

**KOFA HIGH SCHOOL SOCIAL SCIENCES DEPARTMENT**

**ECONOMICS**

**VIDEO STUDY GUIDE # 2 - PUBLIC GOODS AND  
RESPONSIBILITY**



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**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**

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**\*\* 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 ?**

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**\*\* 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 5 REASONS :**

- 1.
- 2.
- 3.
- 4.
- 5.

**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 ?**

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**\*\* STORY # 3 - EVERYTHING CHANGED REGARDING AIRLINE SECURITY AFTER THE 911 EVENT . WHY WAS THE PROVIDING OF SECURITY TAKEN AWAY FROM THE PRIVATE MARKET / SECTOR ?**

**SENATOR JOHN McCAIN CLAIMED THAT THE WORKERS SUPPLYING SECURITY WERE :**

- 1.
- 2.

**THE DEBATE WAS OVER WHETHER SECURITY WAS A \_\_\_\_\_ OR A \_\_\_\_\_ GOOD**

**WHAT WAS THE FEAR OF LETTING THE AIRLINES PROVIDE THE SECURITY THROUGH PRIVATE ENTERPRISE / CHANNELS ?**

**WHAT TWO THINGS HAVE WE GIVEN UP , OR TRADED OFF , AS A RESULT OF HAVING THE GOVERNMENT PROVIDE THE SECURITY FOR AIR TRAVEL ?**

- 1.
- 2.

**ANALYSIS BY NARIMAN BEHRAVESH :**

**ECONOMISTS CLASSIFY A GOOD AS A PUBLIC GOOD IF IT SATISFIES WHAT TWO CONDITIONS ?**

- 1.
- 2.

**WHAT IS THE CLASSIC EXAMPLE OF A PUBLIC GOOD ?**

**WHAT DO WE CALL THE PROBLEM THAT ARISES FROM PUBLIC GOODS SINCE IT IS DIFFICULT TO DETERMINE HOW MUCH A PUBLIC GOOD IS WORTH TO EACH INDIVIDUAL BECAUSE THEY DO NOT HAVE TO DECLARE HOW MUCH IT IS WORTH TO THEM ?**

**FREE MARKETS ALMOST ALWAYS WILL UNDER \_\_\_\_\_ PUBLIC GOODS , SO THE SOLUTION TO CORRECT THIS TYPE OF \_\_\_\_\_ IS FOR THE GOVERNMENT TO PROVIDE THE GOOD**

**AND \_\_\_\_\_ THE PUBLIC TO PAY FOR IT**

**\*\* 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**