

Activity 4a
Group 1: 1960-1975

Use Activity 3 and the websites listed to answer the two questions below.

1. What happened to defense spending as a percentage of the Federal outlays between 1960-1975?

Website: <http://www.infoplease.com/ipa/A0104753.html>

(Defense spending declined as a percentage of government spending from to 1960-1975.)

2. What could account for this change?

Website: <http://www.infoplease.com/year/1975.html>

(Saigon surrendered and the last Americans are evacuated ending the Vietnam War.)

Activity 4b

Group 2: 1970-1975

Use Activity 3 and the websites listed to answer the three questions below.

1. What happened to defense spending at this time?
Website: <http://www.infoplease.com/year/1975.html>
(It continued to decline as a result of the winding down of the Vietnam War.)

2. What happened to transfer payments as a percentage of the Federal budget during these years?
Website: <http://www.infoplease.com/ipa/A104767.html>

(Transfer payments began to increase from 16,488 millions to 41,447 millions of dollars.)

3. What events would account for the changes in transfer payments?
Websites: <http://www.infoplease.com/ipa/A104719.html>
www.infoplease.com/ipa/A104767.html
www.infoplease.com/ce6/bus/A0825192.html
(Unemployment was increasing, welfare rolls were expanding. Much of this was caused by the Arab Oil embargo and higher oil prices which had increased inflationary pressures which caused many people's real income since wage increases did not keep pace with prices. There was a recession beginning in 1976.)

Activity 4c

Group 3: 1978-1988

Use Activity 3 and the websites listed to answer the two questions below.

1. What happened to defense spending as a percentage of the federal budget?
Website: <http://www.infoplease.com/ipa/A0104655.html>
(It increased from 24.8 to 26.6%.)
2. Why did this shift occur?
Website: <http://www.infoplease.com/year/1978> Look at the page for each year of the time period by clicking on next year at the top of the page. This gives you an overall view of major world and US events that would affect defense spending and other areas.
(Defense spending increased during this time frame due to increasing instability in the Middle East, Russia, the other Eastern Bloc nations, the Philippines, etc.)

Activity 4d

Group 4: 1978-1988

Use Activity 3 and the websites listed to answer the two questions below.

1. What was happening to transfer payments during this time?
Website: <http://www.infoplease.com/ipa/A0104655.html>
(Transfer payments continue to grow as a percentage of federal spending.)

2. What events were occurring in the US that would explain this trend?
Website: <http://www.infoplease.com/ce6/bus/A0850018.html>,
<http://www.infoplease.com/ce6/bus/A0825192.html>,
<http://www.sandiegohomes4u.com/25YrRates.htm>
<http://www.stls.frb.org/fred/data/irates/prime>
<http://www.infoplease.com/ce6/history/A0836844.html>
(During the late 70s and early 80s the country was suffering from the condition called stagflation. These sites look at unemployment, inflationary pressures, and interest rates which brought the purchases of new houses and autos almost to a standstill. Many people lost their jobs. Consequently, the unemployment rate went up, therefore, the transfer payments increased. The US was in a recession from 1981-1983. At the same time people's wages and salaries were not keeping up with price changes. Following the recession, unemployment dropped from a high of 10% in 1982 and was back to around 5% by 1988. OPEC lost its control over world oil prices as importing countries decreased their demand by 1982 and energy prices stayed relatively low for the next decade or so.)

Activity 4e

Group 5: 1988-2000

Use Activity 3 and the websites listed to answer the two questions below.

1. What happened to defense spending between these years?
Website: <http://www.infoplease.com/ipa/A0104655.html>
(Defense spending has decreased as a percentage of federal spending from 26.6% to 15.3% for 2001.)

2. What changes have occurred to explain this trend?
Website: <http://www.infoplease.com/year/1989.html> Scan the pages for 1990-2001 by clicking on next year each time.

(Even though the Gulf War was fought during this period, it was very quick and did not involve massive increases in defense spending. More importantly was the breaking apart of the Soviet bloc as a military threat to the West. With the Cold War over and those countries moving toward market systems and democratic decision making, the US began to reallocate its resources by major cutbacks in military spending.)

Activity 4f

Group 6: 1988-2000

Use Activity 3 and the websites listed to answer the two questions below

1. What is the trend in transfer payments during this time?
Website: <http://www.infoplease.com/ipa/A0104655.html> ,
<http://www.infoplease.com/ipa/A0873746.html>

(Transfer payments continue to climb as a percentage of the budget.)

2. What changes could help explain the shifting priorities for federal spending?
Websites: <http://www.infoplease.com/year/1990.html>,
<http://www.infoplease.com/ipa/A0104721.html>
<http://www.infoplease.com/ipa/A104583.html>
<http://www.infoplease.com/ipa/A0780151.html>
<http://www.infoplease.com/ipa/A0201394.html>
<http://www.infoplease.com/ipa/A0780132.html>
<http://www.infoplease.com/ipa/A0780010.html>

(During the expansion of the 1990s, overall income levels rose. Less people qualified for welfare assistance and welfare reform programs were instituted throughout the nation. The bull market taking place in the stock market had a positive effect on consumer confidence and spending. At the same time the baby boomers are approaching retirement age, the average life expectancy is rising so there has been considerable increases in the social security programs including medicare.