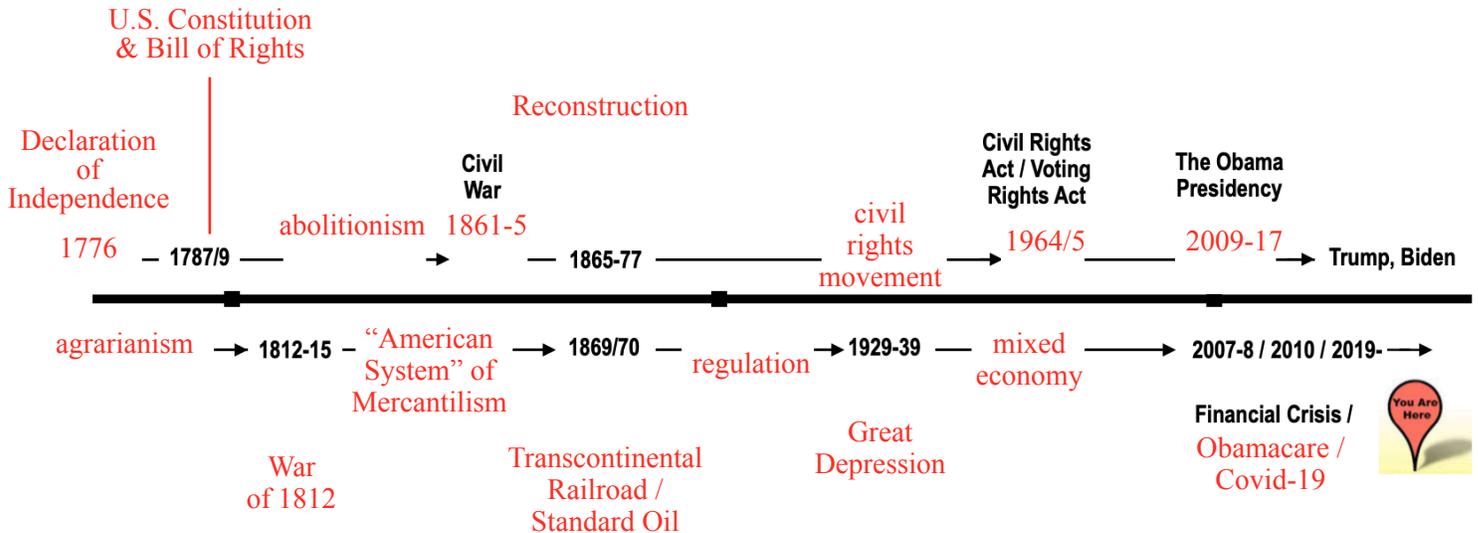


**Part 1: Facts Practice**

1. Fill in the missing parts of the timeline. (When a date is missing for an event, enter the date. When the date is given, but the name of an event is missing, enter the name. If you don't have enough room, put a single number, and use the space at the bottom to write the description for it. *Make sure the timeline is truly complete before moving on!*)



**Total Points This Page: 10 pts - deduct 0.5 points for any missing item**

**Part 2: Early American Political Economy**

2. What are agrarianism and mercantilism? Why did America start with one, but then change to the other?

Agrarianism is a theory of political economy modeled after the ancient Roman Republic that proposes that the ideal citizen is an independent farmer — like the Roman hero Cincinnatus — because farming is a virtuous way of life and compatible with liberty. Mercantilism is a theory of political economy that says that merchants are the most important people in society because they create more wealth for a country and should be encouraged by the government in a manner similar to what was practiced by Great Britain. America started with agrarianism because it was still a pre-industrial society and the British model was rejected in the name of liberty. After the War of 1812, Americans wanted to stop trading with Britain, so they agreed to a social contract of mercantilism, where taxes were used to punish British merchants and favor American ones.

**(5 pts: 1 pt for agrarianism based on citizen-farmer of Rome; 1 pt for mercantilism using laws to favor merchants; 1 pt for pre-industrial life and anti-British sentiment; 1 pt for War of 1812; 1 pt for spelling and grammar)**

3. What was the main feature of the “American System”? Who were the winners and losers of this system, and how did it contribute to the coming of the Civil War?

The main feature of the “American System” of mercantilism was the Tariff. This was a set of high taxes placed on goods imported into the United States, especially from Europe. The winners of this system were American merchants (especially manufacturers/producers in the northern United States) who would otherwise not be able to compete with European ones, who could now charge higher prices for their goods, because cheaper European goods were made more expensive. The losers of this system were any Americans who wanted to buy European products, but now found them more expensive. This was widely the case for Southern American farmers (usually also slave owners) who were already angered by abolitionism and who now had another complaint against the federal government for making laws that were anti-Southern. Although the Tariff was lowered, the combination of these things made Americans in the north and south less willing to live together in one nation and pushed America closer to the Civil War.

**(6 pts: 1 pt for the Tariff; 1 pt for explanation; 1 pt for favoring northern merchants; 1 pt for harming consumers/Southern farmers; 1 pt for combination with abolitionism ; 1 for spelling and grammar)**

**Total Points This Page: 11 pts**

**Part 3: Industrial Political Economy**

4. How did the building of the Transcontinental Railroad change America's political economy? To what?

The building of the Transcontinental Railroad was the last great act of mercantilist “encouragement” to proto-industrial progress. The project made no sense financially, and it quickly went bankrupt, but certain government officials and their business partners made off with huge sums of money for building it anyway. This led to a backlash against corrupt partnerships of big government and big business in American culture, and the call for the *regulation* of industry as such.

**(4 pts: 1 pt for bankruptcy; 1 pt for profiteering by corrupt government and business interests; 1 pt for regulation ; 1 for spelling and grammar)**

5. How did the rise of the Standard Oil company change America’s political economy? What happened to it?

The rise of the Standard Oil company was one of the key events that led to the new political economy of *regulation*. If mercantilism was meant to “encourage” the growth of business, that the rise of such a company proved there was no need for that kind of government action. Instead, such successful businesses were viewed as *too successful*, especially when they drove competitors out of business. In keeping with this new model of political economy the Standard Oil Company was broken up into multiple separate companies by the federal government.

**(4 pts: 1 pt for being “too successful”; 1 pt for regulation; 1 pt for break up ; 1 for spelling and grammar)**

6. What is the basic idea of a mixed economy? What triggered America’s adoption of such a system, and how?

The basic idea of a mixed economy is that industry should be left free to accomplish whatever it can, because this creates the greatest amount of technological and economic progress, but if there is a social problem that people believe the government can address, it should step in in order to support those in need. Americans believed it was a good idea to adopt such a system because of the Great Depression, when many people became destitute following a stock market crash. This was believed to be the best of “both worlds,” in other words a system of freedom *and* socialism, without the socialist aspects destroying the demonstrable benefits of free enterprise.

**(4 pts: 1 pt for combining freedom and socialism; 1 pt for supporting those in need; 1 pt the Great Depression as the trigger ; 1 for spelling and grammar)**

**Total Points This Page: 12 pts**

**Part 4: The Modern Mixed Economy**

7. What was the “Great Society” social contract? Be sure to link your answer to the Cold War, and to discuss more than just political economy.

The “Great Society” social contract was proposed by Lyndon Johnson. It was a form of mixed economy that Johnson proposed would combine the best of American freedom with government support for those in need. This political-economic system was a response to the Cold War, in the sense that Russian communism seemed to provide *equality, but only at the expense of freedom*, and Americans, not wanting to lose their freedom and all the obvious economic advantages that come with it, wanted to be able to compete with Russian morally by taking care of the less fortunate as well. The Civil Rights Act and Voting Rights Act were passed at the same time to show American’s commitment to equal rights.

**(4 pts: 1 pt for Lyndon Johnson; 1 pt for undesirability of loss of freedom; 1 pt for connection to civil rights movement; 1 for spelling and grammar)**

8. What is the difference between the social contract of socialism and the social contract of a mixed economy? Which ones does America have today, and why?

The social contract of a mixed economy is that free enterprise is the default and government involvement in the economy is supplemental. The social contract of socialism is that government involvement in any particular aspect of the economy is the default. If we look at the Financial Crisis, in which the government was called on the “save” the economy, Obamacare, where government involvement in health care is greatly expanded, and finally the recent Covid-19 pandemic, where the government has controlled almost every aspect of human life, to the point of remarkably dictatorial mandates, it seems clear that America is either now a socialist country, or at least on the cusp of becoming one.

**(4 pts: 1 pt for mixed economy as freedom + government; 1 pt for socialism as government control by default, 1 pt for recent examples ; 1 for spelling and grammar)**

**Total Points This Page: 8 pts**

**Total Points on Test: 41 pts**