

CHAPTER SUMMARY

Social and Domestic Policy

★ BUSINESS AND LABOR POLICY ★★★★★★★★★★★★★★★★★★★★★★★

REGULATORY MEASURES THAT PROTECT CONSUMERS

- **The Pure Food and Drug Act of 1906** regulates processing and labeling of food and drugs.
- **The Consumer Product Safety Commission** guards against injuries caused by hazardous products.
- **The Securities and Exchange Commission** regulates stock and bond trading.

The United States today promotes low tariffs and free trade. The North American Free Trade Agreement (NAFTA), signed by the United States, Canada, and Mexico in 1994, was designed to eliminate trade restrictions among the three nations.

The government protects U.S. business through subsidies:

- Tax incentives allow companies to deduct certain kinds of expenses.
- Government loans at low interest rates provide funds for businesses.
- The government provides cash payments to businesses whose operations are vital to the public.
- Businesses receive free services, such as weather information and census reports.

In the late 1800s several corporations in major industries combined to form one giant enterprise—a trust. A trust could gain a monopoly—complete control of a product, industry, or service. Congress responded by creating the Interstate

Commerce Commission, the first federal regulatory agency. Congress also passed the Sherman Antitrust Act, which banned monopolies, and the Clayton Antitrust Act, which defined unfair business practices. Congress also established the Federal Trade Commission (FTC) to enforce the Clayton Act.

Federal laws established the minimum wage, prohibited child labor, and guaranteed workers' collective bargaining rights. The Wagner Act created the National Labor Relations Board to end unfair labor practices. The Taft-Hartley Act banned the closed shop, in which employers could hire only union members. It permitted union shops, where employees must join a union after being hired, in states that did not have "right to work" laws. Right to work laws require open shops where workers decide whether or not to join a union. The Landrum-Griffin Act of 1959 protects union members from corrupt leadership.

★ AGRICULTURE AND THE ENVIRONMENT ★★★★★★★★★★★★★★★★★★★

How the government has aided agriculture:

- **The Morrill Act** granted federal lands to states that agreed to establish agricultural colleges.
- **The Homestead Act** gave land to any individual willing to farm it.
- **The Agriculture Adjustment Act** provided loans to farmers and encouraged crop rotation.
- **The Rural Electrification Administration** brought electricity and telephones to farms and rural areas.
- **The Department of Agriculture** helps farmers improve agricultural methods. It uses three methods to stabilize farm prices: price supports, acreage allotment, and marketing quotas.

(continued)

CHAPTER 21 SUMMARY CONTINUED

AGRICULTURE AND ENVIRONMENT *(continued)*

Federal laws created the Environmental Protection Agency (EPA) and other legislation that requires states to set clean air standards:

- automobile manufacturers, chemical industries, and power companies must reduce emissions;
- communities with serious air pollution problems must take corrective measures;

- dangerous materials must not be discharged into navigable waters.

As costs grew, state and local leaders complained about unfunded mandates, or programs ordered but not paid for by federal legislation. In response Congress restricted the ability of the federal government to impose such mandates.

★ HEALTH AND PUBLIC ASSISTANCE ★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★

Social insurance programs help elderly, ill, and unemployed citizens. The Social Security Act created a system with three components: Social Security; a health-insurance program, called Medicare; and unemployment insurance.

An equal tax on employers and employees finances Social Security and most of Medicare. The basic Medicare plan pays most hospital bills. A supplemental plan, available at extra cost, helps pay related expenses. A 2003 reform added prescription drug coverage to the plan. In 1983 Congress voted to raise the retirement age to 67 by the year 2027, increased payroll taxes, and taxed some retirement benefits.

Public assistance programs distribute public money to low-income people. Supplemental Security

Income provides monthly benefits to anyone 65 or older and to individuals with disabilities who have little or no regular income. The food stamp program increases the food-buying power of low-income people. Medicaid helps pay medical bills for individuals with low incomes.

Congress created the Job Opportunities and Basic Skills program in 1988 to help people move from public assistance to employment through education and job training. A 1996 welfare reform law ended a program called Aid to Families with Dependent Children, established work requirements for welfare recipients, and placed time limits on eligibility.

GOVERNMENT-FUNDED PUBLIC HEALTH AGENCIES

- The Public Health Service operates programs that promote good health.
- The Centers for Disease Control works to prevent the spread of infectious diseases.
- The Food and Drug Administration runs safety tests on samples of food and drug products.

★ EDUCATION, HOUSING, AND TRANSPORTATION ★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★

Federal grants to local public schools total \$13 billion. Another \$17 billion goes to institutions of higher learning. The Goals 2000: Education in America Act in 1994 set eight goals for improving education through state initiatives.

The Federal Housing Administration helps low and middle income families purchase homes by guaranteeing home mortgage loans.

Urban renewal programs help rebuild deteriorating urban areas. Federal mortgage insurance is available to private developers who build in an urban renewal area. Public housing programs help

local governments construct and operate low-income housing.

The Department of Transportation coordinates national transportation policies and programs. Its Federal Aviation Administration ensures the safety of air travel. Other agencies oversee highway maintenance, the railroads, and highway safety. Billions of federal dollars improve Interstate Highway Systems.

Mass transit systems include subways, commuter rail lines, and buses. The Urban Mass Transit Administration administers programs aimed at improving these systems in urban areas.

Guided Reading Activity 21-1



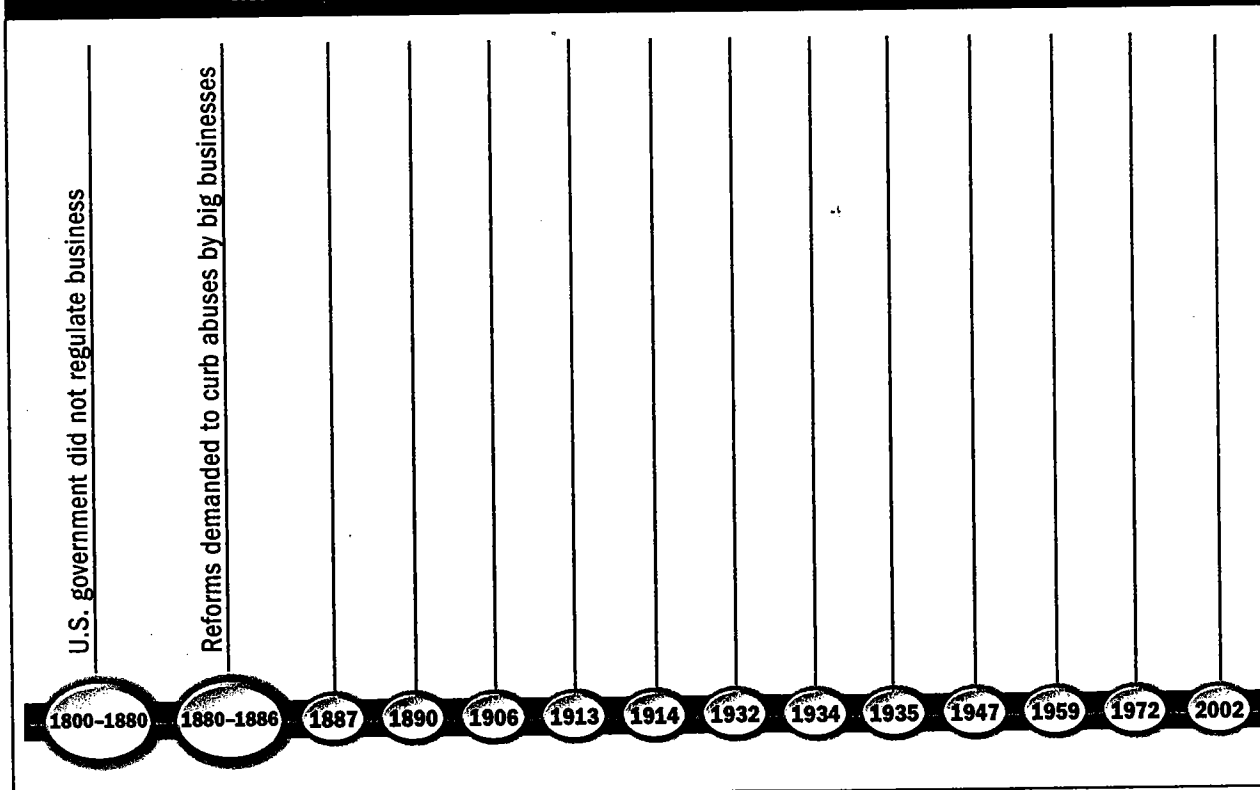
Business and Labor Policy

★DIRECTIONS Use the information in your textbook to identify the following items.

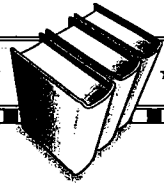
1. NAFTA: _____
2. SBA: _____
3. trust: _____
4. monopoly: _____
5. oligopoly: _____
6. FTC: _____
7. NLRB: _____
8. closed shop: _____
9. union shop: _____
10. "right-to-work" law: _____

★DIRECTIONS Use the information in your textbook to complete this time line by writing the correct regulatory problem or act in the space provided.

MILESTONES IN REGULATING AMERICAN BUSINESS



Guided Reading Activity 21-2 ★ ★ ★ ★ ★ ★ ★ ★ ★ ★



Agriculture and the Environment

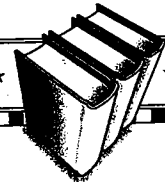
★DIRECTIONS Use the information in your textbook to complete these sentences.

1. One farmer could feed seven people in 1900; today one farmer can feed _____.
2. In 1862 the Department of Agriculture was created to _____.
3. The Morrill Act gave federal lands _____.
4. The Homestead Act gave federal lands to _____.
5. The Agricultural Adjustment Act was a response to _____.
6. The Farmers Home Administration _____.
7. Today, farmers receive advice on the demand for crops, current prices, and transportation methods through the _____.
8. To keep the prices of farm products high enough to provide a living for farmers, the Commodity Credit Corporation _____.
9. Critics of aid to farmers complained that the Department of Agriculture _____.
10. As a result of such complaints, Congress created the Farm Service Agency to _____.

★DIRECTIONS Use the information in your textbook to complete this chart. Next to the name of each government act or agency, explain briefly what it does.

GOVERNMENT HELP FOR OUR ENVIRONMENT	
Forest Service	
Soil Conservation Service	
Environmental Protection Agency	
Air Pollution Act	
Clean Air Amendments	
Water Quality Improvement Act of 1970	
Water Pollution Control Act of 1972	
Unfunded Mandates Laws of 1996	

Guided Reading Activity 21-3



Health and Public Assistance

★DIRECTIONS Use the information in your textbook to complete this outline. Under each Roman numeral heading, list the most important programs in that category and give a brief explanation of each.

SOCIAL INSURANCE, PUBLIC ASSISTANCE, AND PUBLIC HEALTH PROGRAMS

I. Social Insurance Programs

- A. _____
- B. _____
- C. _____

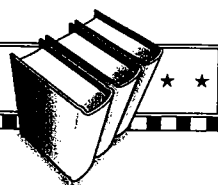
II. Public Assistance Programs

- A. _____
- B. _____
- C. _____
- D. _____
- E. _____

III. Public Health Programs

- A. _____
- B. _____

Guided Reading Activity 21-4 ★ ★ ★ ★ ★ ★ ★ ★ ★ ★



Education, Housing, and Transportation

★DIRECTIONS Use the information in your textbook to complete this chart. Briefly explain how each item attempted to improve education.

IMPROVING EDUCATION STEP BY STEP	
Smith-Hughes Act of 1917	
Elementary and Secondary Education Act of 1965	
Morrill Act of 1862	
GI Bill of Rights	
National Commission on Excellence in Education	
"Choice"	
Goals 2000	

★DIRECTIONS Use the information in your textbook to match the items from Column B with each numbered item in Column A. Write the correct letter in the space provided.

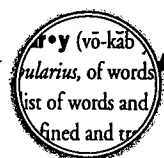
Column A

- _____ 1. FHA
- _____ 2. HUD
- _____ 3. DOT
- _____ 4. FAA
- _____ 5. FHWA
- _____ 6. UMTA

Column B

- A.** oversees federal highways; applies federal safety standards; plans and researches highway construction and maintenance
- B.** administers federal grant programs aimed at improving urban mass transit systems
- C.** works to ensure safety in aviation by licensing pilots and enforcing safety rules
- D.** guarantees banks and private lenders against losses on loans to build, buy, or rent homes
- E.** a government department that includes the FHA and other housing agencies
- F.** established in 1966 to coordinate national transportation policies and programs

Vocabulary Activity 21



Social and Domestic Policy

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DIRECTIONS

Select the term that matches each definition below. Write the correct term in the space provided.

oligopoly	urban renewal	mixed economy	interlocking directorate
trust	injunction	monopoly	public assistance
market quota	laissez-faire	social insurance	collective bargaining

- The same people serve on boards of directors of competing companies. _____
- A court order that prevents an action from taking place. _____
- A system of government that supports and regulates private enterprise. _____
- Programs designed to help elderly, ill, or unemployed citizens. _____
- Union leaders negotiate with employers for labor contracts. _____
- A business controlling so much of an industry that little competition exists. _____
- A few firms dominate a particular industry. _____
- A French term that means "hands-off". _____
- Farmers agree among themselves to sell only assigned portions of their overproduced crop. _____
- Cities can apply for federal aid to clear and rebuild slum areas. _____
- Several corporations combine their stock and allow a board to run the corporations. _____
- Programs that distribute money to low-income people. _____

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

DIRECTIONS

Use each of the following terms correctly in a complete sentence. Write the sentences on a separate sheet of paper.

internationalism	containment	détente	consul	executive agreement
regional security pact	bipartisan	passport	visa	multilateral treaty

Reteaching Activity



Social and Domestic Policy

DIRECTIONS

Write the letter of the item in the correct decade to trace the development of U.S. social and domestic policy.

1860s _____	1880s _____	1890s _____	1900s _____	1910s _____	1930s _____
1940s _____	1950s _____	1960s _____	1970s _____	1980s _____	1990s _____

- A. Medicare and Medicaid are added.
- B. The American Federation of Labor is formed.
- C. The Sherman Antitrust Act is passed.
- D. Goals 2000: Educate America Act is passed.
- E. Congress makes the food stamp program a law.
- F. The Clayton Antitrust Act is passed.
- G. The Homestead Act gives land to farmers.
- H. The Departments of Commerce and Labor are formed.
- I. The Department of Transportation is created.
- J. The Norris-LaGuardia Act is passed.
- K. The Federal Trade Commission is formed; begins to regulate false advertising.
- L. The Landrum-Griffin Act regulates labor unions.
- M. Congress passes the Smith-Hughes Act.
- N. The Department of Agriculture is created.
- O. The Securities and Exchange Commission is created; regulates stock and bond trading.
- P. Supplemental Security Income brings under federal control state programs for the aged and the disabled.
- Q. Upton Sinclair publishes *The Jungle*; Pure Food and Drug and the Meat Inspection Acts pass.
- R. The Wagner Act guarantees the right of all workers to organize and bargain collectively.
- S. Welfare reform through the Family Support Act includes the JOBS program.
- T. The Taft-Hartley Act restores the balance between labor and management.
- U. The Morrill Act aids states in establishing colleges of agriculture.
- V. A national commission reports that U.S. students rank below their European and Asian peers on standardized tests.
- W. The Federal Aid Highway Act provides funding to begin the Interstate Highway System.
- X. Aid to Families with Dependent Children ends.
- Y. The Environmental Protection Agency and the Consumer Product Safety Commission are created.
- Z. The Air Quality Control Act requires states to establish and enforce clean air standards.
- AA. The Interstate Commerce Act is passed.
- BB. Congress passes the Social Security Act.
- CC. The United States, Canada, and Mexico sign NAFTA.

CHAPTER SUMMARY Activity



Social and Domestic Policy

★DIRECTIONS In the space provided, write the word or phrase that best completes each sentence.

1. In a _____, several corporations combined to form one giant enterprise.
2. A trust could gain a _____, complete control of a product, industry, or service.
3. In a _____ shop, employers could hire only union members.
4. The Department of Agriculture uses three methods to stabilize farm prices: price _____, acreage allotment, and marketing _____.
5. _____ mandates refers to federal programs ordered, but not paid for by the government.
6. _____ programs help elderly, ill, and unemployed citizens.
7. _____ programs distribute public money to low-income people.
8. The Job Opportunities and Basic Skills program helps people move from public assistance to _____ through education and training.
9. Urban _____ programs help rebuild deteriorating urban areas.
10. The Federal Aviation Administration ensures the safety of _____.

Organizing Information Complete the chart by matching the issues on the left with the actions below.

GOVERNMENT ACTIONS	
Business	
Labor	
Agriculture	
Environment	
Education	
Housing	
Transportation	

- funds urban renewal programs
- requires emissions reductions
- provides grants to colleges
- promotes highway safety
- encourages crop rotation
- prohibits monopolies
- sets a minimum wage

Critical Thinking Answer the following question on a separate sheet of paper.

11. In what way do you think consumers benefit from low import tariffs and fewer restrictions?