

**KOFA HIGH SCHOOL SOCIAL SCIENCES DEPARTMENT
ECONOMICS**

**VIDEO STUDY GUIDE # 5 - PUBLIC GOODS AND THE
PUBLIC INTEREST**



TERMS THAT YOU MAY NEED INFORMATION ON :

1. **“TVA” - TENNESSEE VALLEY AUTHORITY > GOVERNMENT AGENCY CREATED TO BUILD AND MANAGE THE SYSTEM OF DAMS THAT HELPED SAVE THE SOUTHERN STATES, AND THE UNITED STATES GOVERNMENT, BILLIONS OF DOLLARS IN FLOOD DAMAGE**
2. **“NEW DEAL” - PRESIDENT ROOSEVELT’S COLLECTION OF FEDERAL GOVERNMENT SPENDING PROGRAMS DURING THE DEPRESSION THAT WERE INTENDED TO CREATE JOBS AS WELL AS DEMAND FOR GOODS AND SERVICES**
3. **THE “AMA” - THE AMERICAN MEDICAL ASSOCIATION > PROFESSIONAL ASSOCIATION FOR DOCTORS**
4. **“MEDICARE” - FEDERAL GOVERNMENT PROVIDED HEALTH INSURANCE FOR SENIOR CITIZENS ON SOCIAL SECURITY**
5. **“MEDICAID” - STATE PROVIDED HEALTH INSURANCE FOR THE NEEDY**
6. **PROPOSITION - PROPOSED LAW OR POLICY IS PUT ON A BALLOT AT ELECTION TIME SO THAT THE WILL OF THE PEOPLE CAN BE MEASURED DIRECTLY > FORM OF DIRECT DEMOCRACY**

**** STORY # 1 - DAMS AS PUBLIC GOODS**

HOW ARE PUBLIC GOODS PAID FOR ?

THERE WAS A CLEAR AND SIMPLE SOLUTION FOR THE FLOODING PROBLEM IN TENNESSEE AND THE MISSISSIPPI RIVER VALLEYS - BUILD DAMS. HOWEVER, WHY WERE THE DAMS NOT BUILT - WHAT POWERFUL PEOPLE, GROUPS, AND COMPANIES WERE AGAINST THE GOVERNMENT BUILDING DAMS ?

PRESIDENT ROOSEVELT WENT AGAINST THE POWERFUL OPPONENTS OF THE DAM SYSTEM AND CREATED THE “TVA” AS PART OF HIS “NEW DEAL” PROGRAM. BESIDES THE MONEY SAVED FROM CONTROLLING FLOOD

DAMAGE , WHAT ADDITIONAL THING ABOUT THE DAM SYSTEM WAS JUST AS IMPORTANT TO THE NATIONAL ECONOMY DURING THIS TIME OF DEPRESSION ?

**** STORY # 2 - NATIONAL HEALTH INSURANCE > DID WE NEED IT AND CAN WE AFFORD IT ? THIS IS AN ARGUMENT OVER A “SAFETY NET ”. IS THE UNITED STATES BECOMING A LITTLE TOO SOCIALIST ?**

AFTER WORLD WAR II, HOW MUCH OF THE POPULATION HAD HEALTH INSURANCE ?

IN 1946 A NATIONAL HEALTH INSURANCE PLAN WAS PROPOSED BY PRESIDENT TRUMAN. IT WAS DEFEATED AS A RESULT OF STRONG OPPOSITION BY DOCTORS AND THE POWERFUL “AMERICAN MEDICAL ASSOCIATION ”. THE DOCTORS SAID THE PLAN WAS NOT GOOD BASED ON 4 REASONS :

- 1.
- 2.
- 3.
- 4.

IN 1959 SOMETHING WAS FINALLY DONE. WHAT WAS ESTABLISHED AND UNDER WHAT PRESIDENT AND SET OF SOCIAL PROGRAMS ?

DID THE CREATION OF MEDICARE AND MEDICAID GO FAR ENOUGH ? HOW MANY PEOPLE WERE STILL NOT COVERED BY A HEALTH PLAN ?

WHAT WAS THE MAIN ARGUMENT IN SUPPORT OF THE NATIONAL HEALTH INSURANCE PLAN ? HINT - WE TALKED ABOUT IT WHEN WE DISCUSSED THE 6 QUESTIONS THAT EVERY SOCIETY AND ECONOMIC SYSTEM HAS TO ANSWER.

**** STORY # 3 - THE CALIFORNIA PROPERTY TAX REVOLT. GOVERNMENT SPENDING ON MANY THINGS (INCLUDING PUBLIC GOODS) HAD GOTTEN OUT OF CONTROL AND TAXES WERE EXTREMELY HIGH. THE BIG QUESTION > HAS OUR GOVERNMENTS (STATE AND FEDERAL) GONE BEYOND “ FULFILLING THE NEEDS THAT CAN'T BE MET NATURALLY BY THE FREE MARKET ” AND GOTTEN INTO MANAGING SOCIAL RESPONSIBILITY ? AGAIN, IS THIS SOCIALISM ?**

WHAT WAS PROPOSITION 13 ?

WHO WERE THE WINNERS AS A RESULT OF PROPOSITION 13 PASSING ?

WHO WERE THE LOSERS IN THE PROPOSTION 13 BATTLE ?

WHAT WAS PROPOSITION 9 AND WHY WASN'T IT SUCCESSFUL ?

**** SUMMARY**

HOST DAVID SCHUMACHER SAYS THAT THE GOVERNMENT HAS GONE BEYOND THE WELL DEFINED REASONS FOR GOVERNMENT INVOLVEMENT IN THE ECONOMY AND TAKEN ON BROADER SOCIAL RESPONSIBILITIES .

HOW FAR WE WILL ALLOW THE GOVERNMENT INVOLVEMENT TO GO WILL DEPEND ON :

- 1. THE PUBLIC'S PERCEPTION OF _____**
- 2. THE EFFECTIVENESS OF THE GOVERNMENT'S ABILITY TO _____**
- 3. OUR WILLINGNESS TO _____ FOR THE INVOLVEMENT**