting their economic needs in trade and industry; and in improving or maintaining their standard of living (5:5T).

Any other concepts or generalizations that seemed to have economic overtones and where material concerning economics could be integrated were also identified. Again, the only alternative was to use the author's subjective judgment.
II. EVALUATION OF CONCEPTS AND GENERALIZATIONS

After an evaluation of each chapter was made, the identifying of the various concepts and generalizations concerned with economics, the author attempted to evaluate each of these as to their degree of development in the textbook insofar as economics is concerned. The objective was to show whether these identified concepts and generalizations had been merely mentioned, partially developed or fully developed in the textbook. These were indicated by a 1, 2, or a 3, in the above sequence and designated in the second and third left-hand columns of the presented material in Chapter IV. A "C" was used to identify the concepts and a "G" to designate the generalizations. An asterisk (*) was used in the appropriate column. The first column on the left-hand side indicated the page number on which the concept or generalization appeared in the textbook: Living As American Neighbors. The fourth column on the left-hand side designates the degree of development and is represented by a D-D in the appropriate column.

III. VALIDATION OF RESULTS

In order to substantiate and give support to the findings of the author, the doctoral dissertations were used in the following manner:

First of all, each of the doctorals, which were on microfilm, had to be read to establish the content of the
Stanford studies. The authors of the Stanford University studies identified two thousand four hundred fifty-five generalizations used in social studies covering many areas. (See Appendix A.) Each of these generalizations in the Stanford study were coded to show that they were from a particular field of specialization. The coded number appeared under each generalization in their presentation. Numbers 1-6 were generalizations concerning Anthropology; 7-12, Sociology; 13-18, Geography; 19-24, Political Science; 25-30, Economics; 31-36, Social Psychology; and, 37-48, Supplementary Economics. Each number pertained to a particular book and author in a stated bibliography. As each generalization was listed, the number of the book was stated with the page number following from the book in which they obtained the generalization.

After the contents of the Stanford study were established, this author had to list the generalization from the Stanford studies that were to be used to support this study. After an evaluation, only five of the original seven dissertations were used. Those were: Hofstrand, Rambeau, Runge, Andrews and Emerson. Those generalizations that were used are listed in Appendices D through H. In substantiating the author's findings, the generalizations from the Stanford studies were coded and the code listed with the identified concepts and generalizations of this study. A sample of the presented data is shown in Table I. The coded number appears in the right-hand column of the presented material in Chapter IV.
There may be one or more coded numbers in this column for each stated generalization or concept, which would indicate that more than one of the generalizations from the Stanford study refer to the identified concepts and generalizations of this author's study. The first letter of the code refers to the author and appendix in which the generalization appears. The first number of the code refers to the number of the generalization in the appendix and the second number refers to the page number on which the generalization appears in the doctoral dissertation. Not all identified concepts and generalizations by this author will be substantiated by the Stanford University studies.
TABLE I
SAMPLE PRESENTATION OF DATA

<table>
<thead>
<tr>
<th>PAGE</th>
<th>C</th>
<th>G</th>
<th>D</th>
<th>IDENTIFIED CONCEPTS AND GENERALIZATIONS (From: Living As American Neighbors)</th>
<th>Stanford Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>280</td>
<td>*</td>
<td></td>
<td></td>
<td>Climatic conditions is one factor that determines the production of particular commodities.</td>
<td>D-92-43</td>
</tr>
<tr>
<td>332</td>
<td>*</td>
<td></td>
<td></td>
<td>Because of a lack of terminal facilities, Bolivia has remained a relatively poor country.</td>
<td>E-127-223</td>
</tr>
<tr>
<td>338</td>
<td>*</td>
<td></td>
<td></td>
<td>Before a natural resource can be developed, transportation must be available (and other facilities).</td>
<td>D-92-40 E-109-130 E-127-223</td>
</tr>
</tbody>
</table>
CHAPTER IV

PRESENTATION OF DATA

Facts and information are an essential base for sound judgment and wise action. In general, facts are a means to some other end rather than an end in themselves. Major stress should be placed upon the use of facts in meaningful situations. Such use will lend to remembering without rote memorization, although there are proper times for memorization. Rather, the pupils should be encouraged to use facts to arrive at or to test generalizations.

From the study and development of any one economic generalization, several facts and concepts should emerge, growth should be evident in many skills, and pupils should show growth in more than one attitude. It is wise for the teacher to use as many facts and concepts as needed to arrive at a specific generalization. It is highly desirable to single out the facts and concepts in the development of generalizations.

In the identification of economic concepts and generalizations from the, Macmillan: Living As American Neighbors, the economic material is stated as generalizations and concepts which the pupils should reach or discover as a result of their work and investigation. On the following pages these concepts and generalizations will be identified and evaluated as to their development; whether merely mentioned,
partially developed or fully developed in the textbook.

Pupils attitudes should grow naturally out of the study of the text material and proper development of the concepts and generalizations identified in this chapter. As in the case of skills and development of satisfactory attitudes is a continuous task, but it is helpful to give conscious attention to selected ones in the development of any one concept or generalization.
<table>
<thead>
<tr>
<th>PAGE</th>
<th>C</th>
<th>G</th>
<th>D</th>
<th>IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 * 2</td>
<td></td>
<td></td>
<td>Because of its rich natural resources the Western Hemisphere is now the home of many millions of people.</td>
<td></td>
</tr>
<tr>
<td>2 * 1</td>
<td></td>
<td></td>
<td>In other countries the people have somewhat different ways of living.</td>
<td></td>
</tr>
<tr>
<td>5 * 2</td>
<td></td>
<td></td>
<td>Their (settlers from Europe) ways of living influence the way the people live in the Americas today.</td>
<td></td>
</tr>
<tr>
<td>5 * 1</td>
<td></td>
<td></td>
<td>The need for food, shelter, and clothing are much the same in the lands of the Americas.</td>
<td></td>
</tr>
<tr>
<td>5 * 2</td>
<td></td>
<td></td>
<td>In a region that has rich natural resources the people usually live comfortably.</td>
<td></td>
</tr>
<tr>
<td>14 * 2</td>
<td></td>
<td></td>
<td>Where the natural resources of the land are well developed, the people usually live comfortably.</td>
<td></td>
</tr>
<tr>
<td>14 * 1</td>
<td></td>
<td></td>
<td>land and natural resources of a region influence our ways of living and our ways of making a living.</td>
<td></td>
</tr>
<tr>
<td>17 * 2</td>
<td></td>
<td></td>
<td>Travel and trade between Europe and the Far East began long before the discovery of the New World.</td>
<td></td>
</tr>
<tr>
<td>18 * 2</td>
<td></td>
<td></td>
<td>Because of cost of travel and labor, cost of products can be increased many times.</td>
<td></td>
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<td>STANFORD STUDIES</td>
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<td></td>
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<td>D-124-230  E-103-125  E-111-135</td>
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<td></td>
<td></td>
<td></td>
<td>D-85-1  D-104-117  D-179-531  E-101-81  E-112-141</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>D-110-150  D-106-128  D-110-150</td>
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<td></td>
<td>D-106-127  E-110-131</td>
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<td></td>
<td></td>
<td></td>
<td>E-127-223  F-87-16  F-98-89  F-98-90</td>
<td></td>
</tr>
</tbody>
</table>
## CHAPTER I (CONT.)

### 18

*2 The need for lower prices, in early days of shipping necessitated a need for shorter routes by which ships could carry goods all the way, rather than partially by land.

### 19-24

*2 A desire for riches and a reduction in costs of products motivated travel and exploration.

### 26

*2 DaGama's discovery of spices and gems meant rich trade for the Portuguese.

### 26

*1 Nations are always rivals for power, territory and economic security.

### 29

*2 The power to control the important trade routes (of the oceans) is a political requisite of importance.

### 33

*2 The demand for various wants and services prompted explorers to seek a new way of life in the New World.

### 46

*2 People from many parts of the world, brought with them, to the Americas, many different skills, customs and ideas of their homelands.
## PRESENTATION OF DATA

### CHAPTER II
IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS

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<tr>
<th>PAGE</th>
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<th>STANFORD STUDIES</th>
</tr>
</thead>
</table>
| 55   | * | 2 | Trade in furs offered the best chance to make the (Quebec) colony self-supporting. | D-93-46  
D-96-65 |
| 55   | * | 1 | There is no society without some form of trade or exchange. | D-85-1  
D-129-260  
D-134-285  
D-134-287  
E-100-72 |
| 58   | * | 1 | To fulfill a need for regulation of the economy, the early colonies set up forms of government. | D-97-78  
D-176-511  
D-176-515  
D-177-517  
D-121-215 |
| 60   | * | 2 | In the early days of New France, they depended on one money crop (fur). There was a need for more than one product to sell and more than one way for people to earn a living. | D-90-32 |
| 60   | * | 2 | The British had a variety of economic interests which included manufacturing, fishing, farming and fur trade. | D-104-118  
D-164-451 |
| 67   | * | 2 | The Indians had skills (making trails through wilderness areas, trapping fur-bearing animals, and handling canoes) which the white men learned and used to make a living in the fur trade. | D-161-431  
E-110-135  
F-88-22 |
| 75   | * | 2 | The location of settlements and farms was determined by the kind of transportation available. | D-138-305  
D-165-454  
E-110-131  
F-153-421 |
| 83-85| * | 2 | The growth of settlements made the organization of governments necessary. As new conditions arose, laws were changed. | D-97-78  
D-172-498  
D-176-511  
H-81-2  
F-88-18 |
## Chapter II (Cont.)
### Identification of Concepts and Generalizations

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>84</td>
<td>*</td>
<td>2</td>
<td>D</td>
<td>D-128-254</td>
</tr>
<tr>
<td>94</td>
<td>*</td>
<td>1</td>
<td>D</td>
<td>D-129-256</td>
</tr>
</tbody>
</table>

Laws were passed to enable governmental officials to tax citizens for needed services and to run the government.

War can have a detriment upon an economy.
### CHAPTER III

#### IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS

<table>
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<tr>
<th>PAGE</th>
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<th>STANFORD STUDIES</th>
</tr>
</thead>
</table>
| 101  | * | 1 | D | Transportation can play an important part in uniting a country. D-161-436  
|      |   |   |   |                  D-162-437  
|      |   |   |   |                  D-162-438  
|      |   |   |   |                  E-103-89  
|      |   |   |   |                  F-94-60  
| 102  | * | 2 | D | The interdependence of colonies necessitated a United Canada. D-126-240  
|      |   |   |   |                  D-170-484  
|      |   |   |   |                  D-170-485  
|      |   |   |   |                  E-113-151  
|      |   |   |   |                  H-81-2  
| 108  | * | 1 | D | A competitive atmosphere existed between some of the beginning businesses of Canada. D-86-6  
| 112-117 | * | 2 | D | Improving the means of transportation and communication stimulates the growth of a nation. D-162-437  
| 127  |   |   |   |                  E-110-130  
|      |   |   |   |                  F-104-121  
| 119  | * | 3 | D | Life in the Atlantic Provinces of Colonial Canada were best because of occupations and good water transportation as compared to a more rigorous and poorer standard experienced by Central and Western Canada. D-92-40  
|      |   |   |   |                  D-138-305  
|      |   |   |   |                  D-140-321  
|      |   |   |   |                  F-152-421  
| 122-125 | * | 2 | D | Laws and law enforcement are necessary if home, family, community and national life are to be enjoyed. D-97-78  
|      |   |   |   |                  D-123-222  
|      |   |   |   |                  D-127-244  
| 131  | * | 2 | D | Free land was an incentive for farming, which created settlements, which in turn created economic activity. D-106-128  
|      |   |   |   |                  D-109-148  
|      |   |   |   |                  D-114-172  
|      |   |   |   |                  D-116-189  
|      |   |   |   |                  E-101-79  

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**PRESENTATION OF DATA**
### PRESENTATION OF DATA

### CHAPTER IV

#### IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS

<table>
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<tr>
<th>PAGE</th>
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<th>STANFORD STUDIES</th>
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</thead>
<tbody>
<tr>
<td>149</td>
<td>*</td>
<td>1</td>
<td>The St. Lawrence Seaway is of great economic importance to the areas it serves.</td>
<td>D-138-308</td>
</tr>
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<td></td>
<td></td>
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<td>E-103-89</td>
<td>E-113-151</td>
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<td></td>
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<td>F-153-421</td>
<td></td>
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<tr>
<td>150</td>
<td>*</td>
<td>2</td>
<td>Water transportation and power necessitate the location of manufacturing in the Canadian Lowland region.</td>
<td>D-162-438</td>
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<td></td>
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<td>E-110-131</td>
<td>F-93-55</td>
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<td>F-104-121</td>
<td></td>
</tr>
<tr>
<td>152</td>
<td>*</td>
<td>3</td>
<td>Canada's natural resources provide the nation with a vast source of wealth.</td>
<td>E-113-146</td>
</tr>
<tr>
<td>149-</td>
<td>*</td>
<td>3</td>
<td>Each of Canada's major industries provide a great variety of occupations.</td>
<td>D-102-106</td>
</tr>
<tr>
<td>156</td>
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<td></td>
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<tr>
<td>152-</td>
<td>*</td>
<td>3</td>
<td>Wherever there are large factories, there must be ample supply of power to operate machines.</td>
<td>D-117-195</td>
</tr>
<tr>
<td>153</td>
<td></td>
<td></td>
<td></td>
<td>D-138-305</td>
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<td>D-162-440</td>
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<td></td>
<td></td>
<td>E-100-75</td>
</tr>
<tr>
<td>CH</td>
<td>*</td>
<td>2</td>
<td>Changes in ways of living bring changes in the work of people.</td>
<td>D-113-170</td>
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<tr>
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<td>D-123-233</td>
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<td>D-115-181</td>
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<td></td>
<td>G-115-161</td>
</tr>
<tr>
<td>167</td>
<td>*</td>
<td>2</td>
<td>Canada's vast natural resources are helping the nation to grow.</td>
<td>D-96-65</td>
</tr>
<tr>
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<td></td>
<td>E-113-146</td>
</tr>
<tr>
<td>170</td>
<td>*</td>
<td>2</td>
<td>The economic importance of the Yukon lies in its minerals.</td>
<td>D-96-65</td>
</tr>
<tr>
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<td>E-112-140</td>
</tr>
<tr>
<td>152-</td>
<td>*</td>
<td>2</td>
<td>Power is an economic asset to a society.</td>
<td>D-117-193</td>
</tr>
<tr>
<td>153</td>
<td></td>
<td></td>
<td></td>
<td>D-117-195</td>
</tr>
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<td>D-162-440</td>
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<td>E-100-76</td>
</tr>
<tr>
<td>PAGE</td>
<td>C</td>
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<td>D</td>
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<tr>
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<td>------------------</td>
</tr>
<tr>
<td>CH</td>
<td>*3</td>
<td></td>
<td></td>
<td>With the advance of technology, nations (Canada) become more prosperous.</td>
</tr>
</tbody>
</table>
PRESENTATION OF DATA

<table>
<thead>
<tr>
<th>PAGE</th>
<th>C</th>
<th>G</th>
<th>D</th>
<th>CHAPTER V</th>
<th>IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS</th>
<th>STANFORD STUDIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>178</td>
<td>*</td>
<td>3</td>
<td>Because of desirable climate, the Mayas had time to develop good ways of living.</td>
<td></td>
<td>D-92-43 E-110-131</td>
<td></td>
</tr>
<tr>
<td>178</td>
<td>*</td>
<td>2</td>
<td>Mayan farming was an economic means of survival.</td>
<td></td>
<td>D-85-3 D-110-155 E-112-141 E-112-142 E-112-143 E-112-144</td>
<td></td>
</tr>
<tr>
<td>183</td>
<td>*</td>
<td>3</td>
<td>The governmental system of the Inca Empire allowed for no free enterprise.</td>
<td></td>
<td>D-178-521</td>
<td></td>
</tr>
<tr>
<td>190</td>
<td>*</td>
<td>3</td>
<td>The King of Spain wanted an all-water passageway to the Far-East to expand his trade.</td>
<td></td>
<td>D-279-281 E-102-88 F-88-22</td>
<td></td>
</tr>
<tr>
<td>190-</td>
<td>*</td>
<td>2</td>
<td>The economic effect of war upon nations----</td>
<td></td>
<td>D-150-375 D-150-376 D-178-522</td>
<td></td>
</tr>
<tr>
<td>203</td>
<td>*</td>
<td>2</td>
<td>Because of robberies on the high seas, laws had to be made to protect Spanish trade.</td>
<td></td>
<td>D-122-219 F-92-49</td>
<td></td>
</tr>
<tr>
<td>204</td>
<td>*</td>
<td>2</td>
<td>All European nations established colonies in the New World to serve as a source of wealth and trade for the mother country.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PRESENTATION OF DATA

<table>
<thead>
<tr>
<th>PAGE</th>
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<th>STANFORD STUDIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>204</td>
<td>*</td>
<td>2</td>
<td>Because of poor transportation (in Latin America) it took many months for goods produced in one colony to reach another. Sometimes it took years.</td>
<td>D-128-251 F-89-25</td>
</tr>
<tr>
<td>205</td>
<td>*</td>
<td>3</td>
<td>Government controls on crops and manufacturing increased trade between Spain and the colonies.</td>
<td>D-97-78</td>
</tr>
<tr>
<td>206</td>
<td>*</td>
<td>2</td>
<td>Plazas were used as marketing places for the people to market their goods.</td>
<td>D-143-335 D-143-337 D-143-340</td>
</tr>
<tr>
<td>207</td>
<td>*</td>
<td>3</td>
<td>Indians were used to supply the labor market for the hardest work in Latin America.</td>
<td>D-91-38</td>
</tr>
<tr>
<td>208</td>
<td>*</td>
<td>1</td>
<td>Free enterprise was not one of Spanish America's characteristics.</td>
<td>D-178-521</td>
</tr>
<tr>
<td>210</td>
<td>*</td>
<td>3</td>
<td>The discovery of Brazilwood by the Portuguese led to a profitable venture in terms of trade and enhanced the colonization and settlement of Brazil.</td>
<td>D-140-320</td>
</tr>
<tr>
<td>212</td>
<td>*</td>
<td>2</td>
<td>The successful growing of sugar in Brazil brought the development of factories, mills, and the development of trade and labor.</td>
<td>D-162-437</td>
</tr>
<tr>
<td>213</td>
<td>*</td>
<td>2</td>
<td>The discovery of gold and diamonds saw a decrease in sugar production.</td>
<td>D-104-119</td>
</tr>
<tr>
<td>213</td>
<td>*</td>
<td>2</td>
<td>With the development of minerals and trade with other countries, Brazil saw a great influx of peoples from other nations for settlement.</td>
<td>D-140-317 D-140-319 D-140-320</td>
</tr>
</tbody>
</table>
## CHAPTER VI
### IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS

<table>
<thead>
<tr>
<th>PAGE</th>
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<th>STANFORD STUDIES</th>
</tr>
</thead>
</table>
| 220-221 | * | 2 | Economic activity becomes stifled and people become discontented when they do not have a voice in their government. | D-101-99  
D-121-215  
D-176-514 |
| 222 | * | 2 | With the use of negro slaves, nations (the French) made huge profits from sugar plantations. | D-85-2  
D-85-3  
D-106-127  
D-109-147 |
| 223 | * | 2 | War usually brings a decrease in economic advances and great destruction of property. | D-178-522  
F-94-58 |
| 238 | * | 2 | Countries can be strengthened by building trade with other countries. | D-130-265  
D-139-313  
D-140-319  
E-114-154  
F-109-153 |
| 238 | * | 1 | Investments sometimes tend to give an economy a "shot in the arm." | D-157-411  
D-157-412 |
## CHAPTER VII
### IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS

<table>
<thead>
<tr>
<th>PAGE</th>
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<tbody>
<tr>
<td>248</td>
<td>*</td>
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<td>D-118-196</td>
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</table>

In those areas with high mountains, desert regions and thick jungles, it is hard to earn a living.

Essential to the existence of any society (Yucatan peninsula) is a technology for securing sufficient food to satisfy the wants of its members.

Some societies (the Mexicans) need the things they make in their factories, therefore, few manufactured goods are exported.

Mexico lacks good farm lands, but it has other natural resources that help its people earn a living.

Markets for marketing goods are found in all the Caribbean lands and also in other parts of Latin America.

The Government plays a large role in the economic development of Mexico.

The production of oil can mean economic independence to Mexico's petroleum needs.
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### CHAPTER VII (CONT.)

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<tr>
<td>263-</td>
<td>*</td>
<td>3</td>
<td>D</td>
<td>People must have a surplus, or more than they can use of some product, in order to engage in trade.</td>
</tr>
<tr>
<td>265</td>
<td>*</td>
<td>2</td>
<td>D</td>
<td>Many of the people of Latin America earn their living by farming.</td>
</tr>
<tr>
<td>266</td>
<td>*</td>
<td>3</td>
<td>D</td>
<td>Economic benefits of Chicle gathering produce jobs for Guatemalans.</td>
</tr>
<tr>
<td>268</td>
<td>*</td>
<td>2</td>
<td>D</td>
<td>Because of a realization that it is unwise to depend on one money crop, El Salvador is now trying to raise other products for export.</td>
</tr>
<tr>
<td>269</td>
<td>*</td>
<td>2</td>
<td>D</td>
<td>The City of San Salvador arose because of specialization and transportation.</td>
</tr>
<tr>
<td>269</td>
<td>*</td>
<td>1</td>
<td>D</td>
<td>The more products of different kinds that a country can raise, the surer the people are of making a good living.</td>
</tr>
<tr>
<td>272</td>
<td>*</td>
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<td>D</td>
<td>Climatic condition is one factor that determines the comparative advantage of one region over others for the production of particular commodities.</td>
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<tr>
<td>273</td>
<td>*</td>
<td>1</td>
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<td>Lack of good transportation and communication services can deter economic growth.</td>
<td>E-114-155 / F-99-91 / F-106-132</td>
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<td>275</td>
<td>*</td>
<td>2</td>
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<td>Many nations (Panama) must depend on other nations for required goods.</td>
<td>D-170-484 / D-170-485</td>
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<td>275-</td>
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<td>3</td>
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<td>The Panama Canal is of great economic importance to many nations.</td>
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<td>280</td>
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<td>Climatic condition is one factor that determines the production of particular commodities.</td>
<td>D-92-43</td>
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<tr>
<td>282-</td>
<td>*</td>
<td>1</td>
<td>D</td>
<td>The productive potential of a group depends upon the size, industry and intelligence of its labor force.</td>
<td>D-96-67</td>
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<tr>
<td>292</td>
<td>*</td>
<td>1</td>
<td>D</td>
<td>Also: quantity of advanced skills</td>
<td>D-97-70</td>
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<tr>
<td>294</td>
<td>*</td>
<td>2</td>
<td>D</td>
<td>In every economic system it is necessary to determine what kinds of goods are to be produced.</td>
<td>D-85-3</td>
</tr>
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<td>294-</td>
<td>*</td>
<td>3</td>
<td>D</td>
<td>Oil and iron, to be of economic importance, should be used and conserved in the right way.</td>
<td>D-99-90 / D-120-207 / E-101-78 / E-111-138</td>
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<td>296</td>
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<td>2</td>
<td>D</td>
<td>Geography plays an important part in shaping the ways of living of a people.</td>
<td>D-110-131 / D-138-305</td>
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#### CHAPTER VII (CONT.)

**IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS**

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<tr>
<td>299</td>
<td>*</td>
<td>2</td>
<td>Rugged topography can have a detrimental effect upon transportation.</td>
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<td>F-93-55</td>
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<tr>
<td>300</td>
<td>*</td>
<td>2</td>
<td>Economic decline can result from an unwillingness (of businessmen) to invest into industries.</td>
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## CHAPTER VIII
### IDENTIFICATION OF CONCEPTS AND
### GENERALIZATIONS

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<tr>
<td>307-308</td>
<td>* 3</td>
<td>Lack of good transportation makes products expensive by the time they reach world markets.</td>
<td>D-128-251 D-130-266 F-98-89 F-99-95</td>
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<tr>
<td>309</td>
<td>* 3</td>
<td>Because of topography, altitude, geography, and lack of natural resources, people must depend upon farming for a living.</td>
<td>E-111-134 D-179-531</td>
<td></td>
</tr>
<tr>
<td>314</td>
<td>* 3</td>
<td>People many times receive little or no news about the outside world because modern means of communication are lacking.</td>
<td>E-110-130</td>
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<tr>
<td>314</td>
<td>* 2</td>
<td>Because of undeveloped natural resources, a population can have a poor economy.</td>
<td>E-111-135</td>
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<tr>
<td>317</td>
<td>* 2</td>
<td>People should have money, education and training to develop new industries and discover new products.</td>
<td>D-161-433</td>
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</tr>
<tr>
<td>317</td>
<td>* 3</td>
<td>Wars many times take money needed for schools, roads, and for developing resources.</td>
<td>D-178-522 E-100-72</td>
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<tr>
<td>318</td>
<td>* 2</td>
<td>In some nations of South America, group ownership of land is prevalent.</td>
<td>D-93-50</td>
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<tr>
<td>320</td>
<td>* 2</td>
<td>The Llamas, Alpaca and Vicuna are of economic importance to the Peruvian people.</td>
<td>E-109-125 E-114-153</td>
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<tr>
<td>321</td>
<td>* 2</td>
<td>Income depends on production... the things that decrease production depress income.</td>
<td>D-85-2</td>
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<tr>
<td>326</td>
<td>* 2</td>
<td>Climatic conditions is one factor that determines comparative advantage of one region over others for production of commodities.</td>
<td>D-92-43</td>
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</table>
Creation of extensive industrial development cannot occur in the absence of an adequate transportation system.

Only when people are educated is it possible for a nation to become really progressive economically.

Carriers by water like other forms of transportation require the creation of terminal facilities.

(Economic) Illiteracy (as well as education) is one of the handicaps of many South American countries.

Among nonliterate peoples who do not possess transportation facilities which enable them to import large quantities of building materials, dwellings are conditioned . . . by kinds of material easily available . . . and the degree that the food quest requires people to move (about).

Because of a lack of terminal facilities, a nation (Bolivia) can remain relatively poor.

A one-product nation faces the possibility of a decreasing demand for that product, and thus, an economic instability.

Transportation can sometimes be an asset in the production of food.

The productive potential of a group depends upon the size, industry and intelligence of its labor force— and wise governmental policies.
### CHAPTER VIII (CONT.)

#### IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS

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<tr>
<td>338</td>
<td>*</td>
<td>3</td>
<td>Before a natural resource can be developed, transportation must be available (and other facilities).</td>
<td>D-92-40, E-109-130, E-127-223, F-101-106</td>
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<td>338</td>
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<td>Taxation</td>
<td>D-128-254, D-129-255, D-129-156</td>
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<td>339</td>
<td>*</td>
<td>2</td>
<td>Because of a lack of industrial skills, many farmers remain on haciendas.</td>
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<tr>
<td>341</td>
<td>*</td>
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<td>Essential to the existence of any society is the creation of technology for securing sufficient food; to satisfy the wants of its members.</td>
<td>E-112-141</td>
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<tr>
<td>342</td>
<td>*</td>
<td>2</td>
<td>With free schools, more factories being built and a good means of transportation, a country has a better chance of being more of a progressive nation.</td>
<td>E-110-130, E-111-134, E-114-152, F-85-2</td>
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<tr>
<td>CH</td>
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<td>Revolution in some nations have held them back and have made businessmen unwilling to invest their money in industries.</td>
<td>D-178-522</td>
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<tr>
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<td>Some nations (Andean) depend largely on one product for their income (as their money crop.</td>
<td>D-99-87, D-115-182</td>
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<tr>
<td>CH</td>
<td>*</td>
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<td>Merchants and businessmen buy products on the world market where they are cheapest (most reasonable in price) except when there is too little of the product to supply the demand.</td>
<td>D-103-111, D-107-135</td>
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#### CHAPTER IX
**IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS**

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<tr>
<td>348</td>
<td>* 2</td>
<td>Because of excellent water transportation, a nation (Argentina) can develop good trade.</td>
<td>D-162-438, D-162-439, E-110-130, F-85-3, F-109-154</td>
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<td>349</td>
<td>* 2</td>
<td>The incentive for nations to trade with each other is lacking when they grow or manufacture the same kinds of products.</td>
<td>D-128-249, D-130-261, D-130-265, D-144-341</td>
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<td>351</td>
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<td>Excellence of harbor facilities.</td>
<td>E-103-89, E-113-151, F-79-83</td>
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<td>354</td>
<td>* 2</td>
<td>Land as a factor of production must be developed to have value.</td>
<td>E-101-79, D-109-148</td>
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<td>350</td>
<td>* 2</td>
<td>Climate is a deciding factor as to the degree of settlement in an area.</td>
<td>D-92-43</td>
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<td>360</td>
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<td>The production of most commodities have economic value to its producer.</td>
<td>D-89-25, D-132-273</td>
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<td>363-67</td>
<td>* 3</td>
<td>A nation that engages in continued warfare becomes impoverished.</td>
<td>D-150-373</td>
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<td>367</td>
<td>* 3</td>
<td>Argentina is interdependent with other nations.</td>
<td>D-104-115, E-114-154</td>
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<td>367</td>
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<td>Without the development of an adequate means of power, advanced stages of economic development of machines and manufacturing are impossible.</td>
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<td>359</td>
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<td>The discovery of new sources of power calls for the invention of ways to make that power available.</td>
<td>E-100-75</td>
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<td>369</td>
<td>* 3</td>
<td>(Social Security) Laws have an effect upon the standard of living of nations.</td>
<td>D-99-94, D-121-215</td>
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<td>369</td>
<td>* 3</td>
<td>Excellence of water transportation in Uruguay.</td>
<td>E-113-151, F-152-414</td>
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<td>370</td>
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<td>Economic importance of stock raising in Uruguay.</td>
<td>D-102-104 \ D-104-114</td>
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<td>Imports - Exports</td>
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<td>372</td>
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<td>Lack of coal, iron, or oil leave little doubt that a country could be a great manufacturing center.</td>
<td>E-101-78</td>
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<td>374</td>
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<td>2</td>
<td>Countries should have more than one product for export for a greater economic stability.</td>
<td>D-170-480 \ D-170-483</td>
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<td>375</td>
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<td>A nation without really good transportation facilities has little chance for development.</td>
<td>D-138-309 \ D-162-438 \ E-103-89 \ E-101-81 \ E-110-131 \ F-88-23 \ F-108-145</td>
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<td>376</td>
<td>*</td>
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<td>2</td>
<td>(Economic importance of underdeveloped Chaco.) As man develops a culture, he enlarges the food supply and decreases the external hazards of existence.</td>
<td>E-101-81 \ E-110-131</td>
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<tr>
<td>378</td>
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<td>Climatic conditions affect the production of certain agricultural products.</td>
<td>D-92-43</td>
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<td>380</td>
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<td>3</td>
<td>Paraguay is an underdeveloped region for several reasons: geography (landlocked), rule of dictators, many wars, and too few schools.</td>
<td>D-161-432 \ D-161-433 \ D-165-454 \ E-110-131</td>
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<td>382</td>
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<td>3</td>
<td>Importance of transportation to ship goods to market.</td>
<td>D-162-437 \ D-162-438 \ D-162-439 \ E-103-89 \ E-113-151 \ F-104-121 \ F-105-130</td>
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<td>382</td>
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<td>1</td>
<td>Need for foreign investment (in South America).</td>
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**CHAPTER X**

**IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS**

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<tr>
<td>CH</td>
<td>Fact</td>
<td>3</td>
<td>Brazil, a tropical region, produces many things that the United States cannot raise well or in sufficient quantities.</td>
<td>D-92-43</td>
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<td>E-114-154</td>
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<tr>
<td>CH</td>
<td>Fact</td>
<td>3</td>
<td>The United States manufactures many articles that are not made in Brazil and for which Brazil has need.</td>
<td>E-110-132</td>
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<td>E-114-154</td>
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<tr>
<td>394</td>
<td>Fact</td>
<td>3</td>
<td>Brazil is a democratic form of government much like the United States.</td>
<td>D-176-514</td>
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<td>D-177-517</td>
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<tr>
<td>398</td>
<td>*</td>
<td>3</td>
<td>A good water transportation system is an asset to a country.</td>
<td>D-138-309</td>
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<td>E-102-88</td>
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<td>398</td>
<td>*</td>
<td>3</td>
<td>There is a tremendous economic effect upon a city (Manaus) when the demand for a product decreases.</td>
<td>D-107-136</td>
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<td>D-144-342</td>
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<td>401</td>
<td>*</td>
<td>3</td>
<td>Economic importance of products in the Amazon River area have been valuable.</td>
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<td>D-138-306</td>
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<td>403</td>
<td>*</td>
<td>2</td>
<td>For greater economic development, transportation is essential in development of undeveloped areas.</td>
<td>D-162-437</td>
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<td>406</td>
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<td>3</td>
<td>Tropical temperatures and rainfall are influential in raising certain crops.</td>
<td>D-92-43</td>
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<td>406</td>
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<td>3</td>
<td>Markets, business houses, cotton mills and factories are located at strategic breaks in transportation.</td>
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<td>408</td>
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<td>3</td>
<td>Specialization of a product is important to an economy.</td>
<td>D-102-104</td>
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<td>412</td>
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<td>3</td>
<td>Markets must be well located to be of economic value to a nation.</td>
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### CHAPTER X (CONT.)

**IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS**

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<td>*</td>
<td>3</td>
<td>Coffee plays an important role in the economy of Brazil.</td>
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<td>*</td>
<td>3</td>
<td>Some areas of northeastern Brazil provide raw materials for manufactured goods.</td>
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<tr>
<td>422</td>
<td>*</td>
<td>3</td>
<td>Southern forests and farmlands yield an important part of the national income.</td>
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<tr>
<td>425</td>
<td>*</td>
<td>2</td>
<td>Good economic system needs good government, workers, education, and free election.</td>
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<tr>
<td>426</td>
<td>*</td>
<td>3</td>
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<tr>
<td>436</td>
<td>Fact 3</td>
<td>The UN Economic and Social Council is interested in human resources, or the people of the world and their well-being.</td>
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<td>439</td>
<td>Fact 3</td>
<td>(In the UN)--to borrow money a nation must first become a member of the international bank.</td>
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<td>450</td>
<td>*</td>
<td>1</td>
<td>Interdependence of nations.</td>
<td>E-126-220</td>
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PRESENTATION OF DATA

CHAPTER XI
IDENTIFICATION OF CONCEPTS AND GENERALIZATIONS
CHAPTER V

SUMMARY

This study purported to: (1) locate and identify economic concepts and generalizations contained in a sixth grade social studies text by Cutright and Durand: *Living As American Neighbors*; (2) indicate by the use of a scale whether the identified concepts and generalizations were merely mentioned, partially developed or fully developed; and, (3) verify the researchers selections of concepts and generalizations through the presence of generalizations in the Stanford Studies similar to those identified by the author and found in *Living As American Neighbors*.

The study does not make the assumption that the concepts and generalizations reported in this study constitute a curriculum for economic education in the sixth grade; but, rather, that these concepts and generalizations will act as raw curriculum for the writers in developing units and materials for use in an economic education program.

Many of the concepts and generalizations identified by the author undoubtedly will not be taught in the sixth grade because of insufficient time and lack of an appropriate teaching situation. However, if an attempt is made to even partially utilize and develop the identified concepts and generalizations, students will at least gain some elemental knowledge of the complex field of economics.
In the study the author identified 77 generalizations and 84 concepts which could be used in developing units for the teaching of economics in the sixth grade. Of the 77 generalizations which were identified, 8 were merely mentioned, 52 were partially developed and 17 fully developed. Eighty-four concepts were identified. Of these, 18 were merely mentioned, 36 were partially developed and 30 fully developed.

In using the Stanford Studies to substantiate author's identification of economic concepts and generalizations, 576 generalizations were selected for use by the author. Of these, 440 were from Runge (Appendix D), 53 from Hofstrand (Appendix E), 79 from Rambeau (Appendix F), 3 from Emerson (Appendix G), and 1 from Andrews (Appendix H). However, not all of these generalizations were used in the studies. Of those used, 145 were from Runge, 35 from Hofstrand, 32 from Rambeau, 2 from Emerson, and 1 from Andrews. Some were used more than once. Those that were not used are available as raw curriculum material for writers in the field.

CONCLUSIONS

The information received from the study suggested the following conclusions:

1. This study provides teachers and other personnel with concepts and generalizations to expedite curriculum planning in school systems and to provide them with "anticipated outcomes of instruction" in economics.
2. There was disagreement by writers and others in their definition of concepts and generalizations. There is need for better understanding in this area.

3. The concepts and generalizations mentioned seemed to vary as to their degree of development from merely mentioned to fully developed.

4. There is need for validation of generalizations in each discipline of the Stanford Studies as well as validation of the findings of this study.

5. The fact that there was a great deal of similarity between the identified concepts and generalizations of this study and the generalizations of the Stanford Studies places some support in the writer's data.

6. Social Scientists, particularly those working in the field of economics undoubtedly will find much of interest and value in the data from this study.

7. Writers of textbooks and economic materials may find utility in the data of this study as a basic list of concepts and generalizations for use in development of a sixth grade economic education program.

RECOMMENDATIONS

The following recommendations are presented.

1. The Yakima School District might distribute and make available these concepts and generalizations to sixth grade teachers.
2. Teachers should be requested to use these materials in conjunction with their daily programs, but should use only those that are pertinent.

3. In using concepts and generalizations, teachers should use discretion and care and should be cautious to examine all aspects of the generalization before using it in a daily plan of instruction.

4. Teachers need to be cautious in teaching generalizations, being fair to the various schools of thought in the interpretation of the generalization.

5. Teachers, administrators, and curriculum people of the Yakima School system should keep abreast of materials and events produced by the Joint Council on Economic Education and the Northwest Council on Economic Education; as well as be conversant with materials as they are made available.

6. The Yakima School District should make available in quantity lot, materials as they are available by economic education groups.

7. The Yakima School District be requested to take steps in setting up an inservice program to familiarize teachers with economic education.
BIBLIOGRAPHY
BIBLIOGRAPHY

A. PRIMARY SOURCES


B. SECONDARY SOURCES


APPENDIX A

RUNGE, RICHARD - Code number 58-3586, SOCIAL STUDIES GENERALIZATIONS FOR USE IN THE SOCIAL STUDIES CURRICULUM: PRODUCING, EXCHANGING, DISTRIBUTING, AND CONSUMING FOOD, CLOTHING, SHELTER, AND OTHER CONSUMER GOODS AND SERVICES.

HOFSTRAND, JOHN F. - Code number 59-6868, SOCIAL STUDIES GENERALIZATIONS FOR USE IN THE SOCIAL STUDIES CURRICULUM: CREATING TOOLS, TECHNICS, AND SOCIAL ARRANGEMENTS.

RAMBEAU, JOHN FRANKLIN - Code number 20438, SOCIAL STUDIES GENERALIZATIONS FOR USE IN THE SOCIAL STUDIES CURRICULUM: TRANSPORTING PEOPLE AND GOODS.

EMERSON, HAROLD GARDNER - Code number 23172, SOCIAL STUDIES GENERALIZATIONS FOR USE IN THE SOCIAL STUDIES CURRICULUM: PROVIDING RECREATION.

ANDREWS, CLAY SAMUEL - Code number 23169, SOCIAL STUDIES GENERALIZATIONS FOR USE IN THE SOCIAL STUDIES CURRICULUM: ORGANIZING AND GOVERNING.
APPENDIX B
ECONOMIC EDUCATION

It is hoped that this study of economics to be made in the elementary grades will instill in children an understanding of the functioning of the principal institutions of our American private enterprise system.

The economic concepts are organized in a developmental sequence that is based on the maturity of the majority of children at each grade level. Teachers will need to make adjustments in their presentation of the material to fit the ability and maturity of all their pupils. It is essential that teachers periodically evaluate the children's grasp of the main ideas and reteach the concepts that are not clearly understood.

The economic concepts are to be taught as a part of the social studies program and should be applied to the social studies content at each grade level. Concepts learned at one level will be repeated and broadened in subsequent levels as there are opportunities for the children to apply them to new content material.

The general economic understandings to be referred to at each level are:

The basic economic problem confronting all people is the conflict between unlimited wants and limited resources.

Peoples, regions, and countries are interdependent.

The American private enterprise system is based on the freedom of the individual to own property, to contract with others, and to engage in economic activities for his own profit and well-being.
The numbers indicate the grades in which the concept is introduced or expanded. It is presumed it will continue to be used after it has been presented.

I. BASIC FACT OF SCARCITY K-12
   Allocating productive resources 4, 5, 6, 7, 9, 10, 12b
   Opportunity (or alternative costs) 5, 7, 9, 10, 12b

II. AMERICAN FREE ENTERPRISE SYSTEM 1, 2, 4, 5, 6, 8, 11, 12a
   Freedom of choice 1, 2, 4, 5, 8, 11, 12a
   Government by consent 5, 8, 11, 12a

III. INTERDEPENDENCE K-12
    Uneven distribution of resources 3-6, 7, 9, 10, 12b
    Technological advance 1-12
    Specialization K-12
    Trade 1-12
    Income flow 1, 2, 4-12

IV. THE MARKET SYSTEM: WHAT DOES THE ECONOMY PRODUCE, AND HOW?
   Interaction of supply and demand in the market 4, 7-12
      Consumers' money demands 2-12
      Role of price 4-12
   The production process 1-6, 8, 11, 12a
      Role of business firms 2, 3, 4, 8, 11, 12a
      Corporate structure and finance 8, 11, 12a
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Human resources  2-12
Capital resources  2-12
Institutional resources  2-12

The role of profits  2-12
Incentive to business  2, 4, 5, 8, 11, 12a
Source of funds for investment  7-12
Competition  4, 7-12
Comparative advantage  6-12

The role of government  5, 8, 11, 12a
Taxes  1, 2, 5, 8, 11, 12a
Services  1, 2, 5, 8, 11, 12a
Rules  2, 5, 8, 11, 12a

International markets  3, 6, 7, 9, 10, 12b
Specialization  6, 7, 9, 10, 12b
Balance of payments  9, 10, 12b
Tariffs  7-12
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Multilateral trade  7, 9, 10, 12b
Common market  10, 12a, 12b
GATT (General Agreement on Tariffs and Trade)  10, 12a, 12b

V. ECONOMIC GROWTH AND STABILITY: HOW MUCH SHALL BE PRODUCED?
Rate of growth  11, 12a
Measurement of growth 11, 12a
GNP 11, 12a
Real output 11, 12a
Determinants of growth 7-12
Stock of productive resources 3, 4, 5, 6, 7-12
Major groups of buyers 7-12
Consumers 7-12
Business 7-12
Government 7-12
Growth in the United States 4, 5, 6, 8, 11, 12a
Growth in the underdeveloped countries 6, 7, 9, 10, 12b
Growth in other economic systems 9, 10, 12b
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Functions of money 1-12
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Aggregate spending 12a
Commercial banks--lending and investing 2, 11, 12a
Federal Reserve System 8, 11, 12a
Impact of technology 2-12
Business cycles - inflation and depression 8, 11, 12
Role of government 8, 11, 12a
Stabilization 11, 12a
Taxes and expenditures 12a
Level of income 12a
Employment 12a
Prices 12a
Employment Act of 1946 11, 12a
Fluctuations in the national debt 12a
Deficit spending 12a

VI. DISTRIBUTION OF INCOME: WHO SHALL GET THE GOODS AND SERVICES PRODUCED?

Incomes of different groups of people K, 1, 2, 7, 11, 12a
Wages 2, 11, 12a
Rent 2, 11, 12a
Profit 2, 11, 12a
Interest 2, 11, 12a

How income is determined 7, 12

Productivity of labor 2-6, 11, 12a

Struggles over income share 8, 11, 12a

Business 11, 12a
Labor unions 11, 12a
Farmers 11, 12a

Role of government 2, 5, 8, 11, 12a

Labor laws 11, 12a
Anti-trust laws 11, 12a
Taxation 11, 12a
Social security 11, 12a

VII. COMPARISON OF ECONOMIC SYSTEMS 6, 8, 10, 12a, 12b

Capitalism
Communism
Socialism
Fascism
Rational analysis of Economic problems:

1. Definition of problems
2. Identification of goals
3. Look for principal alternative ways of attaining objectives.
4. Analyze consequences of choosing competing alternatives.
ECONOMIC UNDERSTANDINGS

KINDERGARTEN

Basic problem of scarcity
Interdependence within the family
Distinguishing between free and economic goods
Income must be earned

GRADE ONE

Basic problem of scarcity

Freedom of the individual to own property and seek economic gain in our free enterprise system
Meanings of the terms goods and services
Meanings of the terms production and consumption and their relation to each other
Meaning of specialization
Significance of technological advances
Functions of money
Taxes and government services
Interdependence of families within a community

GRADE TWO

Basic problem of scarcity

Freedom of the individual to own property and seek economic gain in our free enterprise system
Effect of consumers money demands on what is produced
The nature and functions of business firms
The role of profit as an incentive for business
Meaning of employment and unemployment
GRADE TWO (Continued)

Income flow between producers and consumers
Need for savings for capital formation
Use of the factor of production in the production process
Increasing production efficiency through specialization
Effect of technological advance on production and consumption
Functions of banks
Government functions that affect business
Interdependence of communities

GRADE THREE

Basic problem of scarcity
Importance of a country's stock of resources to its economy
Production processes in other countries
Meanings of the terms import and export
Functions of money
Meaning of international trade and its relationship to territorial specialization
Interdependence of nations

GRADE FOUR

Basic problem of scarcity
Freedom of the individual to own property and seek economic gain in our free enterprise system
Economic and social limitations on individual freedom of choice
Interaction of supply and demand in the market
Determinants of supply and demand
GRADE FOUR (Continued)

Allocation of scarce resources by supply and demand
Meaning of the term entrepreneur
Relationship between saving and capital formation
Functions of markets
Function of competition
Interdependence of all the participants in the production process

GRADE FIVE

Basic problem of scarcity
Characteristics of American private enterprise
Need for economizing scarce productive resources
Meaning of opportunity costs
Relationship of productivity and standard of living
Effect of technological progress on economic activities
Growth of government activities in producing goods and services
Increasing interdependence due to economic development

GRADE SIX

Basic problem of scarcity
Contribution of regional specialization and trade to increased real output
Relationship of productivity of labor and economic growth
Effect of unequal resource distribution on economic development of different regions
Reasons for United States aid to underdeveloped countries
Comparison of different economic systems
KINDERGARTEN

Kindergarten children are able to expand their ordinary understanding of the common economic facts within their range of natural experiences. Most kindergarten children will have had some experience with using money to buy goods at a store. They will already know that they cannot have all the things they want. They know that their parents work to pay for their wants, and that their families take care of them. They can learn that these experiences and problems are common to all people.

Recognizing these fundamental problems and the relationship between them is the beginning step in learning about our economic structure. Establishing an understanding of concepts at this level is essential to the economic learnings to be developed in grade one.

The economic concepts listed below should be literally repeated many times through a variety of simple activities.

ECONOMIC CONCEPT
People are interdependent.

CHILDREN'S INTERPRETATION
Members of a family need each other.

ACTIVITIES
After the children have had an opportunity to use the home center, discuss the family roles they played.

What was the mother's work in the home?

What work did the father do in the home?
How did the children help in the home?

Could there be just children in the home? Why not?

Illustrate or dramatize the work contributed by different members of the family.

ECONOMIC CONCEPT

Income is earned by producing goods and services.

CHILDREN'S INTERPRETATION

One or several members of the family must earn money to buy the things they need.

ACTIVITIES

Show several pictures of people working, such as a nurse, a repairman, a teacher, and a builder. Discuss the work these people do. Ask such questions as the following:

- Why do these people work?
- Why do they need to earn money?
- Who earns money in your family?
- What things does your family need to buy?

ECONOMIC CONCEPT

Human wants are satisfied by goods that are either free goods or economic goods.

CHILDREN'S INTERPRETATION

Some of the things we want are free, some must be paid for because they are made by or belong to other people.

ACTIVITIES

Arrange the items the children have brought for "Show and Tell" where all can see them. (Avoid food items for this activity.) Discuss such questions as the following:
Do you see something that someone had to make? (Ex. Doll, Truck, Ball, etc.)

Do you see anything that people did not make? (Ex. Rocks, Shells, Flowers, etc.)

Are there some things that you do not know about?

Rearrange the items into the two or three groups the children indicate.

Ask: How can we find out about the things we are not sure of?

Encourage them to seek this information from their parents, from other adults, or from other children. The class might also plan a trip to the school library to ask the library teacher to assist in locating the information in picture books. They could ask such questions as:

Where did the item come from?
What kind of material is it made of?

Provide a space to keep the items that they have not identified. Remove or add items as necessary.

Introduce items that will pique their curiosity as to its source such as a piece of sponge, brick, rock crystals or paper.

If children cannot find information on their own about some objects or if they have made a mistake, introduce a book picture, filmstrip, or other material that will help them. Complex information concerning how an item is manufactured or processed need not be pursued. Merely identify
the items that are found free in their natural form and those that are man-made or must be bought.

ECONOMIC CONCEPT

All people are confronted with the conflict between unlimited wants and limited resources.

CHILDREN'S INTERPRETATION

No one can have all the things they want. Each of us must make choices.

ACTIVITIES

Play a wishing game. What toy would you want if you could have anything? Make pictures or stand-up cutouts of these toys. Display them on a bulletin board.

When a directed art activity is planned, show the children the paper or other supplies they will use. Provide just enough for each child to have one portion. Count members of the class and the papers with the children so they understand that there is just enough. Before the lesson discuss:

Can some children use more than one paper if they wish to?

If one child wastes his paper, is there any more for him? Encourage the children to think of reasons why the supplies are limited, such as:

We will want to make other pictures another day.

Other boys and girls in the school will need to use some of the paper.

Paper and other supplies for the whole school are limited.
Tell a story about going to the toy store. Have the children act out the action of the story as it is told. Give the children an opportunity to contribute their ideas as the story is told. For example:

"I am waking up in the morning and now I am jumping out of bed. Today is a special day. I am five years old! I'll get dressed and hurry to breakfast. The mailman has brought a special card from Grandmother. And here is another surprise--one dollar! Mother says I may put on my coat and go to the store now. (Walk, skip, and jump to the store.) I want to see all the toys in the store. I see a wagon but it costs two dollars. Can I get the wagon? Here is a doll. It costs one dollar. Can I get the doll? But I like the book too. It is one dollar. Can I get both the doll and the book? (Have each child select the toy he wants that is one dollar.) I must give the clerk my dollar, and he will wrap the toy. Now I will go home." (Have the children skip and run home.)

Follow-up discussion of the story:

Could you choose any toy in the store?
Could you have as many toys as you wanted?
Can grown-ups buy all the things they want?
When you are in a store with mother or father and you ask for something, do you get all the things you want? Why not?

EVALUATION

MATERIALS
ECONOMIC CONCEPT

The basic economic problem confronting all people is the conflict between unlimited wants and limited resources.

CHILDREN'S INTERPRETATION

Everyone has many wants. We cannot have all the things we want.

Goods are the things we want.

Service is the work performed for another person.

To consume means to use up goods and services.

Everyone is a consumer of goods and services.

Everyone must have such goods as homes, food, and clothing.

We must choose the goods and services we want.

Some goods are consumed quickly, others are consumed slowly.

ECONOMIC CONCEPT

Goods and services are created by the production process. Individuals who contribute to the process receive a share of the goods and services.

CHILDREN'S INTERPRETATION

Some member of the family must produce a good or service in order to buy the many goods and services the family needs.

To produce means to make goods or perform services.

People may either produce the goods and services they need or buy the many goods and services the family needs.

Some workers produce services.

Some workers produce goods.
When members of a family produce goods and services for themselves they can spend their money for other things. This means they can have more of the goods and services they want.

**ECONOMIC CONCEPT**

Money is a medium of exchange, a measure of value, and a store of value.

**CHILDREN'S INTERPRETATION**

People receive money for producing goods and services.

People trade (exchange) money for the goods and services they want.

We can save our money and spend it at a later time.

We can measure the value of goods by their dollar price.

**ECONOMIC CONCEPT**

In our economy, individuals and businesses are free to own property, accumulate capital, and seek economic gain.

**CHILDREN'S INTERPRETATION**

People are free to choose the kind of work they want to do.

Each person is free to decide how he will spend his money.

Each person is free to decide how much of his money he will spend or save.

**ECONOMIC CONCEPT**

Community goods and services are produced by the government. Individuals pay for government goods and services through taxes.

**CHILDREN'S INTERPRETATION**

People pay taxes to the government for the goods and services it produces.

Goods and services produced by the government are used by all the people.
Many people work for the government to produce these goods and services. Tax money is used to pay these workers.

**ECONOMIC CONCEPT**

Technological change and invention influences both production and consumption.

**CHILDREN'S INTERPRETATION**

Machines help workers do their jobs faster and easier.

- Machines make work in the home easier.
- Machines make work in the school easier.
- Machines help workers.

People long ago did not have machines such as we do to help them. Their work was harder.

When we grow up there may be new machines to help us do our work more easily.

We want to buy and use new kinds of goods and services.

People long ago could not have many of the things we have because the things were not made.

We do not know all the different kinds of goods and services we will be able to buy when we grow up.

**ECONOMIC CONCEPT**

The development of specialization has made people more independent.

**CHILDREN'S INTERPRETATION**

Each member of the family has special work he does.

Each helper (children) in the school room does a special job.

Each worker (adult) in the school does his special job.

Most neighborhood workers produce one special kind of goods or service.
A worker producing one special kind of goods or service depends on many other workers to produce the many goods and services he needs.

A worker producing just one kind of goods or service is dependent on other workers to buy his product.

The special skills of many workers may be needed to produce one kind of goods.

**VOCABULARY WORDS**

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<th>Consume</th>
<th>Producer</th>
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<tr>
<td>Consumer</td>
<td>Save</td>
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<td>Earn</td>
<td>Services</td>
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<td>Exchange</td>
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<tr>
<td>Free</td>
<td>Specialization</td>
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<tr>
<td>Goods</td>
<td>Spend</td>
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<td>Government</td>
<td>Taxes</td>
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<tr>
<td>Invention</td>
<td>Trade</td>
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<tr>
<td>Money</td>
<td>Value</td>
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<tr>
<td>Produce</td>
<td>Wants</td>
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</tbody>
</table>
GRADE TWO

ECONOMIC CONCEPT

Consumers' money demands largely determine what is produced.

CHILDREN'S INTERPRETATION

Consumers will spend their money to buy the goods they want at the store.

Storekeepers will have in their store the goods that their customers want to buy.

Farms and factories will produce the goods that the storekeepers want to buy.

If many consumers want to buy more of a good, the storekeeper will buy more and the factories and farms will produce more.

If consumers buy less of a certain good, the storekeeper will buy less of that good and the factories and farms will produce less of it.

Customers, storekeepers, factories and farms need each other. They are interdependent.

ECONOMIC CONCEPT

A shift in consumer demand influences what and how much is produced.

CHILDREN'S INTERPRETATION

If customers want more of a product the factory will produce more.

If the factory produces more goods, it must hire more workers. There is more employment.

If the customers buy less of a good, the factory will produce less and fewer people will have work. There is unemployment.

Workers who are unemployed do not have money to buy goods and services.
ECONOMIC CONCEPT

In our free enterprise economy, individuals and businesses are free to seek economic gain.

CHILDREN'S INTERPRETATION

Consumers are free to buy the goods and services they want.
People are free to seek the kind of work they want to do.
Business firms are free to choose which goods and services they will produce and how they will produce them.

ECONOMIC CONCEPT

There is a continuous flow of money payments from consumers to business firms in exchange for consumer goods and services and from business firms to workers in exchange for their productive services.

CHILDREN'S INTERPRETATION

People are both consumers and producers.
People pay business firms money for the goods and services they want to consume.
Business firms pay people money for producing the goods and services they need.

ECONOMIC CONCEPT

Economic activity depends upon firms. The business firm is the profit-maximizing unit.

CHILDREN'S INTERPRETATION

Business firms consist of people who make and sell goods to earn money.
A business firm produces goods to sell to other firms.
Some business firms buy goods to sell to consumers.
Business firms must have a place to do their work, such as a store, factory, mill, or warehouse.
The land and plants are owned by a landlord.
ECONOMIC CONCEPT

The entrepreneur assumes both responsibility and risk for his business. The objective of any private business is to earn profit for its owners. Those products will be produced whose cost of production relative to price returns the highest profit.

CHILDREN'S INTERPRETATION

The business firms' owners are responsible for running their firms.

The business firms receive money from consumers for the goods they produce.

Business firms must pay for the cost of production out of the money they have received.

The money the business firms' owners have left is their profit. Business firms want as much profit as they can get.

The owners of the business firms risk losing money.

ECONOMIC CONCEPT

Capital formation from savings is necessary for the establishment and growth of business firms.

CHILDREN'S INTERPRETATION

The owner or owners of a business firm needs money to buy goods and services to run the business.

The businessman may use money he has saved to buy the goods and services he needs.

The businessman may borrow someone else's savings to buy the goods he needs. He must pay the lender interest.

ECONOMIC CONCEPT

Business firms combine the productive resources to produce goods and services.

CHILDREN'S INTERPRETATION

To produce goods, a business firm needs:
A place to work
Materials
Labor
Tools and Machines
Managers
Government goods and services (roads-protection)

ECONOMIC CONCEPT

Income is distributed to owners of the productive resources by the business firms.

CHILDREN'S INTERPRETATION

The money the business firm pays to the workers and the owners of land, materials and money is their income.

The landlords' income is rent.
The workers' income is wages.
The managers' income is salaries.
The bankers' income is interest.
The business owners' income is profit.

Business firms must pay for other goods and services they have used to produce their goods:

The firm must pay for the materials it has used.
The firm may need to buy more tools and buildings.
The firm must pay taxes to the government.

Business firms, landlords, labor and managers are interdependent.

ECONOMIC CONCEPT

Division of Labor increases the efficiency of production.

CHILDREN'S INTERPRETATION

Producing just one good or service is specialization.

Business firms specialize in producing the goods or services they can produce most profitably.
A worker can do his work faster and better if he works at a special job.

ECONOMIC CONCEPT

Banks serve the everyday business needs of the community.

CHILDREN'S INTERPRETATION

People save money to spend at a later time. They may deposit their savings in a bank.

A depositor may withdraw his money from the bank whenever he wishes to do so.

Banks are business firms. They produce such services as:

- Safeguarding the depositors' money
- Lending the depositors' money for them
- Lending money to borrowers

A borrower may use the money for a certain length of time. He must pay back the money at the end of that time.

The borrower pays the lender interest for the use of his money.

Part of the interest money received by the bank is used to pay its workers and part of it is used to pay the depositors for the use of their money.

ECONOMIC CONCEPT

Enforcing rules for the general good and producing public goods and services, are some of the governmental functions that affect businesses.

CHILDREN'S INTERPRETATION

Business firms must obey our government's rules.

They must pay taxes.

They must pay their bills.
They must not sell goods or services that are harmful.
They must not cheat the consumer.

Business firms need to use public goods and services produced by the government, such as:

Roads
Protection of property from fire and theft
Protection of our country

The government helps people who are unable to earn enough income to buy the things they must have. For example:

People who are too old to work
Children whose parents do not have enough money
Workers who are unemployed

ECONOMIC CONCEPT

The development of specialization has made people more interdependent.

CHILDREN'S INTERPRETATION

We are all dependent on farmers for our food.
Farmers depend on city workers for many goods and services.
Farmers specialize in raising the product that brings the most income.

Farmers need land, labor, machines and materials to produce their product.

Transportation workers produce a service. They carry goods from where they are produced to the market.

Farmers, transportation workers, and consumers are interdependent.

ECONOMIC CONCEPT

Technological change, mechanization and invention influences both production and consumption.
CHILDREN'S INTERPRETATION

Machines help the farmer produce his goods more efficiently.

Scientists help the farmer improve the quality and yield of his product.

Improved production, processing, preservation, and packaging of food gives the consumer a greater variety and better quality of product.

More of some farm products are produced than can be sold. This results in:

- Waste of some produce
- Less income for the farmer
- Storing produce for future use
- Less of the product being raised by the farmer
- Some farmers leaving the farms to work in the cities

VOCABULARY WORDS

- Borrow
- Borrower
- Business firms
- Cost
- Customer
- Dependent
- Deposit
- Depositor
- Employment
- Factory
- Income
- Interdependent
- Labor
- Landlord
- Lend
- Lender
- Management
- Production
- Profit
- Rent
- Risk
- Salaries
- Save
- Seek
- Specialization
- Unemployment
- Wages
- Withdraw
GRADE THREE

ECONOMIC CONCEPT

The basic economic problem confronting all people is the conflict between unlimited wants and limited resources.

CHILDREN'S INTERPRETATION

People in other countries need food, shelter, and clothing.

People in other countries want goods and services that make work easier, improve health, give better education, give better homes, give pleasure, and are entertaining.

ECONOMIC CONCEPT

The stock of productive resources possessed by a country affects its economy.

CHILDREN'S INTERPRETATION

A resource is a source of supply of something that is useful.

Natural resources are materials and geographic features supplied by nature.

Human resources are the skills and labor supplied by people.

Man-made resources are the machines, buildings and equipment made by man.

Those resources are combined by business firms to produce the goods the people want. They are called productive resources.

What natural resources and features does the country have?

Timber                Climate                Deserts
Farm land              Harbors                Mountains
Mineral deposits       Fish and Wildlife      Water ways
Water power


What human resources does the country have?

People who know how to produce services.
People who know how to produce goods.
People who know how to invent, plan, organize, and manage business firms.

What man-made resources does the country have?

Manufacturing plants
Means of Transportation
Roads
Ships and docks
Railroads
Airports and planes
Markets
Warehouses
Stores
Means of Communication

ECONOMIC CONCEPT

A country's economic activities center on the process of converting resources into goods and services which satisfy human wants.

CHILDREN'S INTERPRETATION

How do the people in other countries use their resources to produce the goods and services they need?

How do they produce the food they use?
How do they produce the building materials they need?
How do they produce the clothing they need?
How do they produce other goods they need?
How do they produce services they need?
ECONOMIC CONCEPT

The major factors involved when an economy converts its resources into desired goods and services are: the extent of division of labor, technological progress, quality and quantity of capital goods, quality of labor supply, quality of entrepreneurs, and the general political and social environment.

CHILDREN'S INTERPRETATION

We want to know about the ways people in the country work.

Is there specialization?

Do the people use or invent new and better ways of producing goods?

Are there enough businesses to give the people work?

Are there enough trained workers to produce the goods and services the people need?

Are there enough people who can start, plan and manage business firms?

Does the government help businesses and workers?

Do the people want to work hard in order to have more goods and services?

ECONOMIC CONCEPT

People use money as a medium of exchange, a measure of value and a store of value.

CHILDREN'S INTERPRETATION

People in other countries exchange money for the goods and services they want.

Each country has its own kind of money.

The money of one country is not usually used in another country.

Countries exchange each other's money through their banks.

Monies are exchanged by the banks when buyers and sellers are in different countries.
ECONOMIC CONCEPT

Consumers' money demands determine what goods and services an economy produces.

CHILDREN'S INTERPRETATION

Businesses will produce the goods and services the people in the country can buy.

Businesses will produce the goods people in other countries will buy.

Exports are goods that are sold to another country.
Imports are goods that are bought from another country.

ECONOMIC CONCEPT

International trade permits a country to specialize in producing whatever products are most profitable to it, that is, those it can produce most efficiently.

CHILDREN'S INTERPRETATION

A country's business firms want to export the goods they can produce most efficiently.

Individuals and business firms will import goods from another country if similar goods made in this country are not available or if they are more expensive.

Trade between people and business firms in different countries is called international trade.
Countries who trade with each other are interdependent.

VOCABULARY WORDS

Efficient
Exchange
Exports
Foreign
Human resources
Imports

International trade
Invent
Man-made
Natural resources
Productive resources
Resources
GRADE FOUR

ECONOMIC CONCEPT

Consumers' demand for each product depends upon their preferences for it relative to competing products, the level of consumer income, and the price of the particular product relative to what alternative purchases might cost.\(^1\)

CHILDREN'S INTERPRETATION

Consumers buy the goods they want most.

When consumers want to buy a good there is a demand for that good.

Consumers' demand for each good depends on:

- Whether they prefer similar goods
- How much income they have to spend
- The cost of other goods they need

The demand for a good will vary if the consumers decide to buy more or less of it.

ECONOMIC CONCEPT

Business firms, striving to make a profit, try to produce the goods and services the consumers want at as low a cost as possible.\(^2\)

CHILDREN'S INTERPRETATION

Business firms will produce the goods and services that will earn the greatest profit.

Business firms must sell their goods for enough to cover the costs of production.

ECONOMIC CONCEPT

A market is the area in which buyers and sellers exchange goods. Money facilitates the exchange of goods and services.

CHILDREN'S INTERPRETATION

A seller owns a good or service he wants to trade for money.

2. Ibid., p. 27.
A buyer wants to trade his money for the ownership of a good or service.

Buyers and sellers meet in a market to exchange their goods and services.

Each person specializing in producing a certain good or service must exchange with others in order to have the things he needs.

**ECONOMIC CONCEPT**

The price of goods is determined by the interaction of supply and demand in the market.

**CHILDREN'S INTERPRETATION**

When business firms have goods for sale, there is a supply of those goods.

The price of a good is the money value of that good in the market.

When increased consumer demand for a good raises the price, the producers will respond by increasing the supply. This will in turn lower the price.

The price of a good will remain steady when the consumer's demand equals the producers supply.

**ECONOMIC CONCEPT**

Marketing includes all the activities connected with transferring commodities from producers to consumers.

**CHILDREN'S INTERPRETATION**

Middlemen are business firms that specialize in producing services that bring goods from the producer to the consumer.

Transportation firms, warehouses, wholesalers, and retail stores are middlemen.

**ECONOMIC CONCEPT**

For a private enterprise economy to work well, competition in the market is essential.3

3. Ibid., p. 32.
CHILDREN'S INTERPRETATION

Business firms trying to sell similar products to the same consumer are competing.

A firm may try to sell its goods by offering them at a lower price or by making them of a better quality than the goods sold by competing firms.

Competition between firms encourages them to invent better products and more efficient ways of producing them.

The consumer benefits when there is competition between firms, because:

- Prices of goods are lower
- Quality of goods is better
- New kinds of goods are invented

ECONOMIC CONCEPT

The entrepreneur assumes the responsibilities of risk, organization, and management.

CHILDREN'S INTERPRETATION

An entrepreneur is one who wants to earn profit in managing a business firm.

The entrepreneur is the planner in the business firm:

- He decides what goods can be produced at a profit.
- He decides what productive resources are needed.
- He decides what inventions and new ideas to use to improve his goods and the methods for producing them.

The entrepreneur is the organizer in the business firm:

- He decides how materials and machines can be used most efficiently.
- He decides how to use division of labor most efficiently.

The entrepreneur takes the risk in business:

- He uses money he or other people have saved in the business.
He is not sure he will receive enough money for his goods to cover his costs.

He takes a chance on losing his and other peoples' money.

Every business firm must have an entrepreneur:

In a small firm, one person may be the owner, entrepreneur, landlord, and worker.

In some firms, one person is the entrepreneur.

In a large firm, a group of people may be needed to perform the work of entrepreneurship.

ECONOMIC CONCEPT

Capital formation through savings is a major means of increasing an economy's total output because it increases productive capacity.4

CHILDREN'S INTERPRETATION

Business firms must have a plant, machines, tools and materials to produce their goods. These are called capital goods.

Capital goods are man-made and must be bought in the market.

The more capital goods that are made, the more consumer goods can be produced.

ECONOMIC CONCEPT

The stock of available productive resources in a region affects its economy.

CHILDREN'S INTERPRETATION

Human resources in this region have changed and increased:

Indians had a different way of living and working.
Early settlers brought new ideas.
Immigrants brought new skills.
Present population has greater knowledge and skill.
Future population may have even greater knowledge.

4. Ibid., p. 29
The use of natural resources in this region changes:

- Demand for a resource may change.
- Some resources may be used up.
- More resources may be discovered.
- New uses of a resource may be developed.

Capital goods in this region have increased:

- Increased population means more goods are needed.
- Inventions and new ideas mean more goods are produced more efficiently.

**ECONOMIC CONCEPT**

- Many factors are involved when an economy converts its resources into desired goods and services.

**CHILDREN'S INTERPRETATION**

The entrepreneurs in a region must consider these questions:

- Is there a demand for their product?
- What goods are in competition with their product?
- Are there enough workers available for their plants?
- Are the capital goods they need available?

The consumers in a region must consider these questions:

- Are the goods and services we need available?
- Are there opportunities for employment?

All the people in a region should consider these questions:

- How can we keep the good things we have in our community?
- How can we make our community a better place to live?

**ECONOMIC CONCEPT**

- The freedom of individuals and business firms is limited by economic and legal forces.
CHILDREN'S INTERPRETATION

Everyone is free to buy any goods or services, but the total amount of goods and services one can buy is limited by the amount of money one has to spend.

A person may choose the way he wants to earn his living, but he will not be able to sell his productive services (find employment) if there is no demand for them.

An entrepreneur is free to manage his business, but he will not be able to keep it going if he cannot sell his product for enough to cover his costs.

Neither individuals nor business firms may engage in business activities that are against the law.

Business firms may seek a profit but they cannot agree with other firms to fix prices.

The law protects the workers' rights to organize labor unions without the interference of business firms.

VOCABULARY WORDS

Capital goods  Price
Competition  Population
Demand  Region
Division of labor  Retail
Entrepreneur  Supply
Market  Warehouse
Middlemen  Wholesale
GRADE FIVE

ECONOMIC CONCEPT

The basic economic problem confronting all people is the conflict between unlimited wants and limited resources. This problem is referred to as the basic fact of scarcity.

CHILDREN'S INTERPRETATION

People have always worked to produce the goods and services that will satisfy their basic needs and their desire for more goods and services.

ECONOMIC CONCEPT

All economic systems face the problem of conflict between unlimited wants and limited resources. Our economic system is the private enterprise system.

CHILDREN'S INTERPRETATION

Economics is the study of the ways people use their productive resources to produce goods and services to meet their wants.

The economic system of a country refers to the organized economic activities of the people in that country, how they plan to produce and consume goods and services.

Private enterprise is the economic system in the United States. Under this system individuals are free to own property, to make contracts, and to take part in economic activities for their own well-being and profit.

ECONOMIC CONCEPT

The fact of scarcity of resources gives rise to the need for economizing, that is, allocating available productive resources so as best to satisfy the wants of the people.

CHILDREN'S INTERPRETATION

There are not enough resources to produce all the goods all the people want.

We must make the best use of our nation's productive resources to produce goods that will satisfy our many wants.

Consumer demand in the market tells business firms what goods and services consumers want.

Business firms seek the most efficient use of productive resources available due to their desire for profit.

ECONOMIC CONCEPT

Every choice by an individual or business firm to use a good or service means the use of some other good or service must be given up. **Opportunity cost** is the cost of foregoing the alternative uses.

CHILDREN'S INTERPRETATION

A person cannot have all the goods he wants. He must choose the goods that will give him the greatest satisfaction.

The wants that are not met are the cost of satisfying the want that is met. For example:

- A person choosing to spend his money on one good cannot spend it on other goods.
- A person saving his money to spend on goods in the future cannot spend it on goods now.
- The money a person pays in taxes cannot be spent for consumer goods.
- An entrepreneur spending his money for additional capital goods cannot earn interest by lending the money.
- Resources used to make one kind of good cannot be used to make other goods.
- Tax money spent on one government good or service cannot be spent on other goods or services.

ECONOMIC CONCEPT

Technological progress affects all our economic activities.

CHILDREN'S INTERPRETATION

New ideas and inventions change and improve the kinds of goods people want and the ways goods are produced.
The discovery of new kinds of natural resources and new uses for natural resources results in new products and new production processes.

The increased knowledge and skills of the people help them produce more and better goods and services.

New machines and methods of production increase the amount of goods each worker can produce.

By producing more goods and services workers earn more income and therefore can buy more goods and services.

Business firms become larger as more people and machines are needed to produce the larger amounts of goods demanded by the consumers.

ECONOMIC CONCEPT

Interdependence among people is increased by the growth of occupational and territorial specialization and the growing complexity of our economic activities.

CHILDREN'S INTERPRETATION

Pioneer families produced the goods and services they needed for themselves. They were independent.

As families moved together in larger groups in towns and cities, people specialized in producing one kind of good or service.

Producers of a special good or service are dependent on others to buy their goods and services. They also depend on others to sell them the goods and services they need.

Division of labor refers to the separation of production into various jobs.

Division of labor makes people interdependent.

Regions become more interdependent as they specialize in developing the most profitable use of their productive resources.

Distribution of labor and regional specialization are dependent on the growth of trade. As markets become larger there is increasing interdependence among people.
ECONOMIC CONCEPT

In a democracy the people decide what goods and services they want the government to provide. Our government produces those goods and services which can be more effectively provided by government than by private business.

CHILDREN'S INTERPRETATION

Our government is a democracy. Citizens have the right to vote in secret elections. The people elect the lawmakers and officials.

Rules and regulations are made and enforced by the government to protect the rights of each person.

The people want the government to provide certain goods and services for them.

Some goods and services that are needed by the people cannot be readily supplied by business firms. The government provides them for all the people. For example:

   National Defense
   Police and fire protection
   Highways
   Education

The government may provide or regulate other goods and services, but people also pay for the amounts they consume. For example:

   Water
   Electricity
   Toll roads

ECONOMIC CONCEPT

Government expenditures for goods and services have increased and must be paid for by taxes.

CHILDREN'S INTERPRETATION

Goods and services provided by the government must be paid for by the people.
How much shall be paid in taxes by each person is decided by the government?

The number of people in our country as well as the amount of goods and services they want is increasing. Therefore, the amount of taxes they must pay is increasing.

Taxes are levied in different ways:

Most workers pay part of their income to the government in income tax.

People who own land pay a property tax.

Business firms pay a business tax.

Consumers in some states pay a sales tax on the goods they buy.

**VOCABULARY WORDS**

Contracts

Democracy

Economics

Economic system

Independent

Levy

Private enterprise

Satisfy

Satisfaction

Scarce

Scarcity
GRADE SIX

ECONOMIC CONCEPT

The amounts and proportions of productive resources possessed by each nation varies widely.

CHILDREN'S INTERPRETATION

Each country has features that make it unique from other countries. These include climate, geography, history, language and government. Each country also has special economic features that make it different from other countries. These include:

Natural resources, such as mineral deposits, timber, fish and wildlife, and water power.

Capital goods, such as transportation facilities, public utilities, power sources, factories, and stores.

Human resources, that is, the total size of the population, the proportion of the population who are producer, and the training and education of the workers.

ECONOMIC CONCEPT

Specialization and exchange among nations increases the total quantity of wanted goods and services that can be produced with a given supply of productive resources.¹

CHILDREN'S INTERPRETATION

A country will specialize in producing those goods and services that require larger quantities of its abundant, and therefore cheapest resource.

More goods and services are produced more cheaply when each country specialized in what it produces.

Through international trade each country had a larger market and therefore can expand its production.

A country will import those goods and services which can be produced more cheaply by other countries.

All people will have an increasing amount of goods and services as specialization and trade increase.

ECONOMIC CONCEPT

The economic level and development of a country are measured by its per capita output. Economic progress depends on national output growing faster than population increases.2

CHILDREN'S INTERPRETATION

The amount of goods and services a family is able to purchase determines their standard of living.

The standard of living of families in the United States is the highest in the world. However, this does not mean that every family has a high standard of living. Some families are not able to buy all the goods and services they need.

United States families have a high standard of living because American workers each produce a large amount of goods and services. This is called productivity of labor.

The high productivity of labor in the United States is due to:

- Abundant natural resources
- Efficient use of resources due to regional specialization and trade
- Increasing division of labor
- Education and training of workers
- Many entrepreneurs to undertake and manage business firms
- Good working conditions and fair pay for workers
- A large stock of capital goods
- Development of better machines due to scientific advance and inventions

People in the United States want to increase the productivity of their labor so as to be able to increase their consumption of goods and services. This is called economic growth.
ECONOMIC CONCEPT

People of the underdeveloped countries want a higher standard of living. The United States has moral, political, and economic reasons for helping these countries achieve greater economic growth.

CHILDREN'S INTERPRETATION

An underdeveloped country is one that cannot produce enough goods and services for its people. They do not have enough food and clothing or good homes. They do not have medical care or education. They must work hard for long hours just to stay alive. They have a low standard of living.

The people in the underdeveloped countries want a higher standard of living. They know that people in other countries live better than they do. People in the United States want to help people in the underdeveloped countries raise their standard of living.

The United States wants to help the underdeveloped countries develop their own economic system and government so they will not be controlled by other countries, such as the U.S.S.R.

The United States wants to buy raw materials from the underdeveloped countries to use in manufacturing, and expand its markets by selling goods and services to them.

The United States is helping underdeveloped countries increase their economic growth by lending or giving them funds, goods, and services.

ECONOMIC CONCEPT

The underdeveloped countries cannot produce enough because they lack labor skills and capital goods as well as the economic, social, and political environments conducive to growth.

CHILDREN'S INTERPRETATION

The people of the underdeveloped countries have a low standard of living because of:

Low productivity of labor due to lack of food, lack of knowledge, poor health, and disease.

Lack of capital goods

Lack of savings to buy capital goods
Lack of entrepreneurs and business firms

Lack of a stable government

ECONOMIC CONCEPT

All economic systems face the problem of scarcity. Different systems solve this problem differently. Most economies are a mixture of private enterprise and government control. Each country develops an economic system that will achieve its economic goals.3

CHILDREN'S INTERPRETATION

Private enterprise, socialism, communism, and fascism are different kinds of economic systems.

Private enterprise is based on freedom of the individual to vote, to own private property, and to seek profit. The government serves the people by protecting the individual. Most of the economic activities are controlled by people. The people direct the government to use certain controls over individuals and business firms and to provide certain goods and services.

Socialism is based on the freedom of the individual. The people are free to vote, to own some property and businesses, and to seek profit. The government owns the main industries and regulates what shall be produced by them. The government also provides many goods and services for the people.

Communism is based on control by government officials. The people do not have freedom to vote, to speak, to own property, to choose their work, or to seek profit. The government owns almost all the capital goods and natural resources and controls what goods shall be produced. The government also controls wages and prices.

Fascism is based on rule by a dictator. There is no freedom and the people have no rights. Property may be owned by individuals, but it is controlled and may be seized by the dictator. The dictator controls how productive resources shall be used. That is, he tells the people the work they shall do, the wages they shall receive, the goods they can buy, and the prices.
VOCABULARY WORDS

Abundance
Abundant
Communism
Consumption
Fascism
Population
Productivity of labor
Raw materials
Regional specialization
Socialism
Standard of living
Underdeveloped countries
APPENDIX C
APPENDIX C

ECONOMIC NEEDS REGARDING GRADE SIX

Economic needs for the sixth grade are largely just a follow-through of grade five, however, different phases of economic study are emphasized. Brandt felt that all necessary needs are handled in this manner.

THE DEVELOPMENT OF CONCEPTS IN THE PRIMARY AREAS OF ECONOMICS FOR SIXTH GRADE LEARNING

I. Community Economics

A. Resource base of the local and regional community.

1. Understandings.

a. Climate and resources determine the used crops raised and shelter provided in ancient times.

b. Fertile soil was a determining factor in the location of early civilizations.

c. The Egyptians and Babylonian civilizations made the fullest use of their water resources through their famous canals and irrigation works.

d. Copper was mined by the Egyptians for the use in making tools as early as 3500 B.C.

e. The local region provided stone for the Romans to use in building roads, aqueducts, bridges, and buildings.

f. Most Babylonians used native clay from the marshland to make bricks for buildings.
2. Attitudes and Appreciations.
   a. An appreciation should be developed for early civilizations' wise use of resources without the help of present day machinery and technological knowledge.
   b. Many ideas of Greeks, Romans, and Babylonians have been a basis for modern progress and technology.

   a. Interpreting many types of maps intelligently.
   b. Obtaining and organizing information from pictures, specimens, and graphs.

4. Activities.
   a. Collect pictures showing farms on the Nile and on the oasis of Egypt.
   b. Make the following maps: product map, large pictorial map, and a population map of early Babylonian period.
   c. Collect travel folders and prepare reports on present day Egypt, Greece, and Rome.
   d. Collect pictures showing the mode of dress of Egyptian and Babylonian civilizations.
   e. Visit a museum to see items which Egyptian and Babylonian civilizations contributed to world civilization.
   f. Plan a mural showing how farms are irrigated in Egypt.
   g. Hold a debate on irrigation versus no irrigation as it might have affected the progress of Egypt.
   h. Study graphs on population of Egypt and of farming regions.

II. Social Economics
   A. Money and credit
1. Understandings.

a. Ages ago, people traded by barter, exchanging one kind of goods for another. For example, the Greeks exchanged wine and olive oil for Egyptian grain.

b. About 700 B.C., merchants began to stamp large lumps of copper and silver with their own private seal to show that the pieces of metal were of a definite purity.

c. The people of Asia Minor were the first people to use stamped coins in everyday trade. These were small oval pieces made of a mixture of gold and silver.

d. The Greeks spread the use of money to the common people. Before that time, only the rich and the nobility enjoyed the convenience of using small coins.

e. The invention of coinage was of enormous assistance to trade.

f. Darius the Great was the first to make gold coins the standard money.

g. Today, money, much like our own paper money and coins, is used in most parts of the world.

h. The government of the United States has a good system of making, distributing, and protecting money.

2. Attitudes and appreciations.

a. An appreciation of the history and growth of our monetary system should be developed.

b. A good monetary system is important to world trade.


a. Learning ways money has made trade easier.

b. Increasing skill in use of reference material in studying growth of monetary system.
c. Developing skill in making charts and graphs and presenting reports by using pictures, articles and specimens.

d. Increasing outlining and note-taking skills.

4. Activities.

a. Collect shells, feathers, beads, teeth, and coins which have been used as a means of exchange.

b. Make a frieze showing early types of money and present-day types.

c. Dramatize a barter situation.

d. Make some early money by bringing in scrap materials and metals.

e. Make a time line showing progress of currency.

f. Keep a vocabulary chart.

g. Write to the United States Treasury Department for pamphlets about the United States mint.

h. Write to Chase National Bank, New York City, for free materials on money.

B. Agriculture and farm price policy.

1. Understandings.

a. From early days, many people all over the world have depended on agriculture for livelihood.

b. Early Egyptians domesticated wild grasses, known to us as wheat, barley, oats, and rice. These grasses were basic products of all the earliest civilizations.

c. Pictures on an Egyptian tomb built about 1400 B.C. show grain being cut with sickles and carried away by oxen.
d. The Greeks depended upon slave labor which was very cheap.

e. Today hand operations are still the rule in many parts of the world.

f. Mechanization in farming machinery has brought a high standard of living to the farmer in many parts of the world.

g. Mechanization has produced a quantity of food and fiber previously unknown.

h. Instead of using human labor to do his work, as early man did, American farmers are making increased use of mechanical energy.

2. Attitudes and appreciations.

a. An appreciation for mechanization, as seen on farms today, should be developed.

b. The importance of farming should be recognized on local, state, national, and worldwide basis.


a. Learning names and functions of simple farm machinery.

b. Comparing costs of farming today, using the intricate and expensive machinery, with the cost of farming with human labor.

4. Activities.

a. Exhibit specimens of wheat, barley, oats, and rice and trace their processing for the market.

b. Collect pictures showing crude, farm implements and modern farm machinery.

c. Make a model of a typical Egyptian farm.

d. View museums to study Egyptian tools.

e. View slides and filmstrips on farming in arid regions.
f. Sketch pictures of Egyptian farm implements.

g. Make a mural contrasting hand operations in Egypt and farm machinery in United States.

C. Conservation of resources.

1. Understandings.

   a. Everyone has a responsibility for using resources wisely.

   b. As in public parks, man can limit or destroy his chances of continuing to use his resources by carelessness.

   c. By careful planning, man is renewing such resources as soil and forests.

   d. The government helps plan for the wise use of resources.

2. Attitudes and appreciations.

   a. An appreciation of scientific knowledge and the use of modern methods which aid in the conservation of our resources is important.

   b. Co-operation with others in obeying rules and regulations to protect resources should be encouraged.


   a. Finding and using information about various forms of conservation.

   b. Preparing and giving oral and written reports.

4. Activities.

   a. Take a field trip to some area where there is soil erosion.

   b. Paint a mural showing reclamation of land, contour plowing, strip planting, and types of terracing.

   c. Arrange a bulletin board display of posters, pictures, newspaper clippings, quotations, and rules and regulations concerning some phase of conservation.
d. Make maps of flour and salt, and mark the areas where large dams, national parks, and forests are located.

e. Write letters to different branches of the State Department (Forestry Department) to learn about conservation methods.

D. World trade and international economic relations.

1. Understandings.

a. From early days, people all over the world have been interdependent.

b. Some countries are more dependent than others.

c. Many countries need a market for the goods produced.

d. Several early civilizations became rich and powerful through trade.

e. Early trading was an important way of exchanging new ideas and spreading culture to many people. For instance, the Phoenician traders carried the alphabet to many people.

f. The Egyptians were among the first to trade extensively.

g. The growth of Christianity, which led to pilgrimages and crusades, provided a tremendous impetus to trade.

h. Trade flourished to satisfy newly developed desires and needs. Trade routes grew more numerous.

i. We are an interdependent nation today, since the United States is unable to produce all the goods she needs.

j. Friendly relations with all countries aid in the exchanging of raw and manufactured materials.

2. Attitudes.

a. Pilgrimages and crusades were effective in increasing early trade.
b. The sale of goods to other countries, which has been simplified with the development of monetary systems, better means of communication and of transportation, spreads culture and aids in international understanding.

c. It is important to recognize the many vital contributions world trade makes to our daily life.


a. Learning that farming areas and manufacturing areas are interdependent.

b. Developing skill in recognizing reasons certain cities are good markets while others are inadequate.

c. Determining some of the factors which make friendly relations with all countries important.

4. Activities.

a. Collect newspaper clippings concerning trade with other countries.

b. Paint a mural showing the exchange of goods with Egypt.

c. Obtain travel folders telling of travel in Egypt and make reports of imaginary trips based on all possible available information.
THE PROBLEM OF THE DOCTORALS

The investigations of the following studies, Appendices D-H, were a series of studies constituting a group investigation concerned with the investigation of social science generalization for possible use in the social studies curriculum. These studies test the hypotheses that an analysis of selected literature in the social science disciplines will yield generalizations that might be included in the social studies curriculum of our elementary schools.
APPENDIX D
APPENDIX D

GENERALIZATIONS FROM RUNGE

Producing

Page 85:

1. There is no society without methods of production, distribution, consumption, and some form of exchange.

2. Income, real income, depends on production . . . the things that decrease production depress income.

What is Produced

3. In every economic system it is necessary to determine what kinds of goods are to be produced.

Page 86:

6. All products and productive services compete with all other products and productive services to a greater or lesser degree.

8. The cultural apparatus of implements and consumer's goods must be produced, used, maintained, and replaced by new production.

9. It is the primary role of current productive efforts to produce for the future, so as to repay the part for present consumption.

Page 87:

13. All men have some techniques for the gathering or production of food, for the building of shelter and the making of clothing, for manufacturing tools and containers, and for transporting their belongings.

Page 88:

18. Very few of the goods needed to satisfy human desires are provided ready-made by nature in modern times.

21. Among nonliterate peoples who do not possess transportation facilities which enable them to impart large quantities of building materials, dwellings are conditioned . . . by kinds of material easily available . . . and the degree that the food quest requires people to move (about).
23. (In a free economy) How things are produced is determined by the competition of different producers.

24. ... all production takes time, and for some goods, the time involved in production is considerable.

25. The economic organization of modern societies is based upon indirect production. The commodities which men and women regularly make and the services they perform are not directly for themselves.

26. ... All (countries), if they are to make the most of their stocks of the scarce means supplied them by nature, must adopt the principles of roundabout production, specialization, and indirect exchange.

29. ... production possibilities are subject to changing costs and to the law of diminishing returns.

30. Collecting, hunting, and fishing are elements of economy combined in various degrees among different peoples.

34. In simple cultures of hunters and foodgatherers, the people had to live where food could be found, moving on as it was depleted.

38. All production, whatever the end product, requires the use of economic resources, particularly labor.

39. ... (one) factor causing differences in costs of production is the uneven distribution of natural resources throughout the world.

40. The location of certain manufacturing establishments is best explained by their relation to the raw materials that they use.

43. Climatic conditions is one factor that determines comparative advantage of one region over others for the production of particular commodities.

44. Capital goods contribute toward the production of a flow of current goods and services.
45. Productivity changes do not spread evenly over the whole economy . . . they occur in specific industries.

Page 93:

46. The production of an economic surplus is a function, first of all, of population size. The nature of habitat and technological competence also enters.

47. It is through the institutional arrangements of the "free market" that the external control of production is affected in *laissez faire* economy.

49. . . . group relations make an important difference in production.

50. . . . some degree of private property is essential as an incentive to production and invention.

Page 94:

57. The greater degree to which a society is economically poor the more difficult it becomes to increase production because the more dearly present production is needed for present consumption.

Page 95:

59. Although the correlation is not perfect, total output and level of employment do move up and down together.

63. (In a free economy) For whom things are produced is determined by supply and demand in the markets for productive services.

Page 96:

64. (In a private enterprise economy) . . . when demand increases, both output and price are raised, and when demand declines, both output and price fall off.

*Increase*

The productive potential of a group depends upon many factors.

Page 96:

65. The quantity and quality of its natural resources available for working.
66. The amount of its capital.

67. The size, industry, and intelligence of its labor force.

69. The state of its scientific knowledge and extent to which this knowledge is used in production.

Page 97:

70. Quantity of advanced skills.

71. Extent of trade.

72. A good money and credit system.

73. The quality of management.

74. General level of health of labor force.

75. Properly functioning economy.

76. Increased purchasing power.

78. Wise governmental policies.

Page 99:

81. Successive additions to the total inputs of productive services will produce successive additions to the total output until a point of maximum output is reached.

82. The vast role in production has brought a marked change in the distribution of labor among the various productive industries and functions.

83. An increase in population usually means an increase in the plant and equipment required to supply the newcomers with commodities and services.

87. The prestige economy can only operate where production provides more than is needed for the requirement of living.

88. Until it becomes excessive inflation tends to expand employment and output because the lag of costs behind process stimulates industrial expansion.

89. Economic opportunities for adding products arise from various kinds of unused capacity; managerial, marketing, research or production.
90. Physical goods, unlike human wants, cannot be increased indefinitely. Indeed, certain materials such as coal, iron ore, cannot be increased at all so far as the total stock is concerned.

Page 100:

91. The demand for capital goods over and above replacement needs depends upon continuing expansion in the volume of production.

92. There has been a stupendous increase in human power and productive ability during the last 100 years, and such an abolition of distance as to bring all mankind into close and rapid interaction.

93. Urbanization of an increasing part of the population is a necessary accompaniment of the technological revolution to increase productivity.

94. Welfare involves increasing productivity of the society and higher standards of living.

95. As material goods increase in volume, conditions become more favorable for the creation of social classes.

1.2.1.2 Decrease

Page 100:

96. When there is unemployment in the economy less is produced than when there is full employment.

Page 101:

97. Losses due to unemployment and depression cannot be made good later. They are permanent losses of productive energy.

98. An increase in the rate of saving or tendency to save, that is marginal propensity, causes a decrease in employment, national income, and production.

99. When government or private firms force an economy to produce commodities for which it is not well suited, they reduce the total output from a given level of employment.

100. Aside from causing transfers between economic groups, deflation acts to reduce the total of national production and employment.
101. The modern job world is neither rural nor agricultural. The agent can no longer continue to be productive with only a gradual decrease in work activity.

102. The most profitable policy for the monopolist is to produce less and charge more than a firm operating under pure competition assuming similar costs to conditions.

SPECIALIZATION

Page 102:

103. His (man's ability to produce) depends on the amount of specialization used and on the state of technology.

104. Productivity is greatly enhanced by personal and regional specializations.

105. A part of the increase in productivity stemming from a more complete division of labor in fabrication may be offset by the costs in terms of resources of transporting the finished product in longer distances.

106. Specialization enhances productivity . . . by enabling each person to concentrate on the tasks for which his native abilities are best suited, by facilitating the acquisition and declination of skill and knowledge, by making possible the use of more tools and machinery, by more specialized nature, by allowing each region to make the most of its peculiar climate and resources, and by permitting the most effective use of regional differences of culture.

107. For mass production in a highly interdependent economy, it is essential to have a high degree of standardization of weights, measures, qualities, and specifications.

Page 103:

109. Because its usefulness depends largely upon the size of the market for the good that is being produced, specialization tends to increase with the growth of population.

110. The modern system of complex specialization requires an equally elaborate system of merchandising and his function can be performed most economically by its specialized institutions.
111. Without him, the distributor, specialization as we now have it would be impossible.

112. Subdividing productive processes has increased the efficiency of labor enabling all sorts of more effective methods, particularly mechanical methods to be introduced into production.

113. The use of uniform and interchangeable parts make a great advance in manufacturing methods, making possible greater specialization and greater mass production.

114. Advantages of regional specialization persist even if someone draws a national boundary line between the regions.

Page 104:

115. The more specialized the production the more interdependent an economy becomes.

116. For this reason (specialization and trade) many formerly self-sufficient areas have become deficit regions in commodities they formerly produced locally.

117. With their present specialization of effort and numerous wants, civilized populations are dependent on many and often distant regions for considerable part of their food, clothing and other requirements.

118. In primitive society, specialization of production is almost all along commodity lines, but within each occupation there is little specialization.

119. Specialization was furthered by the discovery of gold, tin, copper, bronze and iron.

Page 105:

120. Development of handicrafts net greater variety number in requiring more labor and hence extension of division of labor beyond the principles of age and sex.

121. The city family tended to specialize its production as weaving, blacksmithing, etc.

123. Specialization renders unnecessary the long periods of training that used to be essential in the mastery of certain trades.
124. In all the responsibilities work is divided by age and sex, however, the ways the division of labor is worked out varies from culture to culture.

Page 106:

126. There is always a division of labor among men and women.

1.2.1.4 Factors of Production

127. The amount of production possible depends to a great extent on the available supply of the factors of production which are (1) land, (2) capital and (3) labor.

128. Land and labor are essential to the production of finished goods, but the two factors are limited in quantity.

129. Human beings are under the necessity of economizing in the use of land and labor, if utilized for one purpose, these factors of production will not be available for other uses.

130. The scarcity of commodities and services is chargeable to the scarcity of the factors necessary for their production.

131. The supply of each factor of production is not of uniform quality, but varies in grade from very good to very poor.

Page 107:

132. If an economy is to provide the maximum quantity of commodities and services for its members, it must carry on production in a way that will make use of all its productive factors that are currently available in seeking employment.

133. The productivity of an economic system is greatly dependent on the efficiency with which business firms utilize the productive factors under their control. If any two of the three factors of production (land, labor and capital) remain fixed and the units of the third are added, a point will be reached which additional units of the third or varying factors will add less to the total product than the units previously applied.
135. It is clear, also that the demand by business (men) for the factors of products is derived demand. It is derived from the anticipated demands for goods and services which the productive factors are employed to produce.

136. The degree of economic importance or marginal productivity of the factor is related to its scarcity. The marginal productivity of the factor is great or small depending upon whether the quality available is relatively scarce or plentiful.

Page 108:

137. If a firm knows the technical facts of production and market prices for labor, machines, and other inputs it can determine how much of these factors to hire in order to produce each and every different output of its finished commodities at least expense.

138. Raising the price of one input relative to the prices of others will tend to reduce the amount of that input demanded and it will tend to cause other inputs to be substituted for it in producing any given amount.

139. The demand for each input (factor of production) will depend upon the prices of all inputs not on its own price alone.

140. The greater the changes in the prices of other factors, the more inelastic will tend to be the demand for the original factor--whose price has initially changed.

141. Demand for a factor will tend to be more inelastic when the firms hiring it tend to pursue price policies that keep their total output from changing very much.

142. The demand for the product is rather inelastic so that consumers will pay a higher price before they cut down much on the amount they buy, then the derivial demand for the factor of production will also tend to be rather inelastic.

Page 109:

143. Other things being equal, the derived demand for any input will tend to be inelastic when the technical substitutability of other factors for it happens to be very low.
144. They (businesses) are usually able to vary the proportions of the different types of productive services going into a product. . . . the possibility of varying proportions may be somewhat more restricted in some industries than in others.

145. As the capital goods become more intricate and expensive, people began joining efforts in owning these means of production.

146. A supply of labor is a factor in the localization of industrial establishments, but not to the extent it formerly was.

148. . . . land as a factor in production is not, like the air, a free gift of nature. It must be won (cleared, drained, fenced, surveyed, and otherwise improved) and hence it has value.

Page 110:

149. The owner of property contributes to the productive process by allowing the use of his property in production, to that extent he has to be reckoned as a producer.

150. If a nation is to enjoy a high standard of living, it needs— in addition to manpower, natural resources, and know-how—a large quantity of the best capital equipment.

1.3 Agricultural Production

151. The discovery of how to produce food was, . . . of enormous importance to human history, and it is not too much to call it a revolution. . . .

152. . . . the cleavage between the gathering of wild fruits and the cultivation of plants has a fundamental validity and is chronologically significant.

154. Not until the invention of the plow and the adaption of animals for draft purposes did the wheat growing peoples realize the full potentialities of farming.

155. Agriculture has been the chief occupation of mankind since time immemorial.

156. The more rudimentary the culture, the less efficient the means of producing food.

157. In the pastoral stage, the population supporting capacity of land is appreciably greater than in the wild food-gathering stage.
158. Pastoral people depend upon domesticated animals for food supply.

159. Grazing of animals, so long important as an economic activity of man, has, with the passage of time, declined markedly in relative importance, today being restricted to these less promising areas where it has not been supplanted by other more profitable activities.

Page 112:

160. Where ... cultivation is more intensive and is adopted as a male task, hunting and fishing decline in importance or are regulated by specialists.

161. Cultivation may replace almost entirely or in part the digging of wild roots and the collection of seeds and fruits, but it does not of necessity curtail hunting and fishing.

162. With plough cultivation farming tends to absorb a still greater proportion of the energy of the community and to reduce their need and opportunity for gathering and hunting.

163. ... domestication of plants ... insured both a better and a more adequate supply of food.

165. Once domestication (of plants) occurred, other plants might be domesticated more easily.

Page 113:

165. Three-fifths of the world's agricultural wealth today is estimated to derive from plants unknown to Europe before Columbus.

157. Relatively few animals have been domesticated, and most herding economics are based primarily on the predominance of a single one of these forms.

158. Among plough cultivators where an entirely new use for domestic animals is found—that of drought—their value as food is often not fully exploited.

169. ... the world patterns of human economy have been largely effective by the progressive expansion of cultivation from small beginnings and narrowly circumscribed centers until it has commanded almost the entire earth.
170. The rise of (farm) productivity has constantly decreased the proportion of population engaged in farming, releasing the remainder to live in towns or cities and to work in factories or other lines.

171. Heavy dependence on agriculture is especially characteristic of underdeveloped countries. In more advanced countries a considerable proportion of the people are engaged in manufacturing, transportation, trade, and professional services.

Page 114:

172. The primary means of livelihood of the peasant is cultivation of the soil.

173. Agricultural adjustment to the physical environment permits a manifold increase in population as compared with the pastoral stage.

174. For the world as a whole there is a marked concentration of farmed land in the humid sections of the middle latitudes.

175. The choice of a specific crop to be grown is an individual choice within environmental limits ... decisions of the population group affect the rate and character of the advance of agriculture.

176. On farms women are an economic asset, adding to the production.

177. The world over, in plow cultures, women have a minor role in agriculture, whereas in cultures where the plow is not used, their role is a dominant one.

178. ... the modern agricultural revolution has enabled relatively few people to supply the basic food necessities of money.

Page 115:

179. The farmer produces more today because he uses better tools, machines, and scientific knowledge.

181. Only as the per capita productivity of agricultural labor was increased could men be freed to work in urban industries. Thus, an agricultural revolution was a necessary prerequisite to the industrial revolution.
182. With mechanization and scientific methods, farms tend away from self-sufficiency toward specialization in a money crop.

183. Insect pests and other small enemies preclude certain types of agriculture in various areas and have throughout the history of mankind caused considerable economic loss to agricultural production.

Page 116:

185. Farm incomes fluctuate between boom and bust to a greater degree than do non-farm incomes, but farm production is remarkably more stable than is industrial production.

186. Few of the economic activities of men alter the natural environment more fundamentally than do the practices of sedentary agriculture.

188. With the adaption of agriculture, the village became more stable.

189. Agriculture emphasized private ownership of land.

1.4 Extractive Production

Page 117:

191. The ocean is an important factor in man's economic life for it furnishes him with many resources and makes possible many extractive and processing industries.

193. Steam power gave great impetus to production.

195. With development of use of (steam) power, the factory instead of the homestead became the unit of production.

Page 118:

196. Specialization leads to the greater use of machinery in production.

197. Power-driven machinery multiplied many times the specialized production per man and greatly increased total volume of goods to be exchanged.

198. . . . growth and location of cities has been affected (tremendously) by use of power-machinery for production.
New mechanical inventions mean more economic goods.

when machines started turning out mass products and brought factory workers together in cities, the attention of governing and economic groups was directed almost entirely to the success of the 'system.'

The industrial potential of a nation (i.e., its ability to produce goods and services) rests largely on its capacity to produce machine tools, the more elaborate power-driven cutting tools of our society.

With the installation of machinery and rise of a wage-laboring class divorced from owning means of production comes some of the most marked social changes.

The extensive use of machines require semi-skilled and skilled workers, factory organization, and money economy. The introduction of these elements in non-Western societies eventually leads to the development of new social relations, which in time tend to resemble dominant patterns of Western industrialized society.

With few exceptions, such as leaves and grasses, we find that the materials that clothe mankind cannot be used in their natural state, so that various processes must be employed to fit them for use as clothing.

The essential function of manufacturing processes is to change the form of materials for the purpose of making them more useful or more valuable.

Both animal and vegetable products are extensively used in the manufacture of clothing.

Modern manufacture rests upon certain bases. Certain of these are inherent in the features of the earth; some others depend upon the economic structure of the existing social order, and still others are the result of vague historical beginnings or grow out of individual preferences, custom, or mere human perversity.

Every firm or business consists in essence of a co-operation of workers, organized in some way or another to produce salable products.
209. . . . in manufacturing has large-scale operation and competition so lowered unit costs of production that millions of dollars are needed to break into most fields. . . .

210. Technological progress has been greatly reducing the number of people needed to produce any given total of food and fiber.

211. Factory production brought population congestion.

Page 121:

1.6 Relationship with Non-economic Factors

213. . . . in the process of increasing productivity it (technological revolution) necessarily disrupts, often seriously, established patterns and policies.

215. With the rise of another economic order, accompanied by increase in production with frequent lack of stability, with new standards of education and medication, came material changes in the allocation of responsibility for social welfare. The proprietor was no longer held primarily responsible for the welfare of 'his men, and the burden was increasingly transferred to the government.'

Page 122

217. A unique focusing of economic effort on production for profit has had repercussions on all other aspects of life.

218. . . . there is a formal organization of, and concentration of economic control in, large-scale industry that contrasts sharply with the family-farm system of agriculture. . . .

219. The quest for power, the preferred character forms a group, its economic productivity, its ideology, its patterns of leadership are all so closely interwoven that a change in any one of these factors means an alteration in the others.

220. In nonliterate societies, production is typically for use rather than for sale, and it is difficult to identify economic activity as something apart from family life, religion, magic, politics, ceremonial, and social relations generally.
222. Economic productivity depends not only on the technical efficiency of individual firms, but on wise government policies; . . .

223. The economic basis of differences in status is known wherever the technology permits production to rise above subsistence requirements.

224. People at the bottom of the structure do produce the goods, and those at the top do control production and maintain their authority over those below.

225. In a private-property economy households are continuously supplying all kinds of productive services whether they are personal or property services.

226. With the advent of the plow and the domestication of cattle, the various handicraft became much more highly developed, and the economic functions assumed an even more important role in family organization.

227. Under the plow and cattle culture, the economic functions of production seem to have been suited fairly well to the conjugal family.

Page 124:

228. As a result of dividing up activities of procuring and producing . . . the nuclear family becomes a natural economic unit. . . .

230. So long as man got his food by farming, wove his own cloth, and made his own tools of wood and stone, the family or the village was relatively self-sufficient.

231. Traditionally women contributed substantially to the economic resources of the family, not through wages but by making cloth and clothing, producing and preparing food, and many other activities.

232. The position of women in families usually depends to a considerable extent on the economic functions they perform.

233. In modern times many functions have shifted away from family, church, and local community to state and industry.
235. As the economic activities of the household diminished it began to reduce in size.

236. Both women and men have had increasingly to go outside the household in order to find a full-time productive function.

237. It (increased number of women who work outside the home) means an enlarged production of goods and a generally higher standard of living. . . .

238. The city family was not identified with the land and subsistence production, as was the agricultural family.

239. With increased use of electricity some activity is leaving industry and coming back into the home--as ice-making.

Page 126:

2. Exchanging

240. Not one civilized country on earth can lay claim to being completely self-supporting.

2.1 Extent of Trade
2.1.1 Controlling Factors

241. The adoption or rejection of a trait (or product from another culture) depends upon a variety of factors once contact has been made. . . . The most obvious factor is, of course, need.

242. . . . wants are highly socialized, and an exchange system operates in a set of social conventions, often employing also symbolic media.

243. Commerce is . . . affected by the cultures of populations, for these affect both desires and the capacity for satisfying them. . . .

Page 127:

244. In the exchange of goods and services among individuals living in different areas, the following processes, all involving expenditures of resources, must be carried through: (1) transportation, (2) merchandising. . . ., (3) the making of payments, and (4) the development and operation of political institutions favorable to exchange.
245. A state allows intercourse across its boundaries to the extent that it considers this profitable to itself and its people and not detrimental to its safety or its political aims.

2.1.2 Limiting Factors

247. Where no true division of labor is found, internal and external trade is ordinarily only feebly developed, usually as one or other form of gift exchange.

248. Small population means a lack of extensive markets for goods and a lack of avenues for diversified employment.

Page 128:

249. ... it (commerce) necessitates the possibility of movement of commodities from the place of their origin to the markets where they are in demand.

251. When goods can be transported only in small boats or on the backs of men and animals over unimproved roads, the cost is so great that trade is limited to small areas and to goods that have a high value in relation to their bulk.

254. ... maximum advantages from trade can be achieved only if political units follow appropriate taxation and commercial policies.

Page 129

255. The tariff has long been a much-used political means of restricting the competition of foreign areas with domestic production.

256. The terms and conditions of access to and exchange of materials involve tariffs, subsidies, modes of exchange, operating through treaties, conventions, understandings, and often wars.

2.1.3 Stimulating Factors

260. In every transaction, whether for barter or money, each person gives something up and receives something in exchange.
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261. Every exchange is a two-sided arrangement. Each party to the exchange wants economic goods possessed by the other, and is willing to make a trade.

265. Trade makes resources available far from where nature left them.

266. As the means of transportation became more efficient and costs were lowered, trade expanded to include larger areas and more types of goods with a resulting decrease in local self-sufficiency.

Page 131:

271. When people specialize, they must exchange.

272. Until communities began to specialize in production . . . trade with other communities was secondary.

Page 132:

273. A specialist works with the deliberate idea of producing more of a given commodity or service than he himself will consume, so that he may exchange this excess for other commodities and services which have been created by other producers.

274. Further development of handicrafts . . . led to trade, exchange, payment and specialization.

275. Development of specialists outside of each family meant there had to be further exchange of goods.

276. Commerce, or the exchange of goods on an extensive scale, is an economic activity of trade involves both important surplus producers, the sellers, and desires which lead to acquisition of such surpluses by others, the buyers.

277. The extension of the idea of function to the trader and manufacturer and the increasing confidence of the buyer open wider and wider possibilities to trade and manufacture.

Page 133

278. The abolition of haggling in detail trade released vast possibilities of distributive organization that did not exist before prices became fixed.
279. Difference in population density provide the basis for great gains in trade, gains which will be possible as long as the differences persist.

2.2 Manner of Exchange

280. The beginning of trade among hunters is often governed by what we would call good manners.

281. Face-to-face trading of goods for goods is the most prevalent form of exchange in nonliterate societies.

282. In societies where institutions are not sharply differentiated, gift giving shades imperceptibly into trade.

283. A gift is a social substitute for money among moneyless cultures.

Page 134:

284. Giving and receiving was the customary method of exchange among the primitive hunter's community.

2.2.1 Barter

285. ... barter becomes inconvenient as specialization increases.

286. Barter ... calls for 'double coincidence' of desires. ... .

287. In economies where exchange is based on barter, values may be quite capricious.

288. ... all exchanges are in a sense 'barter' exchanges between original producers, effected through the intermediary of firms of all descriptions and through the operations of the peculiar stuff known as money.

Page 135:

2.2.2 Medium of Exchange

289. Exchange is greatly facilitated through the agency of money. . . .

290. The use of money enables indirect or round about exchanges to take place, without the goods which are exchanged having to be passed on unnecessarily from one person to another.
291. There are two distinct functions of money: as a medium of exchange and as a standard unit of value.

292. . . . without the great facility for trade and exchange which money provides, an elaborate division of labor would be impossible.

293. The full and orderly functioning of production, exchange, and consumption depends upon the availability, at all times, of sufficient funds (1) to put to work and keep at work whatever factors of production the economy has at its disposal, and (2) to get the finished goods promptly into the hands of the ultimate consumers.

Page 136:

294. Every step toward general honesty in regard to metal, coins, notes, and cheques diminished friction and enlarges the vigour and scope of economic operations.

295. The quantity of money and the way we use it--these two elements hold the key to important changes in our economy.

296. It (money) represents in a measurable way some command over goods and services.

297. Present-day exchange consists largely of giving commodities or services, not in return for other commodities or services, or even for money, but for promises to pay at some future date.

298. As a money economy replaced a barter economy and as labor became more free to offer itself to any employer, economic organizations grew detached from the control of the traditional culture.

2.3 Price

Page 137:

300. . . . the quantity of an economic good that will be purchased, is a given market and at a given time, varies inversely with the prices. . . .

301. (Under a competitive situation) . . . the prices of all economic goods are determined by the conditions of supply and demand.
302. Competition among buyers tends to force the price up, and competition among sellers tends to drive it down.

303. Given a money economy and an organized market structure, the independent actions of numerous individuals and groups as they buy and sell changes and readjusts specific prices continually.

304. The amount of money multiplied by the velocity or rate of turnover of money—equals the prices paid for things (and services) multiplied by the number of units traded or exchanged.

2.4 Geographic Relationships

305. In the commercial stage, area loses most of its significance and the quality of geographical location becomes the dominant factor.

306. The vast increase in the exchange of goods has been one important factor making for the growth of cities and determining their location at the strategic breaks in transportation.

307. Shifts in trade and political control can ruin the property of an ancient city.

308. The city arose from the growth of specialization, trade, and transportation.

309. Production of surplus along with improved transportation encouraged the development of cities along waterways where goods could be exchanged.

310. Trade and commerce have played an important role in urban expansion in ancient civilization as well.

2.5 International Trade

312. Unhampered trade promotes a mutually profitable international division of labor, greatly enhances the potential real national product of all countries, and makes possible higher standards of living all over the globe.
313. In international exchange one country does not gain at the expense of another. The benefits from trade are mutual.

314. The wide distribution and use of many essential minerals depend on international trade.

315. Through it (international trade) the people in all the countries of the world are able to have more goods than would be available without it.

Page 140:

316. Interregional trade within a nation expands the market; and international trade expands it even more, promoting greater efficiency in the productive use of resources.

317. Trade between countries with different standards of living is likely to be especially mutually profitable.

318. . . . even though one country has an absolute advantage over another in producing everything, trade is mutually profitable if the relative advantages differ.

319. Trade is essential to small countries if they are going to make maximum use of limited variety of internal resources.

320. International trade increases the demand for the relatively 'abundant' resources and reduces the demand for the 'scarce' resources.

321. As a country develops industrially and becomes more urban, its dependency on other regions increases.

Page 141:

322. Through trade, people of remote countries have been drawn into a system which they cannot control and which takes charge of their lives.

323. Trade and travel bring people into relationships with each other resulting in disruption of the local religious and ethical life. . . .

2.6 The Market

324. Only where population density is appreciable, and some form of specialization is present, do we find the market as a formal element in the economy.
325. ... the stream of goods coming on the market at any one moment is the result of past decisions, whereas the demand for these goods is determined by the expectations of the future.

326. Institutional factors (communication, judicial, and financial systems) limit the size of the market.

327. Tariffs ... restrict the size of the market.

Page 142:

328. ... expansion of the area within which trade could be transacted likewise made marketing of ... products possible on a scale hitherto unknown.

329. ... international trade ... increases the market area, and permits specialization to be more extensive than would be possible without such trade. ... 

330. To enjoy a wide market, goods should be durable, of considerable value in proportion to bulk so that they can be carried long distances, and capable of being easily and exactly described, that is, standardized.

331. ... it is clear that the decisions and responses being made in both markets, the market for products on the one hand and the market for productive services on the other, are interrelated.

332. ... the distribution of what it produces, has led to such corporate forms of merchandising as are represented in the chain-store, national advertising, and high pressure sales campaigns.

333. Production for the world market has been an essential element in providing a large part of the peasant's cash income and raising his standard of living.

Page 143:

334. ... the market ... is in large measure dependent upon the availability and cost of transportation facilities.

335. It (the market) provides ... goods and service in anticipation of and not merely in response to demand.

336. ... progress in mass production depends on a large, fairly uniform and steadily expanding market for a growing variety of goods.
337. ... the larger the market the greater the possibilities of specialization.

338. The potential gains from specialization, the division of labor, are limited by the extent of the market.

339. The forces in a market are pressures exerted by people with opposite interests.

340. The 'market' does not constitute an autonomous, inevitable, self-caused system, but it is in turn dependent on quite specific institutional structures.

3. Distributing

341. ... the amount the owner of a productive factor can command in the distribution of income depends upon the relation between the supply of and demand for his factor.

342. Fluctuations in business activity ... affect the ability of people to earn a living and ... result in changes in the flow of goods and services that constitute the real income. ... .

343. The amount available for distribution is limited by the condition and quality of economic organization and by industrial and agricultural technique. ... .

344. The smaller is the proportion spent on a productive factor, the more inelastic the derived demand for it will tend to be.

345. A factor's demand will tend to be very inelastic (a) to the extent that the demand curves for its final products are inelastic; (b) to the extent that it represents only a small, unimportant fraction of total costs of production of the finished products; (c) to the extent that it has no readily substitutable rival factors of production; and finally, (d) to the extent that the induced changes in other factors' prices are small.

3.1 Wages

346. ... wages are governed by the relationship between the quantity of labor, on the one hand, and the quantity of land and capital on the other.
347. . . . the economic importance of labor is less when many units of labor are used with a given quantity of land (or capital) than when few are used.

348. (Under competitive conditions) For both the short and the long run, wages are determined by the general conditions of demand and supply, with marginal productivity the important factor behind demand, and supply an important factor behind marginal productivity.

349. . . . the marginal productivity, and the wage of a certain kind of labor will be low if that kind is plentiful, and the marginal productivity and wage will be high if the labor is very scarce.

350. The market will tend toward that equilibrium pattern of wage differentials at which the total demand for each category of labor exactly matches its competitive supply.

Page 146:

351. . . . the size of the population plays an important part in the determination of wages through its influence upon the supply of labor in particular wage groups.

353. We thus find that 'cost of production'--the standard of living, the number of things preferred to marriage--is the significant factor in determining the general level of wages in the long run. . . .

354. Monopoly reduces the demand for labor by reducing the supply of goods, and by reducing supply of goods so reduces the real wages of all labor.

355. . . . substantial wages differentials will characterize even a perfectly competitive labor market.

3.2 Rent

Page 147:

356. Competitively determined rents are the results of a natural scarcity.

357. . . . the supply of and demand for land of a given kind determine its rent, with marginal productivity exerting a powerful influence on the demand side of the problem.
358. . . . all land rents can be measured as a differential between what non-land factors produce on the land in question and what those same factors would produce if working out on no-rent marginal land.

359. . . . the forces back of the determination of rent are . . . the demand for land (based upon its marginal productivity) and the supply of land (which is practically fixed.)

3.3 Interest

360. Since the interest rate is governed by the supply of and demand for loanable funds, a shift in either the total demand schedule or total supply schedule would lead to a change in the rate of interest.

Page 148:

361. The amount of . . . (the) supply of asset-holding will depend upon the interest rate.

362. Lowering interest rates increases the assets demanded by business and their need for additional equity or loan capital from households.

363. . . . excessive willingness of families to hold earning assets will bid up their market prices and depress the market rate of interest on loan and equity claims.

364. Every change in the interest rate brings a change in the value of a capital asset, the value of the asset rising as the rate of interest declines and falling as the rate of interest increases.

365. Whenever the amount of new investment necessary to provide a given yearly income varies, there occur corresponding changes in the value of existing sources of income.

366. During the periods of revival and prosperity the demand for loanable funds increases, and during recession and depression the demand declines drastically.

Page 149:

367. Gross interest . . . varies with the degree of risk that is represented in a specific loan.
3.4 Profits

368. . . . businessmen reap profits in time of rising prices . . . the reverse is true when prices are declining.

3.5 Equality-inequality

369. The people of the world differ strikingly in the amount and type of food that represents their daily 'bread.'

370. . . . the use of the incentive method (for distribution of labor among occupations) does involve inequality of incomes.

371. The greatest significance of differences in income distribution for the structure of wants lies in the proportion of consumer incomes which is saved. . . .

Page 150

372. Variations in the type of economic organization produce variations in productivity and in the distribution of wealth, and therefore affect the standard of living.

373. The similarity of many mass-produced items, regardless of price, tends to minimize differences in wealth and possessions.

374. Inequality in the distribution of income makes the majority of families acutely conscious of the fact of scarcity.

375. One of the basic incitements to violence has been that there was not enough of the world's goods to go around among the many claimants, even with the low standards of living accepted as normal in a given time.

376. . . . there are two kinds of inequality that have peculiar power to stir protest, and when conditions make it possible, to turn and revolt. One is sheer inequality of wealth. . . .

377. The more equal the distribution of all forms of property, the more equal will be the distribution of income, if there is a uniform price for the services of each form of property.
3.6 Redistribution

Page 151:

378. Inflation tends to favor debtors and profit receivers at the expense of creditors and fixed-income receivers, while the effects of deflation are more opposite.

379. A study of present day economic life shows that fluctuations in business activity lead to an instability in income which affects, to a greater or lesser degree, the members of all groups in our economy.

380. 'International trade not only affects the productivity of resources; it also affects the distribution of income between resource owners' with owners more 'abundant' resources gaining a heavier share.

381. The transference of power was greatly accelerated when the Industrial Revolution brought new sources of wealth to middle class manufacturers and traders, at the same time diminishing the economic power of the landowner.

4. Consuming

Page 152:

382. In a full-employment economy, scarcity and choice are all prevailing. The more resources the people consume collectively, the less there is left for them to consume individually, and vice versa.

4.1 Demand

383. The demand for goods and services results from our wants and from the usefulness of things in satisfying our wants.

384. Generation by generation, century by century, human beings have not only increased in numbers but in their demand for more things and for what have seemed to be better things.

385. . . . as numbers increased and wants expanded . . . there was available but limited quantity of the goods needed for the satisfaction of human wants. Man was compelled to adopt an economic existence--that is, to economize in the use of certain kinds of goods.
386. Man's wants, which are different and unequal, are greater than his ability to satisfy them, with the result that the time and effort expended securing one utility is that much less available to be spent in alternate ways.

387. Some human wants call for personal services and not material goods. . . . Here again, the scarcity of labor is apparent, since many who crave medical attention, instruction, and entertainment are forced to go without because of the high cost of these services—a cost which is high because of the scarcity of labor in these particular fields of economic activity.

388. . . . at any given time the intensity of a person's desire for a unit of given goods diminished progressively as additional units of this good are acquired.

389. To the extent that consumers have the power to make their wants effective, these wants are reflected in economic activity. The character and proportioning of these wants influences production. . . .

390. With few exceptions, the higher the price, the lower will be the quantity sold, and vice versa.

391. All consumers are, of course, not equally able to express their wants in the market . . . the wants of the consumers at the upper income levels can be more effectively expressed than the wants of those at the lower level.

392. The demands for productive services is a derived demand; it stems from household demands for products.

393. . . . the demand for luxury goods (with slowly declining satisfaction) is more responsive to changes in prices than in the demand for staple commodities.

395. A change in the distribution of income will change some demands.

396. The passage of time has an important effect on the demand for a product.
397. An increase in saving causes a decline in consumption, which is a decline in the demand for consumer's goods.

4.2 Income

398. Consumption depends chiefly on income; and since this is the case, changes in investment have multiplied effect on income and employment because of the induced changes in consumption which result.

399. ... consumption is seldom equal to total income, and ordinarily the total of saving and taxes keeps consumers' expenditures well below total income.

400. Consumption varies as income changes, although we may not always be able to predict the precise nature of the relationship at any particular time.

401. There is, historically, a reasonably close, systematic relation between consumers' expenditures and disposable income and, to a somewhat less extent, between consumers expenditures and GNP.

Page 156:

402. ... the percentage of income consumed seems to depend to some degree on a family's relative position in the income scale rather than on the absolute size of its income.

403. ... the propensity to consume rises as the distribution of income becomes more nearly equal, and falls as distribution becomes less equal.

404. ... the poorer a family, the greater the proportion of its total expenditure used for food.

405. Consumption increases as income increases but at a lesser rate.

406. ... the fulfillment of human wants is interfered with by the existence of wide differences in incomes.

407. Increased taxes force reduction in consumption as those whose income, after they have paid the taxes, are not high enough to permit the purchasing of consumers' goods at the rate they would otherwise have intended.
households acting as consumers are continually making income-apportioning decisions.

4.3 Investment

409. Man, by consuming less than he produces, at times and putting the balance into producers goods, has created capital.

410. A nation can make additions to its capital only to the extent that its consumption is less than its output. If its consumption exceeds its output, the nation's capital is reduced.

411. High consumption and high investment . . . go hand in hand rather than being competing.

412. An increase in investment causes an increase in national income, employment, production, and total savings.

413. . . . in the mutual interactions between consumption, investment, and income, investment rather than consumption is the dynamic, initiating element.

Page 158:

414. . . . economic progress almost always involves the accumulation of capital which in turn involves a cost in terms of consumption foregone.

415. (In a private enterprise economy) a change in investment leads to a change in income which induces a change in consumption (the multiplier process) so that a variation in investment has a multiplied effect on income.

416. . . . business needs to receive back in consumption sales only part of the total income paid out to the public--only that part which involves the cost of current consumption goods. The saving of the public will do no harm to national income so long as it is not greater than what business can profitably invest.

417. As consumption buying falls, national income and employment also fall, unless our consumption cut is matched by an increase in capital formation.
418. Consumption will fall short of net national product if resources are being used to build up the community's stock of capital goods.

Page 159:

419. . . . consumption will exceed net product to the extent that capital formation is negative; i.e., to the extent that we have net dis-investment rather than positive net investment.

420. . . . consumption fluctuates relatively much less widely over the business cycle than does investment.

421. Inability of consumers, especially peasants, to buy adequate quantities of industrial consumer goods and thereby support needed industrial development is part of a vicious circle which is common to many primarily rural and underdeveloped or over-populated countries.

4.4 Expenditure

422. . . . expenditures on new final output determine the level of current production. . . .

423. (In a free system) . . . goods go where there are the most votes or dollars.

424. The main characteristics of consumer wants are reflected in the way consumers apportion their expenditures.

Page 160:

425. . . . changes in the level of spending are influenced by changes in the supply of money and by the size of the cash balances which spenders desire to hold in relation to their current receipts.

426. . . . in any period, total spending and incomes may rise in association either with an increase in money supply, with no change in velocity, or with a change in velocity of a constant supply.

427. The root cause of inflation and deflation is a change in total money spending relative to the flow of goods offered for sale.

428. . . . a rise in prices brings about a reduction in consumption, especially among the lower income group.
in all parts of the consumer’s budget, the satisfaction he obtains declines with each additional unit of money.

An increase in the tax rate generally reduces the propensity to consume by leaving less for consumers to spend out of any given level of earnings.

5. General

5.1 Relationships with Basic Human Activities

In nonindustrialized societies, it is often difficult to separate economic activities from other areas of behavior.

for every level of education and public morale there is a limit to the size and complexity of business possible.

All economic enlargements, all economic progress, demand an adequate corresponding modification of teaching in the schools.

Early religion related to economic organization, such as a charm for hunting or fertilizing the soil.

Sophisticated arts and crafts do not arise except when the economy makes possible specialization and some leisure.

It is . . . (the) creation of place utility in goods by means of transportation that permits the development of regional specialization in production.

as transportation facilities improve, as travel becomes safer, as knowledge increases, as more elaborate technologies appear, as specialization spreads, and as trade increases, more people and larger areas become involved.

For them (modern industries) good means of transportation are as essential as any other element in their environment.

Stepped-up production and stepped-up transportation logically go together in a division of labor, exchange economy.
440. . . . the new industry (power machinery) and commerce required for their full extension the rapid movement of raw materials to the manufacturing centers and the rapid movement of the finished product to the consumer.

441. The industrial revolution increased output and, through improvements in transportation, more efficiently distributed goods and services.

442. Changes in methods of handling and transportation have . . . helped to revolutionize food consumption habits.

Page 163:

443. Largely as a result of these developments (technological) in the generation and use of energy, we have devised more effective means of communication and transportation. The size of the market has increased and we have been able to achieve the economies associated with a greater division of labor.

444. Both of these developments (rapid communication and a money credit system) were necessary in order to arrange and facilitate the production and the exchange of an enormously increased, specialized output of goods.

445. . . . today the process of satisfying the wants of an individual is a group process, not an individual process, and . . . the group extends to all corners of the earth.

Page 154:

447. Where we find an efficient technology, a complex true division of labor, and both internal and external trade, the society reveals class divisions marked, among other things, by differential patterns of consumption.

448. . . . differences in production, which are the basis of trade and therefore the prime reason for communication systems, arise from several causes among which are (a) differences in the people themselves, (b) differences in the physical characteristics of the various parts of the earth including the unequal distribution of the natural resources, and (c) differences in the economic development of peoples or in their stage of civilization.

450. The organization of production and consumption is based on a system of exchanges.
specialization of persons enables people to specialize in doing things for which their native abilities are best suited or least unsuited.

Page 165:

Improvement in the means of production and transportation, advances in agricultural technology, and the manifold effects of the industrial revolution have combined in a large part of the world to reduce death rates, prolong life, and raise the standard of living.

In many respects geographic locations are the most important environmental factors in the world. It affects not only the spread of human settlement and economic patterns of development, but it guides the building of roads, railways, canals, and communication lines, and the routing of airways.

Page 166:

In societies lacking true division of labor and any considerable internal or external trade, patterns of consumption are ordinarily uniform throughout the society.

5.2.1 Producing and Consuming

Consumption is the goal of production—man makes economic goods in order to have them available for use in the satisfaction of his many wants.

Higher production levels always seem to bring in their train higher consumption standards.

Rise in standards of consumption depends on the availability of consumer goods—that is, on increasing output.

Page 167:

If one is to be free to choose one's consumption goods, someone must be free to supply what the consumer demands.

The bulk of current economic consumption is the consequence of past efforts.

Society does not automatically replace all direct processes by more productive indirect ones. The advantage in doing so is balanced by the initial disadvantage of having to forego present consumption goals by directing resources from current production to uses that will bear fruit only after some time.
466. In the broadest sense prices do two things, they induce production and they restrict consumption.

467. The anticipation of spending by their customers leads businessmen to produce, and thereby to create job opportunities; the spending provides the proceeds from which payments can be made to the factors of production (that is, the spending in effect generates incomes); and these incomes, in turn provide the source for further spending.

Page 168:

468. There is always the possibility that either the demand or the supply of economic goods will change in such a manner as to affect ... the welfare of consumers or producers, or perhaps both.

469. (In a free enterprise system) Consumption does not fall as much as production and national income during a (business) downswing.

470. The agricultural population is ... one of the world's principal consumers of manufactured products. So it is that even much of the industrial and commercial prosperity of regions originates at least indirectly from the land.

471. ... the consumption of its product by children is always pressing on the meager productive power of the adults.

472. Under the household economy the producers were the consumers of their own products, buying few things from others.

473. (With the modern technological developments) The family changed from a production to a consumption unit.

Page 169:

474. In most preliterate cultures, the family is the unit of both consumption and production.

475. The lure of gain was not non-existant in primitive economies. The food gatherer who produced the most got the most to eat, could give the biggest feast, and have the best reputation.
476. (In subsistence societies) ... goods produced are consumed very largely by their own members.

477. In nonliterate societies, domestic food supplies rate lowest at the time of most strenuous output of physical labor. Food consumption is inversely correlated with food requirement.

478. Inextricably woven into the process of production is the process of exchange or trade.

479. When a great many men specialize and exchange their products, greater production brings a higher standard of living.

Page 170:

480. The growth of specialization must be accompanied by a parallel growth of exchange. People and regions can specialize only to the extent that they can exchange their products with other people and regions for the things they want.

481. Mass production requires the mass market.

482. Only as population increases in density does any considerable specialization of effort occur, accompanied by progress which causes multiplication of wants, so that exchange of local products for materials or articles, which cannot be or are not produced in the home area or by the individual, becomes important.

483. ... through the increased use of specialization in the countries engaging in international trade, it is possible for each country to have more of each good than could be had in the absence of trade, using the same quantities of factors of production.

484. Economic interdependence is an inevitable consequence of specialization and exchange.

485. Increasing specialization accompanies increasing interdependence.

Page 171:

486. It (the ability to exchange the products of one area for those of others) has ... enabled accumulation of skills in specialized production and material additions to the world's supply of goods, both in kind and quantity.
The existence of international trade implies that countries specialize in production. While the pattern of specialization is complicated, it is basically one in which each country devotes its resources to what it can do best.

specialization and exchange will take place even in the case of an individual who could produce the commodity obtained in exchange more efficiently than the person from whom he obtains it.

Trade offers a way to overcome adverse effects of differences in productivity and to permit groups to benefit from each other's different ability to produce.

Free exchange of goods enables each country to devote its capital and labor to the production of the commodities in which it has the greatest comparative advantage, and so provides maximum output for all.

Consuming and Exchanging

Consumption is largely regulated by prices, and the influence that prices exert is one which tends to encourage the consumption of a good which is plentiful and discourage the consumption of one which is scarce.

in any economic system there are great social and economic institutions that organize and control production, consumption, and distribution of goods.

(Social control of economic processes) is a necessary function in any economic system.

The culture of a population group is often the decisive factor in fixing the character of the economic activities of an area.

The economic activities of any society constitute the bulk of all its activities and strongly influence all the rest.
501. ... many social relations are primarily concerned with economic value.

Page 175:

509. (In present economy) ... economic ties are personalized ... relationships as economic agents depend on the social status and relationships of the persons concerned ... labor is given as a social service and not single as an economic service.

Page 176:

5.3.2. Political

511. Political power and economic activity are universal institutional systems, and the two are never completely independent.

512. Political authority never includes all social power, and nominally economic relations always have power implications.

513. The geographic pattern of production, processing, transporting, markets, and consumption does not remain static. The resulting oscillations have had their repercussions on the political world.

514. Inevitable, under any set of conditions yet known to history, the role of the state tends to become larger as the economic system becomes more complex.

515. The governments of large and complex social orders have always actively dealt with economic behavior.

Page 177:

517. Government has entered the economic process ... as a producer, distributor, financier, and employer ... (becoming) an integral part of our economic organization.

520. (Within the rise of capitalism) the traders, producers, profit makers, distributors and financiers ... did not desire to become the actual and personal government of the land.

Page 178:

521. The military state must by its own terms of existence have centralized control of production; it must regulate consumption.
522. War affects the economy in the nature of goods produced and consumed.

523. In subsistence economies, political groupings tend to be band, tribe, or confederacy type, while, with surplus-producing economies . . . we find states or state-like political systems.

5.3.3 Family

524. The family is an important institution in both the production and consumption of goods.

525. The particular place of the family (in the economy) will vary, as is shown by the recent change in the American family from the main producing unit in the nation’s economy to the central unit of economic consumption.

526. Although the family is still strong (in modern society) it has lost many of its old functions especially in economic life.

Page 179.

528. (During the present machine age, the aged have a functionless place) . . . in the family system, due in part to the demand for relatively young workers. The aged tend, involuntarily, to become merely consumers rather than producers.

529. Where a high standard of living prevails, children are taken off the labor market, and instead of being economic assets, they become liabilities.

530. When a society has even one technique requiring the coordinated efforts of several families, this demand for a large and carefully organized labor force imposes obligations on the individual over and above his responsibility to his family.

531. Essential to the existence of any society is a technology for securing sufficient food to satisfy the wants of its members.

Page 180:

532. . . . technological knowledge together with limited amounts of economic resources defines the available choices between goods and services open to a community.
537. The wider the market and the greater the technical complexity of production and distribution, the more dependent is smooth economic adjustment upon technical precision and upon uniformity of goods—materials, tools, devices, components.

Page 181:

538. With the advance of technology, economic functions became increasingly specialized.

539. Technological invention and industrial expansion rapidly develop some industries and destroy others; they demand new skills and discard old ones.

540. The improvement of the standard of living based on the productivity of modern technology brings about ... a falling death rate.

541. In a society where techniques are predominantly individualistic, there is little organization of the labor force.
72. (The creation of) a satisfactorily functioning money is essential if the economy is to function efficiently.

73. Man, by consuming less than he produces, at times putting the balance into producers' goods, has created capital.

74. Inventions and changes in wants cause sudden accelerations and retardations in the demand for particular sorts of fixed capital.

75. The discovery of new sources of power calls for the invention of new implements of precisions for measuring and exerting the powers available.

76. As instruments of power and precision multiply and are improved, the manpower required to create wealth declines.

77. Great stores of energy were locked up in coal and other combustibles until men invented devices by which the release of this power might be channeled and directed.

78. Utilization of coal and iron ore made possible the railroad, steamboat, and many other inventions.

79. Land as a factor in production is not like the air, a free gift of nature. It must be won (cleared, drained, fenced, surveyed and otherwise improved), and hence it has value.

80. With the advent of the plow and the domestication of cattle, the various handcrafts became much more highly developed, and economic functions assumed an even more important role in family organization.

81. As man developed culture . . . he enlarged the food supply and decreased the external hazards of existence.

82. Scientific development yields new crops and animals adapted to areas whose earlier value had been far less.
83. (Man) invents tools to eat with, containers to store food in, and cooking utensils.

84. Man devises ... knives and shears and saws and a great variety of other tools, thus extending vastly his range of operation.

85. Cutting tools permit the more efficient utilization of power and are necessary either to perform elementary industrial processes or to create tools and implements for more complex industrial techniques.

87. (Man's) invention and use (of the wheel) marked an important step forward in means of transportation.

88. Man's quest of the ocean has transformed it from an almost insuperable barrier to a world highway of trade, travel and communication.

Page 103:

89. Carriers by water like other forms of transportation require (the creation of) terminal facilities.

3.2 Economics

Page 109:

124. The making of an invention--the discovery of a more efficient method of production--does not itself increase productivity; productivity is only increased when the new method is applied and usually it cannot be applied until the new equipment with which to apply it has been constructed.

125. When primitive man subdued and trained to his service, the horse, the ox, and the other beasts now inseparable from civilization, he made his first definite progress towards social and economic organization and order.

Page 110:

128. (Through technology, invention and engineering, (man) created the possible ways of doing a specific job.

129. Regional specialization and production has promoted the development of communications nets of various degrees of complexity.
130. Without the development of adequate means of communication for facilitating the movement of goods and ideas, advanced stages of economic development are impossible.

131. (Geographic location) affects not only the spread of human settlement and economic patterns of development, but it guides the building of roads, railroads, canals and communication lines, and the routing of airways.

132. The basis for commerce is the existence of surpluses and deficits. Therefore, trade develops between areas with unlike types of production.

133. (Through) the market (man) creates powerful forces for improving techniques.

134. Man's first task is to live, and in order to make this possible, it has been necessary to devise methods by which a livelihood can be achieved efficiently.

135. Every society has worked out a material culture and techniques of exploiting the natural resources of its habitat that provides the basis for non-material aspects of culture. . . . Every group evinces a hard-headed approach to the problems of exploiting the resources of their habitat.

136. Technological invention and industrial expansion rapidly develop some industries and destroy others; they demand new skills and discard the old ones.

137. . . . man takes the products of the extractive and genetic industries, applies power and design to them, and creates form utility.

138. . . . the opportunity to invent metallurgy (is afforded) only by environments which supply available ores.

139. Not until metallurgical operations were perfected for extracting . . . metals from their ores did man climb the ladder of civilization at more than a snail's pace; . . .

Page 112:

140. . . . man uses various elements and processes in Nature to produce more of certain substances which he already has . . .
141. Essential to the existence of any society is (the creation of) technology for securing sufficient food to satisfy the wants of its members.

142. The discovery of how to produce food was of enormous importance in human history, and it is not too much to call it a revolution...

143. ... (agriculture) occurred when it was discovered (by man) ... that certain wild plants could be propagated to advantage on plots of ground chosen for that purpose.

144. Men the world over have found how to make better use of soil, and how with special fertilizers and crops, to build it to greater values.

145. Wherever irrigation is practiced, laws must be made for preventing waste and for enabling each man to get his just share of water.

Page 113:

146. ... man takes various materials directly from Nature. In doing so, he produces ... materials or substance utility.

148. ... (thru) the transformation of matter and energy into the moving of goods from a place where they are less useful to a place where they are more useful (man creates place utility).

149. ... (man) transporting things from a time when they are less useful to a time when they are more useful (creates time utility).

150. (man creates) commercial industries ... to add time and place utility to the products ... of industry.

151. The opportunity to develop means of navigation is afforded only by areas adjacent to seas or lakes which contain navigable waters. ... 

Page 114:

152. ... Transportation and technological developments within the culture take up and discard the materials presented by nature, and effect great changes in the total pattern of community life.
153. (Man's) use of domesticated animals (rather than humans) for motive power effects a great improvement in land transportation.

154. . . . trade develops between areas with unlike types of production.

155. Largely as a result of (technological) developments in the generation and use of energy, we have devised more effective means of communication and transportation. The size of the market has increased, and we have been able to achieve the economics associated with a greater division of labor.

156. (Man creates) professional services (education, medicine, law, and so forth), and . . . personal services (domestic labor, barbering, street sweeping, and so forth) . . . to facilitate economic production of commercial and other types of industries.

Page 126:

219. Modern economic organization involves (the creation of) political activity and institutions to respond to the effects of division of labor.

220. . . . the growth, widespread diffusion, and increasing interdependence of modern peoples have necessitated the development of vast and complicated institutions of distribution and consumption. . . .

221. The creation of large industrial and commercial population in urban centers makes necessary that farmers feed not just their immediate family groups . . . but feed and clothe millions of persons engaged in non-agricultural pursuits.

222. Sophisticated arts and crafts do not arise except when the economy makes possible specialization and some 'leisure.'

Page 127:

223. (Creation of) Extensive industrial development cannot occur in the absence of an adequate transportation system. . . .

224. . . . (The creation of a) true division of labor is dependent upon a technology advance enough and an environment suited to the production of an exchangeable surplus.
225. Property rights can be created only by an authority that itself retains the ultimate right of property.

226. What people do for a living has always affected many other phases of their lives. Occupations create friendship patterns, determining class position, and affect life-styles.
Generalizations from Rambeau

1. Transportation in General

Page 85:

2. Man's need for transportation is timeless and all-inclusive. It is equally essential to economic, political, religious, educational, and other cultural activity.

3. ... without economical and efficient methods of transporting goods, present-day civilization simply could not exist.

Page 86:

5. ... the economic and social progress of any group depends upon the reduction of the inconvenience and cost of overcoming space.

6. All forms of communication are for the purpose of facilitating the movement of man, his ideas, or his goods from one place to another.

7. Forms of transportation prevalent throughout the world centuries ago are still to be found.

8. Land transport of some sort is apparently universal, while water transportation, though widespread, is lacking in a few societies.

Page 87:

13. In the development of a mechanized mode of transportation the invention of the power precedes the development of the vehicle and the way.

15. The greater mobility of modern man ... permits travel to and communication with the remotest corners of the earth.

16. Improvements in transportation generally mean reductions in transportation costs to shippers, or greater speed in transport, or some improvement in the nature or quality of the service.

Page 88:
18. The degree of improvements of transportation depends upon the amount of traffic, available funds, the physical features of the landscape, and the stage of human progress in the area.

2. **Historical Development of Transportation**

22. The improvement of transportation from prehistoric times to the present has commanded much of the enterprise and ingenuity of man.

23. The economic structure of the nineteenth and twentieth centuries has been built upon cheap transportation.

Page 89:

25. ... in the culture of early man, transportation facilities were poor, and mountains and great bodies of water were barriers to travel. As a result the population was distributed in small, relatively isolated localities.

26. As transportation devices, whether for land or water travel, improved, there occurred as well many important changes in cultures generally.

Page 90:

34. When the boat and horse were practicable, travel occurred over great distances and the means for carrying on trade were thus established.

35. The impossibility in the ancient world of developing efficient overland transportation, placed severe limits upon city sizes and influence.

Page 91:

36. Road-making is a fairly late development of man.

38. The use of animals for transport is relatively recent and the development of wheeled vehicles even more recent.

42. Pipe-line transportation over long distances is a recent development.

Page 92:

43. Pipelines as a means of transporting water have been in use since ancient times.
48. The earliest medium of communication to be developed in a country is apt to be its waterways.

49. Historically, transportation by water has played an important role in the development of the areas of the world producing raw materials and those in which goods are manufactured and distributed.

Page 93:

51. The earliest water transport was accomplished by floats and rafts. True boats are relatively recent.

54. For centuries, the ship was the main instrument of commerce and communication between nations.

3. Economic Aspects of Transportation

3.1 Transportation Routes

55. The development of communication and transportation routes in any area is vitally affected by the physical factors of terrain and climate.

56. The most important trade routes center on those regions where high productivity and dense population combine to produce a surplus of goods.

Page 94:

58. War alters trade routes and interferes with the international movements of goods and people.

60. The world's main lines of transportation normally unite the largest centers of trade, but they rarely follow the shortest course between such cities.

Page 95:

70. Of all land routes, the road is the most ancient as well as the most universal.

Page 96:

75. Roads provide a means of access to land, without which land would be practically unusable and worthless.

Page 97

78. The power to control the important trade routes (of the ocean) is a political requisite of importance.
83. Seaports are both the creations and creators of trade routes.

Page 98:

84. Because of the fixed nature of river courses, the river trade route lacks the flexibility of a land or ocean route.

85. Man digs canals to facilitate transportation and increase the efficiency of trade routes.

87. A port located on a main route of trade has a far greater chance for growth than one not so located.

3.2 Transportation Costs

89. . . . it is clearly in the interest of society to have cheaper and cheaper transportation.

90. . . . modern transportation has brought about a considerable decrease in the cost of transportation.

Page 99:

91. A community without cheap transportation must be largely self-sufficient.

94. Transportation charges are part of the costs of production, must be included in the price of the goods, and must be borne by the consumer.

95. . . . transportation costs make up a relatively large part of the price of a commodity if it is bulky, if it requires special service, or if it moves a considerable distance.

96. . . . transportation costs make up a relatively small part of the price of a commodity which is valuable, is not perishable, and moves a short distance in reaching the consumer.

Page 100:

98. Reducing transport costs broadens markets.

100. Climatic conditions and available natural resources limit the goods which may be produced, and only those products from other lands can be brought in which will stand high transportation costs.
3.5 Transportation and Industry

121. Good means of transportation are essential to the development of modern industry.

130. Transportation plays an important part in the marketing of the products of agriculture as it does in the distribution of manufactured goods.

132. Many factors contribute to the determination of the location of industry. None is more important than the availability of adequate and economical transportation.

139. Industrial cities and plants where goods are handled by water transportation demand adequate harbor, dock, warf, pier, or quay facilities in order to accommodate the vessels and provide facilities for the loading, discharge, and storage of cargo.

3.6 Transportation Demand

145. The demand for transportation grows out of the demand for commodities or services which will be made available as a result of the action of transportation service.

148. Competition is a significant factor in the demand for transportation.

3.7 Transportation and Trade

153. As population increases ... and as transportation improves, man has a greater opportunity to trade.

154. Routes of trade, the carriers that move over these routes, and the terminals of these carriers all exist for the sake of the commodities that are in process of being exchanged.
Page 110:

156. The greater the distance between the point of production and the point of consumption, or of the buyer and sellers from the market, the more transportation service is needed.

158. Foreign trade is dependent upon adequate ocean shipping and inland transportation services at reasonable rates.

159. Shipping is essential to trade, and trade is essential to shipping.

3.8 Human Transportation

Page 111:

168. The human body is the most universal as well as the most primitive means of land transportation.

3.9 Animal Transportation

Page 112:

174. The least efficient use of animal power is by packing or riding.

3.10 Water Transportation

Page 113:

176. . . . governments have been interested in shipping ever since ships began to sail the seven seas.

179. A nation's strength on the sea is conditioned by its 'national' status and by its ability to absorb imports and to produce for export.

Page 115:

189. Ocean transportation differs markedly in many ways from other forms of transportation, both in methods of operation and in the economic and regulatory problems confronting the industry and its shippers.

Page 118:

209. Natural waterways require canalization and other improvements to make them useful for modern transportation.
210. Improvement of inland waters for one use improves them for other uses.

3.12 Highway Transportation

Page 127:

261. Motor transportation has virtually revolutionized production and distribution.

Page 130:

279. Commodities vary greatly in the distances over which they can profitably be shipped by truck.

282. The truck has easier access to the points of origin and destination of shipments than has the railroad car. This is essentially because the road mileage of a country generally reaches more places than does the railroad mileage.

3.13 Railroad Transportation

Page 133:

297. The railroad has made cheap transportation possible for vast areas of the earth's surface.

299. The railroads of a modern country constitute the major portion of its facilities for inland freight transportation.

302. Railroads can be built ... wherever there is business to be had, or to be developed, in volume sufficient to justify the cost of their building.

4. Socio-Cultural Aspects of Transportation

4.2 Cultural Diffusion

369. Modern means of communication and transportation make possible the dissemination of information and ideas in incredible short time.

Page 146:

375. Every social institution has need for the transportation of persons and property.
4.3 Distribution of Population

Page 148:

386. Transportation development, together with topography and the distribution of resources, shapes the general pattern of industry and the distribution of population of a nation.

5. Political Aspects of Transportation

5.2 Political Units

Page 150:

399. Modern transportation and communication have expanded the small locality into the region.

Page 151:

6. Geographic Aspects of Transportation

6.1 Climate

404. Transportation is hampered by mountains, snow, ice, fog and storms.

6.2 Surface Topography

408. The level topography of plains facilitates the development of transportation and communication.

Page 152:

414. Mature rivers have fewer obstacles to navigate than young or old ones.

6.3 Location of Settlements

Page 153:

421. Rivers have always served as desirable locations for the sites of settlements, especially where transportation routes cross rivers.

Page 154:

422. Cities rise and usually thrive at the ends of important passes from which trade routes diverge.
APPENDIX G
Generalizations from Emerson

Providing Recreation

Page 114:

159. As wages rise, people become prepared to make some sacrifice in weekly wages in order to get a little more time in which to enjoy the fruits of their labor.

Page 115:

160. It was not until the advent of the businessman and the accumulation of money that man began to seek luxuries in his leisure time, and the greater the economic resources, the stronger the tendency to purchase one's pleasures.

161. Factors in the influence of economic organization on leisure and recreation are: the employment of women and children, the security of jobs and business cycles.
APPENDIX H
2. In the endeavor to satisfy his wants, man builds up a civilization.