

<b>Stage 1 – Desired Results</b>	
<p><b>Title: Banking on the Canal</b>  <b>Instructional Time: 12 hrs.</b></p>	<p><b>Subject/Course:</b>                      <b>Grade: 9<sup>th</sup> -12<sup>th</sup></b>  Social Studies/Economics/History/Language Arts</p>
<p><b>Big Ideas:</b>  <b>Scarcity, Productive Resources, Opportunity Costs, Production Possibility Frontier, Economic Systems, Types of Businesses, Normative Versus Positive Statements, Macroeconomics and Microeconomics, Historical Research, Primary Source Investigations: Using Photographs</b></p>	<p><b>Designers:</b>  <b>Julie Boone and Gina McGowan</b></p>
<p><b>Established Goals:</b></p> <p><b>SSEF1 - The student will explain why limited productive resources and unlimited wants result in scarcity, opportunity costs, and trade offs for individuals, businesses, and governments.</b></p> <ol style="list-style-type: none"> <li>a. Define scarcity as a basic condition that exists when unlimited wants exceed limited productive resources.</li> <li>b. Define and give examples of productive resources (e.g., land (natural), labor (human), capital (capital goods) and entrepreneurship.</li> <li>c. List a variety of strategies for allocating scarce resources.</li> <li>d. Define opportunity cost as the next best alternative given up when individuals, businesses, and governments confront scarcity by making choices.</li> </ol> <p><b>SSEF2 – The student will give examples of how rational decision making entails comparing marginal benefits and marginal costs of an action.</b></p> <ol style="list-style-type: none"> <li>a. Illustrate by means of a production possibilities curve the trade offs between two options.</li> </ol> <p><b>SSEF4 – The student will compare and contrast different economic systems and explain how they answer the three basic economic questions of what to produce, how to produce, and for whom to produce.</b></p> <ol style="list-style-type: none"> <li>a. Compare command, market and mixed economic systems with regard to private ownership, profit motives, consumer sovereignty, competition, and government regulation.</li> </ol> <p><b>SSEM14 – The student will explain the organization and role of business in the U.S. economy.</b></p> <ol style="list-style-type: none"> <li>a. Compare and contrast three forms of business organizations – sole proprietorship, partnership and corporation.</li> </ol> <p><b>ELA10RC3 - The student acquires new vocabulary in each content area and uses it correctly.</b></p> <p><b>ELA10RC4 - The student establishes a context for information acquired by reading across subject areas.</b></p> <p><b>ELA11LSV1 - The student participates in student-to-teacher, student-to-student, and group verbal interactions.</b></p> <p><b>ELA12C1 The student demonstrates understanding and control of the rules of the English language, realizing that usage involves the appropriate application of conventions and</b></p>	

grammar in both written and spoken formats.

ELA12W2 - The student demonstrates competence in a variety of genres.

**South Carolina Standards**

**ECON: 1.1, 1.2, 1.3, 3.2, 3.3, 5.1, 5.2, 6.1, 6.2, 7.2**

**Language Arts: E1-2.2, E1-2.7, E1-3.1, E1-6.7, E2-2.1, E2-2.2, E2-2.5, E2-2.7, E2-3.1, E2-6.7, E3-2.1, E3-2.2, E3-2.5, E3-2.7, E3-3.1, E3-6.7, E4-2.2, E4-2.5, E4-2.7, E4-3.1, E4-6.7**

**Enduring Understandings:**

**The student will understand:**

- Microeconomics is individual decision-making about the allocation of resources.
- Macroeconomics is societal decision-making about the allocation of resources.
- The three types of legal businesses that can be established in the United States – sole proprietorships, partnerships, and corporations - have advantages and disadvantages.
- Land, labor, capital and entrepreneurship are types of societal resources.
- Normative economic statements reflect opinion; positive economic statements are factual.
- A pure market economy relies on private firms for all production.
- In a pure command economy, all resources are government-owned; all production is coordinated by the government.
- A production possibility frontier shows the possible combinations of two types of goods that can be produced when available resources are employed fully and efficiently.

**Essential Questions:**

1. Why does economics play a role in history?
2. How do businesses and government use rational decision-making strategies?
3. Why did city planners need government and private financial backing for the canal project?
4. Why did the citizens of Augusta have differing views about the canal project?
5. Why did they call Augusta “The Lowell of the South?”
6. How did canal planners allocate their resources?
7. How did canal businesses allocate their resources?
8. How do the three forms of businesses differ?
9. How do mixed, command and market economic systems compare?
10. Why is it necessary to differentiate between normative and positive economic statements?
11. How could new businesses profit from the canal?
12. How do government regulations impact private businesses?
13. Why do we need to make choices about allocating resources?
14. Why should businesses use production possibilities frontiers?

**Knowledge:**

- Economics is the study of how resources are allocated to better satisfy unlimited wants and needs.
- Land, labor, capital and entrepreneurship are productive resources.

**Skills:**

Students will be able to...

- Apply the concepts of scarcity, opportunity cost and trade offs to local historic events.
- Describe and give examples of productive resources
- Discuss strategies for allocating resources.

<ul style="list-style-type: none"> <li>• Command, market and mixed are basic economic systems.</li> <li>• Sole proprietorship, partnership, and corporations are types of businesses.</li> <li>• Normative statements reflect opinions; positive statements are economic realities and theories.</li> <li>• Macroeconomics is concerned with individual decision-making.</li> <li>• Microeconomics is concerned with societal decision-making.</li> <li>• Production possibility frontiers show the possible combinations of two types of goods that can be produced when available resources are employed efficiently.</li> </ul>	<ul style="list-style-type: none"> <li>• Use a production possibility curve.</li> <li>• Compare and contrast different economic systems.</li> <li>• Compare and contrast the advantages and disadvantages of three types of businesses.</li> <li>• Differentiate between normative and positive statements.</li> <li>• Compare and contrast microeconomics and macroeconomics.</li> <li>• Describe the impact of the Augusta Canal on the economy.</li> <li>• Analyze historical photos and make inferences about 19<sup>th</sup> century industry, work and recreation.</li> <li>• Apply information about basic economics to the historical developments of the Augusta Canal.</li> <li>• Create a business plan to utilize the canal's resources efficiently.</li> </ul>
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**Stage 2 – Assessment Evidence**

<p><b>Performance Tasks/Projects:</b></p> <ol style="list-style-type: none"> <li>1.) Completed on-site photo analysis.</li> <li>2.) Completed PPF of two products from the Augusta Lumber Company.</li> <li>3.) Completed financial plan for a hypothetical business on the Augusta Canal.</li> <li>4.) Completed worksheet identifying normative/positive and macro/micro economic statements.</li> </ol>	<p><b>Other Evidence:</b></p> <ol style="list-style-type: none"> <li>1.) Verbally identify the productive resources involved in the planning, construction and maintenance of the Augusta Canal.</li> <li>2.) Verbally describe the financial strategies for the backing of the Augusta Canal.</li> <li>3.) Participation in class discussions and activities.</li> </ol>
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**Stage 3 – Learning Plan**

<p><b>Learning Activities:</b></p> <p><u>Pre-Visit Classroom</u></p> <p><b>1.) “The Lowell of the South”</b>  <b>Materials:</b> <i>Augusta Canal Background Information for Teachers</i>  <b>Internet Links:</b>  <a href="http://www.augustacanal.com/haer-report.html">http://www.augustacanal.com/haer-report.html</a>   <a href="http://www.georgiaencyclopedia.org/ngc/Article.jsp?id=h-3039">http://www.georgiaencyclopedia.org/ngc/Article.jsp?id=h-3039</a>   <a href="http://www.downtownaugusta.com/augustacanal/augustacanal.htm">http://www.downtownaugusta.com/augustacanal/augustacanal.htm</a></p>
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**Procedure:** The students become familiar with the background history of the Augusta Canal from reading information provided on the websites listed above and a in a general teacher presentation. In small groups, the students discuss the scarcity problems Augusta faced in the early 1800s. What were the opportunity costs, trade offs and types of productive resources involved in the construction of the Augusta Canal? How was rational decision making employed by Augusta’s leaders in determining the city’s need for a canal? How did city planners allocate their resources to construct the canal?

## **2.) Financing the Canal**

**Procedure:** Review the concepts of pure market economy, pure command economy and mixed economy. Share the plan for financing the construction of the Augusta Canal provided in the *Historic American Engineering Record*:

During the 1840’s, however, the ideas of stock corporations and government-financed public utilities were imperfect. Cumming knew of the joint venture or stock company financing of canals, common in New England, as well as the government’s subsidizing of canals, predominant on the European continent, and combined the two ideas into his Augusta proposal. A joint stock company, the Augusta Canal Company, would supervise construction of the canal, while purchaser of its stock would be the city of Augusta. The city, in turn would issue \$100,000 worth of city bonds; transfer them from the canal company, who would then use the bond sales to finance construction. Furthermore, in exchange for a tax paid on city real estate, citizens would receive a proportionate amount of stock or “Canal Scrip.”

Have the students identify elements of market and command economies in the plan for financing the construction of the Augusta Canal. Have the students explain how the plan for financing the Augusta Canal illustrates a mixed economy. Explain that some merchants and other property owners went to the local courts to contest the project’s legality in forcing them to become stockholders. Have them predict what the courts decided. (In 1848, the Georgia Supreme Court decided in favor of the canal’s proponents.)

On Site

## **3.) Photo Analysis**

**Materials: Student Worksheet 9-12 A**

**Procedure:** Students work in pairs or small groups and follow the steps outlined to analyze and discuss primary murals and photographs located in the Interpretive Center.

## **4.) Augusta Lumber Company: Production Possibilities Frontier**

**Materials: Student Worksheet 9-12 B**

**Procedure:** Students work in pairs to analyze a PPF for the Augusta Lumber Company and answer five questions. Note: This exercise can be completed in the classroom as well.

## **5.) Canal Boat Ride – The Canal’s Impact on Augusta and Surrounding Areas**

Post-Visit Classroom Activities

## 6.) Spoken at the Canal: Economic Realities and Opinions

**Materials:** Student Worksheet 9-12 C

**Vocabulary:** macroeconomics, microeconomics, normative and positive statements

**Procedure:** Review vocabulary terms. Explain that the changes the Augusta Canal brought to the local economy were discussed and debated along its banks for decades. Have the students determine if the statements listed on “Spoken at the Canal” are related to macroeconomic or microeconomics, and whether or not they are normative or positive.

## 7.) Risky Business: Canal Entrepreneurship and You

**Vocabulary:** sole proprietorships, partnerships, corporations

**Procedure:** Review the three forms of legal business that can be established in the United States. Explain that the Augusta Canal provided a source of inexpensive water power for mill and factory operations along its banks. Yet canal businesses had to deal with such problems as inconsistent water flow, market ups and downs, and labor force unrest. Have the students imagine that they are 19<sup>th</sup> century entrepreneurs with the productive resources necessary to start a business on the canal. In small groups or with partners, have students brainstorm and list the advantages and disadvantages of each type of business. Have them decide upon one of the three types of business to establish and write a brief plan for its initial organization.

- The basic **advantages associated with a sole proprietorship** are (1) it is easy to start up, (2) it is simple to manage, and (3) it is relatively free from government regulation. Some of its **disadvantages** are (1) getting financed is limited by the wealth and credit standing of the proprietor, (2) the business dies when the proprietor dies or quits, and (3) unlimited liability of the proprietor (both business and personal assets may be lost if the business fails or becomes a losing party in a law suit).
- The basic **advantages** in a **partnership** include (1) it is easy to start up, (2) it is relatively simple to manage, and (3) it is subject to relatively few government regulations. Some of the **disadvantages** of a partnership include (1) unlimited liability of partners (if your partner makes a mistake or is dishonest, your personal assets may be in jeopardy), (2) division of ownership often leads to disagreements in operations and management of the business, and (3) the death or withdrawal of one partner dissolves the partnership, although a new organization may be formed.
- The **advantages of a corporation** over other types of businesses would include (1) it is easier to finance because a corporation can sell stocks and bonds, (2) limited owner liability (the stockholders can only lose their investment), (3) unlimited life (the death of a stockholder does not mean the end of a corporation), and (4) highly specialized management. The **disadvantages** of a corporation are (1) it is more difficult to start up, and (2) it is subject to extensive government regulation and taxation.

**Post-Visit  
Spoken at the Canal  
Student Worksheet 9-12 C**

**Determine if the statements below relate to microeconomics or macroeconomics, and if they are normative or positive.**

1. The National Industrial Recovery Act ended the practice of employing children.
2. The Jackson brothers organized the Enterprise Mill Company with capital of \$150,000.
3. A nine year old textile mill doffer should have earned more than 35 cents a day.
4. Wages for labor should be determined by supply and demand, not by government regulation.
5. Mill operatives work eleven hour shifts, six days a week and earn \$3.
6. The assessed value of real estate in Augusta should increase once the canal attracts new industry.
7. The commissioners agreed upon \$5 per horsepower (\$10 less than at Lowell) for water rents.
8. The Works in Progress Administration deployed hundreds of workers to address flooding problems around the country.
9. The Augusta Canal should provide a stable source of revenue for the city.
10. The first era of the United States was marked by recession and depressions, ending in the Great Depression of the 1930s.
11. One of the reasons the Equal Rights Amendment should be passed is to insure the equality of wages.
12. Unemployment rose from 23% in 1880 to 39% in 1890 at the Augusta Factory.

**Post Visit**

**Spoken At the Canal - Student Worksheet 9-12 C Answer Key**

- 1.) macroeconomics/positive
- 2.) microeconomics/positive
- 3.) microeconomics/normative
- 4.) macroeconomics/normative
- 5.) microeconomics/positive
- 6.) microeconomics/normative
- 7.) microeconomics/positive
- 8.) macroeconomics/positive
- 9.) microeconomics/normative
- 10.) macroeconomics/positive
- 11.) macroeconomics/normative
- 12.)microeconomics/positive