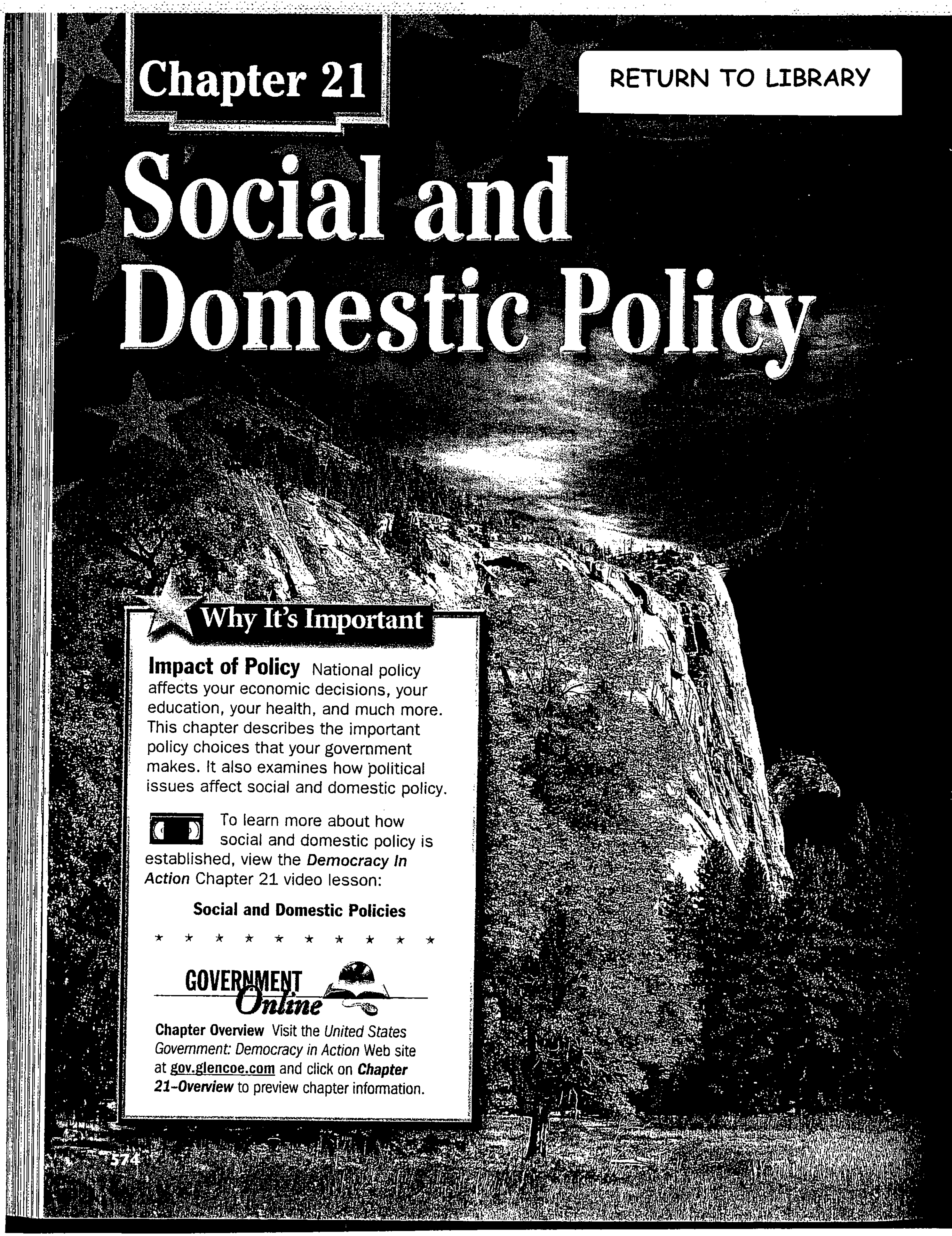
Chapter 21

Social and Domestic Policy



Why It's Important

Impact of Policy National policy affects your economic decisions, your education, your health, and much more. This chapter describes the important policy choices that your government makes. It also examines how political issues affect social and domestic policy.

To learn more about how social and domestic policy is established, view the ***Democracy In Action*** Chapter 21 video lesson:

Social and Domestic Policies

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GOVERNMENT *Online*

Chapter Overview Visit the *United States Government: Democracy in Action* Web site at gov.glencoe.com and click on ***Chapter 21–Overview*** to preview chapter information.

Section 1

Business and Labor Policy

Reader's Guide

Key Terms

mixed economy, laissez-faire, trust, monopoly, interlocking directorate, oligopoly, securities, collective bargaining, injunction

Find Out

- What are the overall aims of United States business policy regarding competition and consumers?
- How did the federal government help unions to organize and grow?

Understanding Concepts

Free Enterprise Are government regulations consistent with the principle of free enterprise? Explain your answer.

COVER STORY

Scholarship Scams

WASHINGTON, D.C., SEPTEMBER 1996

The Federal Trade Commission (FTC) has issued a consumer alert about crooked scholarship offers. The FTC cautions that fraudulent companies are promising students scholarships in return for an up-front fee. Most offer a money-back guarantee but make it difficult to get a refund. Some companies ask for a checking account number, "to confirm the student's eligibility," and then debit the account without the student's consent. Many scholarship services charge a fee, but the FTC advises that a legitimate company will never guarantee a scholarship.

Successful recipient of legitimate scholarship

◀ Yosemite Valley is preserved by the government.

The Federal Trade Commission is just one of many government agencies involved in regulating the American economy. Although free enterprise is the foundation of the American economic system, ours is a **mixed economy**—a system in which the government both supports and regulates private enterprise.

Promoting and Protecting Business

Regulating business is a relatively recent function of the federal government, dating back slightly more than 100 years. The active promotion and protection of business, however, has been a major activity of United States government since George Washington was president. Washington's secretary of the treasury, Alexander Hamilton, claimed that emerging American manufacturers needed protection from foreign competition. He first proposed a protective tariff in 1791, but Congress shelved the request. After the War of 1812, British goods flooded American markets, threatening to destroy newly created industries. A member of Parliament in 1816 explained Britain's advantage:

> "*It was well worth while to incur a loss upon the first exportation, in order, by the glut, to stifle in the cradle, those rising manufactures in the United States, which the war has forced into existence, contrary to the natural course of things.*"
>
> —Henry Brougham, Esq., 1816

The United States responded to this threat with higher tariffs.

Free Trade In recent years the federal government has emphasized lower tariffs and promoted free trade for many items. The North American Free Trade Agreement (NAFTA),

Trade Policy Many Americans, especially supporters of labor unions, have strongly opposed NAFTA. Supporters of NAFTA, however, believe that the agreement will lower costs for consumers and expand U.S. markets. ***Why are labor unions opposed to NAFTA?***

signed by Canada, Mexico, and the United States in 1993, was designed to gradually eliminate trade restrictions among the trading partners beginning in 1994. The United States plays a leading role in promoting free trade around the world.

Consumers benefit from the lower cost of many imported goods. Although current rates are at an all-time low, tariffs are still used to protect American industries from foreign competition. The government also restricts some products through quotas, or limits on the number that may be imported.

Types of Federal Subsidies Today the federal government provides four types of subsidies, or aids to business. One is tax incentives that allow businesses to deduct certain expenses from their annual tax returns. A second is government loans, or credit subsidies, that provide funds for businesses at low interest rates. A third type of subsidy is free services, such as weather information, census reports, and other information valuable to businesses across the nation. Finally, the government provides direct cash payments to businesses whose products or services are considered vital to the general public. Businesses in the field of transportation often receive this type of subsidy.

Commerce Department Aid to Business

A separate department of the executive branch, the Department of Commerce, was formed in 1913 for the sole purpose of promoting business interests. Congress mandated that the department "foster, promote, and develop the foreign and domestic commerce of the United States."

The main functions of the Commerce Department are to provide information services, financial assistance, and research and development services. Several agencies within the Commerce Department supply businesses with valuable information and subsidies, particularly the Bureau of the Census, which provides important economic data to businesses.

Help for Small Businesses Because competition is important to the free-enterprise system, the federal government tries to help small businesses. An important independent executive agency outside the Commerce Department that aids businesses is the Small Business Administration (SBA). In addition to offering credit subsidies, the SBA gives free advice and information to small business firms.

Regional offices of the SBA offer government-sponsored classes on sound management practices for owners of small businesses. Businesses may also seek advice from the SBA on how to overcome their problems, and the SBA also conducts programs to help women and minorities in business.

Regulating Business

Some Americans believe that government regulation of the economy is at best a mixed blessing. These people usually agree with the following sentiments expressed by economist Arthur B. Laffer:

"Those who advocate, in their desperation, more government to solve the problems of our society are demonstrably wrong. . . . The solution rests in less—not more—government!"

—Arthur B. Laffer

Writer Victor Kamber expressed the opposite point of view. In Kamber's opinion:

"Many Americans have forgotten that we set up regulatory agencies in the first place to protect the public interest. Industries considered vital to the public—such as transportation, food, finance, communications, and nuclear power—were regulated in order to provide the public a steady flow of safe products in a stable environment."

—Victor Kamber, July 1984

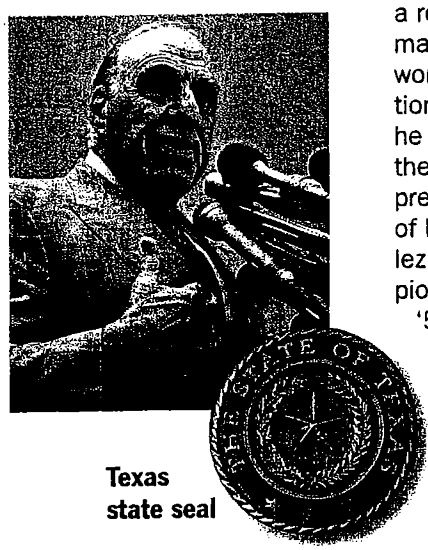
Whether a person agrees with one point of view or the other sometimes depends upon whether the person is being regulated or is benefiting from the regulation. Nevertheless, federal regulation of economic activity springs from a constitutional provision.

Constitutional Basis of Regulation The Constitution grants Congress the power to "lay and collect taxes" for the general welfare and to "regulate commerce . . . among the several states." Most regulatory laws enacted in the twentieth century are based upon these two powers.

The commerce clause in Article I, Section 8,[1] provides the primary constitutional basis for government regulation of the economy. The Founders designed this clause to allow the federal government to control interstate commerce, eliminating one major deficiency of the Articles of Confederation. Over the years the Supreme Court has broadened the interpretation of interstate commerce to include a wide variety of economic activities. For example, interstate commerce today covers the

See the following footnoted materials in the Reference Handbook:
1. *The Constitution,* pages 774–799.

We the People
Making a Difference
Henry B. Gonzalez



Texas state seal

After serving for 36 years, 81-year-old Democratic representative Henry B. Gonzalez retired in 1997. Gonzalez arrived on Capitol Hill in 1961 where he quickly earned a reputation as an unpredictable maverick who often refused to work within established traditions. In his hometown, however, he is celebrated as a defender of the downtrodden. Raul Yzaguirre, president of the National Council of La Raza, summarized Gonzalez's character: "He was a pioneer. In the bad old '40s and '50s, political courage to stand up to segregation and racism was not real evident. Henry B. stood out like a giant."

Gonzalez is credited with crafting tough savings-and-loan bailout legislation and pushing an overhaul of banks' deposit insurance system. His passionate commitment, though, was in ensuring affordable housing for the poor.

When some Democratic leaders tried to topple Gonzalez from his ranking spot on the Banking and Finance Committee, Gonzalez's supporters rallied. Joseph Kennedy of Massachusetts pronounced, "What are we going to do, take away a ranking membership from a guy who is a folk hero among Democrats?" Gonzalez made a masterful speech in his own defense, saying, "I say to you, I have served with honor and integrity and success. I have never failed myself and I have never failed you." Gonzalez received two standing ovations and retained his seat.

production and transportation of goods, communications, mining, and the sale of stocks and bonds. Citing the commerce clause, Congress has passed many laws regulating these activities. Moreover, the meaning of regulation has changed over the years. Besides restricting certain activities, regulation now includes prohibiting, promoting, protecting, assisting, and establishing standards for many aspects of interstate commerce.

Demand for Reform Until the late 1800s, the federal government for the most part took a hands-off, or **laissez-faire**, approach to the economy. The states passed the few regulations that limited business activities. Businesses were generally small, locally owned, and primarily served local markets.

By the late 1800s, the American economy had changed. Huge corporations dominated American industry. Rapid industrialization was accompanied by many abuses. Business combinations consolidated control of several industries in the hands of a few giant corporations that squeezed smaller companies out of business. Americans questioned the fairness of a system that allowed railroads to charge higher rates for farmers than for manufacturers. Because of these abuses, Americans began to demand government regulation of business.

Congress responded by passing the Interstate Commerce Act in 1887. This act established the first federal regulatory agency, the Interstate Commerce Commission (ICC), and placed certain limits on the freight rates railroad companies charged. Congress later passed two measures to control corporations that threatened to destroy competition.

TIME

For the Record

Monopoly Money The most high-profile antitrust case in recent years was against Microsoft. The federal government accused Bill Gates's computer-software company of unfair competition: forcing buyers of Microsoft's Windows operating system to use its packaged Web browser rather than competitors' browsers. A U.S. district judge declared Microsoft a monopoly, ordered a breakup of the company, and imposed penalties and restrictions. An appeals court overturned the breakup order but retained the rest of the anti-Microsoft rulings. Still, most experts believe Microsoft came out a winner.

The Sherman and Clayton Antitrust Acts

In the late 1800s, the trust became a popular form of business consolidation. In a **trust** several corporations combined their stock and allowed a board of trustees to run the corporations as one giant enterprise. 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.

The Standard Oil Trust organized by John D. Rockefeller was an example of such a trust. In 1879 it controlled the production and sale of 90 percent of the oil refined in the United States. The Standard Oil Trust consisted of several oil companies whose stock was held by a single board of trustees. The chief stockholder and trustee was Rockefeller himself. At the time, monopolistic trusts like Rockefeller's dominated many industries.

Congress's first attempt to halt monopolies came in 1890 with the passage of the **Sherman Antitrust Act.** The first two sections of the act stated the following:

> "*Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations is hereby declared illegal.*
>
> *Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several states . . . shall be guilty of a misdemeanor.*"
>
> —Sherman Antitrust Act, 1890

Today, violating the second section of the Sherman Antitrust Act is a felony.

The language of the act did not specify what restraint of trade meant. The Sherman Antitrust Act, therefore, proved difficult to enforce. It was, however, successfully enforced in one notable case. In 1906 the federal government charged the Standard Oil Company with violating the first two sections of the act. Convicted, the company ultimately appealed to the Supreme Court, which upheld the conviction and ordered the company to be split into a number of smaller companies. For the first time in the nation's history, the government declared a major trust illegal.

Despite the conviction, the trend toward larger and larger business combinations continued. Then in 1914 Congress passed the **Clayton Antitrust Act** to clarify the Sherman Act. The Clayton Act prohibited charging high prices in an area where little competition existed, while at the same time charging lower prices in an area with strong competition. The act also said businesses could not buy stock in other corporations in order to reduce competition. Finally, the act addressed the control of companies by outlawing **interlocking directorates**—a circumstance in which the same people served on the boards of directors of competing companies.

Enforcing the Antitrust Laws In the same year that Congress passed the Clayton Act, it established the Federal Trade Commission (FTC), an independent regulatory agency, to carry out the provisions of the Clayton Act. The commission may define unfair competitive practices, issue orders to halt these practices, examine corporate purchases of stock, and investigate trade practices. Since its creation the FTC's duties have expanded. Today the FTC has many responsibilities in addition to enforcing the Clayton Act. These include enforcing laws that prohibit false advertising and requiring truthful labels on textiles and furs. The FTC also regulates the packaging and labeling of certain consumer goods, requires full disclosure of the lending practices of finance companies and retailers who use installment plans, and checks consumer credit agencies.

Despite additional antitrust legislation passed since the Clayton Act, a few large corporations dominate several industries. Today, instead of trusts and monopolies, economic power belongs to oligopolies. An **oligopoly** exists when a few firms dominate a particular industry. By the 1990s about 50 multibillion-dollar companies controlled approximately one-third of the manufacturing capacity in the United States.

Enforcing the country's antitrust laws is the responsibility of the Antitrust Division of the Department of Justice. Working with the Federal Trade Commission, this division has the power to bring suit against suspected violators of antitrust laws.

Consumer Protection

Besides antitrust laws, Congress has passed other regulatory laws protecting consumers and ensuring fair product standards. Congress has also established independent regulatory agencies that protect consumers or regulate certain economic activities. These regulatory agencies are independent in the sense that they are largely beyond the control of the executive branch.

To maintain this independence, Congress decided that each agency would have from 5 to 11 members, each appointed by the president and confirmed by the Senate. Normally the term of each of the commissioners is long enough to prevent a president from appointing enough new members to control the agency. The president may remove a member only for certain reasons specified by Congress.

The types of independent regulatory agencies vary widely. Such agencies range from the Federal Reserve System, established in 1913, to the Consumer Product Safety Commission, established in 1972.

Consumer Protection Laws Before 1900 many corporations were not overly concerned about whether their products were healthful or safe. Some truly deplorable practices were common in the food processing and drug industries. Some companies mislabeled foods and sold foods contaminated by additives. Other foods such as meat were tainted because of the unsanitary conditions in processing plants. Consumers were duped into buying medicines that were often worthless and sometimes dangerous.

Shortly after the turn of the century, Upton Sinclair, in his book *The Jungle*, described conditions in a meatpacking house. He wrote:

GOVERNMENT and You

Disability and the Workplace

Free from discrimination

Today disabled people have recourse against discrimination in education, housing, transportation, and employment. The Americans with Disabilities Act (ADA) says that remedies under the Civil Rights Act of 1964 apply to ADA employment cases. The ADA bans inquiries about disabilities for job applicants. Also, employees are to be provided "reasonable accommodations" necessary to assist them in doing their jobs. The act also forbids employers to pay workers with disabilities less than nondisabled persons who do the same work and forbids discrimination in promotions.

Participating IN GOVERNMENT ACTIVITY

Make a List What would be "reasonable accommodations" for a person in a wheelchair working in a tall office building?

> *"There would be meat stored in great piles in rooms; and the water from leaky roofs would drip over it, and thousands of rats would race about it. . . . These rats were nuisances, and the packers would put poisoned bread out for them; they would die, and then rats, bread, and meat would go into the hoppers together."*
>
> —Upton Sinclair, 1906

In addition to Sinclair's stinging condemnation, magazine articles about similar conditions aroused public indignation. As a result, Congress passed the Pure Food and Drug Act in 1906 to make it illegal for a company engaged in interstate commerce to sell contaminated, unhealthful, or falsely labeled foods or drugs. The Meat Inspection Act, also passed in 1906, provided for federal inspection of all meatpacking companies that sold meats across state lines.

The Food and Drug Administration (FDA) is responsible for protecting the public from poorly processed and improperly labeled foods and drugs. Scientists at FDA laboratories inspect and test prepared food, cosmetics, drugs, and thousands of other products every year. Agents from the FDA inspect factories, food processing plants, and drug laboratories. They also check labels for accuracy. If a product fails to meet FDA standards, the FDA may force it off the market.

Protection Against False Advertising The Federal Trade Commission (FTC) protects consumers from misleading and fraudulent advertising. The FTC has the power to review the advertising claims made about all products sold in interstate commerce. It may determine whether an advertisement for a product is false or unfair. If it is, the FTC can order a company to change the ad to comply with FTC standards. As a result of one FTC ruling, cigarette manufacturers must place a health warning on cigarette packages. According to another FTC regulation, all manufacturers must clearly list the contents of packaged products on the label.

Consumers and Product Safety Books and articles about the ways in which consumers are cheated and deceived in the marketplace have always been popular. One such book accelerated consumer activism in the 1960s. In 1965 Ralph Nader warned about poorly designed automobiles that were "unsafe at any speed." Nader became a leader in the consumer movement.

As a result of this movement, Congress created the Consumer Product Safety Commission (CPSC) in 1972. Its purpose was to protect consumers against "unreasonable risk of injury from hazardous products." To reduce consumer risks, the CPSC investigates injuries caused by merchandise, such as lawn mowers, kitchen appliances, toys, and sports equipment. It then establishes standards of safety for each type of consumer product. If any product fails to meet these standards, the CPSC can order it off the market.

Regulating the Sale of Stocks The Securities and Exchange Commission (SEC) has regulated the trading of **securities**, or stocks and bonds, since its creation during the Great Depression. Today the SEC regulates the nation's securities issued by public utility companies and requires all corporations that issue public stock to file regular reports on their assets, profits, sales, and other financial data. These reports must be made available to investors so that they may judge the true value of a company's stock offerings.

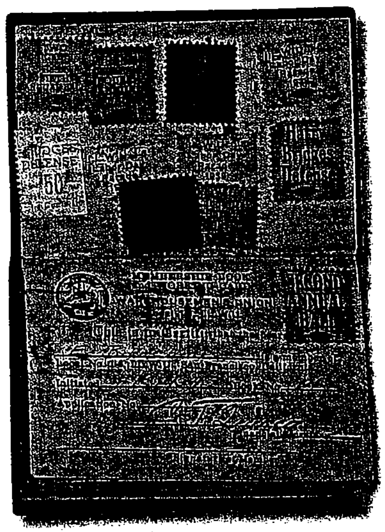
Corporate accounting scandals became big news in 2001 when the Enron Corporation declared bankruptcy. This was, at the time, the largest single bankruptcy in American history. Employees lost their jobs, and millions of dollars in stock investment disappeared.

Investigation of Enron and several other corporations revealed that fraudulent accounting designed to artificially inflate stock value hid these firms' inherent weaknesses and created the appearance of corporate success. The failure of the Securities and Exchange Commission to identify this problem led to the passage of the Sarbanes-Oxley Act of 2002, which required, in part, that chief executive officers and chief financial officers of publicly traded companies personally sign SEC reports and pay monetary penalties if improper accounting is later discovered.

Government and Labor

As large corporations multiplied in the late 1800s, the relationship between employer and employee became strained. National corporation grew more impersonal, and cooperation deteriorated. Federal laws were created to regulate the relationship between employers and employees.

Protecting Unions and Workers The first nationwide union was organized in the 1850s. Under pressure from employers, and without support from the federal government, early unions failed to survive for very long. The first successful national labor organization, the American Federation of Labor, was founded in the 1880s.



A warehouse worker's union membership material

Workers organized unions and elected leaders to represent them in negotiations with employers for labor contracts that specified wages, hours, and working conditions. This practice of negotiating labor contracts is known as **collective bargaining.**

Employers generally refused to negotiate with unions. As a result, unions often resorted to strikes to try to obtain concessions. Between 1881 and 1905, American unions called about 37,000 strikes.

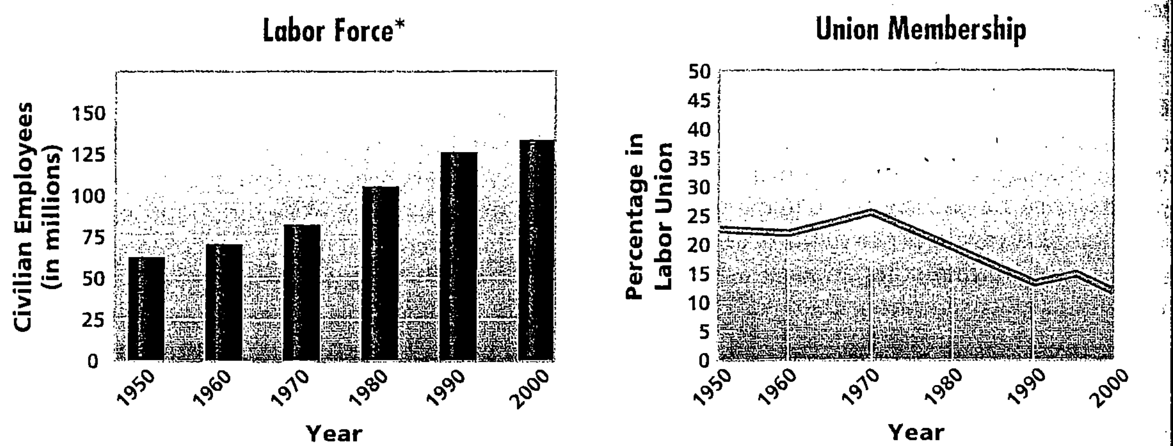
For many years, the government favored business over labor unions. Federal troops and state militia broke up some strikes. The courts even used the Sherman Antitrust Act, originally intended to regulate business, to prohibit union activities as being in "restraint of trade."

The government's attitude toward labor began to change in the early 1900s. The Clayton Antitrust Act, passed in 1914, included a provision that labor unions were not to be treated as "conspiracies in restraint of trade." Before the 1930s employers were often successful in challenging laws that regulated wages and working conditions. In 1937, however, the Supreme Court heard an appeal of a case in which a state had written a minimum wage law to protect women and children.

Landmark Cases

West Coast Hotel* v. *Parrish Elsie Parrish, a hotel employee, brought suit to recover the difference between the wages paid her and the minimum wage. The hotel owner claimed that the law deprived the employer of freedom of contract. The Supreme Court, however, upheld the minimum

Labor Force and Union Membership



*Figures for people 16 years or older
Source: U.S. Bureau of the Census, Bureau of Labor Statistics, 2001.

Critical Thinking The number of people in the labor force has more than doubled since 1950. ***How would you describe the trend in labor union membership?***

wage set by the Industrial Welfare Committee of the state of Washington, saying:

> “*The exploitation of a class of workers who are in an unequal position with respect to bargaining power and are thus relatively defenseless against the denial of a living wage is not only detrimental to their health and well-being, but casts a direct burden for their support upon the community. . . . The community may direct its lawmaking power to correct the abuse.*”
> —Chief Justice Charles Evans Hughes, 1937

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 for people in search of a job, collects helpful data, and offers unemployment insurance.

Labor Laws of the 1930s The greatest gains of organized labor occurred during the Great Depression of the 1930s with the passage of revolutionary labor laws. These laws, passed under President Roosevelt's New Deal, are often called “labor's bill of rights.” They guaranteed labor's right to bargain collectively and strike, and generally strengthened labor unions.

In 1932 Congress passed the Norris-La Guardia Act that gave workers the right to join unions and to strike. It outlawed yellow-dog contracts, which forced workers to sign contracts agreeing not to join a union. The act also restricted the use of federal court injunctions against labor unions. **Injunctions**—court orders to prevent an action from taking place—were often issued to force striking unions back to work.

In 1935 Congress passed the **Wagner Act,** guaranteeing the right of all workers to organize and bargain collectively. To achieve this goal, the law prohibited employers from engaging in certain “unfair labor practices.” According to the Wagner Act, employers could not refuse to bargain collectively with recognized unions, interfere in union organization, or discharge or otherwise punish a worker because of union activities.

To enforce these prohibitions, the Wagner Act created the National Labor Relations Board (NLRB). The board had power to supervise elections to determine which union a group of workers wanted to represent it. The NLRB could also hear labor's complaints and issue “cease and desist" orders to end unfair labor practices. Under the Wagner Act, unions gained tremendously in membership and strength.

Regulating Unions Soon after the passage of the Wagner Act, business leaders began to protest that labor unions were growing too powerful. Critics of the Wagner Act claimed that it was one-sided and too favorable to labor. They complained that many workers were being forced to join unions against their wills. Also, employers were being forced to hire only union workers. To avoid strikes employers had to agree to establish a closed shop. In a **closed shop,** only members of a union may be hired. Responding to these criticisms, Congress passed the **Taft-Hartley Act** in 1947.

The purpose of the Taft-Hartley Act was to restore the balance between labor and management. It was the federal government's first attempt to regulate certain practices of large unions. The act required unions to give 60 days' notice before calling a strike. This "cooling-off period" was intended to provide additional time for labor and management to settle their differences. The act also restored limited use of injunctions. In strikes that endanger the nation, the president may obtain an injunction to stop the strike for 80 days. According to the Taft-Hartley Act, employers may sue unions for damages inflicted during a strike.

While the act prohibited the closed shop, it did permit the union shop. In a **union shop,** workers are required to join a union soon after they have been hired (but not before). Under the law, union shops can be formed if a majority of workers vote for them. They cannot be formed, however, in any state that has passed a "right-to-work" law. Right-to-work laws are state labor laws that prohibit both closed shops and union shops. They provide that all workplaces be **open shops** where workers may freely decide whether or not to join a union.

Protecting Union Members Labor unions have not always acted in the best interests of their members. In 1957, for example, a Senate investigating committee found that some leaders of the powerful Teamsters Union had misused and, in some cases, stolen funds. The same leaders were accused of associating with gangsters and racketeers and of having used bribery, threats, and violence against those who tried to challenge them.

These widely publicized labor scandals led to the passage of the Landrum-Griffin Act of 1959. This law made misusing union funds a federal crime. The Landrum-Griffin Act also protected union members from being intimidated by their leaders. It was also helpful in eliminating fraud in union elections. The act included a "bill of rights" for union members. This guaranteed the right of members to nominate and vote by secret ballot in union elections, to participate and speak freely at union meetings, to sue their union for unfair practices, and to examine union records and finances.

Section 1 Assessment

Checking for Understanding

1. **Main Idea** Use a graphic organizer like the one below to identify three laws passed by Congress that resulted in the growth of labor unions.

	Growth of Labor Unions

2. **Define** mixed economy, laissez-faire, trust, monopoly, interlocking directorate, oligopoly, securities, collective bargaining, injunction.
3. **Identify** Sherman Antitrust Act, Clayton Antitrust Act, Wagner Act, Taft-Hartley Act.
4. What are the government's main goals regarding competition and consumers?

Critical Thinking

5. **Identifying Central Issues** What general problem do the Federal Trade Commission, the Securities and Exchange Commission, and the Consumer Product Safety Commission address?

Concepts IN ACTION

Free Enterprise Interstate commerce depends on an adequate system of highways funded by the federal government. Find out about highway construction plans in your area. Create a bulletin board display with a map of the planned construction and pertinent financial information.

Agriculture and Environment

Reader's Guide

Key Terms

price supports, acreage allotment, marketing quotas

Find Out

- How does American farm policy attempt to stabilize farm prices?
- What is the working relationship between the federal government and localities in carrying out environmental policy?

Understanding Concepts

Civic Participation What can citizens do to help protect the environment?

COVER STORY

Lamb Roasts Purchased

WASHINGTON, D.C., FEBRUARY 14, 2000

The U.S. Department of Agriculture (USDA) announced plans to assist sheep and lamb producers by purchasing up to $15 million worth of lamb roasts over the next three years. Lamb meat imports have contributed to a surplus and to falling prices of lamb meat. The USDA's purchase should remove excess lamb from the market, boost prices, and help U.S. lamb products remain competitive with foreign ones. The USDA's Agricultural Marketing Service (AMS) will distribute the roasts through food banks and other food nutrition programs.

Supported by the government

The federal government has always encouraged American agriculture. In 1790 about 95 percent of the American people lived in rural areas, and most Americans were farmers. Farming remained the major occupation until after the early 1900s. Today, however, less than 2 percent of the American people are farmers. The United States is an urban nation with more than 75 percent of the people residing in towns and cities.

From 1935 to the present, the number of farms in the United States has declined from 6.8 million to about 2 million because small family farms are disappearing. The average farm today is just under 500 acres, more than twice as large as the average farm of 30 years ago. Large corporate farms are making agriculture big business.

While the total number of farms has decreased, farm output per work hour has increased almost every year. In 1900 one farmer could feed about 7 people. Now the average farmer can feed approximately 80 people.

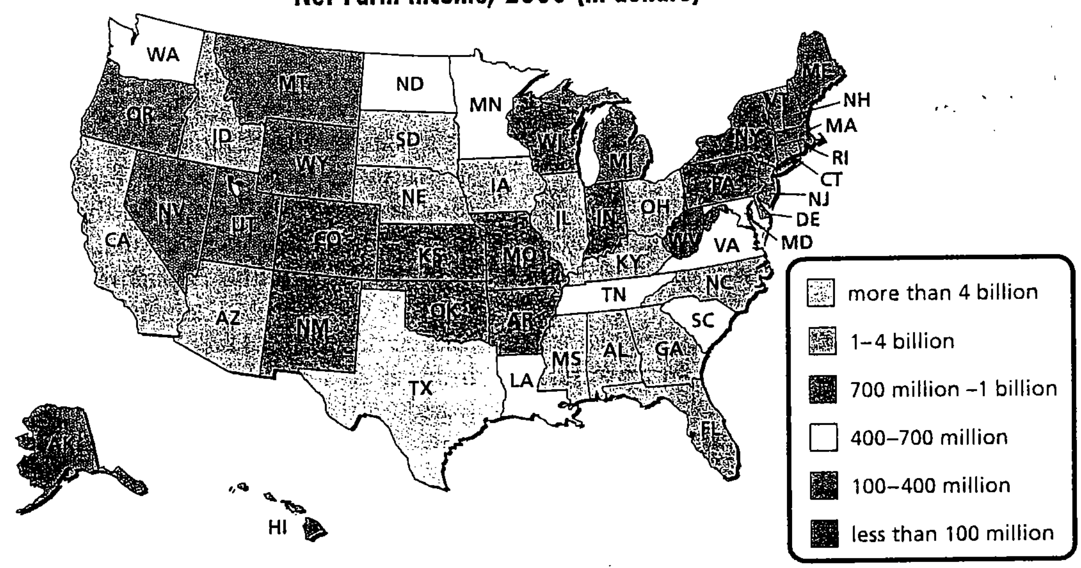
The Federal Government and the Farmer

Despite the transition from a rural to an urban nation, the federal government has strongly encouraged American agriculture. Because farming is so vital to the nation, governments at the federal, state, and local levels provide support and assistance to farmers.

Early Agricultural Legislation In 1862 Congress passed three acts that were important to farmers. One law created the **Department of Agriculture.** In the beginning the chief purpose of this department was to show farmers how to improve and modernize their agricultural methods. In 1889 the Department of Agriculture was elevated to cabinet-level status.

Farming in the United States

Net Farm Income, 2000 (in dollars)



Source: U.S. Bureau of the Census, *Statistical Abstract of the United States: 2002* (Washington D.C.: 2002).

Critical Thinking Farms in the United States had a total net income of more than $45 billion in 2000. *What generalization can you make about farming in the southern half of the country versus farming in the northern half?*

The second law, the Morrill Act, aided Northern states by granting them millions of acres of federal land to establish state-operated colleges of agriculture. The third law, the Homestead Act, gave land to those willing to farm it.

Farm Problems In the 1920s the nation's farms faced serious problems. A historian's view creates a bleak picture:

> *"The high tariff enacted by the Republicans after World War I helped destroy the farmer's European market; the changing diet of the American family and immigration restrictions curtailed the farmer's market at home. Low crop prices, threats of foreclosures, an inadequate credit supply, soil erosion, locusts, droughts, sharecropping, tenant farming and migrant farming complete the dismal picture of farm conditions in the United States prior to the New Deal."*
>
> —John H. Cary, 1981

As farm prices continued to decline, thousands of farmers lost their land. During the first years of the Great Depression, conditions became worse. Then in 1933 a huge dust storm swept across the Great Plains and carried the area's soil across the Midwest, even darkening the sky in New York. One account in the *Saturday Evening Post* described the scene in South Dakota:

> *"When the wind died and the sun shone forth again, it was a different world. There were no fields, only sand drifting into mounds. . . . In the farmyard, fences, machinery, and trees were gone, buried. The roofs of sheds stuck out through drifts deeper than a man is tall."*
>
> —R.D. Lusk, November 1933

Responding to this disastrous situation, President Roosevelt's New Deal legislation set out to raise the price of farm products by limiting the production of certain crops that were in oversupply.

Under the Agricultural Adjustment Act (AAA), the government paid farmers for not producing their usual amount of corn, wheat, hogs, and other commodities. It also provided loans to help farmers keep their land. Although the Supreme Court declared the AAA unconstitutional in 1936, Congress quickly passed a similar act that overcame the Court's objections.

Aid for Farmers Today

The Department of Agriculture provides many services to farmers. The chief functions are to help farmers market their produce, stabilize farm prices, conserve land, and promote research in agricultural science.

The Department of Agriculture also has helped develop rural areas. Rural Electrification Administration loans brought electricity and telephone service to many rural areas. The Farmers Home Administration was established to provide loans for farmers to buy land, livestock, seeds, equipment, and fertilizer, to build homes, to dig wells, and to obtain disaster relief.

Marketing Services Several agencies of the Department of Agriculture are concerned with helping farmers find buyers for their crops. The Agricultural Marketing Service advises farmers on the demand for crops, current prices, and transportation methods. It also performs market research to help farmers know when and where to sell their products. The Foreign Agricultural Service promotes the sale of American farm goods in foreign markets.

Programs for Stabilizing Prices The federal government has tried several methods for preventing farm prices from falling below a certain level. The current approach involves the coordination of three programs—price supports, acreage allotments, and marketing quotas. The Commodity Credit Corporation (CCC) administers these programs.

Under the program of **price supports,** Congress establishes a support price for a particular crop. The CCC then lends the farmer money equal to the support price for the crop. If the actual market price falls below the support price, the farmer repays the loan with the crop.

The Commodity Credit Corporation holds the surplus crops in government storage facilities until the market price goes up and the crop can be sold. It also uses surplus crops in welfare programs, for school lunches, and for famine relief overseas. Even so, from time to time, huge surpluses of some products have accumulated when market prices stayed at a low level.

In order to avoid large surpluses every year, the government has adopted the idea of acreage restriction, or **acreage allotment.** In this program, officials in the Department of Agriculture estimate the probable demand for a crop in world and national markets. Then they estimate the number of acres that will produce that amount. Based on these estimates, the government assigns farmers acreage allotments and pays support prices for only the crops grown on the assigned number of acres.

When a crop has been overproduced and large surpluses threaten to lower prices, the government turns to **marketing quotas,** or marketing limits. Aided by Department of Agriculture officials, farmers set up marketing quotas among themselves and agree to market only an assigned portion of their overproduced crop.

Not all observers agree with the government practices of having price supports and farm subsidies. In the early 1990s critics said the Department of Agriculture was overgrown and its overlapping agencies were not efficient. In 1994 Congress responded to Agriculture secretary Mike Espy's proposal to reorganize the department. The resulting reorganization created the Farm Service Agency that consolidated conservation programs and reduced the department's budget. The same legislation that created the Farm Service Agency also made participation in a federal crop insurance program mandatory for farmers who took part in federal price supports.

Promoting Conservation Conserving the nation's land and forests is a vital responsibility of agencies in the Department of Agriculture. The Forest Service has restored millions of acres of forests used for outdoor recreation, timber, and for wildlife habitat. The Soil Conservation Service works through 3,000 soil conservation districts and with farmers to manage conservation problems.

Protecting the Environment

For many years the federal government did not set environmental policy. State and local governments developed few controls over air, water, land, and other natural resources.

Beginning in the 1950s, the federal government reacted to public concern over the deteriorating environment. The federal government passed legislation to clean up the air and water. In 1970 Congress issued a series of sweeping environmental laws. The **Environmental Protection Agency** (EPA) was created and charged with enforcing a host of regulations. Most of the regulations mandated changes in business and operations to comply with the law, but Congress provided no federal funds to states, localities, and businesses to pay for the improvements.

Air Pollution Policies Congress first expressed concern about air pollution as early as 1955 when it passed the Air Pollution Act. This act, however, was limited to promoting research on air quality and to providing technical assistance to states and communities.

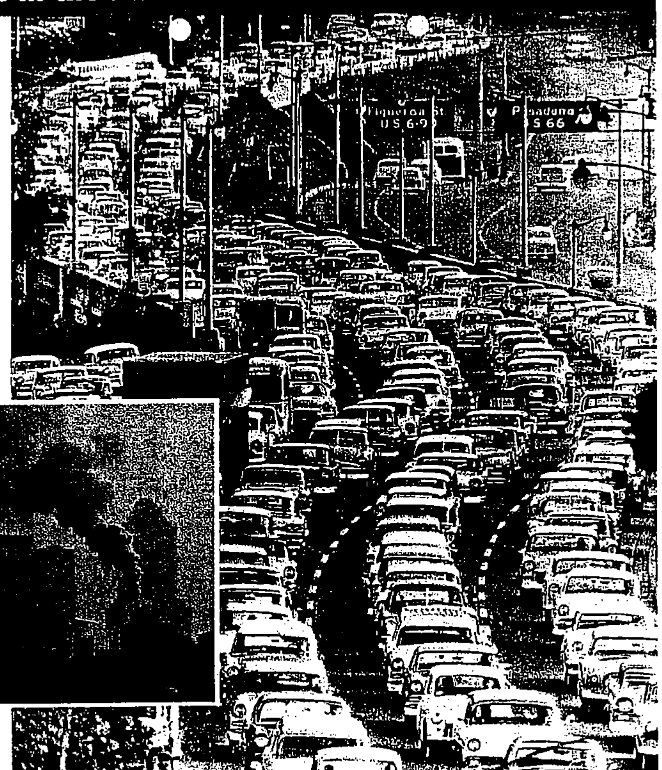
In the 1960s Congress passed stronger laws requiring states to set clean-air standards and to prepare plans for their enforcement. The 1970 Clean Air Amendments established the Environmental Protection Agency (1970), giving the federal government power to enforce air quality standards.

The 1990 Clear Air Act mandated reductions in emissions. As a result, air quality in the United States improved between 1990 and 1999. Smog, sulfur dioxide, and carbon monoxide concentrations all declined. In 1992 the Kyoto Protocol was presented at an international conference to set global greenhouse emissions standards. The United States initially ratified the agreement. The Bush administration, however, announced in May 2001 that it would not implement the agreement, claiming it was an ineffective solution that exempted too many developing countries and would damage the nation's economy.

Water Pollution Policies The Water Pollution Control Act of 1948 first provided for federal technical assistance to the states, but, as with the early pollution laws, the act was weak. Congress passed stronger measures. The Water Quality Improvement Act of 1970 prohibited the discharge of harmful amounts of oil and other dangerous materials into navigable waters. The law concerned such pollution sources as ships, onshore refineries,

Toxins in the Air

Past In the post-World War II era, the automobile became an indispensable part of Americans' lives. Cars waited in a traffic jam on a Pasadena, California freeway in 1958.



Present For many decades automobiles and factories have spewed pollutants into the air. In 2000 the EPA reported that nearly 62 million Americans lived in areas where the air was considered unhealthy as opposed to 150 million in 1990.

Environmental Protection
The nation's chief source of air pollution is the automobile. Do you think more laws should be enacted to force Americans to use public transportation? Explain.

Polluting America's Waterways

Regulating Pollution Polystyrene booms float on a pond near Moonstone Beach, Rhode Island, in an effort to contain oil spilled from a barge. Environmentalists worry that the oil spill and resulting pollution will upset the delicate ecosystem in the area. ***Do you think the power to regulate air and water quality should belong to the federal or state governments? Why?***

and offshore oil drilling platforms. It also provided for extensive control over pesticide drainage into the Great Lakes.

The major legislation to end water pollution was the Water Pollution Control Act of 1972. It set the goal of completely eliminating the discharge of pollutants into the nation's waterways. Under the act all polluters dumping waste into waterways—cities, industries, or farmers—needed a permit. The EPA's responsibility was to study each dumping location to monitor the dumper's compliance with regulations. Many lawsuits involving the EPA resulted. On the one hand, environmentalists sued because they thought the EPA was too permissive about dumping. On the other hand, industries sued the EPA, arguing that the agency was unreasonable in its standards.

In the decades since the Act's passage, the law has been changed and amended to enable it to remain effective. In 1981 treatment plant capabilities were improved. In 1987 a new funding system was put in place to make it easier for states to comply with the Act's standards. Separate laws have also had an impact on the government's efforts to ensure pollution-free water. For example, in 1990 an agreement between the United States and Canada ensured better water quality in the Great Lakes.

Unfunded Mandates The EPA issued hundreds of regulations to implement environmental laws. As costs grew each year, state and local leaders began to complain about these **unfunded mandates,** programs ordered but not paid for by federal legislation. The local share of environmental costs escalated from 76 percent of $35 billion in 1981 to a projected 82 percent of nearly $48 billion in 2000. Steven Walker, air quality chief in Albuquerque, New Mexico, said, "It seems like every November from now to [forever] there's some deadline we have to meet."

Pressured by state and local governments and by businesses, Congress reviewed unfunded mandates in 1996. New laws restricted the ability of the federal government to impose additional requirements on state and local governments without providing funds to pay for them. The problem has not been solved, however, since existing mandates remain in place.

Energy and the Environment

In the 1950s most Americans were not familiar with terms like *energy crisis, environmental pollution,* and *ecology.* In the 1970s the declining quality of the environment and the diminishing supply of cheap energy forced the national government to place these important matters high on its policy agenda.

The Native Americans living in this land and the settlers who came later found abundant natural resources—unending forests, clear lakes and rivers, rich deposits of metals. As the country grew, Americans developed increasingly sophisticated technologies to use these resources to build a strong industrial nation. They gave little thought to the possibility that these resources might be depleted or that the careless exploitation of resources could have a serious impact on the environment.

By the early 1960s, however, the costs became obvious. Many rivers and lakes were dirty. Smog engulfed major cities, oil spills polluted the beaches, and the heavy use of pesticides endangered wildlife.

In the winter of 1973–1974, Americans found themselves in an energy crisis. Arab countries cut off shipments of oil because the United States had supported Israel during an Arab-Israeli war. Industries dependent on oil laid off workers. Many gas stations closed, and long lines formed at the ones that were open. States lowered speed limits, and people set thermostats lower to save energy.

The federal government responded with emergency legislation, but many people called for a long-term solution. As the government fashioned a new energy policy in the mid-1970s to meet future energy crises, people began to recognize the costs of a cleaner environment and conflicts among interest groups with different goals. Americans discovered that preserving clean air might require them to drive cars with pollution-control devices that made the cars more costly to buy and operate. Oil companies wanted to drill for more offshore oil, while environmentalists believed that such drilling posed too great a risk to the marine environment.

In 1991, the head of the Department of Energy outlined the goals of a national energy strategy:

> *"We want to chart a course of diplomatic, commercial, regulatory, and technological policy that will reduce U.S. vulnerability to future disruptions in oil markets, improve the environment, and increase economic efficiency."*
>
> —James D. Watkins, 1991

Competing interest groups such as energy companies, conservation organizations, and consumer advocates, however, have struggled to shape new policies and programs that reflect their particular concerns. This competition was illustrated in the struggle to open oil drilling operations near the Arctic National Wildlife Refuge. This area near the coast of Alaska is home to a potentially large source of North American oil that might reduce the United States's dependence on oil from overseas. The Refuge, however, is also home to an abundance of wildlife, and so environmental groups have worked to prevent the George W. Bush administration's efforts to begin drilling for oil in this area.

GOVERNMENT *Online*

Student Web Activity Visit the *United States Government: Democracy in Action* Web site at gov.glencoe.com and click on ***Chapter 21–Student Web Activities*** for an activity about agriculture and environment.

Section 2 Assessment

Checking for Understanding

1. **Main Idea** Use a graphic organizer like the one below to compare clean air legislation of the 1950s, 1960s, and 1990s.

1950s	1960s	1990s

2. **Define** price supports, acreage allotment, marketing quotas.
3. **Identify** Department of Agriculture, Environmental Protection Agency, unfunded mandates.
4. How does the federal government attempt to stabilize farm prices?

Critical Thinking

5. **Predicting Consequences** Analyze the economic and environmental effects of recent air and water pollution legislation.

Concepts IN ACTION

Civic Participation Choose a conservation project that you can do in your community. You might "adopt" a park, a pond, or a roadside to clean up and to keep attractive. Share your ideas with the class in the form of a proposal presentation.

Section 3

Health and Public Assistance

Reader's Guide

Key Terms

social insurance, public assistance, unemployment insurance

Find Out

- What is the purpose of Social Security, and how does it operate?
- What are the most recent changes in federal public assistance programs?

Understanding Concepts

Federalism How do the states and federal government work together to provide unemployment insurance and public assistance?

COVER STORY

Drug Use Down Among Youth

WASHINGTON, D.C., AUGUST 21, 2000

The Substance Abuse and Mental Health Administration released its annual National Household Survey on Drug Abuse today. According to Dr. Donna E. Shalala, the secretary of health and human services, the study's most important finding is that drug use has dropped among young people aged 12 to 17. "Most of our young people are getting the message that drugs are not the stuff of dreams, but the stuff of nightmares," Dr. Shalala said. More discouraging were the study's revelations about tobacco use. In 1998 about 800,000 people under 18 started smoking cigarettes. "We have a long way to go—miles to go—in our journey to a drug free America," commented Dr. Shalala.

Promoting an anti-smoking message

Today the government is interested in Americans' health. Well into the 1900s the hardships of ill health, old age, poverty, and physical disability were private matters. For needy Americans local and state governments provided very limited help in the form of orphanages, almshouses, and poor farms. Most people in need depended on themselves and on churches and private charitable organizations.

The Great Depression of the 1930s changed public attitudes. During that decade the national government started two types of programs: social insurance and public assistance.

The Impact of the Depression

After the stock market crash of 1929, the American economy continued to slump badly month after month for the next several years. Unemployment increased from about 3 percent of the nation's workforce in 1929 to almost 25 percent in 1933. The song "Brother, Can You Spare a Dime?" expressed the mood of the early 1930s. Almost overnight, unemployment, hunger, and poverty became massive national problems.

New Deal Programs As the Depression deepened, private charities and local and state governments could not cope with the problems of the poor. To ease the nation's suffering, President Franklin D. Roosevelt proposed and Congress passed the Social Security Act in 1935. This act was the first of many government-supported social insurance, public assistance, and health-care programs. The government envisioned these programs as long-term ways to provide some economic security for all citizens.

Today the United States has two kinds of social programs. **Social insurance** programs are designed to help elderly, ill, and unemployed citizens. **Public assistance** programs distribute public money to poor people. The government

COMPARING *Governments*

Social Spending

Country	Old age, invalidity, and death	Sickness and maternity	Work injury	Unemployment	Family allowances	Percent of total government spending, 1997
Australia	✓	✓	✓	✓	✓	35.3
Colombia	✓	✓	✓		✓	8.5
Israel	✓	✓	✓	✓	✓	24.9
Mexico	✓	✓	✓			18.1
Thailand	✓	✓	✓			3.7
United Kingdom	✓	✓	✓	✓	✓	36.8
United States	✓		✓	✓		28.8
Zimbabwe	✓		✓			3.4*

Source: Encyclopedia Britannica, *2001 Book of the Year* (Chicago: Encyclopedia Britannica, 2001).

*1989

Critical Thinking **The majority of governments around the world provide some kind of social benefits for their citizens. *Which country listed here provides the fewest number of programs?***

uses general tax revenues to pay for these programs. Unlike social insurance, public assistance does not require recipients to contribute to the cost of the programs.

Social Insurance Programs

The Social Security Act and its later amendments created a social insurance system with three main components. The first component is Social Security, or **Old Age, Survivors, and Disability Insurance** (OASDI). The second component is a health-insurance program called Medicare, and the third is unemployment insurance.

The Social Security Administration administers OASDI from its huge headquarters in Baltimore and from 1,300 local offices around the country. The Health Care Financing Administration manages the Medicare program. Both of these agencies are important units within the Department of Health and Human Services. The Department of Labor runs the unemployment insurance program.

Social Security More than 90 percent of American workers participate in the Social Security system. Employers and employees contribute to the system equally, while self-employed persons pay their own Social Security tax. Retirees, survivors, disabled persons, and Medicare recipients are eligible for benefits. Survivors are spouses and children of deceased people covered by Social Security. Medicare provides health insurance for persons 65 or older.

Changing the System In 1981 the Social Security system faced a severe cash shortage as outgoing payments rose faster than incoming payroll taxes. In 1983 Congress passed a law that included a gradual rise in the retirement age from 65 to 67 by the year 2027. It also required that Social Security benefits of some retired people with higher incomes be subject to federal income tax. The law required federal workers to join Social Security, increased the Social Security payroll tax, and deferred cost-of-living increases to retirees.

Many experts believe that despite the changes Congress made in 1983, Social Security will face even worse cash shortages within a few decades as increasing numbers of older Americans retire. How to reform the system became a major issue in the 2000 presidential election. Republican candidate George W. Bush proposed allowing people to invest a portion of their Social Security payroll taxes in stocks and bonds. Democratic candidate Al Gore called for maintaining the current level of guaranteed benefits by supplementing the Social Security payroll taxes with money from the general income tax. Any major changes in the system will require congressional action. Peter G. Peterson, who served on a bipartisan commission on entitlements, said:

> " *The costs of Social Security and Medicare alone are projected to rise to between 35 and 55 percent of taxable payroll by 2040. . . . Balancing the budget by 2002 is a low-impact warm-up exercise compared with the grueling iron-man challenge that lies ahead when 76 million boomers retire.* "
>
> —Peter G. Peterson

Henry J. Aaron, an economist at the Brookings Institution, expressed a different point of view:

> " *Social Security does have a projected deficit over 75 years, but it can be easily managed. . . . Modest benefit reductions and small tax increases imposed gradually can bring revenues and expenditures into balance. The main factor driving up the combined cost of Medicare and Social Security is . . . growth in per capita medical costs.* "
>
> —Henry J. Aaron

Medicare In 1965 Congress added **Medicare** to the Social Security program. The basic Medicare plan pays a major share of the total hospital bills for more than 30 million senior citizens.

A second portion of the Medicare program is voluntary. For those who choose to pay an extra amount, Medicare also helps pay doctors' bills and costs of X rays, surgical dressings, and so on. Nearly all the people covered by the basic plan are enrolled in the voluntary portion of the Medicare plan.

Unemployment Insurance The 1935 Social Security Act also set up **unemployment insurance** programs for people who are out of work. Under these programs, federal and state governments cooperate to provide the needed help.

Workers in every state are eligible to receive unemployment payments if their employers dismiss them from their jobs. To fund the program, employers pay a tax to the federal government. Then, when workers are involuntarily laid off, they may apply for weekly benefits from a state, not a federal, employment office.

Public Assistance Programs

H Federal government public assistance programs began during the Depression. Although the federal government provides most of the money for these programs from general tax revenues, state and local welfare agencies actually run the programs. The major public assistance programs are: Supplemental Security Income (SSI), food stamps, Medicaid, and the Job Opportunities and Basic Skills program (JOBS). A program called Aid to Families with Dependent Children ended in 1996 with the passage of a major welfare-reform bill.

Supplemental Security Income (SSI) Set up by Congress in 1974, Supplemental Security Income brought together under federal control all state programs for the aged, the blind, and the disabled. Under the original Social Security Act, the states had administered these programs, and benefits and procedures varied greatly from state to state. SSI sought to simplify these programs and streamline the administration of benefits.

The Social Security Administration runs the program. The federal government makes a monthly payment to anyone who is 65 or older, who is blind or disabled, or who has little or no regular income.

Food Stamps President Kennedy started the food stamp program by executive order in 1961. Congress created a food stamp system by law in 1964. The purpose of the food stamp program was to increase the food-buying power of low-income families and help dispose of America's surplus agricultural production. When the program started, approximately 367,000 people received food stamps. By 2002 more than 19 million Americans received food stamps at a cost to the government of over $20 billion.

Medicaid Congress established the Medicaid program in 1965 as part of the Social Security system. **Medicaid** is designed to help pay hospital, doctor, and other medical bills for persons with low incomes. General federal, state, and local taxes fund this program that aids more than 35 million people at a cost of over $150 billion each year.

Some observers have noted that both Medicaid and Medicare contribute to rising hospital and medical costs. Because the government pays the medical bills, neither the patients nor doctors or hospitals have an incentive under this program to try to keep costs down.

Aid to Families with Dependent Children

Aid to Families with Dependent Children was designed during the Depression. It helped families in which the main wage earner died, was disabled, or left the family. A family with dependent children was eligible for AFDC assistance if its income was too low according to criteria set by the state.

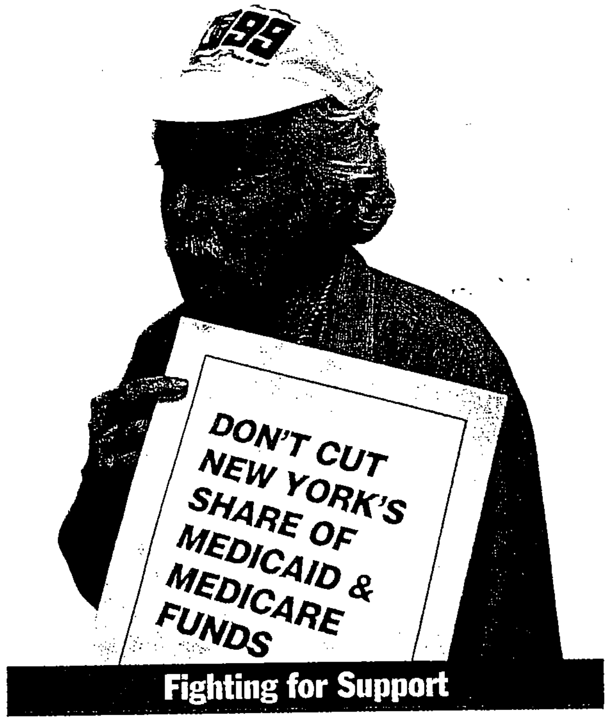
In its early years, about 75 percent of those receiving aid were children of fathers who had died or been disabled. By the 1990s more than 80 percent of the children receiving aid had fathers who had either deserted their families or who had never married the mothers of the children. The 1994 Census Bureau report on poverty showed that more than 21 percent of the nation's children under the age of 18 were living in poverty despite the government's efforts under AFDC.

The AFDC program was sharply criticized. Some critics argued that the program promoted having babies outside of marriage. They also claimed that it promoted fatherless families by encouraging men to leave their families in order to make their children eligible for aid. Over the years Congress attempted to modify the program, but it remained controversial.

The Need for Reform Few people denied that society had a responsibility to help care for its disadvantaged, sick, and disabled. At the same time, for many different reasons few political leaders and citizens were happy with the public assistance system. After more than 30 years of rapidly increasing program costs, the level of poverty remained high in the United States. In 2002 more than 34 million people, or 12.1 percent of Americans, were living in poverty.

Much of the public frustration over the welfare system stemmed from reports of welfare fraud and the cycle of dependence that developed among many welfare recipients. Many single parents on welfare had few strong incentives to work. Minimum-wage jobs provided less income than the welfare system, and working often meant paying additional day care expenses.

Congress first responded to calls for welfare reform in the Family Support Act of 1988. It required states by 1990 to implement welfare-to-work programs aimed at helping people get off the welfare rolls. The federal government promised to pay a share of the costs of education and job training. This program also included a provision that welfare recipients who took jobs and got off the welfare rolls would continue to be eligible for subsidized child care and health benefits for one year.



Federally Funded Programs A New Yorker demonstrates to show his support for federally funded health-care programs. ***Why would some citizens feel it was necessary to actively show their support for Medicaid?***

Transforming the Welfare System

Changes in Administrative Agencies President Clinton signed a tough welfare-reform bill in 1996 that requires more welfare recipients to find work. Clinton stated that government has a role in creating opportunities for employment of citizens through education and job training. ***Analyze the effects of welfare reform legislation passed by Republicans in Congress and President Clinton.***

Sweeping Changes in Welfare In the 1992 election campaign President Clinton vowed to "end welfare as we know it." In the 1994 elections, Republicans proposed broad welfare changes in their "Contract With America." Although the president and Congress supported reform, it took two years to enact compromise legislation. After vetoing two previous Republican-sponsored bills and despite objections by liberals in his own party, the president signed a major welfare overhaul. On July 31, 1996, he announced:

> "*Today we have an historic opportunity to make welfare what it was meant to be: a second chance, not a way of life. . . . I believe we have a duty to seize the opportunity it gives us to end welfare as we know it.*"
>
> —President Bill Clinton

The bill ended Aid to Families with Dependent Children (AFDC), a cash welfare program. It replaced AFDC with the Temporary Assistance for Needy Families (TANF) program. TANF provides lump-sum payments to the states and gives states wide authority to design and operate their own welfare programs. The bill, however, placed several restrictions on the states' use of federal welfare funding. It established work requirements for welfare recipients and placed time limits on families' eligibility for welfare assistance. The bill authorized a reduction in the food stamp program spending and placed limits on food stamp benefits available to people without children. The federal government agreed to provide $14 billion over the following six years for child-care services to families on welfare. The goal of TANF was to make this aid a temporary solution to sustain families until permanent work and self-sufficiency was reestablished. Welfare from the federal government was no longer intended to be viewed as a long-term solution.

Promoting Public Health

In 1792 Secretary of the Treasury Alexander Hamilton urged Congress to provide hospital care for "sick and disabled seamen." Congress responded by establishing the United States Public Health Service. Today the government is deeply involved in promoting public health.

Health Programs Today the largest percentage of federal government spending on health goes for the Medicare and Medicaid programs. In addition to these, however, the government operates several programs designed to promote and protect public health. The Department of Defense, for example, provides hospital and other medical care for active and retired American military personnel and their families. In addition, the Veterans Administration (VA) operates medical, dental, and hospital care programs for needy veterans.

The Public Health Service, which is now a part of the Department of Health and Human Services, operates research, grant, and action programs designed to promote the health of all citizens. Federal agencies, such as the Centers for Disease Control (CDC), work to control the spread of infectious diseases such as tuberculosis, AIDS, diphtheria, malaria, typhus, and the flu. In 2001, terrorists sent letters through the mail containing anthrax—a dangerous type of bacteria. The CDC helped detect and contain the spread of anthrax. The incident led the Department of Health and Human Services to create a new Office of Public Health Preparedness to coordinate the nation's response to health emergencies.

Food and Drug Protection The Food and Drug Administration (FDA) tests samples of food and drug products in its laboratories. The agency has the power to ban or withdraw from distribution drugs it finds unsafe or ineffective. As a result, the FDA often finds itself involved in controversy. Some doctors, for example, claim FDA policies make it almost impossible for the public to receive the benefits of certain drugs. Sometimes people suffering from a particular disease, such as cancer or AIDS, will travel outside the United States to obtain drugs permitted elsewhere.

In contrast, some consumer protection groups believe the FDA is not tough enough in banning drugs and food additives that may be harmful. Clearly, the FDA has a difficult job. It must protect the public from dangerous substances while not denying them the drugs they need.

Stem Cell Research Because the federal government funds scientific research, public policy affects what some scientists may or may not do. In August 2001, President Bush decided to address the controversial issue of embryonic stem cell research. In the hope of finding cures for many diseases, scientists wanted the federal government to fund research that used cells from human embryos left over from couples seeking in-vitro fertilization.

While some scientists viewed them as "clumps of microscopic cells," religious ethicists said that out of respect for human life, stem cells produced in a laboratory should not be treated simply as "property." Some religious groups saw the cells as the moral equivalent of a "person."

The president said federal funds could be used for research using the existing 60 or more lines of stem cells that had been taken from embryos. However, he would not permit the government to fund research that destroyed additional embryos.

Section 3 Assessment

Checking for Understanding

1. **Main Idea** Use a graphic organizer like the one below to show who is eligible for Social Security benefits and Supplemental Security Income.

Social Security	Supplemental Security

2. **Define** social insurance, public assistance, unemployment insurance.
3. **Identify** Medicare, Medicaid.
4. How did the welfare overhaul in 1996 affect Aid to Families with Dependent Children (AFDC)?

Critical Thinking

5. **Predicting Consequences** Research the ethical arguments over stem cell research. Analyze the information and predict consequences of using or not using stem cells in research.

Concepts IN ACTION

Public Policy Interview three senior citizens who have used Medicare. Ask the following: How does the Medicare system benefit you? What problems have you had with the system? What improvements could be made to Medicare? Compare your answers with your classmates.

Supreme Court CASES TO DEBATE

South Dakota v. Dole, 1987

Drinking and driving is a serious national problem. Congress tried to deal with this problem when it required states to raise their legal drinking age to 21 as a condition for getting federal highway funds. Does the Constitution allow Congress to set such restrictions on federal grants to the states? The Court addressed this in South Dakota *v.* Dole.

SADD

Students Against Driving Drunk

Background of the Case

In the mid-1980s Congress concluded that a lack of uniformity in the minimum drinking age among the states was contributing to a national highway safety problem. A Presidential Commission on Drunk Driving appointed to examine alcohol-related accidents on the nation's highways had concluded that the lack of uniformity in the minimum drinking ages set by the states created "an incentive to drink and drive" because "young persons commute to border states where the drinking age is lower." Congress passed a law in 1984 directing the secretary of transportation to withhold 5 percent of federal highway funds from those states that did not adopt 21 years old as the minimum drinking age. South Dakota, a state that permitted 19-year-olds to purchase alcohol, challenged the law as a violation of the Constitution.

The Constitutional Issue

Article I, Section 8, of the Constitution gives Congress the authority to "lay and collect Taxes, Duties, and Excises to pay the Debts and provide for the common Defence and general Welfare of the United States." In carrying out this spending power the Supreme Court had ruled in a 1936 case, *United States* v. *Butler*, that Congress could attach conditions on the receipt of federal funds.

South Dakota recognized Congress could set some conditions on those who received federal dollars. However, South Dakota argued that the Twenty-first Amendment barred Congress from requiring the states to raise the drinking age to 21 years old. The amendment, South Dakota claimed, "grants the states virtually complete control over whether to permit importation or sale of liquor and how to structure the liquor distribution system." South Dakota also argued that setting a minimum drinking age was clearly within the "core powers" reserved to the states by the amendment. The secretary of transportation conceded that the amendment did give the states authority to impose limits on the sale of alcohol. However, he argued, it did not give states the power to allow sales Congress wanted to stop in order to promote the important national goal of safety on interstate highways.

Debating the Case

Questions to Consider

1. Did the congressional requirement to raise the drinking age contribute to a national goal?
2. Would South Dakota violate anyone's constitutional rights by making the drinking age 21 in order to get the federal funds?

You Be the Judge

In your analysis, was the Twenty-first Amendment an "independent constitutional bar" that prevented Congress from putting the condition of a minimum drinking age on federal highway funds given to the states? Explain your answer.

Section 4

Education, Housing, and Transportation

Reader's Guide

Key Terms

urban renewal, public housing, mass transit

Find Out

- What steps has the federal government taken since 1980 to support public education?
- Why has federal housing policy been a political battleground for many years?

Understanding Concepts

Federalism How do the states and the federal government work together to carry out transportation and housing policies?

COVER STORY

Female Coaches Lose

BROOKLYN, NEW YORK, APRIL 1997

Female coaches have not fully shared in the women's sports boom, charge two Brooklyn College professors following a recent study. In the 25 years that the government has required equal opportunity in school sports, the percentage of women coaches of girls' teams has fallen from nearly 100 percent to less than 40 percent. The study suggests that this is one consequence of the law's requirement of more equal funding for boys' and girls' sports. As pay for girls' coaches has increased, the jobs have become more appealing to male coaches.

Coached by a female?

Providing for public education was one of the main powers the Constitution reserved for the states. For many years the states left the primary responsibility of providing for public education with local governments. Connecticut created the first school fund in 1795 with money from the sale of public lands. Indiana set up the first modern public school system in 1816.

Public Education Programs

Today public education in the United States is a huge enterprise. In most states elementary and high school education remains a local responsibility under state guidelines. The basic administrative unit for public schools is the local school district.

Federal Aid to Education While public education remains under local control, the federal government plays an ever-increasing role, providing aid to local schools in several forms. In a recent year, the federal government contributed more than $1.3 billion in direct aid to local public schools and almost $12 billion of additional funds to be distributed through the states. The federal government provides even more support for higher education—about $17.6 billion to institutions of higher learning in a recent year.

Aid to Public Schools Congress began to provide aid for specific educational activities in the schools with the Smith-Hughes Act of 1917. This act set up matching grants to the states for teaching courses in agriculture and home economics. Since then Congress has passed several laws directed toward other aspects of elementary and secondary education.

During the mid-1960s, President Lyndon Johnson made improved education in the United States a major goal of his Great Society program. In 1965, during the height of public support for Johnson's ideas, Congress passed the first general aid-to-education law—the Elementary and Secondary Education Act. This act and later amendments provided federal aid to most of the nation's school districts.

Aid to Higher Education Until 1862 higher education was a private undertaking. In that year Congress passed the Morrill Act, giving a major boost to higher education in America. This law granted the states more than 13 million acres (about 32 million hectares) of public land for the endowment of colleges to teach "agriculture and the mechanical arts." States established 69 of these so-called land-grant colleges under the Morrill Act and a second similar law.

In recent years Congress has provided a number of specific programs to aid higher education. The best known are the various G.I. Bills of Rights that provided funds for veterans of World War II, the Korean War, and the Vietnam War to gain a college education. In addition the Office of Postsecondary Education makes available many student financial assistance programs.

Education Issues The government's policy of providing general federal aid to public schools and colleges has been controversial. Opponents of such aid argue that education should be a state and local concern. They say federal aid leads to federal control of the curriculum and school systems. The president of a major university put it this way: "Federal spending power is used indirectly to control colleges in ways the government could not use directly."

In 1983 the National Commission on Excellence in Education, appointed by President Ronald Reagan, issued its report. On a series of international tests, United States students generally ranked below their European and Asian peers. The commission called for many reforms. The excellence movement that sprang from the report had mixed results. Barbara Lerner was one of the first to explain the gap in test scores:

Promoting Learning

◀ **Present** Students at San Francisco's Thurgood Marshall Academic High School use a computer to command robots they have designed and programmed.

◀ **Past** In the 1800s, students learned from *McGuffey's Fifth Eclectic Reader.*

Students' Needs
How have the needs of students changed from the 1800s to today?

> *Data from good domestic tests . . . show that in an absolute sense we did not really get worse in the 1980's as we had done in the 1960's and 70's, but neither did we get much better. For the most part we stood still. . . . Our foreign competitors, however, did not stand still; they surged ahead. . . .*
>
> —Barbara Lerner, 1991

In 1991 President George H.W. Bush unveiled a Choice program that allowed students to attend any school—even private and parochial schools—at the state's expense. It also provided $30 billion to the states to help them design Choice programs and $200 million to enable disadvantaged children to participate in them. In 1994 Congress passed the Goals 2000: Educate America Act. The government adopted eight educational goals, such as improving graduation rates. The goals reflected President Clinton's preference to develop public schools by setting benchmarks for performance.

President George W. Bush's platform in the 2000 election centered on education reform. After taking office, he began working on a bill intended to increase student accountability, reduce bureaucracy, provide rewards for improving schools and consequences for failing ones, empower parents through choice programs, and improve teacher quality. His signature education proposal was the No Child Left Behind Act, signed in 2002. This legislation provides federal money to state educational programs across the nation, but only if the state demonstrates steady improvement. This is measured through testing on state-created educational standards.

Housing and Urban Programs

Adequate housing is an important part of the general welfare of any society. The federal government has developed several programs to ensure adequate housing for all citizens.

Housing Policy The government first became involved in housing policy during the Great Depression. Millions of Americans were losing their homes or farms because they could not meet their mortgage payments. The government responded to this catastrophe with a series of federally-funded loan and housing support programs. After World War II, Congress passed the Housing Act of 1949. In this law Congress declared its goal to be "a decent home and a suitable living environment for every American family."

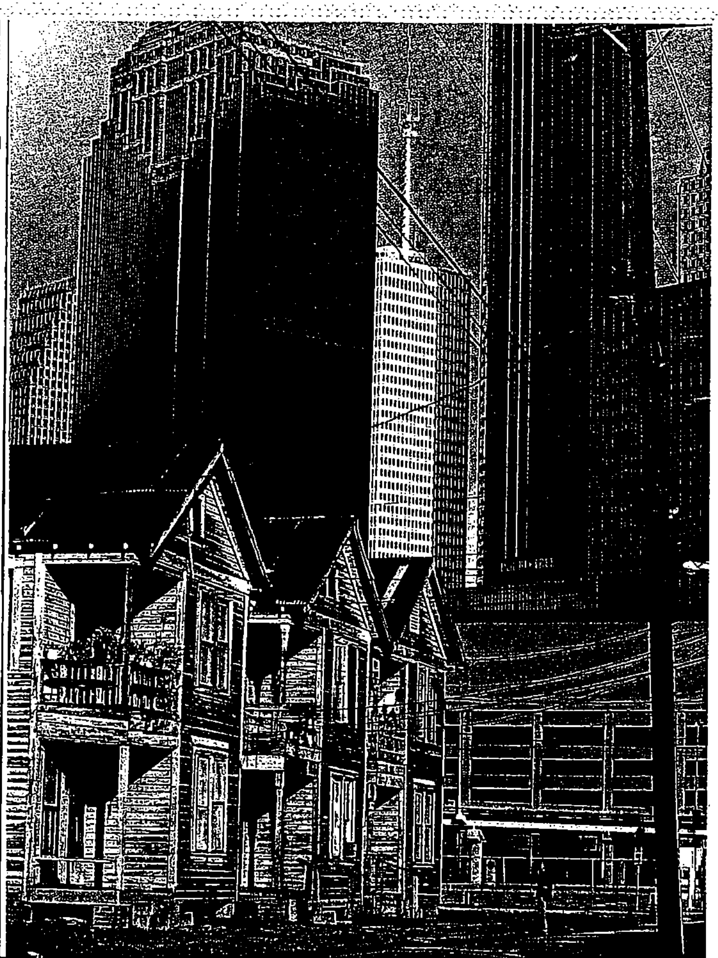
Promoting Home Buying and Building

The federal government has developed several programs to promote building and purchasing houses. The best known program is the **Federal Housing Administration (FHA).** The FHA, a part of the **Department of Housing and Urban Development (HUD),** guarantees banks and other private lenders against losses on loans they make to those who wish to build or buy homes. By acting as an insurer for these mortgages, the FHA has allowed many low- and middle-income families who might not have qualified for private loans to purchase their own homes. HUD also offers rent assistance to low-income families.

The majority of the federal housing programs that HUD administers are targeted on cities. The federal government has addressed urban problems with two types of programs: urban renewal and public housing.

Urban Renewal To arrest the decline and assist the rebuilding of central cities, the federal government supports **urban renewal** programs. Cities can apply for federal aid to clear deteriorating areas and to rebuild. Most renewal projects begin by removing run-down properties. Private developers may then buy the land at a reduced price and rebuild according to plans approved by the city and HUD. As part of urban renewal, federal mortgage insurance is available to the private developers.

The goal of urban renewal policies has been to restore slum areas and make cities more attractive places in which to live. Critics charge, however, that urban renewal neglects new lower-income housing. Instead, urban renewal has forced lower-income people from their homes to make way for more affluent housing and commercial centers. As one spokesperson for the disadvantaged said of urban renewal, "We're already living nowhere, and now they're going to move us out of that." In addition, critics charge urban renewal has destroyed some of the social fabric of the city by dispersing residents of ethnic neighborhoods and uprooting local businesses.



Rebuilding Cities In Houston, Texas, public housing stands in the shadow of the city. ***How can urban renewal help lower-income families?***

Supporters of urban renewal argue that the policy has represented a useful effort on the part of the national government to get local governments and private investors to work together to save the cities. They also point to the Housing and Community Development Act of 1974, which requires cities to demonstrate that they are actually serving the needs of the disadvantaged when redeveloping areas.

Public Housing Programs Since 1937 and especially after the 1949 Housing Act, the federal government has given aid to local governments to construct and operate **public housing** for low-income families. To implement the program, a city first sets up a "public housing authority" to which the federal government can make low-interest loans that may cover up to 90 percent of the housing construction costs. The government also grants subsidies to these agencies to allow them to operate by charging very low rents. Income from the rents is used to repay the federal loan. About 4 million Americans live in public housing, largely concentrated in the major cities.

Over the years public housing projects have faced serious problems and opposition from many groups. Local authorities have mismanaged some public housing projects. Many such projects have turned into high-rise slums and centers of crime. The situation had grown so grave by 1973 that President Nixon halted federal aid for public housing projects. In doing so, Nixon stated, "All across America, the federal government has become the biggest slumlord in history."

The government has yet to find a truly effective public housing policy. In 1976 Congress resumed federal aid for public housing projects on a limited scale. At the same time HUD has experimented with rent subsidies as one alternative to public housing. Under this plan lower-income families pay a percentage of the rent—normally 30 percent—for private housing, and the government pays the rest of the rent directly to the landlord.

In the 1990s Democrats and Republicans cooperated to improve the nation's housing policy. In 1994 state and local officials were given more control over housing decisions. In 1998 Congress agreed on more reforms intended to lessen the gap between the numbers of whites and minorities who own homes. According to HUD's 2003 strategic plan, by utilizing its partnership with other government agencies, faith-based organizations, and private sector assistance, HUD aims to place over 5 million more minority households in homes by 2010.

Transportation Programs

In 1632 the Virginia legislature proclaimed: "Highways shall be layed out in such convenient places . . . as the parishioners of every parish shall agree." Governments at all levels in the United States have been concerned about improving transportation ever since.

The national government's first direct entry into the field of transportation began in 1811 with construction of the National Road that ultimately ran from Maryland to Illinois. The federal government continued to contribute, usually through some form of subsidy, to the building of channels, locks, dams, canals, ports, highways, railroads, and airports.

In 1966 Congress created the Department of Transportation (DOT) to coordinate national transportation policies and programs. This department brought together more than 30 agencies dealing individually with transportation policies. These agencies had been scattered throughout the government. Today the DOT operates through 7 major agencies that reflect the various forms of transportation.

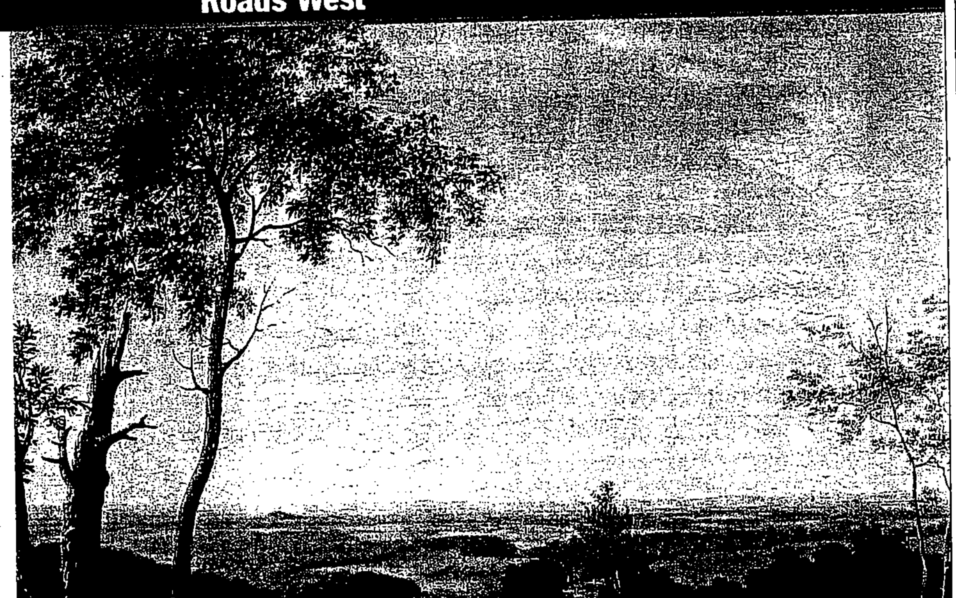
Other Agencies Numerous agencies within the Department of Transportation provide important services. The Federal Aviation Administration (FAA) works to ensure safety in aviation. It licenses pilots and enforces safety rules for air traffic. The Federal Highway Administration (FHWA) oversees the vast network of federal roads. The Federal Railroad Administration promotes and regulates the nation's railroad transportation. The National Highway Traffic Safety Administration is responsible for enforcing laws to protect drivers and promote highway safety.

Building and Maintaining Highways The Federal Road Aid Act of 1916 set the pattern for the development of federal highway programs. Under this law the federal government provided yearly grants for road building to the states and required each state to match this aid on a dollar-for-dollar basis. These grants-in-aid, administered by the FHWA, form the basis of today's federal highway programs.

Under the Federal Aid Highway Act of 1956 and subsequent amendments, states receive billions of dollars every year to build and improve the Interstate Highway System that crisscrosses the nation. This system, begun in 1956, consists of more than 45,000 miles of 4-to-8-lane superhighways connecting nearly all of the nation's major cities. Federal funds cover 90 percent of the cost of the Interstate Highway System. The money for federal highway grants comes from the Highway Trust Fund. This fund is a special account that receives federal excise taxes on gasoline, tires, truck parts, and related items.

Roads West

Funding National Growth
The government entered the field of transportation by creating national roads, such as this one painted in 1814 by Thomas Birch, titled *Conestoga Wagon on the Pennsylvania Turnpike*. The government hoped to pave the way for the development of the West with these roads. ***How do you think government funding of transportation systems helped and continues to help the nation develop?***



Today national roads crisscross the nation. Route 66 is symbolic of America's highways.

While the federal government provides the financial aid, the states do the work of constructing and improving the interstate highways. Once the work has been completed, the interstate roads belong to the state or local governments, which have the responsibility of maintaining them.

Today the Federal Highway Administration oversees federal highways and their funding. The FHWA also applies federal safety standards to trucks and buses and does planning and research on highway construction and maintenance. The FHWA's main job, however, is to administer the massive federal-aid highway program that supports the construction and upkeep of about 25 percent of the nation's roads.

National Highway System Since 1995 the Federal Highway Administration has succeeded in completing 161,000 miles of highway in the National Highway System (NHS) and has moved on to other transportation needs. These include keeping up with increasing demand on existing highways, maintaining road and bridge conditions, and reducing traffic fatalities and congestion.

Mass Transit The traffic helicopter seldom broadcasts good news for city dwellers. The streets and highways of large and small cities are clogged daily with automobile traffic, and urban planners warn of future gridlock, where traffic hardly moves. Still, many people prefer to drive their own vehicles when traveling in and around cities.

Could the urban transportation problem be solved with better **mass transit** systems such as subways, commuter railroads, and bus lines? When properly operated, mass transit can transport more people than individual automobiles and help to reduce congestion and air pollution. Beginning in the 1960s, the Urban Mass Transit Administration (UMTA) administered federal grant programs aimed at improving such transit systems in urban areas. The federal government continues to help cities cope with the growing need for better mass transit systems as a substitute for the automobile. The government also helps fund improvements in present transportation systems.

Efforts are underway to upgrade existing bus service, promote car and van pooling, and think of ways to make use of existing rail systems in and around cities.

The Transportation Equity Act for the 21st Century (TEA-21) was enacted in 1998. The law authorizes $41 billion over six years to improve the nation's transit system. TEA-21 also provides money to fund the development of high-speed rail in some areas of the nation and to continue researching the development of magnetic levitation (MAGLEV) trains.

Section 4 Assessment

Checking for Understanding

1. **Main Idea** Use a graphic organizer like the one below to contrast the Democratic and Republican views on housing policy.

Democrats	Republicans

2. **Define** urban renewal, public housing, mass transit.
3. **Identify** Federal Housing Administration, Department of Housing and Urban Development.
4. Describe three programs the government initiated to aid education in the 1990s.
5. What was the role of the FHA in helping individual families afford housing?

Critical Thinking

6. **Demonstrating Reasoned Judgment** Why do governments at all levels spend so much money to support education?

Concepts IN ACTION

Federalism The federal government has developed several programs to ensure adequate housing for the people living in the United States. Find out about such programs that are established in your community that build or remodel homes for low-income families. Find out how the programs operate and who administers them. Share your findings with the class.

Skills

Critical Thinking

Making Comparisons

When making comparisons, you identify the similarities and differences among two or more ideas, objects, or events. You might compare two or more things in terms of some attribute—for example, the money spent by New York and Texas on education in one year. Or you could compare the same entity at different times—for example, the money spent by Illinois on education in 1995 and 2000.

Learning the Skill

Follow these steps to make comparisons:

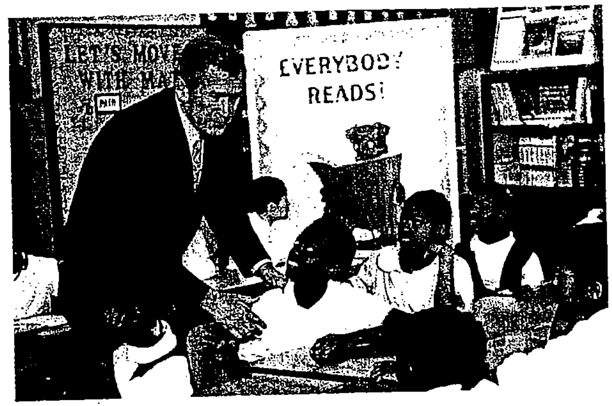
a. Identify or decide what will be compared.
b. Determine a common area or areas in which comparisons can be drawn.
c. Look for similarities and differences within these areas.
d. If possible, find information that explains the similarities and differences.

Practicing the Skill

The centerpiece of President George W. Bush's education program is the No Child Left Behind legislation. This sweeping reform has been controversial. Read the passages below. Then answer the questions that follow.

Passage A

"*I think it's bad public policy fundamentally. . . . On the surface, it is in a good cause. Obviously, we want public schools to serve well all students, including special-needs students, [b]ut the expectation that all students, that 100 percent of the kids will meet the standard is unrealistic.*"
—Dr. Claire Sheff Kohn, superintendent, Princeton, N.J. Regional School District



President George W. Bush visits a school.

Passage B

"*This law has, for the first time ever, a mechanism in place to put an accountability system in place and a test system in place for every student in America for grades three through eight. It's an opportunity to make sure our school systems are performing the way they need to and are meeting the challenges of each individual child.*"
—William Hansen, former deputy secretary, U.S. Department of Education

1. What is the topic of these passages?
2. How are the passages similar? Different?
3. What conclusions can you draw about the opinions of the writers?

Application Activity

Survey your classmates about an issue in the news. Summarize the opinions and compare the different results in a paragraph.

GO TO The **Glencoe Skillbuilder Interactive Workbook, Level 2** provides instruction and practice in key social studies skills.

Assessment and Activities

GOVERNMENT Online

Self-Check Quiz Visit the *United States Government: Democracy in Action* Web site at gov.glencoe.com and click on ***Chapter 21–Self-Check Quizzes*** to prepare for the chapter test.

Reviewing Key Terms

Choose the letter of the correct term or concept below to complete the sentence.

a. mixed economy
b. public assistance
c. social insurance
d. laissez-faire
e. urban renewal
f. marketing quota
g. securities
h. oligopoly
i. mass transit
j. acreage allotment

1. The government tries the _____ method to avoid storing overproduced grain.
2. A small number of powerful companies controlling a market is called an _____.
3. A hands-off government approach to the economy is called _____.
4. Stocks and bonds are forms of _____.
5. A _____ is an agreement among farmers to sell only aportion of an overproduced crop.
6. A federal program of _____ provides a certain minimum standard of living to those who do not earn enough income.
7. Federal _____ programs are designed to provide insurance against such social problems as old age, illness, and unemployment.
8. A _____ is one in which the government both supports and regulates private enterprise.
9. The federal government supports _____ in cities to help replace old buildings.
10. Cities build _____ systems to provide a substitute for automobiles.

Chapter Summary

Selected Social and Domestic Policy Initiatives

1850 · 1900 · 1950 · 2000

1890 Sherman Antitrust Act
1906 Food and Drug Act
1914 Clayton Antitrust Act; Federal Trade Commission created
1934 Securities and Exchange Commission created
1935 Wagner Act and National Labor Relations Board make it easier for workers to unionize and negotiate with management; Social Security Act
1947 Taft-Hartley Act attempts to restore balance between industrial unions and business management
1965 Medicare and Medicaid added to the Social Security system
1970 Environmental Protection Agency established
1972 Consumer Product Safety Commission created; Water Pollution Control Act passed
1996 Aid to Families with Dependent Children (AFDC, commonly called "welfare") replaced by Temporary Assistance to Needy Families (TANF)

Recalling Facts

1. Describe the business environment that led to the Sherman and Clayton Antitrust Acts.
2. What commission was created in 1972 to protect consumers against hazardous products?
3. What three programs does the federal government use to prevent low farm prices?
4. Why did the government enact the Social Security Act of 1935?
5. What are the four major public assistance programs of the federal government?
6. How is the federal government involved in education?

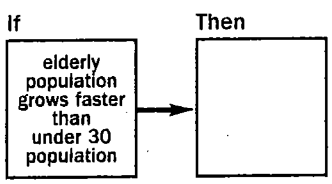
Understanding Concepts

1. **Civic Participation** What debated issues have prevented the United States from having a clear and consistent energy policy?
2. **Federalism** Which clause of the U.S. Constitution underlies federal regulation of the economy?

Chapter 21

Critical Thinking

1. **Identifying Assumptions** What underlying assumptions about social problems can you identify in Arthur B. Laffer's assertion that "The solution rests in less—not more—government" and in Victor Kamber's view that ". . . we set up regulatory agencies in the first place to protect the public interest"?
2. **Predicting Consequences** Use a graphic organizer like the one below to show how a rapid rise in the elderly population and slower growth for the population under 30 could affect the Social Security system.



Interpreting Political Cartoons Activity

1. How does the cartoonist present the difficulties of Social Security reform?
2. How does the cartoonist portray baby boomers?
3. According to the cartoon, who will financially support retired baby boomers?

Analyzing Primary Sources

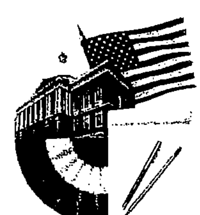
Ralph Nader, a political activist and recent candidate for the presidency, advocates to protect consumers from big business excesses. In this letter to the editor, Nader calls for greater government controls of big business. Read the excerpt and then answer the questions that follow.

"The relentless expansion of corporate control over our political economy has proven nearly immune to daily reporting by the mainstream media. Corporate crime, fraud and abuse have become like the weather; everyone is talking about the storm but no one seems able to do anything about it. This is largely because expected accountability mechanisms . . . are inert or complicit. . . .

In 1938, in the midst of the Great Depression, Congress created the Temporary National Economic Committee to hold hearings around the country, recommend ways to deal with the concentration of economic power and promote a more just economy. World War II stopped this corporate reform momentum. We should not have to wait for a further deterioration from today's gross inequalities of wealth and income to launch a similar commission on the rampant corporatization of our country. At stake is whether civic values of our democratic society will prevail over invasive commercial values."

1. What type of business practices is Nader criticizing? What, in his opinion, is big business harming the most?
2. What further type of check on big business does Nader want?

Participating in Local Government



Find out how your local government protects consumers' rights. Find out what legislation protects consumers and how consumer complaints are handled. Also, find out what private community organizations work to protect consumers' rights. Prepare an oral report to share with the class.