

PROHIBITION THEN; MADD TODAY

From *United States History: Focus on Economics*, Lesson 9
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Lesson Description

Students read short histories of Prohibition and MADD and work in small groups to evaluate the consequences of these policies on consumers' behavior.

History

The production of alcoholic beverages has always been important to the U.S. economy. In some states alcohol production has even been subsidized. Alcohol has been heralded for the pleasure and good health it was believed to confer on consumers. But early in the 1800s, some Americans grew concerned about the problems that alcohol abuse had created. The problems ranged from domestic violence to loss of worker productivity. A temperance movement became active before the Civil War, advocating moderate use of alcohol or abstinence as possible solutions to alcohol-related problems. From the 1870s on, and into the 20th century, the movement grew dramatically as the Women's Christian Temperance Union (WCTU). The movement drew hundreds of thousands of mostly middle-class white women into action. Ultimately the temperance movement sought a complete ban on the production and sale of alcohol. Such a ban was enacted in the form of the 18th Amendment to the U.S. Constitution, ratified in 1919. This amendment prohibited the manufacture and sale of alcohol, but illegal production and sale continued on a large scale. Prohibition eventually was repealed in 1933 during President Franklin Roosevelt's administration.

Alcohol abuse persisted, however, and new movements emerged to combat alcohol-related problems, especially drunken driving. One prominent movement in recent years has been Mothers Against Drunk Driving (MADD), which works to stop destructive behavior related to alcohol abuse but does not seek a return to Prohibition.

Economic Reasoning

The production and consumption of alcoholic beverages involve market exchanges that carry with them external costs (externalities) borne by third parties. Examples of externalities associated with consumption of alcohol are domestic violence, decreased worker productivity, and health problems. It was consequences to "other people - innocent victims" that stimulated the rise of the temperance movement. Temperance activists sought to reduce the negative social consequences of alcohol consumption. While several courses of action are possible, here are three alternative policies that might be pursued to reduce alcohol-related externalities: (1) ban production and consumption of alcoholic beverages; (2) establish severe penalties for improper behavior while under the influence of alcohol; and (3) reduce the demand for alcoholic beverages.

The first policy, as embodied in Prohibition, produced a reduction in alcohol consumption, but at a heavy cost. It resulted in such high prices for illegally produced alcoholic beverages that illegal traffic in alcohol actually rewarded criminal behavior and encouraged gang wars among criminals who sought to secure control of the illegal business. The second and third policies, as embodied now in various legal provisions, attempt to minimize externalities by penalizing alcohol abuse (for example, jailing abusive drinkers, firing employees for drinking on the job), and establishing educational programs designed to help people distinguish between acceptable and unacceptable uses of alcohol. If successful, these programs will reduce consumption, reduce negative social consequences, and avoid the problem of illegal production and criminal activity.

Grade Levels

Middle School: all students, basic course material, average and below average students

Time Required

Two class periods.

Economic Concepts

- Choice
- Costs/benefits
- Incentives
- Externalities (social consequences)

Content Standards and Benchmarks

National Standard Number: 1

Productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others.

National Standard Number: 2

Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are "all or nothing" decisions.

National Standard Number: 4

People respond predictably to positive and negative incentives.

Objectives

Students will:

- Summarize the consequences of a national ban on the manufacture, sale, and transportation of intoxicating beverages.
- Explain the reasons for implementing a national program to discourage people from driving cars while intoxicated (as created by Mothers Against Drunk Driving, from 1980 to the present).
- Apply the concepts of costs and incentives to compare the policy effectiveness of Prohibition and MADD

Materials

- Visual 1: Brief History of Prohibition
- Visual 2: MADD - A Brief History
- Visual 3: Definitions
- Activity 1: Amendment 18, Volstead Act, Amendment 21
- Activity 2: What Choices Will We Make about Drinking under Prohibition?
- Activity 3: What Choices Will We Make Today about Drinking and Driving?

Procedure

1. Explain that the purpose of this lesson is to invite the students to examine problems related to alcohol abuse and alternatives used historically to address the problem. Ask students to describe some negative effects of alcohol abuse:

(a) Examples that primarily affect the individual drinker (need to pay for alcohol and opportunity costs of buying alcohol instead of other things; minor health problems; and opportunity costs related to using time for the purpose of drinking, and so on).

(b) Examples that have effects on others (a drinker's physical or verbal violence toward others; damage caused by drunken drivers; losses of productivity and/or workplace safety caused by intoxicated workers; etc.).

2. Explain that the effects on others are called "externalities," consequences that befall others as a result of an individual's decision to abuse alcohol. Note that there may be overlaps between the two groups of effects (for example, the costs of treating even minor health problems related to alcohol abuse, if paid for by insurance, may increase the costs of insurance to those who do not abuse alcohol).

Reinforce the point that a major issue related to alcohol use is externalities - the impact on other people. Students should look for this problem throughout the rest of the lesson.

3. **Display Visual 1.** Ask: Whom did Prohibition attempt to change in the marketplace: the buyer or the seller? (The seller - Prohibition makes all sales illegal.)
4. **Display Visual 2.** Ask: Whom did MADD attempt to change in the marketplace: the buyer or the seller? (The buyer - through education, public media, and stiff penalties.)
5. **Display Visual 3.** Review the definitions with students to prepare them for subsequent activities.
6. Divide the class into small groups. Give copies of **Activity 1** to all students. Give copies of **Activity 2** to half of the groups and copies of **Activity 3** to the remaining groups.

QUESTIONS AND ANSWERS FOR ACTIVITY 1

1. *Did the Volstead Act and the 18th Amendment outlaw the sale, manufacture, and transport of alcoholic beverages? (Yes.)*

2. *Did the Volstead Act outlaw the consumption of alcoholic beverages? (No.)*

3. *Did the 21st Amendment guarantee that people could consume alcoholic beverages? (No. It merely repealed the 18th Amendment.)*

4. *After repeal, could states and local regions still ban alcoholic beverages? (Yes, and many regions today still do prohibit the sale of alcoholic beverages.)*

QUESTIONS AND ANSWERS FOR ACTIVITY 2

1. *Who will support Prohibition, from the above group? What incentives are motivating them to support it? (Grant would support, because she is against alcohol use and its possible effects. Evans might support, if he sees more benefits from his increased income [through smuggling] than personal costs. Since he does not drink, he is not damaged directly by the Volstead Act.)*

2. *Who will not support Prohibition? What incentives do they have for choosing to criticize Prohibition, or even to violate the law? (Schneider will not support, because he loses his business. Fanetti will not support, because she enjoys wine and sees its use as part of her cultural heritage. Evans might not support, since he might lose some legal income from decreased legal trade in alcoholic beverages from Canada. His decision to support or not support depends on his analysis of the costs and benefits.)*

3. *How hard will it be to enforce Prohibition? What will enforcement cost? (It will be very difficult. With the many points of access to the United States that make smuggling possible, and the relative simplicity of producing alcoholic beverages, there are easy ways to create a large quantity of alcohol despite the ban. The amount available will remain high. The costs of thousands of police officers and legal officials, plus the costs of imprisoning violators, will be very high.)*

4. *Based on the analysis of the group above, and your own analysis, how likely do you think it was that Prohibition could achieve its goal of stopping the damaging social consequences (externalities) related to alcohol abuse? Frame your answer in the form of a hypothesis. Give the outcomes that you expect and the reasons you have for anticipating those outcome. (Wording of hypotheses will vary, but should resemble this: "Because the costs of enforcement are very high, the desire for alcohol is high, and the quantity available will continue, people will still drink despite the Volstead Act. Therefore, the externalities will not diminish much, if at all.")*

QUESTIONS AND ANSWERS FOR ACTIVITY 3

1. *Who in the above group is likely to support MADD and to participate in "designated driver" programs? What incentives would they have for supporting MADD? (Abrams will support. She sees greater safety for herself and others as an incentive. Alvarez will support. He does not want to pay liability costs that might befall him if one of his customers drinks and drives and causes harm. Alberts will support. He knows that MADD is not calling for an end to alcohol use, so his job is not threatened; he knows that even a moderate drinker may not be able to drive safely after drinking. Chen will support. She sees greater safety for herself and others as an incentive.)*

2. *Who might not support MADD, or might drink and drive? What incentives would they have for drinking and driving? (No one from the group is likely to protest MADD. All four might see an incentive in driving after drinking, if they need to go some place and have no apparent alternatives.)*

3. *How hard do you think it is to implement MADD programs and to decrease drinking and driving? What costs are involved in such programs? (MADD has to pay for advertising, posters, and other informational media. If many people support MADD, the costs per individual supporter may be low [some people will donate money; others may show support for MADD by displaying red ribbons on their cars]. It will not be very hard to implement*

MADD programs. The decreases in drinking and driving will occur if enough people see incentives (safety for self and others) and change their behavior as a result [stop drinking and driving, use "designated driver" programs].)

4. Based on the analysis of the group above, and your own analysis, how likely do you think is that MADD can achieve its goal of decreasing the number of people who drink and drive? Frame your answer in the form of hypothesis. Give the outcomes that you expect and the reasons that you have for anticipating those outcomes. (Wording of hypotheses will vary, but should resemble this: "Because the costs of implementing and supporting MADD are quite low, the demands for safer public highways are very high, and the supply of people who will participate in "designated driver" programs seems good, MADD will probably reduce drinking and driving.)

[Note: The supply-and-demand factors are vital here; if students do not think that the demand for public highway safety is higher than the demand for driving after drinking, or if they do not think that there is an adequate supply of volunteers and supporters for a "designated driver" program, their hypotheses will vary from the example above. This is acceptable, if students can justify their hypotheses according to supply-and-demand arguments.]

9. Ask each group to review its "characters" and develop written answers to the Questions for Discussion. The last Question for Discussion in each list asks the students to form hypotheses about the probable success or failure of Prohibition/ MADD, based on their understanding of markets, consumer demand, and externalities.
10. Convene the class as a whole. Under the headings "1920s/Prohibition" and "1990s/MADD," categorize the eight characters that the groups considered.

Ask a representative from each group to write the group's hypothesis about the probable success or failure of Prohibition/MADD. Each group should be prepared to explain its hypothesis by referring to their answers to the Questions for Discussion.

11. Ask students to compare each policy and its consequences by using a T-style evaluation.

Possible student responses:

PROHIBITION:

BENEFITS: Less alcohol consumed; less demand; fewer externalities

COSTS Illegal production; smuggling; high cost of change in demand; price of alcoholic beverages rises, encouraging more production

MADD

BENEFITS Less demand; no illegal production; cooperation with producers; fewer externalities

COSTS: Progress is slow; drinking remains popular and socially accepted

Closure

Ask students to write an essay about current public policies aimed at reducing the externalities associated with tobacco use. Are these policies oriented to the demand side or the supply side of tobacco-related problems? (So far, demand side: education, reduce ads, tax tobacco highly, smoke only in an area separate from nonsmokers.)

K-5 Lessons
6-12 Lessons