

AN ANALYSIS AND EVALUATION OF AN
EXPERIMENTAL PROGRAM DESIGNED TO INCREASE
THE LEVEL OF ECONOMIC UNDERSTANDING
AMONG ADULTS

Thesis for the Degree of Ph. D.

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Allen J. Matherno

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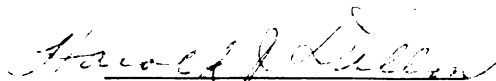
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Allen J. Mathenne

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Allen J. Matherne

AN ABSTRACT

Submitted to the College of Education
Michigan State University of Agriculture
and Applied Science in partial fulfillment
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DOCTOR OF PHILOSOPHY

Department of Teacher Education

1960

Approved

Harold R. Dillon

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ABSTRACT

This study is concerned with the problem of determining whether the level of economic understanding among adults could be raised significantly through use of selected methods, materials, and other resources available in most communities.

The author has made an analysis and evaluation of a program in basic economic education conducted during the fall of 1959 by the Mott Adult Education Program, in cooperation with the Industrial Relations Center of the University of Chicago and A C Spark Plug Division of General Motors Corporation. The program involved 841 adults enrolled in 37 classes in community schools throughout the city of Flint, Michigan.

The teaching staff was recruited among lay persons in the community, was trained in conference leadership methods and in basic economics, and assigned to the various classes. The basic text material and visual aids used in the program were developed by the Industrial Relations Center. Local resource persons were employed when, in the opinion of the leaders, an expert could contribute to the success of a particular session.

The adult participants were invited by the building principal and the community activities director to take part in the experiment. A 50-statement true-false test was administered at the first meeting of the class and repeated at the final session. Of the 37 school groups involved,

30 returned both the "pre" and the "post" tests. This study is based upon the performance of these 30 groups.

Analysis of the data was made from two different bases: the 50-statement test and the eleven topics covered in the course. It was ascertained that, program-wide, on the basis of performance on the 50-statement test, a growth of -2.5 to 24.9 percentage points had taken place, with a median increase of 4.3. By topics, it was discovered that a growth of 2.5 to 15.9 percentage points had occurred, with a median increase of 6.9 percentage points.

These findings seem to suggest the results which an adult education program planner might reasonably expect to achieve in designing a similar program. It is recognized that different results would obtain under different circumstances and employing different methods and materials from those analyzed here. It is hoped that further study might be undertaken which, when added to this work, would make up a body of knowledge which would be useful to adult educators.

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CHAPTER I

THE PROBLEM

Introduction

Most Americans make decisions daily which are based upon economic considerations. Indeed, the mere act of living in a free economy necessitates such decision-making. For example, a person purchases an automobile or refrigerator on an installment plan; he contracts for a life insurance policy; he pays his property taxes or his union dues. In each case he must judge various economic factors and then act in what he hopes is his own best interest.

That this hope is often a vain one is not surprising, considering that most of the decisions have been reached with little organized knowledge of basic economics.

That this hope is often a vain one is not surprising, considering that most of the decisions have been reached with little organized knowledge of basic economics.

There is evidence to indicate a paucity of economic understanding among persons at all age levels, at various educational levels, and at most socio-economic levels. Studies conducted in recent years to gauge the level of economic understanding among Americans have revealed a serious lack of such understanding.

Level of Economic Understanding
Among High School Students
in the United States

In a survey of eighty-six high schools, conducted by Opinion Research Corporation for the United States Chamber of Commerce, members of the senior classes were asked questions designed to measure economic understanding. The results of this study indicated a disappointingly low level. The syndicated columnist, Sylvia Porter, deplored the fact that "almost 90% of the students did not recognize that 'the surest way to raise the country's living standards is to produce more goods per man hours.'"¹ She expressed the opinion that:

In our high schools and colleges the future leaders of America are taught either nothing about our economic system or are being given courses woefully superficial, appallingly inadequate.²

At a time when the effectiveness of our economic system is being tested and challenged, predictions are being made that it will not survive. Yet, in the midst of this crisis, many are ignorant concerning basic economic concepts. John H. Crider, in attempting to appraise the threat--or promise--of Nikita Khrushchev that the Soviet Union would "bury" us, despairs the evidence revealed in the Opinion Research study. He was particularly disturbed with

¹Sylvia F. Porter, "Are We a Nation of Economic Illiterates?" (Speech delivered before the Economics Club of Detroit, February 1, 1960.) Vital Speeches, XXVI, No.12 pp. 366-70, April 1, 1960.

²Ibid.

the fact that when students were asked to indicate their preference for certain statements used to describe various economic systems, 55% had selected the socialist slogan "from each according to his abilities and to each according to his needs."¹ He believes further that:

. . . we have grossly neglected the seeds of our own survival. For, if our youth have no understanding of it, or pride in their own economic system, how can we be sure they won't be pushovers for the salesmen of antagonistic systems?²

Further evidence of lack of economic understanding on the part of high school students is revealed in the Opinion Research study. Sixty-one per cent said that the profit incentive is not needed for the survival of our system; 26% said that "most gains from new machinery go to the owner"; 82% said we have practically no competition in business. On the question relative to the best way in which workers as a whole could raise their living standards, 43% said "to produce more," while 56% said "to get more pay from the corporation."³

The director of the Joint Council on Economic Education, G. Derwood Baker, points out that only 39% of the seniors polled believed that keeping the profit incentive

¹John H. Crider, "The Khrushchev Challenge," America, Vol. 100, March 28, 1959, pp. 737-40.

²Ibid.

³Roscoe L. West, et al, "Economics in Teacher Education and Secondary Schools." Report of the Teacher Education and National Schools Committees. American Economic Foundation, December, 1958. New York.

alive was essential to the survival of the economic system under which we live. He further indicates that teachers as well as students believed that 25% of corporation revenue was retained as profits. He cites United States Department of Commerce figures which indicate that over a 20-year period corporation profits averaged around 3% of sales. Baker does not condemn the high school senior, however, He believes that:

The average high school senior is not a revolutionary; neither is he opposed to our system of economic enterprise; but he is so poorly informed about it and so confused with respect to its functional operation that his judgment with relation to it is not to be relied upon.¹

Opportunities for High School Students
to Acquire Economic Understanding

When confronted with the evidence of the lack of economic understanding among high school students, one may well ask "why?" Several possible reasons might be cited: the paucity of courses in economics offered in high schools throughout the country, the small number of schools which require courses in economics for graduation, the tendency of schools to dilute the study of economics by including it with other social studies, the lack of preparation in economics on the part of many high school social studies teachers, the dearth of effective teaching materials, and the fear that

¹G. Derwood Baker, "Education for Economic Competence" Bulletin of the National Association of Secondary-School Principals, Vol. XXXVII. No, 202 (April 1954), p. 109.

economics is too complicated and too controversial.

At the Fifth Annual Conference of the National Schools Committee of the American Economic Foundation, Dr. Ellison M. Smith, superintendent of schools at Abbeville, South Carolina, appraised the problem as he saw it.

There are weaknesses, of course, in our educational program. I have been alarmed for several years by the paucity of instruction concerning our American government and particularly our economic system. We have taught history, and I think we have taught students to love our country and even to boast about our economic way of life. We have taught them that we are the greatest nation on earth; that we have the highest standard of living and the greatest productivity, but we have failed to teach why our way of life is better and why our economic system gives us more of the material goods than other systems. We have made boast-ers, but we have failed to teach them the simple truths and advantages that underlie our greatness. A great number of our people are downright illiterate when it comes to knowing just what makes our economic system tick.¹

Only a few secondary schools offer courses labeled "economics." Many schools have relegated the study of economics to mere units in "Problems of American Democracy" or other courses such as civics, history, or business and commerce. Thus, economics gets attention by accident or design, depending upon the teacher.

A study in 1951 by C. W. McKee and H. G. Moulton for the Brookings Institution indicates that approximately 60% of 500 schools which replied to a questionnaire sent to

¹Address before the Fifth Annual Conference of the National Schools Committee of the American Economic Foundation, March 31, 1958. Cleveland, Ohio.

2000 schools offered courses in economics. Eighteen per cent of these schools required the course for graduation. The study further indicates that only about 20% of the students in the schools offering economics as an elective chose actually to take it.¹

When state superintendents were asked what percentage of high school graduates in their state had taken as much as one semester in economics, the answers ranged from 1% to 95%. Half of them responded "10% or less" and only one-fifth indicated that as many as 30% had had one course. The general conclusion drawn by the authors of the test was that less than 5% of all high school graduates have taken the equivalent of one semester of economics.² On a state-wide basis, only the state of Oregon requires a course in economics for graduation.³

If the generalization can be made that only 5% of those students completing high school take as much as one semester in economics, what of those who drop out of school without graduating? Thomas D. Bailey, Superintendent of Public Instruction for the State of Florida, claims that:

¹Ben W. Lewis, "Economic Understanding: Why and What." Address before the Section Meeting on Economic Education, Annual Conference of the American Economic Association, December 27, 1956.

²Ibid.

³G. Derwood Baker, loc. cit.

Despite compulsory school laws and the tremendous improvements we have made in elementary and secondary education over the past years, an appalling number of our young people are still leaving school prior to graduation. Retention studies by the Office of Education show that approximately 40% of our youth who enter the fifth grade leave prior to graduation from high school.¹

It might well be asked what the level of economic understanding is among the group of students who never complete high school.

Economic Education Programs for Students

Some progress has been made in recent years, however, toward giving the study of economics a more prominent place in the high school curriculum. This seems to have stemmed from the efforts within the schools and from encouragement of outside agencies and organizations. There are indications, also, that improvements have been made in teaching methods, in classroom materials, and in other aids to instruction.

Appraising the need for economic education for youth, Dr. Roscoe L. West, president emeritus of New Jersey State College, cited three reasons for this need:

To aid in his personal life; to help him, as he grows into the responsibilities of citizenship, to understand such things as farm aid and inflation; and to aid him in

¹Thomas D. Bailey, The School Administrator's Responsibility for Providing An Adequate Program for Adult Education. An Address before the National Association of Public School Adult Educators, (February 12, 1960), Atlantic City, New Jersey.

understanding our relation with other countries in such matters as trade.¹

A committee of educators under the leadership of Dr. Ben O. Wood, Director of Educational Research, Columbia College, and chairman of the National Schools Committee, American Economic Foundation, has developed discussion materials for use in secondary schools. William H. Hartley, of State Teachers College, Towson, Maryland, reviewing a series of films produced by the committee, appraised it thus:

From watching these films your reviewers got the impression of a 'hard sell' for the American competitive system. The situations set up were, however, so challenging that youngsters and oldsters shall get a kick out of the discussions which will follow the film showings.²

One of the problems facing a teacher of economics is the great number of possible topics which could be explored. Should he attempt to teach every possible economic concept, or should he be selective? An attempt to help solve the problem has been made by the National Education Association's National Association of Secondary-School Principals in cooperation with the National Better Business Bureau. The Association established a Council for the Advancement of Secondary Education as a curriculum organization and charged it with the responsibility for curriculum development in economics.

¹Roscoe L. West, quoted in the Charleston Evening Post, January 26, 1959.

²William H. Harley "Sight and Sound in Social Studies" Social Education XXI, No. 8 (December, 1957).

The council asked 2000 leaders in agriculture, business, labor, and education, to suggest topics they believed should be covered in economics courses. Over 10,000 topics were suggested and these were classified under 14 categories into a list of 88 topics. These were submitted to a panel of judges to rank in order of importance. CASE also undertook to compile a basic economic vocabulary which the general reader should possess. The council compiled a list of terms used in 2332 issues of 62 different 1950-54 publications. The result was a rank-order list of 244 economic terms from national magazines, 459 from general newspapers, 394 from farm journals, 351 from labor union journals and 235 from company publications.¹

School people seem to be of the opinion, too, that economic understanding should start early and should encompass a number of grades, courses, and activities. In their "Guide for Teaching Social Studies," the public schools of Minneapolis have listed the following objectives for economic competence:

Every pupil should have an opportunity to participate in learning experiences which will enable him to achieve maximum development as an individual and as a member of society--so that, to the limit of his capacity, he will be a citizen who

functions effectively in daily economic life and makes valid economic judgments,

maintains a sound personal financial program and purchases and uses goods and services wisely,

¹Baldwin Lee and Galen Jones, "Toward Economic Literacy," National Education Association Journal, 46, (April, 1957), pp. 248-250.

makes an intelligent choice of vocation,

understands and appreciates the contributions of the many groups of workers who produce goods and services,

understands how the environment affects the ways in which people live,

interests himself in, and understands, how our economic system operates,

thinks critically about economic problems and assumes a responsibility for contributing to their solution.¹

A professor of education at Brooklyn College, Ruth W. Gavian, also believes that economic education should begin early.

Education for economic understanding starts in the lower grades. Like education for health, citizenship, esthetic appreciation, and moral values, it is a strand that should be woven into the curriculum from the first grade to the twelfth.²

To support her contention, she relates the experience of a second grade teacher in Kalamazoo, Michigan, who capitalized upon her pupils' curiosity about a crane operating in the school yard to drive home some lessons of the use of labor-saving machinery in our economy.³

Ruth Gavian is supported in this contention by Hersh and Jansen writing for The Nation's Schools. They indicate

¹Roscoe L. West, et al, "Economics in Teacher Education and Secondary Schools," a Report of the Teacher Education and National Schools Committees. American Economic Foundation, (December, 1958), New York.

²Ruth W. Gavian, "Developing Economic Understanding," The Instructor, (March, 1958), No. 67, p. 6.

³Ibid.

that:

Economic education is not confined to a single grade or a single subject but permeates all levels of the school system and many subject areas. It is not confined to the textbook or the classroom but draws upon a variety of school activities and community resources.¹

Prospects for the Future

The future of economic understanding in the high school seems brighter than in the past. Plans are being made and implemented to improve the level of economic understanding. Teachers are attending inservice courses, conferences, and workshops to improve their own understanding of the subject. A number of economic councils have been organized throughout the country. These, for the most part, consist of teachers, administrators, and community leaders representing a cross-section of economic interests. Materials designed to aid the teacher in bringing about economic understanding in the classroom are becoming more readily available.

Thus, it is expected that the adult of the next generation will be better informed. Meanwhile, today's adults are making economic decisions which are affected by their understanding, or lack of understanding, of the economic system under which they live.

Opportunities for Adults to Acquire Economic Understanding

The study of economics is not generally one of the more

¹ Isaac Hersch and William Jansen, "Economic Literacy for all Pupils," The Nation's Schools, 62, (December, 1958), pp. 43-45.

popular adult education courses. Because adults take adult education courses which have either an element of recreation or a promise of immediate vocational gain, the study of economics is often overlooked. When the National Association of Public School Adult Educators undertook in 1956 to prepare a number of monographs in those areas of adult education which were thought to be difficult to promote and in which very little instructional work was being done, the area of economic education was selected.¹ Encouragement of economic education for adults has come from the various adult education associations; from industry, labor and government groups; and from economic councils and associations.

Robert A. Luke of the Division of Adult Education Services, National Education Association, reflected one of the philosophies of adult educators when he said:

Throughout our American history we have refused to think of "education" simply as the learning of facts; teaching reading, writing, and calculating; imparting vocational or professional skills; or learning subject matter content in the sciences, arts, and humanities. Rather, the American dream has always imparted to education some quality saturated with the power to change people and help them grow; to give them tools they could use in freeing themselves from ignorance, poverty, and prejudice.²

The objectives of many of the groups interested in encouraging economic education for adults seems to be precisely what Luke postulates: to modify people's ideas about

¹Interview with Lloyd Woolfe, May 10, 1960.

²Robert A. Luke, "The Educational Issue Between the East and West," an address before adult education class, Inquiry, U.S.S.R., Flint, Michigan, February, 1960.

economics and to help them grow in understanding and fulfillment. John W. Gardner of the Carnegie Corporation said:

If we believe what we profess concerning the work of the individual, then the idea of individual fulfillment within a framework of moral purpose must become our deepest concern, our national pre-occupation, our passion, our obsession.¹

It is a common concept among adults that economics is difficult to comprehend. This misconception needs correction before reasonable success can be expected in the promotion of economic education for adults. Morgan S. A. Reichner, Executive Director of the American Economic Foundation, speaking to a group of educators in Ohio declared that:

Teaching formal economics can be likened to teaching the intricate ideas and practices a student must learn to become a doctor. This does not deter us, however, from teaching every student a course in health and hygiene which results in a working knowledge of his body and what is good and bad for it. Let us not be deterred by the reputation that economics has acquired as an intricate, confusing and dull subject. Let us offer every future citizen a course in economic health and hygiene which will give him a working knowledge of what is good and bad for his material life.²

Adult Education Programs

In 1956, Lloyd Woolfe, chairman of the curriculum committee of the National Association of Public School Adult Educators, requested from a number of directors of public school adult education programs that they share their experiences in the area of economic education for adults as they

¹John W. Gardner, The Servant of All Our Purposes, Carnegie Corporation of New York, 1958, p. 5.

²Morgan Reichner, an Address at Economic Workshop, Kent State University, from the Akron Beacon Journal, Akron, Ohio, July 23, 1959.

relate to classes, forums, radio or television programs and other projects. The questionnaire requested descriptions of the programs, methods of instruction, community cooperation in planning and promotion, evaluation of the programs, and identification of needs and desires.

The following list of course titles will indicate the kinds of programs in economic education which were offered in this sampling of communities:

Charlotte, North Carolina

Family Life

Small Business Management

Flint, Michigan

Social Security and You

Stretching Your Bread and Butter Dollar

Your Life Insurance Budget

Building Your Financial Future

Basic Economics

Washington, District of Columbia

Sound Principles for the Small and Large
Investor

Tacoma, Washington

Banking

Insurance

Record Keeping

New Haven, Connecticut

A B C's of Investing

Cleveland, Ohio

Investment Securities

Income Tax Clinic

Income Tax Forum

Insurance

Consumer Economics

Home Management

Operating a Small Business

Denver, Colorado

So You Want to Buy a Home

Stretching the Family Dollar

Baltimore, Maryland

Baltimore Industry Tours

Building and/or Buying a Home

Business Economics

Family Budgeting

Consumer Economics

Income Tax Clinic

Labor Economics

Brooklyn, New York

Consumer Education

Methods of instruction included lecture and discussion, by radio and television as well as the conventional face-to-face situation found in the classroom and lecture hall. The teaching staffs consisted of university professors, teachers, government officials, stock brokers, social workers, real estate agents, insurance agents, brokers, attorneys, employment agents, and building contractors.

Community cooperation came from a number of organizations,

agencies, and miscellaneous groups: Associations of parents and teachers, governmental agencies, family life councils, real estate boards, associations of home builders, individual companies (insurance, investment, manufacturing, retail, banking), social agencies, educational institutions, newspapers, radio and television stations, and trade associations. Although the degree of cooperation received from these community organizations was not requested, some of the comments indicated a wide range of usefulness of these "cooperating agencies." In one program in "family life," the respondent indicated that the local Parent-Teacher Association and the Family Life Council had "promoted" the course and further reported "superior cooperation from local groups." Another indicated "no co-sponsorship--no problems." A course in banking, involving over 600 participants, was "promoted by the bankers association," and one course in insurance, in the same community, was "promoted by the insurance organization."

Formal evaluation of the various programs had not been requested, nor was it indicated in the responses. However, respondents noted briefly their own appraisals of the success of most of the courses. These comments ranged from "highly successful" to "very moderate success, too general, not personal enough." Attendance figures were indicated for some of the programs. These ranged from 15-20 in a few instances to 5,000 attending a forum. Most groups involved between 30 and 40 participants.

Many of the respondents commented on how needs and

desires were identified. Some of these included: "informal sampling," "by numbers enrolled," "public library book withdrawals," "business and professional advisory committee," "administrative calculation," "other directors," and "trial balloons."

This questionnaire and resulting replies were made available to the writer because, in the opinion of the Chairman of the Curriculum Committee of the National Association of Public School Administration Educators, doubt exists that the monograph will be published in the foreseeable future.

Business and Industry Programs

Efforts of business and industry in the area of economic education for adults have been restricted to their own employees. General Motors Corporation, General Electric Company and General Mills have sponsored classes in economic education for a number of years for their employees. Republic Steel Corporation has developed a program, with the cooperation of the Industrial Relations Center of the University of Chicago, to increase the level of economic understanding among its employees. The Industrial Relations Center spent two years researching, writing, and field testing a set of materials designed "to translate ideas into simple language, to develop visual aids when language proved effective, and to teach the teachers how to teach even this simplified set

of facts and formulas.¹ The results were gratifying to the company, which reported that among supervisory personnel the ability to understand and interpret economic data increased an average of 40%.²

Need for Economic Understanding

A review of literature by persons advocating more study of economics reveals a number of reasons given for greater economic understanding. Some of these include:

1. The need to manage intelligently the large sum of money each individual will earn during his lifetime.
2. The need to evaluate the effects upon the economy of public policies, programs, agencies, and institutions.
3. The threat to our economic system of opposing systems of economic organization.
4. The need to learn how to utilize most effectively the factors of production, distribution, and consumption of economic goods and services.
5. To enable individuals to relate economic insights with other areas of social life.
6. To enable businessmen, labor leaders, and government officials to make more intelligent decisions, based upon better understanding of economic concepts.
7. To counteract the notion that economics is "just common sense" and only "straight thinking" is required to understand economic concepts.

¹C. M. White, "Why Business Should 'Tell Its Story' Better," U.S. News and World Report, 43: 91-93, August 9, 1957.

²Ibid.

8. To enable citizens to develop a sound economic "ethic" which will make our conception of economics as a foundation for freedom.

Louis G. Milione, Field Director of the American Economics Foundation, makes what seems a reasonable point for the understanding of money management. He told a group of Cleveland teachers:

Every child in your classroom will earn a quarter of a million dollars in his working lifetime, statistics show. It's up to the teachers to instruct these children in the wise use of money, how it can be invested and managed.¹

The American voters put into public office individuals whose decisions, whether they be to raise teachers' salaries in a local school district or to spend billions of dollars for defense, presuppose an understanding of economic concepts. Dr. B. U. Ratchford, Professor of Economics at Duke University, emphasized this need when he said:

Economics studies man's behavior in earning a living in the kind of economics we have today It provides criteria for evaluating the effects of public policies, programs, and institutions upon the different segments of the economy and thus provides a basis for the making of public policy.²

Much has been said and written about the danger faced by our free economy in its struggle with the opposing systems of economic organization. Ernest O. Melby, Distinguished Visiting Professor at Michigan State University, issues the

¹Louis G. Milione, quoted in the Cleveland Press, November 18, 1959.

²B. U. Ratchford, quoted in the Durham (North Carolina) Morning Herald, September 21, 1958.

following declaration:

In the present cold war for human freedom, our opponents believe that we will ultimately lose because our economic system will fail us. The only way we can prove them wrong, and the only way we can make human freedom a reality is to give our citizens the economic attitudes and understanding that will equip them to develop sound economic policies and which will make our economic system a foundation for freedom, rather than a source of weakness in crisis. Such education will be effective as it examines the issues clearly in the free market of opinion which should prevail in every school and college. It will have meaning and power as it is conducted in the true spirit of democracy and as it is dominated by a concern for moral and spiritual values.¹

Ratchford reveals a basic need for economic understanding when he cites as the purpose of studying economics as learning ". . . how man can use the economic resources available most efficiently, so that they may produce the greatest amount of goods and services to satisfy human wants."² He is supported by Enos C. Perry, Director of Business Education for the Chicago Board of Education when he declared:

Educators, businessmen and labor leaders and the general public do not understand the economic structure which has grown up in this country during the past 75 years; therefore, they cannot think intelligently about it. These groups are burdened with day to day problems, therefore, they do not have time to learn anything about it. The educator requires a course in music or art

¹Schultz quotes Melby in Frank G. Schultz "House and Buggy Economics," School and Society, Vol. 77, No. 2008, (June 13, 1953), pp. 372-75.

²B. U. Ratchford, quoted in the Durham (North Carolina Morning Herald, September 21, 1958.

rather than economics because he understands the one and not the other; the businessman pleads for freedom of competition on the one hand and asks for government regulation on the other; labor wants favorable legislation with respect to the union shop but wants the government to stay out of its affairs when strikes are shaping up; the farmer wants price supports for his crops but would deny them to the manufacturer.¹

A strong plea has been made for the introduction of economics courses in more schools and more encouragement to students to take these courses. Some writers, however, have either accepted the fact that economics will continue to be an adjunct to social studies or business courses or have even advocated that this be done. The latter view has been taken by Proctor Thomson when he says:

Economic education should enable the rational citizen to walk up to a practical problem, lay hold of the appropriate economic tools, and hammer out a successful solution. And, to prevent misuse and overemphasis, he should see the connection between economic insights and other dimensions of social life. I doubt that we shall promote these objectives by insisting on separate economic courses in grade school or high school. We shall have to infiltrate and insinuate. Economics must be admixed with social studies; it must inform history, supplement literature, and illuminate mathematics.²

When an individual makes a decision based upon either good understanding or poor understanding of economic principles, and that decision affects only himself or his family, it reflects upon himself alone. It appears incumbent upon a business man, labor leader, or government official, however,

¹Enos C. Perry. Remarks made at the Sixth Annual Conference of the National Schools Committee of the American Economic Foundation, February 17, 1959, Atlantic City, New Jersey.

²Proctor Thomson, "Economic Education and Public Policy" School Review 66: 152-163, (Summer, 1958).

to base decisions upon sound economic understanding when they affect other individuals. Sylvia Porter told members of the Economic Club of Detroit that in her opinion:

Most of our lawmakers are loaded with misconceptions about the economic issues on which they're passing laws. And this indictment goes to the very top of our nation at a time when understanding of our own economy and what's right with it, what's wrong with it, what might be done to make it stronger, more virile, more productive of basic values as well as of just things which make everyday life more comfortable--is absolutely imperative if we are to meet the challenge of the Soviet economy.¹

If Miss Porter is right, and there is reason to believe her appraisal to be correct, there is need among our lawmakers for economic understanding. She tends, also, to support Perry's contention.²

All of our own evidence, therefore, indicates a substantial need for all secondary and college level students as well as adults to acquire a systematic understanding of the American economic system.

Scope and Limitations

This study is concerned with the analysis and evaluation of thirty classes in basic economics, which were conducted in Flint, Michigan, during the fall of 1959. An analysis was made of the employment of the following methods of instruction:

1. Lay persons specially trained for the program.

¹Porter, loc. cit.

²Porter, loc. cit.

2. Resource persons, when appropriate, to supplement other methods.
3. Basic economic materials specially designed for the program.
4. Carefully prepared visual aids.
5. Conference leadership techniques.

Analysis was made only of the impact of the formal classes upon the level of economic understanding of the participants. No attempt was made to determine the extent to which the participants might have registered growth through:

1. the reading of other materials,
2. the reading of the selected supplementary materials,
3. the mass media, or
4. discussion of economic issues in other groups.

Evaluation of the program, for the purposes of this study, consisted of measuring the level of economic understanding of the participants, by using a single instrument prior to their having taken the course and again at the conclusion of the course. It is recognized that valuable contributions to the study could have been made by an analysis of the age, sex, and educational level of the participants; their occupation and income level; and by subjective evaluations by the participants and discussion leaders.

Further, evaluation was made only in terms of the five teaching methods employed in the program. The following variations, used in some of the groups, might have revealed additional information:

1. Employment of economists.
2. Utilization of professional teachers.
3. Use of a different set of basic economics materials.
4. Exclusive use of the chalkboard, without any other visual aids.
5. Employment of only the lecture method, or some other method.

Additional study might also have been made of the basic classes conducted during the subsequent term, to determine if comparable results accrued. However, no tests were administered to these groups. In the advanced classes offered the following term, and consisting of participants in the previous basic course, study might have been made of performance at this higher level.

The participants in each school group were selected and invited by the building principal or community activities director (see Appendix 119). The general characteristics of the persons involved probably differed from the traits of those who would have been attracted by a general announcement. A different study might have involved the performance of groups selected in a number of ways, or completely at random.

The Hypothesis

This thesis is an analysis and evaluation of an experimental program in basic economics, designed to increase the level of economic understanding among adults. The hypothesis to be proved is that the level of economic understanding can be raised significantly through the use of selected methods, materials, and other resources available in most

communities. For the purpose of this study, these include:

1. lay persons specially trained for the program,
2. resource persons,
3. basic economics materials,
4. carefully prepared visual aids, and
5. conference leadership method.

The procedure will be to analyze:

1. the selection of a method of teaching economic understanding, employing the five techniques;
2. the recruitment of a teaching staff among people normally found among lay persons in any community;
3. the inservice training of the teaching staff in conference leadership methods and in basic economics;
4. the recruitment of groups of adults who participated in the experiment;
5. the use of tests to be administered to the students before and after the program; and
6. the provision for a follow-up to enable certain retention of gains.

Further, the effectiveness of the program will be evaluated in terms of student performance on the tests before and after taking the course.

The program herein described was sponsored by the Mott Program of the Flint Board of Education, in cooperation with the Industrial Relations Center of the University of Chicago, and the A. C. Spark Plug Division, General Motors

Corporation. It involved groups of adults in 37 community schools of the School District of the City of Flint, Michigan.

CHAPTER II

REVIEW OF LITERATURE

A survey of the literature relative to economic education for adults reveals that there is not only a dearth of opportunities for adults to gain economic understanding through adult education programs, but also a paucity of information on the subject. Because of the relationship which exists between economic education for youth and for adults, and because the writer explored the broad area of developing economic understanding, this chapter will deal with the subject of economic education for both youth and adults.

School Programs in Economic Education

Much of what has been written about economic education in the schools seems to have been concerned with the following questions:

Why teach economic concepts?

Who is teaching economics?

What is being taught in economics classes?

How shall economic understanding be taught?

When should this economic education take place?

Much of Chapter One has been concerned with the importance of teaching economic concepts in order that the

individual may assume a more effective role as a citizen in a democracy. Dr. Roscoe L. West, President Emeritus of New Jersey State College, emphasizes the objectives of effective citizenship in his appraisal of the reasons for teaching economics. He says:

The youngster entering school needs to be taught economics for three reasons: (1) to aid in his personal life; (2) to help him, as he grows into the responsibilities of citizenship, to understand such things as farm aid and inflation; and (3) to aid him in understanding our relation with other countries in such matters as trade.¹

Morgan S. A. Reichner, Executive Director of the American Economic Foundation, sees the danger of communism as a threat to our way of life unless our schools teach economic competence. Speaking at a teacher seminar in Houston, Texas, Reichner warned:

Young Americans are unaware of the dangers from Communism because of a condition of "economic ignorance" that prevails in this country today. That economic ignorance is not the fault of any single segment of the American system, but of all elements of the community. The "let George do it" attitude of Americans is undermining the American way of life and provides a fertile field for crackpots and demagogues. Americans must wake up to the existing threats to the free enterprise system and fight to protect a way of life that has no equal on earth.²

In an apparent understatement of the importance of economic education, Donald K. David, Vice Chairman of the Ford Foundation and Chairman of the Board of the Committee for Economic Development, set forth as one of the national

¹Roscoe L. West, quoted in an interview, Charleston Evening Post, January 26, 1959.

²Morgan S. A. Reichner, The Houston Chronicle, September 2, 1959.

objectives of economic education the following:

There should be sufficient economic education in our primary and secondary schools so that at least a majority of our high school graduates have sound understanding of how our economic system works.¹

The Flint (Michigan) Board of Education has launched a program of economic education for youth and adults which is designed in terms of this objective. Commenting about the program, Dr. S. W. Myers, Flint's Superintendent of Schools, said:

Today our way of life is being severely criticized and attacked. This attack is not one of atomic or hydrogen bombs. The war being waged against us is the 'cold war.' It is a war of words and ideas -- a war aimed at the minds of men. The goal of the enemy is to undermine and destroy our faith in the American way of life The free enterprise system has been a major factor in contributing to the tremendous growth and development of this country America's answer, and Flint's answer, to this attack is already being made. Your Board of Education has initiated a program called The Economics of Our Community.

This is an educational program.

It is for the children, youth and adults of our community.

It is designed to impart a new knowledge and understanding of the productivity of our community, using the community as a learning laboratory.

It is planned by educators with local, business, labor, professional, industrial, and civic leaders.²

One of the necessary ingredients of an effective

¹Donald K. David, "Chairman's Report," Annual Report of the Committee for Economic Development, 1959, p. 1.

²Spencer W. Myers, in introduction to The Economics of Our Community, published by the Board of Education, Flint, Michigan, (1958).

program of economic education is high quality of teaching.

It would seem reasonable to assume that a successful program would be impossible without it. There is evidence to indicate, however, that the quality of teaching in the area of economics is not high. Ben W. Lewis, Chairman of the Department of Economics, at Oberlin College and Chairman of the American Economic Education's Committee on Economic Education, makes this assertion. In an address before the Economic Education Section of the Annual Conference of the American Economic Association, Dr. Lewis declared:

The quality of the economics taught in our schools today is, by and large, not good, and, given the preparation which most secondary school teachers who are forced to teach economics in the schools have had, it is difficult to see how the quality could be otherwise. . . . The teacher who has had only a minimum of college preparation for his work is not well equipped to do fully and positively the job we want him to do, but he is in a better position by far to keep his head above the flood of "economics materials" now sweeping over the schools than the teacher who has never seen the inside of a college economics textbook.¹

There is evidence to support the belief that improvements are being made in the curriculum which are yielding a higher degree of economic understanding among students.

Ben W. Lewis appraises the situation thus:

Promising activities to improve the teaching of economics in the schools are taking definite form, gaining strength and spreading. In-service courses, conferences and workshops for teachers, eager to better their own understanding of economics and to

¹Ben W. Lewis, Economic Understanding: Why and What, an address before the Economic Education Section, American Economic Association, (December 29, 1956), Cleveland, Ohio.

improve their teaching in the schools, are now in operation widely over the country, both during the school year and in the summers. Economic councils, made up of teachers, administrators, and community leaders, representing a cross-section of economic interests, are springing up. Useful materials designed to aid in the teaching of economic understanding rather than to dispense eternal economic truths are being prepared. All of these activities were begun, and are still being carried and driven by educators and businessmen. Economists, at last, are participating, but it would be an exaggeration to picture us even at this late date as galloping in strength to the field of action.¹

How economics will be taught has been the subject of much of the literature dealing with economic education. Educators, businessmen, industrialists, and labor leaders have attempted to add to this body of knowledge. Commenting on the use of the materials and techniques developed by the American Economic Foundation, Dr. Ralph C. Davis, of Ohio State University's Department of Business Organization, indicated that, "The challenge is to help teachers put an interesting economic message into their discussions."²

Reichner believes that:

Economics can be introduced interestingly in regular courses on history and geography. And every field trip can be made more exciting by explaining how each commercial, agricultural, and industrial project fits into the free enterprise system.³

He indicates, also, the extensive use to which the American

¹Lewis, op. cit.

²Ralph C. Davis, quoted in the Columbus (Ohio) Sunday Dispatch, October 11, 1959.

³Reichner, loc. cit.

Economic Foundation's film discussion programs have been put when he announces that 6,000 high schools incorporate the films as an integral part of their curricula.¹

But Ben W. Lewis summarizes one of the dilemmas of the teacher when he says:

The materials--statements, guides, briefs, pamphlets, books, workbooks, booklets, brochures, reports, bulletins, reprints, pictures, charts, films--come from individuals and organizations of every sort and description--firms, corporations, unions, churches, banks, groups, governments, leagues, bureaus, committees, foundations, boards, conferences, presses, councils--all bent on furnishing "sound" material to "our citizens of tomorrow."²

The literature concerning economic education would lead one to conclude that economic understanding must come to the individual as a gradual process, over a long period of time, rather than as an event in one's life. Hersh and Jansen declare that:

Economic education is not confined to a single grade or a single subject but permeates all levels of the school system and many subject areas. It is not confined to the textbook or the classroom but draws upon a variety of school activities and community resources.³

It may be well, also, to reiterate Ruth Gavian's thesis which is, in part:

Education for economic understanding starts in the the lower grades. Like education for health, citizenship, esthetic appreciation, and moral values, it is a strand that should be woven into the curriculum from the first grade to the twelfth.⁴

¹Reichner, loc. cit. ²Lewis, loc. cit.

³Isaac Hersh and William Jansen, "Economic Literacy for all Pupils," The Nation's Schools LXII: December, 1958, pp. 43-45.

⁴Ruth W. Gavian, "Developing Economic Understanding," The Instructor LXVII: March 1958, p. 6.

However, to Ruth Gavian's declaration might be added Margaret Meade's broader concept of a "lateral" rather than "vertical" organization of economic understanding:

Is it not possible that an educational system that was designed to teach what was known to little children and to a selected few young men may not fit a world in which the most important factors in everyone's life are those that are not yet, but soon will be known?¹

A significant new development of importance to colleges has been the establishment of the Teacher Education Committee of the American Economic Foundation. According to its chairman, Dr. Roscoe L. West:

Its purpose is to examine the field of economic education in the country's schools and colleges with particular emphasis on the teacher education institutions and the public secondary schools. Its objectives are to stimulate the inclusion of teaching of basic economic processes and procedures in the pre-service general education of teachers, regardless of subject specialty, in teacher workshops and institutes, in secondary and elementary schools.²

These purposes and objectives are supported by Donald K. David, who lists the following as one of the national objectives of the Business-Education Committee of the Committee for Economic Development:

The economic content of undergraduate training for business and public careers should be strengthened so that at least half of our college students have some college training in economics.³

Lawrence Leamer summarizes the unique role of institutions of higher education in his appraisal of economic

¹Margaret Mead from "A Redefinition of Education," National Education Association Journal, October 1959, p. 16.

²West, loc. cit. ³David, loc. cit.

education on the college level in the following statement:

The colleges occupy a particularly crucial position in any program to educate youth for economic competence. To educate youth, it is necessary first to educate the teachers of youth. To educate the teachers, it is necessary first to educate the teachers of teachers. The basic economic education of most teachers or teachers of teachers (if they have any) is probably secured in some collegiate course in principles and possibly its sequels. To educate youth for economic competence requires that collegiate economics instruction be effective.¹

Whether it is fable or fiction that collegiate courses in economics are dry, overly abstract, uninteresting, and uninviting, a number of new developments have been taking place within the past few years which may bring about changes in college programs. Many of these have stemmed from the stimulus given by a number of organizations like the Joint Council on Economic Educational and the American Economic Association's Committee on Economic Education. Leamer reviews a few of these in a section of the 1958 American Business Education Yearbook.

Syracuse University is engaged in an experiment with a non-directive problem approach to the teaching of economics to education majors. The students assume responsibility for problem areas, operating procedures, and evaluation.²

The University of Chicago has attempted to dispel the fears of those who are loath to integrate economics into social science courses for fear that economics would

¹Lawrence Leamer, "Economic Education in Colleges," in Educating Youth for Economic Competence, The American Business Education Yearbook 1958, Vol. XV, (Somerset Press, Somerville, New Jersey), p. 59.

²Leamer, op. cit., p. 45.

not receive its proportionate share of consideration. The College of the University of Chicago has integrated economics with courses in history, social analysis, and social problems.¹

Oklahoma State University has used its course in economics as a device for showing future teachers how to teach effectively. It employs the use of films and filmstrips, chalkboard and flannelboard, field trips and speakers, notebooks and scrapbooks, newspapers and magazines, picnics and luncheons, and projects.²

The State University of Iowa has launched a program of stimulating adult education efforts through the state, of improving competence of high school teachers, of publishing teaching materials, and of research. In addition, it has been engaged in experiments to improve the teaching of economics at the University itself.³

Adult Programs in Economic Education

Need for Adult Education Programs

In his concluding statement describing the need for economic education, Dr. Elvin S. Eyster, chairman of the Department of Business Education and Office Training at Indiana University, wrote the following for the American Business Education Yearbook:

¹Ibid., pp. 47-48.

²Ibid., p. 50.

³Ibid., p. 44.

To have the opportunity to learn about the American business and labor system and to develop economic understanding at the nontheoretical level is the right of every American youth and adult. The future not only of the free enterprise or competitive economic system but also of democracy depends at least in part upon raising the level of economic and business understanding on the part of the general public. Attitudes that are not compatible with the principles of democracy and with the free enterprise system often stem from a lack of knowledge and understanding of democracy and of free enterprise.

Greater economic and business understanding on the part of the general public is of great concern to all American citizens. The need is boundless. The responsibility for meeting the need rests heavily on educators and business managers; however, every American has a big stake in the fulfillment of the nation's need for raising the level of economic and business understanding.¹

It has been at this nontechnical and nontheoretical level, which Eyster claims to be the right of youth and adults, that so little has been done in adult education programs. Reporting to the Annual Conference of the Adult Education Association of Michigan, its Economic Affairs Committee spelled out the following basic philosophy:

We believe we must achieve a more adequate understanding on the part of many more persons of the nature and workings of our monetary system in its relationships to international and domestic commodity prices, technological displacement, cyclical unemployment, wage rates, pretraining, volume of business, volume of savings, and levels of interest rates. Such widespread knowledge is essential for wise policy decisions in a democracy where the Central Government has come to dominate monetary policies. In this setting, economic and political decisions complicate and blur each other; and both are weakened by the

¹Elvin S. Eyster, "The Need for Economic Education" in Educating Youth for Economic Competence. The American Business Education Yearbook, 1958, Vol. XV, (Somerset Press, Somerville, New Jersey), p. 18.

prevailing ignorance about this basic mechanism in our lives.¹

When he was chief administrator for the Economic Cooperation Administration, Paul G. Hoffman deplored the apparent inconsistency between his role in other countries and the level of economic understanding at home. He declared:

I'm going to spend billions abroad to fight communism, yet here at home people in business and education are making decisions every day that are not based on the way our system works.²

Part of the problem of maintaining a high level of economic understanding, apart from the fact that few adults have acquired it as youth in school, is the fact that economic concepts are continually changing. Every decade brings changes in the area of economics. Thomas D. Bailey, Superintendent of Public Instruction for the State of Florida, describes part of this change:

Science is rapidly reshaping our entire lives. Automation has created a new technology. Millions of jobs in business and industry which for generations have remained essentially unchanged have suddenly changed completely overnight.³

It seems apparent from Bailey's assertion that economic education for adults is necessary. A plan for accomplishing

¹Economic Affairs Committee, Adult Education Association of Michigan A Report to the Annual Conference, Kellogg Center, Michigan State University, East Lansing, May 13, 1960.

²Paul G. Hoffman, quoted in "Teaching a City Economics," Business Week, (June 20, 1953), pp. 78-80.

³Thomas D. Bailey, The School Administrator's Responsibility for Providing an Adequate Program of Adult Education, a speech given at the annual meeting of the National Association of Public School Adult Educators at Atlantic City, New Jersey, February 11, 1960.

this is outlined by the Joint ANA-AAAA Committee on Improvement of Public Understanding of Our Economic System in its pamphlet How Can the American People Be Given a Better Understanding of Our Economic System? The committee outlines four recommendations for educating the American public on how our economic system operates, in order that Americans might have sufficient knowledge of its basic principles to enable them to judge issues, both present and future.

Recommendation 1. A complete, well-planned, and permanent program in each plant and plant city. This plant program to have as its objectives:

1. To correct the economic misinformation and lack of information that exist in the industrial worker's mind about profits, production, dividends, etc.
2. To restore his pride in his job, his feeling of importance or economic significance, and his sense of belonging to the group.
3. To give him a better appreciation of the benefits our American economic system brings him.
4. To give him a better understanding of the fundamental principles on which our economic system operates.

Recommendation 2. To develop a broad, general product-type campaign on what the American economic system has done for us and what it can do--if we keep it.

This campaign, addressed to the general public, would illustrate the strength of our system; what it means to the individual American's everyday life and to his future; and the great benefits to be gained by cooperation between management and labor.

It would use all the avenues of mass communication, including advertising, magazine and newspaper editorial cooperation, radio programs, posters, direct mail, motion pictures, and so on.

This method of approach would, we felt, give us a dynamic campaign--one that promised something for the future, not just defended the past.

It would counteract subversive propaganda.

And it would answer the collectivist arguments that Capital and Labor must constantly be at war.

Recommendation 3. To build a nation-wide educational campaign on how and why the American economic system is able to do what it does--using advertisements, booklets, motion pictures, radio and any other media of communication that fit our purpose.

Recommendation 4. That some means be found to make all three programs absolutely fair and unbiased -- programs that could be supported by labor unions as well as by business, or by any other groups in the country who could be interested.¹

It would seem that the survival of our system of free enterprise, functioning in a democratic atmosphere, depends upon a greater degree of economic understanding among adults.

Existing Adult Education Programs

The study conducted by the curriculum committee of The National Association of Public School Adult Educators, in 1956, under the chairmanship of Lloyd Wolfe, revealed a wide gamut of adult education offerings throughout the

¹Joint A.N.A. - A.A.A.A. Committee on Improvement of Public understanding of our Economic System,* How Can The American People Be Given a Better Understanding of Our Economic System?" Monograph published in 1949 by the Joint Committee, 420 Lexington Avenue, New York, New York.

*Association of National Advertisers and American Association of Advertising Agencies.

country. These course titles may be summarized under several broad headings as follows:

Characteristics and Principles

Basic Economics
Labor Economics
Principles of Economics
Problems of Democracy

Business Practices

Small Business Management
Business Economics
Banking
General Insurance

Management of Personal Affairs

Stretching Your Bread and Butter Dollar
Your Life Insurance Budget
Consumer Economics
Building Your Financial Future
Buying or Building a Home
Family Budgeting

Government Business

Social Security and You
Income Tax¹

Michigan State University offers a program in basic economics which its descriptive leaflet describes as:

Designed to meet the needs of people who find it increasingly necessary and desirable to understand better the nature and operation of the American

¹Wolfe, pro. cit.

economy It is designed for anyone interested in economic questions. It is conducted so that anyone who can read a newspaper can participate in the discussions and in participating, come to a better understanding.¹

The program is organized in two parts: Part I, Our National Income, deals with the economy as a whole; Part II, Some Understandings of the Way Our Economic Functions, is concerned with production, income and comparative economics. The following list of topics comprise the ten-session course:

THE LEVEL OF NATIONAL INCOME
 THE CURRENT ECONOMIC SITUATION
 THE BANKING SYSTEM
 GOVERNMENT AND THE NATIONAL INCOME
 ECONOMIC GROWTH
 PROFITS AND THE PRICE SYSTEM
 WAGES
 CAPITALISM, COMMUNISM AND SOCIALISM
 INTERNATIONAL PROBLEMS
 PROBLEMS AND REVIEW²

University professors serve as discussion leaders for the programs, which are available to the groups of adults throughout the state.

The University of Rochester conducts a televised program in basic economics, which is aired every other Friday over station WHAM-TV. The fifteen-minute program is backed

¹Michigan State University Basic Economics, a descriptive leaflet published by the College of Business and Public Service, Department of Economics, through Continuing Education Service, East Lansing, Michigan.

²Ibid.

by industrial and educational leaders and is an experiment to determine whether the public will respond to this kind of teaching. The format of the production usually involves a regular program participant plus a guest expert on a particular topic. Issues are raised, and the viewing audience is invited to phone in questions it wants the guest expert to answer.¹

In its coordinated program Making the Most of Maturity, the Industrial Relations Center of the University of Chicago includes a section on "Financial Planning for Retirement." The material was developed under the direction of Margery J. Mack, Director of Retirement Studies for the Industrial Relations Center. The following outline describes the session on financial planning:

Importance of a Financial Plan

How to Start a Financial Plan

Common Stocks

Protecting Your Family

Developing an Investment Program²

The Fund for Adult Education's coordinated, or package, program Economic Reasoning was developed by The Brookings Institution and prepared under the direction of Dr. Marshall Robinson. It consists of a book of readings in basic economics, notes for participants, a leader's guide, and a packet of supplementary readings. The basic readings were written

¹Hoffman, pro cit.

²Margery J. Mack, et al, "Making the Most of Maturity," Program of the Industrial Relations Center, University of Chicago.

by Dr. Robinson, Professor Herbert C. Morton of the Ames Tuck School, Dartmouth College, and Dr. James D. Calderwood of the Claremont Graduate School.¹ The program is designed for adult education programs making use of lay discussion leaders.

Business and Industry Programs

Programs in economic education, sponsored by individual business and industrial organizations, have tended to be for the development of their own employees. The objectives of these seem to have been:

1. to develop in employees a better understanding of how our free enterprise system works and the role their company performs within the system;
2. to improve employee relations;
3. to counteract erroneous impressions which employees might have; to improve public relations, and
4. to put into simple, specific terms ideas which might be encountered elsewhere only in complex and abstract form.

The Chairman of the Board of Republic Steel Corporation, C. M. White, believes business and industry should promote economic understanding among its employees because:

Conflict is stemming out of ignorance and misunderstanding between management and unions; between industry and the public; between industry and government. The solution suggested is for each company to develop a program to get the facts on practical economics to its employees and to the public.²

¹From mimeographed announcement of materials available from the Fund for Adult Education, White Plains, New York.

²C. M. White, "Why Business Should 'Tell Its Story' Better," U. S. News and World Report Vol. XXXXIII. (August 9, 1957), pp. 91-93.

Republic Steel Corporation has sponsored classes in economic education for its employees in which it was felt the level of economic understanding was raised significantly. White indicates that the ability of the supervisory staff to understand and interpret economic data increased an average of forty per cent. He believes that "People are hungry for economic information . . . if it is presented in an interesting and understandable form."¹

Some indication of the scope of business and industry participation in economic educational programs may be gathered from the announcement of Morgan S. A. Reichner, Executive Director of the American Economic Foundation, that approximately 1700 companies, with 4,000,000 employees have made use of the Foundation's film programs. He believes, however, that greater impetus can be given to economic education than has been true in the past. "We're making some headway, but it can go much faster when the businessman realizes that the means are at hand to do something about economic ignorance."²

Leamer shares Reichner's concern when he says, "It may be later than we think in the race to make our economic citizenship equal to the choices we must make."³

In addition to economic education courses for its own

¹Ibid.

²Morgan S. A. Reichner, quoted by The Houston Chronicle, September 2, 1959.

³Lawrence Leamer, "Everyone Needs Economic Understandings," National Education Association Journal, Vol. XXXVII, (December, 1958), pp. 635-36.

employees, a number of business and industrial organizations have attempted to acquaint teachers with the manner in which a particular business operates within the framework of our free enterprise system. One of these, Bakelite Company, initiated a program in 1952, whereby teachers can learn first hand how a large business enterprise operates. Ralph P. Gallagher, Superintendent of Schools in Bound Rock, New Jersey, appraised the program as follows:

. . . it gave an industry a prolonged opportunity "to show a group of school people what it takes to make a dollar in the American free enterprise system," and to acquaint these teachers with the kinds of people required in the industrial world. On the other hand, it gave teachers a chance to learn (with pay) the concrete meanings of many economic concepts that are typically taught as abstractions.¹

Business and industrial organizations have also contributed to the support of special groups whose objectives are to promote economic education. This has involved company officials serving on boards and committees as well as the company providing financial support.

Programs Sponsored by Special Groups

American Economic Foundation.

The American Economic Foundation was incorporated in 1939 as a non-profit organization with its objectives centered in research and education. Benjamin F. Thomas, Assistant Professor of Business Education and Office Training of

¹Ralph P. Gallagher, "An Industry--Public-School Exchange Program in Effective Economic Education." School and Society, Vol. LXXVII: (May 9, 1953), pp. 295-98.

Indiana University, appraises the progress of the foundation in four stages:

1. The discovery of the need for new, simplified, economic vocabulary;
2. the development and testing of that vocabulary;
3. the preparation of a basic body of literature employing that vocabulary; and
4. application of that literature to editorial material, visual aids, and motion pictures for use in free discussion in factories, offices, schools and colleges.¹

The foundation has published a series of films which it has coordinated into a program entitled How We Live In America. These are made available to school and community groups. The titles include: "How We Got What We Have," "What We Have," "How To Lose What We Have," "Let's Face It" (Part I and Part II), "Backfire," "How to Keep What We Have," "It's Your Decision" (Part I and Part II).

Thomas lists additional services which the foundation performs. These include an editorial service for company periodicals, publication of folders for employee information racks, publication of pamphlets on economic topics, consultant service for company economic education programs, and seminars for executive personnel.²

American Institute for Economic Research.

The American Institute for Economic Research is

¹Benjamin F. Thomas "Nonacademic Economic Education Programs" in Educating Youth for Economic Competence, The American Business Education Yearbook 1958, (Somerset Press, Somerville, New Jersey), pg. 115.

²Ibid.

neither a political nor a commercial organization. It is entirely independent and represents no fund or concentrated source of wealth. No advertising of any nature is accepted for publication of the American Institute for Economic Research.¹

Information and advice on controversial subjects can be really valuable only if they are from sources independent of all special interests, either commercial or political. It is the high aim of those responsible for the organization of the American Institute for Economic Research that the institute be a dependable source of valuable knowledge on economic and financial subjects.²

American Institute of Cooperation.

The institute is the educational arm of the farmer cooperatives. It develops course materials for use in 4-H Clubs, Future Farmers of America, and other farm-oriented youth groups. The institute provides an editorial service to mass media in order to enlighten the public about cooperative marketing.³

American Federation of Labor and Congress of Industrial Organizations, Department of Education.

Thomas states the objectives of the Department of

¹William J. Matteson and E. C. Harwood, from Foreword of Life Insurance and Annuities from the Buyer's Point of View, American Institute for Economic Research, (Great Barrington, Massachusetts, 1958), p. 2.

²E. C. Harwood, The Counterrevolution, American Institute for Economic Research, (Great Barrington, Massachusetts, 1956), p. 2.

³Thomas, loc. cit., pp. 119-120.

Education of the AFL-CIO as follows:

The Department encourages, assists, and supports education programs through local unions, trade councils, central labor unions, state federations of labor, regional agencies, and national and international unions. Working with the respective educational committees and staffs of those organizations, it provides organizational support, administrative experience, staff assistance, speakers, resource persons, publications, audio-visual aids and assists in the coordination of resources.¹

In his book AFL-CIO: Labor United, Arthur J. Goldberg appraises the functions of the Department of Education of the union as follows:

This committee has really a triple function: It will act as a coordinating agency to assist affiliated international unions in developing their own educational programs; it will promote the education of members of affiliated unions as to the importance and structure of the AFL-CIO itself; and will also be the vehicle for expressing the federation's policy with respect to general educational matters.²

Americans for the Competitive Enterprise System, Incorporated.

The ACES provides programs of lectures, films, field trips, seminars, and discussions for students, ministers, teachers, and women's clubs in Philadelphia, Harrisburg, Reading, Erie, and Lancaster, Pennsylvania.³

The Brookings Institution.

The objectives of the Brookings Institution are quoted by Thomas as follows:

1. To study with scientific objectivity the

¹Ibid.

²Arthur J. Goldberg, AFL-CIO: Labor United, (McGraw-Hill Book Company, New York, 1956), p. 133.

³Thomas, loc. cit., pp. 119-120.

expanding structure of government--federal, state and local--and to promote efficiency and economy in public administration;

2. to collect facts concerning the working of economic forces and to interpret and present these facts in an unbiased way to the general public; and
3. to provide a research training program for advanced graduate students of economics and government.¹

The research program of the institution is concentrated in the areas of the economic health of the nation, maintenance of democratic government, and insurance of peace and security.

To ensure the scientific objectivity to which the institution is committed, its trustees have adopted the following philosophy, which is stated in the foreword of a number of reports of Brookings-supported research projects.

It is the function of the Trustees to make possible the conduct of scientific research and publication, under the most favorable conditions, and to safeguard the independence of the research staff in the pursuit of the results of such studies.²

Committee for Economic Development.

The objectives of the Committee for Economic Development were outlined by its president, Alfred C. Neal, in the committee's 1959 annual report as follows:

To foster, promote, conduct, encourage and finance scientific research, education, training and publication in the broad field of economics in order that industry and commerce may be in a position to make their full contribution to high and secure standards

¹Thomas, Ibid., pp. 120-121.

²William R. Biggs, in Foreword to A. D. H. Kaplan, Big Enterprise in a Competitive System, The Brookings Institution, Washington, D. C. 1954. p. 11.

of living for people in all walks of life through maximum employment and high productivity in our domestic economy: to promote and carry out these objects, purposes and principles in a free society without regard to and independently of the special interests of any group in the body politic, either political, social, or economic.¹

The committee functions through four operating committees: Research and Policy, Area Development, Business-Education, and Information.

Reporting for the Research and Policy Committee, its chairman, T. V. Houser, indicated that research in economic problems is being conducted under the direction of twelve economists and other social scientists from universities and research institutions.²

Jervis J. Babb, chairman of the Area Development Committee, reported that his committee is concerned with two basic areas of interest: the economic development of regions and localities of the United States and the problems of metropolitan areas. As he put it:

Many local areas have lost industry or have failed to keep pace with the national rate of growth. Other areas wonder whether their economic growth is adequate for an expanding population or is sufficiently balanced to avoid severe fluctuations.³

The committee's methods are . . . "to commission objective research, to develop statements of national policy, and to support local pilot projects."⁴

¹Alfred C. Neal, Annual Report 1959, Committee for Economic Development, p. 4.

²T. V. Houser, Annual Report 1959, Committee for Economic Development, p. 6.

³Jervis J. Babb, Annual Report 1959, Committee for Economic Development, p. 12.

⁴Ibid.

Reporting for the Business-Education committee,
J. Cameron Thomson outlined the principal program responsibilities as follows:

Promoting and encouraging among businessmen and other leaders a wider understanding of major regional, national, and international economic policy issues.

Promoting a more effective working relationship between business and academic leaders in the analysis and discussion of these issues.

Promoting improvement in the teaching of economics in universities, colleges and high schools.¹

The Information Committee has as its primary responsibility the pursuit of one of the objectives of the Committee for Economic Development, "To bring about increasing public understanding of the importance of these objectives and the ways in which they can be achieved."²

Council for Advancement of
Secondary Education.

The council is primarily concerned with the development of curriculum materials for use in secondary schools. Its initial project was concerned with economic education.³

Foundation for Economic
Education, Incorporated

The foundation provides literature, speakers, reference service for students, and coordination of summer fellowships for college professors.⁴

¹J. Cameron Thomson, Annual Report 1959, Committee for Economic Development, p. 16.

²Gardner Cowles, Annual Report 1959, Committee for Economic Development, p. 21.

³Thomas, pro. cit.

⁴Ibid.

Institute of Life Insurance,
Educational Division.

The institute collects information about the industry and makes it available to schools, adult education programs, clubs, and libraries.¹

Joint Council on Economic Education.

In an address at the Section Meeting on Economic Education at the Annual Conference of the American Economic Association, Ben W. Lewis spoke of the function of his Committee on Economic Education:

The concern of this committee is with economics in the schools and in adult education. It is to serve as a focal point within the Association for the interests of members who are professionally concerned in this area; to point up, stimulate, and encourage active, serious professional work in economics at the school and adult level; and to improve the status of this work within the field of professional economics.²

This concern with economics in the schools and in adult education had led to the formation of the Joint Council by G. Derwood Baker and other educators, businessmen, economists, labor leaders, farm representatives, and government officials. The council is financed by grants from the Committee for Economic Development and the Ford Foundation. It is governed by a board made up of representatives of the groups mentioned above.

¹Ibid.

²David M. Blank and George J. Stigler, from the Foreword to The Demand and Supply of Scientific Personnel, National Bureau of Economic Research, Incorporated, New York, 1957, p. vii.

Appraising the future outlook for increased economic understanding, Dr. Lewis indicates what he believes organizations such as the Joint Council can accomplish:

Promising activities to improve the teaching of economics in the schools are taking definite form, gaining strength and spreading. In-service courses, conferences and workshops for teachers eager to better their own understanding of economics and to improve their teaching in the schools are now in operation widely over the country, both during the school year and in the summers. Economic councils, made up of teachers, administrators, and community leaders representing a cross-section of economic interests are springing up. Useful materials designed to aid in the teaching of economic understanding rather than to dispense eternal economic truths are being prepared. All of these activities were begun, and are still being carried and driven by educators and businessmen. Economists, at last, are participating, but it would be an exaggeration to picture us even at this late date as galloping in strength to the field of action.¹

National Association of Manufacturers,
Education Department.

Commenting upon the development of educational materials for use in schools and in adult education programs, the Economic Principles Commission of the National Association of Manufacturers expressed its philosophy regarding the degree of objectivity which the commission attempted to achieve:

The purpose of this series of monographs is to discuss the nature, operation, achievement, criticism, and major problems of the American enterprise system. . . . the authors of the monographs had complete liberty of thought and expression, without regard to the past or present beliefs of the association or its committees and officers.²

¹Lewis, pro. cit.

²The Economics Principles Commission, National Association of Manufacturers, in Preface to The American Individual Enterprise System, Vol. I., (Mc Graw-Hill Book Company, Incorporated, New York, 1946.)

The activities and services of the National Association of Manufacturers are listed by Thomas as follows:

1. Provides speakers for high school and college students.
2. Organizes and conducts conferences for educators and industrialists.
3. Sponsors exchange visits by businessmen and teachers.
4. Encourages businessmen to employ teachers during vacations, to their mutual advantage.
5. Provides a flannel board program for high schools on how our business system operates.
6. Makes available to schools a number of motion pictures.
7. Provides career booklets for school guidance departments.
8. Cooperates with adult education groups and community organizations in developing programs designed to bring about a better understanding of our way of life.¹

National Bureau of Economic Research

The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the National Bureau is carried on in strict conformity with this object.²

National Committee for Education in Family Finance.

The committee is primarily concerned with the conduct of summer workshops and a parallel program of inservice

¹Thomas, pro. cit.

²Blank and Stigler, pro. cit.

training for teachers.

The Twentieth Century Fund.

The fund was established by the department store leader Edward A. Filene. With an endowment valued currently at over \$10,000,000, the fund seeks to disseminate research information on economic questions. Distribution is primarily through the mass media.

CHAPTER III

METHOD

Establishing the Hypothesis

It is proposed that the hypothesis will be established by using the teaching method which will be described here, and by measuring the level of economic understanding before application of the teaching method and again after the application of the method.

Proposed Plan of Teaching Method

The Teaching Staff

Criteria for Selection and Recruitment of Teaching Staff

Before making the decision as to the selection and recruitment of a teaching staff for the 35-38 classes it was hoped would be launched, the planning committee for the Basic Economics program had in mind many of the criteria for effective leadership which were listed in the monograph Training Group Leaders, compiled by the Adult Education Association of the United States of America. The pamphlet indicates that the functions of leadership should include:

. . . helping individuals to become a cooperative group and helping the group:

1. to define its purposes.

2. to interpret these purposes into practical goals,
3. to clarify the assignment of responsibilities,
4. to guide the process of planning,
5. to keep operations consistent with purpose and goals,
6. to open the potentialities of available resources,
7. to maintain action and change continuously, and
8. to evaluate efforts and results.¹

Realizing that economics is one of the difficult areas to promote successfully in most adult education programs, the committee was aware that dynamic and imaginative leadership was essential to the success of the undertaking. Some of the questions asked were: What kinds of people are we looking for, economists or lay persons? Can we find 35-38 economists possessing the leadership qualities needed, or can we even find that many economists? Can lay persons possessing the desirable leadership traits be trained both in specialized leadership techniques and in economic principles? Will satisfactory results accrue? The Adult Education Association monograph had a possible answer:

How can we ensure that the leaders . . . will possess attitudes appropriate to their roles? One solution is to select as leaders those persons who already have the desired set of attitudes and orientation.²

¹"Training Group Leaders," a Leadership Pamphlet #8. Adult Education Association of the United States of America, 1956.

²Ibid.

The committee concluded that its best course was to select persons with good leadership traits and to train them in specialized leadership skills and in basic economic concepts. The soundness of this decision apparently is supported by Morgan S. A. Reichner, Executive Director of the American Economic Foundation, in describing to a group of Ohio teachers the work the American Economic Foundation is attempting to do:

We are trying to do in the field of economics what hygiene has done for medicine. The first step is to impress the teachers, sell them on the need of the program, and give them the understanding and the words to do an effective job.¹

Inasmuch as the objective of the program was to bring about basic economic understanding and not to train economists, Reichner's analogy seemed appropriate.

Selection of Teaching Staff

Because of the long history of cooperation between the Mott Program and A C Spark Plug Division, General Motors Corporation, the committee decided to enlist the aid of the personnel department of A C Spark Plug in recruiting leaders from the division staff. Criteria for selection were discussed, and a list of possible candidates was compiled by the personnel department.

A letter from the director of the Mott Program invited the prospective leaders to a dinner and orientation. At

¹Morgan S. A. Reichner, Address before workshop in "Teaching for Economics Competence," at Columbus, Ohio. Columbus Sunday Dispatch, October 11, 1959.

the meeting, the committee described the proposed program, listed its objectives, outlined its importance to the community and asked for the cooperation of the group in launching the program.

Description of Teaching Staff

Most of the men selected were young, college-trained, executives in middle management positions. The director of the Mott Program observed that these were "young, ambitious men, eager for community visibility, and with excellent leadership potential."¹

The following list of positions held by the members of the teaching staff will indicate the varied interest areas represented and the level of their responsibilities:

- Senior Engineer, Maintenance
- Senior Works Standards Engineer
- Works Standards Engineer
- Foreman, Production
- Senior Process Engineer, Manufacturing Development
- Coordinator of Advertising and Promotions, Sales
- Chief Manufacturing Development Engineer
- General Foreman, Maintenance and Construction
- Superintendent, Inspection
- Senior Project Engineer, Automotive Engineering
- Supervisor, Production Control
- General Foreman, Inspection
- Statistician-Analyst, Accounting
- Supervisor, Methods Engineer
- District Manager and Supervisor of Field Personnel, Sales
- New Products Salesman
- Work Standards Engineer
- Assistant General Supervisor, Production Control
- General Supervisor, Production Control
- Director of Marketing Analysis, Sales
- Cost Analyst, Work Standards
- Engineering, Development and Manufacturing

Certain advantages accrued from selecting a teaching

¹Interview with Frank J. Manley, Director of the Mott Program of the Flint Board of Education.

staff from one place of employment. One of the contributions of A C Spark Plug Division was to release the men from company responsibilities for part of the training sessions. Thus negotiations were facilitated because only one organization needed to be contacted. Communications were relatively simple to administer, because all the members of teaching staff were at one locality. For example, less time was needed to pass visual aids from one leader to another than would have been required if the leaders had been scattered throughout the city. Also, there probably was a greater degree of esprit de corps among the group, because the program represented a joint effort of their community adult education program and their company.

Resource Persons

A great deal of effort was exerted to ensure the success of the program. There was careful selection and use of all the components of a good adult education experience: teacher, text materials, audio-visual aids, teaching method, and resource persons.

There were times during the eleven sessions when the leader felt that employment of a resource person would contribute to the success of a particular meeting. Upon these occasions he contacted one of a number of individuals (bankers, economists, farm agents) who had agreed in advance to serve in that capacity when called upon.

These resource persons were used in a variety of ways. Because each leader was different and each group was different,

the method of using the services of the resource person varied. In most cases the session became a forum, where the guest lectured and the participants asked questions following the presentation. Often, the guest sat in the group and answered questions of a technical nature when these arose. In a few groups, questions were raised in individual "buzz groups" and directed to the guest when the total group re-assembled.

Scheduling of resource persons posed no particular problem. When the same individual was called by more than one leader for the same evening, he merely accepted the first and refused any subsequent invitations. The leader in this event merely called another person on his list.

Basic Economics Materials

Selection of basic economics text materials was automatic. The Industrial Relations Center of the University of Chicago had developed a set of materials designed for use with high school and adult groups. The planning committee was familiar with these, inasmuch as two or three of the members had previously been involved in the testing of these same materials, before revision, in the high schools in Flint. In addition, the Mott Program had had a cooperative relationship with the Industrial Relations Center for a number of years. Use of the materials, audio-visual aids, and personnel for training the leaders was a continuation of this cooperative arrangement. Text material for the "package" program consisted of the following topics:

A LOOK AT OUR ECONOMY
 MANAGING YOUR INCOME
 COMPETITIVE PRICES IN ACTION
 PRODUCING FOR BETTER LIVING
 CAPITAL--KEY TO PROGRESS
 YOUR WAGES
 PROFITS--SPARKPLUG OF THE ECONOMY
 UNDERSTANDING MONEY AND BANKING
 UPS AND DOWNS OF BUSINESS
 SECURITY AND OPPORTUNITY
 AMERICA AND THE WORLD ECONOMY¹

A reading list of supplementary materials was prepared for the use of the participants and was required reading for the leaders. See Appendix 112 Copies of the materials on the list were placed on reserve at the library at A C Spark Plug Division for the convenience of the leaders. Participants made use of the public library resources.

Undoubtedly, text materials from a number of other sources would also have served the purposes of the program satisfactorily. An example of one of these is Economic Reasoning, a coordinated program developed by the Fund for Adult Education. It contains text materials, leader's guide, and supplementary references. Another is the coordinated film program developed by the American Economic Foundation. It consists of nine films which are designed to provide background for group discussion. The titles include:

¹"A Look at Our Economy" Basic Economics, pamphlet printed for The Industrial Relations Center, The University Chicago, Chicago, Illinois.

How We Got What We Have

What We Have

How to Lose What We Have

Let's Face It (Part I)

Let's Face It (Part II)

Backfire

How to Keep What We Have

It's Your Decision (Part I)

It's Your Decision (Part II)

A set of discussion leader's guides accompany the films.

The films have been purchased for use in approximate 6,000 school and adult programs, attesting to the popularity of the series.

Visual Aids

The program relied quite heavily upon well-planned, well-prepared, and well-executed visual aids. Because the presentation of economic concepts might tend to be dull if not accompanied by attention-getters and attention-holders, many of the ideas were graphically illustrated on "flok cards" to be displayed on flannel boards or on "cells" to be shown on an overhead projector. Examination of the list of these visuals revealed that each session called for employment of 3-11 "cells" and 8-29 "flok cards."

Extensive use was made of the various other items of supplies and equipment to facilitate visual presentation of verbal ideas. The following check list for the leader's use will illustrate:

Flannel board	Chalk
Easel	Tape
Blackboard	Crayons--red and black
Blank chart pad	Flok cards
Printed chart pad	Name cards

Advance practice with these aids enabled the leader to make a verbal presentation and illustrate simultaneously with the visuals. During a more formal presentation, use was made of the flok cards with the flannel board and/or the printed chart pad with illustrations, diagrams, and figures. When ideas were elicited from the group, or when a spontaneous presentation was made by the leader, use was made of the blackboard or the blank chart pad. Use of the latter enabled preservation of the material for hanging on the wall, for further discussion, or for writing up for use at subsequent meetings.

Because of the large number of classes, meeting in all sections of the community, careful scheduling of the visual aids became a necessity in order to avoid the cost of supplying each group with its own set. Again, the fact that the discussion leaders were in close proximity during the working day facilitated scheduling and passing materials from one to another.

Conference Leadership Method

Because of the cooperative arrangement between the Mott Program and the Industrial Relations Center, University of Chicago, the planning committee decided to use the con-

ference leadership training materials developed by the center and to involve as trainers personnel from the staff of the center. A total of eight sessions (3:00-10:00 P.M.) were devoted to lectures, demonstrations, and practice in the leadership function. The following is a brief outline of the material covered in this manner:

I. Overview of the meetings

- A. Three kinds of meetings
- B. Jobs in a meeting
- C. A way of thinking about leadership and groups
- D. Half-truths about conference leadership
- E. If people want to change

II. Methods and techniques

- A. The leader's presentation
- B. Improving your leadership in discussion groups
- C. Participation and democracy
- D. Encouraging participation and utilizing contributions
- E. An introduction to audio-visual aids

III. Planning and conducting the meeting

- A. Planning and conducting the meeting
- B. Steps in a discussion meeting
- C. Meetings: Before, during, and after

IV. The advisory meeting

- A. The advisory meeting
- B. The "helping" relationship

V. Discussion worksheets

- A. Meeting observations
- B. Discussion leader's meeting outline guide

VI. Questioning and listening

- A. Questioning and listening techniques
- B. Barriers and gateways to communication
- C. Questioning and listening check list

VII. Group development

- A. A good group atmosphere

- B. Understanding what your members do
- C. The case of the hidden agenda
- D. Frustrations in conferences
- E. How to diagnose group problems
- F. How groups develop

VIII. Problem-solving methods

- A. The case method
- B. The role-playing technique in business and industry
- C. Reaching a decision
- D. Brainstorming: Cure or curse?

IX. Group Problem-solving practice

- A. Worksheet for sorting ideas
- B. Meeting reactions
- C. Preparing for brainstorming
- D. Evaluating the brainstorming process

X. Evaluation

- A. Questions for observers
- B. End-of-meeting evaluation form
- C. Self-help questions for the leader
- D. Selected bibliography on discussion leadership.¹

At the conclusion of the conference leadership training course, there was time enough to introduce two of the sessions in the basic economic series before summer vacation schedules. These sessions were presented in the same manner in which they were to be handled with the community groups. (The remaining sessions were to be introduced in the fall.)

During the summer months, the leaders were to study the basic economics text materials, the conference leadership notebook, and the supplementary text materials.

The likelihood that this method of instruction would

¹"Discussion Leader's Notebook," Industrial Relations Center, The University of Chicago, 1958.

prove successful is indicated by William H. Burton in his article Basic Principles In A Good Teaching--Learning

Situation:

The overall purposes of learning are relevant to the social order within which they operate. We believe in the democratic way of life with its emphasis on (a) opportunity for the fullest development of the unique capacities of the individual, and (b) a socially oriented group within which the individual may realize his destiny. This means that one goal of learning will be the development of creativity, individual initiative and responsibility, and leadership. The other will be the development of social skills and good human relations. The use of experts and of experimentation will be learned with the democratic social process.¹

Population and Sample

Background

The adult education program in Flint had experienced varying degrees of success in courses in economic education offered in past years. Some of the more successful, in terms of degree of participation, maintenance of attendance, and post-program evaluation by participants, were the following:

STRETCHING YOUR BREAD AND BUTTER DOLLAR

Discussions of problems of budgeting, savings, borrowing and home ownership.

FINANCIAL ASPECTS OF RETIREMENT

Designed for persons who would be retiring in the near future and including investments, Social Security, and wills and trusts.

¹William H. Burton, "Basic Principles In A Good Teaching-Learning Situation, Phi Delta Kappan Vol. XXXIX, No. 6, March 1958.

SOCIAL SECURITY AND YOU

Lectures and discussions about retirement, survivor, and disability benefits.

STOCK MARKET TECHNIQUES

A study of the stock market, including how securities are bought and sold, interpreting financial statements and planning personal investment programs.

Those which had not met with particular success, in terms of the above criteria, included the following:

FAMILY FINANCE

A course in family budgeting.

YOUR MONEY AND YOUR LIFE

A coordinated basic economic program of the Fund for Adult Education in which the Mott Program participated experimentally.

Population

The planning committee hoped that the basic economics program would involve adults from each of the 37 community schools in the city of Flint. For the purposes of this study, the population is presumed to be the adults living in Flint and its environs.

To enroll adults in the classes, the cooperation of the building principal and community activities director in each of the public schools in the city was enlisted. The director of the Mott Program described the proposed program to the principals at a meeting of the administrative staff and to the community activities directors at one of their weekly seminars. The director followed this personal appeal for cooperation with a letter (see Appendix 118) which out-

lined the program and suggested ways in which community participation might be enlisted.

Letters of invitation (see Appendix 119) were sent to prospective participants by the school principals. The community activities directors followed up with personal calls. An attempt was made to involve a representative group in each community school area.

As a result of the efforts of the building principal and the community activities director, 841 adults were enrolled in 37 community schools. Registrations ranged from a low of 11 to a high of 33.

Description of Test

The test used to measure economic understanding at the beginning of course, and again at the conclusion,* was developed by the Industrial Relations Center of the University of Chicago. This instrument accompanied the basic economics materials used in the experiment.¹ The 50 true-false statements attempt to test understanding in the eleven areas represented in the series of topics.

An examination of the test reveals that, although the statements relate directly to the topics covered in the course, there was apparently no attempt to give each of the eleven topics equal or near equal representation. Also, many of the

*The same instrument was used before and after, and, because of the many references which will be made to the test, the terms Pre and Post will be used henceforth.

¹See Appendix, pp. 115-17.

statements refer to more than one topic. For example, Statement 45 states: "One of the reasons for increasing productivity is that the average amount of capital equipment per worker in our labor force is increasing." This statement could relate to the topics Producing for Better Living, Capital--Key to Progress, or, to a lesser degree, A Look At Our Economy. Likewise, Statement 39 states: "When the price of a product goes up, it is a signal for producers to increase production." One could as logically associate this with Competitive Prices in Action as with Producing for Better Living. Certainly Statement 26, which states, "Inflation usually hurts bondholders more than it does stockholders," could apply to Managing Your Income, Capital--Key to Progress, Profits--Sparkplug of the Economy, Understanding Money and Banking, The Ups and Downs of Business, and A Look at Our Economy.

For the purposes of this study, a somewhat arbitrary classification of statements under topics was made, with some degree of multiple listing when more than one idea was specifically implied.

TABLE 1

NUMBER OF STATEMENTS ON TEST RELATING
TO TOPICS IN BASIC ECONOMIC PROGRAM

<u>Topic</u>	<u>Number of Statements</u>
A Look at Our Economy	7
Managing Your Income	2
Competitive Prices in Action	9
Understanding Money and Banking	5

TABLE 1 -- Continued

<u>Topic</u>	<u>Number of Statements</u>
Producing for Better Living	8
Capital--Key to Progress	7
Your Wages	6
Profits--Sparkplug of the Economy	7
Ups and Downs of Business	3
Security and Opportunity	3
America and the World Economy	3

In the table above, one statement was classified under three different topics, and seven were assigned to two topics each.

Perhaps the representation of topics among the fifty statements can be visualized more clearly by indicating the percentage of statements relating to each topic. It should be remembered that, because of the multiple listing in the case of eight of the statements, the 50 will be treated as though there were 60.

TABLE 2

PERCENTAGES OF STATEMENTS ON TEST
RELATING TO TOPICS
IN BASIC ECONOMICS PROGRAM

<u>Topic</u>	<u>Percentage of Statements</u>
A Look at Our Economy	11.67
Managing Your Income	3.33
Competitive Prices in Action	15.00
Producing for Better Living	13.33
Capital--Key to Progress	11.67

TABLE 2 -- Continued

<u>Topic</u>	<u>Percentage of Statements</u>
Your Wages	10.00
Profits--Sparkplug of the Economy	11.67
Understanding Money and Banking	8.33
Ups and Downs of Business	5.00
Security and Opportunity	5.00
America and the World Economy	5.00

In several of the statements, knowledge of the special vocabulary of the field of economics was necessary. The following examples will illustrate: (The terms being discussed here are underlined.)

Statement 1: Coins and dollar bills make up most of the money we use in everyday business.

Statement 47: Under present laws, banks cannot create money.

Correct answers to the two statements depended upon the definition of the term "money." It may be significant that only 232 of 650, or 35.8%, of the participants answered statement 1 correctly on the Pre test and 255 of 462, or 55.2%, answered correctly on the Post test. For statement 47, performance was 101 of 650, or 15.6% Pre and 187 of 462, or 40.5% Post. Thus, gains of 19.4 and 24.9 percentage points were recorded as the apparent result of clarifying the term money.

Statement 8: A person who stores things for others is not engaged in a productive activity.

Statement 29: Only those employees who work directly on the manufacture of a product are considered producers.

In a city like Flint, Michigan, with its preponderance of automotive plant employees, "production" tends to be defined in its narrower terms. This may or may not account for the fact that the Post scores were lower than the Pre in both instances -- 352 of 650 (54.1%) down to 239 of 462 (51.8%) for #8 and 560 of 650 (86.1%) down to 397 of 462 (85.9%) for #29.

Statement 32: The worker's real wages are the amount of money he takes home after wage deductions.

Statement 33: The fixed costs of doing business include such items as depreciation and interest.

Statement 36: The point where supply and demand curves meet is called the break-even point.

Perhaps the terms "real wages," "fixed costs," and "supply and demand curves" were included to identify the student of business administration. Possibly a correct answer to Statement 36 revealed the individual who remembered Alfred Marshall,¹ or one who was lucky.

Specific information was required for success in a number of statements:

Statement 9: During 1958 approximately 70% of the National Income was paid to employees in the form of wages and salaries.

¹"Value is determined as an equilibrium between these series of 'demand prices' and 'supply prices'. They may be represented graphically by two 'curves', whose intersection approximates the equilibrium point." Alfred Marshall, quoted in Lewis H. Haney, History of Economic Thought. The MacMillan Company, New York, 1949, pp. 642-43.

Statement 21: Although total production has increased tremendously in the last 50 years, the amount that has been produced per man has roughly remained the same.

Statement 22: Corporate profits before taxes in 1958 were more than 15% of the National Income.

Statement 40: The dollar today will buy only about half what it would in 1939.

Most of the statements, however, were such that a general understanding of how our economic system functions should have yielded a relatively high score. Only a few examples should suffice to illustrate:

Statement 3: The standard of living in the United States has increased as industry has used more machinery and capital equipment.

Statement 16: The people hurt most by inflation are those living on fixed incomes.

Statement 24: Stockholders generally expect to receive a greater percentage return on their investment than bondholders.

Statement 42: If the quantity of an article supplied is greater than the quantity that people demand the price will tend to rise.

Then, too, some of the statements might have been included as what Louisiana Cajuns call "lagniappe," something added gratuitously for good will. The following will illustrate:

Statement 6: If any company is to remain in business, it must sell its product at a price which will cover its costs and allow a profit in the long run.

Statement 18: The purchasing power of one's wages tends to decrease as the price level increases.

Statement 25: Both the company and the individual employee contribute to Social Security.

Areas of Possible Vulnerability

In the following chapter, appraisals of performances on the test constitute a major portion of the analysis and evaluation. It must be admitted from the outset that vulnerability exists in a number of areas.

Individuals in the groups were selected among the leaders in each community. Criteria for selection may be found in Appendix . Thus it is not alleged that any degree of random selection exists.

The planning committee requested that the administration of the test before and after be directed toward the evaluation of the program as a whole and not to evaluate individual performance. Therefore, anonymity was preserved and only group performance was recorded. For example, it is known that 12 persons in Group A, or 50%, knew the answer to Statement 1. Individual performance, however, is not known.

There is some possibility that those participants with the greatest degree of interest and aptitude completed the course and that the results may thus be overstated. It is also possible that a number of individuals, unsure of their abilities, elected not to take the test. This fact would tend to overstate the results.

CHAPTER IV

ANALYSIS

Analysis of Scores
By Statements

Analysis of the participants' performance in both the Pre and Post tests will be under two major headings: by statements and by topics. Analysis of the test data by statements will consist, in part, of computing the performance, program-wide, on each statement. Because fewer people took the Post test than the Pre test, results will be expressed both in numbers and percentages, with increases or decreases expressed in percentage points. For example, 232 correct answers of a total of 650 were posted for Statement 1 on the Pre test. On the Post test, 255 of a total of 462 were recorded. Thus, 35.8% of the participants had correct answers on the Pre test and 55.2% on the Post test. The increase, or growth, was 19.4 percentage points.

The following table summarizes the numbers and percentages of correct responses, program-wide, on the Pre and Post Tests.

TABLE 3

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASE
IN PERCENTAGE POINTS BY STATEMENTS

(650 Pre and 462 Post)

PRE Number Percentage		POST Number Percentage		INCREASE Percentage Points
1.	232/650 35.8	255/462	55.2	19.4
2.	604/650 93.0	433/462	93.8	0.8
3.	614/650 94.5	445/462	96.3	1.8
4.	456/650 70.1	391/462	84.7	14.6
5.	388/650 59.7	361/462	78.1	18.4
6.	631/650 97.1	450/462	97.4	0.3
7.	528/650 81.3	395/462	85.6	4.3
8.	352/650 54.1	239/462	51.8	- 2.3
9.	545/650 83.8	376/462	81.3	- 2.3
10.	596/650 91.7	432/462	93.4	1.7
11.	566/650 78.1	427/462	92.5	14.4
12.	333/650 51.3	288/462	62.4	11.1
13.	579/650 89.0	426/462	92.3	3.3
14.	567/650 87.3	429/462	92.9	5.6
15.	472/650 72.6	376/462	81.3	8.7
16.	560/650 86.2	442/462	95.6	9.4
17.	454/650 69.8	375/462	81.1	11.3
18.	586/650 90.2	421/462	91.1	0.9
19.	477/650 73.4	419/462	90.6	17.2
20.	499/650 76.8	395/462	85.4	8.6

TABLE 3 -- Continued

PRE Number Percentage		POST Number Percentage		INCREASE Percentage Points	
21.	540/650	83.1	384/462	83.1	0.0
22.	233/650	35.9	180/462	38.9	3.0
23.	445/650	68.4	410/462	88.7	20.3
24.	544/650	83.7	405/462	87.7	4.0
25.	590/650	90.8	439/462	95.1	4.3
26.	315/650	48.4	267/462	57.8	9.4
27.	541/650	83.2	421/462	91.1	7.9
28.	584/650	89.9	408/462	88.4	- 1.5
29.	560/650	86.1	397/462	85.9	- 0.2
30.	582/650	89.6	442/462	95.7	6.1
31.	396/650	60.9	328/462	71.0	10.1
32.	350/650	53.8	257/462	55.7	1.9
33.	586/650	90.1	424/462	91.8	1.7
34.	477/650	74.4	432/462	93.5	1.91
35.	131/650	20.1	120/462	25.9	5.8
36.	158/650	24.3	107/462	23.2	- 1.1
37.	540/650	83.1	416/462	90.1	7.0
38.	535/650	82.3	395/462	85.6	3.3
39.	282/650	43.4	315/462	68.2	24.8
40.	579/650	89.1	419/462	90.8	1.7
41.	528/650	81.2	422/462	91.3	10.1
42.	553/650	85.1	416/462	90.1	5.0
43.	528/650	81.2	395/462	85.4	4.2

TABLE 3 -- Continued

PRE		POST		INCREASE
Number	Percentage	Number	Percentage	Percentage Points
44. 588/650	90.4	418/462	90.5	0.1
45. 508/650	78.2	422/462	91.3	13.1
46. 413/650	63.6	297/462	64.2	0.6
47. 101/650	15.6	187/462	40.5	24.9
48. 512/650	78.8	379/462	82.0	3.2
49. 304/650	46.8	224/462	48.4	1.6
50. 363/650	55.9	311/462	67.4	11.5

A comparison might be made between the Pre and Post scores of the five statements upon which highest scores were registered and of the five statements upon which the lowest scores were recorded. Table 4 shows these relationships.

TABLE 4

FIVE STATEMENTS RANKED IN ORDER,
FROM HIGHEST TO LOWEST SCORE,
PRE AND POST

PRE			POST		
State- ment	Number	Percent	State- ment	Number	Percent
Highest Five					
# 6	631/650	97.1	# 6	450/462	97.4
# 3	614/650	94.5	# 3	445/462	96.3
# 2	604/650	93.0	#30	442/462	95.7

TABLE 4 -- Continued

State- ment	PRE Number	Percent	State- ment	POST Number	Percent
Highest Five - Continued					
#10	596/650	91.7	#16	442/462	95.7
#25	590/650	90.8	#25	439/462	95.1
Lowest Five					
#47	101/650	15.6	#36	107/462	23.2
#35	131/650	20.1	#35	120/462	25.9
#36	158/650	24.3	#22	180/462	38.9
# 1	232/650	35.8	#47	187/462	40.5
#22	233/650	35.9	#49	224/462	48.4

Among the five statements yielding the highest scores, Pre and Post, three are on both lists, in the same order, #6, #3, and #25. Numbers 2 and 10 on the Pre list were replaced by #30 and #16 on the Post list.

When the five statements registering the lowest scores, Pre and Post, are ranked from lowest to highest scores, we see that #1 is replaced by #49 and that the order among the remaining four is rearranged.

We find a range in program-wide performance on the Pre test from 15.6% of the participants making correct responses to 97.1%. On the Post test, the range is from 23.2% to 97.4%.

Examination of the increase from Pre to Post reveals a range of from a low of - 2.5 percentage points to a high of 24.9 percentage points.

Table 5 summarizes the range, in numbers and percentages, of scores on the Pre and Post tests and the range of increases, in percentage points.

TABLE 5

RANGE OF NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASE IN PERCENTAGE
POINTS BY STATEMENT

	Low		High	
	Number	Percent	Number	Percent
Pre	101/650	15.6	631/650	97.1
Post	107/462	23.2	450/462	97.4
Increase		- 2.5		24.9

Analysis of Scores
By Topics

As has been indicated, although there was no apparent attempt to give each topic equal or near equal representation among the statements in the test, all of these related directly or indirectly to one or more of the topics. The following tables indicate the arbitrary assignment of the statements to the eleven topics, along with Pre and Post scores and the increase of Post over Pre, expressed in percentage points.

TABLE 6

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TEST AND INCREASES
IN PERCENTAGE POINTS

A LOOK AT OUR ECONOMY

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
12. A government goes bankrupt when it spends more than its taxes.	333/650	51.3	288/462	62.4	11.1
35. If the economy is to acquire more capital equipment, we must consume less than we produce.	131/650	20.1	120/462	25.9	5.8
36. The point where supply and demand curves meet is called the break-even point.	158/650	24.3	107/462	23.2	-1.1
37. Specialization of labor and machines has increased our mutual dependency.	540/650	83.1	416/462	90.1	7.0
45. One of the reasons for increasing production is that the average amount of capital equipment per worker in our labor force is increasing.	508/650	78.2	422/462	91.3	13.1

TABLE 6 -- Continued

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
50. Over any given period of time, the economy's savings limit the possible increase in plant and equipment.	363/650	55.9	311/462	67.4	11.5
Averages	349.4/650	53.8	280.0/462	60.6	6.8

A number of observations might be made after an analysis of the performance in this area. In responding to Statement 12, did the 49.7% who missed it believe that their government was either bankrupt or did not engage in deficit spending? It has been indicated that the term "break-even point" in Statement 36 might have presented a problem to many individuals not familiar with the term "point of equilibrium." It is interesting to note, however, that after presentation of the concept of supply and demand curves, by use of carefully prepared visual aids, fewer people were right in the Post than in the Pre test.

TABLE 7

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TEST AND INCREASES
IN PERCENTAGE POINTS

MANAGING YOUR INCOME

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
38. Most familymen need more insurance at age 60 than they do when they are 30 years of age.	535/650	82.3	395/462	85.6	3.3
40. The dollar today will buy only about half what it would in 1939.	579/650	89.1	419/462	90.8	1.7
Averages	557.0/650	85.7	407.0/462	88.2	2.5

It may be presumed that a larger number of percentage points of increase should have been registered in both these statements.

TABLE 8

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TEST AND INCREASES
IN PERCENTAGE POINTS

COMPETITIVE PRICES IN ACTION

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
5. A price set in a free market will balance the quantity of a product demanded by consumers with the quantity supplied by producers.	388/650	59.7	361/462	78.1	18.4
6. If any company is to remain in business, it must sell its product at a price which will cover its costs and allow a profit in the long run.	631/650	97.1	450/462	97.4	0.3
11. The retail price of beef steak affects people's demand for pork chops.	566/650	78.1	427/462	92.5	14.4
20. Companies set prices for their products and the consumer has no alternative other than to buy the article at the established price.	499/650	76.8	395/462	85.4	8.6

TABLE 8 -- Continued

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
28. The value of a product depends only on the cost of producing it.	584/650	89.9	408/462	88.4	-1.5
36. The point where supply and demand curves meet is called the break-even point.	158/650	24.3	107/462	23.2	-1.1
39. When the price of a product goes up, it is the signal for producers to increase production.	282/650	43.4	315/462	68.2	24.8
41. An increase demand for a product has a tendency to raise its price.	528/650	81.2	422/462	91.3	10.1
42. If the quantity of an article supplied is greater than the quantity that people demand, the price will tend to rise.	553/650	85.1	416/462	90.1	5.0
Averages	465.4/650	70.6	366.8/462	79.4	8.8

Further evidence of the difficulty with the term "break-even point" is seen when one compares the performance in Statement 5 (Pre: 59.7, Post: 78.1, Increase: 18.4) with that in Statement 36 (Pre: 24.3, Post: 23.2, Decrease: 1.1). Likewise, evidence that the concept of supply and demand was both fairly well understood prior to having taken the course and covered during the lesson is revealed in the results of Statements 39, 41, and 42. Further, it appears that the concept of substitutes impinging upon the supply-demand curve was understood and re-enforced, as may be noted in Statements 11 and 20.

TABLE 9

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TEST AND INCREASES
IN PERCENTAGE POINTS

PRODUCING FOR BETTER LIVING

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
4. Increases in worker productivity due to the use of new and more efficient machines has resulted in unemployment over the long run.	456/650	70.1	391/462	84.7	14.6

TABLE 9 -- Continued

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
8. A person who stores things for others is not engage in a productive activity.	352/650	54.1	239/462	51.8	-2.3
21. Although total production has increased tremendously in the last 50 years the amount has that has been produced per man has roughly remained the same.	540/650	83.1	384/462	83.1	0.0
29. Only those employees who work directly on the manufacture of a product are considered producers.	560/650	86.1	397/462	85.9	-0.2
33. The fixed costs of doing business include such items as depreciation and interest.	586/650	90.1	424/462	91.8	1.7
39. When the price of a product goes up, it is a signal for producers to increase production.	282/650	43.4	315/462	68.2	24.8

TABLE 9 -- Continued

Statement	PRE	POST	In-crease
	Number Per- cent	Number Per- cent	
45. One of the reason for increasing productivity is that the average amount of capital equipment per worker in our labor force is increasing.	508/650 78.2	422/462 91.3	13.1
48. We get greater output per worker by increasing the number of people employed.	512/650 78.8	379/462 82.0	3.2
Averages	474.5/650 73.0	368.9/462 79.9	6.9

The two statements in which decreases were registered apparently indicate the tendency to define "production" in its narrower concept. It would seem reasonable to assume that this misunderstanding should have been corrected during the course and that positive growth would have been recorded.

TABLE 10

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS

CAPITAL--KEY TO PROGRESS

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
3. The standard of living in the United States has increased as industry has used more machinery and capital equipment.	614/650	94.5	445/462	96.3	1.8
24. Stockholders generally expect to receive a greater percentage return on their investment than bondholders.	544/650	83.7	405/462	87.7	4.0
27. High profits generally attract investments to the companies than can make the most productive use of the new capital.	541/650	83.2	421/462	91.1	7.9
35. If the economy is to acquire more capital equipment, we must consume less than we produce.	131/650	20.1	120/462	25.9	5.8
43. Stockholders receive a fixed share of interest on their shares of stock.	528/650	81.2	395/462	85.4	4.2

TABLE 10 -- Continued

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
45. One of the reasons for increasing productivity is that the average amount of capital equipment per worker in our labor force is increasing.	508/650	78.2	422/462	91.3	13.1
50. Over any given period of time, the economy's savings limit the possible increase in plant and equipment.	363/650	55.9	311/462	67.4	11.5
Averages	461.3/650	71.0	359.9/462	77.9	6.9

Concern might be felt over the poor performance in connection with Statement 35. There seem to be far-reaching implications in the fact that 80% of the participants failed to recognize that as a nation we must consume less than we produce in order to build up our capital resources, and that 75% still failed to recognize the fact after eleven weeks of a basic economics course. There may be room for optimism, however, in the high percentage of correct responses in Statement 3.

TABLE 11

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS

YOUR WAGES

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
9. During 1958 approximately 70 per cent of the National Income was paid to employees in the form of wages and salaries.	545/650	83.8	376/462	81.3	-2.5
10. Our increases in wages over the last 50 years have been possible only because our profits and other forms of income have been getting smaller.	596/650	91.7	432/462	93.4	1.7
14. The demand for people's services has no effect on their wage rates.	567/650	87.3	429/462	92.9	5.6
15. The greater the job mobility between two areas, the less difference there will tend to be in wage-rates.	472/650	72.6	376/462	81.3	8.9
18. The purchasing power of one's wages tends to decrease as the price level increases.	586/650	90.2	421/462	91.1	0.9

TABLE 11 -- Continued

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
32. The worker's real wages are the amount of money he takes home after wage deductions.	350/650	53.8	257/462	55.7	1.9
Averages	519.3/650	79.9	381.8/462	82.6	2.7

The relatively high Pre and Post scores posted in the section on wages give credence to the thesis that people learn most about those things in which they are interested. The relatively low scores (for this topic) resulting from Statement 32 apparently indicates a difficulty with the term "real wages" which was not corrected during the course.

TABLE 12

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS

PROFITS--SPARKPLUG OF THE ECONOMY

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
6. If any company is to remain in business, it must sell its product at a price which will cover its cost and allow a profit in the long run.	631/650	97.1	450/462	97.4	0.3

TABLE 1.2 -- Continued

Statement	PRE		POST		In-crease
	Number	Per cent	Number	Per cent	
10. Our increases in wages over the last 50 years have been possible only because profits and other forms of income have been getting smaller.	596/650	91.7	432/462	93.4	1.7
13. All profit is paid out in dividends to stockholders.	579/650	89.0	426/462	92.3	3.3
19. Profit can be regarded as a reward for taking business risks.	477/650	73.4	419/462	90.6	17.2
22. Corporate profits before taxes in 1958 were more than 15 percent of the National Income.	233/650	35.9	180/462	38.9	3.0
23. One of the functions of profits in our economy is to reward people for accepting risks.	445/650	68.4	410/462	88.7	20.3
27. High profits generally attract investments to the companies that can make the most productive use of the new capital	541/650	83.2	421/462	91.1	7.9
Averages	500.0/650	77.0	391.1/462	84.7	7.7

Both the Pre and Post scores indicate a high level of understanding in the area of profits. Only Statement 22 prevented this topic being one in which the highest scores were recorded.

TABLE 13

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS

UNDERSTANDING MONEY AND BANKING

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
1. Coins and dollar bills make up most of the money we use in everyday business.	232/650	35.8	255/462	55.2	19.4
30. Bank deposits may be insured up to \$10,000 by the Federal Deposit Insurance Corporation.	582/650	89.6	442/462	95.7	6.1
31. Raising bank reserve requirements encourages them to loan more money.	396/650	60.9	328/462	71.0	10.1
34. The Federal Reserve System indirectly has the power to increase and decrease the supply of money in the country.	484/650	74.4	432/462	93.5	19.1
37. Specialization of labor and machines has increased our mutual dependency.	540/650	83.1	416/462	90.1	7.0
Averages	446.8/650	68.7	374.6/462	81.1	12.4

The greatest increase in percentage points (12.4) between the Pre and Post tests was registered in the statements related to money and banking. This was half again the growth in the next greatest increase, 8.8 percentage points in the case of competitive prices.

TABLE 14

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS

THE UPS AND DOWNS OF BUSINESS

Statement	PRE		POST		In-crease
	Number	Per- cent	Number	Per- cent	
7. During a period of depression or recession government income from taxes usually decreases more than government expenses.	528/650	81.3	395/462	85.6	4.3
16. The people most hurt by inflation are those living on fixed incomes.	560/650	86.2	442/462	95.6	9.4
26. Inflation usually hurts bondholders more than it hurts stockholders.	315/650	48.4	267/462	57.8	9.4
Averages	467.8/650	76.3	368.0/462	76.7	9.4

The fact that there was an identical increase in percentage points of Post over Pre would seem to indicate that

some growth took place in the understanding of the general area of business cycles. Perhaps the distinctions between the stocks and bonds were not sufficiently understood. However, the increase of 9.4 percentage points is above the median increase of all the topics.

TABLE 15

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS

SECURITY AND OPPORTUNITY

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
2. Social Security laws provide that every worker will receive \$150 a month when he retires.	604/650	93.0	433/462	93.8	0.8
25. Both the company and the individual employee contribute to Social Security.	590/650	90.8	439/462	95.1	4.3
38. Most family men need more insurance at the age of 60 than they do when they are 30 years of age.	535/650	82.3	395/452	85.6	3.3
Averages	576.3/650	88.7	422.3/462	91.5	2.8

The highest percentages of correct responses, both in the Pre and the Post tests, were recorded in the statements classified under Security and Opportunity.

TABLE 16

NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS

AMERICA AND THE WORLD ECONOMY

Statement	PRE		POST		In-crease
	Number	Per-cent	Number	Per-cent	
17. A tariff acts as a form of subsidy.	454/650	69.8	375/462	81.1	11.3
44. The United States does not need to depend on imports for its supply of any product.	588/650	90.4	418/462	90.5	0.1
49. A subsidy aids the consumers in our economy by fighting off cheaper foreign labor.	304/650	69.0	224/462	73.3	4.3
Averages	448.7/650	76.4	339.0/462	81.6	5.2

One might speculate on what the performance would have been in Statement 49 had it been stated with greater clarity.

TABLE 17

**SUMMARY, BY TOPICS, OF NUMBERS AND PERCENTAGES OF
CORRECT RESPONSES PRE AND POST AND INCREASES
IN PERCENTAGE POINTS**

Topic	PRE		POST		Increases in Percent- age Points
	Number	Per- cent	Number	Per- cent	
A Look At Our Economy	349.4/650	53.8	280.0/462	60.6	6.8
Managing Your Income	557.0/650	85.7	407.0/462	88.2	2.5
Competitive Prices in Action	465.4/650	70.6	366.8/462	79.4	8.8
Producing for Better Living	474.5/650	73.0	368.9/462	79.9	6.9
Capital--Key to Progress	461.3/650	71.0	359.9/462	77.9	6.9
Your Wages	519.3/650	79.9	381.8/462	82.6	2.7
Profits--Spark Plug of the Economy	500.0/650	77.0	391.1/462	84.7	7.7
Understanding Money And Banking	446.8/650	68.7	374.6/462	81.1	12.4
The Ups and Downs of Business	467.8/650	67.3	368.0/462	76.7	9.4
Security and Opportunity	576.3/650	88.7	422.3/462	91.5	2.8
America and the World Economy	448.7/650	76.4	339.0/462	81.6	5.2

CHAPTER V

SUMMARY AND CONCLUSIONS

This study was concerned with the problems of determining whether the level of economic understanding among adults could be raised significantly through use of selected methods, materials, and other resources available in most communities. These included the following:

1. Lay persons specially trained for the program
2. Resource persons
3. Basic economics materials
4. Carefully prepared visual aids
5. Conference leadership method

The subject of the study was the program in basic economics conducted during the fall of 1959 by the Mott Program of the Flint Board of Education, in cooperation with the Industrial Relations Center of the University of Chicago. It consisted of eleven sessions of two hours each and was offered in 37 community schools in the city of Flint. A total of 841 adults were enrolled in the program. Because the participants enrolled in the course upon the invitation of the Mott Program, no registration fee was charged. The

following topics were covered during the eleven-week course:

A LOOK AT OUR ECONOMY
MANAGING YOUR INCOME
COMPETITIVE PRICES IN ACTION
PRODUCING FOR BETTER LIVING
CAPITAL--KEY TO PROGRESS
YOUR WAGES
PROFITS--SPARKPLUG OF THE ECONOMY
UNDERSTANDING MONEY AND BANKING
THE UPS AND DOWNS OF BUSINESS
SECURITY AND OPPORTUNITY
AMERICA AND THE WORLD ECONOMY¹

The participants in the program were invited by the Mott Program through the building principal and community activities director. They were selected on the basis of past participation in the general program of the community school; prior enrollment in adult education classes offered at the school; participation in one or more school organizations, such as Home Room Mothers, Parent-Teacher Association, Men's Club, and Boy Scouts; or a presumed interest in the area of economics.

A 50-statement true-false test was administered to the participants at the first meeting of the class. This was not done in every group, because the leaders had been instructed to omit the test if in their opinion it posed a threat or might prove a source of irritation or embarrassment. The same test was administered at the last class session and

¹"A Look At Our Economy" Basic Economics, The Industrial Relations Center, The University of Chicago, Chicago, Illinois.

again, it was omitted at the discretion of the leader. The result was that 30 school groups returned both a Pre and Post test.

This chapter summarizes the methods employed in the conduct of the course, as described in Chapter III, and the resultant data as analyzed in Chapter IV. Conclusions are drawn, and implications for the Mott Program of the Flint Board of Education are suggested.

Summary of Methods Employed in the Conduct of the Course

For the purposes of this study, an analysis was made of the following elements of the program:

1. The recruitment of a teaching staff among lay persons normally found in most communities;
2. The inservice training of the teaching staff in conference leadership methods and in basic economics;
3. The use of resource persons, visual aids, and basic economics materials;
4. The recruitment of groups of adults to participate in the program;
5. The use of tests administered to the students before and after the program; and
6. The provision for follow-up to enable certain retention of gains.

The teaching staff, or discussion leaders, were recruited among lay persons normally found in most communities. Young men in various middle management positions at A C Spark Plug Division, General Motors Corporation, were selected for

following reasons:

1. The past history of cooperation between the Mott Program and A C Spark Plug.
2. The advantages accruing from the leaders' physical proximity to one another, in terms of facilitating communication, scheduling materials, and securing substitutes when necessary.
3. The varied interest represented among the leaders.
4. The interest on the part of the leaders in serving their community.
5. The desire for community visibility on the part of the leaders, which should serve as an added incentive to excellence of performance.

The discussion leaders were trained in conference leadership and in basic economics. The training sessions were conducted by staff personnel from the Industrial Relations Center of the University of Chicago, using materials developed by the center for use in their programs in conference leadership and in basic economics.

Resource persons with more specialized information were employed upon the occasion when the discussion leader felt that such a person could make a contribution to the success of a particular session. The resource persons were utilized in a number of ways: some made short, formal presentations, followed by a question and answer period; others sat in the group and answered questions of a technical nature when they arose; and still others were interviewed by a panel comprised of members of the group.

The basic text materials and visual aids employed in

the program were developed by the Industrial Relations Center of the University of Chicago. The text material was in pamphlet form, one for each of the eleven topics. These were distributed to the members of the group at the end of each session. They were given after the discussion of the particular topic to encourage independent investigation on the part of the students; to enable the group to draw its own conclusions, based upon the knowledge and experiences of the members; and to prevent a mere "parroting back" of the information contained in the booklets. The visual aids consisted of specially prepared flock cards to be affixed to a flannel board, photographic cells to be used with an overhead projector, printed chart pads, blank chart pads, and chalk boards.

The plan for follow-up procedures to enable retention of gains took two directions. Provision was made for extending the basic economics program, as conducted experimentally, and involving additional adults. In subsequent terms, 13 classes were offered, with 250 adults participating. In addition, attempts were made to develop further the economic understanding the participants had gained in the experimental program. Advanced classes were offered in subsequent terms, with 104 persons participating in four groups.

Those receiving certificates of completion were initiated into the Flint Economics club, presented with membership cards, and invited to participate in a number of

activities to be announced from time to time. The club was organized for the purpose of holding the group together and providing the participants with some sort of economic organization with which they could identify. Thus far two investment forums have been scheduled as economics club activities. These involved speakers of national recognition and attracted 200-250 persons each. One featured Leslie Fourton, head of the Research Department of Hayden-Stone and Company, the other, Thomas H. Lenagh, manager of the Research Service Department of Goodbody and Company.

Summary of Test Results

Performance on the Pre and Post tests were analyzed in this study from two aspects: according to statements on the 50-statement true-false test and by topics.

An analysis of the numbers and percentages of correct responses on Pre and Post tests, by statements, revealed the following:

The range of correct responses on the Pre test was from (101/650), or 15.6%, to (631/650) or 97.1%. The range of scores on the Post test was from (107/462), or 23.2%, to (450/462), or 97.4%

The increase in percentage points from Pre to Post ranged from a low of minus 2.5% to 24.9%.

The following table summarizes this information:

TABLE 18

RANGE OF NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS BY STATEMENTS

	Low		High	
	Number	Percent	Number	Percent
Pre	101/650	15.6	631/650	97.1
Post	107/462	23.2	450/462	97.4
Increase	- 2	- 2.5		24.9

An analysis was made to show, by topics, the percentages of correct responses on Pre and Post tests. The following are the results of this analysis:

The range of numbers and percentages of correct responses on the Pre test was from a low of (349.4/650) or 53.8%, to a high of (576.5/650), or 88.7%. On the Post test the low as (280.0/462), or 60.6%, the high (339.0/462), or 91.5%.

The increase of Post over Pre, expressed in percentage points, was from a low of 2.5% to a high of 12.4%.

TABLE 19

RANGE OF NUMBERS AND PERCENTAGES OF CORRECT RESPONSES
ON PRE AND POST TESTS AND INCREASES
IN PERCENTAGE POINTS BY TOPICS

	Low		High	
	Number	Percent	Number	Percent
Pre	349.4/650	53.8	576.3/650	88.7
Post	280.0/462	60.6	422.3/462	91.5
Increase		2.5		6.9

Recommendations

During the preparation of this study, the author has discovered evidence to support the contention that the level of economic understanding among youth and adults in this country is not high. It has been pointed out that there is a paucity of opportunity for youth and adults to acquire understanding of economic principles. It has been indicated, also, that even when opportunities exist, few youth and adults elect to avail themselves of them. American youth have left school, or have been graduated, with little notion of how the American free enterprise system operates. As adults, this concept has had little nourishment from organized instruction. The importance of

economic competence in a democracy has been discussed. The fact that the level of economic understanding among adults can be raised significantly through an adult education program has been demonstrated. These observations have prompted the author to make certain recommendations, if not to any school system in the country, certainly to the Flint Board of Education, whose responsibility it is to provide educational opportunities for youth and adults.

Recommendation 1. That economic education begin early, in order that a sound base for lifelong learning may be established. If it is possible to teach science in the early elementary grades, on the level which can be understood by children of that grade, then it can be presumed that certain economic phases can be taught in the elementary grades, also at a level of complexity appropriate for the particular grade. To defer consideration of these economic principles until students reach high school or college not only deprives students of a step by step orientation to complex principles, it eliminates many who never reach these levels.

Recommendation 2. That school curricula be revised to afford economics a position consistent with its importance to all of us. This should be accomplished through prescription of courses in economics and through inclusion of economic principles in other courses.

Recommendation 3. That, in view of the rate with which our technology has been changing, economic education must be made available to adults. It is the adult who makes decisions

based upon economic understanding, or the lack of it.

Recommendation 4. That every possible encouragement be given to media other than those of the classroom to further develop economic understanding among adults.

Recommendation 5. That consideration be given to the community school as the logical locus for the development of economic understanding among adults. As McClusky says:

There exist in every neighborhood problems which are best known to and can be best understood by the people who live there. What is needed is some mechanism by which these problems may be legitimately brought to general visibility for examination, and some procedures by which the problems thus revealed may be brought under some control, if not resolved. The community school is the logical center for such activities, and a neighborhood council, with headquarters in the school and served by a member of the school's staff, is an effective mechanism of implementation.¹

Recommendation 6. That further study be made of the methods and materials available for raising the level of economic understanding among adults. These include:

The contributions made by radio, television, newspapers, and magazines.

The impact of organizations whose objectives are the economic education of youth and adults.

The use of text, audio-visual, and other materials in schools and adult education programs.

¹Howard Y. McClusky, "Some Propositions in Support of the Community School--A Summary" The Journal of Educational Sociology, Vol. XXIII, No. 4, pp. 181-22.

It is acknowledged that the experiment analyzed and evaluated during the course of this study represents but a small segment of the total problem of raising the level of economic understanding among adults. Attention might be directed to other programs in economic education for adults, involving selection of different populations, employment of different methods, and utilization of different materials. Thus, a body of knowledge about this area could be developed which could prove useful to the adult educator.

APPENDIX

The Mott Program of the Flint Board of Education

923 EAST KEARSLEY STREET
FLINT 3, MICHIGAN

MYRTLE F. BLACK, PH. D.
DIRECTOR, ADULT EDUCATION

CEDAR 8-1631
EXTENSION 363-6

Mr. John Principal
Community School
Flint, Michigan

Dear Jack:

We have received lists from many principals who have contacted leaders in their community relative to the Basic Economics and Leadership Training Class in September. However, as there seem to be questions by some, we would like to review the program as outlined at the Administration Seminar last March. These details are as follows:

Forty young industrial executives have been given an intensive training program in basic economics and general leadership training under Dr. Robert Burns and the University of Chicago staff.

These men are now ready to conduct a similar class for 30 leaders from each school community starting the latter part of September.

There will be ten such classes, two hours each, weekly on an evening suitable to the individual school schedule.

The classes will be given only to hand-picked community leaders and school staff with no advance publicity.

We feel that, where possible, husbands and wives together should be involved in this program, and, as a suggestion, they might be selected on the following basis:

Parents of the five best-adjusted students in your school
Five key community couples who have evidenced leadership in your various school programs
Five couples or ten individuals from your staff
The principal and community school director

The above are only suggestions for getting the thirty top leaders who will give this program time and enthusiasm.

I'm sure you will agree that here is a project for Flint worthy of all the support we can give it.

Very truly yours,

Frank J. Manley

FJM:jt

Flint Public Schools

Flint, Michigan

Mr. and Mrs. Joseph Doaks
1110 Elm Street
Flint, Michigan

Dear Mr. and Mrs. Doaks:

As you know, we have suggested to the Mott Foundation that you be selected to participate in the new Economics-Leadership program to be conducted at our school this fall. The program has been developed by the University of Chicago for key leaders of a community. Thirty persons from each school-community in the city have been selected to take part in the 10-week program.

The classes, as you know, are to be conducted by a group of men from Flint industry who have been trained for the purpose by the University. The classes will examine, in a strictly objective manner, economic and governmental matters regarding the workings of our city, state and nation. The objective is to end up with a group of key community leaders who are very well informed on the facts of these matters.

The eleven topics which will be covered are:

1. The Ups and Downs of Business
2. America and the World Economy
3. Security and Opportunity
4. A Look at Our Economy
5. Managing Your Income
6. Competitive Prices in Action
7. Producing for Better Living
8. Capital--Key to Progress
9. Your Wages
10. Profits--Spark Plug of the Economy
11. Understanding Money & Banking

There will be 10 class periods of 2 hours each. The enclosed slip indicates the time, place and hour of the meetings at our school. I sincerely hope that we will be able to count on you as a member of the class.

Incidentally, there has been no publicity on this, since it is on a strictly invitational basis. You may be interested to know that the same course of instruction offered to community leaders on the University campus carries a tuition charge of three hundred dollars per person. There will be no cost to you except your time, for which we think you will be amply repaid by the personal benefit to you.

Sincerely,

Basic Economics ProgramReading List

Session #1 - A LOOK AT OUR ECONOMY

The Economic Organization, by F. H. Knight, University of Chicago, pp. 1-37.

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge, D. Van Nostrand Co., Inc.

Chapter 1. The Nature and Scope of Economics

Chapter 2. Features Common to all Economic Systems

Readings in Economics, by Samuelson, Bishop and Coleman, 1st ed. Mc Graw-Hill, 1952.

Free Private Enterprise, by S. Slichter, pp. 24-35

Session #2 - MANAGING YOUR INCOME

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge, D. Van Nostrand Co., Inc.

Chapter 37. American Social Security Program

Session #3 - COMPETITIVE PRICES IN ACTION

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge, D. Van Nostrand Co., Inc.

Chapter 3. The Private Enterprise System

The Economic Organization, by F. H. Knight, University of Chicago

Chapter 6. Markets and Competition

Chapter 30. Government and Business

Chapter 18. Effective Competition

Readings in Economics, by Samuelson, Bishop and Coleman

Roofs or Ceilings, by Friedman and Stigler, pp. 161-169

Harvard Business Review, March-April, 1953

"Enterprise on the Prairies," by C. M. Williams

Session #4 - PRODUCING FOR BETTER LIVING

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge

Chapter 4. Specialization

Chapter 5. Forms of Business Organization

The Economic Organization, F. H. Knight, pp. 14-22

Page 2 of Basic Economics Program Reading List

Session #5 - CAPITAL--KEY TO PROGRESS

Readings in Economics, by Samuelson, Bishop and Coleman

Raising Venture Capital, by Butlers and Lintner, pp. 39-49

Technological Change, Ideology, and Productivity, by Y. Brozen

Session #6 - YOUR WAGES

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge

Chapter 15. Distribution: Wages, pp. 175-188

Readings in Economics, by Samuelson, Bishop and Coleman

Monopolistic Wage Determination, by F. Machlup pp. 290-297

Session #7 - PROFITS--SPARKPLUG OF THE ECONOMY

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge

Chapter 12. Distribution: Profits and Rent, pp. 130-149

Readings in Economics, by Samuelson, Bishop and Coleman

Profits the Spark of the Enterprise System, by B. Ruml, pp. 305-310

Profits and Progress, by Y. Brozen

Session #8 - THE MEANING OF MONEY

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge

Chapter 21. Money and the Price Level, pp. 251-265

Chapter 22. Banking Operations and the Price Level, pp. 266-280

Readings in Economics, by Samuelson, Bishop and Coleman

The Value of Money, by D. H. Robertson, pp. 103-109

Session #9 - UPS AND DOWNS OF BUSINESS

Introduction to Economics, by J. V. Van Sickle and B. A. Rogge

Chapter 21. Money and the Price Level, pp. 251-265

Chapters 27, 28, and 29. Business Fluctuations, pp. 369-418

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The Economic Organization, F. H. Knight, pp. 14-22

Session #10 - SECURITY AND OPPORTUNITY

Introduction to Economics, by J. V. Van Sickle
and B. A. Rogge

Chapter 36. Social Security and Private
Enterprise, pp. 509-525

Chapter 37. American Social Security Program,
pp. 526-542

Session # 11 - AMERICA AND THE WORLD ECONOMY

Introduction to Economics, by J. V. Van Sickle
and B. A. Rogge

Chapter 25. International Trade and the Gold
Standard, pp. 325-344

Chapter 26. Revolt Against the Gold Standard,
pp. 345-368

Chapters 38, 39, and 40. American Foreign
Economic Relations, pp. 543-596

Readings in Economics, by Samuelson, Bishop and
Coleman

Petition of the Candle Manufacturers--1845,
F. Bastiat, pp. 345-348

Petition of the Candle Manufacturers--1951,
Congregational Hearings, pp. 348-350

Foreign Economic Aid: Means and Objectives, by
Milton Friedman

Listed below are fifty TRUE and FALSE items. Please register your answer by blackening the column next to the appropriate number on the answer sheet. A "TRUE" answer would indicate that generally speaking the item is true in the majority of cases. There are no catch questions with subtle answers. It is necessary that you answer every item. You would record a "TRUE" answer in this manner _____

T	F
<input checked="" type="checkbox"/>	<input type="checkbox"/>

1. Coins and dollar bills make up most of the money we use in every day business.
2. Social Security laws provide that every worker will receive \$150 a month when he retires.
3. The standard of living in the United States has increased as industry has used more machinery and capital equipment.
4. Increases in worker productivity due to the use of new and more efficient machines has resulted in unemployment over the long run.
5. A price set in a free market will balance the quantity of a product demanded by consumers with the quantity supplied by producers.
6. If any company is to remain in business, it must sell its product at a price which will cover its costs and allow a profit in the long run.
7. During a period of depression or recession government income from taxes usually decreases more than government expenses.
8. A person who stores things for others is not engaged in a productive activity.
9. During 1958 approximately 70 per cent of the National Income was paid to employees in the form of wages and salaries.
10. Our increases in wages over the last 50 years have been possible only because profits and other forms of income have been getting smaller.
11. The retail price of beef steak affects people's demand for pork chops.
12. A government goes bankrupt when it spends more than it taxes.
13. All profit is paid out in dividends to stockholders.
14. The demand for people's services has no effect on their wage rates.
15. The greater the job mobility between two areas, the less difference there will tend to be in wage-rates.

TO ON TO THE NEXT PAGE

16. The people most hurt by inflation are those living on fixed incomes.
17. A tariff acts as a form of subsidy.
18. The purchasing power of one's wages tends to decrease as the price level increases.
19. Profit can be regarded as a reward for taking business risks.
20. Companies set prices for their products and **the consumer** has no alternative other than to buy the article at the **established** price.
21. Although total production has increased tremendously in the last 50 years the amount that has been produced per man has roughly remained the same.
22. Corporate profits before taxes in 1958 were more than 15 per cent of the National Income.
23. One of the functions of profits in our economy is to reward people for accepting risks.
24. Stockholders generally expect to receive a greater percentage return on their investment than bondholders.
25. Both the company and the individual employee contribute to Social Security.
26. Inflation usually hurts bondholders more than it hurts stockholders.
27. High profits generally attract investments to the companies than can make the most productive use of the new capital.
28. The value of a product depends only on the cost of producing it.
29. Only those employees who work directly on the manufacture of a product are considered producers.
30. Bank deposits may be insured up to \$10,000 by the Federal Deposit Insurance Corporation.
31. Raising bank reserve requirements encourages them to loan more money.
32. The worker's real wages are the amount of money he takes home after wage deductions.
33. The fixed costs of doing business include such items as depreciation and interest.
34. The Federal Reserve System indirectly has the power to increase and decrease the supply of money in the country.

35. If the economy is to acquire more capital equipment, we must consume less than we produce.
36. The point where supply and demand curves meet is called the break-even point.
37. Specialization of labor and machines has increased our mutual dependency.
38. Most family men need more insurance at age 60 than they do when they are 30 years of age.
39. When the price of a product goes up, it is a signal for producers to increase production.
40. The dollar today will buy only about half what it would in 1939.
41. An increase in the demand for a product has a tendency to raise its price.
42. If the quantity of an article supplied is greater than the quantity that people demand, the price will tend to rise.
43. Stockholders receive a fixed rate of interest on their shares of stock.
44. The United States does not need to depend on imports for its supply of any product.
45. One of the reasons for increasing productivity is that the average amount of capital equipment per worker in our labor force is increasing.
46. Balancing the budget every year will insure a continued high level of employment.
47. Under present laws, banks cannot create money.
48. We get greater output per worker by increasing the number of people employed.
49. A subsidy aids the consumers in our economy by fighting off cheaper foreign labor.
50. Over any given period of time, the economy's savings limit the possible increase in plant and equipment.

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