

# Section 1 Why Societies Have Economies

#### **Objectives**

- 1. Describe the characteristics of people's many wants and how resources satisfy wants.
- 2. Explain the steps of production to consumption.
- 3. Determine how choices are made to satisfy wants.
- 4. Discuss how scarcity affects economic choices.

## Target Reading Skill

**Recognize Words That Signal Sequence** Certain words signal sequence. Sequence is the order of ideas or events. Ideas may appear in order of importance. Events are often presented in time order. Read this paragraph about the production process for pasta.

<u>First</u>, farmers use soil, water, seeds, farm machinery, and labor to produce wheat. <u>Next</u>, they sell the wheat to a grain-milling company. The company combines labor and machinery to turn the wheat into flour. Then it sells the flour to a pasta maker. <u>After</u> buying the flour, the pasta maker adds other ingredients to it. The pasta maker <u>then</u> uses labor and machines to mix, roll, and cut the dough. <u>Finally</u>, the pasta is ready to be packaged and distributed.

The underlined words signal sequence. As you read, look for these and other words that signal the order of ideas or events.

### Vocabulary Strategy

**Using Context Clues** One way to figure out the meaning of a word you do not recognize is to use context clues. Context is the surrounding words and sentences. These words and sentences may contain clues to the meaning of the word. Read the sentence below:

The truck that delivers food to the supermarket is part of the <u>distribution</u> process.

The sentence includes a context clue to the meaning of *distribution*. The clue is the word *delivers*. Distribution is making goods and services available to people.

## **Section 1 Summary**

<sup>1</sup> In every society, people choose how to use resources to produce goods and services. Goods and services meet people's wants.

#### **People's Many Wants**

Everyone has wants. Food, clothing, and <u>shelter</u> are basic wants. But people want more than just basics. They want to be entertained, for example. They want to be educated. And they want health care.

Various factors affect people's wants. One is environment. If you live in Alaska, you want warm clothes. Societies or cultures also affect wants. Most Americans want to live in a house or apartment. But tents best fit life for some people in Mongolia. People's wants also change. Some wants can be met only for a short time. For example, clothes from last year may not fit you now.

### **Using Resources**

The resources people use to produce goods and services are called **factors of production**. Economists—people who study economies—identify three basic factors of production. These are labor, land, and capital.

- Labor includes time and energy. It also includes the knowledge and skills people use in their jobs.
  - Land includes the many natural resources used to produce goods. Soil, water, wildlife, and timber are some examples.
- Capital includes tools, machines, or buildings used to produce goods. Tools and factories are called capital goods when they are used as capital. Money is not a factor of production. But money that is available for investing or spending is sometimes called financial capital.

#### **Key Terms**

**factors of production** (FAK terz UV pruh DUK shun) n. the labor, land, and capital people use to make goods and provide services **capital** (KAP ih tul) n. anything used to produce goods and services, such as tools and machines

#### Vocabulary Strategy

Using Context Clues What does the underlined word mean? Explain what context clues you used to figure out its meaning.

#### / Reading Check

In the text, number the factors that affect people's wants.

#### Reading Check

Bracket the sentence that tells how land affects a society's economy.

#### Vocabulary Strategy

Using Context Clues Bracket context clues to the meaning of the underlined word.



#### √ Reading Check

How are production, distribution, and consumption of goods and services related?

## Target Reading Skill

Recognize Words That Signal Sequence In the second paragraph, underline words that signal sequence.

### √ Reading Check

Circle the factors that people must balance when they want two things that are in conflict.



## √ Reading Check

Underline the text that explains why both rich and poor nations face the problem of scarcity.



#### **Production to Consumption**

Labor, land, and capital are <u>combined</u> in a process called production. Farmers make food by bringing together soil, water, and sunlight (land) with seeds and machinery (capital). They use their ideas, skills, time, and energy (labor).

Production is followed by **distribution**. Trucks that deliver food help distribution. After distribution, goods and services are ready for **consumption**.

### **Making Choices**

There are never enough resources to produce all the goods people want. So people must choose which wants will be met and which will not. These choices are economic choices. One part of choosing is looking at the benefits you will receive from each choice. A second part involves the cost of each choice. The major cost of any choice is giving up the benefits you would have received from a different choice. Every economic decision has an **opportunity cost**.

### **Scarcity**

Scarcity is a problem in rich and poor nations. Scarcity is not based on the resources a nation has. It is based on the relationship between wants and the resources available to meet them. Individuals, businesses, and governments must make choices about resources. These choices involve deciding how to use limited resources to produce goods and services to meet peoss ple's unlimited wants.

### **Review Questions**

- **1.** Why must people choose which wants will be met and which will not?
- **2.** How does scarcity affect economic choices?

#### **Key Terms**

**distribution** (dis truh BYOO shun) *n*. how goods and services are brought to people

**consumption** (kun sump shun) n. buying or using goods and services **opportunity cost** (op er too nih tee kost) n. what you give up when you use resources for one thing instead of another

**scarcity** (SKAYR suh tee) n. when resources are limited compared with how much people want



# Section 2 Basic Economic Decisions

#### **Objectives**

- **1.** Understand that determining what and how much to produce is a basic economic choice.
- **2.** Explain why deciding how to produce goods and services is a second basic economic question.
- **3.** Understand that deciding who will get goods and services is a third basic economic decision.

## Target Reading Skill

**Understand Sequence** Noting the sequence of events can help you understand and remember them. Sequence is the order in which events happen. Events often follow each other in a cause-and-effect relationship.

You can use a numbered list like the one below to track the order of events.

- 1. Researchers develop robots.
- 2. The robots are used for factory work.
- 3. Some people lose their jobs to the robots.

### **Vocabulary Strategy**

**Using Context Clues** Context can clarify the meaning of words you do not recognize. Context is the surrounding words, phrases, and sentences. Sometimes the context will restate the word:

Economists—people who study how economies work—have identified three basic factors of production.

As you read, look at context to see if a word is restated.

#### Vocabulary Strategy

Using Context Clues Underline the context clue that restates the meaning of *quantity*.



### √ Reading Check

Circle the text that describes who decides what to produce.



## Target Reading Skill

Understand Sequence Complete this numbered list with the sequence of events related to new technology in the clothmaking industry.

|    |   |    |  | 10000 |     |   |  |   |   | 1 |  |   |   |   | 10  |       | 1   |   |   |    |    |    |    |   |     |
|----|---|----|--|-------|-----|---|--|---|---|---|--|---|---|---|-----|-------|-----|---|---|----|----|----|----|---|-----|
|    |   |    |  |       |     |   |  |   |   |   |  | 1 |   |   |     |       |     |   |   |    |    |    | 1  |   | 100 |
|    |   |    |  |       | 0.7 |   |  |   |   |   |  |   |   | 9 |     |       |     |   | ì |    |    |    |    |   |     |
|    | + | 44 |  |       |     |   |  |   | V |   |  |   | h |   |     | 20000 |     |   |   | í, | d. |    | i, |   |     |
|    |   |    |  |       |     | Ä |  |   |   |   |  |   |   |   | 100 |       | ないに | 4 |   |    |    |    |    |   |     |
| 3. |   |    |  |       |     |   |  | / | ं |   |  |   |   |   |     |       | 3   |   |   | 36 |    | ्र |    | 1 |     |

## √ Reading Check

Bracket the sentence that explains the relationship between production and technology.

### **Section 2 Summary**

- <sup>1</sup> Basic economic decisions are made every day. The three most basic decisions are
  - What goods and services should be produced? How much of them should be produced?
- How should these goods and services be produced?
- Who will get the goods and services?

#### What and How Much?

People in every economy must decide what to produce. They base their decisions on their resources. A farmer who owns land and machinery may decide to grow wheat. You might decide to mow lawns. Owners of resources decide what to produce based on a prediction of what people will want.

The owner of the resources also decides the quantity, or amount, to produce. The amount produced depends on the land, labor, and capital available. It is also based on the amount that the owner thinks he or she can sell.

#### **How to Produce Goods and Services**

The second major economic decision is how to combine land, labor, and capital to produce goods and services. People usually choose the combination of resources that will cost the least.

The desire for less costly ways to make goods led to new **technology**. Technology had its beginnings in the early 1800s. At the time, cloth makers began using power looms. These new looms cost a lot. But they made cloth much faster than old handlooms. The cost of making cloth soon dropped.

#### **Key Terms**

**quantity** (kwan tuh tee) n. how much of something **technology** (tek NOL uh gee) n. the use of science to help commerce or industry

Technology is still important in deciding how to produce goods. For example, researchers have developed seeds that grow larger crops. <u>Advances</u>, or improvements, in electronics have given us robots to use in factories. Computers speed up many jobs. The Internet allows businesses to sell to many people.

#### Who Gets What?

Who gets the goods that are produced is the third basic economic decision. People must decide how goods and services will be divided. Wants are always greater than resources. That makes this decision important and sometimes difficult.

Various questions are part of this decision. Should goods be shared equally among everyone? Should people receive goods based on what they say they want? Should a small group decide who gets what? Or should people who own more resources and make more products get more?

- Societies have solved this problem in different ways. They have based decisions on their goals and values. A society that wants equality might have a system for sharing products equally. A society that values freedom might let citizens compete freely for goods.
- <sup>50</sup> Goals and values affect how a society makes all three basic economic decisions.

#### **Review Questions**

How does an owner of resources decide how much of a good or service to produce?
 How do people usually choose how to produce goods?

#### **Vocabulary Strategy**

Using Context Clues
Circle a context clue
that restates the
underlined word.

#### / Reading Check

Underline the sentence that explains what a society's values have to do with its economy.

# Section 3 Three Types of Economies

#### **Objectives**

- 1. Identify and discuss traditional economies.
- 2. Identify and discuss command economies.
- 3. Identify and discuss market economies.
- **4.** Discuss modern-day economies in China and the United States.

## Target Reading Skill

**Recognize Words That Signal Sequence** Signal words point out relationships between ideas or events. Some signal sequence, or the order of events. The chart below shows some words that signal sequence.

|        | Words Tha | nt Signal Sequence |         |
|--------|-----------|--------------------|---------|
| first  | next      | last               | then    |
| before | during    | after              | finally |
| second | third     | later              | now     |
| when   | since     | as a result        | because |

Look for these words as you read. They will help you understand the relationships between ideas and events.

### Vocabulary Strategy

**Using Context Clues** Synonyms and antonyms in context can help you figure out the meaning of words you do not recognize. A synonym is a word with the same meaning as another word. An antonym is a word with the opposite meaning. *Products* is a synonym of *goods*, for example. *High* is an antonym of *low*.

When you find a word you do not know, look at other words in context. You may find a synonym or antonym for the word. The synonym or antonym will help you figure out the word's meaning.

## **Section 3 Summary**

<sup>1</sup> Resources are always limited when compared to people's wants. To solve this, societies have to organize production, distribution, and consumption. They use different economic systems to do this. The three basic types are traditional, command, and market economies.

### **A Traditional Economy**

Customs are a major part of a **traditional economy**. Customs are ways that people have acted for a long time. They are passed from <u>elders</u> to youth. Customs help decide what, how much, and how to produce.

They also decide who gets what is made.

People in a traditional economy often own their own resources. They have some freedom to decide when and how to use the resources. But many decisions are made by customs. That means the economy changes little over time.

There are few traditional economies today. Some societies in Central and South America, Africa, and Asia still have mostly traditional economies.

## **A Command Economy**

The government makes the basic economic choices in a command economy. It owns the factors of production. Or, it controls them. A central planning group decides how, what, and how much to make. As a result, only products that the government chooses are available to people. A government's goals and values affect choices about who gets what.

There have been command economies for centuries. Egyptian pharaohs and medieval lords ran the economies of their societies. Communist nations such as the Soviet Union also have had command of economies in modern times.

#### **Key Terms**

**traditional economy** (truh DISH uh nul ih KON uh mee) n. a system in which decisions are based on old ways of doing things **command economy** (kuh MAND ih KON uh mee) n. a system in which the government runs the economy

#### **Vocabulary Strategy**

Using Context Clues
Underline the word or
words that tell you
that elders means
"older people."

#### √ Reading Check

Circle the sentences that explain the role that custom plays in a traditional economy.

## Target Reading Skill

Recognize Words That Signal
Sequence Bracket words
that point to the order
of certain events in a
command economy.

### √ Reading Check

How much individual freedom exists in a command economy?

#### **Vocabulary Strategy**

Using Context Clues Underline the words that give clues to the meaning of motivates.



## √ Reading Check

Bracket the text that describes the role that competition plays in a market economy.



## Target Reading Skill

Recognize Words That Signal Sequence Circle words that signal sequence in the last paragraph.



## ✓ Reading Check

Put a checkmark next to details that tell how the economies of China and the United States differ.

#### **Market Economies**

Private citizens make decisions in a market economy. They decide what and how much to make. And they decide how to make it. Two other names for a market economy are free enterprise and capitalism.

Ompetition is important in a market economy. Producers compete to meet the wants of consumers. Workers compete for jobs.

No one citizen or group runs a market economy. Everyone takes part in running it by freely making decisions. The possibility of making a **profit** motivates people to make certain decisions in a market economy. Wanting to make a profit also leads people to **invest** in a business.

#### **Modern-Day Economies**

Most nations today have a **mixed economy**. China had a command economy before the late 1980s. Then the government took steps to create a more mixed economy. Now, for example, privately owned shops sell consumer goods. Our economy is a market—or free enterprise—system. It has some elements of a command economy, too. Our government provides certain services. These include education, mail services, and an army.

#### **Review Questions**

- 1. Who owns resources in a traditional economy?
- 2. Who takes part in running a market economy?

#### **Key Terms**

market economy (MAR kit ih KON uh mee) n. a system in which people decide what and how much to make and who gets what free enterprise (FREE en ter PRĪZ) n. a system in which there is little or no control by the government

**capitalism** (KAP ih tuh liz um) *n.* a system in which people decide how to use capital to make goods and provide services **profit** (PROF it) *n.* how much more a buyer pays for something than the cost to make it

**invest** (in VEST) v. to use your money to help start or grow a business, with the hope of making a profit

**mixed economy** (MIKST ih KON uh mee) n. a system that mixes the three basic economic systems

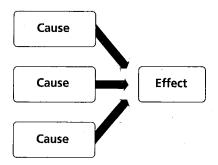
# Section 1 The Principles of Our Market Economy

#### **Objectives**

- **1.** Understand the circular flow of economic activity.
- **2.** Learn about supply and demand.

## Target Reading Skill

**Recognizing Multiple Causes** A cause makes something happen. An effect is what happens. Sometimes an effect has more than one cause. This diagram shows more than one cause for just one effect.



As you read, notice where many causes, or factors, come together to produce one effect.

#### **Vocabulary Strategy**

**Recognizing Signal Words** Certain words show how ideas or events are connected. The words below signal causes and effects.

Look at how cause-and-effect signal words are used in these sentences.

Few people wanted to buy the new product, because its price was high. As a result, the producer lowered the price.

Because signals a cause or reason why people were not buying the product. As a result points to an effect or what happened when people would not buy the product.

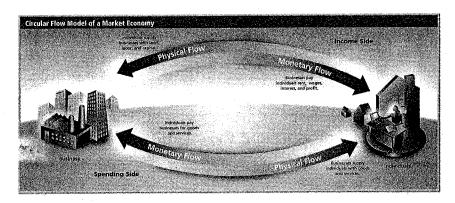
| Words Sig | naling Causes | Words Si    | gnaling Effects |
|-----------|---------------|-------------|-----------------|
| because   | since         | as a result | for this reason |

## **Section 1 Summary**

Our economy is based on a free enterprise, or market, system. But it mixes features of all three basic economic systems: traditional, command, and market.

### The Circular Flow of Economic Activity

The diagram shows how goods, services, labor, and money flow through the United States economy.



Businesses that create goods or services are called producers. Labor is just one resource that producers need to create goods. Producers need land and the raw materials found on the land. Producers also need capital.

10 Capital includes tools and machines used in production.

Producers exchange a kind of payment for the use of land and capital. They pay rent for the use of land. They pay **interest** for the use of capital. And they pay wages for the use of people's labor.

## **Supply and Demand**

- Buyers and sellers exchange goods and services through a market. Producers and individuals act as buyers. They also act as sellers. Markets decide how much will be made in a free enterprise economy.

  Markets also determine prices. Individuals in our free enterprise system are free to make shoices in a market.
- <sup>20</sup> enterprise system are free to make choices in a market. <u>For this reason</u>, producers compete to sell goods and services to them.

#### **Key Term**

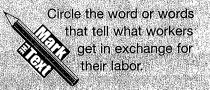
interest (IN trist) n. an amount of money charged for borrowing money

#### **Vocabulary Strategy**

Recognizing Signal Words

Do the underlined words signal a
cause or an effect?

#### / Reading Check



## Target Reading Skill

Recognizing Multiple Causes In the text, bracket different factors that affect demand.



#### Vocabulary Strategy

Recognizing Signal Words Underline the phrase that signals an effect is about to be explained.



#### **Vocabulary Strategy**

Recognizing Signal Words What does the underlined word in the last paragraph signal?

### √ Reading Check

Underline the text that explains why the demand for milk is not affected much by its price.



Laws of supply and demand describe what happens when people make choices in a market. **Demand** is the <sup>25</sup> amount of a product buyers are willing and able to buy at different prices. More people will buy an item at a low price. That means that the quantity, or amount, demanded by buyers will be high. Fewer people will buy an item at a high price. That means that the <sup>30</sup> demand will be low.

Supply is the amount of a product that producers are willing and able to offer at different prices. When buyers are willing to pay a higher price, more producers are willing to offer a product. As a result, the supply is high. When buyers are not willing to pay a higher price, fewer producers are willing to offer a product. That means the supply is low.

Supply and demand work together. They determine the price of a product and the quantity offered. The amount supplied and the amount demanded will tend to equal each other at the market price.

Other things besides price can affect demand. For example, the demand for basics, such as milk, does not change much when the price changes. That is because people believe they need milk at almost any price. Advertising and fashion can also affect demand. For example, you might decide to buy higher-priced jeans because the brand is more popular.

## **Review Questions**

- **1.** What determines the price of a product and the quantity offered?
- **2.** What three resources do producers need to create goods?

#### **Key Terms**

**demand** (dih MAND) n. the amount of a product or service buyers are willing and able to buy at different prices

market price (MAR kit PRĪs) n. the price at which buyers and sellers agree to trade



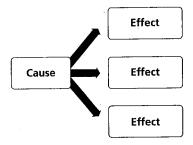
# Section 2 The Role of Business in the American Economy

#### **Objectives**

- 1. Learn about the role of the entrepreneur.
- 2. Discuss how factors of production are used.
- 3. Identify three models for owning a business.
- 4. Learn about the rise of big business.

## Target Reading Skill

**Understanding Effects** An effect is what happens as the result of a cause or factor. Sometimes a cause can produce several effects. The diagram below shows this.



As you read, look for effects.

#### **Vocabulary Strategy**

**Recognizing Signal Words** *As a result* and *for this reason* are two ways to signal an effect. Various other words also point to effects. Some of these are shown in the chart.

|   | Effect Signal Wo                                   | ords  |
|---|--|---|
| therefore He worked a full day. Therefore, they paid him for eight hours of work. | so She ran her own business, so she was very busy. | if then  If he needs money for his new business, then he may have to borrow it. |

Look for these signal words as you read. Use them to identify effects in the text.

#### **Vocabulary Strategy**

Recognizing Signal Words Put a checkmark next to a word that signals an effect in the first paragraph under The Role of the Entrepreneur.



## Target Reading Skill

Understanding Effects
Underline what happens to an entrepreneur if his or her
business fails,



### √ Reading Check

Bracket the text that explains what motivates people in a capitalist economy to start a business.



## **Vocabulary Strategy**

Recognizing Signal Words What effects does if . . . then signal in the first paragraph under Using the Factors of Production?

## **Section 2 Summary**

In a market economy, privately owned businesses carry out production. A business is any organization that uses labor, land, and capital to produce goods or services.

## The Role of the Entrepreneur

Businesses are important to our economy. Therefore, people who start businesses play a major role. An **entrepreneur** begins with an idea. The idea may be a new product. Or it may be a new way of making something. The entrepreneur then raises money to begin.

Starting a business involves risk. If the business fails, the entrepreneur could lose the money put into it. If the business does well, he or she will make a **profit**. The hope of earning a profit leads people to start and run businesses. This is called the profit motive.

## **Using the Factors of Production**

The three basic factors of production are labor, land, and capital. Some entrepreneurs provide the factors of production themselves. Others pay to get the factors of production from other sources. If they borrow money from a bank, then they pay interest. If they use land owned by someone else, they pay rent. If they hire workers, they pay them, too.

Some people who study economics believe that an entrepreneur is the fourth factor of production. They say that entrepreneurs provide ideas. Entrepreneurs also take risks in exchange for profit.

## **How Businesses Are Owned**

<sup>25</sup> In the United States, there are three basic types of business ownership. A **sole proprietorship** is the most common. Most are small. They include restaurants and repair shops. The owner decides how to run the busi-

#### **Key Terms**

entrepreneur (ahn truh preh NOOR) n. a person who starts a business

**profit** (PROF it) n. the money made by a business, minus its costs **sole proprietorship** (sol pruh PRī uh ter ship) n. a business owned by one person

ness. The profits belong to the owner alone. But the owner is also responsible for paying off all debts. As a business grows, it becomes more difficult to run it. It also can be hard to borrow money to grow the business.

A partnership is another type. Many law firms and medical groups are partnerships. The advantages and disadvantages are like those of a sole proprietorship. The main difference is that more than one person shares risks and benefits.

A corporation differs from the other two in an important way. The owners are not personally responsible for the business. Many corporations sell stock to the public. Stock is a share of the ownership. It raises the money needed to start, run, and expand the business. People who buy stock are called stockholders They make money from stock by sharing the profits.

A corporation costs more to start than other businesses. And it is more limited by government rules. Still, corporations create most of the products, profits, and jobs in our economy.

## The Rise of Big Business

In our country's early years, most businesses were sole proprietorships. Then, in the 1800s, new inventions and ways of manufacturing helped industry grow. Successful sole proprietors turned their businesses into corporations in order to grow.

In the past 100 years, large corporations have become a major force. Today, they play a major part in our economy. They can make goods and provide services better than smaller businesses. For this reason, they will probably still grow in importance.

#### **Review Questions**

- **1.** What are the three basic forms of business ownership in the United States?
- 2. What helped industry to grow in the 1800s?

#### **Key Terms**

partnership (PART ner ship) n. a business owned by two or more corporation (kor puh RAY shun) n. a business that is separate from the people who own it



#### **Understanding Effects**

Underline the text that describes what happens when a sole proprietorship grows.

### / Reading Check

Underline the most common form of business ownership in the United States.

#### **Vocabulary Strategy**

Recognizing Signal Words Put a checkmark next to the word that signals the effect of large corporations working more efficiently than smaller corporations.

#### Reading Check

Circle the text that tells why large corporations have grown in importance.



# Section 3 Labor in the American Economy

#### **Objectives**

- 1. Describe the growth of wage labor.
- 2. Discuss the rise of labor unions and learn about their history.
- 3. Discuss today's labor force.

## Target Reading Skill

**Identify Causes and Effects** Identifying causes and effects helps you understand the relationship between events. Read this paragraph.

It is easy to understand why conflict develops between workers and business owners. Business owners want to keep costs low and profits high. They often do this by keeping wages low. Workers want to earn the highest possible wages.

Conflict between workers and business owners is an effect. When you ask why conflict develops, you are asking about its causes. The causes of conflict are the following:

- 1. Business owners want to keep costs low and profits high. They often do this by keeping wages low.
- 2. Workers want to earn the highest possible wages.

As you read this section, ask: Is this situation an effect? Does this event cause another event?

## **Vocabulary Strategy**

**Recognizing Signal Words** Some words connect causes and effects. Look at these cause-and-effect signal words in the sentences below.

| Cause                                | Signal Words          | Effect                                    |
|--------------------------------------|-----------------------|---|
| The new machines The factory closing | caused<br>resulted in | many accidents.<br>the loss of many jobs. |

Look for words that connect causes and effects as you read this section.

## **Section 3 Summary**

Labor is different from the other factors of production. People provide it. They care about working conditions and wages. Owners want to keep costs low and profits high. One way to do this is to keep wages low.

<sup>5</sup> Workers want to earn the highest possible wages. This creates a conflict between workers and owners.

### The Growth of Wage Labor

Most Americans had control over their working conditions when our country was young. Many were farmers. They produced most of what they needed. They could do this because they owned land. Other Americans were craftspeople. They worked for themselves or someone they knew.

Great changes came in the 1800s. Better farm machines meant that farms needed fewer workers.

- <sup>15</sup> Machines produced more goods more cheaply than people could by hand. These changes led craftspeople, farm workers, and others to wage labor. They worked in mines, factories, and workshops. Business owners paid low wages. Wage laborers worked long hours.
- 20 And most of the jobs were boring and dangerous.

### The Rise of Labor Unions

Workers had little power over wages and working conditions on their own. So the workers formed labor unions. By the 1880s, there were many small unions. One goal of unions was to force business owners to take part in collective bargaining.

Unions used various methods to get their demands met. They would stay on the job but work very slowly. They got people to **boycott** products. But their main weapon was the **strike**.

#### **Key Terms**

labor unions (LAY ber YOON yunz) n. groups of workers that try to improve pay and protect members' rights collective bargaining (kuh LEK tiv BAR gih ning) n. when union members and owners try to agree about wages and conditions boycott (BOY kot) v. refuse to buy strike (STRĪK) n. when workers refuse to work

#### **Vocabulary Strategy**

Recognizing Signal Words Write

C next to the cause and E next
to the effect connected
by the word because
in the first paragraph
under The Growth of
Wage Labor.

#### √ Reading Check

Circle the sentences that tell what changes came in the 1800s.

## Target Reading Skill

Identify Causes and
Effects Bracket the
effect of the underlined cause and circle the signal word.

## Target Reading Skill

Identify Cause and Effect Underline the effect of blacklists.



## √ Reading Check

In the text, number the ways that owners responded to strikes.



### √ Reading Check

Underline sentences that tell why the Wagner Act is important for labor.



#### Vocabulary Strategy

Recognizing Signal Words In the last paragraph, circle a word that connects causes and effects.



Then write C next to the cause and E next to its main effect,

## √ Reading Check

Bracket the text that explains what has happened recently to manufacturing jobs in America.



Owners did different things when workers went on strike. They hired "scabs," or strikebreakers. These non-union workers replaced striking workers. Owners used lockouts to keep union members from going into a factory. Some forced workers to sign "yellow-dog contracts." These contracts said the worker would never join a union. Owners also made "blacklists." As a result, employers would not hire people whose names were on this list.

#### **Labor Unions Since 1930**

By the 1930s, the government began to accept the right of unions to exist and to strike. Congress passed the Wagner Act in 1935. It said employers had to bargain with unions. It also made illegal some of the things that owners did to stop unions.

In the 1930s, industrial unions began. They were a new kind of union. They included skilled and unskilled workers in one industry, such as steel. In 1935, some industrial unions formed the Committee of Industrial Organizations (CIO). They became independent in 1938. In 1955, the CIO and the AFL joined forces. They formed the AFL-CIO.

## **Today's Labor Force**

The labor force is the number of people working at each type of job. It has changed a lot. More women are part of the labor force now. Farmers are a smaller part of it. Fewer workers have manufacturing jobs.

55 Businesses that offer services have grown. These include banks and restaurants.

The change from an industrial economy to a service economy has caused problems. Workers lose their jobs when factories close. They do not always have the training to find new jobs. This has caused many people to face major changes in their lives.

## **Review Questions**

1. What is wage labor?

| 2. | Conflict between which two groups has had an |
|----|--|
|    | important effect on our economic system?     |



## Section 1 Managing Your Money

#### **Objectives**

- 1. Learn to understand your income by knowing what you have.
- 2. Discuss how to make financial choices.

## Target Reading Skill

**Read Ahead** Try reading ahead when you come across passages you do not understand. You may be able to gather more information as you read ahead. You may also find charts or other images that help explain the text.

Read the first paragraph of the section summary, for instance. You may not fully understand what income and expenses are when you first see them mentioned. If you read ahead, however, you find examples and explanations of both. You can find more information about income in the text. You can find more information about expenses in both the text and the illustration.

## **Vocabulary Strategy**

Using Context Clues Context can give clues to the meaning of a word you do not know. Context is the words, phrases, and sentences surrounding a word. Context clues take many forms. Sometimes they are examples that help explain a word's meaning. Read this paragraph.

You can earn income directly by working. <u>Earned income</u> comes in several forms. These are salary, wage, commission, and bonus.

You may never have seen the underlined term before. The first sentence gives the clue that it can be money made by working. The third sentence also gives clues to the meaning of *earned income*. It gives four examples of this type of income.

## **Section 1 Summary**

<sup>1</sup> It is important to learn how to manage money. First, you need to know your expenses. You need to know your goals and values. Finally, you need to make a budget. A budget is a plan for spending and saving. It 5 can help you set goals and reach them.

### **Income: Knowing What You Have**

There are many forms of income. The pay that people receive for work is called earned income. It comes in several forms. These are salary, wage, commission, and bonus. A salary is a fixed amount that someone receives 10 for work. It is paid at regular times, such as every week. A wage is an amount paid per hour of work. A commission is a percentage of money based on sales. A bonus is extra income given as a reward. People also often receive fringe benefits. Fringe benefits include 15 medical care, sick leave, and paid vacation days.

People receive income from other sources, too. People earn interest on a bank account. People who own stock receive dividends. People can also receive income from selling or renting property. They can receive it as <sup>20</sup> gifts. They can also inherit it when someone dies.

You can follow these steps to understand income. Add all sources of income. Then subtract what is paid in taxes. The result is called disposable income.

## **Making Financial Choices**

People choose how to use money based on their goals 25 and values. Some carefully plan to stay out of debt. Some save for a goal. The goal might be buying a house or going to college. Many people give money to people in need.

#### **Key Terms**

fringe benefits (FRINJ BEN uh fitz) n. payments other than money that you receive for work

dividends (DIV ih denz) n. money from the profits of companies paid to people who own stock

disposable income (dih spō zuh bul IN kum) n. the amount of money left after taxes are paid

## Target Reading Skill

Read Ahead Look ahead to find where you can learn about making a budget. Circle text and illustrations you find.

#### Vocabulary Strategy

**Using Context Clues** Number examples that help you understand the meaning of fringe benefits.

#### Reading Check

Underline the sentence that explains why it is important to budget your money.

## Target Reading Skill

Read Ahead The word include suggests that rent and car payments are not Kathy's only fixed expenses. Look ahead at the text and illustration to find another. Write FE next to any you find.

#### **Vocabulary Strategy**

Using Context Clues Circle examples that help you understand what variable expenses are.



#### √ Reading Check

Circle Kathy's most important monthly expenses. Circle her least important expenses.



Kathy spent her money on consumer goods. She bought clothes, a TV, and luggage. Kathy's spending led to credit card troubles. These problems made her think about her values and goals. She learned that good spending and saving habits are important.

Kathy decided to make a budget. Making a budget is a way to decide what to spend and save. It helps you set aside enough money for the things you need. It also helps you not buy what you cannot afford.

Kathy decides that her first budget will cover one month. Her disposable income is \$1,800 a month. She looks at her expenses. Some are **fixed expenses**. These include rent and car payments. Kathy also has **variable expenses**. These include food, clothes, and telephone. Cutting back on variable expenses is one way to help save money. Kathy figures how much she can save each month. She also decides how much of her credit card debt she can pay.

She makes this budget for the month:



## **Review Questions**

- 1. How do you know what your disposable income is?
- **2.** How can a budget help you save money? How can it help you with spending?

#### **Key Terms**

**fixed expenses** (FIXT ek SPEN suhs) *n.* costs or bills that have to be paid regularly, such as every month

variable expenses (VAYR ee uh bul ek SPEN suhs) n. costs or bills that change from month to month



## Section 2 Spending and Saving

#### **Objectives**

- 1. Learn about making spending decisions.
- 2. Discuss how to make savings decisions.
- 3. Learn about insurance.

## Target Reading Skill

**Paraphrase** Paraphrasing helps you understand what you read. When you paraphrase, you restate, or say again, information in your own words. You could paraphrase the first paragraph on the next page like this:

Having a budget doesn't mean you don't have to make money decisions. You still have to choose what to buy and how to save. Your goals and values can help you.

Try paraphrasing as you read parts of this section. Saying the information in your own words will help you understand it better.

## Vocabulary Strategy

**Using Context Clues** Nearby words, sentences, and paragraphs can give you clues to the meaning of a word you do not recognize. Sometimes the context will restate the meaning of a word. Look at this example:

People buy insurance to protect themselves from injury or loss. In return, they pay premiums to the insurance company. These <u>regular payments</u> keep their insurance coverage going.

Note that the underlined words restate what premiums are. As you read, pay attention to the context of words you do not know. You may find the meanings of words restated in the surrounding words, sentences, and paragraphs.

## Target Reading Skill

Paraphrase Paraphrase the bracketed paragraph.

### Vocabulary Strategy

Using Context Clues Circle a context clue for the term use credit.



#### √ Reading Check

Identify possible advantages and disadvantages to buying a more expensive item. Write a plus sign (+) next to one advantage. Write a minus sign (-) next to one disadvantage.

## **Section 2 Summary**

You have to make decisions about money even if you have a budget. You have to choose which goods and services to buy. You have to choose a savings plan. Your goals and values help you make these decisions.

### **Making Spending Decisions**

People's values affect their buying decisions. Other factors also affect decisions about spending. Friends, salespeople, and advertisements may influence you.

Wise shoppers consider various factors before deciding what to buy.

| Factors Affecting Spending Decisions | Questions to Ask   |
|--------------------------------------|--|
| Price                                | Do I have the money to buy this? Is its price about the same as the prices of other models of similar quality?             |
| Quality                              | Will the product last? Is it well made?<br>Does its quality match its price?   |
| Features                             | Does the product have the features I need? Will I be paying for features I don't need?                                     |
| Warranty and Service                 | Does the product have a warranty? Will the store repair or replace the product or give me my money back if it breaks down? |
| Sales and Discounts                  | Can I buy the same product at a lower price at a discount store or a special sale?   |

Shoppers sometimes decide to buy a more expensive item. They may want to get high quality or special features. They may <u>use credit</u> to do this. That means they do not pay the whole price at once. They usually make a down payment. Then they borrow the rest.

It is important to pay attention to the real cost of an item when borrowing money. The real cost is the purchase price plus interest. Shoppers using credit must pay interest on the money they borrow. The item costs more than if the shopper pays the whole price at once.

#### **Key Term**

**warranty** (won un tee) *n*. promise by the maker of a product to repair the product if it breaks within a certain time period

#### Making Savings Decisions

<sup>20</sup> There are many ways to save money. Three factors can help you decide which is best for you.

The first factor is liquidity. How quickly can you get the money you have saved?

The second factor is income. How much will you <sup>25</sup> earn from the money you save? Banks offer savings plans that earn interest. Banks often pay higher interest on a time deposit. People also may buy stocks or bonds. Bonds pay a fixed rate of interest. Stockholders receive income from a company's profits in the form of

30 dividends. Other investment choices are mutual funds and real estate. A mutual fund is a collection of money from many investors. You can earn income from land you own by renting or selling it.

When you save or invest, you usually make a tradeoff between income and liquidity. The interest rate on your savings account may be high. But if you must leave your money on deposit longer, it is less liquid. Stock and real estate can be hard to turn back into cash.

The third factor is safety. There is a trade-off 40 between safety and income. Savings accounts and bonds are fairly safe. But both pay low interest. Stocks can provide more income. But they also carry more risk.

#### Insurance

Most people cannot save enough to cover an emergency. They buy insurance for protection. People buy life

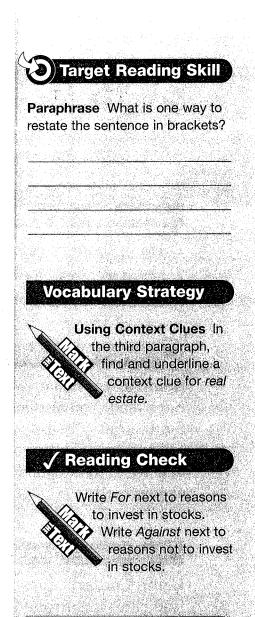
45 insurance to protect their families from loss of income. Property insurance protects houses, cars, and other property. Health insurance helps pay for medical care.

#### **Review Questions**

- 1. What factors help people to decide what to buy?
- 2. What factors can help people decide how to save?

#### **Key Terms**

liquidity (lih кwih duh tee) n. turning savings back into cash time deposit (TIM dih POZ it) n. a savings plan with a set length of time that you must keep your money in the account insurance (in SHER uns) n. a paid plan that protects a person from the cost of injury or loss



### **Reading Check**

Underline the sentences that tell the purpose of insurance.



# Section 3 Careers: Planning for the Future

#### **Objectives**

- 1. Think about careers and how to choose the best one for you.
- 2. Learn to research careers that interest you.
- 3. Learn about satisfying employers' expectations.

## Target Reading Skill

**Summarize** When you summarize, you state the main ideas of what you have read. You also may include important supporting details. Summarizing helps you understand what you read. A summary can be used to study what you have read. It is shorter than the original text. It is also more to the point. Be sure to pause from time to time to summarize as you read.

### **Vocabulary Strategy**

**Using Context Clues** There are many kinds of context clues. You can find clues in surrounding words, sentences, or paragraphs. Some clues define, or give the meaning of, unfamiliar words. Other clues only hint at the meaning. Here is an example of a context clue that defines a word:

There are thousands of careers. The occupation you choose to follow as your life's work is up to you.

Note that the second sentence defines the word *career*. A career is an occupation a person chooses to follow as his or her life's work.

## **Section 3 Summary**

Planning your career may be the most important planning you do. How you choose to make a living will affect other economic decisions you make in your life.

### **Thinking About Careers**

There are thousands of careers. Various factors will help you to choose one. They include the economy, your education and training, and your interests and abilities. Your goals and values will affect your choice, too.

Career choices change as the economy changes. In the past, most Americans had farming or factory jobs.

Now most have service jobs. Computers and new technology have replaced some jobs. But they also create new jobs. Many new jobs demand special training. These include engineering, law, and medicine.

Your interests and abilities can help you pick a career. What subjects are you good at? What you enjoy outside school can also help you. Your goals and values are important, too. Do you like a fast <u>pace</u>? Do you want to live in the country? Do you enjoy travel? Your answers can help you identify possible careers.

#### **Career Research**

You can research career fields. Most libraries have information. The *Occupational Outlook Handbook* is one good source. It tells about hundreds of jobs. It describes the education, training, and other skills needed.

Talking with someone in a career is another way to get information. You can ask questions such as:

- What do you actually do in this job?
- What training and education are needed?
- What do you like most about your job? What do you like least?
- What jobs are available in this field now? In the future?

#### **Key Terms**

**Career** (kuh REER) *n.* a job which you do as your life's work **Occupational Outlook Handbook** (ah kyoo PAY shuh nul OUT luk

HAND buk) *n.* a career guide published by the Department of Labor

## Target Reading Skill

the main idea of Career
Research. Find two
important supporting
details and write D
next to each.

#### / Reading Check

In the text, number important factors to consider when selecting a career.

#### Vocabulary Strategy

Using Context Clues What does the underlined word mean? Circle the word or words that give hints to its meaning.

#### Vocabulary Strategy

Using Context Clues Circle a context clue to the meaning of the underlined word.



## Target Reading Skill

**Summarize** Summarize the last paragraph on this page in one to two sentences.

## √ Reading Check

Circle the advantage(s) to learning a skill on the job.



## √ Reading Check

Put a check mark next to the word that tells at what point career decisions are final. On-the-job experience also gives you information. You might get a part-time or summer job in a field that interests you. For example, you might work in an office to see what happens each day. Many students volunteer in hospitals and day-care centers. This helps them to see what careers in medicine and teaching are like.

## **Satisfying Employers**

Understanding what an employer expects can help a worker to be successful. Employers look for people with basic skills. They want workers who are willing to learn. They want workers who care about what they do. Many employers want people with a <u>positive</u> outlook. They also like employees with a "can do" approach and who do not give up. This persistence is an important quality.

Career decisions are never final. Most people change careers—or jobs within a career field—more than once. Career planning does not stop. Your interests, goals, skills, and experience continue to change.

#### **Review Questions**

- 1. How does the economy affect career choices?
- **2.** Name three ways to get information about a career field.

162



# Section 1 Government Intervention in the Economy

#### **Objectives**

- 1. Discuss American values and economic goals.
- 2. Identify the limits of free enterprise.
- 3. Explain how governments correct and prevent economic problems.
- 4. Explain the debate over government intervention in the economy.

## Target Reading Skill

**Ask Questions** It is a good idea to look through a section before reading it. Look at headings and photos in the section. As you do, you will probably have questions. Write down questions that occur to you. Then read to find answers to your questions.

Look at the heading *The Need for Reform*, for example. You may have these questions about this section of the text: What is reform? Why is it needed? Where is it needed? Asking questions such as these gives you a purpose for reading. You can read to find answers to your questions.

## **Vocabulary Strategy**

**Using Roots and Prefixes** Roots and prefixes can help you understand the meaning of words you have not seen before. Remember:

- A root is the base of a word. A root has meaning by itself.
- A prefix goes in front of the root. A prefix changes the meaning of the root.

You will come across the words *inhumane* and *intervention* in this section. Break each into a prefix and root to try to learn its meaning.

| Prefix +  | Root = | Word         |
|-----------|--------|--------------|
| in-       | humane | inhumane     |
| "not"     | ?      | ?            |
| inter-    | ven    | intervention |
| "between" | "come" | ?            |

<sup>1</sup> The government plays many roles in our economy. It makes rules for business. It spends about \$2 trillion each year. It collects taxes. The federal government is the biggest consumer in our economy. It is also the 5 biggest employer.

### **American Values and Economic Goals**

Our government is based on several basic values. The Framers of the Constitution believed that economic freedom is a basic right of citizens. They wanted a new nation with an economy based on a market system. They 10 wanted the economy to be strong and able to grow.

Article 1, Section 8 of the Constitution gives Congress power to support a market economy. Congress can issue money. It can collect taxes and borrow money. It can also set up a mail service and build roads. In the 15 early years of our country, most people expected the government to play a small role in the economy.

#### The Need for Reform

The free-enterprise system has made our nation rich. But our economy also has some problems. Many people believe these problems are not fixed by letting the mar-20 ket system work on its own. This chart shows some economic problems the government has had to face.

| Reasons Why Government Has Become Involved in Our Economy      |  |
|--|--|
| Businesses have sometimes earned profits unfairly.             |  |
| 2. Working conditions have sometimes been unsafe and inhumane. |  |
| Unsafe products have harmed consumers.                         |  |
| 4. Not all Americans have had economic security.               |  |
| 5. The economy has been unstable.                              |  |
| 6. The environment has been damaged.                           |  |

#### Key Term

economic freedom (ek uh NOM ik FREE dum) n. being able to own property, make money, and decide what to make, buy, and sell

## Target Reading Skill

Ask Questions What question comes to mind when you look at the heading American Values and Economic Goals?

Circle the text that answers your question.

### **Reading Check**

Underline the sentence(s) that tell(s) what the Framers wanted to ensure for the new nation.

#### Vocabulary Strategy

Using Roots and Prefixes Draw a line between the prefix and root of inhumane in the chart. What do you think the root means? What does inhumane mean?

#### **Reading Check**

Circle the text that tells why the government has become involved in the economy.

## Target Reading Skill

Ask Questions What question would you ask based on the heading Methods Governments Use?

## √ Reading Check

Bracket the sentence under Methods
Governments Use that describes the relationship between taxes and the economy.

#### Vocabulary Strategy

Using Roots and Prefixes
What does intervention mean?

## √ Reading Check

Number three disadvantages and three advantages of government involvement in the economy.



#### **Methods Governments Use**

Local, state, and federal governments use various methods to change how the economy works.

- 1. Governments set rules for businesses. They limit workers' hours. They set safety rules. And they set up agencies to carry out laws.
- **2.** *Governments give money to people who need help.* The money pays for food, shelter, and medical care.
- 3. Governments own resources and produce goods and services. They run businesses that help many people.
- **4.** *Governments give money to private businesses.* That helps to create important products or services.
- 5. Governments control the amount of money they spend and the amount they get in taxes. Taxes take money from the economy. Spending puts money back.
- **6.** Governments make tax rules and collect special taxes. They change the tax rates. They reward certain economic activities and punish others.

#### **Government Intervention**

There is a bad side to government being involved in the economy. Government rules can limit our freedom to make profits and to do what we want with our property. Government's part in the economy can cost a lot, too. The taxes that pay for programs take large parts of people's incomes. Also, people often say the government uses more time, money, and paperwork than needed.

Government <u>intervention</u> often creates conflict. Freedom clashes with equality and justice. It also clashes with the health of the public and the environment. People disagree about which values are more important.

### **Review Questions**

- 1. What methods do governments use to solve eco-
- nomic problems?
- **2.** Why does government involvement in the economy create conflict?

166



# Section 2 Government's Efforts to Solve Economic Problems

#### **Objectives**

- 1. Discuss how the government ensures fair business practices.
- 2. Describe how government regulations protect workers and consumers.
- 3. Explain how government provides economic security, helps to maintain economic stability, and works to protect the environment.

## Target Reading Skill

Use **Prior Knowledge** Your prior knowledge is what you already know about something. Follow these steps to use prior knowledge:

- 1. Look at headings and illustrations before beginning to read. Also look at features and vocabulary words.
- 2. Think about what you already know about the topic of what you have previewed.
- 3. Correct what you already know with new information as you read.

#### **Vocabulary Strategy**

**Using Roots and Prefixes** Breaking a word into parts can help you understand its meaning. It helps to know the meaning of common prefixes. Review the meaning of these prefixes.

| Prefix                 | Meaning        |
|------------------------|----------------|
| arti-                  | against        |
| syn-, sym-, syl-, sys- | together, with |
| in-                    | not            |
| inter-                 | between        |
| re-                    | back, again    |
| un-                    | not            |

## Target Reading Skill

Use Prior Knowledge What do you already know about labor unions that helps you understand this section?

## √ Reading Check

Underline the sentences that explain what the Sherman and Clayton Antitrust Acts accomplished.

## √ Reading Check

Circle the sentences that explain how the government protects workplace safety.

## **Section 2 Summary**

People want freedom, equality, and justice. People expect the government to solve problems while balancing freedom and fairness.

## **Ensuring Fair Business Practices**

Competition is meant to keep prices fair. In the 1800s, many business owners thought of ways to get rid of competition. Some industries were run by a **trust**. A trust is a corporation that controls a market. It has monopoly power. That is the power to control prices. A business with this power is often called a **monopoly**.

Citizens got angry about monopolies. In 1890, Congress passed the Sherman Antitrust Act. It outlaws deals that limit competition. The Clayton Antitrust Act was passed in 1914. It outlaws many practices of monopolies and trusts.

## **Protecting Workers and Consumers**

<sup>15</sup> Our government has often protected workers. It passed the Fair Labor Standards Act of 1938. It passed laws to limit work hours. And it set minimum wages. Other laws said employers must bargain with unions.

The government also guarded workers from danger. Labor unions argued that work conditions must be safe. All companies did not want to pay for safer machines. In 1971, the government began the Occupational Safety and Health Administration (OSHA). OSHA sets safety and health standards at work.

The government also guards us from harmful foods and drugs. It set up the Food and Drug Administration (FDA) in 1927. The FDA sees that food, make-up, and drugs are safe. New drugs are tested before they are sold. The government created the Consumer Product Safety Commission (CPSC) in 1972. The CPSC makes rules for toys, tools, and other goods.

#### **Key Terms**

**trust** (TRUST) *n.* a group of several companies that are helped by the high prices they all agree to charge

monopoly (muh NOP uh lee) n. a single business with the power to control prices in a market

#### **Providing Economic Security**

In 1929, hard times began for our nation. This time is called the Great Depression. In 1932, President Franklin D. Roosevelt began programs called the New Deal. The programs were meant to help the economy. They were meant to help people in need.

In 1935, the Social Security Act was passed. It replaces the income lost when a person retires, is injured, or dies. The act also created unemployment insurance. That gives money to people who lose jobs.

### **Maintaining Economic Stability**

The economy goes through a **business cycle.**Companies make more goods during a growth time.
New jobs are created. A recession follows each time of growth. A recession is a time of slowdown. Fewer
<sup>45</sup> goods are made. Unemployment goes up.

Citizens want a stable economy. So the government tries to lessen the ups and downs. **Monetary policy** is control of the money supply. **Fiscal policy** is the government's plan for spending money and gathering taxes. It affects the economy, too. That is because our government is an important spender and collector of taxes.

## **Protecting the Environment**

The government also protects the environment. The government passed the Environmental Protection Act in 1970. This important law created the Environmental Protection Agency (EPA). The EPA controls pollution. It decides what and how much can be dumped into our air, water, and soil.

### **Review Questions**

- 1. What government agencies help protect consumers?
- 2. How does government maintain economic stability?

#### **Key Terms**

**business cycle** (BIZ nis sī kul) *n.* a repeated series of "ups" of growth and "downs" of recession

**monetary policy** (MON ih tayr ee POL uh see) n. control of the money supply by the Federal Reserve System

**fiscal policy** (FIS kul POL uh see) *n.* a government's decisions about how much it spends and how much it collects in taxes

#### / Reading Check

Bracket text that explains the purpose of the New Deal programs.

#### √ Reading Check

What is the difference between monetary policy and fiscal policy?

## Target Reading Skill

Use Prior Knowledge What do you know about the environment that helps you better understand the underlined information?

#### **Objectives**

- 1. Discuss how the nation maintains its economic health.
- 2. Understand how the federal budget works.
- 3. Identify sources of federal income.

## Target Reading Skill

**Predict** Making predictions helps you set a purpose for reading. Having a purpose for reading helps you understand and remember what you read. To make a prediction, follow these steps:

- 1. Look at the headings, images, and anything else that stands out in the text.
- 2. Predict what the text might discuss.
- 3. Connect what you read to your prediction.
- 4. Change your prediction if what you read does not support it.

## **Vocabulary Strategy**

**Using Roots and Prefixes** Always look closely at words you do not recognize while reading. You may be able to break them into word parts such as prefixes and roots. Then you can use what you know about the prefixes and roots to figure out the meaning of the words.

You will come across the words *inflation* and *imports* in this section. Figure out their meanings by breaking them into a prefix and root. The information in the chart will help you.

| Word      | Prefix            | Root            |
|-----------|-------------------|-----------------|
| inflation | in-<br>"in, into" | flat<br>"blow"  |
| imports   | im-<br>"in, into" | port<br>"carry" |

#### The Nation's Economic Health

<sup>5</sup> Our government keeps track of how many people are out of work. It counts new jobs. These and other numbers help to measure the economy's health. Then the government decides how to improve the economy.

The rate of **inflation** is one major sign of the economy's health. Money loses its buying power during inflation. That makes inflation a worry for the government, companies, and consumers.

Inflation is hard to control. As prices rise, workers want higher pay. Companies then spend more on labor.

15 They have to raise prices even higher to make a profit.

The gross domestic product (GDP) is another sign of the economy's health. A major goal of government is to help the economy grow. A rising GDP, without rising prices, usually means the economy is growing. A falling GDP means the economy needs help. To help, the government may increase its spending.

## The Federal Budget

The government pays for things like unemployment, medical care, and retirement. It also spends money on national defense and federal highways.

Federal spending is planned ahead of time. The **federal budget** decides in detail how much will be spent in a year. The budget also estimates how much will be received from taxes.

#### **Key Terms**

**inflation** (in FLAY shun) n. a general rise in the price of goods and services

**gross domestic product (GDP)** (gRŌs duh MES tik PROD ukt) *n.* the total dollar value of all goods and services made in the country in a year

**federal budget** (FED rul BUJ it) n. the government's plan for how it will raise and spend money

**Predict** What can you predict about the text under *The Nation's Economic Health?* 

#### Vocabulary Strategy

Using Roots and Prefixes Use the prefix and the root of *inflation* to explain what it means.

## √ Reading Check

Underline the sentences that explain what causes es inflation.

## √ Reading Check

List five things the federal government spends its money on.

- 2. \_\_\_\_\_\_

## Target Reading Skill

**Predict** Look at the question in brackets. What do you predict about this section based on the question?

## Vocabulary Strategy

Using Roots and Prefixes Use what you know about the prefix and root of *imports*. What does *imports* mean here?

### ✓ Reading Check

Why does the government spend more than it can afford?

## Federal Income and the National Debt

How does our government raise the money it spends?

It gets revenue, or income, from varied sources.

Most of the revenue comes from the income tax. Businesses and workers must pay income tax. Workers pay personal income tax and social security tax. Personal income taxes are the most important source of federal revenue.

Excise taxes also bring in revenue. These are taxes on things such as cigarettes and gas. Many excise taxes not only raise money. They also control the use of a product by making it cost more.

The government also collects other money. Important sources are tariffs, fees, and sales of resources owned by the government. Tariffs are taxes on <u>imports</u>. Fees are charges to users of certain services. Resources include trees on national forest land.

For much of our history, the government has spent more than it has taken in. This creates a **deficit**. To make up for a deficit, the nation borrows money. A **surplus** is the opposite of a deficit. A surplus occurs when the government takes in more money than it spends.

Large deficits increase the **national debt.** The debt grows when we borrow money to cover deficits. The debt has grown sharply in recent years. Our government pays interest on money it borrows. As the debt grows, the interest becomes a larger part of the federal budget.

## **Review Questions**

| 1. | How | does | the | federal | budget | work? |
|----|-----|------|-----|---------|--------|-------|
|----|-----|------|-----|---------|--------|-------|

2. Name two sources of federal income.

#### **Key Terms**

**deficit** (DEH fuh sut) *n*. how much more the government spends than it takes in

 ${\bf surplus}$  (SER plus)  $\it n.$  how much more the government takes in than it spends

**national debt** (NASH uh nul DET) n. the total amount of money the government owes



## Section 1 Money

## **Objectives**

- **1.** Examine the different functions of money.
- **2.** Explore the many characteristics of our money.
- 3. Discuss the value of our currency.

## Target Reading Skill

**Use Context Clues** Looking at context can sometimes help you figure out the meaning of a word you do not know. Context includes the words and sentences around a word. Read this paragraph:

Our market economy could not work without money. Without money, we would have to rely on **bartering**. Such <u>trading</u> would not be easy in today's economy.

You may not know the meaning of the word in bold. But nearby words give clues to its meaning. The underlined context clues tell you that *bartering* means "trading without money."

## **Vocabulary Strategy**

**Recognizing Word Origins** A word's origin is where the word comes from. The words *ideal* and *legal* in this section contain the Greek suffix *-al*. This suffix means "having to do with, belonging to." The word *ideal* contains the Greek root *ide-*, meaning "thought or idea." The word *legal* contains the Latin root *leg-*, meaning "law."

Knowing the origins of words can help you understand their meanings. As you read, use your knowledge of the roots and suffix in *ideal* and *legal* to figure out what the words mean.

## The [Functions] of Money

Money has three basic uses. Most important, it is used for exchange. People give and take money in exchange for goods. Second, money is a standard of value. Prices stated in money terms allow you to compare values. All prices are given in dollars and cents. Third, money is a store of value. You can put money aside to use later.

## The Characteristics of Our Money

There are various kinds of money. An economy may use **currency** as money. In the past, other objects were used as money. These include salt, furs, grains, and gold. These kinds of money worked well in the economies in which they were used. None would work well in our economy today. Each is missing one or more of six characteristics. These characteristics make our currency ideal for our economy.

## Target Reading Skill

Use Context Clues Circle
the context clue that
explains the meaning
of the bracketed
word.

## Reading Check

Circle the text that tells how money allows consumers to compare the values of goods and services.

## **Vocabulary Strategy**

Recognizing Word Origins What do you think ideal means?

#### **Key Terms**

**bartering** (BAR ter ing) v. trading goods and services **currency** (KER un see) n. the coins and paper bills used as money

## Target Reading Skill

Use Context Clues Circle a context clue that helps explain the meaning of the underlined word in the chart.



## √ Reading Check

Underline the sentence that explains why gold and silver are not ideal currency today.



## Vocabulary Strategy

Recognizing Word Origins What do you think legal means?

## √ Reading Check

Why is the metal used to make coins worth less than their face value?

The chart shows six characteristics of our money.

# CHARACTERISTICS OF OUR MONEY 1. Our money is accepted by most people in our society. 2. Our money can be counted and measured accurately. 3. Our money is durable and not easily destroyed. 4. Our money is convenient and easy to carry and use. 5. Our money does not cost too much to produce. 6. The supply of our money is easily controlled.

For a long time, gold and silver were used as money around the world. Standard-weight coins were made from these metals. Gold and silver coins are durable. They can be counted and measured accurately. But large amounts of gold and silver are heavy and hard to carry. For that reason, they are not ideal today. But gold and silver still have value. That is because it is expensive to find them and dig them from the ground.

## The Value of Our Currency

Our coins are generally a mixture of copper and nickel. The metal in each coin is worth less than the coin's face value. Our bills are just paper. These words appear on them: "This note is <u>legal</u> tender for all debts, public and private." Our currency has value because the government says it does. The government stands behind our money.

## **Review Questions**

|                     |            | ,          |      |  |
|---------------------|------------|------------|------|--|
| . Name four charact | eristics ( | of our mor | ney. |  |
|                     |            | ····       |      |  |

1. What are the three basic uses of money?



# Section 2 Our Banking System

## **Objectives**

- 1. Analyze the beginnings of banking.
- 2. Discover the many different kinds of money used.
- 3. Understand how bank services provide access to money.
- 4. Discuss how the business of banking functions in our national economy.

## Target Reading Skill

**Interpret Nonliteral Meanings** The literal meanings of words are exactly what the words mean. Nonliteral meanings usually involve images or comparisons. These strongly communicate an idea to the reader. Read this sentence.

They were hoping to strike gold near Gemstone City.

The literal meaning of *strike* is "hit." In this sentence, *strike* has a nonliteral meaning. It means "find or discover suddenly." *Strike* is a more vivid word than *find*.

Be aware of nonliteral meanings as you read. A word may not mean exactly what it says.

## Vocabulary Strategy

**Recognizing Word Origins** The words *receipt* and *fraction* appear in this section. Each contains a Latin root.

| Word<br>receipt | ceipt- (cept-, ceiv-) | Meaning<br>take, seize |
|-----------------|-----------------------|------------------------|
| fraction        | fract-                | break                  |

Knowing these roots can help you figure out the meanings of words as you read. You probably know that *receive* means "take, accept." Maybe you know that *fragile* means "breakable." As you read, use your knowledge of these roots to try to determine the meanings of *receipt* and *fraction*.

| Target Reading S  | kill      |
|---|-----------|
| Interpret Nonliteral Meaning<br>Restate the underlined sente<br>your own words. |           |
|   |           |
|   |           |
| Vocabulary Strategy   | <b>II</b> |
| Recognizing Word Origins Explain the meaning of receip based on its root.       | t         |

## √ Reading Check

How does the story

of Hiram Wakefield show how banks developed?

## **Section 2 Summary**

Societies created banks to help businesses and individuals. Banks help people exchange money safely and easily. Banks also help people save money.

## The Beginnings of Banking

Merchants and goldsmiths in Europe first created banks during the Middle Ages. More goods were being exchanged. Larger amounts of money were used.

Banks also were needed in the young United States. The following story is not true. But it shows how banks formed.

Hiram Wakefield was a goldsmith in Colorado. He heard that gold was found near Gemstone City. He moved there and set up a shop. Soon Hiram's business was booming. Miners brought in gold to be weighed and stored. When a miner wanted to store gold, Hiram gave him a receipt that showed the gold's value.

Miners could give any shopkeeper one of Hiram's receipts. In exchange, the shopkeeper gave them what they wanted. Business owners could exchange receipts for gold. The receipts became a form of money.

Miners only rarely exchanged their receipts for all the gold they had in Hiram's safe. Hiram decided that he could lend some gold to miners who needed it. Miners who received these loans signed a note. The note said they would pay back the gold plus a fee for borrowing it.

Hiram had become the Gemstone City banker. His system of holding money and giving blank receipts and loans is similar to what banks do today.

## The Kinds of Money

Currency is one kind of money. Checks are another. Checks are accepted in exchange for goods and services. Checks are not as durable as currency. Checks can only exist in an economy if there are banks. A person deposits money in a bank. That money is known as a **demand deposit**. The person can withdraw that money "on demand" by writing a check.

#### **Key Term**

demand deposit (dih MAND dih POZ it) n. the money in a checking account

Traveler's checks are a third kind of money. The exact amount of the traveler's check is printed on it. Traveler's checks, demand deposits, and currency make up the **money supply**.

#### **Bank Services**

Our banks offer three main services: checking accounts, saving accounts, and loans. Checking accounts make doing business easy. Checks can be used instead of cash to pay for goods.

When people put money in savings accounts, the bank pays them interest. This is because the bank can use the money from customers' savings to make a **loan** to another individual or business. The borrower agrees to pay back the amount borrowed. The borrower also pays a certain amount of interest.

## The Business of Banking

The largest source of profit for most banks is interest on loans. The interest paid on savings accounts is less than the interest the bank receives on loans. The difference between the amount paid and the interest received is a major part of a bank's income.

Modern banking works on the principle of **fraction-**<sup>55</sup> **al reserve banking**. Banks keep only a fraction of people's deposits <u>on hand</u>. The money deposited in banks helps those who need to borrow money. It helps the economy grow.

## **Review Questions**

- 1. What are three kinds of money people use?
- 2. Explain the idea of fractional reserve banking.

#### **Key Terms**

money supply (MUN ee suh PLi) n. the total amount of money available

**loan** (Lōn) *n*. an amount of money borrowed for a certain time **fractional reserve banking** (FRAK shun ul ri ZERV BANGK ing) *n*. banking that holds back a certain portion of the money deposited by customers and uses the rest for loans and investments

## √ Reading Check

Bracket the sentence that explains how checks differ from currency.

#### **Vocabulary Strategy**

Recognizing Word Origins If the Latin root fract- means "break," what does fraction mean?

## Target Reading Skill

Interpret Nonliteral Meanings
What does the underlined phrase
mean?

## √ Reading Check

Underline the text that explains why banks pay customers who keep their money in savings accounts,

## Reading Check

Circle the text that describes the largest source of revenue for banks.



# Section 3 The Federal Reserve System

## **Objectives**

- 1. Learn about the beginning of the Federal Reserve System.
- 2. Understand the organization of the Federal Reserve System.
- 3. Learn about the functions of the Federal Reserve System.
- 4. Explore the delicate balance between money and the economy.

## Target Reading Skill

**Use Context** Sometimes the meaning of a word makes sense only in its context. Context is the words, phrases, or sentences that surround the word. You can make sense of a word you do not know by thinking about the meanings of nearby words and phrases.

Read the first sentence. To understand the meaning of the word *panic*, think about the meaning of the underlined word in the second sentence.

People with money in banks began to panic. They <u>feared</u> that the banks would go out of business.

The context of panic helps you understand that it means "feel great fear."

## **Vocabulary Strategy**

**Recognizing Word Origins** You will find the words *regulate* and *recession* in this section. Both have Latin roots. The word *regulate* contains the root *regula-*, meaning "rule." The word *recession* contains the root *cess-*, meaning "go." Each word also has other Latin word parts. As you read, think about what you know about the meanings of the parts of each word. Use your knowledge to figure out the meaning of the whole word.

## **Section 3 Summary**

<sup>1</sup> The federal government <u>regulates</u> banks and the nation's money supply. It does this through the Federal Reserve System.

## The Federal Reserve System

The economy stopped growing in the late 1800s and early 1900s. Businesses closed. Workers lost their jobs. People with money in banks feared that banks would go out of business, too. They wanted all their money in cash. Many banks did not have enough money on hand to meet the demand. Some banks had to close down. Many customers lost their money.

The public finally asked the government to step in. People wanted the government to make rules for how banks worked. They also wanted the government to <u>assist</u> banks when they needed help.

Congress created the **Federal Reserve System**, or "the Fed" in 1913. This system became the central bank of the United States.

## **Organization of the Fed**

The Fed is an independent agency of the federal government. It is not influenced by politics. Lawmakers who created the Fed wanted it to keep in touch with the country's business needs.

Congress divided the country into twelve geographic regions. These are called Federal Reserve districts. There is one Federal Reserve Bank in each district. It oversees banking there. It also pays attention to the economic problems of that area.

The most powerful people in the Fed are the seven members of the Board of Governors. The President appoints them for 14-year terms. The **Board of**<sup>30</sup> **Governors** runs the Federal Reserve System.

#### **Key Terms**

**Federal Reserve System** (FED rul rih ZERV SIS tum) *n.* central bank that offers services to banks and oversees their activities

**Board of Governors** (BORD UV GUV er nerz) *n.* group of seven people who run the Federal Reserve System

## Vocabulary Strategy

Recognizing Word Origins What does regulate mean?

## Target Reading Skill

Words or phrases that help you to understand the meaning of assist.

## Reading Check

Circle the paragraph that explains how and when the Federal Reserve System was created.

#### ✓ Reading Check

Underline the text that tells how the Federal Reserve keeps in touch with the business needs of the country.

## **Vocabulary Strategy**

Recognizing Word Origins If the Latin root cess- means "go," what does recession mean?

## Target Reading Skill

Use Context Circle any words in the chart that help you understand the meaning of note in this context.

## ✓ Reading Check

Number two sentences that explain why the Fed makes it harder to get loans when prices rise.



## **Functions of the Fed**

The Fed's many jobs are shown in the chart below.

## **FUNCTIONS OF THE FEDERAL RESERVE**

- Supplying currency. Each bill in our currency is a Federal Reserve note. Each Federal Reserve note comes from one of the twelve Federal Reserve Banks.
- Serving as the government's bank. The Fed keeps the federal government's checking accounts. It also keeps track of the federal government's debts.
- Providing services. Checks you write for purchases pass from the seller's bank through the Fed before returning to your bank.
- Regulating banks. The Fed sets rules for banks. Then it makes sure they are followed.
- Making loans to banks. The Fed will make loans to banks. Banks pay the Fed a special low rate of interest called the discount rate.
- Controlling the money supply. This is the most powerful job of the Fed. The size of the money supply has a great effect on the health of the economy.

## Money and the Economy

In a healthy economy, spending is about equal to the economy's ability to produce goods. Greater demand for goods and services makes prices rise. A rise in prices throughout the economy is called inflation.

Sometimes there is less money than there are goods to spend it on. Businesses may cut back on production. The result is a recession.

Controlling the money supply is difficult. When prices rise, the Fed may make it harder for people to get loans. Spending slows when less money is being loaned. And prices are less likely to continue to rise. In a recession, the Fed often makes it easier for banks to make loans. Increased lending encourages spending.

## **Review Questions**

- 1. Describe the organization of the Fed.
- **2.** Why is controlling the money supply the Fed's most important job?

## **Key Term**

recession (rih SESH un) n. a slowdown in the economy



# Section 1 Government and Economic Goals

## **Objectives**

- 1. Discuss the relationship between full employment and price stability.
- 2. Study the government's role in the circular flow of economic activity.
- 3. Investigate the process of national income accounting.

## Target Reading Skill

Recognize Word Origins Words have come into the English language from various languages. Many English words can be traced to Latin or Greek. The words *promote* and *domestic* in this section both have Latin origins. *Promote* comes from the Latin word *promotus*, meaning "move forward or ahead." *Domestic* comes from the Latin word *domus*, meaning "house or home." This information about word origins will help you to understand the meanings of *promote* and *domestic* as you read.

## Vocabulary Strategy

**Recognizing Signal Words** Signal words point out relationships between ideas or events. Words can signal time, sequence, importance, comparisons, contrasts, causes, effects, and examples. The chart below shows words that signal examples.

| 10 (1 (1) (1) (1) (1) (1) (1) (1) (1) (1) | Words That Signal Exa | imples. |
|---|-----------------------|---------|
| for example                               | for instance          | such as |
| like                                      | specifically          | as      |
|   |                       |         |

Look for these signal words as you read. They will point to specific examples of ideas or things.

## **Section 1 Summary**

<sup>1</sup> The government is important to the economy. It tries to improve the economy in difficult times.

## Full Employment and Price Stability

People are happy when prices don't change and there are jobs. They are not happy when prices go up and 5 down and people can't find jobs.

Americans worried about the lack of jobs after World War II. People feared there might be another economic downturn like the Great Depression. Then Congress passed the Employment Act of 1946.

- This act was based on three ideas.
  - General Welfare The Constitution's preamble says the government should promote the general welfare. This means the government should serve the best interests of citizens. The Employment Act of 1946
- did this. Its goal was for everyone to have a job and for prices to hold steady.
  - *Full Employment* This means that no person who wants work should be out of a job.
- *Price Stability* This means keeping prices even. People have the greatest buying power when prices don't change. When prices go up, buying power drops.

## Government and the Circular Flow

Since World War II, the government has become a big part of the economy. The diagram shows this.

A mixed economy includes government, businesses, and people. Government can tax businesses and people. In exchange for taxes, the government provides services.

#### **Key Terms**

full employment (FUL em PLOY munt) n. when every person who wants to work has a job

mixed economy (MIKST ih KON uh mee) n. a system that includes the government, companies, and people

## Vocabulary Strategy

**Recognizing Signal Words** What does the underlined word signal?

## Target Reading Skill

Recognize Word Origins What does promote mean under General Welfare?

## **Reading Check**

Underline the text that tells the chief goal of the **Employment Act of** 1946.

## **Reading Check**

Circle the text that explains what role the government plays in the flow of economic activity.

## Target Reading Skill

Recognize Word Origins Use the root of the word domestic to help you explain its meaning in this context.

## Vocabulary Strategy

**Recognizing Signal Words** What does For example signal here?

## ✓ Reading Check

Bracket the sentence that tells why economic growth is important.

## **National Income Accounting**

National income accounting helps us to see changes in the economy. It tracks spending, and it tracks income. It helps voters and government leaders make decisions about government spending and taxes, too.

National income accounting includes the gross domestic product (GDP). The GDP is the value of goods and services made and sold in a year. Services that do not involve production are not counted. For example, Social Security payments are not included.

In an economy, total spending must equal total income. Spending is all the money used to buy goods and services. It includes money spent by people, businesses, and the government. Income includes wages, rents, interest, and profits.

There is **economic growth** if the GDP goes up and prices stay about the same. Citizens enjoy a higher standard of living. Growth is one goal of the economy. Other goals are full employment and price stability. Policy makers want jobs for all, and they do not want large increases or decreases in the overall price level. **Inflation** happens if the price level increases. **Deflation** happens if the price level decreases.

## **Review Questions**

- 1. What role does national income accounting play in the economy?
- 2. What are three goals of our economy?

#### **Key Terms**

national income accounting (NASH uh nul IN kum uh KOWN ting) n. how our nation keeps track of income and spending economic growth (ek uh NOM ik GRŌTH) n. a time when more goods and services are produced inflation (in FLAY shun) n. a rise in overall price level deflation (dih FLAY shun) n. a fall in overall price level



# Section 2 Paying for Government

## **Objectives**

- 1. Discuss tax fairness.
- 2. Identify different types of income taxes.
- **3.** Examine the effects of taxes on individuals and the economy.

## Target Reading Skill

Analyze Word Parts When you come across a word you do not know, try breaking it into parts. What you know about the parts of the word may help you understand its meaning. The root is the basic part of a word. It gives the basic meaning. Prefixes and/or suffixes added to the root may change the meaning.

The words *impose* and *impact* in this section have the same prefix, *im*. The prefix *im*- can mean "in, into, against." The two words have different roots. The root *pos*- means "place, put." The root *pact*- means "push." Use what you know about the word parts to understand the meaning of *impose* and *impact* as you read.

## **Vocabulary Strategy**

**Recognizing Signal Words** Certain words signal the order of ideas or events. Some of these words are used in groups.

| V                                   | Vord Groups That Signal ( | Order                |
|-------------------------------------|---------------------------|----------------------|
| first, second, third<br>(and so on) | first, next, last         | first, then, finally |

Look for these signal word groups as you read. They will point to ideas or events that are listed in a certain order.

## Target Reading Skill

**Analyze Word Parts** What do you think the word *impose* means here?

## √ Reading Check

Circle the detail that tells who should receive the benefits of a fair tax.



Recognizing Signal Words Circle signal words in the secondto-last paragraph. What do they signal?



## **Section 2 Summary**

Federal, state, and local governments tax citizens. The government must <u>impose</u> taxes fairly. It also must think about how taxes affect those who pay them.

## Tax Fairness

As citizens, we expect to receive goods and services from our government. We pay for those goods and services through taxes. It is the duty of both citizens and government leaders to understand what makes a good tax.

A good tax must be:

- necessary—a tax should pay for something that citizens want.
- fair—people in the same situations should be treated alike when it comes to paying taxes.
- certain—the government must know how much money people will have to pay and how much a tax is likely to raise.
- convenient—if taxpayers find it hard to pay, it is not convenient; if government finds it hard to collect, it is not convenient.
- economical—the cost of collecting the tax must be
   small compared to the amount of money collected.

There are two important ideas about tax fairness. The first is the benefits-received principle. The benefits should go to people who pay the tax. Think about the tax on gasoline. It is fair. The more gas a driver buys, <sup>25</sup> the more miles he or she travels on government-built

roads. The more gas taxes a driver pays, the more benefit he or she receives from using roads.

The second idea is the ability-to-pay principle. In other words, a citizen should pay taxes in relation to his or her ability to pay. Ability-to-pay usually relates to how much a person earns.

## Types of Income Taxes

There are three types of income taxes:

- *Proportional Tax* Each taxpayer pays the same proportion of his or her income in taxes.
- <sup>35</sup> *Progressive Tax* A person with a higher income pays a higher percentage of taxes.
  - Regressive Tax A person with a lower income pays a larger percentage of tax. Sales tax on food and clothing is a regressive tax. That's because people with
- lower income spend a higher percentage of that income on everyday items.

#### Effects of Taxes

A tax on income is called a direct tax. The person who pays it has no choice. An indirect tax generally ends up as part of the price a consumer pays for a product.

45 A sales tax is an indirect tax.

The impact of a tax is the financial burden on the payer. The tax impact is great on people who *must* buy a product. Some people must take certain drugs to stay alive. They have no choice but to pay higher prices, 50 even if taxes on the drugs increase.

## **Review Questions**

- 1. Explain the ability-to-pay principle.
- 2. What are the three types of income-tax systems?

#### **Key Terms**

proportional tax (pruh por shuh nul TAKS) n. a system in which people pay equal parts of their income as taxes

progressive tax (pruh GREH siv TAKS) n. a system that takes a larger percent of tax from people with higher incomes

regressive tax (rih GREH siv TAKS) n. a system that takes a larger percent of tax from people with lower incomes

direct tax (duh REKT TAKS) n. a tax on income

indirect tax (in duh REKT TAKS) n. a tax that is usually part of the price people pay for a product

## **Reading Check**

Number the three types of income taxes in the text.

## Target Reading Skill

Analyze Word Parts Use its parts to help you explain the meaning of impact.

## **Reading Check**

Bracket the sentences that explain the difference between a direct tax and an indirect tax.



# Section 3 Government Policy and Spending

## **Objectives**

- 1. Discuss spending policy goals.
- 2. Identify and describe the types of government budgets.
- 3. Explore the patterns of federal government spending.
- 4. Explore the patterns of state and local government spending.

## Target Reading Skill

**Recognize Word Origins** Remember that recognizing where a word comes from can help you understand what it means. The Greek words *polis* and *polites* mean "city" and "citizens." The root of both words is *pol-*, meaning "city, state." Many words in English contain this root. *Politics*, *politician*, *cosmopolitan*, and *metropolis* are examples.

Use what you know about the Greek root *pol*- to understand the origins and meanings of words you find in this section.

## **Vocabulary Strategy**

**Recognizing Signal Words** Some words signal generalizations. A generalization is a general statement. Read this sentence:

Many citizens become upset when programs are cut back.

This sentence is a generalization. It makes a general statement about how citizens react to program cutbacks. The word *many* limits the general statement. The chart shows other limiting words that often appear in generalizations.

|           | Words That Signal Gen | neralizations |
|-----------|-----------------------|---------------|
| some      | many                  | most          |
| sometimes | often                 | usually       |
| probably  | are likely to         | may           |

Look for these signal words as you read. They may point to a generalization.

## **Section 3 Summary**

<sup>1</sup> The government must have goals for spending. It also must create budgets that explain its spending.

## **Spending-Policy Goals**

Policy decisions made by the government are based on public goals. Public goals are often set when we elect leaders. Our government wants a strong and stable economy. So it sets an economic stabilization policy. The policy has three main goals:

- *Economic Growth* The government promotes economic growth to develop a higher standard of living.
- Stable Prices The government keeps prices stable to avoid inflation and deflation.
  - *Full Employment* The government wants all citizens who are able to work to have jobs.

## **Types of Government Budgets**

There are three types of federal government budgets:

- With a **balanced budget**, a government does not spend more than the tax revenues it receives.
  - With a **deficit budget**, a government spends more than the tax revenue it receives. To do so, it must borrow money.
- With a **surplus budget**, a government spends less than it receives in tax revenues.

The business cycle shows repeated "ups" and "downs" in the GDP (gross domestic product) over time. The government can use its budget policy to control these "ups" and "downs." In a "down" time, our nation may have a deficit budget. More government spending will create economic growth and jobs.

#### **Key Terms**

**balanced budget** (BAL unst BUJ it) n. a plan in which a nation does not spend more than the tax money it receives

**deficit budget** (DEH fuh sut BUJ it) n. a plan in which a nation spends more than the tax money it receives

**surplus budget** (SER plus BUJ it) *n.* a plan in which a nation spends less than the tax money it receives

## Target Reading Skill

Recognize Word Origins Use what you know about the root of policy to explain its meaning.

## Vocabulary Strategy

Recognizing Signal Words Circle
a word under Spending-Policy
Goals that limits a general
statement. What is the
statement about?

#### Reading Check

In the text, number the three main goals of an economic stabilization policy.

#### Reading Check

Underline the sentence that explains how the government can control the GDP.

## √ Reading Check

Bracket the name of the largest entitlement program.



## Target Reading Skill

Recognize Word Origins
Underline a word in one
of the last two paragraphs that contains
the Greek root pol-.

Then use the root to explain its meaning.

## √ Reading Check

List a situation in which state and local governments might ask for outside assistance.

## **Federal Government Spending**

The federal budget explains spending by the government. It is divided into two kinds of spending. Direct expenditures are for the purchase of goods and services. Transfer payments do not involve the production of any goods or services.

Most transfer payments are for **entitlement programs**. The largest of these programs is Social Security. Other transfer payments are for Medicaid, Medicare, and unemployment help.

A deficit happens when the nation spends more than it receives in tax money. The national debt is the amount of money the government owes to lenders.

Many people worry about the size of the national debt. Interest rises as the debt rises. Interest payments mean that there is less money in the budget for other spending choices.

## State and Local Government Spending

State and local government money comes from several kinds of taxes. These include sales, property, and income taxes. Some governments also charge tax on personal property, gasoline, and other things.

State and local governments spend a third of their money on education. Other spending includes welfare assistance and highways. Local governments also pay for police, fire protection, water, and sewage.

Often states need federal help, and local governments want state help to pay for these services.

## **Review Questions**

- 1. List the three types of federal budgets.
- **2.** What are the two kinds of spending in the federal budget? How do they differ?

## **Key Term**

entitlement programs (in  $\tau\bar{\iota}$  tul munt PR $\bar{\iota}$  gramz) n. programs that give help to people because the law says they must



## Section 1 Why We Have Laws

#### **Objectives**

- 1. Discuss the need for order.
- 2. Learn about the need to protect people's safety and property.
- **3.** Consider the need to protect individual freedoms and promote the common good.
- 4. Discuss laws and morals.

## Target Reading Skill

**Identify Contrasts** One way to understand a group of ideas is to look at how they differ. When you look at differences among ideas, you are contrasting them.

Read the first paragraph in this section summary. Now look at how rules and laws differ:

| Rules                                       | Laws                           |
|---|--------------------------------|
| Everyone does not have to follow all rules. | Everyone must follow all laws. |

Identifying differences, or contrasts, between rules and laws helps you understand these ideas. Use contrasting to help you understand other ideas as you read.

## **Vocabulary Strategy**

**Using Context Clues** Context can help you understand the meanings of words you do not recognize. Context is the words and sentences around a word. Sometimes the context will give a clue to a word's meaning. Read this paragraph.

Property also includes ideas. Ideas for a new cereal, game, or skateboard are the property of the person or company who thought of them. The idea belongs to that person.

You may not be sure of the meaning of *property* in the first sentence. The examples in the second sentence help to make clear the meaning of *property*.

## **Section 1 Summary**

<sup>1</sup> Rules set standards. They also set punishments for not meeting standards. Society has rules that it expects all people to follow. These rules are called laws. Laws are the only rules that everyone has to follow.

## The Need for Order

- 5 One purpose of laws is to bring order to society. Laws do this in the following ways:
- 1. Laws tell people what they may or may not do. Traffic laws are one example.
- 2. Laws set standards in many areas. Standards for education are one example. Standards for measuring devices such as supermarket scales are another.
  - 3. Laws tell people how something should be done. They might tell how public officials should be elected, for example.
- 15 **4.** Laws help settle serious conflicts. For example, laws provide peaceful ways of settling conflicts in court.

## **Protecting Safety and Property**

Another purpose of laws is to protect people's safety and property. Laws keep people safe by protecting their lives. Physical attacks such as murder are against 20 the law. These actions are punished by prison or even death. Laws also keep people safe by protecting the quality of their lives. Laws especially look after people who are less able to protect themselves. These include children and the elderly.

Laws against stealing are one way the government protects your property. Laws also give you rights if your property is damaged. Property is more than just a person's belongings. Any creation can be protected by law. Books, CDs, and games display the copyright 30 symbol ©. Brand names have the ® symbol. That stands for "registered trademark." Copyrights and trademarks are warnings. They say it is against the law

#### **Key Term**

laws (Loz) n. government rules that all people must follow

to copy something without permission.

## Vocabulary Strategy

Using Context Clues What is a measuring device? Put a checkmark next to the word or words that gave a clue to the term's meaning.

## **Reading Check**

Bracket the text that tells how laws bring order to society.

## Target Reading Skill

Identify Contrasts CDs and brand-name products are examples of property protected by law. How do they differ?

## Reading Check

Underline the word that tells what is protected by laws against stealing.

## Target Reading Skill

**Identify Contrasts** Contrast the two purposes of laws named in the Constitution.

## ✓ Reading Check

Bracket the sentence that tells how the Constitution protects basic rights and freedoms.

## **Vocabulary Strategy**

Using Context Clues Underline any sentences that give clues to the meaning of civil disobedience.



## ✓ Reading Check

How do people's morals influence their regard for laws?

## **Protecting Freedom and Society**

The Constitution names two other purposes of laws.

35 One is to protect freedom. The other is to protect society.

The Constitution is the land's highest law. It protects basic rights and freedoms by limiting the government's power. The Fourteenth Amendment also guarantees that laws will be applied fairly and equally to everyone.

The Constitution's Preamble says that one goal of our government is to promote the general welfare. This means that laws protect not only safety, property, and freedom. They also protect society as a whole.

## **Laws and Morals**

Laws reflect many of our basic values and beliefs. It is our values and morals, however, not laws, that hold our nation together.

Most Americans obey laws because they want to do so. Stealing and murder are against the law. But most people believe those actions are wrong anyway. Laws are needed so the government can act against people who act wrongly.

Some people disobey the law if it goes against their beliefs. Breaking a law this way is called <u>civil</u> <u>disobedience</u>. Someone might refuse to pay income tax if they oppose government spending on nuclear weapons. People who take part in civil disobedience accept their punishment. They understand the need for order in society.

## **Review Questions**

| 1. | Describe | two | ways | that | laws | bring | order | to societ | y. |
|----|----------|-----|------|------|------|-------|-------|-----------|----|
|    |          |     |      |      |      |       |       |           |    |

2. When do people take part in civil disobedience?

## **Key Terms**

 ${\it morals}$  (MOR ulz)  $\it n.$  beliefs about what is fair and what is right or wrong

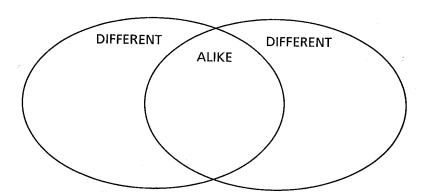
civil disobedience (SIV ul dis uh BEE dee uns) n. breaking a law without using violence because the law goes against one's beliefs

## **Objectives**

- 1. Learn about laws made by legislatures.
- 2. Discuss how judges' decisions and agency regulations affect laws.
- 3. Understand how laws are organized.
- 4. Learn how laws are changed.

## Target Reading Skill

Compare and Contrast Comparing and contrasting is a way to analyze information and understand it better. When you compare, you look at how two or more things are alike. When you contrast, you look at how they differ. As you read this section, compare and contrast different kinds of laws. Use a diagram like this to organize the similarities and differences.



## Voçabulary Strategy

**Using Context Clues** Words and phrases do not always mean exactly what they say. Look at the underlined phrase in this example.

Our laws grow out of common values and beliefs.

You can tell right away that the phrase does not mean that our laws actually grow. Context helps you understand what the phrase means here. The whole sentence suggests that the phrase means "develop from" or "are based on." The image of growing makes the idea more vivid, or colorful.

## **Section 2 Summary**

## Target Reading Skill

Compare and Contrast
Write A next to text that
tells how federal and
state laws are alike.
Write D next to text
that tells how they differ.

## √ Reading Check

Underline the sentences that tell the meaning of statutes and ordinances.



## Vocabulary Strategy

Using Context Clues What does spell out mean in context?

## √ Reading Check

Bracket the text that tells what common law is.

<sup>1</sup> Our laws have several sources. Some are written by legislatures. Others come from the decisions of judges. Government agencies set others.

## **Laws Made by Legislatures**

Written laws made by legislatures are called **statutes**. *Statute* usually refers to laws made by Congress or by state legislatures. Laws made by city or town councils are often called ordinances.

We all must obey federal laws or statutes. Only people within a state or town must obey laws passed by a state or local government. Laws may differ in different states or towns. That is because one state or community's customs may differ from another's.

#### Other Effects on Law

Regulations made by government agencies are laws, too. Government agencies <u>spell out</u> the requirements of laws made by Congress and state legislatures. They make regulations, or rules, for how requirements should be met. It is against the law to break regulations.

Laws also include decisions made by judges. Judges do not write laws. Instead, they wait for cases to come <sup>20</sup> to them. Then they decide each case based on existing laws. Those laws may be statutes or ordinances. They also may be earlier decisions made by judges.

Following earlier court decisions is a tradition from England. The English depended greatly on common <sup>25</sup> law. Judges looked at local customs when making decisions. They also looked at written records of how other judges decided similar cases. Judges followed a decision if it was like the beliefs of their community. Sometimes judges made new decisions based on current customs. <sup>30</sup> These rulings then became examples for future cases.

## **Key Terms**

**statutes** (STACH ootz) *n.* written laws made by legislatures **common law** (KOM un LO) *n.* a body of law based on judges' decisions

## **How Laws Are Organized**

Laws are organized in different ways. Some are organized into a **legal code**. A legal code is a collection of laws. The laws deal with one subject. Traffic laws, for example, are collected in a state's motor vehicle code.

<sup>35</sup> A legal code organizes laws so they are current and easy to find.

Legal codes have a long history. The Code of Hammurabi, for example, was made almost 4,000 years ago by the Babylonian king Hammurabi. It contained almost 300 laws. We share some ideas about family laws and criminal laws with this ancient legal code.

Other laws are organized in a constitution. A constitution is a collection of basic rules of government. The United States Constitution is one example. Constitutions say how laws may be made. They say what the government can and cannot do. And they list citizens' rights.

## **Changing the Law**

In our country, citizens <u>have the final word</u> on all laws. We can add, change, or remove a law with the help of our elected representatives. We can make major changes, such as amending the Constitution. We can make minor changes, such as doing away with a local ordinance.

Sometimes laws become out of date. People may also change their ideas about what is fair. The government will usually change a law if most people disagree with it.

## **Review Questions**

1. Where do our laws come from?

. Whose help do citizens need to change a law?

#### **Key Term**

legal code (LEE gul  $\kappa\bar{o}$ D) n. a written collection of laws, often organized by subject

## Target Reading Skill

Compare and Contrast Write

SIM above details that tell how
legal codes and constitutions are similar.

Write DIFF above
details that tell how
they differ.

## Reading Check

Circle the text that tells how constitutions affect laws.

## **Vocabulary Strategy**

**Using Context Clues** What does the underlined phrase mean?

## / Reading Check

Underline the text that explains what happens when a law becomes out of date.



## **Section 3 Kinds of Laws**

## **Objectives**

- 1. Learn about criminal law.
- 2. Explore civil law.
- 3. Discuss where criminal law and civil law meet.

## Target Reading Skill

**Make Comparisons** Comparing two or more situations helps you to see how they are alike. You can compare different kinds of law as you read this section. Use a chart like the one below. List the characteristics of each kind of law. Then look at the two lists. What characteristics do the two kinds of law share?

| Characteristics of<br>Criminal Law | Shared Characteristics | Characteristics<br>of Civil Law |
|------------------------------------|------------------------|---------------------------------|
|                                    |                        |                                 |
|                                    |                        |                                 |
|                                    |                        |                                 |
|                                    | ,                      |                                 |

## **Vocabulary Strategy**

**Using Context Clues** Nearby words, phrases, and sentences often give clues to the meanings of words you do not recognize. Sometimes the clue is a synonym. A synonym is a word with the same meaning as another word. Read this passage.

Rulings in civil cases may also be based on statutes. Most civil statutes sum up the unwritten laws on which judges have based their decisions over the years.

You may not know the word *rulings* in the first sentence. The word *decision* in the next sentence is a synonym for *ruling*. It helps you to understand that rulings are judges' decisions. As you read, try looking for synonyms in context. They can help you understand words you do not know.

## **Section 3 Summary**

<sup>1</sup> Laws affect your life in many ways. Criminal law and civil law are the two main types of laws.

#### **Criminal Law**

Criminal law is the group of laws that deal with crimes. A crime may be an act, such as stealing. A crime may also be failing to do something that the law says people must do. One example is refusing to pay income tax. The main purpose of criminal law is to protect society.

Criminal laws must set fair <u>penalties</u>. Some crimes deserve bigger penalties than others do. This means that people guilty of the same crime may not get the same punishment. For example, a person who commits a crime for the first time often gets a lighter penalty. There are two types of crimes:

- A felony is a more serious crime. The penalty can be more than one year in prison. Felonies include kidnapping and murder.
  - A **misdemeanor** is a less serious crime. The penalty is often a fine. Littering and driving without a license are misdemeanors.

Congress, state legislatures, and local lawmakers can make criminal laws. But no single government leader can make a law that says a certain act is a crime.

Congress decides which types of behavior are <sup>25</sup> crimes anywhere in the United States. Each state legislature can make its own criminal laws. But state laws must not go against federal statutes or the Constitution. Some acts may be against the law in one state but not in another.

#### **Key Terms**

**criminal law** (KRIM uh nul Lo) n. group of laws that tells which acts are crimes, what happens in court, and how crimes are punished **crime** (KRĪM) n. an act that is against the law because the government considers it harmful to society

**felony** (FEL uh nee) n. a serious crime, such as murder **misdemeanor** (mis dih MEE nuhr) n. a less serious crime, such as littering

## Vocabulary Strategy

Using Context Clues
Circle the word that is a synonym for penalties.

## Target Reading Skill

Make Comparisons How are felonies and misdemeanors alike?

#### √ Reading Check

Bracket the text that explains the difference between a felony and a misdemeanor.



## √ Reading Check

Underline the text that describes the purpose of civil law.



## Target Reading Skill

Make Comparisons
Put a checkmark next
to two sentences that
tell how criminal law
and civil law are
alike.



## √ Reading Check

Bracket the text that explains the role of civil law in a case of injury from drunk driving.



## **Civil Law**

<sup>30</sup> Civil law is the group of laws that help settle disagreements between people. Civil law offers a way for people to settle <u>disputes</u> in court. An individual or group involved in the conflict must first ask for help. This is done by suing, or taking the matter to court.

What happens in court is different in civil cases and criminal cases. The main question in criminal cases is, "Did the accused person commit a crime?" Judges and juries compare the facts of the case with the statute that defines the crime. The main question in civil cases is,

<sup>40</sup> "What is a fair way to settle this disagreement?" To decide, judges and juries often look at earlier decisions in similar cases.

## **Where Criminal Law and Civil Law Meet**

Both criminal law and civil law help bring order to society. Both protect people's rights. Criminal law gives

s government the power to protect society. It takes action against people who commit crimes. Civil law provides a way for individuals or groups to settle conflicts in an orderly manner.

Sometimes a situation involves both criminal and civil law. Suppose a drunk driver who has no insurance injures someone. Criminal law protects society by punishing the driver. But it does not say that the driver must pay the injured person's medical bills. That is where civil law comes in. The injured person can sue.

<sup>55</sup> A civil court can make the driver pay the injured person's medical bills.

## **Review Questions**

| 1. | Who | has | the | power | to | make | criminal | laws? |
|----|-----|-----|-----|-------|----|------|----------|-------|
|----|-----|-----|-----|-------|----|------|----------|-------|

| 2. | How   | do | judges | and | juries | make | decisions | in | civil |
|----|-------|----|--------|-----|--------|------|-----------|----|-------|
|    | cases | ?  |        |     | •      |      |           |    |       |

#### **Key Term**

**civil law** (SIV ul LO) n. the group of laws that help to solve disagreements between people



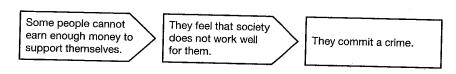
# Section 1 Crime in American Society

## **Objectives**

- 1. Examine the problem of crime in the United States.
- 2. Identify and describe the types of crimes.
- 3. Discuss the causes of crime.

## Target Reading Skill

**Understand Sequence** Understanding the sequence, or order, of events can help you remember them. Some events follow each other in a cause-and-effect chain. One event causes, or leads to, another. Look at this diagram.



As you read, look for causes and effects that show a sequence of events.

## **Vocabulary Strategy**

**Using Roots and Suffixes** Breaking a word into parts can help you understand its meaning. Roots and suffixes are word parts.

- A root is the base of a word. It has meaning by itself.
- A suffix comes after the root. It changes the root's meaning. It also changes the part of speech of the word.

You will find the words *worsen* and *victimless* in this section. Break each good and a suffix to try to learn its meaning.

| worse     -en "become"     worsen       victim     -less "without"     victimless | ot + | Suffix =        | Word       |
|---|------|-----------------|------------|
| victim -less "without" victimless   | se   | -en "become"    | Worsen     |
| VIOUITIICSS   | im   | -less "without" | victimless |

## **Section 1 Summary**

<sup>1</sup> Crimes and their causes vary. Americans' ideas about what should be done about crime also vary.

## The Problem of Crime

In general, there is more crime in cities than in suburbs or rural areas. Poor neighborhoods also often have more crime than wealthy ones.

Crime costs people, businesses, and governments billions of dollars each year. Crime makes people afraid. Everyone in society suffers as the problems caused by crime worsen.

## The Types of Crimes

<sup>10</sup> There are several major kinds of serious crimes. These are crimes against people or property.

Crimes against people threaten, hurt, or end a person's life. **Assault** is placing someone in fear without making physical contact. This is called **battery** if physical contact occurs. Killing someone is called homicide. A killing that is done on purpose is called murder.

Crimes against property happen more often than other crimes. Most involve stealing. There are three kinds of stealing:

- Larceny is taking anything of value that belongs to another person without using violence.
  - Robbery is taking something from another person by force or by threat of violence. Robbery is both a crime against property and a crime against a person.
- Burglary is when someone breaks into a building and plans to do something against the law inside.

Other kinds of crimes against property include arson and vandalism. Arson is the act of setting fire to

#### **Key Terms**

**assault** (uh SOLT) *n.* making someone afraid without touching them in any way

**battery** (BAT uh ree) *n.* making someone afraid using physical contact, such as with a weapon

**burglary** (BER gluh ree) *n*. breaking into a building and planning to do something against the law inside

## √ Reading Check

Circle the parts of the country that tend to have higher crime rates.

## Target Reading Skill

Understand Sequence
In the text, mark the
effect that happens
when crime comes to
a neighborhood.

#### Vocabulary Strategy

Using Roots and Suffixes

Draw a line between the root and the suffix in worsen. What does the word mean?

## Vocabulary Strategy

Using Roots and Suffixes
What does victimless mean?

## √ Reading Check

Underline the text that tells who the victims of "victimless" crimes are.



## Target Reading Skill

Understand Sequence In the chart, circle what many people think happens as a result of watching violent acts.



## √ Reading Check

Bracket the text in the chart that explains the connection between crime and poverty.



someone's property on purpose. Vandalism is damag-<sup>30</sup> ing property on purpose.

White-collar crimes are nonviolent crimes by office workers for personal or business gain. Fraud is taking someone else's property or money by cheating or lying. Embezzlement is stealing money that is in your care.

Drug use and gambling are known as "victimless crimes." These are acts that hurt no one except those who commit them.

Crimes against the government include treason and terrorism. Treason is going against one's country by helping its enemies or by making war against it. Terrorism is a crime in which people or groups of people use violence to get what they want.

|   | The Causes of Crime  |
|---|--|
| Poverty                                 | Some people cannot earn enough money. They may feel society does not work well for them.   |
| Social Change<br>and Changing<br>Values | New technology and changes in the economy bring about changes in society. Values change, too. Some people lose their sense of right and wrong. |
| Poor<br>Parenting                       | Children whose parents did not care for them properly may find it hard to control their behavior as adults.                                    |
| Drug Abuse                              | People may steal to support a drug habit.  |
| Permissive<br>Courts                    | Some people say too few criminals are sent to prison.<br>Some say criminals are let out of prison too soon.                                    |
| Too Few<br>Police                       | Some say police departments need more money to hire police. They believe that more police will help stop crime.                                |
| Violence in                             | Violence on television, in movies, and in computer games   |

may cause people to become more violent.

## **Review Questions**

- 1. What is the economic effect of crime?
- **2.** Explain what a white-collar crime is.

#### **Key Terms**

the Media

 ${\it embezzlement}$  (im BEH zul munt)  $\it n.$  stealing money that has been trusted to your care

treason (TREE zun) n. going against your country by helping its enemies or by making war against it

terrorism (TER er ih sum) n. using, or saying you will use, violence in order to get what you want



# Section 2 The Criminal Justice System

## **Objectives**

- 1. Describe the arrest and pre-trial process.
- 2. Learn about going to trial.
- 3. Learn about correctional institutions.
- 4. Discuss challenges facing the criminal justice system.
- 5. Analyze proposals for fighting crime.

## Target Reading Skill

**Recognize Words That Signal Sequence** Signal words point out relationships between ideas or events. Some words that signal sequence include *before*, *during*, *after*, *when*, *then*, and *at this time*.

Look for words that signal sequence as you read. These words will help you understand the order of events. When you know the order of events, you can write them in a chart like this.



## Vocabulary Strategy

Using Roots and Suffixes A suffix added to a root changes its meaning. It also often changes the word's part of speech. Parts of speech include nouns, pronouns, verbs, adjectives, and adverbs. Consider the suffix -ant, which means "person who." It is often added to a root that is a verb. The root and the suffix make up a word that is a noun. Here are some examples.

| Verb   |   | Suffix |   | Noun      |
|--------|---|--------|---|-----------|
| serve  | + | ant    | = | servant   |
| attend | + | ant    | = | attendant |
| defend | + | ant    | = | defendant |

You will find the word *defendant* in this section. Use what you know about its root and suffix to figure out its meaning.

Chapter 20 Section 2 207

## Target Reading Skill

Recognize Words That Signal Sequence Underline words that signal the order of events in the first two paragraphs under The Arrest and Pre-Trial Process.

## **Vocabulary Strategy**

Using Roots and Suffixes What does defendant mean?

## √ Reading Check

Underline the sentence that explains why a defendant would agree to engage in plea bargaining.



## **Section 2 Summary**

The criminal justice system protects society against those who break the law. It also protects the rights of people accused of crimes.

## The Arrest and Pre-Trial Process

To arrest a person, the police must have **probable** scause. A person can also be arrested if the police have a warrant. During the arrest, police must give the Miranda warning. After the arrest, the person has the right to call a lawyer. Then he or she is placed in a jail cell. The case is given to a prosecutor.

Soon after the arrest, the person appears in court. The person is now called the <u>defendant</u>. The defendant's lawyer is called the defense attorney.

At the first appearance in court, the judge may set bail. The defendant can remain in jail without bail if the judge decides he or she is dangerous to society.

The Constitution says that a grand jury must review cases involving serious federal crimes. The grand jury decides if there is probable cause. The grand jury may either return an **indictment** or refuse to indict. A defendant who is indicted must appear in court for a felony arraignment.

Most criminal cases never go to trial because the defendant pleads guilty. When a defendant knows that the evidence is strong, he or she might make a deal with the prosecutor. This is called **plea bargaining**. It gives the defendant a milder punishment.

## **Key Terms**

probable cause (PROB uh bul KOZ) n. a good reason to believe that a suspect has been involved in a crime warrrant (WOR unt) n. a legal paper, issued by a court, allowing police to make an arrest or search bail (BAYL) n. money that a defendant gives the court as a kind of promise that he or she will return for the trial indictment (in  $D\bar{D}T$  munt) n. a charge against a person accused of a crime arraignment (uh RAYN munt) n. a court hearing in which the defendant is charged with a crime and pleads quilty not

defendant is charged with a crime and pleads guilty, not guilty, or no contest

plea bargaining (PLEE BAR gih ning) n. agreeing to plead guilty in exchange for a lesser charge or a lighter sentence

Statements made by witnesses are usually the most important evidence in a trial. A witness may be a person who saw the crime, the defendant or victim, or anyone who knows something about the defendant, victim, or crime.

At the end, attorneys for each side make closing arguments. The judge gives directions to the jury. A jury must decide if the defendant is guilty beyond a reasonable doubt.

## **Correctional Institutions**

A person convicted of a crime enters the corrections system. He or she may go to a treatment program, jail, or prison. People convicted of serious crimes are usually sent to prisons. In prison, they are called inmates. With good behavior, an inmate may get parole.

## **Challenges Facing the System**

<sup>45</sup> Our criminal justice system must deal with a huge number of people. There are not enough judges and other employees in many courts to handle all those waiting for trial. Prisons are overcrowded, too.

## **Proposals for Fighting Crime**

Many people suggest attacking causes of crime such as poverty. Others want to be harder on criminals. Many people want the death penalty for serious crimes. Others fear that innocent people might be put to death.

## Review Questions

- **1.** Name the three types of correctional institutions.
- 2. What are two ideas for fighting crime?

#### **Key Term**

**parole** (puh  $R\tilde{O}L$ ) n. letting an inmate go free to serve the rest of his or her sentence outside of prison

## √ Reading Check

In the text, number the different people attorneys call as witnesses in a trial.

## Target Reading Skill

Recognize Words That
Signal Sequence Put a
check mark above the
words that signal the
beginning and the
ending of a trial in which the
defendant is found guilty.

## ✓ Reading Check

Circle the reason why
the criminal justice system would parole a
criminal.

## √ Reading Check

Underline the sentences that tell what problems face the prison system.

## √ Reading Check

What are the arguments for and against the death penalty?

(\*\*1 GELOCIT EGOTELOIL 118) - CONTRIBUTION FRANCES AND CONTRIBUTION OF THE CONTRIBUTIO



## Section 3 The Juvenile Justice System

## **Objectives**

- **1.** Discuss the history of juvenile courts.
- **2.** Describe juvenile court procedure.
- 3. Consider possibilities for strengthening juvenile justice.

## Target Reading Skill

Recognize Words That Signal Sequence Various words signal the order of steps in a process. These groups of signal words often appear in descriptions of processes.

first, second, third

first, next, last

first, then, finally

before, during, after

This section describes steps in the court process for young people who have committed crimes. Look for words that signal the order of steps in the process. These words may appear separately or in groups.

## Vocabulary Strategy

Using Roots and Suffixes Certain suffixes make words adjectives. An adjective is a word that describes something. The suffixes -ile, -il and -al, -ial form adjectives, for example. These suffixes have the meaning "having to do with."

You will find the words *juvenile* and *initial* in this section. Try to figure out their meanings based on what you know about their roots and suffixes.

| word =<br>juvenile | juven- "young person" | -ile "having to do with" |
|--------------------|-----------------------|--------------------------|
|                    |                       |                          |

## **Section 3 Summary**

<sup>1</sup> Children accused of crimes were treated like adults until the late 1800s. Then a separate justice system was created for young people.

## **Juvenile Courts**

Juvenile courts are state courts set aside for young people, or juveniles. Their goal is to help juveniles in trouble, not to punish them. Most states say that a juvenile is a person under the age of 18.

A youth thought to have broken a criminal law goes before a juvenile court. A juvenile found guilty of a crime is called a **delinquent**. Children may also go to court on other charges. These include running away, disobeying, or truancy. Truancy is skipping school without permission. These are not crimes. They are illegal only for young people. A youth found guilty of one of them is a **status offender**. That is a youth judged to be beyond the control of parents or a guardian.

## **Juvenile Court Procedure**

Jenna Williams is 16 years old. Suppose she is arrested for shoplifting. First, the police must decide what to do with Jenna. They might return her to her parents. They might give her case to a social service agency. That is a group that helps children and families. Jenna has shoplifted before. She also has run away from home before. For these reasons, the police take her to a county detention home, or juvenile hall.

- Next, Jenna goes through an informal court process called "intake." A social worker questions Jenna. The social worker also looks at her past record and family lation. The case may be dismissed. Then the juvenile is sent home or directed to a social service agency.
- <sup>30</sup> Jenna has a past record. So the social worker sends her case to the next step in juvenile court.

#### **Key Terms**

**delinquent** (dih LIN kwunt) *n*. a young person found guilty of a crime

**status offender** (STAT us uh FEN der) *n*. a young person found guilty of running away, disobeying, or skipping school

## **Vocabulary Strategy**

**Using Roots and Suffixes** What does *juvenile* mean in the underlined phrase?

## √ Reading Check

Underline the text that explains why the juve-nile court system was created.

## Target Reading Skill

Recognize Words That Signal
Sequence Underline
words that signal the
order of steps in juvenile court procedure.

## Vocabulary Strategy

Using Roots and Suffixes What does initial mean?

## √ Reading Check

In the first two paragraphs on this page, number the steps that Jenna goes through during this part of the juvenile justice system.

## √ Reading Check

Circle the text that describes the flaws people have found in the juvenile justice system.



The <u>initial</u> hearing is next. A judge makes sure that a law was broken. He or she makes sure there is good evidence that the youth did it. The judge decides that there is probable cause to believe that Jenna stole makeup. The judge sends her back to juvenile hall.

Then the adjudicatory hearing is held. It takes the place of a trial. It is not public. After the hearing, the judge makes a decision. The judge finds Jenna to be a delinquent under the juvenile law of her state.

The dispositional hearing is next. First, the judge considers the youth's school situation, family, and past behavior. Then the judge decides on a sentence. The young person might go to a state institution. He or she might go to a group home or treatment program. Probation is also possible. Probation lets a person go free. But he or she is supervised by a court official called a probation officer.

Aftercare is the last step. Each juvenile is given a parole officer. The parole officer gives the young person advice and information about school, jobs, and other needed services.

## Strengthening Juvenile Justice

Some people think the juvenile system does not work well. They say judges are overworked. They say judges make quick decisions without knowing much about children. Others say the system is too easy on juveniles. Some argue that juvenile courts should be done away with. They say it is in the best interests of a youth to go to trial in a criminal court. A defendant's rights are better protected there.

There are many successful programs for delinquents. Residential treatment centers are community-based programs. Juveniles live in small group homes instead of large state institutions. Psychologists and social workers help them change their behavior.

## **Review Questions**

- 1. What is a juvenile court?
- 2. Why does Jenna go to juvenile court?



#### Section 1 The Role of Civil Law

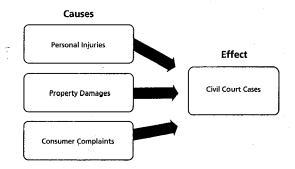
#### **Objectives**

- 1. Learn about the principles of civil law.
- **2.** Discuss some types of civil cases.
- **3.** Explore the wide range of civil cases.

# Target Reading Skill

**Recognizing Multiple Causes** A cause makes something happen. An effect is what happens. Some events have more than one cause. Consider some of the causes of civil court cases, for example.

Use a diagram like this to list multiple causes as you read.



#### **Vocabulary Strategy**

**Recognizing Word Origins** Many English words come from other languages. The words equity and mental in this section come from Latin. The words typical and physical come from Greek. The chart shows the meaning of the roots of these words:

| Root   | Meaning                       |
|--------|-------------------------------|
| equ-   | equal, even                   |
| ment-  | mind                          |
| typ-   | having the characteristics of |
| physi- | nature, growth                |

As you read, use your knowledge of these roots and the context to understand what the words mean.

#### **Section 1 Summary**

In a <u>typical year</u>, Americans file more than a million lawsuits. A civil case, like a criminal case, always has a plaintiff and a defendant. In a criminal case, the plaintiff is always the government. The defendant is the person or persons accused of a crime. In a civil case, the plaintiff is usually an individual. The defendant may be an individual, group, business, or even a government body.

#### **Principles of Civil Law**

The main purpose of civil law is to settle disagreements fairly. Civil courts depend on the principles of compensation and equity.

Under civil law, a person has a right to compensation. Suppose someone damages your bicycle. You have to pay \$45 to fix it. The person refuses to pay you. So you take him or her to court. The judge rules that the person must pay \$45. This money is called damages.

Not every problem can be settled by money.

Sometimes courts turn to equity. Suppose that fumes come from a nearby factory. Making the factory owners pay money to everyone in town will not stop the smell.

The case has to be settled in a different way. Under the rules of equity, a court may issue an injunction. For instance, a court might order the factory to stop the fumes. Damages make up for past injuries. An injunction prevents future harm.

#### Vocabulary Strategy

**Recognizing Word Origins** Is a typical year like or unlike other years?

#### Reading Check

Underline the text that tells the main purpose of civil law.

#### **Key Terms**

**lawsuits** (LO soots) *n*. cases in which a court is asked to settle a disagreement

**compensation** (kahm pun say shun) *n.* money that makes up for harm caused by another person's acts

**damages** (DAM ih juz) *n*. money paid to try to make up for a loss

**equity** (EH kwuh tee) *n.* the use of general rules of fairness to settle conflicts

injunction (in JUNK shun) n. an order to do or not do a certain act

#### Vocabulary Strategy

#### **Recognizing Word Origins**

Which of the underlined words describes suffering of the body? Which describes suffering of the mind?

# Target Reading Skill

Recognizing Multiple Causes In the text, number two causes of probate cases.



#### √ Reading Check

Circle the name of the type of civil case that might involve someone who died.



#### √ Reading Check

Bracket the sentence that describes the goal of the settlement of all civil law cases.



#### **Some Types of Civil Cases**

- Personal injury cases can involve both <u>physical</u> and <u>mental</u> suffering. For example, relatives of someone killed in an accident may want compensation for their mental suffering.
- Property cases often involve damage. The plaintiff
   must prove that the defendant did the damage on purpose or was careless.
- Consumer cases involve buyers and sellers. Many laws set basic rules for contracts. Conflicts happen if a buyer or seller does not follow the contract.
- Housing cases involve landlords and tenants. A tenant usually signs a lease. This agreement states rights and responsibilities. Civil law allows a tenant or a landlord to take steps if the other does not follow the lease.
- Domestic cases involve families. Most of them relate to divorce.
- Probate cases involve the property of a person who has died. Sometimes there is no will. Or there are questions about whether a will can be trusted.

#### The Wide Range of Civil Cases

<sup>45</sup> Civil courts find ways to settle any disagreement. For some cases, the courts use compensation. For others, the courts use equity. Sometimes the courts combine the two. All civil cases have something in common. Their goal is to make a fair settlement and to place <sup>50</sup> responsibility where it belongs.

#### **Review Questions**

- **1.** Name the two main principles that civil courts use to settle conflicts.
- **2.** What different relationships are involved in consumer and housing cases?

#### **Key Term**

contract (KÄN trakt) n. agreements between buyers and sellers



#### Section 2 Civil Procedure

#### **Objectives**

- 1. Learn about preparing for a civil trial
- 2. Discuss juries and verdicts in civil trials
- 3. Understand problems in the civil courts
- 4. Appreciate the need for alternatives

# Target Reading Skill

**Understand Effects** An effect is what happens as a result of a specific cause or factor. Read this paragraph.

Court delays are the result of various factors. There are not enough judges to handle the growing number of cases. Time is needed to gather evidence. Selecting a jury can take a long time because both sides have to approve jury members. Court rules make it possible for lawyers to delay trials in ways that will help their side.

This paragraph explains that court delays are a result of various factors. These factors make court delays happen. Court delays are an effect of the factors listed. As you read, note what happens as the result of other causes or factors.

#### Vocabulary Strategy

**Recognizing Word Origins** Knowing a word's origins can help you understand its meaning. You will come across the words *subpoena* and *verdict* in this section. Both have Latin origins. The Latin phrase *sub poena* means "under penalty or punishment." *Verdict* can be traced to the Latin word *verus*. The word *verus* means "true." This information will help you understand these words when you find them in your reading.

#### Vocabulary Strategy

Recognizing Word Origins Think about what you know about the origins of the word subpoena. Why does someone who receives a subpoena take it seriously?

#### √ Reading Check

Underline the sentence in the first paragraph that explains what civil procedure is.



Understand Effects
Put a checkmark next
to an effect of the
defendant's receiving
a summons.



<sup>1</sup> Civil procedure is the process that takes a case through the civil justice system. The federal and state courts have rules about how a disagreement must be brought to trial. The purpose of these rules is to settle disputes <sup>5</sup> in a fair and orderly way.

#### **Preparing for a Civil Trial**

A civil lawsuit begins with a **complaint** filed with a court. The complaint describes the problem. It also suggests a solution. This may be damages, equity, or both. The person who files the complaint becomes the plaintiff. The defendant learns about the lawsuit by receiving a copy of the complaint and a **summons**. The defendant files an **answer**. In the answer, the defendant either admits or denies responsibility.

The next step is for the parties to gather evidence.

The parties are the two sides of the case. Information is gathered through **discovery**. Discovery makes sure that the plaintiff, defendant, and lawyers know of any evidence that might be presented at the trial.

One method of discovery is a <u>subpoena</u>.

Information may also be gathered by asking questions in a **deposition**. A court reporter writes down what is said. Lawyers use depositions to find out what witnesses will say in court. Questions can also be mailed to people. They must answer them in writing. Both depositions and written answers must be truthful.

#### **Key Terms**

**complaint** (kum PLAYNT) *n.* a legal document that charges someone with having caused harm

summons (SUM unz) n. an order to appear in court

answer (AN ser) n. a written response to a complaint

**discovery** (dis  $\kappa uv$  uh ree) n. the process of gathering evidence before a trial

**subpoena** (suh PEE nuh) *n.* a court order to produce a witness or document

**deposition** (dep uh zish un) *n*. the record of answers to questions asked before a trial

#### **Juries and Verdicts in Civil Trials**

Civil and criminal trials are alike in some ways. There are also important differences. The chart shows some of these.

| Differences Between Criminal and Civil Trials                                       |  |  |
|---|--|--|
| Criminal Trials   | Civil Trials   |  |
| More risk is involved for<br>the defendant, since<br>sentences are more<br>serious. | Less risk is involved for the parties.   |  |
| The defendant has the right to a jury.  | Parties may have a jury when federal cases involve more than \$20 and state and local cases involve usually more than \$2,000. |  |
| The <u>verdict</u> is based on a unanimous vote                                     | The verdict is not always a unanimous decision.  |  |
| The government must prove the defendant's guilt beyond a reasonable doubt.          | The judge or jury decides which side has presented the more convincing and reasonable evidence.                                |  |

#### **Problems in the Civil Courts**

There are problems with the civil court system.

- Delays are one problem. There are not enough judges to handle the number of cases. Selecting a jury can take a long time. Court rules make it possible for lawyers to delay trials in ways that help their side.
- The cost of trials is another problem. Costs include lawyers' fees, filing fees for court papers, and payments for expert witnesses.

Most lawsuits never go to trial. Plaintiffs often drop cases if they have little chance of winning. Sometimes the high cost of a trial causes parties to settle the matter out of court.

#### **Review Questions**

- 1. In a civil case, what is the purpose of discovery?
- **2.** In a civil case, how does the judge or jury make a decision?

#### **Vocabulary Strategy**

Recognizing Word Origins If vermeans "true," what is a verdict?

#### √ Reading Check

In the chart, circle the amount of money that usually needs to be involved to have a jury trial in state and local courts.

#### / Reading Check

Underline the text that tells why plaintiffs sometimes drop cases before trial.

#### **Objectives**

- 1. Discuss avoiding civil trials.
- 2. Learn about cutting the cost of civil trials.
- 3. Understand the debate over large awards.
- **4.** Appreciate the decision to sue or not to sue.

# Target Reading Skill

**Identify Cause and Effect** A cause makes something happen. An effect is what happens. Identifying causes and effects can help you understand relationships between events or situations. Read this sentence.

The high cost of civil trials leads some people to settle conflicts out of court.

The high cost of trials is the cause. It makes something happen. What happens is that some people settle conflicts out of court. That is an effect of the high cost.

Look for causes and effects as you read this section. Identifying them will help you understand how situations or events are connected.

#### **Vocabulary Strategy**

**Recognizing Word Origins** Knowing something about a word's origins often helps you understand its meaning. You will find the words *arbitrator* and *mediator* in this section. Both have Latin roots. Both have the same Latin suffix. Look at their meanings

| Root +                             | Suffix =                  | Word       |
|------------------------------------|---------------------------|------------|
| arbitrat-<br>"hear, judge, decide" | -or<br>"someone who does" | arbitrator |
| mediat-<br>"middle"                |                           | mediator   |

Use this information to help you understand these words as you read.

#### **Section 3 Summary**

There are ways to settle disagreements without a civil trial. There are also ways to save time and money in a trial.

#### **Avoiding Civil Trials**

There are various ways to keep from going to trial.

<sup>5</sup> One way is for people to come to an agreement on their own. Sometimes they can bring in a third person to help. Mediation, arbitration, and "rent-a-judge" programs all use a third person to avoid a trial.

Mediation brings people together to settle their disagreement. The third party is a <u>mediator</u>. The mediator does not make a decision. He or she listens to both sides and helps them reach a compromise.

In arbitration, a person listens to both sides. This person—called an arbitrator—makes a decision. He or she is usually an expert on the subject of the case. So it takes less time to decide. The federal government and more than 40 states require that such decisions be obeyed.

People can also settle conflicts through private judges.

The two sides hire a person to hear and decide the case.

This process is sometimes called "rent-a-judge."

Referees and mock trials may also settle conflicts.

- A judge can appoint a referee. The referee listens to both sides. Then he or she makes recommendations to the judge. The judge makes the final decision.
- A mock trial shows how a case might be settled in a civil trial. Lawyers for each side summarize their case before a jury. The jury gives a verdict that is not official. The two sides do not have to follow it. A mock trial often helps parties compromise.

#### **Key Terms**

**mediation** (mee dee AY shun) n. the use of a third party to help settle a conflict

**arbitration** (ar buh TRAY shun) n. a legal decision by a third person that parties must obey

# Target Reading Skill

Identify Cause and Effect Circle an effect of mediation, arbitration, and rent-a-judge programs.

#### Vocabulary Strategy

Recognizing Word Origins What is a mediator? What is an arbitrator? Use what you know about the origins of these words to explain.

#### Reading Check

Bracket the sentence that tells what mediators do.

# Target Reading Skill

Identify Cause and Effect
In the text, number situations that cause
people to have a trial.

#### √ Reading Check

Circle who decides cases in small claims court.

# Target Reading Skill

Identify Cause and Effect
Underline two ways that
large awards affect
American consumers.

#### √ Reading Check

Place a checkmark next to the text that tells what a judge usually can do about a large award voted by a jury.

#### **Cutting the Cost of Trials**

There are good reasons for having civil trials. Sometimes one or both sides will not compromise. They may not want an arbitrator. A plaintiff may think he or she can get a better settlement by having a trial.

A trial does not always involve a lot of time and money. **Small claims court** can help lower the cost. People disagreeing about a small amount of money often get a quick, inexpensive decision. Both parties tell their stories to a judge.

#### The Debate over Large Awards

- <sup>40</sup> Some people argue that large awards are needed to make up for serious losses. Others argue that consumers end up paying these large awards. That is because businesses raise prices to cover their costs, and insurance companies raise their rates.
- Efforts have been made to limit awards. First, judges usually have the power to reduce the amount of an award made by a jury. Laws also limit awards in certain cases.

#### To Sue or Not to Sue?

The civil justice system is full of cases. Civil trials are often long and costly. People should think carefully about the best way to settle a conflict. Going to court may not be best. Other methods, such as mediation and arbitration, may work instead.

#### **Review Questions**

| 1. | . How does a mock trial help partie              | s in a disagreement  |
|----|--|----------------------|
|    |  |                      |
| 2. | . What should people involved in going to court? | a conflict do before |

#### **Key Term**

**small claims court** (smôl klāms kôrt) *n*. a civil court that people use when the amount of money involved is small, usually not more than \$3,000



# Section 1 The Role of Political Parties

#### **Objectives**

- 1. Learn about how political parties help government.
- 2. Discuss how political parties help citizens.

# Target Reading Skill

Reread or Read Ahead Rereading and reading ahead can help you understand words and ideas in the text. You can reread to look for connections among words and sentences. You can read ahead to see whether a word or idea is explained further on.

Read the first paragraph under the heading *How Parties Help Government*, for example. Perhaps you do not understand the idea of candidates. You can get a clearer understanding by reading ahead. The next paragraph explains that candidates are chosen by political parties to run for various public offices.

#### **Vocabulary Strategy**

**Using Context Clues** The words, phrases, and sentences that surround a word are the context. Context can give clues to the meanings of words you do not know. Look at this example.

Most offices are partisan. The candidates for these offices run as members of political parties.

You may not know the meaning of the word *partisan* in the first sentence. But the second sentence provides clues to its meaning. It mentions politi-parties. It also says that candidates for partisan offices are members of political parties. The second sentence gives you a clue that *partisan* means "having to do with or belonging to a political party."

Look for context clues to the meanings of words you do not recognize as you read. You may find clues in nearby words, phrases, and sentences.

#### **Section 1 Summary**

<sup>1</sup> People can act together to affect the government. People who think alike may form a political party. Political parties are important. They try to get their members elected. That way they can affect policies and 5 programs. They help at the local, state, and national levels.

#### **How Parties Help Government**

Political parties find candidates and **nominate** them. Some public offices are nonpartisan. That means people do not run as part of a political party. This is true 10 for many offices in local government. But most offices are partisan. People run as part of a political party. If elected, they try to carry out their party's programs.

Political parties set goals for the government. Each party takes a stand on issues in its platform. A platform 15 is made up of planks. Party members who get elected often turn these planks into government programs.

Party members in Congress choose leaders. Some are called majority and minority floor leaders. Others are called whips. These leaders help to make laws. <sup>20</sup> Parties work in a similar way in state legislatures. They also offer leadership in the executive branch. The exec-

utive often appoints party members to high positions. Political parties also keep an eye on each other. A party points out when the other party does not keep its 25 promises. It also makes sure that members of the party

in power are honest and work hard.

#### **Key Terms**

political party (puh LIT ih kul PAR tee) n. a group that wishes to affect the government by getting its members elected nominate (NAHM uh nayt) v. to name people to run for office platform (PLAT form) n. a statement of a party's position on major issues

planks (PLANGKS) n. statements of a party's position on each specific issue

#### larget Reading Skill

Reread or Read Ahead Read the underlined sentence. Then read ahead to find the paragraph that describes how political parties do this. Put a check mark next to the paragraph.

#### Vocabulary Strategy

Using Context Clues Circle the context clues that help you figure out the meaning of the underlined word.

#### Reading Check

Circle the text that explains how parties play a "watchdog" role in government.

# Target Reading Skill

Reread or Read Ahead Reread the bracketed paragraph to recall what party volunteers do on election day. Explain what they do.

#### Vocabulary Strategy

Using Context Clues What do you think pamphlets are? What words or phrases in context helped you to understand this?

#### ✓ Reading Check

Circle the text that tells why parties canvass and provide information to voters.



#### **How Parties Help Citizens**

Political parties help people in many ways.

- Political parties give citizens a way to be heard.
   They can help people to share their wants, needs,
   and ideas at the local level. At the state and national levels, party members help to create the party platform. They build a platform by debating and deciding issues.
- Political parties provide citizens with information.
   They supply facts and figures. They share party views on issues and arrange meetings with candidates. Parties inform citizens. They use the mail, newspapers, radio, and television. Party members and volunteers also canvass. They give information to convince people to vote for their candidate.
  - Parties offer citizens ways to get involved. A party needs the help of many people to be a success. This is especially true at election time. Volunteers write letters and hand out <a href="mailto:pamphlets">pamphlets</a>. They make phone calls. They raise money and hold events. On election day, they remind people to vote. They may even drive voters to the polls.

It is both your right and your responsibility to participate in government. Working through a party is one way to play your citizen role.

#### **Review Questions**

| 1. | . What are four ways political parties help governm |  |  |
|----|---|--|--|
| 2. | Name two ways that parties help to inform citizens. |  |  |
|    |   |  |  |

#### **Key Term**

canvass (KAN vus) v. go door-to-door handing out information and asking people which candidates they support



# Section 2 Our Two-Party System

#### **Objectives**

- 1. Discuss a brief history of political parties.
- 2. Understand the role of third parties.
- 3. Explore the characteristics of today's parties.
- 4. Learn about changes in party strength.

# Target Reading Skill

Paraphrase Paraphrasing can help you understand what you read. When you paraphrase, you restate information in your own words. You might paraphrase the first paragraph in the section summary like this:

There is no mention of political parties in the Constitution. Americans set up these groups on their own. We have had political parties since our country was formed.

Try paraphrasing as you read. Restate or "say back" the information in each paragraph.

#### **Vocabulary Strategy**

**Using Context Clues** You can usually use context to figure out the meaning of a word you do not recognize while reading. Context is the words and sentences around the word. They often give clues to the word's meaning. Use a context clue to figure out the meaning of *shifted* in this paragraph.

The Republican Party was the major party until the Great Depression of the 1930s. Power <u>shifted</u> from one party to another in 1932. Franklin D. Roosevelt was elected president that year. Roosevelt was a Democrat.

The first sentence gives a clue. It tells you that the Republican Party was the major party until the 1930s. The last two sentences also give clues. They tell you that a Democrat was elected president in 1932. This information suggests that the meaning of shifted is "moved" or "changed." As you read, be sure to look at the context of words you do not know.

#### **Vocabulary Strategy**

**Using Context Clues** What do you think *rivals* means? What clues to its meaning did you find?

#### √ Reading Check

Who was the founder of the Democratic-Republican Party?

#### Target Reading Skill

Paraphrase How would you paraphrase the underlined sentence?

#### √ Reading Check

Underline the text that explains how Ross Perot influenced the 1992 election.



#### **Section 2 Summary**

<sup>1</sup> The Constitution does not talk about political parties, but Americans have formed these groups since our nation was born.

#### A Brief History

Alexander Hamilton led our first political party. This was the Federalist Party. The Federalists wanted the national government to be strong. They began to lose power in the early 1800s.

Thomas Jefferson began the Democratic-Republican Party. That party did not want a strong national government. Its members wanted the states to remain strong. In 1828, the party became the Democratic Party. Then the Whig party formed in 1834. They opposed the Democrats. Whigs and Democrats were <u>rivals</u> until the 1850s.

Today's two-party system began in 1854. The Republican Party was formed then. It replaced the Whigs. Groups that were against slavery formed it.

Republicans were the majority party for a long time. They ran the nation from the Civil War until the Great Depression. Then Franklin D. Roosevelt was elected President. That was in 1932. He was a Democrat. For the rest of the 20th century, power went back and forth.

#### The Role of Third Parties

Third parties are important, too. They are often formed in election years. They rarely win major elections. Their candidates can change an election's outcome. They can take votes away from another party. They bring up new ideas, too. For example, Ross Perot made the national debt an issue in the 1992 election. That made other candidates talk more about the problem.

#### **Characteristics of Today's Parties**

- Our two major parties have different traditions. They also see the role of government differently. The Democrats want the federal government to be in charge of many social programs. The Republicans want to reduce the power of the federal government.
- The two major parties are set up in a similar way. Both have local, state, and national groups. Each com-

munity is divided into precincts. Volunteers in each precinct try to get party members to vote.

Delegates to the convention write the national party platform. They nominate the candidates for President and Vice President. The national committee helps the candidates for President and Vice President run their campaigns. It works to elect members of Congress. It also raises money for the party.

#### **Supporting a Party**

<sup>45</sup> If you feel strongly about an issue, then you are likely to choose a party that shares your view. You may like certain candidates and agree with their views. That may draw you to their party. Family, friends, and teachers may also influence you.

#### **Changes in Party Strength**

There is less patronage now. The role of parties in campaigns has changed. Candidates used to need money from their party to run their campaigns. Party support is still a big help, but candidates today can raise their own funds. Voter loyalty has changed. Only 40 percent of people now vote a straight ticket. Many people today vote a split ticket. That means candidates cannot count on the support of all their party members. And many people today are independent voters.

#### **Review Questions**

- **1.** How do Democratic and Republican views of the role of government differ?
- 2. Why do fewer people vote a straight ticket today?

#### **Key Terms**

 ${f precincts}$  (PREE singks) n. voting areas

**patronage** (PAY trun ij) *n.* system in which party leaders do favors for loyal supporters

**straight ticket** (STRAYT TIK it) *n.* practice of voting for candidates of only one party

**split ticket** (SPLIT TIK it) n. practice of voting for candidates of more than one party on the same ballot

**independent voters** (in dih PEN dunt võt erz) *n.* people who do not support one particular party

#### **Vocabulary Strategy**

Using Context Clues Read the two sentences that contain underlined words. How does the context show that these words have similar meanings?

#### Target Reading Skill

**Paraphrase** Restate the information in *Supporting a Party* in your own words.

#### √ Reading Check

Circle the sentences that tell what takes place at the national party conventions.

#### / Reading Check

Bracket the text that explains reasons why a person chooses to support a party.

#### √ Reading Check

Underline the sentence that explains how splitticket voting affects candidates for office.



# Section 3 Choosing Candidates

#### **Objectives**

- 1. Discuss nominating candidates.
- 2. Learn about choosing presidential candidates.

# Target Reading Skill

**Summarize** Summarizing helps you to understand what you have read. It also helps you to study it. A good summary

- includes the main points and important details.
- presents information in the correct order.
- shows connections among points and details.

As you read, stop sometimes to summarize. Review the text you have just read. Then restate the main points briefly in your own words and in the correct order.

#### Vocabulary Strategy

**Using Context Clues** Context is words and phrases around a word. It is also sentences and even paragraphs around the word. Information contained in nearby sentences and paragraphs can help make the meaning of a word clear. Look at this example.

For some offices, a candidate may need to file a nominating petition. A number of voters must sign the petition. They say that they support the nomination by signing this document.

You may be unsure about the meaning of *petition* in the first sentence. The next sentence tells you that it is something people sign. The sentence after that tells you that it is a document. The last sentence suggests that people sign a petition to show their support for something. The sentences provide many clues to the meaning of *petition*.

#### **Section 3 Summary**

<sup>1</sup> The most important role of a political party is to nominate a candidate. Many candidates are chosen at party conventions.

#### **Nominating Candidates**

The nominating process may be simple. Or it may be somplex. It depends on the office. The simplest way to become a candidate is **self-nomination**. That is possible for many local offices. A **write-in candidate** is a kind of self-nominated candidate.

A few states select candidates or choose delegates at a caucus. Caucuses used to be closed to ordinary party members. This gave great power to a few party leaders. A few state and local caucuses are still held today. But they are different. Most are open meetings.

Most candidates for state and federal office are chosen in a direct primary. A direct primary is an election. During it, party members choose candidates. The person who receives the most votes is the party's nominee.

Most states use one of two kinds of direct primary. Voters in a closed primary must be registered as party members. They may vote only in that party's primary. For example, only Democrats may vote in the primary to choose a Democratic candidate. In an open primary, voters do not have to choose a party before voting, but they may vote in only one party's primary.

#### **Key Terms**

**self-nomination** (self nom uh NAY shun) *n.* saying that you are running for office

write-in candidate (RĪT in KAN dih dayt) n. someone who asks voters to write his or her name on the ballot

**caucus** (ko kus) *n*. a meeting of party leaders to discuss issues or choose candidates

**direct primary** (dih REKT PRĪ mayr ee) *n*. an election in which party members choose candidates for their party

closed primary (KLŌZD PRĪ mayr ee) n. an election in which only party members may vote

**open primary** (ō pun PRī mayr ee) *n.* an election in which voters do not need to choose a party before voting

# Summarize What is the main point of the bracketed paragraph? Vocabulary Strategy Using Context Clues What does the word complex mean? Underline any context clues that helped you understand its meaning.

#### Reading Check

Circle the words that describe how most candidates for state and federal office are now chosen.

# Summarize What is the main idea of the bracketed paragraph?

#### √ Reading Check

Underline the sentence that explains how delegates are chosen for the national nominating conventions.



<sup>25</sup> To run for President, you must be over 35 years old. You must be born in the United States. A candidate must be well known. A candidate must be able to raise money. Money is needed for the campaign.

Delegates to the national nominating convention are chosen by a presidential primary election. Or they are chosen by a statewide caucus or convention. Delegates in most primary states must promise to support a certain candidate at the national convention.

The candidates begin their campaigns in the first months of an election year. They campaign first in Iowa and New Hampshire. Iowa is a caucus state. New Hampshire is a primary state. If a candidate does well, he or she can raise more money. They can also attract voters in later primaries and caucuses. Some candidates drop out. Others gain strength.

The main purpose of a party's national convention is to nominate someone for President. The delegates debate and discuss the choices. Then they vote. Almost all delegates are promised to a candidate as a result of the primaries or caucuses. First, a candidate for President is nominated. Then the delegates approve the candidate's choice for Vice President.

The national convention also approves the party platform. A committee writes the platform. They get advice from party leaders. The delegates debate and approve a platform. The convention ends with speeches from the nominees. This is meant to bring the party together. The next step is the election campaign. The election for President is in November.

#### **Review Questions**

| 1. Name three ways that a candidate can be nominated. |  |
|---|--|
|   |  |
|   |  |

**2.** Name three things a person must be or have to run for President.

#### **Objectives**

- **1.** Understand general elections.
- **2.** Explore the basics of voting.
- **3.** Learn about becoming an informed voter.

# Target Reading Skill

**Set a Purpose** Look at the headings and images in the text before reading. Think about what the section is about. Then set a purpose for reading. When you set a purpose for reading, you give yourself a focus. Having a focus while reading helps you to understand what you read.

Look at the first sentence in this section, for example:

Voting is the most important role of a citizen in a democracy.

This sentence can help you to set a purpose for reading. Your purpose might be to find out why voting is the most important citizen role. Now read to meet your purpose.

#### Vocabulary Strategy

Recognizing Signal Words There are many kinds of signal words. Signal words point to how events, ideas, or things are related. Certain words are used to signal other details or items in a list. Examples of these words are shown in the chart.

| Words Tha | t Signal Other Details or | Lists of Things |
|-----------|---------------------------|-----------------|
| also      | too                       | in addition     |
| and       | furthermore               | besides         |

Be aware of these words as you read. They may point to additional details. Or they may signal items in a list.

#### **Section 1 Summary**

Voting is the most important role of a citizen in a democracy. Elections give citizens a voice in government.

#### **General Elections**

Voters take part in two kinds of elections. These are primary elections and general elections. People who

- belong to political parties pick candidates in a primary election. Voters make final decisions about candidates and issues in a **general election**. Voters may also vote on certain questions in a general election. These questions, or ballot measures, include initiatives, reference decrease and recells. These piece sections are received as a section of the section o
- <sup>10</sup> dums, and recalls. They give voters a voice.

#### The Basics of Voting

Voters must meet certain requirements. You must be a citizen of the United States. You must be at least 18 years old. In addition, you must live in the state where you will vote. Not everybody who meets these requirements can vote. People in prison and those who are mentally unable are not allowed to vote in most states.

**Registration** is required of voters. Local governments run the elections in most states. They set the rules for voter registration. They also run the polling places.

Elections take place at different times. Congress set the Tuesday after the first Monday in November as the day for federal, congressional, and presidential elections. Most elections for state offices take place then, too.

- <sup>25</sup> Primary elections and elections for local governments may take place at any time. Most are in the spring. Special elections may be held at any time. In special elections, voters choose candidates to finish the terms of officeholders who have died, resigned, or been recalled.
- Voting takes place at polling places. Registered voters go to a polling place near where they live.

#### **Key Terms**

**general election** (JEN er ul ih LEK shun) n. when citizens vote to make final decisions about candidates and issues

registration (reh juh STRAY shun) n. signing up to be a voter

# Target Reading Skill

**Set a Purpose** Read the underlined heading. Use it to set a purpose for reading. Write your purpose here.

#### **Vocabulary Strategy**

#### **Recognizing Signal Words**

Circle a signal word in the bracketed paragraph.
What sort of list is being signaled?

#### √ Reading Check

Underline the sentence that tells what happens in a primary election.

#### √ Reading Check

Circle the text that tells when election day is for federal and state offices.

# Target Reading Skill

Set a Purpose What is your purpose for reading after looking at the heading Becoming an Informed Voter?

#### Vocabulary Strategy

Recognizing Signal Words What does the underlined word signal?

#### √ Reading Check

Put a check mark next to the word that tells the fraction of eligible voters who vote in presidential elections.

There are different ways to vote. Some voters pull a lever on a machine. Some mark an X on paper. Some punch a hole in a card. Others make a choice on a touchpad that is like an automatic teller machine. Voters who cannot get to their polling place on election day can have an absentee ballot sent to them. They mark the ballot and mail it in. States may also decide to use mail-in ballots or the Internet for voting.

#### **Becoming an Informed Voter**

- Woters need information about the candidates to vote wisely. They can get information from many places. Public service groups have information on candidates. These groups have no ties to political parties. Newspapers and television news are other sources.
- <sup>45</sup> Voters can go to hear candidates speak. They can also watch candidates debate on television.

Voters should also learn about ballot measures. Having a complete picture of a ballot measure is important. Some states send information on ballot measures to voters.

Only about half of those who could vote did vote in recent presidential elections. People sometimes think their vote cannot affect the outcome. Elections almost never are won by 1 or by even 100 votes. But voting makes a difference. The 2000 presidential election was decided by only about 500 votes in Florida.

Furthermore, your vote still matters even if your candidate loses. By voting, you say where you stand on the issues. You state what kind of representatives you want. You carry out an important civic duty. You take part in deciding who will lead our nation. You also help to decide what policies our leaders will follow.

#### **Review Questions**

- 1. What kinds of ballot measures do voters sometimes vote on in a general election?
- 2. What qualifications must you meet in order to vote?



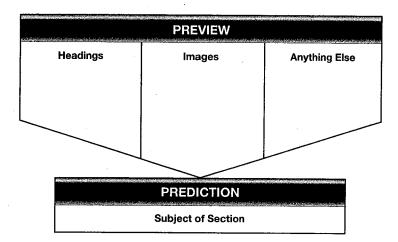
# Section 2 Influencing Your Vote

#### **Objectives**

- 1. Learn about messages from the candidates.
- 2. Understand the reasons for messages from interest groups.
- 3. Learn about recognizing propaganda techniques.
- 4. Explore how news media report the elections.

# Target Reading Skill

**Preview and Predict** Preview the section before you begin reading. Look at the headings and images. Then predict what the subject of the section is. Use a diagram like this for your preview and prediction.



#### **Vocabulary Strategy**

**Recognizing Signal Words** Some events are connected in cause-and-effect relationships. The words in the chart signal causes and effects.

|           | Cause-and-Effect Sign | al Words    |
|-----------|-----------------------|-------------|
| because   | since                 | as a result |
| so that   | affect                | lead to     |
| therefore | for this reason       | if then     |

Recognizing Signal Words Circle words that signal effects under the heading Messages from the Candidates.



#### √ Reading Check

Underline the sentence that tells how direct mail can help candidates.

#### √ Reading Check

Bracket the text that tells what PACs are.

<sup>1</sup> Candidates reach voters in many ways. Interest groups campaign for candidates and the issues they support. The media cover elections. All three groups influence voters.

#### Messages from the Candidates

- 5 Candidates try to get voters's support in many ways.
  - Posters and bumper stickers make candidates' names known.
- Personal appearances help to spread a candidate's message.
- Direct mail helps candidates reach voters who have special interests.
  - Candidates place ads in the media. Some tell voters about candidates' stands on major issues. But most focus on a candidate's personality, rather than his or
- her abilities. For this reason, media ads are not good sources of information.

#### **Messages from Interest Groups**

Interest groups want to help elect people who agree with them. Large interest groups have political action committees (PACs) to carry out these election activities.

<sup>20</sup> They work hard for or against ballot measures. Some get money from the people they represent. Others use direct mail to find people who agree with their views. They hope these people will send them money.

Many people think that the "special interests" that <sup>25</sup> PACs help have too much power in government. They say that interest groups stand for only a small percentage of people or care about only one issue.

#### **Key Terms**

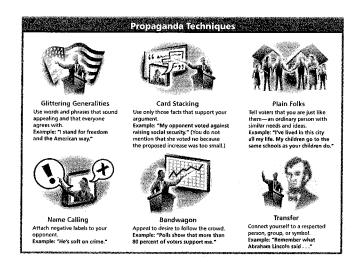
direct mail (dih REKT MAYL) n. a way of sending messages to large groups of people through the mail

media (MEE dee uh) n. television, radio, newspapers, and magazines

#### **Recognizing Propaganda Techniques**

Candidates and interest groups want to influence how people think and act. They use **propaganda** to do this.

Propaganda may tell only one side of the story. It may twist the truth. It may appeal mostly to people's feelings. This chart shows six common kinds of propaganda.



#### **How News Media Report the Elections**

News reporting is supposed to provide facts, but it sometimes shows **bias**. The news media also tell peo<sup>35</sup> ple about opinion polls. A poll asks questions of a small part of a group. The answers are then taken to stand for how the whole group would answer.

Some people think that polls should not be used. Some voters choose a certain candidate mainly because that candidate is leading in the polls. Others decide whether to vote or not based on opinion polls.

Many voters today receive most of their information about candidates and issues from TV. Some people say that television has made election issues seem unimportant. Candidates plan their messages and campaign activities to look good on TV.

#### **Review Questions**

- 1. How do candidates get voters to vote for them?
- **2.** Name three ways to tell if a message is propaganda.

#### **Key Terms**

 ${\bf propaganda}$  (prop uh GAN duh)  ${\it n.}$  a message meant to change people's ideas or actions

bias (Bī us) n. giving support to one point of view

# Target Reading Skill

Preview and Predict Preview the section Recognizing Propaganda Techniques. Then make a prediction about it. Use this diagram to preview and predict.

#### / Reading Check

Underline the sentence that describes the goal of candidates and interest groups.

#### **Vocabulary Strategy**

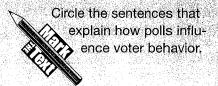
#### Recognizing Signal Words

Bracket the sentence that contains a cause-and-effect signal word.

Underline the word. Then

Inderline the word. Then write C above the cause and E above the effect.

#### ✓ Reading Check





# Section 3 Campaigning for Office

#### **Objectives**

- 1. Explore planning and running a campaign.
- 2. Learn about financing a campaign.
- 3. Explain who wins an election.
- 4. Learn about the electoral college.

# Target Reading Skill

Preview and Ask Questions Asking questions before reading will help you to understand and remember what you read. Look at the headings and images in a section before you read it. Write down one or two questions about what you see. Look for answers to your questions as you read. You can use a chart like this for previewing and asking questions.

|           | Preview and Ask Quest | ions                  |
|-----------|-----------------------|-----------------------|
| Headings: | Questions:            | Answers to Questions: |
| lmages:   |                       |                       |

#### Vocabulary Strategy

**Recognizing Signal Words** Certain words signal a list of important ideas or details. They may also signal the importance of the ideas or details in relation to each other. These signal words are listed below.

| Words That Signal Important Ideas or Details |       |              |  |
|--|-------|--------------|--|
| most important                               | first | above all    |  |
| finally                                      | last  | least of all |  |

Watch for these signal words as you read.

#### Planning and Running a Campaign

A winning campaign depends on the hard work of many people. Staff members help the candidate plan and carry out the campaign. The campaign manager is one of the most important staff members. He or she is in charge of the campaign and guides the work of the staff.

A winning campaign finds out which issues voters think are important. Polls are used to do this. A winning campaign also uses the media to help elect the candidate. The **campaign press secretary** manages the media.

#### [Financing a Campaign]

Candidates for major state and national offices need a lot of money. These candidates get most of their money from regular people. Many also get money from political parties and PACs.

Several laws set rules for paying for campaigns for federal office. Congress set up the Federal Election Commission (FEC) to carry out these and other rules.

- <sup>20</sup> Rules for campaign funding include the following:
  - No one person may give more than \$2,000 to a candidate.
  - Citizens may give \$3 of their taxes each year to a campaign fund. Candidates cannot use money from other sources if they accept these funds.
  - A PAC may give up to \$5,000 to a candidate for President in the primary elections. Candidates who have accepted public tax money may not take money from PACs in the general election.

#### **Key Terms**

campaign manager (kam PAYN MAN ih jer)  $\it n.$  the person in charge of helping a candidate run for office

campaign press secretary (kam PAYN PRES SEK ruh tayr ee) n. the person who helps a candidate use the media to run for office

#### √ Reading Check

Circle the text that tells who is in charge of a political campaign.

#### Vocabulary Strategy

#### **Recognizing Signal Words**

Underline the words that signal the position of the campaign manager among staff members.

#### Target Reading Skill

**Preview and Ask Questions** Ask a question based on the bracketed heading.

#### ✓ Reading Check

Put a check mark next to the maximum amount that a person can give to a candidate.

#### Vocabulary Strategy

Recognizing Signal Words
Circle signal words in
the section Who Wins
an Election? Then put
a check mark next
to the most important
detail.

#### ✓ Reading Check

In the text, number two advantages an incumbent has over a challenger.



# Target Reading Skill

Preview and Ask Questions Ask two questions based on the underlined heading.

#### √ Reading Check

Underline the text that tells what made the 2000 presidential election unusual.



#### Who Wins an Election?

What does a candidate need to win? First, he or she must be a good leader. He or she must make good decisions. And he or she must raise a lot of money. Finally, being an **incumbent** helps a candidate's chance to win. An incumbent has a name that voters know. He or she also has experience. A challenger often has little chance to win unless an incumbent has made mistakes.

#### The Electoral College

Voters do not choose the President directly. They elect people called **electors**. The electors vote for the President in the Electoral College.

The Electoral College has 538 electors. Each state has the same number of electors as it has members of Congress. Voters cast their ballots for a certain candidate on election day. But they are really voting for that candidate's team of electors. A candidate needs a majority of electoral votes—270 or more—to win.

Candidates win or "carry" states as the votes are counted. That means that a candidate's whole team of electors has won in that state.

Many people question the Electoral College system.

They do not think the "winner-take-all" method of giving electoral votes from each state is fair. The 2000 election is an example. Al Gore received about 500,000 more votes than George W. Bush. Bush still became President. He had 271 electoral votes. Gore had only 267.

#### **Review Questions**

- **1.** What are three sources of money for candidates for national office?
- **2.** How many electoral votes does a candidate for President need to win?

#### **Key Terms**

**incumbent** (in KUM bunt) *n.* someone who already has the position for which he or she is running

**electors** (ih LEK terz) n. people who promise to cast votes for the candidate picked by voters



# Section 1 What Is Foreign Policy?

#### **Objectives**

- 1. Summarize the goals of foreign policy.
- 2. Identify and describe the tools of foreign policy.

# Target Reading Skill

**Identify Stated Main Ideas** The main idea of a paragraph or section is its most important point. It includes all the other points in the paragraph or section. Writers often state the main idea directly. Look at this paragraph, for example.

The United States forms military, political, and economic alliances with other countries. The North Atlantic Treaty Organization (NATO) is a military alliance. The Organization of American States (OAS) is a political alliance. The Organization for Economic Cooperation and Development (OECD) is an economic alliance.

The main idea is stated directly in the first sentence:

The United States forms military, political, and economic alliances with other countries.

The other sentences in the paragraph provide examples, or details, that support this big idea. Underline the main idea of each paragraph as you read this section.

#### **Vocabulary Strategy**

Recognizing Word Origins Word origins can help you to understand the meaning of words. A word's origin is where it comes from. You will find the words security and intelligence in this section. Both words come from Latin words. Security comes from a word meaning "without care." Intelligence comes from a word meaning "understand." Knowing something about the origins of these words can help you understand their meaning. Use this knowledge and the context to understand the meanings of security and intelligence as you read.

<sup>1</sup> Each nation needs a plan for getting along with other nations. This plan is called a foreign policy. A nation's foreign policy describes its goals. And it explains how these goals will be met.

#### Goals of Foreign Policy

- <sup>5</sup> The United States has many foreign-policy goals.
  - National security is most important. That means keeping our nation and its people safe.
  - A second goal is to get nations to work for peace. A war anywhere can be a threat to all people.
- Increasing trade is a third goal. Trade helps the economy. It creates markets for our goods and services. This means profits for American business. Trade also brings us goods from other nations.
- Another goal is for other nations to respect human rights. Freedom, justice, and equality are human rights. Many Americans think democracy is the best way to protect these rights. So we help other nations that try to create or keep a democratic government.

#### **Tools of Foreign Policy**

The military helps to defend us against **aggression**. <sup>20</sup> Deterrence is a key part of our foreign policy. It helps to protect our national security.

The United States also uses these tools to meet its foreign policy goals.

• We form alliances with other nations. The North Atlantic Treaty Organization (NATO) is a military alliance. The Organization of American States (OAS) is a political alliance. It helps its members work together peacefully.

#### **Key Terms**

aggression (uh greh shun) n. an attack or threat of attack by another country

deterrence (dih TER uns) n. keeping a strong defense so that other nations do not attack

#### **Target Reading Skill**

Identify Stated Main Ideas Underline the sentence that states the main idea of the section Goals of Foreign Policy.

#### Vocabulary Strategy

Recognizing Word Origins If semeans "without" and cur- means "care," what you do think security means?

#### **Reading Check**

List the foreign policy goals of the United States.

# Target Reading Skill

Identify Stated Main Ideas
Underline two sentences
that state the main
idea of the bracketed
paragraph.

#### √ Reading Check

Circle one important tool of American foreign policy. Then bracket details that describe it.

- We use diplomacy. Nations send each other officials
- called diplomats. Diplomats talk about disputes and issues. Members of the Department of State usually carry out diplomacy. The President uses diplomacy with other heads of government at a **summit meeting**.
- We use foreign aid. We give or loan money to other nations. Foreign aid supports nations that are our friends. This may reduce the chance of revolution and war.
- Trade measures help us trade with other nations. They also help convince our trading partners to support our foreign policy. Sanctions stop or limit trade. Sanctions are used to change another nation's behavior.
- Intelligence protects national security. The Central Intelligence Agency (CIA) gathers data about other nations. Other groups also collect information. These include the Federal Bureau of Investigation (FBI) and the National Security Agency.

#### **Review Questions**

- 1. Explain the main goal of American foreign policy.
- 2. What tools help support American foreign policy?

#### **Key Terms**

**diplomacy** (duh PLÖ muh see) *n.* the relations and communications between countries

**summit meeting** (SUH mut MEE ting) n. a gathering at which the President meets with leaders of other nations

foreign aid (FOR un AYD) n. a program of giving military and economic help to other countries

**sanctions** (SAYNG shunz) *n*. actions that stop or limit trade with another nation in order to change that nation's behavior

**intelligence** (in TEL ih juns) n. information about another country and what it plans to do



# Section 2 Making Foreign Policy

#### **Objectives**

- 1. Describe the role of the executive branch in making foreign policy.
- 2. Examine the role of Congress in making foreign policy.
- 3. Explain how private groups and citizens can affect foreign policy.

# Target Reading Skill

**Identify Supporting Details** Details support the main idea of a paragraph or section. These details give further information about the main idea. They may give examples or reasons. Read this paragraph.

Several congressional committees are important in making foreign policy. The Senate Foreign Relations Committee, the House International Relations Committee, and the Armed Services committees in both houses are most involved. These committees hold hearings. They also write and study bills that affect our relations with other countries.

The main idea of the paragraph is underlined. All other details in the paragraph support this idea. The second sentence gives examples of important committees in Congress. The other sentences tell how the congressional committees help to make foreign policy.

As you read, look for details that support the main idea of each paragraph or section.

#### Vocabulary Strategy

**Recognizing Word Origins** Many words have come into the English language from other languages. You will read the words *diplomat* and *corps* in this section. Both came into English from the French. *Diplomat* can be traced to a word that has to do with documents about relations among nations. In French the word *corps* means "body." Think about these word origins when you come across the two words.

# Target Reading Skill

**Identify Supporting Details** 

Write MI next to the main idea of the bracketed paragraph. Write SD next to a detail that supports this idea.

#### Vocabulary Strategy

Recognizing Word Origins Think about the origins of diplomat. Use what you know to explain what a diplomat is.

#### **Vocabulary Strategy**

Bracket the text that describes the President's role in setting foreign policy.



#### **Section 2 Summary**

Many people help to make our foreign policy. Some of these people are inside the government. Others are outside of it.

#### The Executive Branch

The Constitution gives the President the main job of making foreign policy. The President:

- Sets foreign policy as commander in chief of the armed forces.
- Sets policy as the nation's chief diplomat.
- Shapes defense policies and meets with other leaders.
- <sup>10</sup> Makes treaties and executive agreements.
  - Chooses officials to represent us in other nations.
  - Sends budget ideas to Congress for defense spending and foreign aid.

The President does not make decisions alone.

15 Departments and agencies of the executive branch

help. The White House staff helps, too.

The Department of State gives advice on foreign policy. It also carries out foreign policy. The Secretary of State works closely with the President. He or she represents our nation in meetings with other nations. Experts on different parts of the world help the Secretary of State. The Department of State has about 16,000 workers in other nations.

The Department of Defense also helps. It gives advice about which weapons to make. It gives advice about where to place our troops. The National Security Council (NSC) advises the President on the nation's safety. It includes the Vice President. It also includes the Secretaries of State and Defense. The National Security Advisor is the head of the NSC.

#### **Key Terms**

**National Security Council (NSC)** (NASH uh nul sih KYOOR ih tee KOWN sul) n. group that helps the President make decisions about the country's safety

**National Security Advisor** (NASH uh nul sih KYOOR in tee ad  $v\bar{v}$  zer) n. the leader of the National Security Council

#### **Role of Congress**

Congress also helps to set foreign policy. Only Congress can declare war. The Senate has the power to approve or reject a treaty. The Senate must approve the President's choices for the <u>diplomatic corps</u>.

<sup>35</sup> Committees in Congress also help to make foreign policy. These committees include the Senate Foreign Relations, the House International Relations, and the Armed Services committees. They write and study bills about foreign affairs. They hold hearings to learn more <sup>40</sup> about these issues.

#### **Role of Private Groups**

Private groups can shape foreign policy, too. Many have special interests that are affected by foreign policy. They want to have a say in what that policy will be.

Businesses that trade with other nations are interested in foreign policy. Labor groups want foreign policy to protect jobs. Anti-nuclear groups, church groups, and human rights groups also try to affect foreign policy. People try to shape policy toward areas of the world they care about. For example, many Cuban Americans have influenced our policy toward Cuba. These private groups can convince others to take action to support their goals. They can pressure members of Congress to vote in their favor on issues.

Being informed helps citizens to make better decisions. Citizens can learn about foreign countries and our policies toward them. They can follow world news. They can study, travel, or work abroad. They can run for office. They can vote for people with their views. They may also share views on issues with a member of Congress.

#### **Review Questions**

- **1.** Who in the executive branch helps make foreign policy?
- **2.** Describe three ways that individual citizens can affect foreign policy.

#### **Vocabulary Strategy**

Recognizing Word Origins If corps means "body" in French, what do you think a diplomatic corps is?

#### √ Reading Check

Underline three details
that describe the role of
Congress in setting
foreign policy.

#### Target Reading Skill

Identify Supporting Details

Put a check mark next to three
details in the bracketed
paragraph that tell about
the role of private
groups in setting foreign policy.

#### √ Reading Check

List two ways an interest group can affect foreign policy.



# Section 3 Foreign Policy in Action

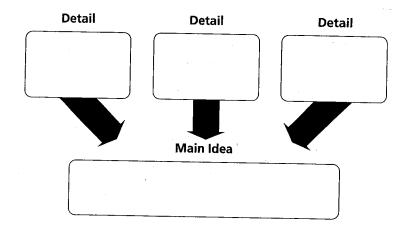
#### **Objectives**

- 1. Discuss the history of American foreign policy through World War II.
- 2. Learn about the Cold War.
- 3. Study regional challenges to American foreign policy.
- 4. Describe how American policy is leading the war on terrorism.

# Target Reading Skill

Identify Implied Main Ideas Writers do not always state the main idea of a paragraph or section directly. Instead, the main idea is implied, or suggested, by the details. You must use the details to identify the main idea. Then you must state it yourself.

Use this diagram to identify implied main ideas as you read. Write down the details in a paragraph or section. Add them up to identify the main idea. Then state the main idea in one sentence.



#### Vocabulary Strategy

Recognizing Word Origins What you know about a word's origins can help you to understand its meaning. You will find the words *league* and *establish* in this section. Both come from Latin, like many other English words. The word *league* can be traced to a word meaning "tie or bind together." The word *establish* is connected to a word meaning "stable or firm." Look for these words as you read. Use what you know about their origins to help you understand them.

#### **Section 3 Summary**

<sup>1</sup> Our foreign policy has changed over time. The United States has followed **isolationism** at times. At other times, it has taken an active part in world events.

#### Foreign Policy Through World War II

President Washington chose a position of neutrality.

<sup>5</sup> Staying isolated was not easy. Leaders in Europe were taking over foreign lands. President Monroe responded with the Monroe Doctrine in 1823.

World War I forced our nation to get involved outside our borders. After the war, President Wilson helped to found the <u>League</u> of Nations. The League was supposed to help keep peace. But Congress wanted to return to isolationism. It would not let us join the League.

World War II began in Europe. The United States tried to stay out of it. Then the Japanese bombed Pearl Harbor, Hawaii, in 1941. We declared war. When the war ended in 1945, the United States was the richest and most powerful country in the world.

#### The Cold War

After World War II, the Soviet Union and the spread of communism were the main threats to peace. The Soviets took control of several Eastern European nations. It threatened others.

United States policy at this time was called containment. Giving money to other countries was the main tool for this policy at first. Then the United States used military strength to support it. The Cold War had begun. It was not a real war. It was mainly a battle of words and warnings.

#### **Key Terms**

**isolationism** (ī suh LAY shuh nih zum) *n.* a foreign policy that tries to limit relations with other countries

**neutrality** (noo TRA luh tee) n. a policy of not taking sides in wars between other countries

**containment** (kun TAYN munt) *n.* a policy of using armies and money to stop the spread of communism

# Target Reading Skill

Identify Implied Main Ideas In one sentence, state the main idea of the section Foreign Policy Through World War II.

#### **Vocabulary Strategy**

Recognizing Word Origins Think about what you know about the origins of the word league. What does the word mean here?

#### Reading Check

Underline the sentence that tells what caused the United States to abandon its policy of isolationism.

#### / Reading Check

Underline the sentence that explains why the Soviet Union seemed like a threat to the United States.



# Target Reading Skill

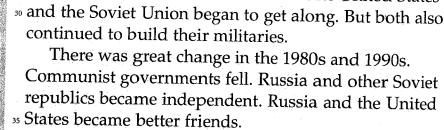
Identify Implied Main Ideas State the main idea of the first paragraph under *Today*'s *Challenges* in one sentence.

#### Vocabulary Strategy

Recognizing Word Origins
Explain the meaning of establish based on its origins.

#### √ Reading Check

Underline the sentence that explains the effect terrorism has had on foreign policy.



#### **Today's Challenges**

Trade has increased between China and the United States. But China's treatment of its citizens has hurt relations between the two nations. People debate about how to react to China's poor human rights record.

The 1970s was a time of détente. The United States

Challenges to our foreign policy include economic and regional issues. Balancing trade with Japan is an important goal. Competing with China and the European Union is also vital. Regional challenges exist in Latin America, Eastern Europe, the Middle East, and Africa.

#### **Leading the War on Terrorism**

The United States now leads a war on terror. It works with other nations to stop attacks. It also works to stop the flow of money to terrorists.

It is not easy to <u>establish</u> a foreign policy goal today. Choices about foreign policy are harder now that the enemy is not easy to identify. Each problem has to be handled on its own.

#### **Review Questions**

| 1. | What was the foreign policy of the early United States? |
|----|---|
|    |   |
| 2. | How is the United States leading the war on terrorism?  |

#### **Key Term**

**détente** (day TAHNT) n. improved relations between the United States and the Soviet Union



# Section 1 The Nations of the World

#### **Objectives**

- 1. Define what a nation is.
- **2.** Explore the different histories of nations.
- 3. Discuss the process of economic development.

# Target Reading Skill

Identify Contrasts Contrasts are differences. You look at how two things differ when you contrast them. You will read about developed nations and developing nations in this section. Both groups are nations. They differ in how they have developed. Their histories differ. Their economies differ. As you read, pay attention to details that describe these differences. List the differences in a chart like this.

|   |  | destruction and a supplied of the supplied of  | and the same of th |      |
|---|--|--|--|------|
| 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1                 | The second secon |  |  |      |
| Dovo  | laned Nations  | and the second second  |  |      |
| UC10  | loped Nations  | and the second s | Developing Nat   | ione |
|   |  |  | reioping 140   | UUIJ |
| 24-10-10-00 (04-00-00-00-00-00-00-00-00-00-00-00-00-0 |  |  |  |      |
|   |  |  |  |      |
|   |  |  |  |      |
| Į.  |  | 1  |  |      |
| i .   |  |  |  |      |
|   |  |  |  |      |
| 1   |  |  |  |      |
|   |  |  |  |      |
|   |  | 1  |  |      |
|   |  | <del></del>  |  |      |
|   |  |  |  |      |

#### **Vocabulary Strategy**

**Using Word Parts** You can often use word parts to figure out the meanings of words you do not recognize while reading. Word parts include roots, prefixes, and suffixes. A root is the base of a word. It has meaning by itself.

You will come across the words *unity*, *unit*, *nation*, and *native* in this section. The chart shows the Latin roots of these words.

| Word   | Root | Meaning of Root |
|--------|------|-----------------|
| unity  | un-  | one             |
| unit   |      |                 |
| nation | nat- | to be born      |
| native |      |                 |

#### **Section 1 Summary**

<sup>1</sup> The world is divided into nations. Each nation has borders. These borders are very important to the people who live within them.

#### What is a Nation?

A nation is a group of people. These people share a 5 language, a history, and an identity. The group needs more than a sense of unity to be a nation. It must form a political unit.

Every nation has three basic features. First, it has a territory with borders. The borders define the nation's 10 land area. Second, a nation has a government. Third, a nation has sovereignty. Sovereignty means that the government has power within the nation's borders. It also has the power to deal with other nations.

All nations have a duty to protect their own inter-15 ests. A nation must have power to look after its interests. National power takes many forms. Some nations gain power because they have valuable natural resources. Some gain power through their armies. Some become powerful by building a strong economy.

People within a nation often feel a sense of nationalism. Culture, language, religion, and political tradition can add to this feeling.

#### The Different Histories of Nations

Some nations are rich. Others are poor. Nations have different climates, landscapes, languages, and religions. 25 The histories of nations also differ.

Many American, African, and Asian nations were colonies at one time. A colony is a territory ruled by a more powerful nation. That nation is called a colonial power. Colonial powers wanted colonies to supply 30 crops. They wanted colonies for natural resources such as oil. Colonies were also a source of cheap labor.

#### **Key Terms**

sovereignty (SAHV run tee) n. the power to make and carry out laws within a country's borders nationalism (NASH uh nuh liz um) n. pride in shared history colony (KOL uh nee) n. a land ruled by a more powerful nation

#### Vocabulary Strategy

Using Word Parts If the root unmeans "one," what does unity mean? What is a unit?

#### √ Reading Check

Number the three characteristics that all nations share.

#### **Target Reading Skill**

Identify Contrasts Circle the text that contrasts nations.

#### **Reading Check**

Bracket the sentences that explain why some nations became colonial powers.

#### **Vocabulary Strategy**

**Using Word Parts** Think about the meaning of the root *nat*-. Explain the term *native peoples*.

#### Target Reading Skill

Identify Contrasts Write a C next to each of the two paragraphs that contrast the standard of living in developed nations with that of developing nations.

#### √ Reading Check

List the most important difference between developing and developed nations. People from the colonial power settled some colonies. The newcomers killed or pushed aside the people who already lived here. Soon there were more settlers than <u>native peoples</u>. A colonial power often forced its language and laws on a colony. It also forced native peoples to do hard work.

#### **Economic Development**

Nations today can be divided into "developed nations" and "developing nations." The main difference is their standard of living.

Developed nations have industry and modern technology. They make goods and services. Most people live in towns and cities. Many work in service jobs. Most people have enough money for their basic needs.

Most people in developing nations are poor. Some developing nations do not have enough jobs for people. It is hard for many people to get an education. Many people are hungry.

Most developing nations were once colonies. They
had weak economies when they became free. Their
economies were set up to export resources. The resources
were not used to improve the standard of living. Many
also had political problems. Some colonies had people
with different languages and religions all living together.
These groups sometimes fought for power.

The poorer nations are trying to develop their economies. Richer nations and international groups are helping. This has improved life for many people in developing nations.

#### **Review Questions**

- 1. What is a nation?
- **2.** Why did many developing nations have weak economies when they became independent?

#### **Key Term**

standard of living (STAN derd UV LIV ing) n. the amount and kinds of goods and services people can have



# Section 2 Relations Among and Within Nations

#### **Objectives**

- 1. Identify the types of conflict that arise among nations.
- **2.** Explore competition among nations.
- 3. Discuss the Cold War and its aftermath.
- 4. Examine cooperation among nations.

# Target Reading Skill

**Make Comparisons** Comparing two or more things helps you see how they are alike. Things that are alike have features in common. You will read about conflicts among nations in this section. Think about how the conflicts are alike. Then list what the conflicts have in common.

#### Vocabulary Strategy

**Using Word Parts** Many words can be broken into parts. The parts of a word can tell you something about its meaning. Prefixes, roots, and suffixes are word parts. Some words in this section have the same prefix but different roots. The prefix goes in front of the root and changes its meaning.

| Word        | Prefix                  | Root             | Meaning of Word |
|-------------|-------------------------|------------------|-----------------|
| conflict    | con-<br>com- "together" | -flict- "strike" |                 |
|             | co-                     |                  | ?               |
| competition |                         | -pet- "strive"   | ?               |
| cooperation |                         | -oper- "work"    | ?               |

Think about what you know about the parts of these words to understand their meanings as you read.

#### Vocabulary Strategy

**Using Word Parts** Explain the meaning of *conflict* using its prefix and root.

#### Target Reading Skill

Making Comparisons The section Types of Conflict compares types of conflicts. Bracket the sentence that tells how most conflicts are alike.

#### ✓ Reading Check

Circle two types of conflict among or within nations.

#### Vocabulary Strategy

**Using Word Parts** Draw a line between the prefix and root of *competition*. Then explain its meaning.

#### √ Reading Check

Underline two possible consequences of international competition.

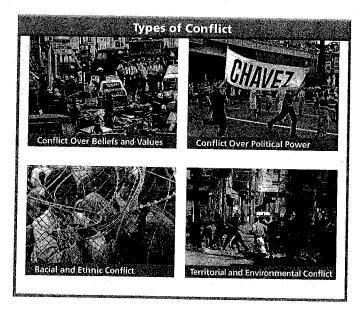


#### **Section 2 Summary**

Nations come into <u>conflict</u> in wars. They compete for power. They also cooperate in many ways.

#### **Types of Conflict**

Most conflicts are caused by one group's belief that another group is against it. This chart shows four types of conflict among or within nations.



#### **Competition Among Nations**

Nations compete through trade. This can help by causing companies to improve the way they do business. It can harm if one nation believes the other is being unfair.

Nations also compete for military power. This can increase tension between countries. It can lead to conflict. Today the buildup of weapons in North Korea and China is a concern.

#### The Cold War and Its Aftermath

The United States and the Soviet Union had been friends during World War II. After the war, the Soviet Union supported **communism**. The United States supported democracy. Both nations also had strong armies. They saw each other as dangerous.

#### **Key Term**

**communism** (KAHM yuh niz um) n. a system in which the government owns and controls the resources

The Soviet Union set up a Communist government in East Germany and Eastern Europe. The Soviet Union and these nations formed the Warsaw Pact. The United States and the nations of Western Europe formed the North Atlantic Treaty Organization (NATO). Each alliance built up its army.

This superpower conflict was called the Cold War.

25 It was fought with words, warnings, and a buildup of weapons. The Cold War broke into several "hot" wars. They included the Korean and Vietnam wars.

Political changes in the 1980s and 1990s ended the Cold War. The nations of Eastern Europe got rid of their Communist governments. They began to have free market economies. The Soviet Union fell apart. Its republics became independent.

#### **Cooperation Among Nations**

Many nations have formed trade groups. The European Union (EU) is an example. A trade group works for economic and political <u>cooperation</u> in a region. Another example is the North American Free Trade Agreement (NAFTA). It promotes trade among Canada, Mexico, and the United States.

Nations also work together to provide aid. Many nations helped the people of the former Soviet Union after the Cold War. Nations also joined to help refugees from the 1994 civil war in Rwanda.

Nations work together to promote peace. A balance of power may have helped to keep peace during the Cold War. Nations still work for peace today.

#### **Review Questions**

- **1.** Describe two possible effects of competition for military power.
- 2. What developments ended the Cold War?

#### **Key Terms**

**Cold War** (KŌLD WOR) *n.* a struggle—like a real war but with no armed battles—between the U.S. and the Soviet Union

balance of power (BAL uns uv POW er) n. a case in which one powerful country's military offsets and balances another's

#### √ Reading Check



# Target Reading Skill

Make Comparisons Explain how the EU and NAFTA are alike.

#### Vocabulary Strategy

**Using Word Parts** Explain the meaning of *cooperation* based on its prefix and root.

#### √ Reading Check

List the three ways that nations work together.

| ٠. | 4 |    |       |   |    | 3 | × |     | ÷ |   |    |    |    |    |   |   |    |    |   |  |   |   |  |    |    | à  |    |    |    | 4  |     |    |    |    |     |   |
|----|---|----|-------|---|----|---|---|-----|---|---|----|----|----|----|---|---|----|----|---|--|---|---|--|----|----|----|----|----|----|----|-----|----|----|----|-----|---|
| ì  | 1 | ٠, |       |   | Ż  |   |   |     | 9 |   | Û  |    |    | d. |   |   | Ġ  |    |   |  |   |   |  | è. | ď. |    | ė. |    | _  | ÷. | ò   | 12 | ٠. | Ċ  | ij. | i |
| ř  | 4 | ٠, | 1     | 3 | ٠, | 6 | 7 | 7   | - | ú | 7. |    | _  | _  | _ | 1 | ٠. | •• | _ |  | 3 | 2 |  | 31 |    | ٠, | _  | 7. | 10 |    | - 1 | 10 | 11 | Ŧ  | 7   | 5 |
|    |   |    |       |   | v. |   |   |     |   |   |    | ú, |    |    |   |   |    |    |   |  |   |   |  |    | 1  |    |    |    |    |    |     |    |    | ď  | ř   |   |
|    |   |    | <br>1 |   |    |   |   | ķ., |   | ú |    |    | Ġ. |    |   |   |    |    |   |  |   |   |  |    |    | ć  |    |    |    |    |     |    |    | ۲. |     |   |

2.

3.



# Section 3 The Challenge of Interdependence

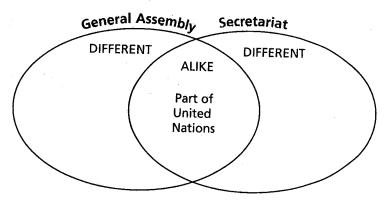
#### **Objectives**

- 1. Learn about the United Nations.
- 2. Explore the work of nongovernmental organizations.
- 3. Discuss the impact of these organizations.

# Target Reading Skill

**Identify Contrasts** When you identify contrasts between things, you note their differences. You will read about different divisions, or parts, of the United Nations in this section. Each division has different powers or jobs.

You can use the diagram below to show contrasts, or differences, between two divisions of the United Nations. The shared, center part of the diagram shows a way the two divisions are alike. Both are part of the United Nations. The separate, outer parts of the diagram show differences.



#### Washulary Strategy

Using Word Parts Breaking a word you do not know into parts may help you understand its meaning. You may know something about the meaning of the word's prefix, root, or suffix. You can use what you know to figure out the word's meaning.

You will come across the words *interdependent* and *international* in this section. Each contains the prefix *inter-*, which means "between or among." Put this information together with what you know about the other parts of each word.

#### **Section 3 Summary**

<sup>1</sup> Today's world is interdependent. The largest organization of nations working together is the United Nations.

#### The United Nations

"Big Five" votes against it.

The United Nations (UN) was created in 1945. The UN has 189 member nations. That is almost every nation in 5 the world. One of its goals is to keep world peace. The

UN also works to promote justice and cooperation.

The UN has six major divisions. These are the Security Council, the General Assembly, the Secretariat, the Economic and Social Council, the International <sup>10</sup> Court of Justice, and the Trusteeship Council.

The Security Council is the most powerful. It can help to settle conflicts. It may send a force of peacekeepers to a country if war breaks out.

The Security Council has 15 members. Five are 15 always on the council. These are the United States, Russia, Great Britain, China, and France. They are called the "Big Five." Ten other members are elected to two-year terms by the General Assembly. Nine votes out of 15 are needed for the Security Council to 20 approve an action. Each of the "Big Five" has veto power. That means an action is defeated if one of the

Every member nation belongs to the General Assembly. Each has one vote. This group discusses 25 world problems. They also decide how the UN will spend its money.

The Secretariat carries out daily tasks. People from more than 150 countries work in the Secretariat. They translate documents. They provide services to UN councils and agencies. They prepare reports.

The Economic and Social Council works to improve standards of living. The Council has representatives from 54 countries.

#### **Key Term**

peacekeepers (PEES kee purz) n. members of the military whose job is usually to help settle conflicts and maintain order in a region

#### Vocabulary Strategy

Using Word Parts How do you think an interdependent group of nations works?

#### **Target Reading Skill**

Identify Contrasts Bracket the sentences that tell how the members of the Security Council and the members of the General Assembly differ.

#### √ Reading Check

Circle the names of the six major divisions of the United Nations.

#### **Vocabulary Strategy**

**Using Word Parts** Use the word parts of *international* to explain what international law is.

# Target Reading Skill

Identify Contrasts Put a check mark next to the sentence that tells how the Trusteeship Council differs from other UN divisions.

#### √ Reading Check

Bracket text that gives an example of a non-governmental organization and tells what it does.

#### √ Reading Check

Number two obstacles in the way of international cooperation.

The International Court of Justice is the UN's judi-35 cial branch. It is often called the World Court. It is made up of 15 judges. They are from 15 different countries. The "Big Five" countries also have seats on this court.

The Trusteeship Council was set up to help govern territories formed after World War II. The Trusteeship Council is no longer a working part of the UN.

#### **Non-Governmental Organizations**

Private nongovernmental organizations (NGOs) also work on global problems. NGOs protect political and economic rights. They work to protect human rights. They fight hunger and disease. They deal with many other global problems. The Red Cross is one example of an NGO. It helps victims of war and natural disaster.

#### The Impact of Organizations

Countries must work together for organizations to solve world problems. Cooperation is not always easy. Nations usually do not want to lose any political power. They often want to make their own decisions when their security is involved. The UN has had trouble stopping conflicts for this reason.

The UN and other groups have had more success with economic problems than political problems. They have helped to teach farmers better ways to grow crops. They help countries build dams. And they help countries enter world trade.

Countries cooperate best in smaller groups limited to one region. Examples are NATO and the Organization of African Unity. Their members usually have more in common than larger organizations like the UN.

#### **Review Questions**

|      | When dealing with what issue does the UN have the most success? |
|------|---|
|      |   |
| 2. V | What is the "Big Five"?   |