

*American
Economic Problems*

*By S. Howard Patterson
A. W. Selwyn Little
and Henry Reed Burch*



PUBLISHED FOR THE UNITED STATES ARMED FORCES
BY THE MACMILLAN COMPANY

Copyright, 1941
By The Macmillan Company

No part of the material covered by this copyright may be reproduced in any form without written permission of publisher.

The material presented herewith is a reprint of educational material taken from existing standard textbook matter now in use in American schools and colleges. It is published for use as an aid in instruction in certain educational activities of the armed forces. The statements and opinions contained are those of the authors.

This book is not available for sale by the Superintendent of Documents nor may it be sold or distributed in this form on the civilian market.

WAR DEPARTMENT

Washington 25, D. C., 19 July 1944

[A. G. 300.7 (19 July 1944).]

Additional copies should be requisitioned from USAFI, Madison 3, Wisconsin, or nearest Overseas Branch.

EDUCATIONAL SERVICES SECTION, STANDARDS AND CURRICULUM DIVISION, TRAINING, BUREAU OF NAVAL PERSONNEL, NAVY DEPARTMENT, WASHINGTON 25, D. C.
Copies for Navy personnel should be requisitioned from Educational Services Section.

EDUCATION SECTION, WELFARE DIVISION, SPECIAL SERVICES BRANCH, UNITED STATES MARINE CORPS, WASHINGTON 25, D. C.

Distributed to Marine Corps personnel by Special Services Branch. Additional copies, or information, may be obtained from unit Special Services Officers.

TRAINING DIVISION, OFFICE OF PERSONNEL, COAST GUARD HEADQUARTERS, WASHINGTON 25, D. C.

Copies for Coast Guard personnel should be requisitioned from The Commandant (PT), U. S. Coast Guard Headquarters, Washington 25, D. C.

INTRODUCTION

American Economic Problems treats the important economic problems of modern American society. The approach is realistic and concrete; abstract economic theory has been minimized. This text, therefore, is designed especially to meet the needs of students desiring to come to grips promptly with live issues, rather than merely for those able and willing to study economic theory for its own sake.

The authors have sought to be sanely progressive; that is, to avoid both the one extreme of radicalism and the other extreme of ultraconservatism. Their faith in the American way of life rests on the belief that it implies the method of orderly, peaceful achievement of desirable social goals by democratic processes. Sound civic education should develop wholesome and reasoned public opinion, which will express itself in evolutionary, not revolutionary, changes and in economic reform, rather than in complete reorganization.

How to Use This Book

This special edition of *American Economic Problems* has been prepared exclusively for off-duty group study by military personnel. A book on a subject such as this is not like a magazine story. Even though you know the meaning of all the words, you may have to go over the text two or three times to fully understand it. You must be sure you understand what you are reading. You will find that the more you study, the easier it is to study effectively.

END-OF-COURSE TESTS

When you have finished this course you are entitled to take a USAFI End-of-Course Test, and to receive a report of your score on the test. USAFI End-of-Course Tests may be obtained as follows:

By students enrolled with USAFI: If you received this book for individual study through enrollment in the U. S. Armed Forces Institute, you may obtain the End-of-Course Test by sending an *Application for Institute Test or Examination* (ask your Information-Education Officer or your Educational Services Officer for an application blank) to the Commandant, U. S. Armed Forces Institute, Madison 3, Wisconsin, or to the nearest overseas Institute Branch.

By students enrolled in locally organized classes: If you received this book through enrollment in a locally organized class you may apply for the End-of-Course Test through your instructor.

By other students: If you obtained this book by any means other than enrollment with USAFI or in a locally organized class, you may obtain an application for an End-of-Course Test by writing to the Commandant, U. S. Armed Forces Institute, Madison 3, Wisconsin, or to the nearest overseas Institute Branch.

CERTIFICATES OF COMPLETION

Certificates of Completion, signed by the officers in charge of local education programs, are frequently issued to students who satisfactorily complete courses in locally organized classes. Special USAFI Certificates of Completion are automatically issued by the U. S. Armed Forces Institute to students who are enrolled in the Institute and who complete USAFI courses and End-of-Course Tests by individual study.

USAFI Certificates of Completion are sometimes required by civilian schools in connection with applications for academic credit. If you have a local certificate for work done in a course based on this book and if a school or college has requested you to submit in addition a USAFI Certificate of Completion in order to obtain credit for the course, you must enroll in the Institute in order to apply for a USAFI Certificate of Completion.

TABLE OF CONTENTS

	PAGE
Introduction	V
UNIT A. PRODUCTION AND BUSINESS ORGANIZATION	1
<small>CHAPTER</small>	
I. The Economic Process as a Whole	3
II. The Corporate Form of Business	44
III. Merchants and Markets	66
IV. Big Business and Monopoly	93
V. Public Utilities in Transportation and Communication	119
UNIT B. EXCHANGE AND FINANCIAL ORGANIZATION	175
VI. Money and Credit	177
VII. Banks and Our Banking System	207
VIII. International Trade and the Tariff	240
IX. Business Cycles and Economic Instability	268
X. Public Finance and Taxation	291
UNIT C. WISE CONSUMPTION AND FAIR DISTRIBUTION	315
XI. Improved Standards of Living	317
XII. Thrift and Saving	342
XIII. National Prosperity and Economic In- equality	361
UNIT D. INDUSTRIAL PROGRAMS AND LABOR POLICIES	391
XIV. Industrial Harmony instead of Conflict	393
XV. Social Security amid Economic Insecurity	433
XVI. Human Conservation instead of Exploita- tion	457

	PAGE
UNIT E. LAND POLICIES AND AGRICULTURAL PROGRAMS	485
XVII. Conservation of Natural Resources . .	487
XVIII. Improvements in Agricultural Conditions	525
UNIT F. BROAD PROGRAMS OF ECONOMIC REORGANIZATION	551
XIX. The Co-operative Movement	553
XX. Rival Economic Systems	568
GENERAL BIBLIOGRAPHY	598
INDEX	609