

# CIVICS MODULE

Economic crises have been important drivers of change during the last few centuries. They arouse civic action and protest, demand significant new policy initiatives, and sometimes lead to the emergence of transformative political leaders such as Franklin Delano Roosevelt during the Great Depression. This unit examines how two of the most trying crises of capitalism of the last few decades spurred periods of social protest and reform in South Korea and the United States. In particular, it asks students to transfer their understanding of civic action in the familiar context of the United States and the 2008 Great Recession to the unfamiliar context of the 1997 Asian Financial Crisis in South Korea, so that they can examine how citizens respond to crises. Both of these economic downturns fueled widespread social anxiety, virulent anger toward political and corporate elites, and important new efforts to regulate the private sector.

This module presents a carefully balanced set of materials and activities for teaching about these crises and their impacts. It enables the instructor to draw broad comparisons between developments in South Korea and the United States while also allowing for a deeper dive into specific forms of civic participation. It introduces students to traditions of democratic protest in both countries and how these led to events such as the Occupy Wall Street Movement. The exercises in this unit also provide an excellent window for understanding how citizens can take advantage of elections to precipitate reforms. For instance, the once imprisoned activist Kim Dae Jung won the 1997 presidential election in South Korea on promises to restructure South Korea's large conglomerates. Three years later, South Korea's defeat movement capitalized on the rapid growth of network information technologies to unseat corrupt politicians from the legislature. These elections influenced political campaigns globally, including the 2008 campaign of Barack Obama, which made use of technology and social media while promising economic reforms.

Students will come away from this unit with a stronger sense of their responsibilities to participate in the public life of a democratic society and of the way in which these same obligations are fulfilled in democracies in other parts of the world.







# CIVICS MODULE

DAY 1:  
HOW CAN INDIVIDUAL CITIZENS  
IMPACT GOVERNMENT IN TIMES  
OF CRISIS?

# CIVICS MODULE OVERVIEW

## SKILL FOCUS

**Apply Political Concepts/Processes; Source Analysis; Evaluation**

## CONTENT

**Political and Civic Participation**

### How Can Individual Citizens Impact Government in Times of Crisis?

#### DAY 1

##### CLASS ACTIVITY

###### Source Analysis

Students will explore the responsibilities of citizenship in a democracy and different forms of civic participation by exploring sources that show citizen responses to the 2008 Financial Crisis in the United States. Students will be asked to classify these responses in three categories—political participation, civic engagement, and civil disobedience. Students will learn about different aspects of each category before being asked to transfer that understanding to a South Korean context. At the conclusion of the first day, students will view a video about the political and economic history of South Korea prior to the 1997-98 Asian Financial Crisis. This will help to build students' understanding and establish the context for studying forms of civic participation in South Korea, which will be the focus of the second day.

##### CHECK FOR UNDERSTANDING

**Exit Ticket:** Students will use their understanding of the three forms of civic action to predict in writing how South Koreans will respond to economic crises.

### What Forms of Civic Action Did South Koreans Use to Respond to a Crisis?

#### DAY 2

##### CLASS ACTIVITY

###### Source Analysis

Students will learn about the political and economic problems that culminated in the 1997-98 Asian Financial Crisis through the analysis of two sources. Students will then learn about and categorize citizen responses to the crisis, including student protests, the Gold Collecting Campaign, the election of Kim Dae-Jung, statements from the Citizens' Coalition for Economic Justice, and the Defeat Movement. Students will be asked to evaluate the effectiveness of each citizen action in successfully addressing the financial crisis and creating a better democracy.

##### CHECK FOR UNDERSTANDING

**Processing Question:** Students will evaluate the effectiveness of South Korean examples of civic action at solving political and economic problems.

### Assessment

#### DAY 3

##### CLASS ACTIVITY

###### Civic Action in Response to Economic Crises

Small Group Pre-Writing Discussion

##### Assessment

Students will evaluate which form of civic action is more effective in times of crisis.

# CIVICS MODULE SOURCES

DAY 1	Stimulus Type	Description	Page
	Chart	Forms of Civic Action	233
	Photo	Occupy Wall Street Spreads to Portland	236
	Photo	Tea Party Tax Day Protest	236
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	Article	Wall Street Reform: The Dodd-Frank Act	238

DAY 2	Stimulus Type	Description	Page
	Article	What is a Chaebol?	255
	Story	The Five Bandits by Kim Chi-Ha (1970)	257
	Article	The Asian Financial Crisis of 1997-98	260
	Presidential Address	Kim Dae Jung’s Presidential Inaugural Address, February 1998	263
	Statement	CCEJ Statement on Chaebol Reform: Time to End Corporatocracy	264
Article	The Defeat Movement in South Korea	265	

# DAY 1

BASED ON A 60-MINUTE CLASS

## How Can Individual Citizens Impact Government in Times of Crisis?

### OVERVIEW

Students will explore the responsibilities of citizenship in a democracy and how citizens can influence their government through three categories of civic action: Political Participation, Civic Engagement, and Civil Disobedience. Students will first look at sources that show citizen responses to the 2008 Financial Crisis in the United States. Students will be asked to categorize these responses in the three above-named categories. Students will learn about different aspects of each category before being asked to transfer that understanding to the South Korean context. At the conclusion of the first day, students will view a video about the political and economic history of South Korea prior to the 1997-98 Asian Financial Crisis. This will help to build students' understanding and context for forms of civic participation in South Korea, which will be the focus of the second day.

### MATERIALS NEEDED:

#### HOMEWORK

- ▶ Video: The 2008 Financial Crisis: Crash Course Economics #12 (11:24 in length, link on p. 227)
- ▶ Video: The 2008 Financial Crisis: 5-Minute History Lesson (5:34 in length, link on p. 227)
- ▶ Homework Handout: 2008 Financial Crisis Video Notes (p. 232)

#### IN-CLASS ACTIVITIES

- ▶ Activity 2 Chart: Forms of Civic Action (p. 233)
- ▶ Activity 2 Source Analysis Handout (p. 234)
- ▶ Activity 2 Photo: Occupy Wall Street (p. 236)
- ▶ Activity 2 Photo: Tea Party Protest (p. 236)
- ▶ Activity 2 Reading: Inside Obama's Sweeping Victory (p. 237)
- ▶ Activity 2 Reading: Wall Street Reform—The Dodd-Frank Act (p. 238)

#### HOMEWORK AT END OF DAY 1

- ▶ Video: How Did South Korea Become So Rich? (11:25 in length, link on p. 230)
- ▶ South Korea Video Guide (p. 239)
- ▶ Exit Ticket (p. 240)

#### TEACHER ANSWER KEYS

- ▶ Homework Handout on the 2008 Financial Crisis: Video Notes (p. 241)
- ▶ Activity 2 Source Analysis Handout (p. 242)
- ▶ Homework Handout: South Korea Video Guide (p. 243)

# SEQUENCE OF INSTRUCTION

## HOMWORK OVERVIEW: BACKGROUND ON THE 2008 FINANCIAL CRISIS

HOMWORK (20-30 MINUTES)

### VIDEO ANALYSIS

- ▶ Students should view the two clips on the 2008 Financial Crisis:
  1. The 2008 Financial Crisis: Crash Course Economics #12 (11:24 in length) at <https://www.youtube.com/watch?v=GPOv72Awo68>.
  2. The 2008 Financial Crisis: 5 Minute History Lesson (5:34 in length) at <https://www.youtube.com/watch?v=eD9ry2Lgglw>.
- ▶ Students should use the homework handout—the 2008 Financial Crisis Video Notes—so that they can discuss the causes and effects of the financial crisis in class.



#### TEACHING TIP

It's recommended that students watch both videos even though they will repeat the same information in different ways. The crisis is complicated and hearing the same information from two different sources will help with student understanding. Students can use the 2008 Financial Crisis Video Notes Handout or, if you want to preserve this for the small group discussion in class, you may direct students to create a cause-and-effect T-chart to visually separate the details of the crisis. Since it does have a chronological aspect to it, the causes can be viewed as the "before the crisis" financial practices and developments and the effects can be viewed as the "after 2008" consequences of these practices and developments. The handout asks students to focus on the following in their notes about causes—*home mortgages*, the *Housing Bubble*, and *investment practices* of major banks and insurance companies. For effects, students are asked to focus on the terms, *bankruptcy*, *bail-out*, *stimulus package*, and the *Dodd-Frank Act*.

## CLASS ACTIVITY 1 OF 4: BACKGROUND ON THE 2008 FINANCIAL CRISIS

WARM UP/INTRODUCTION (10-15 MINUTES)

### DISCUSSION OF 2008 FINANCIAL CRISIS

#### ACTIVITY PROCEDURE

- ▶ Have students use the 2008 Financial Crisis Video Notes Handout (p. 232) on the causes and effects of the crisis in a small group or with partners.
- ▶ Create a large blank chart to share with the class and have student groups add to it in a large group discussion.

The Teacher Key to the Homework Handout on the 2008 Financial Crisis (p. 241) can be used as a guide.



#### TEACHING TIP

While it is not critical that students understand all the complex financial instruments and terminology in the crisis, they will need to understand that the crisis was caused by investments in real-estate-related stocks and insurance instruments and the issuance of mortgages to individuals who were not traditionally able to secure home loans. Since these borrowers were at risk of not being able to pay their mortgages and probably wouldn't have qualified for a mortgage in earlier decades, investment in financial products that were based on these mortgages was very risky. When these mortgages went into default due to the inability of these mortgage holders to make their monthly payments, the investments in these mortgages also lost their value. The impact was that financial institutions that were overly invested in these real-estate and mortgage insurance related securities began to fail. When a financial institution fails, all individuals and businesses that rely on the institutions for deposits, loans, etc. are also impacted leading to a domino effect of cascading failures. What started as a mortgage-related default spiraled into financial problems in all sectors of the economy once big banks, overly reliant on mortgage-related failed investments, began to crumble.

## CLASS ACTIVITY 2 OF 4: CIVIC PARTICIPATION IN THE UNITED STATES

CLASS ACTIVITY (30 MINUTES)

### BRAINSTORM FORMS OF CIVIC ACTION AND ANALYZE SOURCES

Students will be asked to brainstorm how they would react if they were citizens living during this crisis.

#### ACTIVITY PROCEDURE

Have students consider the following:

- ▶ What would you feel are ways that you could voice your opinions on the crisis?
- ▶ How would you want things to change?
- ▶ What are some actions you might take?
- ▶ What might be something more aggressive than what you might normally be comfortable doing?

This discussion can be done individually or in small groups of 2-3 students, depending on your preferences and classroom configuration.



#### TEACHING TIP

Responses can range from protesting the business responsible to contacting government representatives to voting for candidates with solutions to the problem that they support.

### FORMS OF CIVIC ACTION CHART

Students will learn about three forms of civic action to later apply to specific scenarios in the United States and, later in the lesson, to South Korea.

#### ACTIVITY PROCEDURE

Students, either individually or in the same small groups from Activity 1, will read over the chart (p. 233) and be asked to categorize their reactions into the three categories of the chart: Political Participation, Civic Engagement, and Civil Disobedience. If they did not have an example for one of the three categories from their earlier brainstorm, ask them now to brainstorm an action that would fit in that category.



#### TEACHING TIP

Students may not have an example of civil disobedience. One example could be storming the headquarters of a financial firm and occupying the lobby. This breaks the law with a disrupting activity that aims to bring awareness to the existence of the firm and its complicity in the crisis.

### SOURCE ANALYSIS

Students will analyze four sources related to the 2008 Financial Crisis to determine what type of civic action they represent.

#### ACTIVITY PROCEDURE

In the same small groups, or in else new groups if the teacher would like to add different insights and perspectives to the mix, each student group will analyze all four sources using the Source Analysis Handout (p. 234) to answer four questions:

1. What type of civic action does each source most likely represent?
2. How does each source represent a citizen's direct response to the crisis?



3. What type of civic action is missing from the sources?
4. What would an example be of the missing type (from the previous question) related to the Financial Crisis of 2008?

The sources are:

- ▷ Source 1. Occupy Wall Street Photo
  - ▷ Source 2. Tea Party Photo
  - ▷ Source 3. Reading: "Inside Obama's Sweeping Victory"
  - ▷ Source 4. Reading: "Wall Street Reform: The Dodd-Frank Act"
- ▶ The handout has spaces for each of the four sources needed to answer the questions.
  - ▶ Students should each read one of the four sources, summarize its content for the group, and then share answers for questions 1 and 2.
  - ▶ Collectively students can answer questions 3 and 4.

For suggested answers, see the Teacher Key to the Source Analysis Handout (p. 242).

### TEACHER NOTES

The following additional information about each of the images and readings will help you provide more context.

- ▶ **Source 1.** The Occupy Wall Street Movement began in 2011 as a movement that wished to hold big businesses and corporations accountable for the financial crisis and lessen the influence of the wealthy on politics. Originating in the financial district in Manhattan, the movement spread to similar protests in 951 cities across 82 countries. Unlike the Tea Party below, Occupy Wall Street never coalesced into an organization or group focused on direct political participation by supporting specific politicians or legislative programs. It remained rather decentralized in its leadership structure.
- ▶ **Source 2.** The Tea Party began similarly as a reaction to the handling of the crisis. Starting in 2009, supporters of the Tea Party called for an end to government bailouts and spending increases designed to offset the economic damage from the crisis. Their tactics included protests and rallies, but also extended into direct political participation as organizations were created to support politicians that agreed with their views on government. By the 2010 midterm elections, 13 senators and 23 congressional representatives claimed a Tea Party affiliation.
- ▶ **Source 3.** The Obama election reading represents political participation. As the reading notes, Obama's election was in large part due to people's views on the economy and the crisis of 2008. There was public dissatisfaction with President Bush's policies prior to the election, which hurt the candidacy of Senator John McCain, who was viewed as likely to continue similar policies.
- ▶ **Source 4.** The Dodd-Frank legislation sought to ease citizen anxiety about financial bailouts and the power of the financial industry through regulation and by creating a federal agency, the Consumer Protection Agency, designed to protect the average consumer from predatory financial practices. In part, the Act's government-centric approach to regulations and oversight fueled resentment that helped to create the Tea Party, while its inability to hold major financial firms and their leadership accountable for causing the crisis stimulated the Occupy Movement.

## CLASS ACTIVITY 3 OF 4: CIVIC PARTICIPATION IN SOUTH KOREA

CLASS ACTIVITY (15 MINUTES)

### VIDEO ANALYSIS

This activity transitions the topic from civic participation in the United States to South Korea. As most students will not know much about South Korea, the first part of this activity is designed to familiarize students with the history of South Korea.

### ACTIVITY PROCEDURE

Students will view a video about the history of South Korea up until 1979: “How Did South Korea Become so Rich?”, which is accessible at <https://www.youtube.com/watch?v=6Ro6FIHe5eQ>. As students watch, have them take notes and answer these questions on the South Korea Video Guide Homework Handout (p. 239):

1. What type of government did South Korea have from 1960-1979?
2. Describe at least one action by the government to help develop Korea’s economic power.
3. How did average citizens participate in making South Korea “so rich” as the video title implies?
4. What problems does the video foreshadow with the South Korean political/economic model?

If time permits, the teacher can conduct a quick large group discussion that addresses these questions.

Consult the Teacher Key for the Homework Handout on the South Korea Video Guide (p. 243) for suggested responses.



#### TEACHING TIP

If you are running out of class time, the video can be finished for homework by combining it with a reading that is introduced as the homework on the Civics Day 2 Lesson Plan (p. 255).

## CLASS ACTIVITY 4 OF 4: CHECK FOR UNDERSTANDING

CLASS ACTIVITY (5 MINUTES)

### EXIT TICKET

#### ACTIVITY PROCEDURE

Ask students to answer the question below after they've completed the South Korea Video Guide. The question is included on the Exit Ticket handout (p. 240).

- ▶ Based on your knowledge of the response to the U.S. Financial Crisis in 2008, predict how you think South Korean citizens would react to an economic crisis in their country. Would they have a similar response to that of U.S. citizens? Would they respond differently? Explain your reasoning.

#### TEACHER NOTES

Student responses will vary. Ideally, they would focus their responses on one of the three forms of civic action. There is no correct answer. The goal is to get students to start thinking about civic action in a different cultural context and applying their new learning about civic action.



#### TEACHING TIP

Since there may not be class time left to complete the introduction to the South Korean Video, the Exit ticket could be combined with the video questions in the South Korea Video Guide and the homework reading to set up the next class period. The instructions for the homework that precedes Day 2 are in the Day 2 lesson plan (p. 249).

## HANDOUT: 2008 FINANCIAL CRISIS VIDEO NOTES

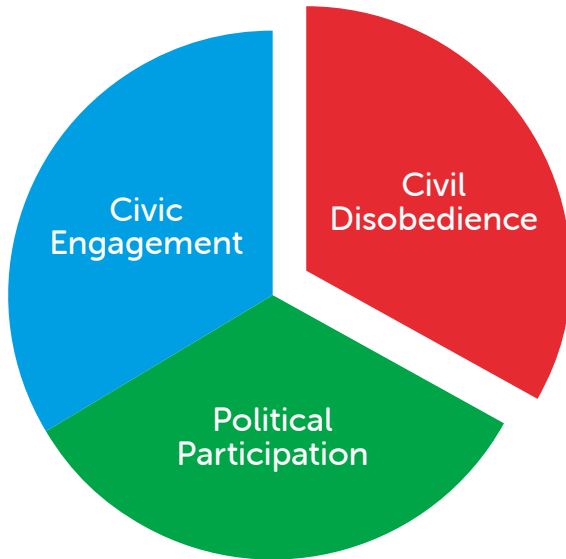
Use the handout below to take notes as you watch the two videos for homework and be prepared to share your understanding with your classmates. The causes will come first. Focus on the role of *home mortgages*, the *Housing Bubble*, and *investment practices of major banks and insurance companies*. Next, focus on the effects or outcomes of the crisis. Look for and record information related to *bankruptcy or default*, *bail-out*, *stimulus package*, and the *Dodd-Frank Act*. Each video will discuss the causes and effects of the crises so it's O.K. to repeat yourself in your notes.

2008 Financial Crisis: Video Notes		
	Causes	Effects
<p><b>The 2008 Financial Crisis: Crash Course Economics</b></p> <p><a href="https://www.youtube.com/watch?v=GPOv72Awo68">https://www.youtube.com/watch?v=GPOv72Awo68</a></p>		
<p><b>The 2008 Financial Crisis: 5 Minute History Lesson</b></p> <p><a href="https://www.youtube.com/watch?v=eD9ry2Lgglw">https://www.youtube.com/watch?v=eD9ry2Lgglw</a></p>		

**CHART**  
Forms of Civic Action

Source: World History Digital Education Foundation, 2020

Forms of Civic Action



The pie chart should not be interpreted to mean that each category is practiced equally. Instead, it should be interpreted to mean that these features of civic action fluctuate over time, with Civil Disobedience (shown here as a detached piece) as the “last” resort.

Political Participation	Civic Engagement	Civil Disobedience
<p><i>Engagement in the electoral political process</i></p> <ul style="list-style-type: none"> <li>▷ Voting</li> <li>▷ Running for office</li> <li>▷ Joining a political party</li> <li>▷ Donating to a political party or politician</li> <li>▷ Volunteering in a campaign</li> <li>▷ Lobbying for a particular law, cause, or issue</li> <li>▷ Signing a petition or proposition</li> </ul>	<p><i>Working to make a difference in the civic life of one’s community and developing the knowledge and skills to make that difference</i></p> <ul style="list-style-type: none"> <li>▷ Serving on a jury</li> <li>▷ Volunteering</li> <li>▷ Service learning</li> <li>▷ Attending a meeting—such as a school board, city council, etc.</li> <li>▷ Join or support a special interest group</li> <li>▷ Boycotting</li> <li>▷ Protesting</li> </ul>	<p><i>Public, non-violent and conscientious breach of law undertaken with the intent of bringing about social change in the law or government practice</i></p> <ul style="list-style-type: none"> <li>▷ Trespassing on or occupying private or public property</li> <li>▷ Blocking access, such as an entrance or roadway</li> <li>▷ Disrupting routines, such as flooding a phone bank with calls, or crashing a website</li> <li>▷ Conscientious objection, such as refusing to pay taxes or register for selective service, etc.</li> </ul>

The examples in this Chart are not an exhaustive list of all possibilities.

## HANDOUT: SOURCE ANALYSIS

<b>What Type of Civic Action Does Each Source Most Likely Represent?</b>	
<b>Source 1. Occupy Wall Street</b>	<b>Source 2. Tea Party Tax Day Protest</b>
<b>Source 3. Inside Obama's Sweeping Victory</b>	<b>Source 4. Wall Street Reform: Dodd-Frank Act</b>

<b>How Does Each Source Represent a Citizen's Direct Response to the Crisis?</b>	
<b>Source 1. Occupy Wall Street</b>	<b>Source 2. Tea Party Tax Day Protest</b>
<b>Source 3. Inside Obama's Sweeping Victory</b>	<b>Source 4. Wall Street Reform: Dodd-Frank Act</b>

**What Type of Civic Action is Missing From the Sources?**

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**What Would an Example Be of the Missing Type (From the Previous Question)  
Related to the Financial Crisis of 2008?**

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SOURCE 1

## Occupy Wall Street Spreads to Portland

Source: Wikimedia Commons, [https://commons.wikimedia.org/wiki/File:Occupy\\_Wall\\_Street\\_spreads\\_to\\_Portland.jpg](https://commons.wikimedia.org/wiki/File:Occupy_Wall_Street_spreads_to_Portland.jpg)



The Occupy Wall Street Movement began in 2011 as a movement that wished to hold big businesses and corporations accountable for the financial crisis and lessen the influence of the wealthy on politics. Originating in the financial district in Manhattan, the movement spread to similar protests in 951 cities across 82 countries.

SOURCE 2

## Tea Party Tax Day Protest

Source: Wikimedia Commons, [https://commons.wikimedia.org/wiki/File:Tea\\_Party\\_tax\\_day\\_protest\\_2010\\_\(4526056088\).jpg](https://commons.wikimedia.org/wiki/File:Tea_Party_tax_day_protest_2010_(4526056088).jpg)



Starting in 2009, supporters of a grassroots movement collectively called the "Tea Party" called for an end to government bailouts and spending increases designed to offset the economic damage from the crisis. Their tactics included protests and rallies, but also extended to supporting politicians who agreed with their views on government. By the 2010 midterm elections, 13 senators and 23 congressional representatives claimed a Tea Party affiliation.



### SOURCE 3

## Inside Obama's Sweeping Victory

Adapted from Tim Rosentiel, "Inside Obama's Sweeping Victory," Pew Research Center, Washington, D.C. (November 5, 2008). <https://www.pewresearch.org/2008/11/05/inside-obamas-sweeping-victory/>

Barack Obama captured the White House on the strength of a substantial electoral shift toward the Democratic Party and by winning a number of key groups in the middle of the electorate. Overall, 39% of voters were Democrats while 32% were Republicans—a dramatic shift from 2004 when the electorate was evenly divided. The Democratic advantage in Election Day party identification was significantly larger than in either of Bill Clinton's victories....

Without a doubt, the overwhelming backing of younger voters was a critical factor in Obama's victory, according to an analysis of National Election Pool exit polls that were provided by National Public Radio. Obama drew two-thirds (66%) of the vote among those younger than age 30. This age group was Kerry's strongest four years ago, but he drew a much narrower 54% majority.

Obama's expanded support did not extend to all age groups, however. In particular, McCain won the support of voters aged 65 and older by a 53%-to-45% margin, slightly larger than Bush's 52%-to-47% margin four years ago. Notably, Al Gore narrowly won this age group in 2000 (50% vs. 47% for Bush).

Obama won a huge majority among those with low or moderate annual incomes (60% of those making less than \$50,000 a year). Yet he also made striking gains among the most affluent voters: more than half (52%) of those with annual incomes of \$200,000 or more favored Obama while 46% supported McCain. Four years ago, Kerry won just 35% of these high-income voters....

### **THE ECONOMY WAS THE DOMINANT ISSUE**

As expected, the economy dominated the voters' agenda this year: More than six-in-ten (63%) voters, including comparable majorities of Obama supporters (65%) and McCain backers (60%), cited the economy as the most important issue facing the country. Economic issues and personal financial concerns consistently cut in Obama's favor. Among those who said they are very worried about economic conditions—half the electorate—59% voted for Obama; those who expressed less concern about the economy favored McCain. One-in-three voters said they are very worried about being able to afford the health care services they need, and these voters backed Obama by a 65%-to-32% margin....

Despite Obama's strong personal appeal, his supporters overwhelmingly say they favored him based on his issue positions (68%), not his leadership and personal qualities (30%). By contrast, McCain's supporters were divided, with 49% saying his leadership and personal qualities mattered most to them, rather than his positions on the issues (48%)....

Moreover, McCain did not entirely escape the shadow of George W. Bush. Fully 71% of voters said they disapprove of the job George W. Bush is doing as president, and 48% of voters said they thought if McCain were elected, he would mainly continue Bush's policies. Among voters who said that McCain would continue Bush's policies, the vast majority (90%) favored Obama....

Looking forward, most voters are upbeat about an Obama presidency. A majority of voters (54%) described themselves as either "excited" or "optimistic" about the possibility of Obama serving as president. Twice as many Obama backers (56%) as McCain backers (28%) were excited about the prospect of their candidate winning.

#### SOURCE 4

### Wall Street Reform: The Dodd-Frank Act

Adapted from The White House: President Barack Obama, "Jobs and the Economy: Putting America Back to Work." <https://obamawhitehouse.archives.gov/economy/middle-class/dodd-frank-wall-street-reform>

President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law. The most far reaching Wall Street reform in history, Dodd-Frank will prevent the excessive risk-taking that led to the financial crisis. The law also provides common-sense protections for American families, creating a new consumer watchdog to prevent mortgage companies and pay-day lenders from exploiting consumers. These new rules will build a safer, more stable financial system—one that provides a robust foundation for lasting economic growth and job creation.

#### **HOLDING WALL STREET ACCOUNTABLE**

The financial crisis was the result of a fundamental failure from Wall Street to Washington. Some on Wall Street took irresponsible risks that they didn't fully understand and Washington did not have the authority to properly monitor or constrain risk-taking at the largest firms. When the crisis hit, they did not have the tools to break apart or wind down a failing financial firm without putting the American taxpayer and the entire financial system at risk. Financial reform includes a number of provisions that will curb excessive risk taking and hold Wall Street accountable.

**Taxpayers will not have to bear the costs of Wall Street's irresponsibility:** If a firm fails in the future it will be Wall Street – not the taxpayers – that pays the price.

**Separates "proprietary trading" from the business of banking:** The "Volcker Rule" will ensure that banks are no longer allowed to own, invest, or sponsor hedge funds, private equity funds, or proprietary trading operations for their own profit, unrelated to serving their customers. Responsible trading is a good thing for the markets and the economy, but firms should not be allowed to run hedge funds and private equity funds while running a bank.

**Ending bailouts:** Reform will constrain the growth of the largest financial firms, restrict the riskiest financial activities, and create a mechanism for the government to shut down failing financial companies without precipitating a financial panic that leaves taxpayers and small businesses on the hook.

#### **PROTECTING AMERICAN FAMILIES FROM UNFAIR, ABUSIVE FINANCIAL PRACTICES**

Before the crash that devastated our economy, there were seven different regulators with authority over the consumer financial services marketplace. Accountability was lacking because responsibility was diffuse and fragmented. In addition, many mortgage lenders and mortgage brokers were almost completely unregulated. Too many responsible American families have paid the price for an outdated regulatory system that failed to adequately oversee payday lenders, credit card companies, mortgage lenders, and others, allowing them to take advantage of consumers. That's why President Obama overcame the big bank lobbyists to protect and empower families with the strongest consumer safeguards ever.

President Obama's Wall Street reform law created an independent agency to set and enforce clear, consistent rules for the financial marketplace. The Consumer Financial Protection Bureau (CFPB) is setting clear rules of the road and will ensure that financial firms are held to high standards. Like a neighborhood cop on the beat, the CFPB supervises banks, credit unions, and other financial companies, and will enforce federal consumer financial laws.

# HOMEWORK HANDOUT: SOUTH KOREA VIDEO GUIDE

Complete this handout as you watch the video.

<p><b>1. What type of government did South Korea have from 1960-1979?</b></p>	
<p><b>2. Describe at least one action by the government to help develop Korea's economic power.</b></p>	
<p><b>3. How did average citizens participate in making South Korea "so rich" as the video title implies?</b></p>	
<p><b>4. What problems does the video foreshadow with the South Korean political/economic model?</b></p>	

# EXIT TICKET

Answer the exit ticket after you have watched and discussed the video.

**Based on your knowledge of the response to the U.S. Financial Crisis in 2008, predict how you think South Korean citizens would react to an economic crisis in their country.**

**Would they respond similarly to U.S. citizens or would they respond differently? Explain your reasoning.**

# TEACHER KEY: HOMEWORK HANDOUT ON THE 2008 FINANCIAL CRISIS: VIDEO NOTES

Both videos discuss the causes and effects seen below. It is not necessary for student understanding to isolate what is in one video compared to the other.

2008 Financial Crisis: Video Notes	
Causes	Effects
<ul style="list-style-type: none"> <li>▷ Rising real estate prices are seen as likely to continue and thus home mortgage loans are viewed as a good target for investment.</li> <li>▷ Rise of subprime loans to take advantage of the above situation. These mortgage loans were given to customers who lacked the financial ability to make their payments over time. This creates what is known as a "Housing Bubble," as home prices rapidly increase because there are more home-buyers for the same number of homes. The bubble means that the increases are based on speculation more than on the actual value of the home, implying that the bubble can and will pop when prices come back down to the actual value of the home.</li> <li>▷ Creation and over-investment in real-estate-related financial products by banks and investment firms that passed the risky subprime loans on to new investors who were often unaware of the initial risky financial status of the mortgage holders.</li> </ul>	<ul style="list-style-type: none"> <li>▷ Mortgage holders, unable to make their payments, default on their loans, passing ownership of the home to the mortgage banks.</li> <li>▷ As more and more defaults occur, home prices decline. Mortgage banks are not able to sell these homes for what they paid for them, meaning they lose money. Mortgage banks are unable to secure funds to operate, and in some cases, declare bankruptcy.</li> <li>▷ Investors in mortgage-backed securities and other financial products related to mortgages are unable to sell these investments for equal to or more than the amount they paid for them, leading them to lose money, like the mortgage banks. Unable to secure funds to operate, some declare bankruptcy.</li> <li>▷ The domino effect of banks failing leads to businesses failing, as businesses and individuals that rely on access to bank funds and loans to operate are no longer able to do so.</li> <li>▷ In the short term, the Federal government has to step in to prevent more banks from failing and to prop up failing businesses with government loans. These are called bailouts.</li> <li>▷ In the short term, the Federal government has to step in to prevent more mortgages from going into default by helping homeowners. The government also attempts to charge the economy with plans called stimulus to encourage production of goods and increase demand for consumers to spend.</li> <li>▷ In the long term, the Federal government has to find ways to prevent a similar crisis from occurring by reforming the mortgage and financial services industries that caused the problem with legislation like the Dodd-Frank Act.</li> </ul>

## TEACHER KEY: SOURCE ANALYSIS HANDOUT

### What Type of Civic Action Does Each Source Most Likely Represent?

Source 1. Occupy Wall Street	Source 2. Tea Party Tax Day Protest
Civic Engagement (Protest)	Civic Engagement (Protest)
Source 3. Inside Obama's Sweeping Victory	Source 4. Wall Street Reform: Dodd-Frank Act
Political Participation (Voting)	Political Participation (Voting and/or Lobbying)

### How Does Each Source Represent a Citizen's Direct Response to the Crisis?

Source 1. Occupy Wall Street	Source 2. Tea Party Tax Day Protest
Occupy Wall Street desired to hold big business and corporations accountable through public protest and calls for change in government policy and corporate practice.	The Tea Party sought to limit the government's role in supporting bail-outs of business by first raising public awareness through protest and then supporting political candidates and policies in elections.
Source 3. Inside Obama's Sweeping Victory	Source 4. Wall Street Reform: Dodd-Frank Act
Obama's election victory proved that the general electorate sought a new direction and political figure/party to enact laws/policies to fix the current crisis and prevent another.	The Dodd-Frank Act sought to regulate big business and protect consumer's rights to prevent another crisis in response to the electorate supporting politicians who campaigned with these political priorities in mind.

### What Type of Civic Action is Missing From the Sources?

Civil Disobedience is not directly represented.

### What Would an Example Be of the Missing Type (From the Previous Question) Related to the Financial Crisis of 2008?

The Occupy movement used tactics other than just the pictured street protests. It tried to block access to financial institutions, as the name "Occupy" implies, which could be an example of Civil Disobedience as its members were breaking the law, technically trespassing, to prevent the conduct of normal business in order to bring attention and public pressure on these businesses to address their concerns.

## TEACHER KEY: SOUTH KOREA VIDEO GUIDE HOMEWORK HANDOUT

<b>1. What type of government did South Korea have from 1960-1979?</b>	South Korea nominally had a democratic system, but was in fact ruled by a succession of military dictators, who prioritized the nation's economic development over democracy.
<b>2. Describe at least one action by the government to help develop Korea's economic power.</b>	The government would protect and provide assistance to the leading families and their companies, called Chaebols, to promote large scale manufacturing and trade. This included emphasizing a highly skilled workforce trained in state-supported schools, low corporate taxes, and direct grants of money, etc.
<b>3. How did average citizens participate in making South Korea "so rich" as the video title implies?</b>	In a society that considers education a key virtue and the only guaranteed way to upgrade socio-economic status, Korean citizens worked hard to get a good education and then work for a successful economic enterprise like a large Chaebol.
<b>4. What problems does the video foreshadow with the South Korean political/economic model?</b>	Troubled Chaebols will suffer during an economic crisis because of decision-making that is limited to government bureaucrats and company officials, who often stifle innovation and entrepreneurship. The failure of a company that is so large and intertwined with the government is also problematic. Corruption with such close relationships between business and government is foreshadowed as probable and problematic as well. Chaebols that are able to overcome problems do so by focusing on efficiency and innovation.

