SEATTLE UNIVERSITY
SCHOOL OF EDUCATION
TEACHER EDUCATION

ORGANIZING THEME: The School of Education prepares ethical and reflective professionals for service in diverse communities.

EPDSS 906 Economics for Elementary Teaching

One Continuing Education Credit

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A word about the WEST E Elementary Education …This course will serve as good background for the content test. The WEST E is focused on the recall of facts; however, this course also is designed to develop conceptual understanding.

TEXTS

Washington State Essential Learning Requirements:
http://www.k12.wa.us/SocialStudies/pubdocs/SocialStudiesStandardsBW.pdf

The Community Publishing Company: Exploring the Marketplace, Teacher Resource Manual 1-56183-397-5, New York: National Council on Economic Education. (Order from NCEE directly by calling 800-338-1192, Faxing 212-730-1793 or E-mailing www.ncee.net. This text is also available from SU Lemieux Library on two-hour reserve. Picture ID required for checkout.)

Or

Storypath: Understanding to Marketplace: The Toy Company, (Teacher Guide and Student content cards and Student Portfolio) The curriculum is available from SU Lemieux Library on 2-hour reserve. Picture ID required for checkout or curriculum can be reviewed onsite.)

These texts are a starting point for exploring economic understandings. It is expected that you will read/review a number of additional sources for this course. Sources can generally be located at public libraries or Amazon.com.

Select one of the following texts for reading:

Epping, R.C. (2009). *The 21st century economy: A beginner's guide with 101 easy-to-learn tools for surviving and thriving in the new global marketplace*. New York: Vintage Books.

Bauman, Y. (2010). *The cartoon introduction to economics*. New York: Hill and Wang.

Recommended texts:

National Council for the Social Studies. (2010). *National curriculum standards for social studies: A framework for teaching, learning, and assessment*. Washington, DC: Author.

National Council on Economic Education. (1997). *National content standards in economics*. New York: Author.

CONCEPTUAL FRAMEWORK: The teacher is an ethical knowledgeable and reflective decision-maker who teaches all learners to function effectively in a global and pluralistic society.

COURSE DESCRIPTION and INTRODUCTION

This course is designed for applicants to the MIT **elementary certification** program at Seattle University who need to deepen their knowledge of economics. The course is intended to provide background knowledge of economics for teaching at the elementary and middle school levels. It is expected that this course will serve as an introduction to economics, and that you will continue to deepen your knowledge once you are in the classroom and responsible for teaching specific topics related to economics.

This course will ask you to create a number of artifacts to demonstrate your understanding of economics—you will not be asked to read economic textbooks to answer questions; however, you will need to investigate a range of resources including textbooks, the Internet, newspapers, magazines and other resources. These activities are intended to introduce you to a range of resources related to understanding economics.

Elementary and middle school teachers often shy away from teaching economics because college courses are often viewed as difficult and unrelated to everyday life. However, teaching economics to young people can be an exciting and rewarding to teach. Young people already know a lot about economics because they are interested in money and what it can buy. Thus, working from this interest, students can learn basic economic principles that will serve as a foundation for understanding the economic world.

Economics is best taught from experiences both real and simulated. A good place to start with this course is the teacher resource unit, *The Community Publishing Company* or *Storypath: The Toy Company, Running a Business*. Students who experience these units create their own publishing or toy company to learn about economics.

This course is designed to provide the background and knowledge that can serve you well as an elementary/middle schoolteacher. Additionally, this course will endeavor to have you construct understandings that are personally meaningful to you.

The course requirements are interrelated. In other words, researching and writing for one assignment will inform other assignments and vice versa. Choice making is an important component for learning; thus, this course offers a range of choices within each of the assignments. All assignments are submitted at the same time in one packet. At that time you also register and pay for the course. See http://www2.seattleu.edu/coe/mit/default.aspx?id=8886 for how to enroll in this course. **Include a stamped, self-addressed envelope large enough for returning the assignments.**

It is estimated that to complete these assignments, you will invest about 30 hours. The course is one credit to make it affordable even though you will complete more work than would normally be expected of a one-credit course. It is hoped that you will use this course to your advantage and not simply "go through the hoops" to achieve credit and a grade. You are investing in your preparation for becoming a

teacher, I hope these set of experience provide new insights, increased knowledge, and kindles enthusiasm for teaching economics to young people—if that enthusiasm was not already present!

OBJECTIVES At the conclusion of this course, the student will be able to:

1. Demonstrate knowledge and understanding of economics taught at the elementary and middle school levels.

2. Use knowledge of effective verbal and nonverbal communication techniques and make appropriate use of educational technology to foster learning.

3. Demonstrate knowledge of the Washington State Essential Academic Learning Requirements related to economics.

4. Value professional development by reviewing curriculum and participating in professional opportunities to enhance understanding of economics.

5. Consider ethical dimensions of teaching economics.

REQUIREMENTS AND GRADING (Specific details on assignment sheets attached.)

This syllabus is a contract between you and your instructor of the course. It is hoped that you become actively engaged in making decisions about your learning. Read the syllabus carefully and consider all the assignments then create a plan for your learning **with a timeline.** All assignments must be word-processed (double-spaced) with at least a one-inch margin to allow for comments. All assignments must follow APA guidelines **as appropriate** and reflect correct grammar, spelling and usage. Read each assignment sheet carefully to ensure that you meet all of the requirements for the assignment.

Requirements

1. Read one of the required texts and create a graphic organizer based on the reading. You should begin with the text as it serves as a foundation to your knowledge base for creating the assignments that follow.

2. Read *The Community Publishing Company* **or** *Storypath: The Toy Company, Running a Business* including student book *and* create a pictorial glossary of economic terms to accompany *The Community Publishing Company* or *Storypath: The Toy Company, Running a Business*.

3. Interview a person who has operated/owned a small business.

4. Economic analysis of historical event.

5. Reflection paper. After you have completed all the assignments, do a self-assessment of the value of the independent study and what additional work you will need to do to be prepared to teach economics.

6. Time log. Keep a log of the time you spent reading, researching, viewing videotapes/internet sites, or other forms of technology and in the creation of assignments.

7. Cover sheet. Be sure to complete it and attach to your assignments.

Grading: Grading: This syllabus serves as a contract between you and your instructor. It is my hope that you will do your very best work and meet my obligation to provide you with feedback in the form of a course grade that reflects the quality of your work. There are aspects of the course that are foundational and where your understanding must be clearly demonstrated. Therefore, I will be looking at the assignments holistically. Some assignments require a good deal more work than others do so I am using a "weighting" system. The Credit / Redo assignments are important; you cannot pass the course without being given "credit" for them. However, they do not figure into your grade point total.

Grades on assignments will be as follows: A, A-, B+, B, NC (no credit). Any grade for an assignment below a B will be considered unsatisfactory and may result in not receiving a passing grade for the course. Thus, you are expected to do your best work on every assignment. The final grade for the module must be B or better.

Exceptional Evidence (A+)	**Clear and Convincing Evidence (A)**	**Generally Clear and Convincing Evidence** (A-)	**Acceptable but Uneven Evidence (B)**	**Insufficient Evidence (N/C)**
In addition to clear and convincing evidence: Demonstrates sophisticated levels of integration of concepts and activities.	Addresses all criteria completely; Demonstrates thorough understanding and application in the completion of tasks	Address all criteria; most addressed completely; Occasionally misses minor applications and/or understanding of tasks	Addresses criteria in a minimally acceptable fashion; Demonstrated understanding and/or application are uneven.	Omits key information; Fails to address key criteria; Too general or misapplies responses to activity; Superficial completion of task.

Weight of 4	Weight of 2	Credit / Redo
Graphic organizer	Analysis of historical event	Reflection paper
Pictorial glossary	Interview	Time log

Latest Date for turning in Assignment: August 10. However, I encourage you to turn in the assignments earlier rather than later. Don't underestimate the time to complete the course!

Remember you need to bring your assignments to Loyola Hall MIT Office in a stamped self-addressed envelope for returning the assignments. At that time you register and pay for the course.

How to Search for Pictures and Images Online:

The information that follows was submitted by Andrea Baumgarten. She gave permission to use it in this syllabus to support your work. While the examples focus on geography, the information is helpful for other search topics.

1. Use **Google Images.** The Google Images search engine is located on the main Google task bar.

2. Often photographs on the websites of nonprofits or governments are freer of copyright concerns or limitations, and of more value (more accurate, more verifiable, and appear with more explanatory information).

2. In order to locate accurate, trustworthy images, do the following: type a search term into the Google Images search box AND at the end of your phrase add any of the following terms:

- **gov** (get access to government website photos this way)
- **org** (nonprofits)
- **national geographic** (for geography photos)
- **noaa** (weather, sciences)
- **nasa** (weather, sciences, geography)
- **edu** (brings up college, university libraries, K-12 systems)
- **library congress** (or loc, but that often includes results for 'location'--Library of Congress has a retrieval system that does not get culled easily by Google Images, so if searching for historical images, keep a 2nd tab open to the actual search box on the Library of Congress website, www.loc.gov, and just search there directly)

Thus, to search for a reliable photo of an alluvial fan while weeding out irrelevant photos, use this search language:

alluvial fan gov

3. Once you hit enter, a large set of photographs will appear. **Hover over** each and only click photos with reliable web addresses so as not to get hit by crawling viruses.

4. After clicking a photo of interest, you will be taken to an intermediate page where you can choose the level of resolution you want. Generally the picture will be sharper if you choose "full size."

5. Click Full Size, then once the photo appears, right-click to copy, then switch screens and paste into your document. View the underlying website by clicking on the Website prompt or clicking the X in the top right corner of the image.

6. Clip Art: Be wary of clip art websites; they are notorious for virus dissemination. Visit the Microsoft Office Clip Art site for thousands of free images not subject to copyright restriction: http://office.microsoft.com/en-us/images/

Name of Assignment: **Reflection**

Objectives:

- Demonstrate knowledge and understanding of economics taught at the elementary and middle school levels.
- Use knowledge of effective verbal and nonverbal communication techniques and make appropriate use of educational technology to foster learning.
- Demonstrate knowledge of the Washington State Essential Academic Learning Requirements related to economics.
- Value professional development by reviewing curriculum and participating in professional opportunities to enhance understanding of economics.
- Consider ethical dimensions of teaching economics.

Rationale for the assignment: Active reflection on one's learning helps you refine your teaching and grow professionally. Inherent in reflection is a commitment to the ethical dimensions of what we do when we teach. This assignment is intended to help you reflect on what you are learning, and motivate you to grow professionally, and provide feedback to your instructor on your learning experience.

Description of the assignment: After you have completed all the assignments, do a self-assessment of the value of the independent study and what additional work you will need to do to be prepared to teach economics. Please provide feedback on the assignments answering the following questions:

1. Which assignments were particularly helpful to your learning? Explain.

2. What changes would you suggest to make this course better?

3. What additional work will you need to do to be prepared to teach economics?

Write a one- to two-page reflection.

Log: Be sure to attach your time log when you turn in your independent study.

Name of Assignment: **Graphic Organizer of Economic Text**

Objectives:

- Demonstrate knowledge and understanding of economics taught at the elementary and middle school levels.
- Demonstrate knowledge of the Washington State Essential Academic Learning Requirements related to economics: http://www.k12.wa.us/SocialStudies/pubdocs/SocialStudiesStandardsBW.pdf
- Consider ethical dimensions of teaching economics.

Rationale for the assignment: To develop a knowledge base related to economics and the assignments that follow.

Description of the assignment:

Create a graphic organizer to demonstrate your understanding of economics and the text you have read for this assignment. Examples of graphic organizers can be "googled," and you will find a myriad of examples. Select the graphic organizer that makes the most sense for organizing your material.

Epping, R.C. (2009). *The 21st century economy: A beginner's guide with 101 easy-to-learn tools for surviving and thriving in the new global marketplace*. New York: Vintage Books.

Bauman, Y. (2010). *The cartoon introduction to economics*. New York: Hill and Wang.

Key ideas related to economics should be clearly identified. **Bold** key economic terms. The graphic organizer can be created "by hand" or on computer.

The graphic organizer should clearly demonstrate that you have read the text. It should go beyond chapter titles or bolded terms. Think about how major ideas are interrelated and show how they are connected within the economic system with the graphic organizer. This may create a "messy" looking graphic organizer but that is acceptable if it accurately connects big ideas and the interrelationships.

Before you begin, review the Washington State Essential Academic Learning Requirements related to economics.

Include a one-paragraph explanation of how you decided on the graphic organizer for this assignment.

Criteria for evaluation: The graphic organizer is appropriate to the concepts and generalizations; the relationships of concepts and generalizations reflect thoughtful analysis and understanding of economics. It is clear the book has been read. The graphic organizer is well organized and professionally presented.

Name of Assignment: **Pictorial Glossary of Economic Terms**

Objective:

- Demonstrate knowledge and understanding of economics taught at the elementary and middle school levels.
- Demonstrate knowledge of the Washington State Essential Academic Learning Requirements related to economics: http://www.k12.wa.us/SocialStudies/pubdocs/SocialStudiesStandardsBW.pdf.
- Value professional development by reviewing curriculum and participating in professional opportunities to enhance understanding of economics.

Rationale for the assignment: To familiarize you with economic terms and to become familiar with a particular curriculum designed to teach economics. Creating visuals makes this assignment more than just a reading of economic information, and it allows you to organize information that you can use as a classroom teacher. The development of a glossary to align with one of the curricula provides practice with how teachers supplement student learning.

Description of the assignment:

1) Read *The Community Publishing Company* or *The Toy Company, Running a Business*. If you choose *The Toy Company, Running a Business,* be sure to read the accompanying student book.
2) Create a pictorial glossary to illustrate the terms based on *The Community Publishing Company* or *The Toy Company*. This pictorial glossary should be used to enhance the learning goals of either of those units.
3) Write a definition for each term keeping the definition simple and clear. In other words for each term, you should have a visual and a definition. Note: Definitions can be used/modified from the curriculum or synthesized from more than one source. The visual should enhance the understanding of the economic term and **directly relate to whichever curriculum you have chosen** for this assignment. The glossary should be well-organized and suitable for use in your future elementary/middle school classroom.
4) Write a sentence that relates to the chosen curriculum. **Use the term in context and match the visual with the curriculum content.** Be sure it is appropriate for the age level for which you are creating the pictorial glossary. Make the sentences as concrete as possible to aid students' understanding. In other words visuals and sentences should relate to the book or toy company. The glossary can then be used with one or other of the units.

Before you begin, review the Washington State Essential Academic Learning Requirements related to economics. Also, review the national economics standards: http://fte.org/teachers/standards/
Another source of economic information can be found at this Website:
http://ecedweb.unomaha.edu/k6goals.cfm.
It is recommended that you select one of the recommended textbooks and read about the various terms to gain a more in-depth understanding of the economic concept—don't just rely on the curriculum for your conceptual understanding.

You may find that you need **more than one visual** to adequately illustrate a particular term. Magazine pictures, photos, forms or drawings are acceptable. If you draw pictures or include handwritten information, it should be professionally presented. When organizing the glossary, be consistent in the layout and design. All the page headings should be the same size and font and the layout is similar from one page to the next. You may find that more than one visual is helpful for illustrating a particular term. For the visuals be conscious of bias in gender and ethnicity.

Glossary Terms

Advertise	Business	Capital resources	Choice
Consumer	Entrepreneur	Goods	Human resources
Loan	Marketplace	Market survey	Natural resources
Opportunity cost	Price	Producer	Scarcity
Services	Production	Specialization	Economics
Money	Taxes	Income	Profit

Example:

Capital Resources (noun) The buildings, tools, and equipment that companies need to make products. *The toy company uses computers and different machinery to make a variety of toys.*

This is an exemplar. There are three examples, each is very concrete and children will be familiar with each of the examples. The definition is clear and understandable to young children. The sentence uses the concept but needs to use the actual words, "capital resources." So the sentence should read: The toy company uses capital resources, such as computers and different machinery to make a variety of toys. The visuals are capital resources that could actually be used in the production of toys.

Criteria for evaluation: The glossary includes all the terms with accurate definitions and extends students' understanding of *The Community Publishing Company* or *The Toy Company*. The definitions are simple and clear and suitable for classroom use. The sentences are accurate, reflect one of the two units, are age appropriate, and relate to the visual(s). The visuals clearly illustrate the terms, reflect the concepts of the particular curriculum and are appropriate for classroom use. The glossary is well organized, easy to read and professionally presented.

Name of Assignment: **Interview a person who has operated/owned a small business**

Objectives:

- Demonstrate knowledge and understanding of economics.
- Use knowledge of effective verbal and nonverbal communication techniques and make appropriate use of educational technology to foster learning.
- Demonstrate knowledge of the Washington State Essential Academic Learning Requirements related to economics: http://www.k12.wa.us/SocialStudies/pubdocs/SocialStudiesStandardsBW.pdf.
- Consider ethical dimensions of teaching economics.

Rationale for the assignment: To understand how individuals apply their understanding of economic principles. To personalize the study of economics and to explore the role of entrepreneur in the marketplace.

Description of the assignment: Identify a person that has operated or own a small business.

1. Create a set of questions for the interview addressing the following key concepts:
    - Opportunity cost
    - Supply and demand
    - Specialization
    - Advertising
    - Profit
    - Ethical dilemmas

2. Conduct the interview.

3. Write a three-page summary of the interview; be sure you have addressed each of the topics.
    - In your summary you should use the economic terms to illustrate your understanding of the concepts—put those terms in **bold**.
    - Identify whom you interviewed, date of interview, and why you decided to interview this person.
    - Include the questions you asked and
    - Your personal reflections on the interview.

Suggested background reading for this assignment is important; see the recommendations on page 1 of the syllabus:

Criteria for evaluation: The interview questions demonstrate a basic understanding of principles of economics, and there is evidence that additional research was done beyond the personal experience of the interviewee. The summary is professionally presented and includes all the information requested. The summary projects the writer's voice through engaging language, vivid details, and effective word choices that draw the reader into the interview. Economic terms are in bold. The summary is well organized.

Name of Assignment: **Economic analysis of historical event**

Objectives:

- Demonstrate knowledge and understanding of economics taught at the elementary and middle school levels.
- Demonstrate knowledge of the Washington State Essential Academic Learning Requirements related to economics: http://www.k12.wa.us/SocialStudies/pubdocs/SocialStudiesStandardsBW.pdf.
- Consider ethical dimensions of teaching economics.

Rationale for the assignment: To deepen your understanding of economics as it relates to historical events. To provide an opportunity for analyzing and synthesizing your understanding of economics.

Description of the assignment:

1. Read the article, "How to Use an Economic Mystery in Your History Course." The article appears at the end of the syllabus and is reprinted with permission from the National Council for the Social Studies.

2. Identify an historical event in United States history—not the example in the article but a different event—and describe the event as it relates to each of the generalizations.
   - People choose.
   - People's choice involves costs.
   - People respond to incentives in predictable ways.
   - People create economic systems that influence individual choices and incentives.
   - People gain when they trade voluntarily.
   - People's choices have consequences that lie in the future.

   Consider such events as, aspects of the Great Depression, the gold rush—either California or Alaska, immigration to the United States; slavery phasing out in Northern states; the impact of inventions during the industrial revolution or a topic of your choice. The assignment is easier to complete if you focus on a specific event. For example, examining southern slavery is too broad for this assignment.

   The assignment should require some in-depth examination of historical events from an economic perspective and requires additional research into the event.

3. Write a three-page response—include a description of the event, an analysis and synthesis of the economic generalizations as they relate to the event. Clearly identify the generalization you are addressing in your analysis. Include a bibliography of sources of your research for this assignment.

Criteria for evaluation: The response demonstrates understanding of the historical event as it applies to each of the economic generalizations. The events are described in detail as they relate to each of the generalizations. The response clearly demonstrates analysis and synthesis of the event. The paper is professional presented.

EPDSS 906 Economics for Elementary Teaching

Before turning in your assignments, please review this checklist of activities and place it as the cover page for your assignments:

Name:
Address:

Email address:

Periodically this syllabus is updated. Please note the date **at the bottom of page** of the syllabus so that both the instructor and the student are using the same syllabus.

Date on syllabus: _____

Have you included all the requested information for each assignment?

- ☐ Graphic organizer of economic text (weight of 4)
- ☐ Pictorial glossary of economic terms to accompany *The Community Publishing Company* or *The Toy Company, Running a Business* (weight of 4)
- ☐ Interview (weight of 2)
- ☐ Economic analysis of historical event (weight of 2)
- ☐ Reflection paper
- ☐ Time log
- ☐ Self-addressed, stamped envelope to return all of your assignments. (Note: I frequently travel taking assignments with me to evaluate. Thus, I want to return them by mail when I arrive at my travel destination. I do not usually take a computer so that is another reason for hard copy of assignments.)

After you have completed each assignment, it is a good idea to review the assignment sheet to determine if you included everything requested. Also, review the criteria for evaluation. This provides you with the opportunity to do a self-assessment before you turn in your assignments for grading.

How to Use an Economic Mystery in Your History Course

Donald R. Wentworth and Mark C. Schug
Social Education 58(1). 1994, pp. 10-12 1994 National Council for the Social Studies Reprinted with permission.

History is just one damn thing after another.
-Henry Ford

How wrong he was. Henry Ford never understood that U.S. history is a kaleidoscope of puzzling events, interesting stories, and dramas with great tragedy and triumph. Consider just a few of these important events in the 1800s:

- Slavery is peacefully abolished in Northern states, but governments refuse to use the same policies to abolish it in Southern states, so a terrible civil war is required to end the practice of slavery.
- After the Civil War, farmers attempt to use political pressure to create inflation, while the national government is successfully creating deflation.
- The Homestead Act provides free land for settlers, yet most settlers purchase land from other sources.

How can teachers help students to solve these puzzles, identify with historical figures and problems, and appreciate the lessons contained in the drama of history? Using economic reasoning can be of great assistance. It can help students use history to learn about the factors that influence human behavior and how the choices people made in the past influence the choices we make in the future.

The Role of Economic Reasoning

What can economics contribute to improving the teaching of history? In some ways, too much. This may surprise you. Economists, however, like other social scientists, often have difficulty limiting themselves to teaching the content that is most important to know. For students, the problem is similar to that faced by the little boy who asked his mother where babies come from. His mother suggested he ask his father. The boy protested, saying, "I don't want to know that much!" In a similar way, economists know more about the economy than most people wish to know. Underlying economists' daunting accumulation of knowledge, however, is a small set of insights that is especially valuable in many teaching situations. It is the basic intellectual principle of economics, the assumption that people weigh costs and benefits in making decisions. Given this principle, students need not know a great deal of economic content to reason accurately about human behavior in our past. They must know only a few important assumptions. Then they must practice using these assumptions to develop analyses and to identify false reasoning.

The Basis of Economic Reasoning

Economic reasoning today is being applied to many different areas of human behavior. In the past, it concentrated on financial relationships and governmental policy toward the economy.
Now it is used to investigate and explain political behavior, love, marriage, crime, health care, pollution, drug use, and a host of other behaviors. In this article, we will illustrate the basic economic principle by referring to the behavior of the settlers in the United States following the passage of the Homestead Act of 1862.

The following statement expresses an assumption that underlies most economic analysis: *Human behavior results from the choices people make based on expected costs and expected benefits.* It appears to be far removed from conventional economic abstractions—e.g., supply and demand curves, measures of elasticity of demand, and descriptions of comparative advantage. Yet it is not so far removed. Each of these abstractions is derived from the basic statement about expected costs and benefits. To a novice, however, economists who use these abstractions appear to be vague and confusing—certainly not capable of explaining people's behavior by referring to anything as comprehensible as costs and benefits.

What does this have to do with history? A great deal. Economic reasoning tells us that history should not be portrayed as events driven by fate; nor should an economy be viewed as a machine driven by outside forces. Both U.S. history and the performance of the U.S. economy result from the choices people make as they attempt to live with many other people. To study these choices, to anticipate what choices they

will make and what circumstances might cause people to choose differently, illuminates the study of history. History need not be studied as a collection of lifeless abstractions and boring sequences of events. Instead, learners can be surprised by unexpected outcomes, appalled by the tragedy and injustice of choices made by well-meaning people, and thrilled by triumphs of human achievement. They can begin to discern extraordinary events in what appears to be routine activity. For example, food is abundant in the United States, but food shortages are common in some other nations with great food production potential. Why are we able to feed ourselves when others starve because they cannot? We can deduce one explanation by using economic reasoning to analyze the choices being made.

The Handy Dandy Guide

The *Handy Dandy Guide for Solving Economic Mysteries,* a handout from *Capstone: The Nation's High School Economics Course* (Reinke, Schug, and Wentworth 1989), is a set of six statements that articulate important principles of economic reasoning—principles found in the original premise that behavior results from our choices about expected costs and benefits. The principles provide a practical instructional tool students can use to reason about history. The six statements elaborate the basic economic principle, spelling out its component parts:

1. People choose.
2. People's choices involve cost.
3. People respond to incentives in predictable ways.
4. People create economic systems that influence individual choices and incentives.
5. People gain when they trade voluntarily.
6. People's choices have consequences that lie in the future

Each statement can serve to guide inquiry, helping students to discover useful clues and to evaluate the importance of existing information. Too often the study of history suggests that all causes of an event are created equal. For any given historical problem, some explanations are better than others; some clues are more useful than others. The guide helps students decide what is important and prevents them from being distracted by unimportant information.

People use devices like the *Handy Dandy Guide* in many situations. The *Handy Dandy Guide* for economic reasoning is like a pilot's takeoff checklist, a shopper's list to remember the correct groceries and avoid the incorrect groceries, and a compass and a map used as a trail guide. The *Handy Dandy Guide* assists students and teachers in identifying which clues are most important to answer a mystery, which clues are distractions, how many clues must be found, and how they can compose an answer from the useful clues.

The Homestead Act of 1862

Let us now examine a historical issue and use the guide to analyze what may have caused the observed behavior. Congress passed the Homestead Act of 1862, and President Lincoln signed it into law. Thereafter, anyone more than twenty-one years of age, a U.S. citizen, or a person intending to become a U.S. citizen could obtain one hundred and sixty acres of land without buying the land. If settlers simply lived on it and cultivated a part of it, then the entire one hundred and sixty acres would be theirs at the end of five years. Homesteaders paid nothing but a small registration fee.

The Homestead Act made land attractive to immigrants and city residents who wished to own property. So how did people react? Although many people moved onto homesteads during this period, a surprising number did not. In fact, from 1863 to 1872, ten times as many farm acres were sold for cash than were granted in homesteads. From 1872 to 1882 three and one-half times as many acres were sold for cash than were granted in homesteads. The railroads sold the most coveted land. People purchased and settled it at a much faster rate than the homestead land. What might explain this curious fact?

When students first encounter the homestead mystery, they might begin to use undirected speculation in search of possible explanations:

- Homesteaders were acting against their best interests. The government should have been more careful in protecting consumer rights at this time.
- The people who bought land were all wealthy land speculators. The high prices forced poorer people to accept land "handouts" from the government.
- The railroads were cheating the people who bought the land. People were unaware of the availability of free land.

People who bought land were simply foolish. Obviously, the system had failed to provide a proper education for these misguided Americans.

If the teacher invites the students to set these speculations aside and to use the *Handy Dandy Guide* to focus their reasoning, new and sometimes unexpected insights might follow.

1. People choose.
Land-purchasing behavior was not accidental or random. It was not due to the irrationality of human behavior, the failure of government protection, or a lack of education. People are always faced with alternatives and must decide how to use their scarce resources, including time and energy. Most settlers who bought land knew about the homestead option and chose the land offered by the railroads.

We can understand behavior better if we understand what other alternatives existed as people made their choices. If no deliberate choice is involved, if the behavior is random or determined by some unseen outside force, it makes no sense to study the behavior. We cannot learn from it, anticipate it, or understand its origin in any systematic manner. So we can conclude that given the alternatives of homesteading or buying land, most people chose not to homestead. Now we will attempt to discover why many chose to purchase land.

2. People's choices involve costs.
Homestead land, of course, was not really free, even though people did not have to buy it. Individuals consider more than purchase prices when they make choices. Other costs might include travel time for shipping products to market, time and resources spent to enhance the productivity of the land, years spent before a settler could become the legal owner, and effort required to sell the land if the settler decided to relocate. The long waiting time to own the land, the difficulty of making it productive, the distance from transportation, and the difficulty of changing the ownership all might make the free land expensive even though it had been bought for a purchase price.

Individuals attempt to make choices in which the benefits from the choice are greater than the cost of the alternative. Settlers therefore selected the railroad land over the homestead land only if they anticipated that benefits deriving from the decision would outweigh the costs of paying for the land and of passing up available free land.

3. People respond to incentives in predictable ways.
Incentives are factors that encourage people to act. A change in incentives may involve an increase in expected benefits, a decrease in expected costs, or some combination of the two.

Railroad companies wanted farms and towns to develop near their rail lines. People living in the farms and towns would become rail customers, generating revenue to pay for the operation of the railroad. The competition of free land encouraged the railroad companies to set lower prices for their land than the prices they otherwise would have set. These reduced prices were attractive, compared to the costs of homestead land. Many settlers must have decided they could do better by buying railroad land than by incurring the expected costs and benefits of farming new, less accessible, less productive land in the homesteading area.

4 People create economic systems that influence individual choices and incentives.
No one can make any choice he or she wishes to make. Choices made by individuals are always influenced by choices o others and by rules of the economic and legal system. Some potential settlers were not eligible for the free land. They could not meet the time requirements for obtaining ownership. In some

cases, the homestead land could not be made productive because of inadequate acreage allotments and lack of sufficient water. Some of the best homestead land was taken first by lucky or well-informed settlers. This left other settlers with less attractive homestead land to choose from and made the railroad land more attractive even though it required payment of a purchase price.

People are influenced by the choices of other people and by the rules of the social system in which they live. As people alter their choices, they increase and decrease alternatives for others.

5. People gain when they trade voluntarily.
Voluntary trade results in mutual gain. If it were not so, people would stop trading with friends and strangers. People strive to improve their situations by trading something they value less than the item they receive in trade from someone else. Potential farmers and railroad executives both gave up something of less value to gain something of greater value to them. Farmers-to-be could not eat or wear money as clothing. Money could not grow food. It was better spent or borrowed to obtain productive land from which they could earn greater income.

Railroad executives had little use for the excess land. It didn't produce revenue or help pay salaries or dividends to stockholders. It served the railroad executives better to sell the land, gain revenue from the sale, and obtain future business by gaining a chance to transport the farmers' crops. Both groups—railroad executives and land purchasers—anticipated that future benefits would outweigh the expected costs of exchange.

Do not confuse voluntary trade with exploitative, involuntary trade like colonialism, slavery, or theft. Exploitative relationships create greater wealth for one side at the expense of the other—a classic zero-sum game. This analysis focuses on voluntary trade behavior.

6. People's choices have consequences that lie in the future.
Did the future work out as farmers and railroad executives had planned? Not always. No one is a perfect predictor of the future. All choices involve risk because people make choices lacking full information. At times things don't work out as well as planned. Many farmers failed because of poor weather, poor management, or changes in world crop prices. Many railroad companies went bankrupt because they did not receive enough revenue from land sales and crop hauling. Does this range of outcome make their choices irrational? No. It only means that actual events differed from the expected events.

What is most remarkable is how often people got it right. The farming and transportation industries in the United States were successful and helped the United States become a nation of highly mobile and well-fed people. Individual decision making seems to work well, but it is not risk free.

The Solution
So why did many people pass up free land? Our new, working hypothesis is that the expected costs and benefits of the homestead land, compared to the railroad land, did not add up to a good deal. After considering their alternatives, people made what they thought was their best choice. Subsequent events proved them right or wrong.

The *Handy Dandy Guide* helps students understand why historical events may have turned out as they did. It also helps them anticipate the future, because they can understand why people change their minds. For example, to extend this exercise the teacher could ask students to read a contemporary description of free farmland in Siberia or free housing in a United States inner city. Students might be asked to decide whether they would be willing to move to these locations today for five years. Then they might identify incentives that would cause them to change their minds. This type of example lets students experience a simulation of the dilemmas that the homesteaders faced in responding to choices and incentives.

Conclusion
Approaching historical content with an economic perspective allows students to explain puzzling behavior. It does not smother students in economic content, yet it leaves students ready to learn more about history and economics. The *Handy Dandy Guide* provides the teacher and the student with a practical, concise, but

rich tool to use in analyzing and understanding human behavior. History, in turn, provides a deep source of rich information about human behavior that teachers and students can explore with the *Handy Dandy Guide*.

References

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