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## Handy dandy guide to economics

Social Studies 58(1), 1994, pp. 10-12 1994 National Council for Social Studies Donald R. Wentworth and Mark C. Schug History is just one damn thing after another. Henry Ford never understood that the history of the United States was the Calidroscope of puzzling events, compelling stories and dramas with tragedy and great triumph. Consider only a few of these milestones in the 1800s: slavery was peacefully abolished in northern states, but the government refused to use the same policy to abolish it in southern states, so a terrible civil war would have to end the practice of slavery. After the civil war, farmers tried to use political pressure to create irrationality, while national governments succeeded in creating corruption. The Homestead Act provides free land for settlers, but most settlers buy land from other sources. Will teachers help students solve these puzzles identified with history & Mac222:gures and problems and appreciate the lessons contained in the drama of history? Economic reasoning can help a lot. It can help students use history to learn about factors that influence human behavior and how people choose to make in the past the choices we may make in the future. What role of economic reasoning can economics contribute to improving teaching history? In some ways, too much. This may surprise you. However, economists, like other social scientists, often have limited problems. Self in teaching the most important content to know. For the student, the problem is similar to that of the little boy who asked his mother where the baby came from. His mother suggested he ask his father. The boy protested, Mom, I don't want to know that much! Similarly, economists know more about the economy than most people want to know. However, the accumulation of alarming knowledge of economists is a precious small insight, especially in many teaching situations. It's a fundamental intellectual principle of economics, the assumption that people weigh costs and benefits in decision-making. With this principle, students do not need to know so many economic content to properly rationalize human behavior in our past. They need to know a few important assumptions, and then they will need to practice using these assumptions to develop their analysis and to identify the reasons for the crash. The basis of economic rationale for economic reasons today is applied to many different areas of human behavior. In the past, it focused on & Mac222: recreational relationships and government policies on the economy. Now that it is used to monitor and explain political behavior, love, marriage, crime, health care, pollution, drug use and other behaviors. Settlers in the United States after passing the Homestead Act of 1862 the following text represents a hypothesis that is subject to most economic analysis: human behavior from the options, people follow the expected cost, and the expected benefits & Mac222:ts seems to be removed from general economic abstraction, such as the demand and supply curve, measures the flexibility of demand and a description of comparative advantages. But it hasn't been removed far. Each of these abstracts is derived from a basic report on the expected costs and benefits. However, for novices, these abstract economists seem vague and confusing, certainly unable to explain people's behavior, citing what is understood as cost and benefit. The economy should not be viewed as a machine driven by external forces. Both the history of the United States and the performance of the U.S. economy are the result of the choices that people make while they try to be with others to study these choices, to predict which choices they will choose, and what circumstances might make people choose differently, illuminating historical studies. History does not need to be studied as a collection of lifeless abstraction and a tedious sequence of events. But learners can be surprised by the unexpected consequences caused by the tragedy and injustice of choices made by well-meaning people and excited by the triumph of human success. For example, food is plentiful in the United States, but food shortages are common in some countries with excellent food production potential. Why can we feed ourselves when others starve because they can't? Handy Dandy handy dandy manual for solving economic mysteries Handy Dandy for solving economic mysteries Handy Handout from Capstone: The Country High School Economics Course (Reinke, Schug and Wentworth 1989) is a series of six manifestos that manifest the key principles of economic reasoning found in the original place, the resulting behavior of our choices on the expected costs and benefits. The principle provides practical teaching tools that students can use for historical reasons. All six statements describe basic economic principles by spell-mixing components: 1. 2. People's choice relates to the cost of 3. People respond to the motivation in the predictable way of 4. people create an economy that influence personal choices and incentives of 5. People get when they voluntarily trade of 6. People's choice has consequences in the future. Each command can act as a guide. Help students discover useful clues and assess the importance of existing information. Often, historical studies show that all causes of events are created equally. For any historical issue that defines some explanations better than others, some clues are more useful than others. Handy Dandy manuals for economic reasons are like pilot's boarding checklist, a list of shoppers to remember the correct groceries and avoid the wrong groceries, and the compass and map used as a route guide. The Homestead Act of 1862 allows us to investigate historical issues and use manuals to analyze what might cause observable behavior. Congress passed the Homestead Act in 1862, and President Lincoln signed it into law. If the settlers just live with it and cultivate part of it, then one hundred and sixty acres will all be theirs at the end of the year & Mac222:ve a year, Homesteaders pay nothing but a dime registration fee. The Homestead Act makes land attractive to immigrants and city residents who want to own property. Although many people are moving to the house during this time, the number is not surprising. In fact, from 1863 to 1872, ten times as many acres of farms were sold for cash than they had been in homes from 1872 to 1882. The most coveted land-selling railway People buy and judge at a faster rate than home land. What might explain this curious truth? When students & Mac222:rst discover homestead mysteries, they may start using unwanted speculation in search of a possible explanation: Homesteaders are not the only one. Act against their best interests. The government should be more careful in protecting consumer rights at this time. The man who bought the land is a wealthy land speculator of all. High prices force the poor to accept land. Handouts from the government, the railways, the rogue people buying land. People are unaware of the availability of free land. Apparently, the system has failed to provide proper education for these misunderstood Americans. If the teacher invites students to set these predictions, they will be able to make the same predictions. In using handy dandy guides to focus on their reasons, new and sometimes unexpected insights may follow. 1. The choice of land purchase behavior is not caused by accident or randomness. It is not caused by irrationality of human behavior, failure of government protection or lack of education. People often face choices and have to decide whether to use their scarce resources, including time and energy. Most settlers who buy land know about homestead options and choose the land offered by the railway. We can better understand behavior if we understand that other options exist while people choose. If there is no deliberate alternative involved, if the behavior is randomized or determined by certain invisible external forces, it does not make sense to study the behavior. We can't learn from it, anticipate or systematically understand its origins. Therefore, we can conclude that the choice of homework or land purchase, most people choose not to stay home. Now we will try to find out why many people choose to buy land. Of course, Homestead land is not really free, even if people don't need to buy. A person considers over the purchase price when they choose. Other costs may include travel time for products shipped to the market, time and resources used to increase the yield of land, years spent before the settlers become legal owners, and the effort needed to sell land if the settler decides to move. Long waiting times for land ownership, difficulty in productively, distance from transportation, and difficulty in changing ownership, all can make free land expensive, even if it is not purchased at the purchase price. The person tries to choose the benefits & Mac222:ts from the option rather than the cost of the lost choice. Settlers therefore choose railroad land over homestead land only when they expect that benefits & Mac222:ts derived from the decision will exceed the cost of paying for the land and pass up the existing free land. 3. People respond to motivation in a predictable way of motivating, it's a factor that encourages people to take action. Changes in incentives may involve an increase in expected benefits, a decrease in expected cost or a combination of the two. Train companies want farms and towns to develop close to their railways. People who live on farms and towns will become railway customers, generating revenue to pay for the operation of the railway. The free land race encourages train companies to set lower prices on their land than the price they might set. These lower prices are attractive compared to the cost of home land. Many settlers have to decide that they can do better by buying rail land rather than incurring the expected cost. The benefits of new farming are less accessible and less productive in home areas. 4. People create an economy that influences personal choices and their motivations, no one can decide what he wants to do. Choices made by individuals are often influenced by other people's choices and according to the rules of the economy and the law. Some potential settlers are not eligible for free land. In some cases, homestead land cannot be made effective due to inadequate acreage allocation and lack of ownership. Some of the best water houses were taken & Mac222:rst by lucky or well-informed settlers. This makes other settlers with less attractive home land to choose from and makes the rail land more attractive, even if it has to pay the purchase price. People are influenced by other people's choices and according to the rules of the social system in which they live. When people change their choices, they increase or decrease alternatives for others. 5. People get when they trade voluntarily of voluntary trading results in joint profits If not, then people will stop trading with friends and strangers. People are determined to improve their situation by trading what they are worth less than the items they receive in a trade from someone else. Potential farmers and railroad executives both gave up something that was less valuable to get something more valuable to them. Farmers can't eat or wear money as clothes. Money can't grow food. It's better to spend or borrow to get productive land, where they can earn more. Rail executives have little use for excess land. It does not make money or help pay salaries or dividends to shareholders. It serves rail executives better to sell land, earn sales revenue and get businesses in the future by being given the opportunity to transport the crops of farmers. Do not confuse voluntary trade with involuntary trade exploitation, such as colonialism, slavery or theft. Exploited relationships create more wealth for one side at the expense of the other classic zero-sum game. 6. People's choices have consequences in the future. Does the future work as planned by farmers and rail executives? Not always. No one is the perfect predictor of the future. All options are associated with risk because people choose to lack all the information. Sometimes things don't work as well as planned. Many farmers fail due to bad weather, poor management or changes in global crop prices. Many train companies go bankrupt because they don't earn enough money to sell land and crops. Does this range of results make their choices irrational? No, this means that the actual event differs from the expected event. The most remarkable thing is how often people get it right. The u.S. agricultural and transportation industry has succeeded and helped the United States become a highly mobile and well-fed country. Personal decisions seem to work well, but it's not risk-free. The solution, so why do so many people pass the land for free? Our new working assumption is that the expected cost and benefits of home land versus rail land do not add up to a good deal. After considering their choices, people do what they think is their best choice. The Handy Dandy hand guide helps students understand why historical events might emerge like they do. It also helps them expect the future because they can understand why people change their minds. For example, to expand this exercise, teachers can ask students to read contemporary descriptions of free farmland in Siberia or free housing in the inner cities of the United States. Students may be asked to decide whether they are willing to move to these places today for & Mac222:Year. They may then identify an incentive that will cause them to change their minds. This type of example allows students to experience the dilemmas homeowners face in responding to choices and motivations. The imminent conclusion of historical content with an economic perspective allows students to explain puzzling behavior. The Handy Dandy handbook provides teachers and students with practical, concise but rich tools to use to analyze and understand human behavior. On the other hand, history provides plenty of information about human behavior that teachers and students can explore with handy guide Dandy referencing Reinke, Robert W., Mark C. Schug, and Donald R. Wentworth. Capstone: The Country's High School Economics Program New York: National Council on Economic Studies, 1989. Donald R. Wentworth is a professor of economics at Paci& Mac222:c Lutheran University in Tacoma, Washington. Professor of Curriculum and Teaching at the University of Wisconsin-Milwaukee, Wisconsin-Milwaukee