Viking Quest: Government Assignments

<u>March - April 2015</u>

<u>Week: 30th -April 2nd</u>

- *Read and complete Chapter 21 Study Guide handout pages 233-246*
- *Read and complete chapter 21 section (1 & 2) assessments pages 576-589, Government textbook*

Name ______________________ Date ______________________ Class ______________________

STUDY GUIDE Chapter 21, Section 1

For use with textbook pages 575–583.

BUSINESS AND LABOR POLICY

KEY TERMS

mixed economy A system in which the government regulates private enterprise *(page 575)*

laissez-faire The philosophy that government should keep its hands off the economy *(page 578)*

trust A form of business consolidation in which several corporations combine their stock and allow a board of trustees to operate a giant enterprise *(page 578)*

monopoly A business that controls so much of an industry that little or no competition exists *(page 578)*

interlocking directorate The same people serving on the boards of directors of competing companies *(page 579)*

oligopoly A situation where only a few firms dominate a particular industry *(page 579)*

securities Financial instruments, including bonds, notes, and certificates, that are sold as a means of borrowing money with a promise to repay the buyer with interest after a specific period *(page 581)*

collective bargaining The practice of negotiating labor contracts *(page 581)*

injunction An order that will stop a particular action or enforce a rule or regulation *(page 582)*

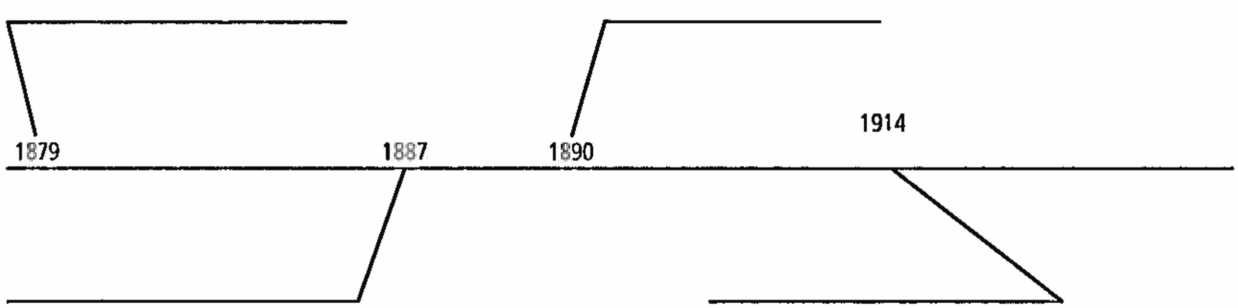
DRAWING FROM EXPERIENCE

Could you find a job at age 13? Probably not. For most jobs, the law limits child workers to those 14 or over. However, this was not always so.

This section focuses on government regulation of business and labor.

ORGANIZING YOUR THOUGHTS

Use the time line below to help you take notes as you read the summaries that follow. Think about when government started regulating business.



READ TO LEARN

Introduction *(page 575)*

The American economic system is a ***mixed economy.*** This means that the government both supports and regulates private business.

Promoting and Protecting Business *(page 575)*

After the War of 1812, the British flooded American markets with cheap British goods. They were trying to destroy America's new industries. The United States government responded by passing higher tariffs.

Today the federal government stresses lower tariffs and free trade for many items. Consumers benefit from the lower cost of many imported goods. However, tariffs are still used to protect some American industries from foreign competition. The government also restricts some products through quotas, or limits on the number that may be imported.

Today the federal government helps business in the following ways:

A. Tax incentives allow businesses to deduct certain expenses from their annual tax returns.

B. Government loans, or credit subsidies, provide funds for business at low interest rates.

C. Free services, such as weather information, census reports, and other valuable information are provided to businesses across the nation.

D. The government provides direct cash payments to businesses whose products or services are considered important to the general public.

The sole purpose of the Department of Commerce is the promotion of business. Its main jobs are to provide:

A. Information services

B. Financial assistance

C. Development services

The Bureau of the Census, a part of the Department of Commerce, supplies important economic data to businesses.

The Small Business Administration (SBA) offers credit help, free advice, and information to small businesses. Regional offices of the SBA offer government-sponsored classes on sound management practices for owners of small businesses.

1. List four types of help that the federal government offers business.

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Regulating Business *(page 576)*

Federal regulation of economic activity comes from the Constitution. It grants Congress the power to "lay and collect taxes" and to "regulate commerce . . . among the several states." Today commerce among states covers production and transportation of goods, communications, mining, and the sale of stocks and bonds. Regulations now include laws that prohibit, promote, protect, assist, and establish standards for many areas of interstate commerce.

Until the late 1800s, the government took a ***laissez-faire,*** or hands off, approach to business. However, many abuses came with the rapid industrialization of the late 1800s. Americans questioned the fairness of a system that allowed railroads to charge higher rates for farmers than for manufacturers. Americans began to demand government regulation of business. Congress responded by passing the Interstate Commerce Act in 1887. This act established the Interstate Commerce Commission (ICC) and placed limits on freight rates that railroad companies charged.

Congress later passed the following measures to control corporations that threatened to destroy competition:

The Sherman Antitrust Act In a ***trust*** several corporations combine their stock and allow a board of trustees to run the corporations as one giant company. The trustees could set production quotas, fix prices, and control the market, thereby creating a ***monopoly.*** A monopoly is a business that controls so much of a product, service, or industry that little or no competition exists. John D. Rockefeller established such a trust in the Standard Oil Trust. In 1879 it controlled 90 percent of the oil refined in the United States. In 1890 Congress passed the Sherman Antitrust Act to halt monopolies. In 1906 the federal government charged the Standard Oil Company with violating the act. The company was split into a number of smaller companies.

The Clayton Antitrust Act This act, passed in 1914, banned charging high prices in an area where little competition existed. The act also outlawed ***interlocking directorates.*** This is an organization where the same people serve on boards of directors of competing companies.

Congress established the Federal Trade Commission to enforce the Clayton Act. The commission may:

A. define unfair competitive practices,
B. issue orders to halt these practices,
C. examine corporate purchases of stock,
D. investigate trade practices,
E. enforce laws that prohibit false advertising,
F. require truthful labels on textiles and furs,
G. regulate the packaging and labeling of certain consumer goods,
H. require the full disclosure of the lending practice of finance companies and retailers who have installment plans, and
I. check consumer credit agencies.

Today economic power belongs to oligopolies. An ***oligopoly*** exists when a few firms dominate a particular industry. About 50 multibillion-dollar companies during the 1990s controlled about one-third of the manufacturing capacity in the United States.

2. What laws did Congress pass to control monopolies and to encourage competition?

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Consumer Protection *(page 579)*

Congress has passed other laws protecting consumers and ensuring fair product standards. It also established independent regulatory agencies that protect consumers or regulate certain economic activities.

Before 1900 some food companies mislabeled foods and sold tainted meat. Books such as *The Jungle* and magazine articles about conditions in food processing plants angered the public. As a result, Congress passed the Pure Food and Drug Act in 1906. This law made selling contaminated, unhealthful, or falsely labeled foods or drugs illegal. The 1906 Meat Inspection Act provided for the federal inspection of all meatpacking companies that sold meat across state lines. The Food and Drug Administration (FDA) is responsible for protecting the public from poorly processed and improperly labeled foods and drugs.

The Federal Trade Commission (FTC) protects consumers from misleading and false advertising. An example of an FTC regulation is that all manufacturers must clearly list the contents of packaged products on their labels.

Congress created the Consumer Product Safety Commission (CPSC) in 1972. The CPSC investigates injuries caused by merchandise such as lawn mowers, kitchen appliances, toys, and sports equipment. It established standards of safety for each type of product. If a product fails to meet these standards, the CPSC can order it off the market.

The Securities and Exchange Commission (SEC) regulates the trading of ***securities***, or stocks and bonds. The SEC regulates the nation's securities issued by public utility companies. It also requires all corporations that issue public stock to file regular reports on their financial status, which are made available to investors. To further protect investors, the Sarbanes-Oxley Act of 2002 requires the chief officers of investment companies to personally sign SEC reports and to pay penalties if accounting fraud is later discovered.

3. What is the responsibility of the FDA?

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Government and Labor *(page 581)*

Large corporations multiplied in the late 1800s. As a result, federal laws were created to regulate the relationship between employers and employees. For many years, the government favored businesses over labor unions. The government's attitude toward labor changed in 1914. The Clayton Antitrust Act included a provision that labor unions were not to be treated as "conspiracies in restraint of trade."

In 1937 the Supreme Court upheld a minimum wage set by the state of Washington. Today laws set minimum wages and maximum working hours and prohibit child labor. In addition, the Department of Labor, established in 1913, provides employment offices and job-training programs, collects data, and offers unemployment insurance.

In the 1930s, 1940s, and 1950s, Congress passed the following labor-related laws:

The Norris-LaGuardia Act of 1932 gave workers the right to join unions and to strike. It outlawed contracts which forced workers to sign away their right to join a union. The act also restricted the use of federal court ***injunctions.*** These are court orders to stop an action from taking place. These were often used to force striking unions back to work.

STUDY GUIDE (continued) Chapter 21, Section 1

The Wagner Act of 1935 guaranteed the right of all workers to organize and bargain collectively. According to the act, employers could not refuse to bargain collectively with recognized unions, interfere in union organization, or fire or otherwise punish a worker because of union activities. The Wagner Act established the National Labor Relations Board (NLRB). The board supervised the elections of union leaders, heard labor's complaints, and issued orders to end unfair labor practices.

The Taft-Hartley Act of 1947 required unions to give 60 days' notice before calling a strike. The act also restored limited use of injunctions. The act provided that employers could sue unions for damages caused during a strike. The law outlawed the closed shop—where only members of a union could be hired—but permitted the union shop. In a union shop, workers are required to join a union soon after they are hired but not before. State right-to-work laws provide that all workplaces be open shops where workers may freely decide whether or not to join a union.

The Landrum-Griffin Act of 1959 made misusing union funds a federal crime. It also protected union members from being threatened by their leaders and included a "bill of rights" for union members.

4. Which act passed by Congress was pro-business rather than pro-labor? Explain your choice.

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Name ______________ Date ______________ Class ______________

STUDY GUIDE Chapter 21, Section 2

For use with textbook pages 584–589.

AGRICULTURE AND ENVIRONMENT

KEY TERMS

price supports The program under which the Congress buys farmers' crops if the market price falls below the support price *(page 586)*

acreage allotment The program under which the government pays supports for farmers' crops grown on an assigned number of acres *(page 586)*

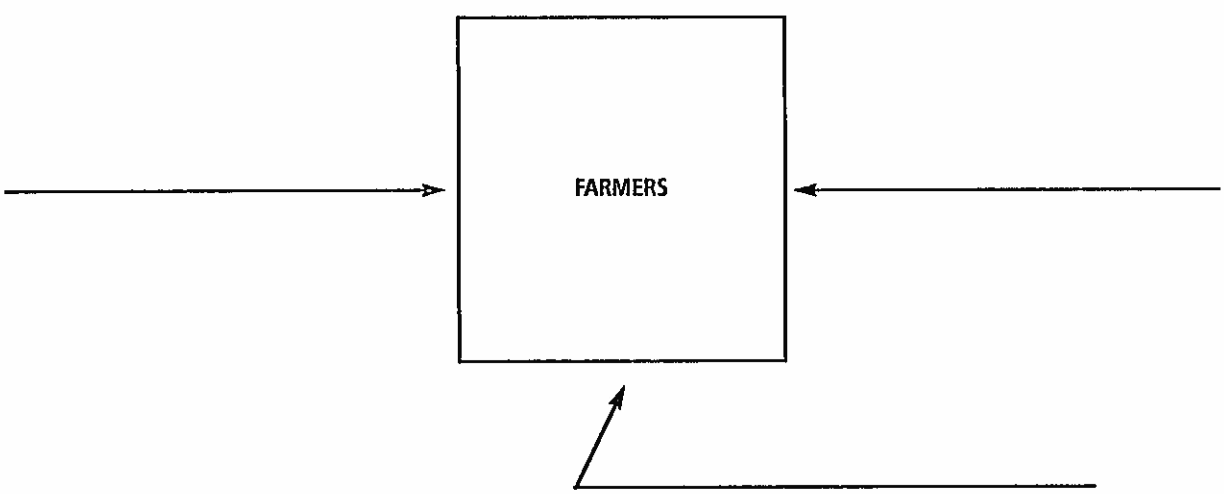
marketing quotas A limit set among farmers to market only an assigned portion of an overproduced crop *(page 586)*

DRAWING FROM EXPERIENCE

Where does your food come from? Most is raised on American farms, often with government help. This section focuses on government regulation of agriculture and the environment.

ORGANIZING YOUR THOUGHTS

Use the graphic organizer below to help you take notes as you read the summaries that follow. Think about three major ways the Department of Agriculture helps farmers.



READ TO LEARN

Introduction *(page 584)*

The federal government has always encouraged American agriculture, or farming. The total number of farms has decreased in the United States. However, farm output per hour increases almost every year. In 1900, for example, one farmer could feed about seven people. Today the average farmer can feed about 80 people.

The Federal Government and the Farmer *(page 584)*

Governments at the federal, state, and local levels support and help farmers. For example, the federal government created the Department of Agriculture to improve and modernize farming methods. During the Great Depression, President Roosevelt's New Deal helped farmers by limiting the production of products that were in oversupply to raise their prices. Under the Agricultural Adjustment Act of 1933, the government also paid farmers for not producing their usual amounts of corn, wheat, hogs, and other commodities. The act also provided loans to help farmers pay their expenses and keep their land.

1. How did the New Deal help farmers during the Great Depression?

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Aid for Farmers Today *(page 586)*

Today the Department of Agriculture provides the following services:

Marketing Farmers' Produce The Agricultural Marketing Service of the Department of Agriculture advises farmers on the demand for crops, current prices, and transportation methods. It also researches where and when to sell farmers' products. The Foreign Agricultural Service promotes the sale of American farm goods in foreign markets.

Stabilizing Farm Prices The government has tried several ways to stop farm prices from falling below a certain level. Today the Commodity Credit Corporation (CCC) handles the following price-stabilizing programs:

A. Congress establishes price supports for a particular product.

B. The government assigns farmers acreage allotments of a certain number of acres and pays support prices for only the crops grown on the assigned acres.

C. Farmers agree to marketing quotas and market only an assigned portion of their overproduced crop.

Promoting Conservation The Forest Service, a Department of Agriculture agency, has restored millions of acres of forests for outdoor recreation, timber, and wildlife habitat. The Soil Conservation Service, another agency, works with farmers to manage conservation problems.

2. In what three ways does the Department of Agriculture try to stabilize farm prices?

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Protecting the Environment *(page 587)*

The 1970 Clean Air Act established the Environmental Protection Agency (EPA) with the power to enforce air quality standards. The 1990 Clean Air Act ordered reductions in emissions of carbon monoxide, carbon dioxide, and smog. The 1992 Kyoto Protocol attempted to set global greenhouse emissions standards. However, in 2001 the United States refused to implement the agreement, calling it an inefficient solution that would damage the economy.

The Water Quality Improvement Act of 1970 banned the discharge of harmful amounts of oil and other dangerous materials into waterways. The law applied to such pollution sources as ships, onshore refineries, and offshore oil drilling platforms. It also controlled the drainage of pesticides into the Great Lakes. The Water Pollution Act of 1972 set the goal of completely stopping the discharge of pollutants into the nation's waterways. All polluters—cities, farmers, and industries—dumping wastes into waterways needed a permit.

The EPA issued hundreds of regulations to enforce environmental laws. State and local leaders began to complain about unfunded mandates. These are programs that the federal government orders but does not pay for. So in the 1990s Congress passed new laws that limited the requirements that the federal government could make for state and local governments without providing funds to pay for them.

3. How did the Water Pollution Act of 1972 improve on the Water Quality Improvement Act of 1970?

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Energy and the Environment *(page 588)*

By the early 1960s, many American rivers and lakes were fouled by sewage and chemical wastes. Smog engulfed major cities. Oil spills polluted beaches. The heavy use of pesticides endangered wildlife. Then in 1973 Americans were in the midst of an energy crisis. The federal government responded with a new energy policy to meet future energy crises. People saw that there were built-in costs and conflicts. For example, preserving clean air might require them to drive cars with pollution-control devices. These made cars more costly to buy and drive. Oil companies wanted to drill more offshore oil, but environmentalists believed that such drilling was too risky for sea life. Recently, environmental groups have worked to prevent the George W. Bush administration from drilling for oil in a wildlife refuge off the coast of Alaska.

4. How did solutions for energy shortages in the 1970s conflict with environmental goals?

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