High School Social Studies Enrichment



Social Studies Section p 1

Class

MATH PRACTICE FOR ECONOMICS

GOMPARING PRICES AMONG COMPETITORS

Date

The United States Postal Service (USPS) has no competitors in the delivery of first-class mail. The Postal Service does not, however, have a monopoly over other types of delivery. Customers can choose from many options.

The table below shows what it costs to send a 1-pound and a 20-pound package from Boston, Massachusetts, to Denver, Colorado, by three carriers. The prices reflect some differences among the carriers. Federal Express (FedEx), for instance, charges one rate for delivery anywhere in the continental United States. DHL and USPS have different rates for different zones.

W DOMESTIC SHIPPING RATES

Name

		1-pound packag	e		20-pound package	
	USPS	DHL	FedEx	USPS	DHL	FedEx
Next day	\$18.80	\$27.83	\$32.54	\$56.35	\$75.21	\$95.82
Second day	\$4.05	n/a	\$26.66	\$30.30	n/a	\$76.71
Third day	n/a	\$10.72	\$14.16	n/a	\$48.33	\$48.96
Ground	\$1.73	\$4.29	\$4.67	\$9.03	\$12.55	\$13.63

Source: rates quoted by carriers, Redroller, July, 2006

(1) What is the cheapest rate for sending a 1-pound package? ______ A 20-pound package?

(2) What is the most expensive rate for sending a 1-pound package? _______

(4) How much less expensive is it to send a 1-pound package by ground service with USPS than with FedEx?

Than with DHL? _____

How much of a premium does each company charge for its fastest service? To find out, look at the percent of increase in price over each company's slowest service. Use this formula:

Percent increase = (rate for fastest - rate for slowest) \div rate for slowest \times 100

For example, to find the percent increase charged by DHL, apply the formula as follows:

Percent increase = $(27.83 - 4.29) \div 4.29 \times 100 = 23.54 \div 4.29 \times 100 = 549\%$

Math Practice for Economics

8



·Date

ACTIVITY 10

Aath Practice for Economics

BIGURING FINANCE CHARGES

Different credit card companies use different interest rates to calculate finance charges. They also use different methods of calculation. Each method applies the monthly interest rate to an account's balance at a different point during the month. Consider these three methods.

	Previous Balance
Finance cl	harge = Amount owed at beginning of the month $ imes$ monthly interest rate
	Adjusted Balance
Finance c	narge = Amount owed at end of the month $ imes$ monthly interest rate (To calculate the amount owed at the end of the ibtract any payments made from the amount owed at the beginning of the month.)
	Average Daily Balance
Finance cl each day	harge = Average daily balance $ imes$ monthly interest rate (To calculate the average daily balance, add the amounts owe and divide by the number of days in the month or billing period.)

Directions: Use the above table to calculate and compare the amount of interest paid.

Suppose that you spent \$200 on clothes and paid with a credit card. Your credit card company's monthly interest rate is 1.6 percent, and you paid \$100 of your bill halfway through the month. Figure out the finance charge for the first two methods.

(1) Previous Balance

(2) Adjusted Balance

Now figure the finance charge with the average daily balance method. Base your calculations on a 30-day month. Provide the amount of the average daily balance and the finance charge.

(3) Average Daily Balance ______ Finance Charge _____

Most credit card companies advertise their APR. APR stands for annual percentage rate. In general, the monthly interest rate is found by dividing the APR by 12. Give the monthly interest rates for each of the following APRs. (4) 14.4% ______ 19.2% _____ 10.8% _____

Finally, see how much the clothes you charged will cost you in the end if you pay \$50 a month. Use the 1.6 percent monthly rate again and the previous balance method to fill in the chart. (5)

	January	February	March See	April	May
Previous Balance	200.00	153.20			
Finance charge	+ 3.20	-+-	+	+	**
TOTAL	= 203.20	=	=		**
Payment	- 50.00	- 50.00	- 50.00	- 50.00	
New Balance	= 153.20		-	<u> </u>	

** Add this amount to the \$200 you have paid to see what the clothes actually cost you.

Actual cost of clothes = (6)

Date

PRACTICE FOR ECONOMICS



GOMPUTING HOUSING COSTS

You have graduated from high school, and you need to find a place to live in the city where your college or new job is located. There are many factors to consider in choosing a place to live, including location, size, and price. You have a few ideas about what you are looking for and can afford. You know that you want to be right in the city, not in a nearby town, but you have not decided yet whether you will live alone or share a place with one or two of your friends. Your cat will be coming with you. You have \$4,000 for housing for the year.

Directions: Look over these ads for places to rent. Jot down how much your monthly rent will be for each place listed. Assume that you will share a two-bedroom place with one friend and a three-bedroom place with two friends.

(1) Room. Economy Inn. Route 13. \$95/week.	
(2) Large 1-bedroom apt. Freeville. \$400 includes.	
(3) Downtown 3-bedroom apt. \$690 includes.	
(4) 2-bedroom apt close to campus. \$600 includes.	
(5) Deluxe 1-bedroom apt. No pets. \$525+.	
(6) Fine room downtown with fireplace, patio. \$295 includes.	
(7) 2-bedroom, separate entrance. \$550 includes.	
(8) Room. Share house, nonsmoking. \$275 includes.	
(9) New 3-bedroom apt, no pets. \$525 includes.	
(10) 1-bedroom apt near mall. \$470 includes.	
(11) 2-bedroom, vard, pets welcome. \$400+.	

You realize there are several places you can reject right away. Cross out the places that do not allow pets. Then cross out the places that are out of town or on the outskirts: #1, #2, #10.

What is the cheapest place left? **(12)** ______ You notice, though, that while most of the ads say "includes" following the rent, the one that seems cheapest does not. It has a plus sign instead. What does this mean? "Includes" means that the rent you pay includes the cost of utilities (electricity, heat, water) for the month. The plus sign means that you must pay for utilities in addition to the amount listed as rent. Look again. What is the cheapest place for you now? **(13)** ______

The place advertised in #11 still appeals to you, so you ask about other expenses. The landlord gives you these rough monthly figures: water \$20, heat and electricity combined \$100. The landlord also says that you will have to pay \$10 a month for garbage pickup and that if you want cable TV, the local price is \$24 for hook-up and \$20 a month after that for basic service. You will also need a phone, which you find out is \$30 to buy, \$60 to install, and \$20 a month, not counting long-distance calls.

If you split all the monthly costs with a roommate, what is your monthly share? (14)
If you split all the one-time costs with a roommate, what is your share? (15)
How much will it cost you per month to live in #11? (16)
Can you afford the monthly costs (rent + utilities) for a year with \$4,000? (17)

How much will you have left over to cover your share of the one-time costs and other expenses? (18) ____

11

Αςτινιτή 11

Name

MATH PRACTICE FOR ECONOMICS

ANALYZING A PAYCHECK

Each pay period employers withhold a portion of the federal income tax and often part of the state income tax so that employees do not have to make one large payment at the end of the year. The paycheck stub provides information about amounts deducted from a person's pay such as social security (FICA taxes) and retirement funds.

Date

A paycheck stub might look like this:

	Gross Pay	FICA	Federal	State	Retirement	Net Pay
CPP (current pay period)	473.30	29.34	54.00	11.93	14.19	363.84
YTD (year to date)	1,419.90	88.02	162.00	35.79	42.57	

Directions: Study the stub carefully, then do some math to answer these questions.

How many paychecks has this pe	erson received to date? (1)	
	on the paycheck? (2)	
	withheld for federal income tax in this pay period?	
	_ For state tax? (4)	
What percentage of the person's	s gross pay is withheld for federal taxes each paym	ent period?
(5)	For state tax? (6)	
What percentage of gross pay is	contributed to FICA? (7)	To the retirement fund?
(8)	_ ·	

Fill in this paycheck stub for someone who has worked two weeks for a total of 80 hours at \$8.14 an hour. The person's pay is based on 50 weeks per year. The year's total federal income tax withheld for this person will be \$2,341, and the total state tax withheld will be \$628.

	Gross Pay	CA Federal	State Retirement	Net Pay
CPP (current pay period) (9)	40.	.37	0	

Federal taxes withheld comes to a sizable amount. Where does this money go? One way of looking at how the federal government spends your tax dollars is to apply the percentages spent by the government in different areas to the amount you pay in federal taxes. For instance, in a recent year the government spent 2.4 percent of its budget on veterans' programs. It is possible to think that 2.4 percent of your total taxes went to veterans' programs. If you paid \$1,120 in taxes, then, \$26.88 went to veterans' programs. To arrive at the dollar amount, you multiply your total taxes by the percentage: $$1,120 \times .024 = 26.88 .

Calculate how many of your tax dollars went to each of the following areas:

(10) 7.1% health ______ (11) 19.6% national defense _____ (12) 3.5% education ______ (13) 13.7% interest payment on the national debt ______

40-1 1 MATH PRACTICE FOR ECONOMICS

DAYING TAXES

1877年1月1日日期的工作的建筑的公司的建筑和设计的工作的

Many factors affect how much income tax you pay. Two important factors are how much you earn and where you live. The amount you pay in federal taxes does not depend on where you live, but the amount you pay in state taxes varies from state to state.

Take a look at federal income tax first. Currently there are six tax brackets for individuals: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent.

Here is how to calculate federal tax for a single individual:

If taxable income is more than	But not more than	You pay	of the amount over
s more man	\$7,300	10%	\$0
7,300	29,700	730 + 15%	7,300
\$29,700	71,950	4,090 + 25%	29,700
71.950	150,150	14,652 + 28%	71,950
150,150	326,450	36,548 + 33%	150,150
326,450		94,727 + 35%	326,450

Directions: Use the table to compute the tax that would be paid on each of the following incomes:

- (1) \$12,000
- (2) \$28,000
- (3) \$53,600
- (4) \$120,000
- (5) \$360,000 _____

What you pay in state income tax depends on what state you live in. Some states have a range of tax rates. Some, such as Illinois, Michigan, and Pennsylvania, have a flat rate, which applies to all incomes. Other states, like Connecticut, have a graduated tax. Still other states, such as South Dakota, have no state income tax at all.

Suppose your taxable income was \$12,000.

- (6) If you lived in Illinois, you paid 3 percent, or \$______
- (7) If you lived in South Dakota, you paid 0 percent, or \$
- (8) If you lived in Michigan, you paid 3.9 percent, or \$
- (9) If you lived in Connecticut, you paid \$300 plus 5 percent of earnings above \$10,000, or _____

(10) If you lived in Pennsylvania, you paid 3.07 percent, or \$ _____

If your taxable income was \$43,000, how much would you pay in state income tax in

(11) Illinois? _____ (12) Michigan? _____

Sales tax rates also vary from state to state. For example, the state sales tax in Hawaii is 4 percent, in Mississippi 7 percent, and in Florida 6 percent.

How much sales tax would you have to pay on a \$12 CD bought in

(13) Hawaii? _____ (14) Mississippi? _____ (15) Florida? _____

How much sales tax would you pay on a \$975 couch bought in

(16) Hawaii? _____ (17) Mississippi? _____ (18) Florida? _____



ATH PRACTICE FOR ECONOMICS

IGURING INFLATION'S EFFECTS

Higher inflation often means lower living standards. Even if you receive a pay raise, your purchasing power may decrease unless it matches the rate of inflation. You can find how a raise will affect your purchasing power using this equation:

Rate of Raise – Inflation Rate = Change in Purchasing Power

Complete the table below and answer the questions that follow.

Rate of Raise	Rate of Inflation	Change in Purchasing Power
5%	1%	4%
5%	8%	(1)
8%	(2)	2%
(3)	7%	-4%

If the inflation rate is 7 percent and your raise is 3 percent, has your purchasing power increased or decreased? (4) _____ By what percent? (5) _____

Now try this example. Suppose you earn \$400 a week and inflation averages just 3 percent this year. By what percent do your wages need to increase to stay even with inflation? (6) ______ To find out what this percent is in dollars, write the percent as a decimal (7) _____ and multiply by your weekly salary of \$400. Your raise would need to be (8) \$ ______ for a total weekly salary of (9) \$ ______ just to maintain your purchasing power. To increase your purchasing power by only 1 percent, what would you need to earn each week? (10) _____

Inflation has a serious effect on the lives of people living on fixed incomes, primarily retirees. Suppose you retired in 2000 and started receiving monthly checks of \$1,000. You spent \$600 on rent and utilities, \$100 on food, and \$150 on medical care, including insurance. That left you (11) \$ ______ for other expenses.

By 2005 everything was more expensive. The CPI for housing changed from 170 to 196, for food from 168 to 191, and for medical expenses from 261 to 323. To find what your new expenses are, use this formula:

New expense = Old expense × 2005 CPI ÷ 2000 CPI

Your new expense for housing is about (12) _____, for food is about (13) _____, and for medical care is (14) ______. Would your monthly check cover these expenses? (15) ______

Name

Date

Class ___



Personal Finance Activity 1 Balancing Your Checkbook

ACTIVITY GOAL

This Personal Finance Activity will teach you to balance a checking account. It will demonstrate the use of a check register and banking statement. You will learn that some withdrawals from your account are immediate while others take time to process.

DIRECTIONS: Recording transactions in your check register completely and immediately will help you better track your money. To make sure that you and your bank have not made any mistakes, it is important to balance your account each month. Your bank will probably send you a monthly statement with a worksheet to help you balance your account. Many banks also provide statements online as well. Look at the partial check register below. Then review the bank summary on the next page. Use the following steps and the worksheet on page four to balance this checking account.

and the second	Check Register					
CHECK	DATE	TRANSACTION DESCRIPTION	PAYMENT AMOUNT	V	DEPOSIT AMOUNT	BALANCE
	9-1	Balance brought forward	Š.	\checkmark		\$2,058.62
1271	9-10	Mayfield Bank (auto pmt.)	124.66			1,933.96
	9-15	Deposit (paycheck)			342.77	2,276.73
	9-22	ATM withdrawal – Locust St.	20.00			2,256.73
1272	9-25	Bally's Music Store	28.72			2,228.01
1273	9-29	Quest Wireless Co	34.99			2,193.02
	9-30	Debit card – J.B. Grocer	15.18			2,177.84
	10-1	Deposit (paycheck)	la na stranski si	10.200	342.77	2,520.61
	10-5	Deposit (gift from Aunt Eva)			50.00	2,570.61
a sa ang ang ang ang ang ang ang ang ang an	10-5	Withdrawal - transfer to savings	100.00			2,470.61
1274	10-6	Adam's Bike Shop	22.38			2,448.23





Personal Finance Activity 1 (continued)

	Checking Account Accou	t Summary from 9/1 to 9/30 nt #123-456789
9/1 2 2 1 9/30	Beginning Balance Checks Withdrawals/Debits Deposits/Credits Ending Balance	\$2,058.62 \$(153.38) \$(35.18) \$342.77 \$2,212.83
CHECKS Check #	Date Paid	Amount
1271 1272	9/13 9/27	124.66 28.72
WITHDRA	WALS/DEBITS	Duraintian
Date	Amount	Description ATM at 1582 Locust St.
9/22 9/30	20.00 15.18	Debit Card purchase at J.B. Grocer
DEPOSITS		Description
Date 9/15	Amount 342.77	Description Direct Payroll Deposit, Acct. 0023*****723

Step 1: Compare the check register to the bank checking account summary. Look in the Checks section of the account summary. Note that checks 1271 and 1272 are listed in this section. Place a checkmark in the appropriate column of the check register for each of these checks. The checkmarks in your register will remind you that these checks have been received by the bank and the amounts have been taken out of your account.

Step 2: Look at the Withdrawals/Debit section of the summary. Find these transactions in the check register and put checkmarks next to them.

Step 3: Look at the Deposits section of the summary. Find the deposit in the check register and put a checkmark next to it.

Name

Date

Class

Personal Finance Activity 1 (continued)

Step 4: Note the transactions in your check register that do not have checkmarks next to them. Although the bank statement covers dates from 9-1 to 9-30, the check written on 9-29 is not shown on the statement. Explain why you think it is not shown.

Step 5: Look at the Worksheet to Balance a Checking Account on the next page. The first line asks for the ending balance from your statement or summary. Find that balance on the bank summary and write it on line 1 of the worksheet.

Step 6: Find the deposits in the check register that do not have checkmarks next to them. Enter the date and the amount of each of these deposits in the second section of the worksheet. Write the total of these deposits on line 2.

Step 7: Add line 1 to line 2. Place the total on line 3 of the worksheet.

Step 8: In the check register, find the checks, debit card transactions, and other withdrawals that do not have checkmarks next to them. Enter the information for each in the fourth section of the worksheet. Write the total of these transactions on line 4.

Step 9: Subtract line 4 from line 3. Does this amount equal the balance shown on the last row of the check register? If so, you have successfully balanced this account.

Step 10: Sometimes accounts do not balance on the first try. What things can you recheck if your account does not balance?





Name

Date ____

Class_

Personal Finance Activity 1 (continued)

The second s	e from your statement		(1) \$	
st deposits and credits	made after statement d	ate.		
Date	Amount	Date	Amount	
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nter the total of above	deposits and credits.		(2) \$	2.783 - 1725
ubtotal line (1) + line (n de la desta de la companya de la c	itthe - outputs	(3) \$	
	ransactions, and other w	vithdrawals Check #/Date	(3) \$ Amount]
ist checks, debit card to ot shown on the staten	ransactions, and other w nent.			
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Date_



Personal Finance Activity 2 Tracking Your Spending



ACTIVITY GOAL

This Personal Finance Activity will help you consider your own spending habits. It will also give you a chance to look at another person's habits. Helping someone improve their budgeting may help you look at your own spending habits more objectively.

DIRECTIONS: A budget allows you to look at your spending versus income. If the amount of spending is more than you earn, changes need to be made. In this activity, you will evaluate a student's budget and make suggestions to improve his spending and saving habits. The student tracked all of his purchases for one month the following chart. He works 12 hours per week, earning a net pay of \$7 per hour. His parents also give him \$15 each week for school lunches. Using this information, answer the questions below.

Week No.	Items Purchased	Cost
Week 1	Lunches—\$2.50 × 5 lunches	\$ 12.50
	Vending machine (pop and snacks)—\$1 × 5 days	5.00
	Movie and snacks at theater	12.00
	2 books	24.00
	Shoes	38.00
	Paid Mom and Dad for gasoline used in their car	8.00
Week 2	Lunches—\$2.50 × 5 lunches	12.50
	Vending machine (pop and snacks)—\$1 × 5 days	5.00
	Dinner at restaurant	7.00
	Video game	35.00
	Paid Mom and Dad for gasoline used in their car	12.00
Week 3	Lunches—\$2.50 × 5 lunches	12.50
	Vending machine (pop and snacks)—\$1 × 5 days	5.00
	2 music CDs	28.00
	Sweater (\$46) and jeans (\$62)	108.00
	Paid Mom and Dad for gasoline used in their car	10.00
Week 4	Lunches—\$2.50 × 5 lunches	12.50
	Vending machine (pop and snacks)—\$1 × 5 days	5.00
	Paid cell phone bill (\$34 for monthly bill + \$15 for using extra minutes)	49.00
	Dinner at restaurant	8,50
	Movie and snacks at theater	11.00
-	Music CD	15.00
	Paid Mom and Dad for gasoline used in their car	8.00



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Name	

Personal Finance Activity 2 (continued)

- 1. How much did the student spend this month? What is his total income for the month?
- 2. Are the student's income sources or expenses higher? Is this student doing a good job budgeting his money? Explain your answer.
- **3.** Are there any items that the student might have paid too much for because of advertising? Explain your answer.

4. Are there any items that could be considered impulse purchases? Explain your answer.

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5. If this student were to ask you for advice related to his budget, what would you tell him?

6. Can you think of a way for this student to better track his spending, savings, and income?

Date



Personal Finance Activity 4 Comparing Credit Card Offers

ACTIVITY GOAL

This Personal Finance Activity will help you compare different credit card offers. Understanding the details of each credit card plan will help you make intelligent decisions about what type of card to use and how best to manage your financial debts.

DIRECTIONS: To properly compare the advantages and disadvantages of each credit card offer, you need to make a careful comparison of the features each card offers. Use the chart below to find the information that answers the following series of questions about each card. When you are done with each step, you will have the information needed to make an informed decision about which credit card is right for your needs and financial situation.

Comparing Two Credit Card Offers				
Credit Card A	Credit Card B			
3.99% APR for the life of transferred balances; 13.25 % APR for all other purchases	0.00% APR for 6 months; 19.8% APR for remaining lifetime of card			
\$50 annual fee; \$25 fee for late payments	No annual fee; \$25 fee for late payments			
Minimum monthly payment of \$15 or 10% of balance	Monthly balance must be paid in full each month			
Set your own payment date	Must pay card by the 15 th day of the month			
Rewards program: \$10 shopping card with each \$1,000 in spending	Rewards program: Earn 1% cash back on all purchases			

Step 1: What is the Annual Percentage Rate (APR) of credit card A and credit card B?

N	ame	

Date____

Class ____

Personal Finance Activity 4 (continued)

Step 2: a) What are other fees associated with each credit card?b) How do these fees impact your total monthly bill?

Step 3: What are the requirements for paying your credit card each month?

Step 4: What would the minimum monthly payment be for each credit card for balances of \$15, \$130, \$180, and \$300?

Step 5: a) What benefits or rewards does each card offer to make it more attractive for the consumer?b) How do these characteristics affect your evaluation of each card?

Step 6: If you have a fixed amount of income each month and your expenses are very close in dollar amount to your income, which of these two credit card offers would be a safer choice? Explain your answer.

Date_

Class

Personal Finance Activity 7 Understanding Your Paycheck

ACTIVITY GOAL

This Personal Finance Activity will help you better understand how taxes and other deductions affect your earnings. After completing the activity, you will be able to calculate earnings and understand items shown on a paycheck stub.

DIRECTIONS: The difference between the gross pay and net pay an employee earns can be substantial. You have learned that taxes and other deductions are taken out of an employee's gross pay, changing the amount that the employee actually receives. In this activity, you will analyze the earnings and some typical deductions found on a paycheck stub.

Earnings	Rate(\$/hr)	Hours	Current Period	Year to Date
Regular	10.00	32	320.00	15,645.00
Overtime	15.00	0	0.00	97.50
	GROSS PAY		\$320.00	\$15,742.50
Deductions				
	Federal Inco	me Tax	16.00	787.13
	Social Securi	ty Tax	19.84	976.04
	State Income	Tax	11.20	550.99
	City Income	Tax	4.80	236.14
	401(K)		12.80	629.70
	Life Insurance	e	4.84	238.11
	Medical Insu	irance	13.29	653.80
	NET PAY		\$237.23	\$11,670.59

1. Explain what the terms "Current Period" and "Year to Date" mean on this pay stub.

2. What amount of net pay has been earned this period? What amount has been earned since January 1?

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Name	

Personal Finance Activity 7 (continued)

3. What amount of gross pay has been earned this period? What amount has been earned since January 1?

4. What is the difference (in dollors) between the gross pay and net pay for this pay period?

5. What percentage of the gross pay will this employee take home? How did you calculate your answer?

6. Which of the deductions listed are required by law? Which are usually optional to the employee?

7. Which deductions do you think change depending upon the amount of gross pay? Which remain the same each pay period regardless of the amount of pay? Explain your answer.

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. . .

8. Assuming the overtime rate has not changed, how many hours of overtime has this employee worked so far this year? How did you calculate your answer?

Personal Finance Activity 10 The Need for Insurance



ACTIVITY GOAL

This Personal Finance Activity will allow you to take a more detailed look at medical, car, property, and life insurance. Learning more about insurance will allow you to make better informed decisions about your personal needs.

DIRECTIONS: Assume that your employer offers two medical insurance plans to full-time employees. Both plans provide excellent coverage. The details of each plan are outlined in the table below. Use this information to answer the questions that follow.

	Health Care Plan A	Health Care Plan B
CO-PAYS AND DEDUCTIBLES		
Co-pay for office visit with primary care physician	\$10	\$25
Co-pay for office visit with specialist	\$25	\$35
Co-pay for emergency room visit	\$40 (refunded if admitted to hospital)	\$50 (refunded if admitted to hospital)
Co-pay for hospital visit	\$75	\$100
Annual deductible	none	20% deductible for surgery only; maximum annual deductible, \$400
Co-pay for level 1 prescriptions	\$10	\$25
Co-pay for level 2 prescriptions	\$25	\$40
Co-pay for level 3 prescriptions	\$40	\$50
Vision plan co-pays	\$20 co-pay for exams; you pay 80% of cost of supplies	no vision plan available
MONTHLY COSTS PAID BY EMPLOYEE		
Single coverage	\$50	\$35
Employee + spouse	\$110	\$75
Family	\$160	\$105
MONTHLY COSTS PAID BY EMPLOYER		
Single coverage	\$200	\$200
Employee + spouse	\$350	\$350
Family	\$500	\$500



Class .

Personal Finance Activity 10 (continued)

1. What is the difference between a deductible and a co-pay?

2. What amounts would an employee have to pay for each of the following services? Write the amounts in the following table.

Service	Cost Before Insurance	Cost Using Plan A	Cost Using Plan B
Appointment with primary doctor to treat a sore throat	\$85		
Purchasing a prescription for an antibiotic (level 1 prescription)	\$120		
Annual eye exam	\$65		
Purchase of eyeglasses	\$230		
Visit to a dermatologist (specialist)	\$115		
Annual total for allergy medicine (12 prescriptions, each level 2)	\$900		
Visit to the ER; immediately admitted to the hospital for one night	\$1,200		
Out-patient knee surgery	\$4,700	· · · ·	
Total Costs			

- 3. Calculate the total cost for each column of the above table. Write the totals in the last row.
- 4. How much does the employee save using Plan A? Using Plan B?
- 5. Most employees pay for a portion of their health insurance by having the cost deducted from each paycheck. Most employers pay for a portion of the cost as well. If an employee chooses the Employee + Spouse option (see table on page 21), how much does this employer pay over the course of a year? How did you calculate your answer?

Name		Date	Class	· · ·,
Pe	rsonal Finance Activity	y 10 (continued)		Ş
6.	If an employee uses the Emp from his paycheck in one ye	ployee + Spouse option ar? How much would b	for Plan A, how much we be deducted for Plan B?	uld be deducted
7.	If this same employee incurr health care plan would prov ance and the total co-pays, o plain your answer.	ide greater benefit to hi	m? Be sure to consider th	e cost of the insur-
8.	If an employee seldom incu B? Explain your answer.	irs medical costs, would	they benefit most from P	lan A or from Plar
9.	Considering the costs that feel about health insurance	. Is it necessary? Is it wo	ile answering these questic orth the up-front costs?	
	Personal Finance	Activities 23 Copyr Social Studies Secti	ight © by The McGraw-Hill Compani On p 20	es, Inc.

Name_____

Date_____

SHARK TANK

What did you like about the product?

What were the flaws with the idea/product (from the Sharks)?

What flaws did you find with the product? (you may not have found any)

What was the final result (was there an offer made, if so what was the final numbers)

Watching Shark Tank Worksheet

What was idea (sales pitch) #3_

What was the initial offer from the entrepreneur (inventor)?

What were the features (facts) and benefits of this idea/product?

What did you like about the product?

What were the flaws with the idea/product (from the Sharks)?

What flaws did you find with the product? (you may not have found any)

What was the final result (was there an offer made, if so what was the final numbers)

What was idea (sales pitch) #4

What was the initial offer from the entrepreneur (inventor)?

What were the features (facts) and benefits of this idea/product?

What did you like about the product?

What were the flaws with the idea/product (from the Sharks)?

What flaws did you find with the product? (you may not have found any)

What was the final result (was there an offer made, if so what was the final numbers)

Class

Chapter 9

COMPETITION AND MONOPOLIES

Date

A MONOPOLIST DETERMINES PRICE

Directions: The table below represents one monopolist's revenue and cost situation. Complete the table by calculating Total Revenue and Profit. Then answer the questions below. The first row has been completed for you.

Price	Quantity	Total Revenue	Total Cost	Profit (or Loss)
\$10	1	\$10	\$12	\$ - 2
\$9	- 2		\$17	
\$8	3	······································	\$22	
\$7	4		\$24	
\$6	5		· \$27	
. \$5	6		\$30	
\$4	. 7		\$33	
\$3	· 8		\$36	
\$2	9	t	\$39	
· \$1	10		\$44	

1. Which two columns in the table can be used to plot a demand curve? How can you tell?

2. How did you determine the values for the Total Revenue and Profit columns?

At what level of output is the profit maximized? ______

4. What is the price at this level? ______ The profit? _____

- **5.** How much more would it bring in additional revenues if the monopolist tried to sell one more additional unit than at the profit-maximizing level? How much would the monopolist incur in additional costs?
- **6.** How much revenue would the monopolist forgo by selling one less unit than at the profit-maximizing level? What would be the change to total costs?

7. Are monopolists free to set any price they want? Explain.

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9

Date _____*

FREE ENTERPRISE

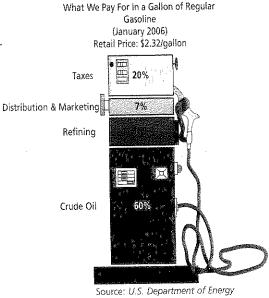
Class

GLOBAL INTERDEPENDENCE AND GAS PRICES

The United States holds only a small portion of the world's oil reserves. But thanks to globalization, we can buy crude oil to make gasoline from countries with large oil reserves. Dependence on other countries for this critical resource has its downside, however. Events in oil-producing nations can affect the price we pay at the pump. What We Pay For In a Gallon of Regular

Directions: Use the information in the illustration to complete the table. Round your answers to the nearest cent. Then answer the guestions that follow.

Retail Price	\$2.32	\$3.10	\$4.00	\$4.20
Taxes		\$0.62		
Distribution & Marketing			\$0.28	
Refining				
Crude Oil				\$2.52



1. What makes up the largest portion of the price Americans pay for gasoline?

2. Suppose the price of gasoline rose to \$4 per gallon. How might this affect the demand for SUVs? Explain.

3. How might a gas price of \$4 per gallon affect your family's spending habits?

Name

Q

Free Enterprise Activities

Economics and You

How To Calculate Interest

Name

Date

How To Calculate Interest

Interest = Amount x Interest Rate x Time

Amount is calculated in dollars, interest is calculated in decimals (5% = 0.05), and time is measured in years (1 year, 6 months = 1.5)

Examples:

You deposit \$500 in the bank at 7% interest for 3 years. How much interest do you earn?

Interest = $500 \times 0.07 \times 3 = 105$

You borrow \$20,000 for a car at $9\frac{1}{2}$ % interest. You pay it back in full 5 years later. How much interest must you pay?

Interest = $20,000 \times .095 \times 5 = 9,500$

(**Important note:** Borrowers do not usually have their interest computed by the formula above. Most borrowers pay their debt back a little bit at a time. This reduces the amount of the loan still owed, which in turn reduces the principal, or the amount still owed. Interest for loans paid back a little at a time is figured using a more complicated formula. This is called compound interest. For the sake of simplicity, we will not investigate this kind of interest here.)

Use a calculator to compute interest on the following situations. Write the equation and the answer.

1. You deposit \$1,000 in the bank when your son is born. If the money earns 5% interest, how much total money will he have saved for college when he is 18?

2. You loan your nephew \$475 for $2\frac{1}{2}$ years. He agrees to pay 2% interest. How much interest does he pay you for the privilege of borrowing money?

3. You take out a short-term loan to pay for a trip until your income tax return arrives. If you borrow \$250 at $8\frac{1}{4}$ % interest, how much will you owe when you receive your tax return in 3 months?

4. What interest would you earn if you deposited \$4,300 in the bank at 5% interest for 10 years?

DIRECTIONS: Self-monitoring REALLY helps understand difficult text! Follow the self-monitoring steps to help you read about The Fed.

STE P 1: CODE THE PASSAGE

Read and rate each sentence, using the following symbols in the blanks:

- ! This is <u>REALLY</u> important!
- ? I don't know what this means.
- * It's a detail, but not very important.
- X This does NOT help understand the passage.

STEP 2: DECODE UNKNOWN WORDS OR SENTENCES

TO HELP YOU READ.

Use context clues to try to figure out the meanings of unknown words or sentences (?'s). Look at words and sentences around each for clues! Re-write the difficult word or sentence in simpler terms in the margins. Then go back and re-code the sentences that confused you.

STEP 3: HIGHLIGHT

Highlight ONLY the sentences or phrases you marked with the "!" symbol.

STEP 4: REREAD AND SUMMARIZE

Reread the highlighted sentences or phrases. Then write a paragraph to summarize the MOST important information. (In this case briefly explain how The Fed increases or decreases the U.S. money supply.)

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Hello from Washington D.C.!-

October 15, 2012

My office was recently contacted by your teacher. She told us you are studying the Federal Reserve and needed some help. Since I am the Chairman of The Fed at this time, I thought I could provide some useful information. In particular, I thought I could tell you how The Fed came to be, explain some of our responsibilities here, and some actions we can take to affect the U.S. economy.

The Federal Reserve System was formed in 1913 after a number of bank failures._____The banks had been making very risky investments, gaining and losing huge sums of their depositors' money._____Such swings made the economy very unstable, so people panicked easily._____Any bad news sent throngs to their banks to withdraw their money._____But banks don't store large amounts of cash; they invest it and loan it out._____Bank closings caused people to lose everything, leading to calls for a central system to oversee banking and help avoid future problems.

Today there are 12 Federal Reserve banks around the country.____ Each watches over the banks in its district.____ The whole system is controlled by a Board of Governors in Washington D.C.____ The board is made up of seven members appointed by the president for 14-year terms.____ The president names one member to serve as chairman for a 4-year term.____ I am now into my second term in that position.____ The sitting president can re-appoint or replace the chair after each 4-year term.____

More than one-third of banks in the United States are members of the Federal Reserve System. _____ All banks with branches in more than one state are required to belong. _____ Others such as state-owned banks and local credit unions are not part of the system, but are supervised by other government agencies. _____ In short, all banks have some kind of control over them to ensure people's money is safe.

When The Fed was created, it had just a few duties. First it made clearing checks easier and faster. Cashing a check used to be quite difficult! If someone wrote a check to a person who used a different bank, the check had to be mailed to the writer's bank for payment. People had to wait days or even weeks for their money. The Fed streamlines the process. When checks are cashed, funds are moved through the Fed, so people can receive their money right away.

The main reason The Fed was created was to supervise banks. ____ Regulations were put in place to protect customers. ____ Rules tell banks what kinds of loans they can make and how much money they need to keep on hand. ____ The Fed also serves as a lender of last resort for member banks. ____ In the past, financial problems led to "runs on the banks" when crowds showed up to withdrawal their money. ____ Even strong banks had trouble meeting such demands. ____ Now The Fed "covers" banks if they're short on cash. ____ These "last resort" loans make runs on banks less likely, since people know their money is safe.

Today The Fed still clears checks, supervises, and lends money to banks, but its role has grown tremendously. _____ Now The Fed also controls the amount of money in circulation. _____ We don't print money; the Department of Treasury does that. _____ The

Fed's job is to control the amount of money banks have to loan to people and businesses.____

The Fed uses monetary policy, or specific "tools" or actions, to control the flow of money._____One tool is setting reserve requirements for banks._____All banks must keep a percentage of their deposits on hand._____A bank can keep more than the required reserve, but not less._____I'll try to give a simple example._____If The Fed sets the reserve requirement at 10%, and a bank has \$100 in customer deposits, it must keep at least \$10 in cash on hand._____How much is kept in reserve affects the money supply._____It's very simple._____If the Fed sets a high reserve requirement, the bank has less "extra" money to loan to customers._____On the other hand, to get more money in circulation, the Fed can lower the reserve requirement. Then banks have more money to loan people for homes, cars, and other things._____

It's important to note that banks make money from interest customers pay on loans._____ So even when reserve requirements are high, banks still want to make money!_____ If a bank has no money to lend after it sets aside its required reserve, it can borrow money from another bank.____ The interest rate banks pay each other is called the "discount rate," which is another tool of The Fed.____ When we want to discourage banks from borrowing from other banks to make loans, The Fed sets the discount rate high.____ To encourage banks to make loans, we can lower the discount rate.____

The third tool of monetary policy is the one we use most often. ____ The Fed buys and sells government bonds, which are basically I.O.U.'s from the government. ____ A common example is a U.S. savings bond. ____ Family and friends might give savings bonds to children for presents. ____ When a person or bank buys a bond, it serves as an I.O.U. that the government will pay back the bond amount plus interest. ____ If The Fed wants less money in circulation, it can sell bonds to banks and the public. ____ To increase the money supply in the economy, the Fed buys the bonds back plus interest. ____ This all may seem very complicated, but it really isn't. ____ Bonds are just one more tool the Fed has to increase or decrease the amount of money banks have to loan their customers. _____

It's likely that any student learning about The Fed would ask, "What does this have to do with me?" ____ And The Fed does affect everyone! ____ Allowing banks more or less money, controls how much money students and families have to spend. ____ If it's easier to get a loan, they're more likely to buy new cars, homes, furniture, clothes, and anything else. ____ If banks can charge less interest on loans, there's more money to buy goods and services. ____ Of course when it comes down to it, any decisions you and your family make about spending are your own. ____ The Fed has no control over how much money you deposit in your bank, which can also affect how much money they can lend. ____ Plus, The Fed can't force banks to make loans; it can only encourage or discourage them with its monetary policy. _____ Hopefully, I have helped you understand The Fed's role in the U.S. economy: to keep banks strong and stable. ______

Sincerely, Ben Bernanke Federal Reserve Chairman

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The Federal Reserve

The Federal Reserve is the central bank in the United States. It is comprised of 12 Federal Reserve banks located across the United States and is headed by a seven-member Federal Reserve Board in Washington, D.C. The Federal Reserve was established in 1913 to strengthen the banking activities of the nation. The Federal Reserve not only insures all deposits made in member banks, but is the most important control over the money supply in the United States.

The Federal Reserve can affect the supply of money available in three important ways:

1. The Federal Reserve sets and changes the requirements on how much money banks must keep in reserve. This is the amount of cash a bank keeps on hand to fulfill their customers' day-to-day requests. Remember that the rest of the money in a bank is usually lent out to make interest. A bank's reserves include the cash on hand in its own safes and money it must put in an account at the Federal Reserve bank.

2. The Federal Reserve can buy and sell government bonds. A **bond** is a certificate issued by a government or business that needs to borrow money and will pay the buyer back later with interest.

3. The Federal Reserve can loan money out to banks when they are short on reserves.

How do these things affect the money supply? Well

1. Changing the amount of money held in reserve at banks changes the amount of money available to loan out. If the reserve amount is increased, then less money will be available for loans. This will decrease the demand for products, decrease production, and sometimes cause a cutback in workers and increase unemployment. This is called a **recession**. Decreasing the amount held in reserve will have the opposite effect. This will increase the amount of money available for loan and increase consumer demand for products (since they have more money with which to buy them). Increased demand will cause increased production and a greater demand for workers. This is called **inflation**.

2. The Federal Reserve can sell government bonds. Selling bonds will take money out of the economy as buyers pull their money out of banks to pay for them. This in turn causes a lesser amount of money to be available for loans. The Federal Reserve can also buy bonds to put money back into the banks and increase loans.

3. Loaning money to banks in trouble helps prevent everyone from withdrawing their money from a troubled bank all at the same time.

Economics and You

The Federal Reserve: Questions

Name

Date ____

The Federal Reserve: Questions

.....

Answer the following questions in complete sentences using information from the previous page.

1. Why was the Federal Reserve established?

2. How do Federal Reserve banks get their money?

3. What do banks do with the money not held in reserve? Why?

4. Why can't all depositors in a bank withdraw all of their money at once?

5. List three ways the Federal Reserve can affect the money supply.

6. Why do you think the Federal Reserve wants to affect the money supply?

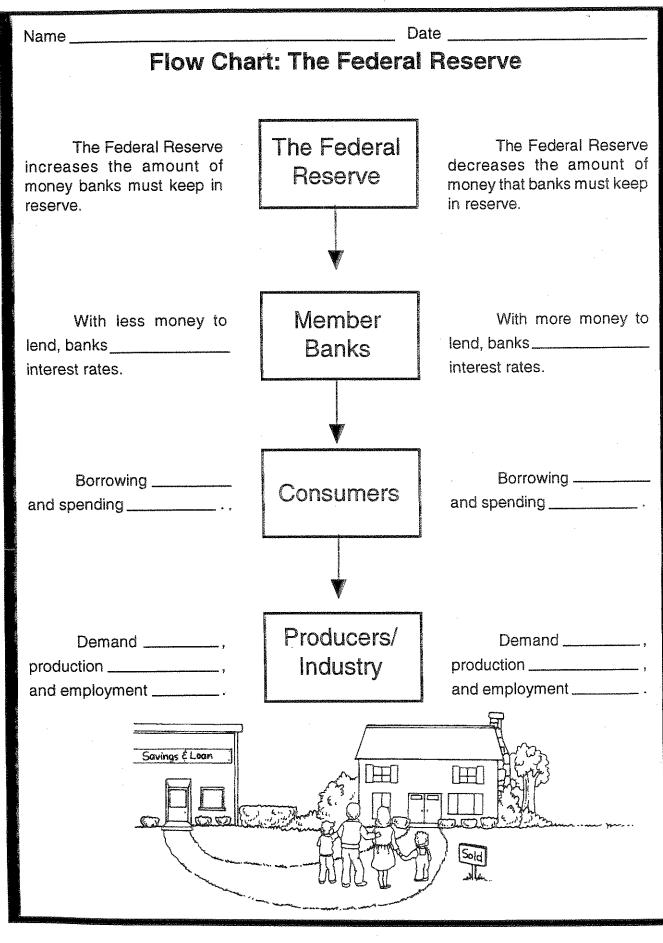
7. What happens when too much money is in circulation?

8. What happens when too little money is in circulation?

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Economics and You

Flow Chart: The Federal Reserve

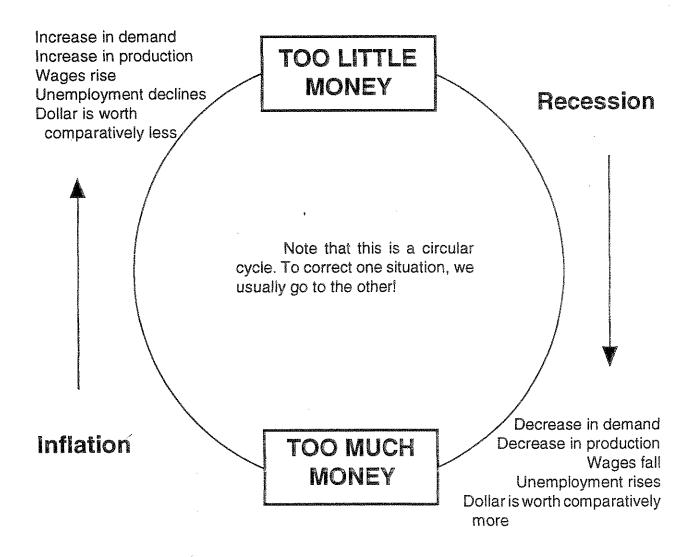


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Inflation

Inflation is a rise in the amount of money in the economy. Inflation usually brings about a rise in prices. This lowers the value of the dollar, meaning that a dollar buys less than it did before. Inflation can come about any time too much money is in circulation. The Federal Reserve often triggers inflation by buying bonds or lowering interest rates. Inflation is not rising prices as many people believe; inflation causes rising prices.

A recession is the opposite of inflation. A **recession** is when there is less money in the economy causing a decline in demand. This will usually increase the value of a dollar, meaning that a dollar will buy more. A **depression** is simply a severe recession that results in a decline in business, high unemployment, and lowered stock market values.



Economics and You

Name _____

Date

Inflation: Questions

Answer the following questions in complete sentences.

1. What organization most affects the money supply?

2. Why is there a decrease in production during a recession?

3. Why is there an increase in production during inflation?

4. Why is the dollar worth comparatively less during inflation?

5. Why is the dollar worth comparatively more during a recession?

6. Explain why the cycle is circular.

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Economics and You

Case Study: Menus

Name_

____ Date

Case Study: Menus

The Dollar Deli Menu

Grilled Cheese Sandwich	\$3.00	\$3.10
Ham and Cheese Sandwich	\$3.75	\$3.50
Turkey Club	\$4.50	\$4.00
Roast Beef Sandwich	\$4.25	\$4.50
Potato Chips	\$1.00	\$0.50
French Fries	\$1.25	\$0.75
Giant Cookie	\$1.50	\$1.20
Fresh Fruit	\$0.75	\$1.00
Soda	\$1.25	\$1.10
Milk	\$1.00	\$0.90
Lemonade	\$1.05	\$1.50

"Where your dollar always buys more . . . good food!"

The Dollar Deli decided to change its prices. Use the menu above to answer the following questions.

1. Which menu items inflated in price?

2. Which item inflated the most?

3. Which menu items deflated in price?

4. Which item(s) deflated the most?

5. You order a grilled cheese sandwich, potato chips, soda, and a giant cookie. What was the percentage of change in this lunch from the old menu to the new menu?

6. Was this change (question 5) an inflation or deflation in price?

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Name

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Class

PRIMARY & SECONDARY SOURCES

Date

DOW AMERICA SHOPS

Along with population and income changes, consumer tastes and preferences are determinants of demand. The marketing department of every business pays particular attention to consumer tastes and preferences. In fact, marketing is interested in all aspects of consumer behavior, including how people shop. Any major shift in shopping behavior is significant to a business that wants to make its particular product a sales leader. The article below is an address in which Wendy Liebmann, president of WSL Strategic Retail, explains recent changes in shopping behavior. As you read, consider how these changes may affect a retailer. Then answer the questions that follow.

S ince 1989, we at WSL Strategic Retail have conducted How America Shops, our national research study in which we talk to American consumers about their behavior and attitudes toward shopping.



In the recently published 6th edition, entitled "The Consumer Paradox: The Threat to Loyalty in the New Millenium," it has become very clear what's actually going on, and what manufacturers and retailers must do to be successful and profitable long-term. So, how does America shop?

Well first, the paradoxes:

Paradox 1: Consumers are shopping more often, at more outlets—when they say they have no time....

They made an average of 3.5 shopping trips per week, up from 3.2 in 1995. In fact, 36% made 4 or more trips per week—up from 30% in 1995....

All this at a time when consumers say they have no time. And yet, they are shopping at more outlets more often. A paradox indeed. . . .

Paradox 2: They are shopping more but buying less....

... They are spending their money on what they consider "essentials": food, personal care products, clothing, prescription drugs ... even greeting cards.

They are buying less of what they consider non-essentials: cosmetics, fragrance, fashion accessories (be glad you are not in that business!), collectibles, home decorating. Categories that appear to have no inherent value to consumers, no point of differentiation, no news.

Paradox 3: "Selection" is now the driver—what the heck happened to low prices. . . .

But look at what consumers mean by selection: always in stock, have what I want, unique merchandise, good selection, high quality merchandise... But what about convenience? What about price? The truth is consumers want it all. Selection, convenience, price all rated high . . . very high in this year's study. . . .

Reading 3

So what's going on here? The truth is, consumers today are not paradoxical at all. There are, in fact, two dimensions that are creating the appearance of paradox.

When consumers define themselves as sale shoppers they are, in fact, saying they are value shoppers. They know when a product or service or store is worth the time they use...

The first is that consumers clearly and unabashedly define themselves in terms of their ability to get the best value out of every shopping experience.

They have reassessed and continue to reassess each category they buy and each outlet they shop to determine whether or not it is worth it....

When consumers define themselves as sale shoppers they are, in fact, saying they are value shoppers. They know when a product or service or store is worth the time they use, the money they spend. And they know when it isn't. That's part of the answer to the Consumer Paradox. . . .

The second dimension creating the appearance of a paradox is the changing demographic diversity of this



5

Class .

PRIMARY & SECONDARY SOURCES (continued)

Reading 3

country. There are two consumer segments in the United States today, traditionally viewed as niche segments, which are now sufficiently large that they are impacting retailing as a whole. Actually distorting the overall reality of the shopping picture. In fact, creating a new reality.

Mature consumers, those 55 and older, and ethnic consumers . . . are now sufficiently large and influential that they are driving the growth and decline of many retail outlets and product categories. . . .

So what do we do about all this? . . . What does it take to build loyalty in this environment? . . .

Today, the loyalty connection is no longer personal. It is based on practicality, efficiency and expediency. Consumers will continue to shop an outlet or a brand as long as it continues to satisfy their needs for product selection, conveniently available at a fair price.

That's part problem, part opportunity. For convenience and familiarity in the end are not enough. They are easily diminished by one long check-out line or one outof-stock too many.

As a result, the consumer who has access to many other generally acceptable outlets carrying the same merchandise at the same price will merely turn right at the traffic light instead of left and shop elsewhere. Or stay home and pick up the phone or go on-line and order direct....

That means a breadth and depth of merchandise that satisfies your target customers' needs. And since the onesize-fits-all approach no longer works in a highly segmented society where ethnicity and age are impacting shopping preferences, this means a more complete selection than most retailers carry today.

Liebmann, Wendy. "How America Shops." Vital Speeches of the Day, July 15, 1998, Vol. LXIV No.19, pp. 595–598

Primary and Secondary Source Readings

ANALYZING THE READING

- 1. What is the first paradox (statement that seems to contradict common sense) cited in the article about shoppers today?
- 2. Why are tastes and preferences as important as price in determining consumer choices today?

3. What two dimensions of consumers are creating the appearance of paradox?

- 4. Why does the marketer suggest that retailers carry a more complete selection of merchandise than they have carried in the past?
- 5. Do you think the speaker believes that the existence of a \$10.95 watch will affect demand for a \$525 watch? How does the reading modify the explanation of substitutes in your text? (Is margarine always a substitute for butter?)

Date _

Class

PRIMARY & SECONDARY SOURCES

HOW THE FURBY FLIES

Several factors determine how much demand there is for a particular product in the marketplace. Among these factors are consumers' willingness and ability to purchase an item. At no time is the law of demand more evident than at the holiday season, when shoppers scour the stores in anxious pursuit of the hot new toy. As you read the excerpt below about a holiday frenzy involving a toy called the Furby, consider the many reasons demand for this product increased. Then answer the questions that follow.



Reading 4

Y our kid won't stop begging for a Furby, right? She says they squawk in kiddie gibberish and make gurgling noises and sing songs. And you've driven to every mall in the state and still can't find it. Your next-door neighbor traded his car for a dozen on a black-market website, but he's hoarding them until just before Christmas, prime time for scalping. You're stuck with a K Mart waiting list and cheerful lies from salespeople. . . . So who's to blame? How did a little fuzzy doll become crucial to your eightyear-old's survival?

As with most major problems of the late 20th century, it's the media's fault. Each February, a cabal of toy hawkers and toy reporters huddle at Toy Fair in . . . New York City. The hawkers try to coax the reporters into naming their toy the "hottest." Virtually every newspaper and TV station runs some version of this hot-new-toy story. . . This has happened before, . . . but the creation of the Furby—more important, the invention of a Furby craze—has set a new standard for an absurd game. Unlike even Tickle Me Elmo, the Furby became a must-have item this Christmas before almost any kid had made it say "kah a-tay."

... After ToyFair '98, *TIME* ran a Techwatch item mentioning them. *USA Today* also noticed, and after an electronics fair in May, *CBS This Morning* did a segment. That ginned up interest last summer, even though Furby's complicated innards meant it wouldn't be ready for stores until fall.

Eager shoppers began hunting for Furbies over the summer and were further inspired when *Wired* magazine ran a huge Furby feature in September, breeding even more TV stories. "It was incredible, all these reporters calling up and saying 'Why is this so hot? You can't find this thing anywhere,'" says Jim Silver, publisher of *Toy Book*, a trade publication. "But the company hadn't even shipped any—of course they couldn't find it. It became a self-fulfilling prophecy."

 knew about the new toy. Initial shipments sold out almost immediately.

... Though some toymakers have reportedly tightened initial supplies to heighten interest (think Beanie Babies), Tiger had no such conspiratorial plans.... Before September, retailers had ordered 1 million, and a confident Tiger produced 1.3 million. But after all the publicity, perhaps 5 million could sell....

Virtually every newspaper and TV station runs some version of this hotnew-toy story.... This has happened before, ... but the creation of the Furby—more important, the invention of a Furby craze—has set a new standard for an absurd game.

[Likewise,] Tickle Me Elmo tested fairly well in the slew of kid-judged contests held every year. . . But Tyco, the Mattel-owned manufacturer, didn't expect it to become a giant seller. Then Rosie O'Donnell tickled Elmo on her show, and demand exploded. Once again, scarcity inspired collectors, reporters discovered a "hot" story, and your kid bawled his eyes out . . . because Santa couldn't find Elmo before Christmas morn.

... But it remains to be seen whether kids will like all the Furbies their parents are trying so hard to find....

Cloud, John. "How the Furby Flies." *Time*, November 30, 1998.

PRIMARY & SECONDARY SOURCES (continued)

Reading 4

ANALYZING THE READING

- 1. What major factor contributed to the demand for Furbies, according to the author?
- 2. What happened to shipments of Furbies as soon as they arrived at stores?
- **3.** How was the success of the Furby "a self-fulfilling prophecy" (when the act of believing something will happen actually causes it to happen)?
- 4. What other factors might result in an increased demand for a certain product? Give examples.

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5. Do you think every holiday season will feature a toy or other item in high demand by consumers? Explain your answer.

8

Date

Class

PRIMARY & SECONDARY SOURCES

PPETITE FOR DESTRUCTION

When demand exceeds supply, prices can soar. This is especially evident at the gas pump. As a result of rising gas prices, people have become more and more interested in alternative sources of fuel. Yet these alternative fuels may create supply problems of their own, according to Lester Brown, president of the Earth Policy Institute. As you read the article below, consider the impact that ethanol and other biofuels may have on the world's food supply. Then answer the auestions that follow.



Reading 5

he growing myth that corn is a cure-all for our energy woes is leading us toward a potentially dangerous global fight for food. While crop-based ethanol—the latest craze in alternative energy—promises a guilt-free way to keep our gas tanks full, the reality is that overuse of our agricultural resources could have consequences even more drastic than, say, being deprived of our SUVs. It could leave much of the world hungry.

We are facing an epic competition between the 800 million motorists who want to protect their mobility and the two billion poorest people in the world who simply want to survive. In effect, supermarkets and service stations are now competing for the same resources.

This year cars, not people, will claim most of the increase in world grain consumption. The problem is simple: It takes a whole lot of agricultural produce to create a modest amount of automotive fuel.

The grain required to fill a 25-gallon SUV gas tank with ethanol, for instance, could feed one person for a year. If today's entire U.S. grain harvest were converted into fuel for cars, it would still satisfy less than one-sixth of U.S. demand.

The U.S. Department of Agriculture reports that world grain consumption will increase by 20 million tons this year, roughly 1%. Of that, 14 million tons will be used to fuel cars in the U.S., leaving only six million tons to cover the world's growing food needs.

Already commodity prices are rising. Sugar prices have doubled over the past 18 months (driven in part by Brazil's use of sugar cane for fuel), and world corn and wheat prices are up one-fourth so far this year.

For the world's poorest people, many of whom spend half or more of their income on food, rising grain prices can quickly become life threatening.

Once stimulated solely by government subsidies, biofuel production is now being driven largely by the runaway price of oil. Many food commodities, including corn, wheat, rice, soybeans, and sugar cane, can be converted into fuel; thus the food and energy economies are beginning to merge.

The market is setting the price for farm commodities at their oil-equivalent value. As the price of oil climbs, so will the price of food.

In some U.S. Cornbelt states, ethanol distilleries are taking over the corn supply. In Iowa, 25 ethanol plants are operating, four are under construction, and another 26 are planned.

lowa State University economist Bob Wisner observes that if all those plants are built, distilleries would use the entire lowa corn harvest. In South Dakota, ethanol distilleries are already claiming over half that state's crop.

In effect, supermarkets and service stations are now competing for the same resources.

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The key to lessening demand for grain is to commercialize ethanol production from cellulosic materials such as switchgrass or poplar trees, a prospect that is at least five years away.

Malaysia, the leading exporter of palm oil, is emerging as the biofuel leader in Asia. But after approving 32 biodiesel refineries within the past 15 months, it recently suspended further licensing while it assesses the adequacy of its palm oil supplies. Fast-rising global demand for palm oil for both food and biodiesel purposes, coupled with rising domestic needs, has the government concerned that there will not be enough to go around.

There are truly guilt-free alternatives to using foodbased fuels. The equivalent of the 3% of U.S. automotive



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PRIMARY & SECONDARY SOURCES (continued)

fuel supplies coming from ethanol could be achieved several times over—and at a fraction of the cost—by raising auto fuel-efficiency standards by 20%. (Unfortunately Detroit has resisted this, preferring to produce flex-fuel vehicles that will burn either gasoline or ethanol.)

Or what if we shifted to gas-electric hybrid plug-in cars over the next decade, powering short-distance driving, such as the daily commute or grocery shopping, with electricity?

By investing not in hundreds of wind farms, as we now are, but rather in thousands of them to feed cheap

electricity into the grid, the U.S. could have cars running primarily on wind energy, and at the gasoline equivalent of less than \$1 a gallon.

Reading 5

Clearly, solutions exist. The world desperately needs a strategy to deal with the emerging food-fuel battle. As the world's leading grain producer and exporter, as well as its largest producer of ethanol, the U.S. is in the driver's seat.

Brown, Lester R. "Appetite for Destruction." Fortune, August 21, 2006

ANALYZING THE READING

- 1. What does the author mean when he says that "supermarkets and service stations are now competing for the same resources"?
- 2. According to the author, how much of American motorists' demand for fuel could be satisfied by the entire U.S. grain harvest?
- 3. What does the author believe will happen to the price of food as the price of oil increases?
- 4. What impact could this have on the world's poorest people?
- 5. What are some alternatives to using food-based fuels?

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FUTURE DEBTORS OF AMERICA

America is a country living on credit. Our consumer culture entices us to buy more goods than our budgets can actually afford. Many experts are alarmed at this phenomenon. In particular, they note how younger Americans are increasingly in over their heads in credit card debt, are establishing bad spending habits, and are uninformed about the long-term financial consequences of their spending behavior. Think about your own financial habits as you read the excerpt below from Consumer Reports. Then answer the questions that follow.

> tephanie Carlson is barely out of high school, and already she's a credit risk. It took the 19-year-old from Salt Lake City only five months of buying clothes, jewelry, makeup, groceries, and gasoline to run up \$7000 in credit card debt and unpaid tuition. She's now in credit counseling and learning to live plastic-free. But she wishes she'd learned more about credit cards before the binge began.

"I know people just like me," she says. "I'm telling them not to get started. Once you get started, you can't stop."

A new generation of young people is starting out life unprepared for temptations like easy credit. New research, including a national survey for CONSUMER REPORTS of 689 12-year-olds from various economic backgrounds, shows significant gaps in children's personal-finance knowledge. This season of "buying" only accentuates the problems.

In our survey, only 7.2 percent knew that credit cards are a form of borrowing. Four in 10 didn't know that banks charge interest on loans. Guess who's providing schools with free personal-finance curricula? Visa, MasterCard and other financial institutions, whose messages often promote bad money habits. High school seniors are particularly uninformed about savings and investment....

Compounding the problem is the fact that kids will make more consumer decisions than previous generations. By the time today's kids turn 20, they will have seen or heard 360,000 30-second TV commercials . . . And they will have received more than \$33,000 in income and money gifts, according to separate studies by the Rand Youth Poll and James U. McNeal, professor of marketing at Texas A&M University.

That's not lost on advertisers salivating over a market that grows at 20 percent a year, McNeal says. Kids ages 5 to 14 spent \$24.4 billion in 1996, and directly influenced another \$117 billion spent on their behalf.... Moreover, credit is easier to come by than ever before. Sixty-four percent of college students have a credit card in their name, and 20 percent have four or more cards, says the Roper College Track Financial Services survey. Since employers are increasingly checking job applicants' credit records, kids with a bad record may find it hard to obtain work to pay back their debts. At the Consumer Credit Counseling Service of Los Angeles, college students make up 10 to 15 percent of those seeking money-management help, says executive director Gary Stroth.

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A new generation of young people is starting out life unprepared for temptations like easy credit.

Later in life, this generation may need to be more financially disciplined and self-reliant than their baby boomer parents. . . .

Our survey of 12-year-olds polled a slightly higher socioeconomic sample in a different test situation, and questions were geared to a younger grade level, so results aren't entirely comparable. On the bright side, nearly all kids knew that a bank loan is a form of borrowing. But one-third couldn't calculate simple interest....

One reason kids are so uninformed is that personal finance isn't taught systematically in the schools. Unlike in Japan, where such a curriculum is mandatory, the subject is approached in the U.S. through a patchwork of public and private initiatives. . . .

In most states, whether to teach consumer and personal finance is decided by school districts, schools, and teachers. The results range from entire courses to just a few hours in an economics or math class.... Name_

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But the reality for many school districts is that there is no money for personal-finance materials. Instead, many are using free handouts provided by credit-card issuers, banks, investment houses, publishers, and insurance companies. The materials are rarely objective, and many we saw gave bad advice to students. . . .

"Future Debtors of America." Consumer Reports, December 1997.

ANALYZING THE READING

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- 1. What happened to Stephanie Carlson and many young people her age?
- 2. Discuss the ways in which young people are unprepared for easy credit temptation.

3. What is the consumer power of young people today? How do advertisers feel about that spending power?

4. What is one reason young people are so uninformed about consumer issues?

5. Do you believe personal finance and credit management should be given to school-aged students? Explain your answer.

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BECOMING FINANCIAL GROWN-UPS

As young couples enter the workforce and begin raising families, they have important choices to make—including how they should spend and save the money they earn. What should they do first? Which of their goals should take priority? As you read the article below, consider the advice offered by Money magazine's George Mannes. Then answer the questions that follow.

U ntil recently, Ari and Jennifer Donowitz had no problem deciding what to do with their money. It was easy. They didn't have any.

The couple married ... while both were still in school. That first year, they scraped by on \$20,000 in income, mostly from Jennifer's work as a student aide while she wrapped up a Master's in Special Education. . . Ari, a scholarship student; did odd jobs while finishing his senior year of college. They paid rock-bottom rent for a little one-bedroom in Far Rockaway, Queens, . . . and they skipped the honeymoon entirely.

Three years later, their finances have taken a decided turn for the better. . . [T]ogether they're on track to earn \$130,000 this year. Their expenses have grown along with their income: They have a son, Eli, almost two, and they've moved into a bigger rental. . . . Still, they're saving in earnest for the first time in their lives—just six months after Ari landed his job, they've already socked away \$10,000 in their checking account.

The only problem is that the Donowitzes have no clue what to do with the money. . . Jennifer wants a house, Ari wants an M.B.A.; they know they need life insurance and that they should be saving for retirement, too. But they don't know where to start. . . .

In other words, they face the same problems as other couples in their twenties and thirties. They're finally earning decent money and are ready to behave like financial adults, but need some guidance on how to get there. These tips should help.

• Set Priorities: When you're just starting a career and a family, and all of your goals seem urgent and wildly expensive, you can feel so overwhelmed, you end up doing nothing. The key to overcoming paralysis is to zero in on the two or three goals that are most important, and to reassure yourself that you'll tackle the others eventually. The Donowitzes, for example, have decided to make saving for retirement and Ari's M.B.A. their top priorities now. Buying a house can wait a few years, and they're not even thinking yet about a college fund for Eli. Once you have your short list, make the goals more tangible by assigning each one a number and a time frame for achieving it. You'll erase your credit-card debt in two years by paying double the minimum each month, or you'll put \$25 a month aside for emergencies until you reach \$3,000. If the amounts seem laughably small, don't worry... The important thing now is to get started....

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• Work with a Net: Part of growing up means planning for the worst—or at least the unexpected. That's why one of those first goals should be to build that emergency fund—a stash of cash equal to three to six months of your living expenses that can tide you over if you lose your job or your car breaks down. Getting to that target may take a while; in the meantime, a low-rate credit card with a zero balance can substitute for cash in the bank. Just make sure you save the card for real emergencies . . .

Part of growing up means planning for the worst—or at least the unexpected.

• **Put Your Money to Work:** Now, about that \$10,000 that the Donowitzes have saved. . . . [T]hey've chosen just about the worst place to park the money: a checking account, which typically pays less than 1% in interest or, in their case, no interest at all. . . . A savings account at an online bank, with recent rates as high as 4.5%, would provide much higher returns . . .

• Make It Automatic: You'll greatly improve your odds of success if you organize your finances so that you don't have to discipline yourself to make progress every month, but can instead let things just kind of happen on their own. Most major banks, brokerages and fund companies will allow you to set up automatic monthly cash transfers from your bank or paycheck into a designated savings or

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investment account. You can also automate your creditcard and other bill payments, which has the added benefit of ensuring that your payments will arrive on time. That, in turn, helps improve your credit score.

• **Don't Forget the Future:** As hard as it is to plan for life at 65 when you're only 25, you'll end up with tons more money if you start saving for retirement when you're young. Contributing 10% of your income is ideal. But realistically, cash-strapped young adults may need to start

with 3%, then raise it a percentage point every six months. . . Once you take those first halting steps toward your goals, you'll feel more confident and less stressed. Just ask the Donowitzes. "Having a clear idea of what we need to do is a great relief," says Ari. "We feel like we're on our way."

Mannes, George. "Becoming Financial Grown-Ups." Money, June 2006

ANALYZING THE READING

1. According to the author, what is the key to overcoming paralysis when financial decisions seem overwhelming?

2. What does the author think is a sufficient amount of money to save as a "safety net" for financial emergencies?

3. What does the author consider to be the "worst place to park the money"? What does he suggest as a better alternative?

4. How can people organize their finances so that saving and other things "can just kind of happen on their own"?

5. Why is it important to start saving for retirement when you're young?

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CONFESSIONS OF A FULL-TIME TELECOMMUTER

The computer and Internet revolutions have made it possible for many employees to work at home. This way of working, known as "telecommuting," has boomed in recent years. But telecommuting has both advantages and disadvantages. In this article, Barbara Gomolski discusses the pros and cons of working at home. As you read, consider whether telecommuting might be right for you. Then answer the questions that follow.



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hirteen years ago, I embarked on a personal and professional adventure when I accepted a job in the Boston area while living in California, with the intention of telecommuting full time. The forward-thinking company that hired me . . . recognized that it could hire the best people if it cast its hiring net nationally. Now, of course, telecommuting is a norm and a perk that many IT [information technology] professionals have come to expect. Still, it's not a given in all companies.

Based on more than a decade of experience, here are my observations and suggestions about telecommuting, some of which may surprise you:

- For self-motivated employees, telecommuting means a productivity boost. Focused and dedicated individuals will get far more work done at home than in an office.
- Telecommuting improves job satisfaction and loyalty for employees who want to do it and are well suited to the arrangement.
- Some employees will prefer to come to the office because home is not conducive to work. The key is to have the flexibility to support the differing work styles of various employees.
- Organizations that fail to allow flexible work arrangements will find it increasingly difficult to attract the best candidates.
- In some organizations, telecommuters face limited promotion opportunities because "managers" must work in an office. If you are building a virtual organization, the same opportunities should be open to everyone. It's harmful to the company if telecommuters are relegated to certain jobs by virtue of where they work.

 It's impossible to "check up" on telecommuters, and you shouldn't even try. If you don't trust people and you don't feel confident that you can measure their performance, don't allow telecommuting. Don't call telecommuters at 8 a.m. or 5 p.m. to see if they are in the office. Respect that people have different work styles. Some may like to get into the office a few hours early but take a two-hour lunch. As long as they are available when they need to be, be satisfied. Focus on outcomes, not work styles.

> Companies with flexible telecommuting policies tend to develop a more diverse workforce, which is good for business.

- New employees who telecommute should be assigned mentors to help them navigate issues that are unique to telecommuters, such as connecting from home.
- Companies are saving a bunch of money on office space as a result of telecommuting. As working from home becomes more widespread, employees will expect to be compensated for the costs of running their home offices. Today, companies typically pay for things like phones and high-speed Internet connections, but not utility costs or rent. Expect that to change in the next 10 years.
- The ideal arrangement is to have the employee come to the office at least one day a week, so that the individual can develop an understanding of the company and its processes.

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- Organizations that allow telecommuting must have better work and management processes than those that expect workers to come to an office every day. . . . For example, impromptu meetings are just about impossible in a virtual work environment, so planned meetings and formal processes become essential. Otherwise, you risk communicating only by e-mail.
- Organizations can feel confident about telecommuters' performance, provided the performance metrics are well defined and tracked. Many employees who telecommute have performance goals that are quite tangible — almost quotalike.
- Companies with flexible telecommuting policies tend to
 develop a more diverse workforce, which is good for business.
- Organizations that depend on a high degree of collaboration among employees must support telecommuters

ANALYZING THE READING

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- What are some of the advantages of telecommuting?
- 2. When should companies not allow telecommuting?
- **3.** Why do telecommuters face limited opportunities in some organizations?

4. Why should telecommuting be considered "a privilege, not a right"?

5. Do you think telecommuting would be right for you? Why or why not?

with the right tools and technologies. . . . Today, . . . technology is much more advanced for supporting virtual collaboration. Use it.

 Telecommuting should be considered a privilege, not a right. Too many companies have applied a blanket approach, allowing everyone the same telecommuting status. The truth is that not all employees are self-motivated or honest.

In the early days of telecommuting, I was an evangelist. Now I'm a bit more pragmatic about it. In the main, telecommuting is a win-win for employees and employers. However, it also presents unique challenges that some organizations are simply not prepared to face.

Gomolski, Barbara. "Confessions of a Full-Time Telecommuter." ComputerWorld, February 27, 2006

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AKING THE MEASURE OF THE GDP: ANOTHER NUMBER THAT DOESN'T QUITE ADD UP

Gross domestic product (GDP) figures are widely reported and deeply respected. But how valuable are they? As you read the excerpt, think about the difficulties involved in measuring the output of an entire national economy. Then answer the questions that follow.

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m n}$ the afternoon of March 25 seven officials at the Bureau of Economic Analysis will convene in an office of the Commerce Department, pull down the window shades-lest someone is spying from outside-and begin an arcane [secret] calculation. . . . The officials will seek to determine a number-the number-and it is important that the number be secret. The officials will not utter the number aloud, in case the room is bugged. Traveling to the bathroom, they will go in pairs. At the end of their priestly deliberations, the number will be finalized. At 8:00 the following morning, reporters will be admitted to another office with a neat stack of press releases on a table. At exactly 8:30, the reporters will be permitted to transmit the number: the growth rate for the fourth guarter . . . of the gross domestic product. The GDP is the sum of the market value of all goods and services that the nation produces, and unlike other indicators, such as the unemployment rate, it attempts to take account of the entire U.S. economy. Immediately trumpeted by the media, the quarterly GDP figure can move markets and affect elections. It is totemic [deeply respected]. But how, exactly, is the figure arrived at? What does it measure, really? And what does it miss?

This number represents the market value of services that figure into the third-quarter . . . measure of the GDP-everything from house painting to brain surgery. The figure, \$1.8 trillion, looks hard, but like the other numbers here, it was arrived at by computing a staggering set of rather soft variables. It takes forty Commerce Department economists to do the calculation. [It requires] a giant spreadsheet of 600 rows of data derived from thousands of statistics provided by the Census Bureau, the Bureau of Labor Statistics, and private industry. (It should be noted that certain services are not calculated, including unpaid housework and farmwork.) As new information becomes available, each quarterly figure is revised-twice the following guarter, again annually, and then once more every five years. Thus the GDP number is but a work in progress. . . .

The change in business inventories-tires, pet food, etc.---is [included in] the GDP. But inventory figures indicate just how problematic it is to estimate the GDP. . . . Because inventories data is incomplete at the time the quarterly GDP number is first calculated, the figure must be estimated. It's one of the numbers Commerce Department officials discuss most behind their lowered shades. [In a recent] October they guessed wrong by 37 percent-at least by comparison with the subsequent November estimate. Changes in inventories are extremely volatile, . . , and despite new scanning technology and other improvements in inventory control, physical goods remain difficult to count. . .

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The GDP doesn't tell us what kinds of jobs are being created, how our standard of living is changing, or how the economy is being restructured.

In 1991 the United States stopped focusing on gross national product, which measures only what Americans and American-owned companies produce, and began to focus on domestic output. Thus goods and services created within our borders now count as part of our growth, regardless of what company-Japanese, German, or American-produces them. The change was a concession to the complexities of the global economy, and such tinkering is likely to continue. But the real question may be whether the GDP is a genuinely useful measure. From 1983 until 1989 the United States experienced twenty-six quarters of GDP "growth." Yet by the end of the decade, workers labored longer for less pay and the United States had become the largest debtor nation on earth. The GDP

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doesn't tell us what kinds of jobs are being created, how our standard of living is changing, or how the economy is being restructured. Given the slipperiness of the quarterly GDP number, one might well ask why we follow it. Perhaps the answer is that we cannot let go of the belief that we are a national economy, subject to national trends, with common hopes for growth.

Moynihan, Michael. "Taking the Measure of the GDP." Harper's Magazine, March 1993

ANALYZING THE READING

- 1. What does the author imply when he writes that the GDP figure "looks hard, but . . . it was arrived at by computing a staggering set of rather soft variables"?
- 2. How does the author use inventory figures as a way to critique the GDP?

3. Why did the United States start focusing on gross domestic product instead of gross national product?

- 4. According to the author, why do people follow GDP figures when those figures are so "slippery"?
- 5. Do you think the GDP figure lacks the accuracy to be useful? Explain your answer.

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OHN STUART MILL ON THE ROLE OF GOVERNMENT

The single largest economic institution in the United States is the government, so the role the government plays is of special interest to the economist. But what is the proper role of government? Nineteenth-century economist John Stuart Mill tackled this question in his classic work, Principles of Political Economy. As you read the excerpt from it below, consider how this century-old discussion is relevant today. Then answer the questions that follow.

O ne of the most disputed questions both in political science and in practical statesmanship . . . relates to the proper limits of the functions and agencies of government. On the one hand, impatient reformers, thinking it easier and shorter to get possession of the government than of the intellects and dispositions of the public are under a constant temptation to stretch the province of government beyond due bonds: while, on the other [hand], mankind have been so much accustomed by their rulers to interference for purposes other than the public good that there has grown up a spirit of resistance to the interference of government, merely as such, and a disposition to restrict its sphere of action within the narrowest bonds. . . . ,

In attempting to enumerate [list] the necessary functions of government, we find them to be considerably more multifarious [diverse] than most people are at first aware of, and not capable of being circumscribed by those very definite lines of demarcation, which it is often attempted to draw round them. We sometimes, for example, hear it said that governments ought to confine themselves to affording protection against force and fraud: that, these two things apart, people should be free agents. . . But why should people be protected by their government . . . against violence and fraud, and not against other evils, except that the expediency [appropriateness and benefit] is more obvious?

Nor is the function of the law in defining property itself so simple a thing as may be supposed. It may be imagined, perhaps, that the law has only to declare and protect the right of everyone to what he has himself produced, or acquired by the voluntary consent, fairly obtained of those who produced it. But is there nothing recognized as property except what has been produced? Is there not the earth itself, its forests, and waters, and all other natural riches above and below the surface? . . . What rights, and under what conditions, a person shall be allowed to exercise over any portion of this common inheritance, cannot be left undecided.

Again, the legitimacy [of the government] is conceded of repressing violence or treachery; but under which of these heads are we to place the obligations imposed on people to perform their contracts? Governments do not limit their concerns to simple enforcement. They take upon themselves to determine what contracts are fit to be enforced. . . . But when once it is admitted that there are any engagements which for reasons of expediency the law ought not to enforce, the same question is necessarily opened with respect to all engagements. Whether, for example, the law should enforce a contract to labour [work], when the wages are too low, or the hours of work too severe. . . . Every question which can possibly arise as to the policy of contracts and the relations which they establish among human beings, is a question for the [government]; and one which [it] cannot escape considering, and in some way or other deciding. . . .

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There is a multitude of cases in which governments, with general approbation [approval], assume powers and execute functions for which no reason can be assigned except the simple one, that they conduce [contribute] to general convenience.

Not only does [government] undertake to decide disputes, it takes precautions beforehand that disputes may not arise. The laws of most countries lay down rules for determining many things. . . . In doing these things, it has

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never been alleged that government oversteps the proper limits of its functions.

Again, however wide a scope we may allow to the doctrine that individuals are the proper guardians of their own interests . . . the doctrine can never be applicable to any persons but those who are capable of acting in their own behalf. The individual may be an infant or a lunatic, or fallen into imbecility. The law surely must look after the interest of such persons. . . .

There is a multitude of cases in which governments, with general approbation [approval], assume powers and execute functions for which no reason can be assigned except the simple one, that they conduce [contribute] to general convenience. We may take as an example, the function . . . of coining money. Prescribing a set of standard weights and measures is another instance. Paving, lighting, and cleansing the streets and thoroughfares is another. . . .

Examples might be indefinitely multiplied without intruding on any disputed ground. But enough has been said to show that the admitted functions of government embrace a much wider field than can easily be included within . . . any restrictive definition, and that it is hardly possible to find any ground for justification common to them all, except the comprehensive one of general expediency.

Mill, John Stuart. Principles of Political Economy. New York: Longmans, Green & Co., Inc., 1892

ANALYZING THE READING

1. What is Mill's basic point?

2. What functions of government does Mill identify?

3. Reread the final paragraph. What common justification for the various activities of government does Mill detect?

4. Why do you think economists must consider the role of government when doing their work?

5. How does the language of the passage indicate that it is a historical work?

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ERROR'S ECONOMICS

Terrorism hasn't had the negative effect on economic growth and globalization that many people feared it would. At least, not yet. Economist Robert J. Samuelson warns that terrorism-or more specifically, the war on terrorism-threatens the world economy in other ways. Consider his arguments, and then answer the questions that follow.

his is an age of glaring contradictions. It's hard to ignore the great disconnect between the rise of terrorism and the relentless advance of the world economy. After September 11, the reasonable fear was that terrorism and its nasty side effects-more anxiety, uncertainty, security checks and higher costs for moving people and cargomight cripple economic growth and frustrate the spread of globalization. It hasn't happened. Not yet, anyway.

To be sure, terrorism has exacted some steep costs. Airlines and tourism suffered after September 11; that could happen again. Spending for the war in Iraq was vastly underestimated. But the damage has paled before the larger effect, which is not much. Terrorism hasn't destroyed prosperity or cross-border flows of, goods, money and people.

Since 2001, the world economy has expanded more than 20 percent. For the United States, the gain is almost 15 percent; for developing countries, more than 30 percent. World trade-exports and imports-has risen by more than 30 percent. Outstanding international debt securities have jumped almost 90 percent to \$13.6 trillion (through the third quarter of 2005).

We ought to ask why the economic fallout has been so muted-and whether that could change. Could the backlash so feared five years ago unfold in the future?

Economic resilience partly reflects human nature. People and businesses try to get back to normal. It's what they know best. For sheer physical damage, acts of nature often overshadow acts of terrorism. Michael Mussa of the Institute for International Economics notes that Hurricane Katrina hurt the economy more than September 11.

Even when huge, terrorism's costs can get lost in a \$13 trillion economy. At last count, Congress had committed \$432 billion to the wars in Iraq and Afghanistan-a far cry from informal estimates of \$50 billion to \$200 billion before the war. The Congressional Budget Office now projects that those costs could easily exceed \$800 billion by 2016. A study by Linda Bilmes of Harvard and Joseph Stiglitz of Columbia puts the war's ultimate budget costs even higher, at a minimum of \$1.1 trillion in present value. Still, this spending is a tiny share of all federal spending, estimated at \$47 trillion from 2001 to 2016.

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Similarly, skillful crisis management after September 11 blunted terrorism's long-term effect on economic confidence. Some big banks lost their computer and communications systems; planes carrying checks were grounded. People might not have been able to cash checks; banks might have hoarded funds because they weren't receiving payments from other banks. But the Federal Reserve lent liberally to banks needing money (\$46 billion on Sept. 12) and temporarily authorized checks to be credited before being cleared. Thus was averted a wider economic breakdown and a bigger blow to consumer psychology.

Countries are moving closer economically ... but they're moving further apart politically

The result is that-so far-terrorism has been an economic blank. People regard attacks around the world (in London, Madrid, Bali) as isolated tragedies and not a cause to alter their buying habits. But that is not entirely reassuring. Even if it continues, terrorism might threaten the world economy in other ways.

Every successful economic system requires a supporting political structure: rules, standards of behavior, ways of resolving conflicts. For years, the United States and its allies were bound together by political and economic alliances. But as Princeton historian Harold James notes, the war on terror-mainly the war in Iraq-has created divisions on political issues that make agreement on economic matters harder. Protectionism could depress economic growth if increasingly nationalistic countries retreat from global markets. The recent deadlock of the Doha (Qatar) Round of trade talks is a suggestive example.

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The larger threat involves the great disconnect: countries are moving closer economically-depending on each other more for trade, raw materials (especially oil) and finance, but they're moving further apart politically, disagreeing over goals, tactics and values. Historian Niall Ferguson of Harvard has pointed to a similar disconnect,

before World War I, when European powers were highly integrated economically and increasingly hostile politically. But there was a chilling disregard for the contradiction. It's a grim analogy that suggests little cause for complacency.

Samuelson, Robert J. "Terror's Economics." Newsweek, August 28, 2006

ANALYZING THE READING

- 1. What industries suffered most after September 11?
- 2. According to the author, what has been the overall effect of terrorism on economic growth and globalization?

3. Why hasn't the effect been greater?

4. What role did the Federal Reserve play in preventing an economic breakdown after September 11?

5. What is the "larger threat" that the author feels terrorism and the war on terror has created?

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~ON THE MENU~



DIRECTIONS: Read about some ways the U.S. government can get involved in the nation's economy. Then briefly explain at least one advantage and one disadvantage of each government action.

Regulations: Congress or government agencies can enact laws or rules to limit the ways businesses operate. Examples of regulations include:

- punishing companies for air or water pollution from their factories.
- setting age limitations for certain products such as cigarettes or alcohol.
- not allowing companies to merge with others to become monopolies.

Advantage(s):	Disadvantage(s):

Bailouts: During economic crises, the government can give or lend money to big companies to ensure they don't go out of business. Examples of bailouts include:

- In 2008, the government gave \$85 billion to AIG, one of the world's largest insurance companies to make sure money was there to pay claims.
- The Emergency Economic Stabilization Act of 2008 allowed the government to give money to large banks in danger of failing.
- In 2009, the U.S. government loaned General Motors, the world's largest auto maker, \$360 million to keep it from going bankrupt.

Advantage(s):	Disadvantage(s):
·	

Subsidies: Certain businesses seen as "necessary for the well-being of the American people" are given special treatment (tax breaks, special prices, money, etc.) by the government. Examples of subsidies include:

- Infrastructure for utility companies is partially paid for by the government.
- The 2002 Farm Bill paid American farmers an extra .52 cents per bushel of wheat over and above what they could sell it for themselves.

Advantage(s):	Disadvantage(s):
:	

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Stimulus: When the economy is in recession people don't spend enough money on goods and services to keep companies afloat. So the government can "put money" into the economy in several ways. Examples of stimulus include:

- In 2008, the government sent taxpayers checks for \$600 per adult earning less than \$75,000. The hope was they'd spend it on goods and services.
- In 2009, Congress passed the American Recovery and Reinvestment Act, investing billions of dollars to create jobs, repair infrastructure, and pay for temporary relief programs

Advantage(s):	Disadvantage(s):
* .	

Investment: The U.S. government spends money for research and development of new products, technologies, and medical or scientific breakthroughs. Examples of government investment include:

- The technology that led to the Internet was paid for and developed by the U.S. Defense Department in the 1960's and 70's.
- The Center for Disease Control and Prevention (CDC) is a federal agency that spends billions each year on medical research and programs to treat, prevent, and wipe out illnesses.
- The microchip that made the iPhone possible was first used by the U.S. military. It bought such large quantities of the chip, the price came down. The low price made it affordable for use in consumer products.

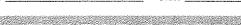
Advantage(s):	Disadvantage(s):

Public Goods and Services: The U.S. government produces or pays for many goods and services. These goods and services can be used by anyone for "free." Examples include:

- The National Parks Service has a yearly budget of over \$3 billion to maintain almost 400 places set aside for the public to enjoy.
- The U.S. government spends billions (approximately \$70 billion in 2011) on public education.

	A		
	Advantage(s):	Disadvantage(s):	ł
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SYNTHESIZING FIGURES FOR CHANGE IN GOVERNMENT REVENUES

Synthesizing information involves integrating facts.

Directions: Use the information in the table below to help understand how the government's source of income changed between 1995 and 1998.

Sources	1995	1998	% of Change
Individual income taxes	\$590,243	\$828,597	
Corporation income taxes	\$157,004	\$188,677	
Social insurance taxes	\$484,474	\$571,835	
Excise taxes	\$57,484	\$57,669	
Estate and gift taxes	\$14,763	\$24,076	
All other receipts	\$47,527	\$50,567	
Net Budget Receipts		F	

U.S. Budget Receipts (in millions of Dollars)

1. Calculate the percentage of change for each revenue source. Use your answers to complete the above table. (To find the percentage of change between 1995 and 1998, divide the difference by the amount for 1995.)

2. The amount of which source of revenue changed least between 1995 and 1998?

3. What were the federal government's net budget receipts in 1995? 1998?

4. What is the percentage of change in total revenues between 1995 and 1998? ____

5. What two sources of revenue increased more than the average from 1995 to 1998?

6. Based on the new information you have calculated, what is one conclusion that you can draw?

(Bar)¹

. . .

_ Class _

VITICAL THINKING

PRIMARY AND SECONDARY SOURCES ON FORMS OF MONEY

Date

Primary sources are records of events by people who witnessed them. Secondary sources pull together information and provide an overview of events after they occur.

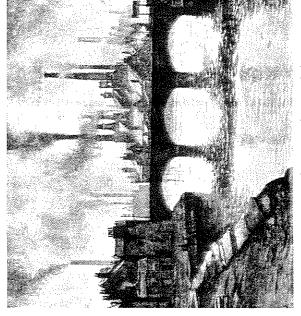
Directions: In the space before each of the following passages, write P if it is a primary source or S if it is a secondary source. Then after each secondary source, write the number of the primary source that supports it in the box provided.

- 2. The other revenue, you see, was just salary obtained for regular work; but here was a little business operation upon my own account, and I was very proud indeed of my gold dollar every week. "How I Served My Apprenticeship," by Andrew Carnegie, *The Youth's Companion*, April 23, 1896.
- Barter requires a double coincidence of wants. Each party to a transaction must want exactly what the other person has to offer. In the past, bartering was used extensively, both within and between societies. Today, however, bartering works only in small societies with fairly simple economic systems. Glencoe's Economics Today and Tomorrow
- **4.** They afterwards came to the ship's boats where we were, swimming and bringing us parrots, cotton threads in skeins, darts, and many other things; and we exchanged them for other things that we gave them, such as glass beads and copper bells. From *The Journal of Christopher Columbus*
- **5.** Such also, at the beginning of the War of Independence, was the state of want of the insurgent army, and such was the scarcity of money, and the poverty of that government, now so rich, powerful, and prosperous, that its notes, called Continental paper money, were nearly valueless. By the Chevalier de Pontgibaud, *A French Volunteer of the War of Independence*
- **6.** Coming to Pittsburgh from Scotland at the age of 13, Carnegie went to work in a cotton factory, where he earned \$1.20 for working a 72-hour week. *History of a Free Nation*

16

UNIT 10.3 Causes and Effects of the Industrial Revolution SQ 3. What historical circumstances and geographic context led to the Industrial Revolution in Great Britain? List at least two things you think about the locations of textile Write down at least one question you have about the map. Explain the historical circumstances and geographic context that led to the Industrial Revolution in List at least three things you see on this map. What historical circumstances and geographic context led to the Industrial centers (factories) Wonder (1) Think See lisiess, is courtesy of oblongman.com INDUSTRIAL ENGLAND EARLY NINETEENTH Directions: Examine the map below, then complete the tasks on the right. CENTURY ŝ Mawaable rivers Textile centers Coaffields mili Canals Revolution in Great Britain? condat ×Q (1986) Great Britain. Sec. 3. XIN⁶ OF • Introduction **Objective:**

The Industrial Revolution (1750 -1850)

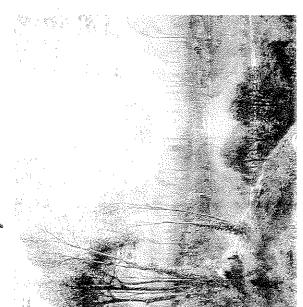


Factories that came to dominate the city skyline in many rapidly expanding cities across.

images is countesy of aria syntems

The **Industrial Revolution** was the period in which the production of goods shifted from hand production methods to complex machines. This period of **industrialization** resulted in social and economic changes.

The Industrial Revolution started in **Great Britain** around 1750. The process of industrialization **spread throughout the world** in the following centuries.



Manchester from Kersal Moor by William Wyld 2332,5 revites of withmedia common and is in the public domain

	Why did the Industrial Revolution start in Great Britain in the 1750s? What historical circumstances and geographic context led to the Industrial
and Effect Identify Patterns	Revolution in Great Britain? The Directions: As you read through the following documents take notes in the graphic organizer below to help you answer the questions above.
Document Title	Notes: Why did the Industrial Revolution start in Great Britain in the 1750s? What historical circumstances and geographic context led to the Industrial Revolution in Great Britain?
Cause #1: Geography- Location, Geographic Features, and Natural Resource	
Cause #2: Agricultural Revolution	
Cause #3: New Technology	
Cause #4: Colonial Markets for Raw Materials and Goods	
INIT 10 31 Cances an	HINIT 10 31 Causes and Effects of the Industrial Revolution1 SO 3. What historical circumstances and accordance for the Industrial Revolution in Great Britain?

Social Studies Section p 59

Cause #1: Geography- Location, Geographic Features, and Natural Resources

Location

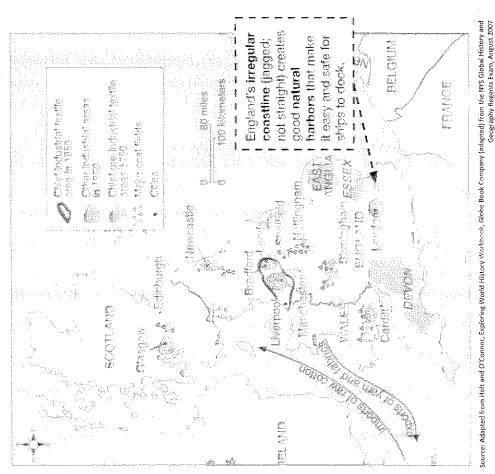
Great Britain is the main island of the modern-day country called the United Kingdom and is located northwest of mainland Europe. The Atlantic Ocean is to the west, the North Sea is to the northeast and the English Channel separates Great Britain from France. Because of its location close to mainland Europe and surrounded by major bodies of water, Great Britain was a leader in overseas trade with connections to the Mediterranean Sea and the rest of Europe and to the Americas across the Atlantic Ocean and to Asia around the tip of Africa. As the Industrial Revolution progressed, Great Britain's location made it easy to ship raw materials to factories and finished goods to other places to be sold.

Geographic Features

Two of Great Britain's common geographic features made it a good place to manufacture goods and ship them. First, the island has many gently-flowing rivers which early factories used as energy sources by placing water wheels in the rivers which turned the gears in their factories to run the machines that made goods. The rivers were also used to ship goods to and from factories. The second geographic feature, is an irregular coastline which often creates safe places for ships to dock, called harbors. Great Britain's natural harbors led to the creation of cities that were centers of shipping. Boats carrying goods and people came from the Atlantic Ocean, the North Sea, and English channel to Great Britain's harbors where their cargo was sold or shipped inland on rivers.

Natural Resources

Great Britain was rich with a natural resource that became very important later in the Industrial Revolution and is still important today, coal. Coal is a rock that is combustible, meaning that it burns easily when set on fire. Coal fueled engines that replaced water wheels as the main source of energy for factories and since it was prevalent in Great Britain, there was an inexpensive source that could be used to power factories and later, trains.



Lean more about coal by watching this video from Student Energy

C entitied "Coal 101."

vhich resulted in an increase in t which meant that fewer farmers were I their families migrated to cities where	t factories could produce more goods in less time, for less money. The cheaper goods were the faster the Industrial Revolution grew and spread.	Description	Improved version of steam and the first used from mines and to forge iron By the tate (1780s, powered machines in cotton mills, (James Watt) Source: Ells and tate, world History and Geography Regents Exam, January 2013.	
tion increased productivity v eds easier and more efficien ıral areas, many farmers anc	t factories could produce more goods in less time, for the faster the Industrial Revolution grew and spread.		Improved steam output over different (James Watt)	
Cause #2: Agricultural Revolution New tools, fertilizers, and harvesting techniques during the Agricultural Revolution increased productivity which resulted in an increase in population. Innovations, such as the seed drill, made the process of planting seeds easier and more efficient which meant that fewer farmers were needed to produce the same amount of food. Since there were fewer jobs in rural areas, many farmers and their families migrated to cities where factories hired large numbers of workers.	Cause #3: New Technology New technological innovation in machinery meant that factories could produce produced, the more money factory owners made and the faster the Industrial R	Four great inventions altered [changed] the character of the cotton	patentacture; the spinning jenny, patented by Harkwight the year before; Crompton's mule water-frame, invented by Arkwight the year before; Crompton's mule gipinning machine] introduced in 1779, and the self-acting mule, first invented by Kelly in 1792, but not brought into use until Roberts improved it in 1825. None of these by themselves would have revolutionised the industry. But in 1769James Watt took out his patent for the steam-engine. Sixteen years later it was applied to the cotton manufacture. In 1785 Boulton and Watt made an engine for a cotton-mill at Papplewick in Notts, and in the same year Arkwright's patent expired. These two facts taken together mark the introduction of the factory system. Succe: Arnold Toynbee, lectures on the Industry and Geography Regents tram. June 2006.	

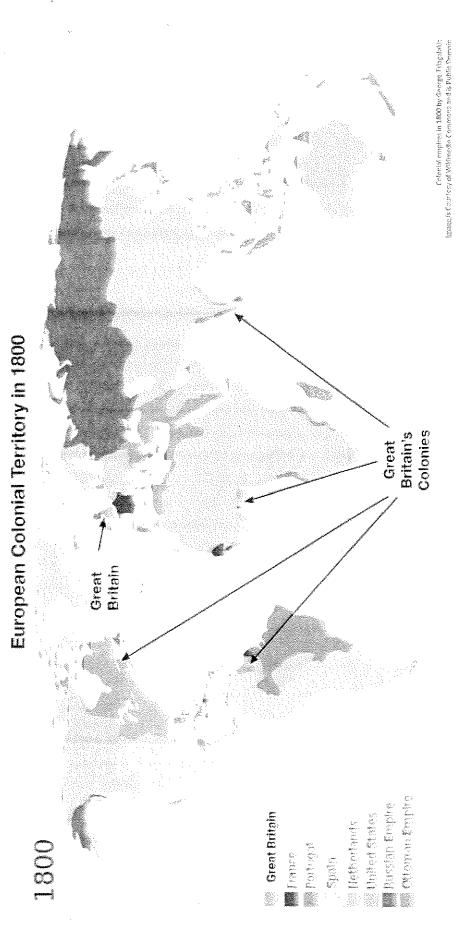
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UNIT 10.3 Causes and Effects of the Industrial Revolution SQ 3. What historical circumstances and geographic context led to the Industrial Revolution in Great Britain?

Cause #4: Colonial Markets for Raw Materials and Goods

where they were turned into finished goods. These manufactured goods were then sold throughout Great Britain, Europe, the United States, and As a result of the Age of Exploration, Great Britain became wealthy and powerful, and gained colonies in North and South America, Africa, and South Asia. During the Industrial Revolution, English traders brought raw materials like cotton from its colonies to the factories in Great Britain back to people living in the British colonies. The money made from selling manufactured goods to Britain's colonies fueled the expansion of industry at home.



Self Teacher Did you use the content and vocabulary below in your response? ves/No ves/No hatural resource location colony (colonies) innovation innovation	in your response?
hatural resource location colony (colonies) innovation	
location colony (colonies) innovation	
colony (colonies) innovation	
innovation	
When? date, year, era, "before," "after"	
Where? continents, regions, countries, geographic features nearby, describe the geography if relevant	
Why? use words and phrases like "led to," because, and so to show connections between events and to explain why	
Combined Contextualization: Why did it happen when and where it happened?	

Document A: Dr. Ward (Modified)

Michael Ward was a doctor in Manchester for 30 years. His practice treated several children who worked in Manchester factories. He was interviewed about the health of textile factory workers on March 25, 1819, by the House of Lords Committee. The exchange below is an excerpt from the interview.

Question: Give the committee information on your knowledge of the health of workers in cotton-factories.

Answer: I have had frequent opportunities of seeing people coming out from the factories and occasionally attending as patients. Last summer I visited three cotton factories with Dr. Clough of Preston and Mr. Barker of Manchester, and we could not remain ten minutes in the factory without gasping for breath...

Question: What was your opinion of the relative state of health between cotton-factory children and children in other employments? **Answer:** The state of the health of the cotton-factory children is much worse than that of children employed in other manufactories.

Question: Have you any further information to give to the committee?

Answer: Cotton factories are highly unfavourable, both to the health and morals of those employed in them. They are really nurseries of disease and vice.

Question: Have you observed that children in the factories have particular accidents?

Answer: When I was a surgeon in the infirmary, accidents were very often admitted to the infirmary, through the children's hands and arms having being caught in the machinery; in many instances the muscles, and the skin is stripped down to the bone, and in some instances a finger or two might be lost. Last summer I visited Lever Street School. The number of children at that time in the school, who were employed in factories, was 106. The number of children who had received injuries from the machinery amounted to very nearly one half. There were forty-seven injured in this way.

Source: House of Lords Committee (Interviewer) & Michael, W. (Interviewee). (1819).

Document B: Dr. Holme (Modified)

Edward Holme was a physician who lived in Manchester England during the first half of the nineteenth century. He was an active member various academic societies and associations and a well-regarded doctor. In 1818, he was interviewed by the House of Lord's Committee about health conditions of factories. The exchange below is an excerpt from the interview.

Question: How long have you practiced as a physician in Manchester? **Answer:** Twenty-four years...

Question: Has that given you opportunities of observing the state of the children who are ordinarily employed in the cotton-factories? **Answer:** It has.

Question: In what state of health did you find the persons employed? **Answer:** They were in good health generally. I can give you particulars, if desired, of Mr. Pooley's factory. He employs 401 persons; and, of the persons examined in 1796, 22 were found to be of delicate appearances, 2 were entered as sickly, 3 in bad health, one subject to convulsions, 8 cases of scrofula (tuberculosis): in good health, 363.

Question: Am I to understand you, from your investigations in 1796, you formed rather a favourable opinion of the health of persons employed in cotton-factories? **Answer:** Yes.

Question: Have you had any occasion to change that opinion since? **Answer:** None whatever. They are as healthy as any other part of the working classes of the community....

Question: Who applied to you to undertake the examining of these children in Mr. Pooley's factory? **Answer:** Mr. Pooley.

Source: House of Lords Committee (Interviewer) & Holmes, E. (Interviewee). (1818).

Document C: John Birley (Modified)

John Birley was born in London in 1805. He lost both his parents by the age of 5, and he was sent to the Bethnal Green Workhouse. He soon began working at the Cressbrook factory. John was interviewed about his experiences as a child worker at the Mill in 1849. An article on his life was published in the newspaper, the Ashton Chronicle in May 1849. Below is an excerpt from the article.

Our regular (working time) time was from five in the morning till nine or ten at night; and on Saturday, till eleven, and often twelve o'clock at night, and then we were sent to clean the machinery on the Sunday. No time was allowed for breakfast and no sitting for dinner and no time for tea. We went to the mill at five o'clock and worked till about eight or nine when they brought us our breakfast, which consisted of water-porridge, with oatcake in it and onions to flavour it... We then worked till nine or ten at night...

Mr. Needham, the master, had five sons: Frank, Charles, Samuel, Robert and John. The sons and a man named Swann, the overlooker, used to go up and down the mill with sticks. Frank once beat me till he frightened himself. He thought he had killed me. He had struck me on the temples and knocked me dateless. He once knocked me down and threatened me with a stick. To save my head I raised my arm, which he then hit with all his might. My elbow was broken. I bear the marks, and suffer pain from it to this day, and always shall as long as I live...

I was determined to let the gentleman of the Bethnal Green parish know the treatment we had, and I wrote a letter put it into the Post Office... Sometime after this three gentlemen came down from London. But before we were examined we were washed and cleaned up and ordered to tell them we liked working at the mill and were well treated. Needham and his sons were in the room at the time. They asked us questions about our treatment, which we answered as we had been told, not daring to do any other, knowing what would happen if we told them the truth

Source: Birley, J. (19 May 1849). The Ashton Chronicle.

Document D: Edward Baines (Modified)

Edward Baines was a newspaper journalist and editor for the Leeds Mercury Newspaper. In the 1830s, he was elected to Parliament, and served there as a political liberal. Although Baines supported the end of slavery and various political reforms, he opposed legislation regulating factories and extending voting rights to the English working class. These are excerpts from his book History of the Cotton Manufacture in Great Britain.

Above all, it is alleged that the children who labor in mills are often cruelly beaten by overlookers, that their feeble limbs become distorted by continual standing and stooping, that in many mills they are forced to work thirteen, fourteen, or fifteen hours per day, and that they have not time either for play or for education.

Factory Inspectors who have visited nearly every mill in the country have proved that views mentioned above of labor in factory mills contain a very small portion of truth. It is definitely true that there have been instances of abuse and cruelty in some factories. But abuse is the exception, not the rule. Factory labor is far less injurious than many of the most common jobs of civilized life.

The human frame is liable to an endless variety of diseases. Many of the children who are born into the world, and attain the age of ten or twelve years are so weak, that under any circumstances they would die early. Such children would sink under factory labor, as they would under any other kind of labor, or even without labor.

I am not saying that factories are the most agreeable and healthy places, or that there have not been abuses in them, which required exposure and correction. It must be admitted that the hours of labor in cotton mills are long, being twelve hours a day on five days a week, and nine hours on Saturday. But the work is light, and requires very little muscular exertion. It is scarcely possible for any job to be lighter. The position of the body is not injurious: the children walk about, and have opportunity to sit down frequently if they want to. On visiting mills, I have noticed the coolness and calmness of the work-people, even of the children, whose attitudes are positive and not anxious or gloomy.

Source: Baines, E. (1835). History of the Cotton Manufacture in Great Britain.

Factory Life

Guiding Questions

Document A: Dr. Ward

1) (Sourcing) Why is Dr. Ward being interviewed by the House of Lords Committee?

- 2) (Close Reading) What does he mean when he refers to factories as "nurseries of disease and vice"?
- 3) (Close Reading) What evidence does Dr. Ward use to back his claim that factories were unhealthy and unsafe for children?

Document B: Dr. Holme

- 1) (Sourcing/Corroboration) How is the source information for this document similar to and different from document A?
- 2) (Close reading) What evidence does Dr. Holme use to back his claim about the health of children in factories? Do you think this is convincing evidence?
- 3) (Close reading) Why might it matter that Mr. Pooley asked Dr. Holme to examine the children at his factory?

4) Which document, A or B, do you think is more trustworthy? Why?

Document C: John Birley

- 1. (Sourcing) What type of document is this? When was it written?
- 2. (Sourcing) How old was John Birley when this account was published?
- 3. (Corroboration) Which document, A or B, does this account more closely match? How?

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4. (Close reading) Why did John Birley not tell the truth about life working in the mill to the inspectors?

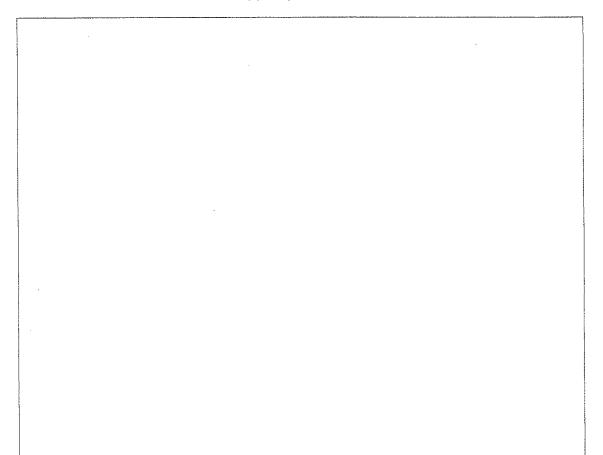
Document D: Edward Baines

- 1. (Sourcing) Who wrote this article? When was it written?
- 2. (Sourcing) Why did Baines write this article?
- 3. (Close reading) What does he mean in the second paragraph, when he states, "But abuse is the exception not the rule"?
- 4. (Close reading) What is Baines' main point in the final paragraph?
- 5. (Corroboration) Which document, A or B, does this account more closely match? How?
- 6. Who do you think is a more trustworthy source, Birley or Baines? Why?

Making a Claim:

Do you think that English textile factories were bad for the health of working class families?

Write a paragraph in the space below, using evidence from the documents to support your claims.



Document A: The Daily Express

The Daily Express is an English newspaper founded in 1900. Like other English newspapers, it printed daily news and stories on the war. Here is an excerpt written by reporter John D. Irvine describing the first day of the Battle of the Somme. It was published on July 3, 1916.

The great day of battle broke in sunshine and mist. Not a cloud obscured the sky as the sun appeared above the horizon – in the direction where the German trenches lay....

I witnessed the last phase of the bombardment, which **preceded** the advance. It was six o'clock (summer time) when we arrived there. The guns had been roaring furiously all through the night. Now they had, so to speak, gathered themselves together for one grand final effort before our British lions should be let loose on their prey. . . .

A perceptible **slackening** of our fire soon after seven was the first indication given to us that our **gallant** soldiers were about to leap from their trenches and advance against the enemy. Non-combatants [like myself], of course, were not permitted to witness this spectacle, but I am informed that the vigor and eagerness of the first assault were worthy of the best traditions of the British Army. I have myself heard within the past few days men declare that they were getting fed up with the life in the trenches, and would welcome a fight at close quarters....

We had not to wait long for news, and it was wholly satisfactory and encouraging. The message received at ten o'clock ran something like this: "On a front of twenty miles north and south of the Somme we and our French allies have advanced and taken the German first line of trenches. We are attacking vigorously Fricourt, La Boiselle, and Mametz. German prisoners are surrendering freely, and a good many already fallen into our hands."

Source: John D. Irvine, "Special Account of the Fighting in Our New Offensive," The Daily Express, July 3, 1916.

Vocabulary precede: to come before gallant: brave slacken: to loosen up, or taper off

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Document B: British Soldier

George Coppard was a British soldier who fought during the entire First World War and was twice wounded. He fought at the Battle of the Somme as a machine gunner and wrote about his experiences in his book, With a Machine Gun to Cambrai. In this excerpt, Coppard recollects his experience on July 2, 1916.

The next morning we gunners surveyed the dreadful scene in front of our trench. There was a pair of binoculars in the kit, and, under the brazen light of a hot midsummer's day, everything revealed itself stark and clear...

Immediately in front, and spreading left and right until hidden from view, was clear evidence that the attack had been brutally repulsed. Hundreds of dead, many of the 37th Brigade, were strung out like wreckage washed up to a highwater mark. Quite as many died on the enemy wire as on the ground, like fish caught in the net. They hung there in grotesque postures. Some looked as though they were praying; they had died on their knees and the wire had prevented their fall. From the way the dead were equally spread out, whether on the wire or lying in front of it, it was clear that there were no gaps in the wire at the time of the attack.

Concentrated machine gunfire from sufficient guns to command every inch of the [barbed] wire, had done its terrible work. The Germans must have been reinforcing the wire for months. It was so dense that daylight could barely be seen through it. Through the glasses it looked a black mass. The German faith in massed wire had paid off.

How did our planners imagine that Tommies [British soldiers], having survived all other hazards - and there were plenty in crossing No Man's Land - would get through the German [barbed] wire? Had they studied the black density of it through their powerful binoculars? Who told them that artillery fire would pound such [barbed] wire to pieces, making it possible to get through? Any Tommy could have told them that shell fire lifts [barbed] wire up and drops it down, often in a worse tangle than before.

Source: George Coppard, With a Machine Gun to Cambrai, 1969.

Vocabulary repulsed: resisted; stopped

Document C: German Soldier

Otto Lais was a soldier in German Infantry Regiment 169. He was a machine gunner and fought at the Battle of the Somme. Here is an excerpt from his memoir recounting his experience during the battle's first day. The date of his memoir is unknown. It was originally published in 1935.

Wild firing slammed into the masses of the enemy. All around us was the rushing, whistling, and roaring of a storm: a hurricane, as the destructive British shell rushed towards our artillery which was firing courageously.... The machine gunners were earning their pay today. Belt after belt was fired, 250 rounds – 1,000 – 3,000....

The British keep charging forward. Despite the fact that hundreds are already lying dead in the shell holes to our front, fresh waves keep emerging from the assault trenches . . . 18,000 rounds! The other platoon weapon (machine gun) has a stoppage. Gunner Schwarz falls shot through the head over the belt he is feeding. The belt twists, feeds rounds into the gun crookedly and they jam! Next man forward. The dead man is removed. The gunner strips the feed mechanism, removes the rounds and reloads. Fire; pause; barrel change; fetch ammunition; lay the dead on the floor of the crater. That is the hard, unrelenting tempo of the morning of 1st July 1916. The sound of machine gun fire can be heard right across the divisional front. The youth of England bled to death in front of Serre [our position].

Source: Otto Lais, "A Machine-gunner in Iron Regiment 169," date unknown, originally published 1935.

The Battle of the Somme Graphic Organizer

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	Doc A	Doc B	Doc C
Who wrote it? When? What type of source?			, ,
Author's Tone (include 1-2 examples)	· ·		· · · · · · · · · · · · · · · · · · ·
Did the author witness the events he describes?			·
Who won the first day of the battle? How?			
Is this source trustworthy? Why?			

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Use evidence from the three documents to write a paragraph addressing the question: Who won the first day of the Battle of the Somme?			
	- ·		

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Appeasement Timeline

- March 13, 1938 Germany annexes Austria.
- Sept. 22-24, 1938 Chamberlain meets with Hitler in Godesberg, Germany. Hitler claims Sudetenland region of Czechoslovakia would be final German demand for territory.
- Sept. 29, 1938 Germany, Italy, Great Britain, and France sign the Munich Agreement.
- March 14-15, 1939 Germany breaks the Munich Agreement and occupies the rest of Czech lands.
- March 31, 1939 France and Great Britain agree to support Poland against Nazi aggression.
- Aug. 23, 1939Germany and the Soviet Union sign the Nazi-SovietPact, dividing Eastern Europe into spheres of
influence.
- Sept. 1, 1939 Germany invades Poland.
- Sept. 3, 1939 Honoring their support of Poland, Great Britain and France declare war on Germany.

Document A: Neville Chamberlain (Modified)

Neville Chamberlain met with Adolf Hitler twice in 1938 to discuss Germany's aggressive foreign policy. On September 30, 1938, they signed the Munich Pact, which gave the Sudetenland of Czechoslovakia to Germany. In exchange, Hitler agreed that Germany would not seek to acquire additional territory. In this excerpt, Chamberlain defends the agreement in front of the United Kingdom's House of Commons.

What is the alternative to this bleak and barren policy of the inevitability of war? In my view it is that we should seek by all means in our power to avoid war, by analyzing possible causes, by trying to remove them, by discussion in a spirit of collaboration and good will. I cannot believe that such a program would be rejected by the people of this country, even if it does mean the establishment of personal contact with dictators...

I do indeed believe that we may yet secure peace for our time, but I never meant to suggest that we should do that by disarmament, until we can **induce** others to disarm too. Our past experience has shown us only too clearly that weakness in armed strength means weakness in diplomacy, and if we want to secure a lasting peace, I realize that diplomacy cannot be effective unless . . . behind the diplomacy is the strength to give effect. . . .

I cannot help feeling that if, after all, war had come upon us, the people of this Country would have lost their spiritual faith altogether. As it turned out the other way, I think we have all seen something like a new spiritual revival, and I know that everywhere there is a strong desire among the people to record their readiness to serve their Country, where-ever or however their services could be most useful.

Source: Neville Chamberlain to the House of Commons, October 5, 1938.

Vocabulary

induce: convince

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Document B: Winston Churchill (Modified)

Winston Churchill was the loudest and most important critic of Chamberlain's policy of appeasement. He believed that Hitler and Germany needed to be dealt with more firmly. The following excerpt is from part of a speech Churchill made to the House of Commons as they debated the Munich Agreement.

I will begin by saying what everybody would like to ignore or forget but which must nevertheless be stated, namely, that we have sustained a total ... defeat....The utmost he [Chamberlain] has been able to gain for Czechoslovakia and in the matters which were in dispute has been that the German dictator, instead of snatching his **victuals** from the table, has been content to have them served to him course by course....

I have always held the view that the maintenance of peace depends upon the accumulation of **deterrents** against the aggressor, coupled with a sincere effort to **redress** grievances. . . After the [German] seizure of Austria in March . . . I ventured to . . . pledge that in conjunction with France and other powers they would guarantee the security of Czechoslovakia while the Sudeten-Deutsch question was being examined either by a League of Nations Commission or some other **impartial** body, and I still believe that if that course had been followed events would not have fallen into this disastrous state. . . .

I venture to think that in the future the Czechoslovak State cannot be maintained as an independent entity. You will find that in a period of time, which may not be measured by years, but may be measured only by months, Czechoslovakia will be **engulfed** in the Nazi regime.... We are in the presence of a disaster of the first magnitude which has befallen Great Britain and France.... This is only the beginning of the reckoning.

Source: Winston Churchill to the House of Commons, October 5, 1938.

Vocabulary

<u>victuals</u>: food <u>deterrents</u>: prevention strategies redress: to make right impartial: fair and just engulfed: consumed

Document C: Bartlett (Modified)

Vernon Bartlett was an outspoken critic of the Munich Agreement. He was elected to Parliament in 1938, in part, because of his opposition to appeasement. He was in Godesberg, Germany, working as a reporter when Chamberlain and Hitler met on September 22, 1938. He wrote about the meeting in his book And Now, Tomorrow (1960). The following is an excerpt from the book.

The mood of the German officials when it was announced that the Prime Minister (Chamberlain) would not see the Chancellor (Hitler) again was one almost of panic. This meant either war or a Hitler surrender. The crowds that applauded Chamberlain as he drove along the Rhine consisted not so much of ardent nationalists, delighted that a foreign statesman had come to make **obeisance** to their Fuehrer, as of ordinary human beings who wanted to be kept out of war.

Since history cannot - thank God - repeat itself, one cannot produce proof to support one's opinions, but I am firmly convinced that, had Chamberlain stood firm at Godesberg, Hitler would either have climbed down or would have begun war with far less support from his own people than he had a year later.

The British forces, one is told, were **scandalously** unprepared, and were able to make good some of their defects (become better prepared) during that year. But meanwhile the Western Allies lost the Czechoslovak Army one of the best on the Continent - defending a country (Czechoslovakia) from which the German armies could be **out-flanked**.

Source: Vernon Bartlett, And Now, Tomorrow, 1960.

Vocabulary

obeisance: respect scandalously: worthy of public outrage out-flanked: out-maneuver an enemy STANFORD HISTORY EDUCATION GROUP

Document D: Henry Channon (Modified)

Henry Channon was born in America but became a member of Parliament in Britain in 1935. Throughout his life, he kept a detailed diary. The entry below is from the day that Hitler invaded Czechoslovakia, March 15, 1939.

Hitler has entered Prague, apparently, and Czechoslovakia has ceased to exist. No balder, bolder departure from the written bond has ever been committed in history. The manner of it surpassed comprehension, and his callous desertion of the Prime Minister is stupefying...The PM must be discouraged and horrified...I thought he looked miserable. His whole policy of appeasement is in ruins. Munich is a torn-up episode. Yet never has he been proved more abundantly right for he gave us six months of peace in which we re-armed, and he was right to try appeasement.

Source: Henry Channon, diary entry, March 15, 1939.

Document E: Lord Halifax (Modified)

Lord Halifax was the British Foreign Secretary from 1938 –1940 and was a key figure in supporting the policy of appeasement. In 1957 he wrote his memoirs, which included long sections devoted to defending the policy of appeasement. The following excerpt comes from his memoirs, Fulness of Days, and attempts to give one reason why appeasement was a good policy.

When all has been said, one fact remains dominant and unchallengeable. When war did come a year later [in 1939] it found a country and Commonwealth (the United Kingdom) wholly united within itself, convinced to the foundations of soul and conscience that every conceivable effort had been made to find the way of sparing Europe the ordeal of war, and that no alternative remained. And that was the best thing that Chamberlain did.

Source: The Earl of Halifax, The Fulness of Days, 1957.

Appeasement: Guiding Questions

Document A: Chamberlain

1) (Sourcing) When and where did this speech take place? What was Chamberlain's goal for the Munich Agreement?

2) (Context) Why might people in England in 1938 have supported appeasement?

3) (Close reading) What did Chamberlain claim England should do while pursuing the policy of appeasement?

Document B: Churchill

- 1) (Sourcing) When and where did this speech take place? What was Churchill's purpose?
- 2) (Close reading) What did Churchill mean when he said that instead of being forced to "snatch" his "victuals from the table," Hitler had "them served to him course by course"?
- 3) (Context) In the second paragraph, what did Churchill claim could have prevented Germany from taking the Sudetenland? Did he offer any evidence for this claim?

4) (Context) What did Churchill predict will happen in Czechoslovakia?

Document C: Bartlett

- 1) (Sourcing) When was this document written? What was Bartlett's purpose in writing it?
- 2) (Close reading) What did Bartlett claim Hitler would have done if Chamberlain had "stood firm" and not pursued appeasement? What, if any, evidence did Bartlett offer to support this claim?
- 3) (Context) What point did Bartlett make about the British and Czechoslovakian armies?

Document D: Channon

- 1) (Sourcing/Context) When was this document written? What had just happened?
- 2) (Context) Why did Channon claim appeasement was the right policy? What, if any, evidence did he use to back this claim?

Document E: Lord Halifax

- 1) (Source) When was this document written? What was Halifax's purpose for writing it?
- 2) (Context) Why did Halifax claim appeasement was the right policy? What, if any, evidence did he use to back this claim?

Appeasement Hypotheses

the documents to support your answer.
Hypothesis #2: After reading Documents C, D, and E, create a hypothesis regarding
the question: Was appeasement the right policy for England in 1938? Cite evidence
from the documents to support your answer.

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Timeline of the Early Cold War

- 1945: February 4-11 Yalta Conference
- 1945: August 6 United States first used atomic bomb in war
- 1945: August 8 Russia enters war against Japan
- 1945: August 14 Japanese surrenders, ending World War II
- 1946: March Winston Churchill delivers "Iron Curtain" speech
- 1947: March Truman announces Truman Doctrine
- 1947: June Marshall Plan is announced
- 1948: February Communist takeover in Czechoslovakia
- 1948: June 24 Berlin blockade begins
- 1949: July NATO treaty ratified
- 1949: May 12 Berlin Blockade ends
- 1949: September Mao Zedong, a communist, takes control of China
- 1949: September Soviets explode first atomic bomb
- 1955: May Warsaw Pact

Document A: The Iron Curtain Speech (Modified)

It is my duty, however, to place before you certain facts about the present position in Europe.

From Stettin in the Baltic to Trieste in the Adriatic an iron curtain has descended across the Continent. Behind that line lie all the capitals of the ancient states of Central and Eastern Europe. Warsaw, Berlin, Prague, Vienna, Budapest, Belgrade, Bucharest and Sofia; all these famous cities and the populations around them lie in what I must call the Soviet sphere, and all are subject, in one form or another, not only to Soviet influence but to a very high and in some cases increasing measure of control from Moscow.

In a great number of countries, far from the Russian frontiers and throughout the world, Communist fifth columns are established and work in complete unity and absolute obedience to the directions they receive from the Communist center.

I do not believe that Soviet Russia desires war. What they desire is the fruits of war and the indefinite expansion of their power and doctrines.

But what we have to consider here today while time remains, is the permanent prevention of war and the establishment of conditions of freedom and democracy as rapidly as possible in all countries.

Source: Excerpt from the "Iron Curtain Speech" delivered by Winston Churchill, March 1946 in Fulton, Missouri.

Document B: The Truman Doctrine (Modified)

The United States has received from the Greek Government an urgent appeal for financial and economic assistance...Greece is in desperate need of financial and economic assistance to enable it to resume purchases of food, clothing, fuel, and seeds.

The very existence of the Greek state is today threatened by the terrorist activities of several thousand armed men, led by Communists, who defy the government's authority. ... Greece must have assistance if it is to become a self-supporting and self-respecting democracy. The United States must supply this assistance... No other nation is willing and able to provide the necessary support for a democratic Greek government.

One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion.

It is necessary only to glance at a map to realize that the survival and integrity of the Greek nation are of grave importance in a much wider situation. If Greece should fall under the control of an armed minority, the effect upon its neighbor, Turkey, would be immediate and serious. Confusion and disorder might well spread throughout the entire Middle East. . . . Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far reaching to the West as well as to the East.

The free peoples of the world look to us for support in maintaining their freedoms. If we falter in our leadership, we may endanger the peace of the world. And we shall surely endanger the welfare of this nation.

Great responsibilities have been placed upon us by the swift movement of events.

Source: Excerpt from the "Truman Doctrine Speech," delivered by President Truman to Congress on March 12, 1947.

Document C: Soviet Ambassador Telegram (Modified)

The foreign policy of the United States, which reflects the imperialist tendencies of American monopolistic capital, is characterized in the postwar period by a striving for world supremacy. This is the real meaning of the many statements by President Truman and other representatives of American ruling circles; that the United States has the right to lead the world. All the forces of American diplomacy -- the army, the air force, the navy, industry, and science -- are enlisted in the service of this foreign policy. For this purpose broad plans for expansion have been developed and are being implemented through diplomacy and the establishment of a system of naval and air bases stretching far beyond the boundaries of the United States, through the arms race, and through the creation of ever newer types of weapons. . . .

During the Second World War . . . [American leaders] calculated that the United States of America, if it could avoid direct participation in the war, would enter it only at the last minute, when it could easily affect the outcome of the war, completely ensuring its interests.

In this regard, it was thought that the main competitors of the United States would be crushed or greatly weakened in the war, and the United States by virtue of this circumstance would assume the role of the most powerful factor in resolving the fundamental questions of the postwar world.

Source: Excerpt from a telegram sent by Soviet Ambassador Nikolai Novikov to Soviet Leadership in September 1946.

Document D: Henry Wallace (Modified)

I have been increasingly disturbed about the trend of international affairs since the end of the war.

How do American actions appear to other nations? I mean actions [like] the Bikini tests of the atomic bomb and continued production of bombs, the plan to arm Latin America with our weapons, and the effort to secure air bases spread over half the globe from which the other half of the globe can be bombed. I cannot but feel that these actions must make it look to the rest of the world as if we were only paying lip service to peace at the conference table.

These facts rather make it appear either (1) that we are preparing ourselves to win the war which we regard as inevitable or (2) that we are trying to build up a predominance [largest amount] of force to intimidate the rest of mankind.

Our interest in establishing democracy in Eastern Europe, where democracy by and large has never existed, seems to [the Soviets] an attempt to reestablish the encirclement of unfriendly neighbors which might serve as a springboard of still another effort to destroy [them].

Source: Secretary of Commerce and former Vice President Henry A. Wallace letter to President Harry S. Truman, July 23, 1946. Truman asked Wallace to resign shortly after this letter.

Guiding Questions

Iron Curtain Speech

- 1. Sourcing: Who was Winston Churchill? Why would Americans trust what he has to say about the Soviet Union?
- 2. Close reading: What does Churchill claim that the Soviet Union wanted?

Truman Doctrine

- 1. Close reading: Why did Truman believe Greece needed American aid in 1947?
- 2. *Context:* What does Truman mean when he claims, "Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far reaching to the West as well as to the East"?
- 3. *Close reading:* Does Truman present American policy as offensive or defensive? What words or phrases does Truman use to present policy this way?

Record your first hypothesis: Who was primarily responsible for the Cold War - the United States or the Soviet Union?

Soviet Ambassador Telegram

- 1. Sourcing: Who was Nicholas Novikov? When did he write this telegram?
- 2. *Close reading:* How does Novikov describe the United States? What evidence does he use to support his description?
- 3. Context: What does Novikov claim the United States planned during the Second World War?

Henry Wallace Letter

1. Sourcing: Who was Henry Wallace? When did he write this letter?

- 2. Close Reading: What is Wallace's main argument?
- 3. *Corroboration:* How does Wallace's description of American foreign policy compare to Truman's and Novikov's?

Record your second hypothesis: Who was primarily responsible for the Cold War - the United States or the Soviet Union?

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The Portuguese in India

Examining Primary Sources: The Commentaries of the Great Afonso de Albuquerque

Afonso de Albuquerque explained to his soldiers why the Portuguese wanted to capture Malacca:

"The king of Portugal has often commanded me to go to the Straits, because...this was the best place to intercept the trade which the Moslems...carry on in these parts. So it was to do Our Lord's service that we were brought here; by taking Malacca, we would close the Straits so that never again would the Moslems be able to bring their spices by this route.... I am very sure that, if this Malacca trade is taken out of their hands, Cairo and Mecca will be completely lost."

Based on the passage above, how did the Portuguese view the Muslim world?

According to Afonso de Albuquerque, why did the Portuguese want to control Malacca?

DBQ—Document-Based Questions

I contend that we are the first race in the world, and the more of the world we inhabit, the better it is for the human race.... It is our duty to seize every opportunity of acquiring more territory and we should keep this one idea steadily before our eyes that more territory simply means more of the Anglo-Saxon race, more of the best, the most human, most honourable race the world possesses.

> - Cecil Rhodes, Confession of Faith (1877)

1. Cecil Rhodes was responsible for British settlements in southern Africa; the country of Rhodesia (now Zimbabwe) was even named after him. Rhodes writes here that the human race is improved by having greater numbers of Britons living throughout the world. How might a native African react to this statement? Explain.

2. Rhodes is expressing the view that the English are Anglo-Saxons, and that Anglo-Saxons are the "best" race. This sort of flawed logic regarding unscientific, biased views of human beings (divided into "races"), became extremely popular as imperialism grew. Why and how did racism grow as imperialism grew?

DBQ—Examining Primary Sources Vladimir Lenin, "What Is To Be Done?" (1902)

We have said that there could not have been Social-Democratic consciousness among the workers. It could only be brought to them from without. The history of all countries shows that the working class, exclusively by its own effort, is able to develop only trade union consciousness, i.e., the conviction that it is necessary to combine in unions, fight the employers and strive to compel the government to pass necessary labor legislation, etc.

The theory of socialism, however, grew out of the philosophic, historical and economic theories elaborated by educated representatives of the propertied classes, the intellectuals. By their social status, the founders of modern scientific socialism, Marx and Engels, themselves belonged to the bourgeois intelligentsia. In the very same way, in Russia, the theoretical doctrine of Social-Democracy arose quite independently of the spontaneous growth of the working-class movement, it arose as a natural and inevitable outcome of the development of thought among the revolutionary socialist intelligentsia... Hence, we had both the spontaneous awakening of the masses of the workers, the awakening to conscious life and conscious struggle, and a revolutionary youth, armed with the Social-Democratic theory, eager to come into contact with the workers...

Since there can be no talk of an independent ideology formulated by the working masses themselves in the process of their movement, the only choice is—either bourgeois or socialist ideology. There is no middle course (for humanity has not created a "third" ideology, and, moreover, in a society torn by class antagonisms there can never be a non-class or above-class ideology). Hence, to belittle the socialist ideology in any way, to turn away from it in the slightest degree means to strengthen bourgeois ideology.

- 1. Based on Lenin's writing and your own thoughts, why had working-class people never developed their own economic philosophies?
- 2. Why do you think it was left to the "bourgeois intelligentsia" to transform the quest for working-class rights into a philosophy?
- 3. Lenin is here calling for unity among socialist thinkers, emphasizing that criticisms made by socialist thinkers against one another's thoughts strengthen the enemy ("bourgeois ideology"). Put in other words, Lenin is saying that when members of the group are seen disagreeing on their ideas and goals, this is used by the enemies of the group as proof that the group is wrong. Do you agree or disagree? Is it more important that a group (any group, not just the socialists of 1902) project a united front, or that the ideas of each member of a group be heard?

DBQ: Document-Based Questions

J.A. Hobson, Imperialism (1902)

"For Europe to rule Asia by force for purposes of gain, and to justify that rule by the pretence that she is civilizing Asia and raising her to a higher level of spiritual life, will be adjudged by history, perhaps, to be the crowning wrong and folly of imperialism. What Asia has to give, her priceless stores of wisdom garnered from her experience of ages, we refuse to take; the much or little which we could give we spoil by the brutal manner of our giving. This is what imperialism has done, and is doing, for Asia."

Directions: Answer the following questions based on the reading and your knowledge of social studies.

1. Does Hobson condone or condemn Western imperialism in Asia? Explain.

2. Imagine that you are a Westerner reading this excerpt at the turn of the last century. Would you be for or against imperialism? Explain.

Origins of the Cold War

Cold War developed The as differences about the shape of the postwar world created suspicion and distrust between the United States and the Soviet Union. The first - and most difficult - test case was Poland, the eastern half of which had been invaded and occupied by the USSR in 1939. Moscow demanded a government subject to Soviet influence; Washington wanted a more independent, representative government following the Western model. The Yalta Conference of February 1945 had produced an agreement on Eastern Europe open to different interpretations. It included a promise of "free and unfettered" elections.

- 1. What European country provided the first test case in the Cold War?
 - a. Austria
 - **b.** Germany
 - c. Latvia
 - d. Poland
- 2. The ____ accords promised "free and unfettered elections" in countries liberated by the Allies.
 - a. Camp David
 - b. Casablanca
 - c. Dayton Peace
 - d. Yalta

Meeting with Soviet Minister of Foreign Affairs Vyacheslav Molotov less than two weeks after becoming president, Truman stood firm on Polish selfdetermination. lecturing the Soviet diplomat about the need to implement the Yalta accords. When Molotov protested, "I have never been talked to like that in my life," Truman retorted, "Carry out your agreements and you won't get talked to like that." Relations deteriorated from that point onward.

- 3. Who served as the Soviet **Minister of Foreign Affairs at this** time?
- 4. Harry S. Truman showed himself to be quite flexible on the issue of Polish self-determination.
 - a. True
 - b. False

During the closing months of World War II, Soviet military forces occupied all of Central and Eastern Europe. Moscow used its military power to support the efforts of the Communist parties in Eastern Europe and crush the democratic parties. Communists took over one nation after another. The process concluded with

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a shocking coup d'état in Czechoslovakia in 1948.

5. How did the Soviet Union support the efforts of the **Communist parties in Eastern Europe and crush the democratic** parties?

- 6. In 1948, the Soviets backed a shocking coup d'état in what country?
 - a. China
 - b. Czechoslovakia
 - c. Italy

100 km

d. Vietnam

Baltic Sea

Public statements defined the beginning of the Cold War. In 1946 Stalin declared that international peace was impossible "under the present capitalist development of the world economy." Former British Prime Minister Winston Churchill delivered a dramatic speech in Fulton, Missouri, with Truman sitting on the platform. "From Stettin in the Baltic to Trieste in the Adriatic," Churchill said, "an iron curtain has descended across the Continent." Britain and the United States. he declared, had to work together to counter the Soviet threat.

7. Who coined the phrase "iron curtain"?

8. What body of water borders Poland to the north? **Atlantic Ocean** a. **Baltic Sea** b.

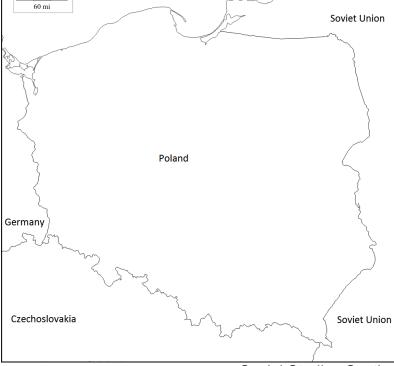
C. Indian Ocean

Poland following World War II.

Mediterranean Sea d.

9. What three countries bordered Poland at this time?

The map to the left depicts



Date: _____ Class: ____

Russia: Reading a Map



Answer the following questions based on the map and your knowledge of social studies.

- 1. What is the capital city of Russia?
 - a. Kazan
 - b. Moscow
 - c. Saint Petersburg
 - d. Vladivostok
- 2. Which of the following bodies of water borders Russia to the north?
 - a. Arctic Ocean
 - b. Atlantic Ocean
 - c. Black Sea
 - d. Pacific Ocean
- 3. What body of water separates Russia and the United States?
 - a. Baltic Sea
 - b. Bering Sea
 - c. Caspian Sea
 - d. Lake Baikal

- 4. Which of the following countries does not border Russia?
 - a. China
 - b. Kazakhstan
 - c. Ukraine
 - d. Uzbekistan
- 5. Based on its latitude, Russia is a country with a _____ average temperature.
 - a. high
 - b. low
- 6. The vast, cold, dry region of eastern Russia is known as ____.
 - a. Beringia
 - b. Irkutsk
 - c. Siberia
 - d. the Urals

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Containment

Containment of the Soviet Union became American policy in the postwar years. George Kennan, a top official at the U.S. embassy in Moscow, defined the new approach in the Long Telegram he sent to the State Department in 1946. He extended his analysis in an article under the signature "X" in the prestigious journal Foreign Affairs. Pointing to Russia's traditional sense of insecurity, Kennan argued that the Soviet Union would not soften its stance under any circumstances. Moscow, he wrote, was "committed fanatically to the belief that with the United States there can be no permanent modus vivendi, that it is desirable and necessary that the internal harmony of our society be disrupted." Moscow's pressure to expand its power had to be stopped through "firm and vigilant containment of Russian expansive tendencies. ..."

1. Who defined the U.S. policy of containment?

The first significant application of the containment doctrine came in the Middle East and eastern Mediterranean. early 1946, the United States In

demanded, and obtained, a full Soviet withdrawal from Iran. the northern half of which it had occupied during the war. That summer, the United States pointedly supported Turkey against Soviet demands for control of the Turkish straits between the Black Sea and the Mediterranean. In early 1947, American policy crystallized when Britain told the United States that it could no longer afford to support the government of Greece against a strong Communist insurgency.

of 2. Describe the U.S. policy containment in your own words.

In a strongly worded speech to Congress, Truman declared, "I believe that it must be the policy of the United

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States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures." Journalists quickly dubbed this statement the "Truman Doctrine." The president asked Congress to provide \$400 million for economic and military aid, mostly to Greece but also to Turkey. After an emotional debate that resembled the one between interventionists and isolationists before World War II, the money was appropriated.

- 3. "I believe that it must be the policy of the United States to support free who are resisting peoples attempted subjugation by armed minorities or by outside pressures." This is known as the _____.
 - a. containment policy
 - **b.** Domino Theory
 - c. Truman Doctrine
 - d. Zimmermann telegram

Critics from the left later charged that to whip up American support for the policy of containment, Truman overstated the Soviet threat to the United States. In turn, his statements inspired a wave of hysterical anti-Communism throughout the country. Perhaps so. Others, however, would counter that this argument ignores the backlash that likely would have occurred if Greece, Turkey, and other countries had fallen within the Soviet orbit with no opposition from the United States.

called Containment also for extensive economic aid to assist the recovery of war-torn Western Europe. With many of the region's nations economically and politically unstable, the United States feared that local Communist parties, directed by Moscow, would capitalize on their wartime record of resistance to the Nazis and come to power. "The patient is sinking while the doctors deliberate," declared Secretary of State George C. Marshall. In mid-1947 Marshall asked troubled European nations to draw up a program "directed not against any country or doctrine but against hunger, poverty, desperation, and chaos."

4. Whose plan was to direct financial aid to troubled European nations?

The Soviets participated in the first planning meeting, then departed rather than share economic data and submit to Western controls on the expenditure of the aid. The remaining 16 nations hammered out a request that finally came to \$17,000 million for a four-year period. In early 1948 Congress voted to fund the "Marshall Plan," which helped underwrite the economic resurgence of Western Europe. It is generally regarded as one of most successful foreign policy the initiatives in U.S. history.

- 5. How much money did nations pledge to the Marshall Plan?
 - a. 170,000,000
 - b. 1,700,000,000
 - c. 17,000,000,000
 - d. 170,000,000,000

Name:

Postwar Germany was a special problem. It had been divided into U.S., Soviet, British, and French zones of occupation, with the former German capital of Berlin (itself divided into four zones), near the center of the Soviet zone. When the Western powers announced their intention to create a consolidated federal state from their zones, Stalin responded. On June 24, 1948, Soviet forces blockaded Berlin, cutting off all road and rail access from the West.

6. What four countries controlled zones of Germany following World War II?

American leaders feared that losing Berlin would be a prelude to losing Germany and subsequently all of Europe. Therefore, in a successful demonstration of Western resolve known as the Berlin Airlift, Allied air forces took to the sky, flying supplies into Berlin. U.S., French, and British planes delivered nearly 2,250,000 tons of goods, including food and coal. Stalin lifted the blockade after 231 days and 277,264 flights.

7. Describe the Berlin Airlift.

_ Date:	 	Class:

By then, Soviet domination of Eastern Europe, and especially the Czech coup, had alarmed the Western Europeans. The result, initiated by the Europeans, was a military alliance to complement economic efforts at containment. The Norwegian historian Geir Lundestad has called it "empire by invitation." In 1949 the United States and 11 other countries established the North Atlantic Treaty Organization (NATO). An attack against one was to be considered an attack against all, to be met by appropriate force. NATO was the first peacetime "entangling alliance" with powers outside the Western hemisphere in American history.

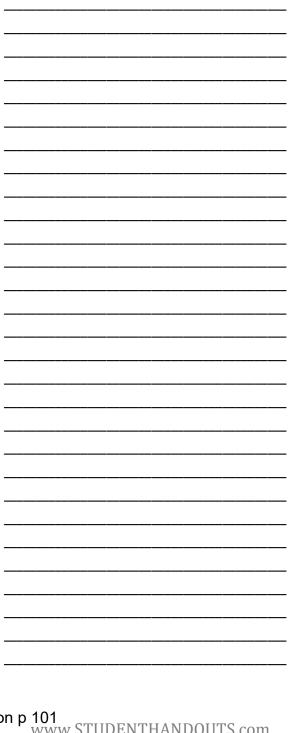
8. Why was NATO formed in 1949?

9. The acronym NATO stands for what?

The next year, the United States defined its defense aims clearly. The National Security Council (NSC) - the forum where the President, Cabinet officers, and other executive branch members consider national security and foreign affairs issues - undertook a fullfledged review of American foreign and defense policy. The resulting document, known as NSC-68 (published as a top secret on April 14, 1950), signaled a new direction in American security policy. Based on the assumption that "the Soviet Union was engaged in a fanatical effort to seize control of all governments wherever possible," the document committed America to assist allied nations anywhere in the world that seemed threatened by Soviet aggression. After the start of the Korean War. reluctant а Truman approved the document. The United States proceeded to increase defense spending dramatically.

- Name the forum where the 10. president and other executive branch members consider national security and foreign affairs issues.
- 11. What document committed America to assist nations that seemed threatened bv Soviet aggression?

Do you agree with America's 12. commitment to assist allied nations anywhere in the world that seemed threatened by Soviet aggression? Why or why not?



The Space Program

During Eisenhower's second term, outer space had become an arena for U.S.-Soviet competition. In 1957, the Soviet Union launched Sputnik – an artificial satellite - thereby demonstrating it could build more powerful rockets than the United States. The United States launched its first satellite, Explorer I, in 1958. But three months after Kennedy became president, the USSR put the first man in orbit. Kennedy responded by committing the United States to land a man on the moon and bring him back "before this decade is out." With Project Mercury in 1962, John Glenn became the first U.S. astronaut to orbit the Earth.

After Kennedy's death, President Lyndon Johnson enthusiastically supported the space program. In the mid-1960s, U.S. scientists developed the twoperson Gemini spacecraft. Gemini achieved several firsts, including an eight-day mission in August 1965 -

the longest space flight at that time - and in November 1966, the first automatically controlled reentry into the Earth's atmosphere. Gemini also accomplished the first manned linkup of two spacecraft in flight as well as the first U.S. walks in space.

The three-person Apollo spacecraft achieved Kennedy's goal and demonstrated to the world that the United States had surpassed Soviet capabilities in space. On July 20, 1969, with hundreds of millions of television viewers watching around the world, Neil Armstrong became the first human to walk on the surface of the moon.

Other Apollo flights followed, but many Americans began to question the value of manned space flight. In the early 1970s, as other priorities became more pressing, the United States scaled down the space program. Some Apollo missions were scrapped; only one of two proposed Skylab space stations was built.

Directions: Read the passage above, then answer the questions below.

1. What became an area for U.S.-Soviet competition during Eisenhower's second term?

2. When did the Soviet Union launch Sputnik?

3. Who was the first U.S. astronaut to orbit the earth, in 1962?

4. Describe the achievements of Gemini spacecraft.

5. Describe the July 20, 1969, achievements of the U.S. space program.

6. What happened to the space program in the 1970s?

EXAMINING PRIMARY SOURCES

The Cold War: The Truman Doctrine of 1947

At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one. One way of life is based upon the will of the majority ... The second way of life is based upon the will of a minority forcibly imposed upon the majority ... I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or other outside pressures ... The free peoples of the world look to us for support in maintaining their freedoms. If we falter in our leadership, we may endanger the peace of the world-and we shall surely endanger the welfare of our own Nation.

-President Harry S. Truman (Excerpt from "The Truman Doctrine," 1947)

- 1. What are the "alternative ways of life" to which Truman refers?
- 2. What is the foreign policy being advocated by Truman?

Critics of American Cold War policy argue that the United States was hypocritical in its foreign 3. relations-that the United States was no better than the Soviet Union in imposing its will on various countries. Do you agree or disagree? Utilize the Truman excerpt in your response.

Date:

World War II Vocabulary

Why is Cinderella no good at soccer? She keeps running away from the ball!

A study sheet to learn about World War II. (Image courtesy of National Archives and Records Administration.)

1.	Adolf Hitler	German Nazi dictator during World War II
2.	Allies	The alliance of Britain, France and Russia
3.	Atomic Bomb	A nuclear weapon in which enormous energy is released by nuclear fission
4.	Axis	The alliance of Italy, Germany and Japan
5.	Benito Mussolini	Italian fascist dictator
6.	Biltzkrieg	German word meaning "lightning war"
7.	D-Day	The first day of the Allied invasion of Normandy
8.	Dictator	A ruler who is unconstrained by law
9.	Dwight D. Eisenhower	United States general who supervised the invasion of Normandy and the defeat of Nazi Germany; 34th President of the United States
10.	Enola Gay	Nickname for the American plane that dropped the Atomic bomb on Hiroshima, Japan.
11.	Harry S. Truman	Became 33rd President of the United States on Roosevelt's death in 1945 and was elected President in 1948; authorized the use of atomic bombs against Japan
12.	Hideki Tojo	Japanese prime minister and mastermind of Japanese military
13.	J. Robert Oppenheimer	United States physicist who directed the project at Los Alamos that developed the first atomic bomb
14.	Joseph Stalin	Communist dictator of Soviet Union
15.	Manhattan Project	Code name for the secret United States project set up in 1942 to develop atomic bombs for use in World War II
16.	Nazi	A German member of Adolf Hitler's political party
17.	Rosie the Riveter	Cultural icon representing the woment ow worked in factories during World War
18.	V-E Day	II The date the Allies celebrated victory in Europe. May 8, 1945
19.	V-J Day	Japan surrendered to the Allies, August 14, 1945; formal surrender took place September 2, 1945, ending the war.
20.	World War II	A war in which Great Britain, France, the Soviet Union, the United States, China, and other allies defeated Germany, Italy, and Japan. (1939-1945)



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1935

1940

1945

World War II Timeline

Directions: Correctly label the year each event occurred. There is one event per year, 1931-1945.

Japan changes the name of Manchuria to Manchukuo					
German	Germany invades Poland				
Battle o	Battle of the Bulge				
German	Germany hosts the winter and summer Olympic games				
Adolf Hi	Adolf Hitler becomes chancellor of Germany				
Bataan 🛛	Bataan Death March				
Battle of Britain					
Franklin Roosevelt's "Quarantine" speech					
Kristallı	Kristallnacht pogrom in Germany				
Japan invades Manchuria					
Unbreakable Navajo radio code developed					
Japanese attack Pearl Harbor					
Atomic	Atomic bombs dropped on Hiroshima and Nagasaki				
Italy invades Ethiopia					
Night of the Long Knives in Germany					
1931	1932	1933	1934		
1936	1937	1938	1939		
1941	1942	1943	1944		

The Cold War in Asia and the Middle East

While seeking to prevent Communist ideology from gaining further adherents in Europe, the United States also responded to challenges elsewhere. In China, Americans worried about the advances of Mao Zedong and his Communist Party. During World War II, the Nationalist government under Chiang Kai-shek and the Communist forces waged a civil war even as they fought the Japanese. Chiang had been a war-time ally, but his government was hopelessly inefficient and corrupt. American policy makers had little hope of saving his regime and considered Europe vastly more important.

With most American aid moving across the Atlantic, Mao's forces seized power in 1949. Chiang's government fled to the island of Taiwan. When China's new ruler announced that he would support the Soviet Union against the "imperialist" United States, it appeared that Communism was spreading out of control, at least in Asia.

- 1. Who gained control of China in 1949?
 - a. Chiang Kai-shek
 - b. Emperor Puyi
 - c. Joseph Stalin
 - d. Mao Zedong

The Korean War brought armed conflict between the United States and China. The United States and the Soviet Union had divided Korea along the 38th parallel after liberating it from Japan at the end of World War II. Originally a matter of military convenience, the dividing line became more rigid as both major powers set up governments in their respective occupation zones and continued to support them even after departing.

2. The U.S. and U.S.S.R. divided what country along the 38th parallel following World War II?

- a. China
- b. Japan
- c. Korea
- d. Philippines

In June 1950, after consultations with and having obtained the assent of the Soviet Union, North Korean leader Kim Il-sung dispatched his Sovietsupplied army across the 38th parallel and attacked southward, overrunning Seoul. Truman, perceiving the North Koreans as Soviet pawns in the global struggle, readied American forces and ordered World War II hero General Douglas MacArthur to Korea. Meanwhile, Name: __

the United States was able to secure a U.N. resolution branding North Korea as an aggressor. (The Soviet Union, which could have vetoed any action had it been occupying its seat on the Security Council, was boycotting the United Nations to protest a decision not to admit Mao's new Chinese regime.)

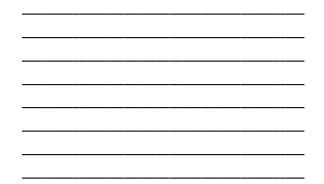
- 3. Who served as president of North Korea during the Korean War?
- 4. What American general was sent to Korea in 1950?

The war seesawed back and forth. U.S. and Korean forces were initially pushed into an enclave far to the south around the city of Pusan. A daring amphibious landing at Inchon, the port for the city of Seoul, drove the North Koreans back and threatened to occupy the entire peninsula. In November, China entered the war, sending massive forces across the Yalu River. U.N. forces, largely American, retreated once again in bitter fighting. Commanded by General Matthew Ridgway, B. thev stopped the overextended Chinese, and slowly fought their way back to the 38th parallel.

MacArthur meanwhile challenged Truman's authority by attempting to orchestrate public support for bombing China and assisting an invasion of the mainland by Chiang Kai-shek's forces. In

April 1951, Truman relieved him of his duties and replaced him with Ridgway.

5. Why did President Truman replace **MacArthur with Ridgway?**



The Cold War stakes were high. Mindful of the European priority, the U.S. government decided against sending more troops to Korea and was ready to settle for the prewar status quo. The result was frustration among many Americans who could not understand the need for restraint. Truman's popularity plunged to a 24-percent approval rating, the lowest to that time of any president since pollsters had begun to measure presidential popularity. Truce talks began in July 1951. The two sides finally reached an agreement in July 1953, during the first term of Truman's successor, Dwight Eisenhower.

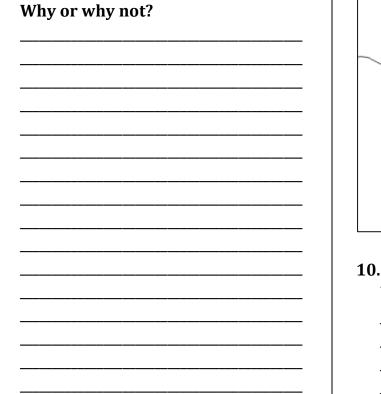
6. Who succeeded Harry Truman as president of the United States?

- a. Douglas MacArthur
- b. Dwight D. Eisenhower
- c. John Kennedy
- d. Matthew Ridgway

Cold War struggles also occurred in the Middle East. The region's strategic

importance as a supplier of oil had provided much of the impetus for pushing the Soviets out of Iran in 1946. But two years later, the United States officially recognized the new state of Israel 15 minutes after it was proclaimed - a decision Truman made over strong resistance from Marshall and the State Department. The result was an enduring dilemma – how to maintain ties with Israel while keeping good relations with bitterly anti-Israeli (and oil-rich) Arab states.

- 7. What newly formed Middle Eastern country was officially recognized by the United States in 1948?
- 8. Do you agree with Truman's decision to return the Korean peninsula to the prewar status quo? Why or why not?



9. Given America's economic interests in the Middle East, do you agree decision to with the quickly recognize the newly declared state of Israel? Why or why not?



10. List the four countries that border Israel.

The Cold War at Home

Not only did the Cold War shape U.S. foreign policy, it also had a profound effect on domestic affairs. Americans had long feared radical subversion. These fears could at times be overdrawn, and used to justify otherwise unacceptable political restrictions, but it also was true that individuals under Communist Party discipline and many "fellow traveler" hangers-on gave their political allegiance not to the United States, but to the international Communist movement, or, practically speaking, to Moscow. During the Red Scare of 1919-1920, the government had attempted to remove perceived threats to American society. After World War II, it made strong efforts against Communism within the United States. events, Foreign espionage scandals, and politics created an anti-Communist hysteria.

When Republicans were victorious in the midterm congressional elections of 1946 and appeared ready to investigate subversive activity, President Truman established a Federal Employee Loyalty Program. It had little impact on the lives of most civil servants, but a few hundred were dismissed, some unfairly.

In 1947 the House Committee on Un-American Activities investigated the motion-picture industry to determine whether Communist sentiments were

being reflected in popular films. When some writers (who happened to be secret members of the Communist Party) refused to testify, they were cited for contempt and sent to prison. After that, the film companies refused to hire anyone with a marginally questionable past.

In 1948, Alger Hiss, who had been an assistant secretary of state and an adviser to Roosevelt at Yalta, was publicly accused of being a Communist spy by Whittaker Chambers, a former Soviet agent. Hiss denied the accusation, but in 1950 he was convicted of perjury. Subsequent evidence indicates that he was indeed guilty.

In 1949 the Soviet Union shocked Americans by testing its own atomic bomb. In 1950, the government uncovered а British-American spy network that transferred to the Soviet Union materials about the development of the atomic bomb. Two of its operatives, Julius Rosenberg and his wife Ethel, were sentenced to death. Attorney General J. Howard McGrath declared there were many American Communists. each bearing "the germ of death for society."

The most vigorous anti-Communist warrior was Senator Joseph R. McCarthy, a Republican from Wisconsin. He gained national attention in 1950 by claiming that he had a list of 205 known

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Communists in the State Department. Though McCarthy subsequently changed this figure several times and failed to substantiate any of his charges, he struck a responsive public chord.

McCarthy gained power when the Republican Party won control of the Senate in 1952. As a committee chairman, he now had a forum for his crusade. Relying on extensive press and television coverage, he continued to search for treachery among second-level officials in the Eisenhower administration. Enjoying the role of a tough guy doing dirty but necessary work, he pursued presumed Communists with vigor.

McCarthy overstepped himself by challenging the U.S. Army when one of his assistants was drafted. Television brought the hearings into millions of homes. Many Americans saw McCarthy's savage tactics for the first time, and public support began to wane. The Republican Party, which had found McCarthy useful in challenging a Democratic administration when Truman was president, began to see him as an embarrassment. The Senate finally condemned him for his conduct.

McCarthy in many ways represented the worst domestic excesses of the Cold War. As Americans repudiated him, it became natural for many to assume that the Communist threat at home and abroad had been grossly overblown. As the country moved into the anti-Communism 1960s, became increasingly suspect, especially among intellectuals and opinion-shapers.

- 1. Who established a Federal Employee Loyalty Program?
- 2. What impact did the House Committee on Un-American Activities have on the motion-picture industry?

3. Describe Alger Hiss.

4. Why were Julius and Ethel Rosenberg sentenced to death?

5. How did Senator Joseph R. McCarthy lose public support?

EXAMINING PRIMARY SOURCES

The Cold War: The Truman Doctrine of 1947

At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one. One way of life is based upon the will of the majority ... The second way of life is based upon the will of a minority forcibly imposed upon the majority ... I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or other outside pressures ... The free peoples of the world look to us for support in maintaining their freedoms. If we falter in our leadership, we may endanger the peace of the world-and we shall surely endanger the welfare of our own Nation.

-President Harry S. Truman (Excerpt from "The Truman Doctrine," 1947)

- 1. What are the "alternative ways of life" to which Truman refers?
- 2. What is the foreign policy being advocated by Truman?

Critics of American Cold War policy argue that the United States was hypocritical in its foreign 3. relations-that the United States was no better than the Soviet Union in imposing its will on various countries. Do you agree or disagree? Utilize the Truman excerpt in your response.

12.01 Consensus and Change

The United States dominated global affairs in the years immediately after World War II. Victorious in that great struggle, its homeland undamaged from the ravages of war, the nation was confident of its mission at home and abroad. U.S. leaders wanted to maintain the democratic structure they had defended at tremendous cost and to share the benefits of prosperity as widely as possible. For them, as for publisher Henry Luce of Time magazine, this was the "American Century."

- 1. What country dominated global affairs immediately following World War II?
 - a. Germany
 - b. Great Britain
 - c. Soviet Union
 - d. United States
- 2. After World War II, the United States struggled to rebuild war-damaged areas at home.
 - a. True
 - b. False
- 3. Who famously referred to the 1900s as the "American Century"?

For 20 years most Americans remained sure of this confident approach. They accepted the need for a strong stance against the Soviet Union in the Cold War that unfolded after 1945. They endorsed the

growth of government authority and accepted the outlines of the rudimentary welfare state first formulated during the New Deal. They enjoyed a postwar prosperity that created new levels of affluence.

- 4. What global conflict unfolded after 1945?
 - a. Cold War
 - b. Seven Years' War
 - c. World War I
 - d. World War II
- 5. Following the Second World War, Americans continued to support the welfare state created by Franklin D. Roosevelt during the Great Depression.
 - a. True
 - b. False

But gradually some began to question dominant assumptions. Challenges on a variety of fronts shattered the consensus. In the 1950s, African Americans launched a crusade, joined later by other minority groups and women, for a larger share of the American dream. In the 1960s, politically active students protested the nation's role abroad, particularly in the corrosive war in Vietnam. A youth counterculture emerged to challenge the status quo. Americans from many walks of life sought to establish a new social and political equilibrium.

- 6. equilibrium:
 - a. agitation
 - b. discomposure
 - c. evenness
 - d. imbalance

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_____Date: _____

The Postwar Economy: 1945-1960

In the decade and a half after World War II. the United States experienced phenomenal economic growth and consolidated its position as the world's richest country. Gross national product (GNP), a measure of all goods and services produced in the United States, jumped from about \$200,000-million in 1940 to \$300,000million in 1950 to more than \$500,000million in 1960. More and more Americans now considered themselves part of the middle class.

The growth had different sources. The economic stimulus provided by largescale public spending for World War II helped get it started. Two basic middleclass needs did much to keep it going. The number of automobiles produced annually quadrupled between 1946 and 1955. A housing boom, stimulated in part by easily affordable mortgages for returning servicemen, fueled the expansion. The rise in defense spending as the Cold War escalated also played a part.

After 1945 the major corporations in America grew even larger. There had been earlier waves of mergers in the 1890s and in the 1920s; in the 1950s another wave occurred. Franchise operations like McDonald's fast-food restaurants allowed small entrepreneurs to make themselves part of large, efficient enterprises. Big American corporations also developed holdings overseas, where labor costs were often lower.

Workers found their own lives changing as industrial America changed. Fewer workers produced goods; more provided services. As early as 1956 a majority of employees held white-collar jobs, working as managers, teachers, salespersons, and office operatives. Some firms granted a guaranteed annual wage, long-term employment contracts, and other benefits. With such changes, labor militancy was undermined and some class distinctions began to fade.

Farmers – at least those with small operations – faced tough times. Gains in productivity led to agricultural consolidation, and farming became a big business. More and more family farmers left the land.

Other Americans moved too. The West and the Southwest grew with increasing rapidity, a trend that would continue through the end of the century. Sun Belt cities like Houston, Texas; Miami, Florida; Albuquerque, New Mexico; and Phoenix, Arizona, expanded rapidly. Los Angeles, California, moved ahead of Philadelphia, Pennsylvania, as the third largest U.S. city and then surpassed Chicago, metropolis of the Midwest. The 1970 census showed that California had displaced New York as the nation's largest state. By 2000, Texas had moved ahead of New York into second place.

An even more important form of movement led Americans out of inner cities into new suburbs, where they hoped to find affordable housing for the larger families spawned by the postwar baby boom. Developers like William J. Levitt built new communities - with homes that all looked alike - using the techniques of mass production. Levitt's houses were prefabricated – partly assembled in a factory rather than on the final location - and modest, but Levitt's methods cut costs and allowed new owners to possess a part of the American dream.

suburbs grew, businesses As moved into the new areas. Large shopping centers containing a great variety of stores changed consumer patterns. The number of these centers rose from eight at the end of World War II to 3,840 in 1960. With easy parking and convenient evening hours, customers could avoid city shopping entirely. An unfortunate by-product was the

"hollowing-out" of formerly busy urban

New highways created better access to the suburbs and its shops. The Highway Act of 1956 provided \$26,000million, the largest public works expenditure in U.S. history, to build more than 64,000 kilometers of limited access interstate highways to link the country together.

Television, too, had a powerful impact on social and economic patterns. Developed in the 1930s, it was not widely marketed until after the war. In 1946 the country had fewer than 17,000 television sets. Three years later consumers were buying 250,000 sets a month, and by 1960 three-quarters of all families owned at least one set. In the middle of the decade, the average family watched television four to five hours a day. Popular shows for children included Howdy Doody Time and The Mickey

cores.

Mouse Club; older viewers preferred situation comedies like I Love Lucy and Father Knows Best. Americans of all ages increasingly became exposed to sophisticated advertisements for products said to be necessary for the good life.

1. Define the term *gross national product* (*GNP*).

2. List three reasons why the American economy grew after World War II.

3. What undermined labor militancy in the 1950s?

Date: Class:

- 4. What is the Sun Belt?

- 5. During the postwar years, many Americans left the inner cities for new
 - a. downtowns
 - b. farms
 - c. nations
 - d. suburbs
- 6. What was the unfortunate by-product of large shopping centers?

- 7. What 1956 act was the largest public works expenditure in U.S. history?
- 8. Name four popular television shows of the postwar years.

The Culture of the 1950s

During the 1950s, many cultural commentators argued that a sense of uniformity pervaded American society. Conformity, they asserted, was numbingly common. Though men and women had been forced into new employment patterns during World War II, once the war was over, traditional roles were reaffirmed. Men expected to be the breadwinners in each family; women, even when they worked, assumed their proper place was at home. In his influential book, The Lonely Crowd, sociologist David Riesman called this new society "other-directed," characterized by conformity. but also by stability. Television, still very limited in the choices it gave its viewers, contributed to the homogenizing cultural trend by providing young and old with a shared experience reflecting accepted social patterns.

Yet beneath this seemingly bland surface, important segments of American society seethed with rebellion. A number of writers, collectively known as the "beat generation," went out of their way to challenge the patterns of respectability

and shock the rest of the culture. Stressing spontaneity and spirituality, they preferred intuition over reason, Eastern mysticism Western over institutionalized religion.

The literary work of the beats displayed their sense of alienation and quest for self-realization. Jack Kerouac typed his best-selling novel On the Road on a 75-meter roll of paper. Lacking traditional punctuation and paragraph structure. the book glorified the possibilities of the free life. Poet Allen Ginsberg gained similar notoriety for his poem "Howl," a scathing critique of modern, mechanized civilization. When police charged that it was obscene and seized the published version, Ginsberg successfully challenged the ruling in court.

Musicians and artists rebelled as well. Tennessee singer Elvis Presley was the most successful of several white performers who popularized a sensual and pulsating style of African-American music, which began to be called "rock and roll." At first, he outraged middle-class

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Name:

Americans with his ducktail haircut and undulating hips. But in a few years his performances would seem relatively tame alongside the antics of later performances such as the British Rolling Stones. Similarly, it was in the 1950s that painters like Jackson Pollock discarded easels and laid out gigantic canvases on the floor, then applied paint, sand, and other materials in wild splashes of color. All of these artists and authors, whatever the medium, provided models for the wider and more deeply felt social revolution of the 1960s.

- 1. According to cultural many commentators, ____ was numbingly common during the 1950s.
 - a. conformity
 - b. equality
 - c. individuality
 - d. prosperity
- 2. Who wrote The Lonely Crowd?
- 3. Describe the "beat generation."

- 4. Who wrote *On the Road*?
- 5. Who wrote "Howl"?
- 6. Who was the most successful white performer to popularize rock-and-roll music?
- 7. Name an artist who discarded easels and laid out gigantic canvases on the floor, then applied paint, sand, and other materials in wild splashes of color.

Origins of the Civil Rights Movement

African Americans became increasingly restive in the postwar years. During the war they had challenged discrimination in the military services and in the work force, and they had made of limited gains. Millions African Americans had left Southern farms for Northern cities, where they hoped to find better jobs. They found instead crowded conditions in urban slums. Now, African-American servicemen returned home, many intent on rejecting second-class citizenship.

lackie Robinson dramatized the racial question in 1947 when he broke baseball's color line and began playing in the major leagues. A member of the Brooklyn Dodgers, he often faced trouble with opponents and teammates as well. But an outstanding first season led to his acceptance and eased the way for other African-American players, who now left the Negro leagues to which they had been confined.

Government officials, and many other Americans. discovered the connection between racial problems and Cold War politics. As the leader of the free world, the United States sought support in Africa and Asia. Discrimination at home impeded the effort to win friends in other parts of the world.

Harry Truman supported the early civil rights movement. He personally believed in political equality, though not in social equality, and recognized the growing importance of the African-American urban vote. When apprised in 1946 of a spate of lynchings and antiblack violence in the South, he appointed a committee on civil rights to investigate discrimination. Its report, To Secure These Rights, issued the next year, documented African Americans' secondclass status in American life and federal recommended numerous measures to secure the rights guaranteed to all citizens.

Truman responded by sending a 10-point civil rights program to Congress. Southern Democrats in Congress were able to block its enactment. A number of the angriest, led by Governor Strom Thurmond of South Carolina, formed a States Rights Party to oppose the president in 1948. Truman thereupon an executive order issued barring discrimination in federal employment, ordered equal treatment in the armed forces, and appointed a committee to work toward an end to militarv segregation, which was largely ended during the Korean War.

African Americans in the South in the 1950s still enjoyed few, if any, civil and political rights. In general, they could not vote. Those who tried to register faced the likelihood of beatings, loss of job, loss of credit, or eviction from their land. Occasional lynchings still occurred. Jim Crow laws enforced segregation of the streetcars, races in trains, hotels. restaurants. hospitals, recreational facilities, and employment.

1. What African American broke baseball's color line in 1947?

- 2. at home impeded the effort to win friends in other parts of the world.
 - a. Communism
 - b. Conformity
 - c. Discrimination
 - d. Prosperity
- 3. What documented African Americans' second-class status in American life and recommended numerous federal the rights measures to secure guaranteed to all citizens?

4. In response to proposed civil rights legislation, who formed a States Rights Party in 1948?

5. What enforced segregation of the races in streetcars, trains, hotels, restaurants, hospitals, recreational facilities, and employment?

Desegregation

The National Association for the Advancement of Colored People (NAACP) took the lead in efforts to overturn the judicial doctrine, established in the Supreme Court case Plessy v. Ferguson in 1896, that segregation of African-American and white students was constitutional if facilities were "separate but equal." That decree had been used for decades to sanction rigid segregation in all aspects of Southern life, where facilities were seldom, if ever, equal.

African Americans achieved their goal of overturning Plessy in 1954 when the Supreme Court – presided over by an Eisenhower appointee, Chief Justice Earl Warren – handed down its Brown v. Board of Education ruling. The Court declared unanimously that "separate facilities are inherently unequal," and decreed that the "separate but equal" doctrine could no longer be used in public schools. A year later, the Supreme Court demanded that local school boards move "with all deliberate speed" to implement the decision.

Eisenhower, although sympathetic to the needs of the South as it faced a major transition, nonetheless acted to see that the law was upheld in the face of massive resistance from much of the South. He faced a major crisis in Little Rock, Arkansas, in 1957, when Governor Orval Faubus attempted to block a desegregation plan calling for the admission of nine black students to the city's previously all-white Central High

School. After futile efforts at negotiation, the president sent federal troops to Little Rock to enforce the plan.

Governor Faubus responded by ordering the Little Rock high schools closed down for the 1958-59 school year. However, a federal court ordered them reopened the following year. They did so in a tense atmosphere with a tiny number of African-American students. Thus. school desegregation proceeded at a slow and uncertain pace throughout much of the South.

Another milestone in the civil rights movement occurred in 1955 in Montgomery, Alabama. Rosa Parks, a 42vear-old African-American seamstress who was also secretary of the state chapter of the NAACP, sat down in the front of a bus in a section reserved by law and custom for whites. Ordered to move to the back, she refused. Police came and arrested her for violating the segregation statutes. African-American leaders, who had been waiting for just such a case, organized a boycott of the bus system.

Martin Luther King Jr., a young minister of the Baptist church where the African Americans met. became а spokesman for the protest. "There comes a time," he said, "when people get tired ... of being kicked about by the brutal feet of oppression." King was arrested, as he would be again and again; a bomb damaged the front of his house. But African Americans in Montgomery sustained the boycott. About a year later,

the Supreme Court affirmed that bus segregation, like school segregation, was unconstitutional. The boycott ended. The civil rights movement had won an important victory - and discovered its most powerful, thoughtful, and eloquent leader in Martin Luther King Jr.

African Americans also sought to secure their voting rights. Although the 15th Amendment to the U.S. Constitution guaranteed the right to vote, many states had found ways to circumvent the law. The states would impose a poll ("head") tax or a literacy test - typically much more stringently interpreted for African Americans - to prevent poor African Americans with little education from voting. Eisenhower, working with Senate majority leader Lyndon B. Johnson, lent his support to a congressional effort to guarantee the vote. The Civil Rights Act of 1957, the first such measure in 82 years, marked a step forward, as it authorized federal intervention in cases where African Americans were denied the chance to vote. Yet loopholes remained, and so activists pushed successfully for the Civil Rights Act of 1960, which provided stiffer penalties for interfering with voting, but still stopped short of authorizing federal officials to register African Americans.

Relying on the efforts of African Americans themselves, the civil rights movement gained momentum in the postwar years. Working through the Supreme Court and through Congress, civil rights supporters had created the groundwork for a dramatic yet peaceful "revolution" in American race relations in the 1960s.

- 1. What does the acronym NAACP represent?
- 2. What 1896 Supreme Court decision declared segregation legal?
- 3. What 1954 Supreme Court decision overturned *Plessy*, declaring that "separate facilities are inherently unequal"?
- 4. What governor attempted to block desegregation in Little Rock, Arkansas, in 1957?
- 5. Whose refusal to change her seat sparked a boycott of the Montgomery, Alabama, bus system?
- 6. Who became the spokesperson for the Montgomery bus boycott?
- 7. What 1957 law authorized federal intervention in cases where African Americans were denied the chance to vote?

The Civil Rights Movement, 1960-1980

By 1960, the United States was on the verge of a major social change. American society had always been more open and fluid than that of the nations in most of the rest of the world. Still, it had been dominated primarily by old-stock, white males. During the 1960s, groups that previously had been submerged or subordinate began more forcefully and successfully to assert themselves: African Americans, Native Americans, women, the white ethnic offspring of the "new immigration," and Latinos. Much of the support they received came from a young population larger than ever, making its way through a college and university system that was expanding at an unprecedented pace. Frequently embracing "countercultural" life styles and radical politics, many of the offspring of the World War II generation emerged as advocates of a new America characterized by a cultural and ethnic pluralism that their parents often viewed with unease.

The struggle of African Americans for equality reached its peak in the mid-1960s. After progressive victories in the 1950s, African Americans became even more committed to nonviolent direct action. Groups like the Southern Christian Leadership Conference (SCLC), made up of African-American clergy, and the Student Nonviolent Coordinating Committee (SNCC), composed of younger activists, sought reform through peaceful confrontation.

In 1960 African-American college students sat down at a segregated Woolworth's lunch counter in North Carolina and refused to leave. Their sit-in captured media attention and led to similar demonstrations throughout the South. The next year, civil rights workers organized "freedom rides," in which African Americans and whites boarded buses heading south toward segregated terminals, where confrontations might capture media attention and lead to change.

They also organized rallies, the largest of which was the "March on Washington" in 1963. More than 200,000 people gathered in the nation's capital to demonstrate their commitment to equality for all. The

high point of a day of songs and speeches came with the address of Martin Luther King Jr., who had emerged as the preeminent spokesman for civil rights. "I have a dream that one day on the red hills of Georgia the sons of former slaves and the sons of former slave owners will be able to sit down together at the table of brotherhood," King proclaimed. Each time he used the refrain "I have a dream," the crowd roared.

The level of progress initially achieved did not match the rhetoric of the civil rights movement. President Kennedy was initially reluctant to press white Southerners for support on civil rights because he needed their votes on other issues. Events, driven by African Americans themselves, forced his hand. When James Meredith was denied admission to the University of Mississippi in 1962 because of his race, Kennedy sent federal troops to uphold the law. After protests aimed at the desegregation of Birmingham, Alabama, prompted a violent response by the police, he sent Congress a new civil rights bill mandating the integration of public places. Not even the March on Washington, however, could extricate the measure from a congressional committee, where it was still bottled up when Kennedy was assassinated in 1963.

President Lyndon B. Johnson was more successful. Displaying negotiating skills he had so frequently employed during his years as Senate majority leader, Johnson persuaded the Senate to limit delaying tactics preventing a final vote on the sweeping Civil Rights Act of 1964, which outlawed discrimination in all public accommodations. The next year's Voting Rights Act of 1965 authorized the federal government to register voters where local officials had prevented African Americans from doing so. By 1968 a million African Americans were registered in the deep South. Nationwide, the number of African-American elected officials increased substantially. In 1968, the Congress passed legislation banning discrimination in housing.

Once unleashed, however, the civil rights revolution produced leaders impatient with both the pace of change and the goal of channeling African Americans into mainstream white society. Malcolm X, an eloquent activist, was the most prominent figure arguing for African-American separation from the white race. Stokely Carmichael, a student leader, became similarly disillusioned by the notions of nonviolence and interracial cooperation. He popularized the slogan "black power," to be achieved by "whatever means necessary," in the words of Malcolm X.

Violence accompanied militant calls for reform. Riots broke out in several big cities in 1966 and 1967. In the spring of 1968, Martin Luther King Jr. fell before an assassin's bullet. Several months later, Senator Robert Kennedy, a spokesman for the disadvantaged, an opponent of the Vietnam War, and the brother of the slain president, met the same fate. To many these two assassinations marked the end of an era of innocence and idealism. The growing militancy on the left, coupled with an inevitable conservative backlash, opened a rift in the nation's psyche that took years to heal. By then, however, a civil rights movement supported by court decisions, congressional enactments, and federal administrative regulations was irreversibly woven into the fabric of American life. The major issues were about implementation of equality and access, not about the legality of segregation or disenfranchisement. The arguments of the 1970s and thereafter were over matters such as busing children out of their neighborhoods to achieve racial balance in metropolitan schools or about the use of "affirmative action." These policies and programs were viewed by some as active measures to ensure equal opportunity, as in education and employment, and by others as reverse discrimination.

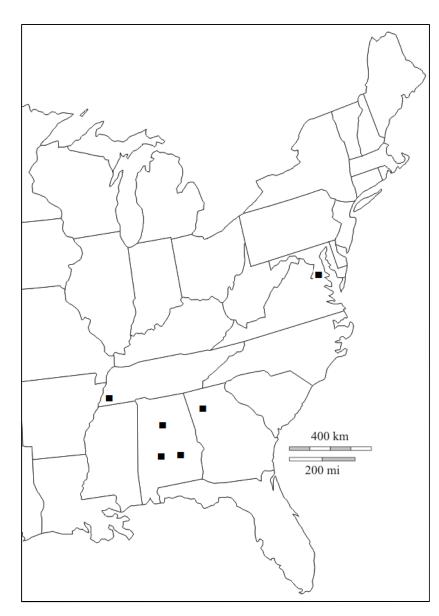
Date:

The courts worked their way through these problems with decisions that were often inconsistent. In the meantime, the steady march of African Americans into the ranks of the middle class and once largely white suburbs quietly reflected a profound demographic change.

Directions: Read the passage above, then answer the questions below.

- 1. Describe the offspring of the World War II generation.
- 2. What do the acronyms SCLC and SNCC stand for?
- 3. What were the "freedom rides"?
- 4. Where and when did Martin Luther King, Jr., give his famous "I Have a Dream" speech?
- 5. How did President Kennedy act on civil rights issues?
- 6. How did President Johnson act on civil rights issues?
- 7. When did Congress ban discrimination in housing?
- 8. Who popularized the slogan "black power"?
- 9. What two major American leaders were assassinated in 1968?

Geography of Dr. Martin Luther King, Jr. (1929-1968)



The map to the left shows cities in the eastern portion of the United States, where Martin Luther King, Jr., lived and did most of his work. Identify each of the following cities on the map.

Atlanta, Georgia, where Dr. 1. King was born on January 15, 1929.

2. Montgomery, Alabama, where in 1955 Dr. King helped lead a bus boycott.

3. Washington, D.C., where Dr. King gave his famous "I Have a Dream" speech in 1963 during the March on Washington.

Birmingham, Alabama, 4. where Dr. King worked for civil rights in the Birmingham campaign of 1963.

- 5. **Selma**, Alabama, where Alabama State troopers attacked civil-rights demonstrators on Bloody Sunday, March 7, 1965, during the Selma to Montgomery marches.
- 6. Memphis, Tennessee, where Dr. King was assassinated on April 4, 1968.

The Women's Movement

During the 1950s and 1960s, increasing numbers of married women entered the labor force, but in 1963 the average working woman earned only 63 percent of what a man made. That year Betty Friedan published *The Feminine Mystique*, an explosive critique of middle-class living patterns that articulated a pervasive sense of discontent that Friedan contended was felt by many women. Arguing that women often had no outlets for expression other than "finding a husband and bearing children," Friedan encouraged her readers to seek new roles and responsibilities and to find their own personal and professional identities, rather than have them defined by a male-dominated society.

The women's movement of the 1960s and 1970s drew inspiration from the civil rights movement. It was made up mainly of members of the middle class, and thus partook of the spirit of rebellion that affected large segments of middle-class youth in the 1960s.

Reform legislation also prompted change. During debate on the 1964 Civil Rights bill, opponents hoped to defeat the entire measure by proposing an amendment to outlaw discrimination on the basis of gender as well as race. First the amendment, then the bill itself, passed, giving women a valuable legal tool.

In 1966, 28 professional women, including Friedan, established the National Organization for Women (NOW) "to take action to bring American women into full participation in the mainstream of American society now." While NOW and similar feminist organizations boast of substantial memberships today, arguably they attained their greatest influence in the early 1970s, a time that also saw the journalist Gloria Steinem and several other women found *Ms*. magazine. They also spurred the formation of counter-feminist groups, often led by women, including most prominently the political activist Phyllis Schlafly. These groups typically argued for more "traditional" gender roles and opposed the proposed "Equal Rights" constitutional amendment.

Passed by Congress in 1972, that amendment declared in part, "Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex." Over the next several years, 35 of the necessary 38 states ratified it. The courts also moved to expand women's rights. In 1973 the Supreme Court in *Roe* v. *Wade* sanctioned women's right to obtain an abortion during the early months of pregnancy – seen as a significant victory for the women's movement – but Roe also spurred the growth of an anti-abortion movement.

In the mid- to late-1970s, however, the women's movement seemed to stagnate. It failed to broaden its appeal beyond the middle class. Divisions arose between moderate and radical feminists. Conservative opponents mounted a campaign against the Equal Rights Amendment, and it died in 1982 without gaining the approval of the 38 states needed for ratification.

Directions: Read the passage, then answer the questions below.

1. In 1963, the average woman earned what percent of what a man earned?

2. Who wrote The Feminine Mystique?

3. What 1964 legislation outlawed discrimination on the basis of gender?

4. What major feminist organization was formed in 1966?

5. What journalist, a native of Toledo, Ohio, helped found Ms. Magazine in the early 1970s?

6. What 1973 Supreme Court decision legalized abortion?

7. Was the Equal Rights Amendment (ERA) ever passed into law?

Text courtesy of the U.S. State Department, Bureau of International Information Programs, 2005

The Latino Movement

In post-World War II America, Americans of Mexican and Puerto Rican descent had faced discrimination. New immigrants, coming from Cuba, Mexico, and Central America – often unskilled and unable to speak English – suffered from discrimination as well. Some Hispanics worked as farm laborers and at times were cruelly exploited while harvesting crops; others gravitated to the cities, where, like earlier immigrant groups, they encountered difficulties in their quest for a better life.

Chicanos, or Mexican-Americans, mobilized in organizations like the radical Asociación Nacional Mexico-Americana, yet did not become confrontational until the 1960s. Hoping that Lyndon Johnson's poverty program would expand opportunities for them, they found that bureaucrats failed to respond to less vocal groups. The example of black activism in particular taught Hispanics the importance of pressure politics in a pluralistic society.

The National Labor Relations Act of 1935 had excluded agricultural workers from its guarantee of the

right to organize and bargain collectively. But César Chávez, founder of the overwhelmingly Hispanic United Farm Workers, demonstrated that direct action could achieve employer recognition for his union. California grape growers agreed to bargain with the union after Chávez led a nationwide consumer boycott. Similar boycotts of lettuce and other products were also successful. Though farm interests continued to try to obstruct Chávez's organization, the legal foundation had been laid for representation to secure higher wages and improved working conditions.

Hispanics became politically active as well. In 1961 Henry B. González won election to Congress from Texas. Three years later Eligio ("Kika") de la Garza, another Texan, followed him, and Joseph Montoya of New Mexico went to the Senate. Both González and de la Garza later rose to positions of power as committee chairmen in the House. In the 1970s and 1980s, the pace of Hispanic political involvement increased. Several prominent Hispanics have served in the Bill Clinton and George W. Bush cabinets.

Directions: Read the passage above, then answer the questions below.

1. How were many Latino farm laborers treated?

2. Who was César Chavez?

3. What Hispanic (Latino) was elected to Congress from Texas in 1961?

The Native-American Movement

In the 1950s, Native Americans struggled with the government's policy of moving them off reservations and into cities where they might assimilate into mainstream America. Many of the uprooted often had difficulties adjusting to urban life. In 1961, when the policy was discontinued, the U.S. Commission on Civil Rights noted that, for Native Americans, "poverty and deprivation are common."

In the 1960s and 1970s, watching both the development of Third World nationalism and the progress of the civil rights movement, Native Americans became more aggressive in pressing for their own rights. A new generation of leaders went to court to protect what was left of tribal lands or to recover those which had been taken, often illegally, in previous times. In state after state, they challenged treaty violations, and in 1967 won the first of many victories guaranteeing long-abused land and water rights. The American Indian Movement (AIM), founded in 1968, helped channel government funds to Native-American-controlled organizations and assisted neglected Native Americans in the cities.

Confrontations became more common. In 1969 a landing party of 78 Native Americans seized Alcatraz Island in San Francisco Bay and held it until federal officials removed them in 1971. In 1973 AIM took over the South Dakota village of Wounded Knee, where soldiers in the late 19th century had massacred a Sioux encampment. Militants hoped to dramatize the poverty and alcoholism in the reservation surrounding the town. The episode ended after one Native American was killed and another wounded, with a government agreement to re-examine treaty rights.

Still, Native-American activism brought results. Other Americans became more aware of Native-American needs. Government officials responded with measures including the Education Assistance Act of 1975 and the 1996 Native-American Housing and Self-Determination Act. The Senate's first Native-American member, Ben Nighthorse Campbell of Colorado, was elected in 1992.

Directions: Read the passage above, then answer the questions below.

1. How did the federal government attempt to assimilate Native Americans in the 1950s?

2. What leading Native-American organization was founded in 1968?

3. What happened on San Francisco's Alcatraz Island between 1969 and 1971?

4. What happened at Wounded Knee, South Dakota, in 1973?

5. Who was the first Native American to be elected to the U.S. Senate?

Name:

The Counterculture

The agitation for equal opportunity sparked other forms of upheaval. Young people in particular rejected the stable patterns of middle-class life their parents had created in the decades after World War II. Some plunged into radical political activity; many more embraced new standards of dress and sexual behavior.

The visible signs of the counterculture spread through parts of American society in the late 1960s and early 1970s. Hair grew longer and beards became common. Blue jeans and tee shirts took the place of slacks, jackets, and ties. The use of illegal drugs increased. Rock and roll grew, proliferated, and transformed into many musical variations. The Beatles, the Rolling Stones, and other British groups took the country by storm. "Hard rock" grew popular, and songs with a political or social commentary, such as those by singer-songwriter Bob Dylan, became common. The youth counterculture reached its apogee in August 1969 at Woodstock, a three-day music festival in rural New York State attended by almost half-a-million persons.

The festival, mythologized in films and record albums, gave its name to the era, the Woodstock Generation.

A parallel manifestation of the new sensibility of the young was the rise of the New Left, a group of young, college-age radicals. The New Leftists, who had close counterparts in Western Europe, were in many instances the children of the older generation of radicals. Nonetheless, they rejected old-style Marxist rhetoric. Instead, they depicted university students as themselves an oppressed class that possessed special insights into the struggle of other oppressed groups in American society.

New Leftists participated in the civil rights movement and the struggle against poverty. Their greatest success - and the one instance in which they developed a mass following - was in opposing the Vietnam War, an issue of emotional interest to their draft-age contemporaries. By the late 1970s, the student New Left had disappeared, but many of its activists made their way into mainstream politics.

Directions: Read the passage above, then answer the questions below.

- 1. Describe the visible signs of the counterculture that spread through parts of American society in the late 1960s and early 1970s.
- 2. What happened at Woodstock, New York, in August of 1969?

3. Describe the New Leftists.

Environmentalism

The energy and sensibility that fueled the civil rights movement, the counterculture, and the New Left also stimulated an environmental movement in the mid-1960s. Many were aroused by the publication in 1962 of Rachel Carson's book Silent Spring, which alleged that chemical pesticides, particularly DDT, caused cancer, among other ills. Public concern about the environment continued to increase throughout the 1960s as many became aware of other pollutants surrounding them automobile emissions, industrial wastes, oil spills - that threatened their health and the beauty of their surroundings. On April 22, 1970, schools and communities across the United States celebrated Earth Day for the first time. "Teach-ins" educated Americans about the dangers of environmental pollution.

Few denied that pollution was a problem, but the proposed solutions involved expense and inconvenience. Many believed these would reduce the economic growth upon which many Americans' standard of living depended. Nevertheless, in 1970, Congress amended the Clean Air Act of 1967 to develop uniform national air-quality standards. It also passed the Water Quality Improvement Act, which assigned to the polluter the responsibility of cleaning up off-shore oil spills. Also, in 1970, the Environmental Protection Agency (EPA) was created as an independent federal agency to spearhead the effort to bring abuses under control. During the next three decades, the EPA, bolstered by legislation that increased its authority, became one of the most active agencies in the government, issuing strong regulations covering air and water quality.

Directions: Read the passage above, then answer the questions below.

1. Describe the 1962 book Silent Spring.

2. What happened on April 22, 1970?

3. What environmental legislation was passed in 1967?

4. What is the job of the Environmental Protection Agency (EPA)?

Kennedy and the Cold War

President Kennedy came into office pledged to carry on the Cold War vigorously, but he also hoped for accommodation and was reluctant to commit American power. During his first year-and-a-half in office, he rejected American intervention after the CIA-guided Cuban exile invasion at the Bay of Pigs failed, effectively ceded the landlocked Southeast Asian nation of Laos to Communist control, and acquiesced in the building of the Berlin Wall. Kennedy's decisions reinforced impressions of weakness that Soviet Premier Nikita Khrushchev had formed in their only personal meeting, a summit meeting at Vienna in June 1961.

It was against this backdrop that Kennedy faced the most serious event of the Cold War, the Cuban missile crisis.

In the fall of 1962, the administration learned that the Soviet Union was secretly installing offensive nuclear missiles in Cuba. After considering different options. Kennedy decided on a guarantine to prevent Soviet ships from bringing additional supplies to Cuba. He demanded publicly that the Soviets remove the weapons and warned that an attack from that island would bring retaliation against the USSR. After several days of tension, during which the world was closer than ever before to nuclear war, the Soviets agreed to remove the missiles. Critics charged that Kennedy had risked nuclear disaster when guiet diplomacy might have been effective. But most Americans and much of the non-Communist world applauded his decisiveness. The missile crisis made him for the first time the acknowledged leader of the democratic West.

In retrospect, the Cuban missile crisis marked a turning point in U.S.-Soviet relations. Both sides saw the need to defuse tensions that could lead to direct military conflict. The following year, the United States, the Soviet Union, and Great Britain signed a landmark Limited Test Ban Treaty prohibiting nuclear weapons tests in the atmosphere.

Indochina (Vietnam, Laos, Cambodia), a French possession before World War II, was still another Cold War battlefield. The French effort to reassert colonial control there was opposed by Ho Chi Minh, a Vietnamese Communist, whose Viet Minh movement engaged in a guerrilla war with the French army.

Both Truman and Eisenhower, eager to maintain French support for the policy of containment in Europe, provided France with economic aid that freed resources for the struggle in Vietnam. But the French suffered a decisive defeat in Dien Bien Phu in May 1954. At an international conference in Geneva, Laos and Cambodia were given their independence. Vietnam was divided, with Ho in power in the North and Ngo Dinh Diem, a Roman Catholic anti-Communist in a largely Buddhist population, heading the government in the South. Elections were to be held two years later to unify the country. Persuaded that the fall of Vietnam could lead to the fall of Burma, Thailand, and Indonesia, Eisenhower backed Diem's refusal to hold elections in 1956 and effectively established South Vietnam as an American client state.

Kennedy increased assistance, and sent small numbers of military advisors, but a new guerrilla struggle between North and South continued. Diem's unpopularity grew and the military situation worsened. In late 1963, Kennedy secretly assented to a coup d'etat. To the president's surprise, Diem and his powerful brother-in-law, Ngo Dien Nu, were killed. It was at this uncertain juncture that Kennedy's presidency ended three weeks later. Directions: Read the passage, then answer the questions below.

1. During his first year-and-a-half in office, how was Kennedy reluctant to commit American power to fighting the Cold War?

2. Describe the events of the Cuban missile crisis.

3. How was the Cuban missile crisis a turning point in U.S.-Soviet relations?

4. French Indochina (or Indochine) was comprised of what three modern countries?

5. What Vietnamese communist led the Viet Minh movement?

6. Explain the events that effectively established South Vietnam as an American client state.

7. Who was killed in 1963 as the result of a U.S.-backed coup d'état in Vietnam?

The Space Program

During Eisenhower's second term, outer space had become an arena for U.S.-Soviet competition. In 1957, the Soviet Union launched Sputnik – an artificial satellite - thereby demonstrating it could build more powerful rockets than the United States. The United States launched its first satellite, Explorer I, in 1958. But three months after Kennedy became president, the USSR put the first man in orbit. Kennedy responded by committing the United States to land a man on the moon and bring him back "before this decade is out." With Project Mercury in 1962, John Glenn became the first U.S. astronaut to orbit the Earth.

After Kennedy's death, President Lyndon Johnson enthusiastically supported the space program. In the mid-1960s, U.S. scientists developed the twoperson Gemini spacecraft. Gemini achieved several firsts, including an eight-day mission in August 1965 -

the longest space flight at that time - and in November 1966, the first automatically controlled reentry into the Earth's atmosphere. Gemini also accomplished the first manned linkup of two spacecraft in flight as well as the first U.S. walks in space.

The three-person Apollo spacecraft achieved Kennedy's goal and demonstrated to the world that the United States had surpassed Soviet capabilities in space. On July 20, 1969, with hundreds of millions of television viewers watching around the world, Neil Armstrong became the first human to walk on the surface of the moon.

Other Apollo flights followed, but many Americans began to question the value of manned space flight. In the early 1970s, as other priorities became more pressing, the United States scaled down the space program. Some Apollo missions were scrapped; only one of two proposed Skylab space stations was built.

Directions: Read the passage above, then answer the questions below.

1. What became an area for U.S.-Soviet competition during Eisenhower's second term?

2. When did the Soviet Union launch Sputnik?

3. Who was the first U.S. astronaut to orbit the earth, in 1962?

4. Describe the achievements of Gemini spacecraft.

5. Describe the July 20, 1969, achievements of the U.S. space program.

6. What happened to the space program in the 1970s?

Lyndon Johnson and the Great Society

Lyndon Johnson, a Texan who was majority leader in the Senate before becoming Kennedy's vice president, was a masterful politician. He had been schooled in Congress, where he developed an extraordinary ability to get things done. He excelled at pleading, cajoling, or threatening as necessary to achieve his ends. His liberal idealism was probably deeper than Kennedy's. As president, he wanted to use his power aggressively to eliminate poverty and spread the benefits of prosperity to all.

Johnson took office determined to secure the passage of Kennedy's legislative agenda. His immediate priorities were his predecessor's bills to reduce taxes and guarantee civil rights. Using his skills of persuasion and calling on the legislators' respect for the slain president, Johnson succeeded in gaining passage of both during his first year in office. The tax cuts stimulated the economy. The Civil Rights Act of 1964 was the most far-reaching such legislation since Reconstruction.

Johnson addressed other issues as well. By the spring of 1964, he had begun to use the name "Great Society" to describe his socio-economic program. That summer he secured passage of a federal jobs program for impoverished young people. It was the first step in what he called the "War on Poverty." In the presidential election that November, he won a landslide victory over conservative Republican Barry Goldwater. Significantly, the 1964 election gave liberal Democrats firm control of Congress for the first time since 1938. This would enable them to pass legislation over the combined opposition of Republicans and conservative Southern Democrats.

The War on Poverty became the centerpiece of the administration's Great Society program. The Office of Economic Opportunity, established in 1964, provided training for the poor and established various community-action agencies, guided by an ethic of "participatory democracy" that aimed to give the poor themselves a voice in housing, health, and education programs. Medical care came next. Under Johnson's leadership, Congress enacted Medicare, a health insurance program for the elderly, and Medicaid, a program providing health-care assistance for the poor.

Johnson succeeded in the effort to provide more federal aid for elementary and secondary schooling, traditionally a state and local function. The measure that was enacted gave money to the states based on the number of their children from low-income families. Funds could be used to assist public- and private-school children alike.

Convinced the United States confronted an "urban crisis" characterized by declining inner cities, the Great Society architects devised a new housing act that provided rent supplements for the poor and established a Department of Housing and Urban Development.

Other legislation had an impact on many aspects of American life. Federal assistance went to artists and scholars to encourage their work. In September 1966, Johnson signed into law two transportation bills. The first provided funds to state and local governments for developing safety programs, while the other set up federal safety standards for cars and tires. The latter program reflected the efforts of a crusading young radical, Ralph Nader. In his 1965 book, *Unsafe at Any Speed: The Designed -In Dangers of the American Automobile*, Nader argued that automobile manufacturers were sacrificing safety features for style, and charged that faulty engineering contributed to highway fatalities.

In 1965, Congress abolished the discriminatory 1924 national-origin immigration quotas. This triggered a new wave of immigration, much of it from South and East Asia and Latin America.

The Great Society was the largest burst of legislative activity since the New Deal. But support weakened as early as 1966. Some of Johnson's programs did not live up to expectations; many went underfunded. The urban crisis seemed, if anything, to worsen. Still, whether because of the Great Society spending or because of a strong economic upsurge, poverty did decline at least marginally during the Johnson administration.

Directions: Read the passage, then answer the questions below.

1. Who became president following the assassination of John F. Kennedy?

2. What important civil rights legislation did Johnson succeed in passing during his first year in office?

3. What did Johnson call his socio-economic program?

4. Describe the Office of Economic Opportunity's ethic of "participatory democracy."

5. What two major medical care programs were enacted during Johnson's presidency?

6. How did Johnson aid education?

7. Who wrote the 1965 book, Unsafe at Any Speed: The Designed-in Dangers of the American Automobile?

8. How did Congress change immigration during the Johnson administration?

The War in Vietnam

Dissatisfaction with the Great Society came to be more than matched by unhappiness with the situation in Vietnam. A series of South Vietnamese strong men proved little more successful than Diem in mobilizing their country. The Viet Cong, insurgents supplied and coordinated from North Vietnam, gained around in the countryside.

Determined to halt Communist advances in South Vietnam, Johnson made the Vietnam War his own. After a North Vietnamese naval attack on two American destroyers, Johnson won from Congress on August 7, 1964, passage of the Gulf of Tonkin Resolution, which allowed the president to "take all necessary measures to repel any armed attack against the forces of the United States and to prevent further aggression." After his re-election in November 1964, he embarked on a policy of escalation. From 25,000 troops at the start of 1965, the number of soldiers - both volunteers and draftees - rose to 500,000 by 1968. A bombing campaign wrought havoc in both North and South Vietnam.

Grisly television coverage with a critical edge dampened support for the war. Some Americans thought it immoral; others watched in dismay as the massive military campaign seemed to be ineffective. Large protests, especially among the young, and a mounting general public dissatisfaction pressured Johnson to begin negotiating for peace.

Directions: Read the passage above, then answer the questions below.

1. What group of insurgents gained ground in the Vietnamese countryside?

2. Describe the Gulf of Tonkin Resolution.

3. Who won the presidential election of 1964?

4. Why were many Americans opposed to the war in Vietnam?

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The Carter Years

Jimmy Carter, former Democratic governor of Georgia, won the presidency in 1976. Portraying himself during the campaign as an outsider to Washington politics, he promised a fresh approach to governing, but his lack of experience at the national level complicated his tenure from the start. A naval officer and engineer by training, he often appeared to be a technocrat, when Americans wanted someone more visionary to lead them through troubled times.

In economic affairs, Carter at first permitted a policy of deficit spending. Inflation rose to 10 percent a year when the Federal Reserve Board, responsible for setting monetary policy, increased the money supply to cover deficits. Carter responded by cutting the budget, but cuts affected social programs at the heart of Democratic domestic policy. In mid-1979, the financial community anger in practically forced him to appoint Paul Volcker as chairman of the Federal Reserve, Volcker was an "inflation hawk" who increased interest rates in an attempt to halt price increases, at the cost of negative consequences for the economy.

Carter also faced criticism for his failure to secure passage of an effective energy policy. He presented a comprehensive program, aimed at reducing dependence on foreign oil, that he called the "moral equivalent of war." Opponents thwarted it in Congress.

Though Carter called himself а populist, his political priorities were clear. never wholly He endorsed government's protective role, but then began the process of deregulation, the removal of governmental controls in Arguing economic life. that some restrictions over the course of the past century limited competition and increased consumer costs, he favored decontrol in the oil, airline, railroad, and trucking industries.

Carter's political efforts failed to gain either public or congressional support. By the end of his term, his disapproval rating reached 77 percent, and Americans began to look toward the Republican Party again.

Carter's greatest foreign policy accomplishment was the negotiation of a peace settlement between Egypt, under President Anwar al-Sadat, and Israel, under Prime Minister Menachem Begin. Acting as both mediator and participant, he persuaded the two leaders to end a 30year state of war. The subsequent peace treaty was signed at the White House in March 1979. After protracted and often emotional debate, Carter also secured Senate ratification of treaties ceding the Panama Canal to Panama by the year 2000. Going a step farther than Nixon, he extended formal diplomatic recognition to the People's Republic of China.

But Carter enjoyed less success with the Soviet Union. Though he assumed office with detente at high tide and declared that the United States had "inordinate fear of escaped its Communism," his insistence that "our commitment to human rights must be absolute" antagonized the Soviet government. A SALT II agreement further limiting nuclear stockpiles was signed, but not ratified by the U.S. Senate, many of whose members felt the treaty was unbalanced. The 1979 Soviet invasion of Afghanistan killed the treatv and triggered a Carter defense build-up that paved the way for the huge expenditures of the 1980s.

Carter's most serious foreign policy challenge came in Iran. After an Islamic fundamentalist revolution led by Shiite Muslim leader Ayatollah Ruhollah Khomeini replaced a corrupt but friendly regime, Carter admitted the deposed shah to the United States for medical Angry Iranian militants. treatment. supported by the Islamic regime, seized the American embassy in Tehran and held 53 American hostages for more than a year. The long-running hostage crisis dominated the final year of his presidency and greatly damaged his chances for reelection.

- 1. Who won the 1976 presidential election?
- 2. What agency is responsible for setting monetary policy?
- 3. By the end of Jimmy Carter's term, his disapproval rating reached _____ percent.
 - a. 47
 - b. 57
 - c. 67
 - d. 77
- 4. What two leaders did Jimmy Carter persuade to end a 30-year state of war?
- 5. President Jimmy Carter extended formal diplomatic recognition to what country?
- 6. What country was invaded by the Soviet Union in 1979?
- 7. Who led an Islamic fundamentalist revolution in Iran?
- 8. What dominated the final years of Jimmy Carter's presidency and greatly damaged his chances for reelection?
- 9. Jimmy Carter was very unpopular at the time he left office in 1981. Looking back on his presidency, was his unpopularity justified? Explain your answer.

The Election of 1968

By 1968 the country was in turmoil over both the Vietnam War and civil disorder, expressed in urban riots that reflected African-American anger. On March 31, 1968, the president renounced any intention of seeking another term. Just a week later, Martin Luther King Jr. was shot and killed in Memphis, Tennessee. John Kennedy's younger brother, Robert, made an emotional anti-war campaign for the Democratic nomination, only to be assassinated in June.

Democratic At the National Convention in Chicago, Illinois, protesters fought street battles with police. A divided Democratic Party nominated Vice President Hubert Humphrey, once the hero of the liberals but now seen as a Johnson loyalist. White opposition to the civil rights measures of the 1960s galvanized the third-party candidacy of Alabama Governor George Wallace, a Democrat who captured his home state, Mississippi, and Arkansas, Louisiana, and Georgia, states typically carried in that era by the Democratic nominee. Republican Richard Nixon, who ran on a plan to extricate the United States from the war and

to increase "law and order" at home, scored a narrow victory.

 What announcement was made by President Lyndon B. Johnson on March 31, 1968?

2. What happened at the Democratic National Convention in Chicago, Illinois?

- 3. Which of the following was **not** one of the three leading presidential candidates in the 1968 election?
 - a. George Wallace
 - b. Hubert Humphrey
 - c. Lyndon Johnson
 - d. Richard Nixon

Date:

Nixon, Vietnam, and the Cold War

Determined to achieve "peace with honor," Nixon slowly withdrew American troops while redoubling efforts to equip the South Vietnamese army to carry on the fight. He also ordered strong American offensive actions. The most important of these was an invasion of Cambodia in 1970 to cut off North Vietnamese supply lines to South Vietnam. This led to another round of protests and demonstrations. Students in many universities took to the streets. At Kent State in Ohio, the national guard troops who had been called in to restore order panicked and killed four students.

By the fall of 1972, however, troop strength in Vietnam was below 50,000 and the military draft, which had caused so much campus discontent, was all but dead. A cease-fire, negotiated for the United States by Nixon's national security adviser, Henry Kissinger, was signed in 1973. Although American troops departed, the war lingered on into the spring of 1975, when Congress cut off assistance to South Vietnam and North Vietnam consolidated its control over the entire country.

The war left Vietnam devastated, with millions maimed or killed. It also left

the United States traumatized. The nation had spent over \$150,000-million in a losing effort that cost more than 58,000 American lives. Americans were no longer united by a widely held Cold War consensus, and became wary of further foreign entanglements.

Yet as Vietnam wound down, the Nixon administration took historic steps closer ties with toward the major Communist powers. The most dramatic move was a new relationship with the People's Republic of China. In the two decades since Mao Zedong's victory, the United States had argued that the Nationalist government on Taiwan represented all of China. In 1971 and 1972, Nixon softened American the stance. eased trading restrictions, and became the first U.S. president ever to visit Beijing. The "Shanghai Communique" signed during that visit established a new U.S. policy: that there was one China, that Taiwan was a part of China, and that a peaceful settlement of the dispute of the question by the Chinese themselves was a U.S. interest.

With the Soviet Union, Nixon was equally successful in pursuing the policy he

and his Secretary of State Henry Kissinger called détente. He held several cordial Soviet meetings with leader Leonid Brezhnev in which they agreed to limit stockpiles of missiles, cooperate in space, and ease trading restrictions. The Strategic Arms Limitation Talks (SALT) culminated in 1972 in an arms control agreement limiting the growth of nuclear arsenals and restricting anti-ballistic missile systems.

1. Why did President Richard Nixon authorize an American invasion of Cambodia in 1970?

2. What happened during an anti-war demonstration at Ohio's Kent State University?

- 3. Who served as national security adviser to Richard Nixon?
- 4. How many Americans died in the Vietnam War?
- 5. Describe the "Shanghai Communique."

6. Describe the result of the Strategic Arms Limitations Talks (SALT).

Nixon's Accomplishments and Defeats

Vice president under Eisenhower before his unsuccessful run for the presidency in 1960, Nixon was seen as shrewdest of among the American politicians. Although Nixon subscribed to the Republican value of fiscal responsibility, he accepted a need for government's expanded role and did not oppose the basic contours of the welfare state. He simply wanted to manage its programs better. Not opposed to African-American civil rights on principle, he was wary of large federal civil rights bureaucracies. Nonetheless, his administration vigorously enforced court orders on school desegregation even as it courted Southern white voters.

Perhaps his biggest domestic problem was the economy. He inherited both a slowdown from its Vietnam peak under Johnson, and a continuing inflationary surge that had been a by-product of the war. He dealt with the first by becoming the first Republican president to endorse deficit spending as a way to stimulate the economy; the second by imposing wage and price controls, a policy in which the Right had no long-term faith, in 1971. In the short run, these decisions stabilized the economy and established favorable conditions for Nixon's re-election in 1972. He won an overwhelming victory over peace-minded Democratic Senator George McGovern.

1. Why did Richard Nixon endorse deficit spending?

- 2. Who ran against Richard Nixon in the 1972 presidential election?
 - a. George McGovern
 - b. Gerald Ford
 - c. Henry Kissinger
 - d. Spiro Agnew

Things began to sour very quickly into the president's second term. Very early on, he faced charges that his re-election committee had managed a break-in at the Watergate building headquarters of the Democratic National Committee and that he had participated in a cover-up. Special prosecutors and congressional committees dogged his presidency thereafter.

3. Describe the Watergate scandal.

Factors beyond Nixon's control undermined his economic policies. In 1973 the war between Israel and Egypt and Syria prompted Saudi Arabia to embargo oil shipments to Israel's ally, the United States. Other member nations of the Organization of the Petroleum Exporting Countries (OPEC) quadrupled their prices. Americans faced both shortages, exacerbated in the view of many by over-regulation of distribution, and rapidly rising prices. Even when the embargo ended the next year, prices remained high and affected all areas of American economic life: In 1974, inflation reached 12 percent, causing disruptions that led to even higher unemployment rates. The unprecedented economic boom America had enjoyed since 1948 was grinding to a halt.

4. What does acronym **OPEC** the represent?

5. How did American reliance on foreign oil impact the U.S. economy in the 1970s?

Nixon's rhetoric about the need for "law and order" in the face of rising crime rates, increased drug use, and more Social Studies Section p 143 Free Educational Materials Online

permissive views about sex resonated with more Americans than not. But this concern was insufficient to quell concerns about the Watergate break-in and the economy. Seeking to energize and enlarge his own political constituency, Nixon lashed out at demonstrators, attacked the press for distorted coverage, and sought to silence his opponents. Instead, he left an unfavorable impression with many who saw him on television and perceived him as unstable. Adding to Nixon's troubles, Vice President Spiro Agnew, his outspoken point man against the media and liberals, was forced to resign in 1973, pleading "no contest" to a criminal charge of tax evasion.

6. Why was Vice President Spiro Agnew forced to resign in 1973?

Nixon probably had not known in advance of the Watergate burglary, but he had tried to cover it up, and had lied to the American people about it. Evidence of his involvement mounted. On July 27, 1974, the House Judiciary Committee voted to recommend his impeachment. Facing certain ouster from office, he resigned on August 9, 1974.

7. When did President Richard Nixon resign from office?

Date:

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The Ford Interlude

Nixon's vice president, Gerald Ford (appointed to replace Agnew), was an unpretentious man who had spent most of his public life in Congress. His first priority was to restore trust in the government. However, feeling it necessary to head off the spectacle of a possible prosecution of Nixon, he issued a blanket pardon to his predecessor. Although it was perhaps necessary, the move was nonetheless unpopular.

In public policy, Ford followed the course Nixon had set. Economic problems inflation remained serious. as and unemployment continued to rise. Ford first tried to reassure the public, much as Herbert Hoover had done in 1929. When that failed, he imposed measures to curb inflation, which sent unemployment above 8 percent. A tax cut, coupled with higher unemployment benefits, helped a bit but the economy remained weak.

In foreign policy, Ford adopted Nixon's strategy of detente. Perhaps its major manifestation was the Helsinki Accords of 1975, in which the United States and Western European nations effectively recognized Soviet hegemony in Eastern Europe in return for Soviet affirmation of human rights. The agreement had little immediate significance, but over the long run may have made maintenance of the Soviet empire more difficult. Western nations effectively used periodic "Helsinki review meetings" to call

attention to various abuses of human rights by Communist regimes of the Eastern bloc.

- 1. Who became president of the United States following the resignation of **Richard Nixon?**
 - a. George McGovern
 - b. Gerald Ford
 - c. Henry Kissinger
 - d. Spiro Agnew
- 2. Describe the Helsinki Accords of 1975.

3. Gerald Ford's pardoning of Richard Nixon was highly unpopular. Conjecture what might have happened had Nixon not been pardoned. Explain your answer.

A Society in Transition

Shifts in the structure of American society, begun years or even decades earlier, had become apparent by the time the 1980s arrived. The composition of the population and the most important jobs and skills in American society had undergone major changes.

The dominance of service jobs in the economy became undeniable. By the mid-1980s, nearly threefourths of all employees worked in the service sector, for instance, as retail clerks, office workers, teachers, physicians, and government employees.

Service-sector activity benefited from the availability and increased use of the computer. The information age arrived, with hardware and software that could aggregate previously unimagined amounts of data about economic and social trends. The federal government had made significant investments in computer technology in the 1950s and 1960s for its military and space programs.

In 1976, two young California entrepreneurs, working out of a garage, assembled the first widely marketed computer for home use, named it the Apple, and ignited a revolution. By the early 1980s, millions of microcomputers had found their way into U.S. businesses and homes, and in 1982, Time magazine dubbed the computer its "Machine of the Year."

Meanwhile, America's "smokestack industries" were in decline. The U.S. automobile industry reeled under competition from highly efficient Japanese carmakers. By 1980 Japanese companies already manufactured a fifth of the vehicles sold in the United States. American manufacturers struggled with some success to match the cost efficiencies and engineering standards of their Japanese rivals, but their former dominance of the domestic car market was gone forever. The giant old-line steel companies shrank to relative insignificance as foreign steel makers adopted new technologies more readily.

Consumers were the beneficiaries of this ferocious competition in the manufacturing industries, but the painful struggle to cut costs meant the permanent loss of hundreds of thousands of blue-collar jobs. Those who could made the switch to the service sector; others became unfortunate statistics.

Population patterns shifted as well. After the end of the postwar "baby boom" (1946 to 1964), the overall rate of population growth declined and the population grew older. Household composition also changed. In 1980 the percentage of family households dropped; a quarter of all groups were now classified as "nonfamily households," in which two or more unrelated persons lived together.

New immigrants changed the character of American society in other ways. The 1965 reform in immigration policy shifted the focus away from Western Europe, facilitating a dramatic increase in new arrivals from Asia and Latin America. In 1980, 808,000 immigrants arrived, the highest number in 60 years, as the country once more became a haven for people from around the world.

Additional groups became active participants in the struggle for equal opportunity. Homosexuals, using the tactics and rhetoric of the civil rights movement, depicted themselves as an oppressed group seeking recognition of basic rights. In 1975, the U.S. Civil Service Commission lifted its ban on employment of homosexuals. Many states enacted anti-discrimination laws.

Then, in 1981, came the discovery of AIDS (Acquired Immune Deficiency Syndrome). Transmitted sexually or through blood transfusions, it struck homosexual men and intravenous drug users with particular virulence, although the general population proved vulnerable as well. By 1992, over 220,000 Americans had died of AIDS. The AIDS epidemic has by no means been limited to the United States, and the effort to treat the disease now encompasses physicians and medical researchers throughout the world.

Date:

Class:

Directions: Read the passage, then answer the questions below.

1. What jobs dominated the American economy by the 1980s?

2. How did the information age affect the American economy?

3. What was the first computer to be designed for home use?

4. What nation's automobile industry competed with that of the United States?

5. How had household composition changed by the 1980s?

6. Beginning in 1965, where did many American immigrants come from?

7. What fatal disease was discovered in 1981?

Conservatism and the Rise of Ronald Reagan

For many Americans, the economic, social, and political trends of the previous two decades – crime and racial polarization in many urban centers, challenges to traditional values, the economic downturn and inflation of the Carter years – engendered a mood of disillusionment. It also strengthened a renewed suspicion of government and its ability to deal effectively with the country's social and political problems.

Conservatives, long out of power at the national level, were well positioned politically in the context of this new mood. Many Americans were receptive to their message of limited government, strong national defense, and the protection of traditional values.

This conservative upsurge had many sources. A large group of fundamentalist Christians were particularly concerned about crime and sexual immorality. They hoped to return religion or the moral precepts often associated with it to a central place in American life. One of the most politically effective groups in the early 1980s, the Moral Majority, was led by a Baptist minister, Jerry Falwell. Another, led by the Reverend Pat Robertson, built an organization, the Christian Coalition, that by the 1990s was a significant force in the Republican Party. Using television to spread their messages, Falwell, Robertson, and others like them developed substantial followings.

Another galvanizing issue for conservatives was divisive and emotional: abortion. Opposition to the 1973 Supreme Court decision, *Roe* v. *Wade*, which upheld a woman's right to an abortion in the early months of pregnancy, brought together a wide array of organizations and individuals. They included, but were not limited to, Catholics, political conservatives, and religious evangelicals, most of whom regarded abortion under virtually any circumstances as tantamount to murder. Pro-choice and pro-life (that is, pro- and anti-abortion rights) demonstrations became a fixture of the political landscape.

Within the Republican Party, the conservative wing grew dominant once again. They had briefly seized

control of the Republican Party in 1964 with its presidential candidate, Barry Goldwater, then faded from the spotlight. By 1980, however, with the apparent failure of liberalism under Carter, a "New Right" was poised to return to dominance.

Using modern direct mail techniques as well as the power of mass communications to spread their message and raise funds, drawing on the ideas of conservatives like economist Milton Friedman, journalists William F. Buckley, and George Will, and research institutions like the Heritage Foundation, the New Right played a significant role in defining the issues of the 1980s.

The "Old" Goldwater Right had favored strict limits on government intervention in the economy. This tendency was reinforced by a significant group of "New Right" "libertarian conservatives" who distrusted government in general and opposed state interference in personal behavior. But the New Right also encompassed a stronger, often evangelical faction determined to wield state power to encourage its views. The New Right favored tough measures against crime, a strong national defense, a constitutional amendment to permit prayer in public schools, and opposition to abortion.

The figure that drew all these disparate strands together was Ronald Reagan. Reagan, born in Illinois, achieved stardom as an actor in Hollywood movies and television before turning to politics. He first achieved political prominence with a nationwide televised speech in 1964 in support of Barry Goldwater. In 1966 Reagan won the governorship of California and served until 1975. He narrowly missed winning the Republican nomination for president in 1976 before succeeding in 1980 and going on to win the presidency from the incumbent, Jimmy Carter.

President Reagan's unflagging optimism and his ability to celebrate the achievements and aspirations of the American people persisted throughout his two terms in office. He was a figure of reassurance and stability for many Americans. Wholly at ease before the microphone and the television camera, Reagan was called the "Great Communicator."

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	Taking a phrase from the 17th-century Puritan	he argued were inefficient	exnensive	and detrimental t

Taking a phrase from the 17th-century Puritan leader John Winthrop, he told the nation that the United States was a "shining city on a hill," invested with a God-given mission to defend the world against the spread of Communist totalitarianism.

Reagan believed that government intruded too deeply into American life. He wanted to cut programs he contended the country did not need, and to eliminate "waste, fraud, and abuse." Reagan accelerated the program of deregulation begun by Jimmy Carter. He sought to abolish many regulations affecting the consumer, the workplace, and the environment. These, he argued, were inefficient, expensive, and detrimental to economic growth.

Reagan also reflected the belief held by many conservatives that the law should be strictly applied against violators. Shortly after becoming president, he faced a nationwide strike by U.S. air transportation controllers. Although the job action was forbidden by law, such strikes had been widely tolerated in the past. When the air controllers refused to return to work, he ordered them all fired. Over the next few years the system was rebuilt with new hires.

Directions: Read the passage above, then answer the questions below.

1. What factors led conservatives to return to power in the United States?

2. What were the general beliefs of conservatives?

3. Describe the Moral Majority and the Christian Coalition.

4. What landmark 1973 Supreme Court decision made abortion a focus of the conservative movement?

5. Explain the differences between the "Old Right" and the "New Right."

6. Who was elected president in 1980?

7. Describe the actions and policies of Ronald Reagan.

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End to the Cold War

When Bush became president, the Soviet empire was on the verge of collapse. Gorbachev's efforts to open up the USSR's economy appeared to be floundering. In 1989, the Communist governments in one Eastern European country after another simply collapsed, after it became clear that Russian troops would not be sent to prop them up. In mid-1991, hardliners attempted a coup d'état, only to be foiled by Gorbachev rival Boris Yeltsin, president of the Russian republic. At the end of that year, Yeltsin, now dominant, forced the dissolution of the Soviet Union.

The Bush administration adeptly brokered the end of the Cold War, working closely with Gorbachev

and Yeltsin. It led the negotiations that brought the unification of East and West Germany (September 1990), agreement on large arms reductions in Europe (November 1990), and large cuts in nuclear arsenals (July 1991). After the liquidation of the Soviet Union, the United States and the new Russian Federation agreed to phase out all multiple-warhead missiles over a 10-year period.

The disposal of nuclear materials and the everpresent concerns of nuclear proliferation now superseded the threat of nuclear conflict between Washington and Moscow.

Directions: Read the passage above, then answer the questions below.

1. What was happening in Eastern Europe in 1989?

2. Who was Boris Yeltsin?

3. What country was reunited in September of 1990?

4. What superseded the threat of nuclear conflict following the collapse of the Soviet Union?

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The Gulf War

The euphoria caused by the drawing down of the Cold War was dramatically overshadowed by the August 2, 1990, invasion of the small nation of Kuwait by Iraq. Iraq, under Saddam Hussein, and Iran, under its Islamic fundamentalist regime, had emerged as the two major military powers in the oil-rich Persian Gulf area. The two countries had fought a long, inconclusive war in the 1980s. Less hostile to the United States than Iran, Iraq had won some support from the Reagan and Bush administrations. The occupation of Kuwait, posing a threat to Saudi Arabia, changed the diplomatic calculation overnight.

President Bush strongly condemned the Iraqi action, called for Iraq's unconditional withdrawal, and sent a major deployment of U.S. troops to the Middle East. He assembled one of the most extraordinary military and political coalitions of modern times, with military forces from Asia, Europe, and Africa, as well as the Middle East.

In the days and weeks following the invasion, the U.N. Security Council passed 12 resolutions condemning the Iraqi invasion and imposing wideranging economic sanctions on Iraq. On November 29, it approved the use of force if Iraq did not withdraw from Kuwait by January 15, 1991. Gorbachev's Soviet Union, once Iraq's major arms supplier, made no effort to protect its former client.

Bush also confronted a major constitutional issue. The U.S. Constitution gives the legislative branch the power to declare war. Yet in the second half of the 20th century, the United States had become involved in Korea and Vietnam without an official declaration of war and with only murky legislative authorization. On January 12, 1991, three days before the U.N. deadline, Congress granted President Bush the authority he sought in the most explicit and sweeping war-making power given a president in nearly half a century.

The United States, in coalition with Great Britain, France, Italy, Saudi Arabia, Kuwait, and other countries, succeeded in liberating Kuwait with a devastating, U.S.led air campaign that lasted slightly more than a month. It was followed by a massive invasion of Kuwait and Iraq by armored and airborne infantry forces. With their superior speed, mobility, and firepower, the allied forces overwhelmed the Iraqi forces in a land campaign lasting only 100 hours.

The victory, however, was incomplete and unsatisfying. The U.N. resolution, which Bush enforced to the letter, called only for the expulsion of Iraq from Kuwait. Saddam Hussein remained in power, savagely repressing the Kurds in the north and the Shiites in the south, both of whom the United States had encouraged to rebel. Hundreds of oil-well fires, deliberately set in Kuwait by the Iraqis, took until November 1991 to extinguish. Saddam's regime also apparently thwarted U.N. inspectors who, operating in accordance with Security Council resolutions, worked to locate and destroy Iraq's weapons of mass destruction, including nuclear facilities more advanced than had previously been suspected and huge stocks of chemical weapons.

The Gulf War enabled the United States to persuade the Arab states, Israel, and a Palestinian delegation to begin direct negotiations aimed at resolving the complex and interlocked issues that could eventually lead to a lasting peace in the region. The talks began in Madrid, Spain, on October 30, 1991. In turn, they set the stage for the secret negotiations in Norway that led to what at the time seemed a historic agreement between Israel and the Palestine Liberation Organization, signed at the White House on September 13, 1993.

Directions: Read the passage, then answer the questions below.

1. What small nation was invaded by Iraq in 1990?

2. Who was ruler of Iraq during the Gulf War?

3. What two Iraqi groups were encouraged to rebel by the United States?

4. What changes occurred in the Middle East following the Gulf War?

The Presidential Election of 2000 and the War on Terror

The Democratic Party nominated Vice President Al Gore to head their ticket in 2000. To oppose him the Republicans chose George W. Bush, the governor of Texas and son of former President George H. W. Bush.

Gore ran as a dedicated liberal, intensely concerned with damage to the environment and determined to seek more assistance for the less privileged sectors of American society. He seemed to place himself somewhat to the left of President Clinton.

Bush established a position closer to the heritage of Ronald Reagan than to that of his father. He displayed a special interest in education himself and called а "compassionate conservative." His embrace of evangelical Christianity, which he declared had changed his life after a misspent youth, was of particular note. It underscored an attachment to populist cultural values that contrasted sharply with Gore's technocratic modernism. The old corporate gadfly Ralph Nader ran well to Gore's left as the candidate of the Green Party. Conservative Republican Patrick Buchanan mounted an independent candidacy.

The final vote was nearly evenly divided nationally; so were the electoral votes. The pivotal state was Florida; there, only a razor-thin margin separated the candidates and thousands of ballots were disputed. After a series of state and federal court challenges over the laws and procedures governing recounts, the U.S. Supreme Court handed down a narrow decision that effectively gave the election to Bush. The Republicans maintained control of both houses of Congress by a small margin.

- 1. The U.S. Supreme Court effectively declared _____ winner of the 2000 presidential election.
 - a. Al Gore
 - b. George W. Bush
 - c. Pat Buchanan
 - d. Ralph Nader
- 2. On the map below, identify the southern state where disputed ballots held up results of the 2000 presidential election.



The final totals underscored the tightness of the election: Bush won 271 electoral votes to Gore's 266, but Gore led him

in the national popular vote 48.4 percent to 47.9 percent. Nader polled 2.7 percent and Buchanan .4 percent. Gore, his states colored blue in media graphics, swept the Northeast and the West Coast; he also ran well in the Midwestern industrial heartland. Bush, whose states were colored red, rolled over his opponent in the South, the rest of the Midwest, and the mountain states. Commentators everywhere dwelled on the vast gap between "red" and "blue" America, a divide they characterized by cultural and social rather than economic differences, and all the more emotional for that reason. George Bush took office in a climate of extreme partisan bitterness.

- 3. George W. Bush was popular in "blue" states.
 - a. True
 - b. False

Bush expected to be a president primarily concerned with domestic policy. He wanted to reform education. He had talked during his campaign about an overhaul of the social security system. He wanted to follow Reagan's example as a tax cutter.

The president quickly discovered that he had to deal with an economy that was beginning to slip back from its lofty peak of the late 1990s. This helped him secure passage of a tax cut in May 2001. At the end of the year, he also obtained the "No Child Left Behind" Act, which required public schools to

an annual basis; it prescribed penalties for those institutions unable to achieve a specified standard. Projected deficits in the social security trust fund remained unaddressed.

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4. What was the name of Bush's education program?

The Bush presidency changed irrevocably on September 11, 2001, when the United States suffered the most devastating foreign attack ever against its mainland. That morning, Middle Eastern terrorists simultaneously hijacked four passenger airplanes and used two of them as suicide vehicles to destroy the twin towers of the World Trade Center. A third crashed into the Pentagon building, the Defense Department headquarters just outside of Washington, D.C. The fourth, probably meant for the U.S. Capitol, crashed into the Pennsylvania countryside passengers fought as the hijackers.

5. When did terrorists destroy the twin towers of the World Trade Center?

The death toll, most of it consisting of civilians at the World Trade Center, was

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approximately 3,000, exceeding that of the Japanese attack on Pearl Harbor in 1941. The economic costs were also heavy. The destruction of the trade center took several other buildings with it and shut down the financial markets for several days. The effect was to prolong the already developing recession.

As the nation began to recover from the 9/11 attack, an unknown person or group sent out letters containing small amounts of anthrax bacteria. Some went to members of Congress and administration officials, others to obscure individuals. No notable person was infected. Five victims died, however, and several others suffered serious illness. The mailings touched off a wave of national hysteria, then stopped as suddenly as they had begun, and remained a mystery.

It was in this setting that the administration obtained passage of the USA Patriot Act on October 26, 2001. Designed to fight domestic terrorism, the new law considerably broadened the search, seizure, detention powers of the federal and government. Its opponents argued that it of amounted to а serious violation constitutionally protected individual rights. Its backers responded that a country at war needed to protect itself.

After initial hesitation, the Bush administration also decided to support the establishment of a gigantic new Department of Homeland Security. Authorized in November 2002, and designed to coordinate the fight

against domestic terrorist attack, the new department consolidated 22 federal agencies.

6. Describe the USA Patriot Act of 2001.

Overseas, the administration retaliated quickly against the perpetrators of the September 11 attacks. Determining that the attack had been an al-Qaida operation, it launched a military offensive against Osama bin Laden and the fundamentalist Muslim Taliban government of Afghanistan. The United States secured the passive cooperation of the Russian Federation, established relationships with the former Soviet republics that bordered Afghanistan, and, above all, resumed a long-neglected alliance with Pakistan, which provided political support and access to air bases.

7. What terrorist, living in Afghanistan, was believed to be the mastermind behind the terrorist attacks of 9/11?

Utilizing U.S. Army special forces and Central Intelligence Agency paramilitary operatives, the administration allied with longmarginalized Afghan rebels. Given effective

air support, the coalition ousted the Afghan government in two months. Bin Laden, Taliban leaders, and many of their fighters were believed to have escaped into remote, semi-autonomous areas of northeastern Pakistan. From there they would try to regroup and attack the shaky new Afghan government.

In the meantime. the Bush administration identified other sources of enemy terrorism. In his 2002 State of the Union address, the president named an "axis of evil" that he thought threatened the nation: Iraq, Iran, and North Korea. Of these three, Iraq seemed to him and his advisers the most immediately troublesome. Saddam Hussein had successfully ejected U.N. weapons inspectors. The economic sanctions against Iraq were breaking down, and, although the regime was not believed to be involved in the 9/11 attacks, it had engaged in some contacts with al-Qaida. It was widely believed, not just in the United States but throughout the world, that Iraq had large stockpiles of chemical and biological weapons and might be working to acquire a nuclear capability. Why else throw out the inspection teams and endure continuing sanctions?

- 8. Which of the following was **not** included in President Bush's "axis of evil"?
 - a. Afghanistan
 - b. Iran
 - c. Iraq
 - d. North Korea

9. Who ruled Iraq in 2002?

Throughout the year, the administration pressed for a U.N. resolution demanding resumption of weapons inspection with full and free access. In October 2002, Bush secured congressional authorization for the use of military force by a vote of 296-133 in the House and 77-23 in the Senate. The U.S. military began a buildup of personnel and materiel in Kuwait.

In November 2002, the U.N. Security Council unanimously adopted Resolution 1441 requiring Iraq to afford U.N. inspectors the unconditional right to search anywhere in Iraq for banned weapons. Five days later, Iraq declared it would comply. Nonetheless, the new inspections teams complained of bad faith. In January 2003, chief inspector Hans Blix presented a report to the United Nations declaring that Iraq had failed to account for its weapons of mass destruction (WMDs), although he recommended more efforts before withdrawing.

Despite Saddam's unsatisfactory cooperation with the weapons inspectors, the American plans to remove him from power encountered unusually strong opposition in much of Europe. France, Russia, and Germany all opposed the use of force, making impossible the passage of a new Security Council resolution authorizing the use of force against Iraq. Even in those nations whose governments supported the United States, there strong popular hostility to was cooperation. Britain became the major U.S. ally in the war that followed; Australia and most of the newly independent Eastern European nations contributed assistance. The governments of Italy and Spain also lent their backing. Turkey, long a reliable American ally, declined to do so.

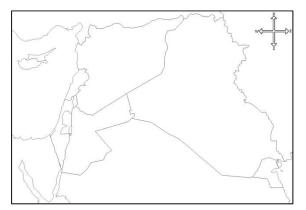
10. The acronym WMDs stands for what?

On March 19, 2003, American and British troops, supported by small contingents from several other countries, began an invasion of Iraq from the south. Small groups airlifted into the north coordinated with Kurdish militia. On both fronts, resistance was occasionally fierce but usually melted away. Baghdad fell on April 9. On April 14, Pentagon officials announced that the military campaign was over.

Taking Iraq turned out to be far easier than administering it. In the first days after the end of major combat, the country experienced pervasive looting. Hit-and-run attacks on followed allied troops and became increasingly organized, despite the capture of Saddam Hussein and the deaths of his two sons and heirs. Different Iraqi factions at times seemed on the verge of war with each other.

11. On the map below, identify the country invaded by the United States and its allies on March 19, 2003.

Date:



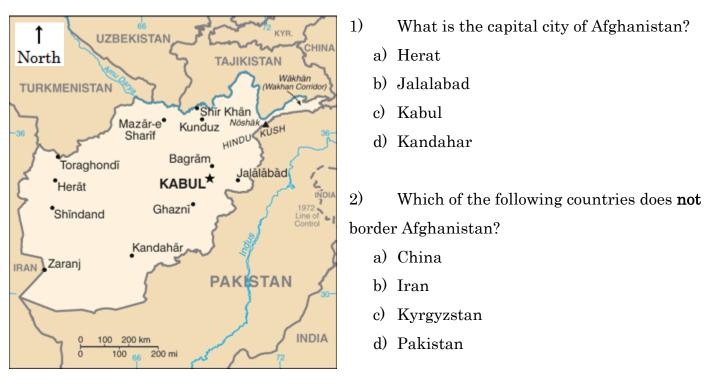
New weapons inspection teams were unable to find the expected stockpiles of chemical and biological weaponry. Although neither explanation made much sense, it increasingly seemed that Saddam Hussein had either engaged in a gigantic and puzzling bluff, or possibly that the weapons had been moved to another country.

After the fall of Baghdad, the United States and Britain, with increasing cooperation from the United Nations, moved ahead with establishment of a provisional government that would assume sovereignty over Iraq. The effort occurred amidst increasing violence that included attacks not simply on allied troops but also Iraqis connected in any way with the new government. Most of the insurgents appeared to be Saddam loyalists; some were indigenous Muslim sectarians; a fair number likely were foreign fighters. It was not clear whether a liberal democratic nation could be created out of such chaos, but certain that the United States could not impose one if Iraqis did not want it.

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Map Skills: Afghanistan



- 3) Approximately how long is the distance between Zaranj and Kabul?
 - a) 400 miles
 - b) 500 miles
 - 600 miles c)
 - d) 700 miles
- 4) What large country borders Afghanistan to the southeast?
 - a) Pakistan
 - b) Tajikistan
 - c) Turkmenistan
 - d) Uzbekistan
- 5) Uzbekistan is _____ of Afghanistan.
 - a) east
 - b) north
 - c) south
 - d) west