

CHAPTER 1

A Brief Economic History of the United States

A. After studying this chapter, the student should be able to

1. Summarize America's economic development in the 19th century.
2. Describe the effect of the Great Depression on our economy and evaluate the New Deal measures to bring about recovery.
3. Discuss the impact of World War II on our economy.
4. List and discuss the major recessions we had since World War II.
5. Summarize the economic highlights of each decade since the 1950s.
6. Differentiate the "new economy" from the "old economy."
7. Assess America's place in history.

B. Ideas for use in class

Getting started

1. This first chapter sets Slavin's *Economics* apart from most other textbooks. It begins with economic history so that students see how economic institutions and economic policies have changed over time. Explain the approach to students, emphasizing:
 - Students come to the course with varying backgrounds in U.S. history. This chapter provides everyone with a common level of knowledge necessary for the remainder of the course.
 - In order to understand today's economic issues, we need to know: Why do we have our current economic institutions? What policies have been tried in the past? What worked? What didn't?
2. Gauge how much your students already know about economic history. Starting off with a quiz likely will frighten students—and perhaps the results will distress you, the instructor. Instead, use a creative approach to find out what students have learned in previous courses and what they still need to learn.

Ask students what questions have puzzled them about the U.S. economy. Prompt them to use higher level critical thinking questions such as: How did...?, and Why would...?, rather than What is...? And When did...?. If all the questions are about the current economy, prompt students to think historically by asking why the current situation arose.

Active learning strategies

1. Students may feel overwhelmed by the names, dates, and events described in the chapter. Construct a time line in which the *links* between events are highlighted. For example, the national railroad network, constructed between 1850 and 1890, enabled mass production and mass consumption; the Great Depression ended only with U.S. entry in World War II; oil price increases preceded stagflation of the 1970s; the bursting of the dot-com bubble and the new bubble in real estate (housing) prices; the Great Recession; Affordable Care Act; and Trump tax cuts. There are many more event-pairs described in the chapter.

Draw a large timeline on the board. Make sure students understand that the scale underneath needs to be consistent; for example, a 10-year time span always needs to be the same distance apart. Some students with weak quantitative reasoning skills will not know this.

In teams of two, students receive two pieces of paper each with one of the two connected events. Ask students to decide which event came first and its approximate time frame. Students tape the two pieces of paper on the timeline for other students to see and, if necessary, correct. Some of the U.S. presidents and their impact on the economy are described in the chapter. Have students add relevant presidential administrations to the timeline.

2. Break down the chapter's historical presentation into time periods (for example, pre-Civil War, reconstruction, and so on). Assign one time period to a group of four students. Within that group each student has one of the following tasks: What new terms are presented in the section (define them)?; What was the main idea in this section?; What questions remain unanswered?; and provide a visual representation of the ideas in the section (such as a timeline or concept map).

Because this is a short chapter, work completed in small groups need not be reported to the entire class; that would be tedious and time-consuming.

C. Homework questions and projects

1. The chapter introduces several policy issues that will be in the news during the course. Ask students to update these policies: how have they been changed? What are the current debates about the policy? Students could examine:
 - The Affordable Care Act
 - Dodd Frank Wall Street Reform and Consumer Protection Act
 - Trump tax cuts
 - Trans-Pacific Partnership Act and NAFTA
 - Current unemployment rate

- Time since the last recession
2. For updated summaries and wry commentary on research on economic history see [Brad DeLong's course and blog](#).

Extensive further research is possible for this chapter. For overviews see:

"Symposium: Looking Backward at Economics and the Economy," *Journal of Economic Perspectives*, 14(1) Winter 2000.

Alfred D. Chandler, Jr., *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*.

Robert L. Heilbroner and Aaron Singer, *The Economic Transformation of America: 1600 to the Present*.

3. U.S. economic history can be compared with that of other nations. On the Internet, country by country economic analyses are available at the [CIA factbook](#).

For a provocative historical approach see David Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*.

For a long-term anthropological approach see Jared Diamond, *Guns, Germs and Steel*.

4. The chapter presents the U.S. economy as successful in some ways yet facing problems in other ways. For an introduction to the debate about the current U.S. economy—is it half-full or half empty? —see two contrasting views:
For an optimistic view of U.S. economic equality, see Michael Cox, *Myths of Rich and Poor: Why We're Better Off than We Think*. For a view critical of U.S. economic equality, see Lawrence Mishel, *The State of Working America*.
5. For research on economic growth by the 2018 Nobel Prize winner in economics, Paul Romer, see [MyIDEAS](#).