

Blizzard  
Bag #1  
US History

## Economics and History Activity 4



UNIT 4

### The Role of Government

Suppose you invent a mechanism that will improve ship navigation in fog. Now suppose you show it to a big shipbuilding company, it steals your idea, and then increases its business significantly because its ships now have this wonderful device for safely navigating in fog. You do not see a dime of profit. What would you do? You would likely look to the government for assistance. Why? One of the government's roles in our economy is to enforce contracts and protect property rights.

### THE GOVERNMENT AND THE ECONOMY

In 1776 economist Adam Smith described a system in which government has little to do with a nation's economic activity. He said that individuals left on their own would work for their own self-interest. In doing so, they would be guided to use resources efficiently and thus achieve the maximum good for society. However, in some instances the government does become involved in the U.S. free market economy. The chart below states five ways in which government might intervene in the economy.

### EFFICIENCY AND COMPETITION

In economics, **efficiency** is maximum productivity that meets society's goals. Market efficiency is created through competition. **Competition** means that producers are rivals with other producers for profits; workers are rivals with other workers for wages; and buyers are rivals with other buyers for goods and services. These rivalries create efficiency. For example, producers who charge more than their rivals will not get buyers, so competition holds down the prices of goods and services and makes them affordable to more people.

### COMPETITION AND MONOPOLIES

As noted in number 5 on the chart, the government may intervene in the economy to promote competition and, thus, efficiency. A **market failure** occurs when a problem in the market causes inefficiency. Monopolies cause market failure because they reduce competition. The late 1800s and early 1900s in America saw the creation of many monopolies, called trusts. Some of the common practices these trusts used to unfairly crush competition were:



**Five Government Roles in the Economy**

<b>1. Enforcing Law</b>	The government enforces contracts and property rights.
<b>2. Ensuring Economic Stability</b>	The government tries to stabilize the economy through fiscal and monetary policies to shield citizens from inflation, unemployment, and recession.
<b>3. Redistributing Income</b>	The government redistributes income. For example, it uses tax revenues to support those unable to help themselves.
<b>4. Providing Public Goods</b>	The government provides certain important public services that the market cannot provide, such as national defense or systems of courts and schools.
<b>5. Regulating Economic Activity</b>	The government intervenes in the economy by passing workplace and product safety standards and by promoting competition.

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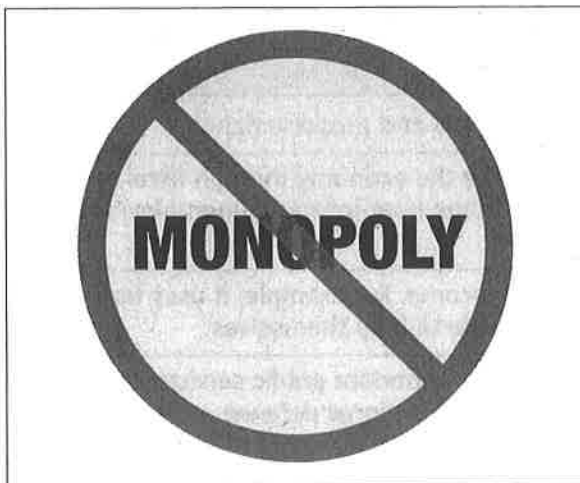
## Economics and History Activity 4 (continued)

- Withdrawing their business from suppliers and retailers who did business with other rival companies
- Forcing smaller businesses out by temporarily lowering prices and then raising them after the smaller businesses failed
- Stealing inventions

Government first responded against monopolies with the Sherman Anti-Trust Act of 1890. This law established the principle that restraint or monopolization of trade or commerce is illegal. In 1914 the Clayton Act strengthened the Sherman Act. In the same year, the government established the Federal Trade Commission (FTC). The FTC is a watchdog agency that can investigate companies engaging in interstate commerce.

### MONOPOLIES TODAY

Two court decisions ruled recently that Microsoft was a monopoly because it unfairly restricted the creativity and competition of an open market. The courts ruled that Microsoft practiced unfair competition against Netscape, an Internet browser. Microsoft insisted on including its Internet Explorer browser with its Windows operat-



The Federal Trade Commission, established in 1914, has the power to bring court cases against private businesses engaging in unfair trade practices.

ing system. The courts ruled this practice a restraint of trade. According to the courts, Microsoft was using the advantage of its huge share of the software market to unfairly compete in the Internet browser market.

### APPLYING ECONOMICS TO HISTORY

**Directions:** Use the information you have read and the information in the chart to answer the following questions on a separate sheet of paper.

#### RECALLING INFORMATION

1. Why do monopolies make the market inefficient?
2. Name two unfair business practices of the trusts.
3. What unfair business practice caused the courts to rule Microsoft a monopoly?
4. What is competition supposed to create in the market?
5. What are the five categories of government intervention in a free market?
6. What effect does competition have on the prices at which sellers offer their goods and services?

#### CRITICAL THINKING

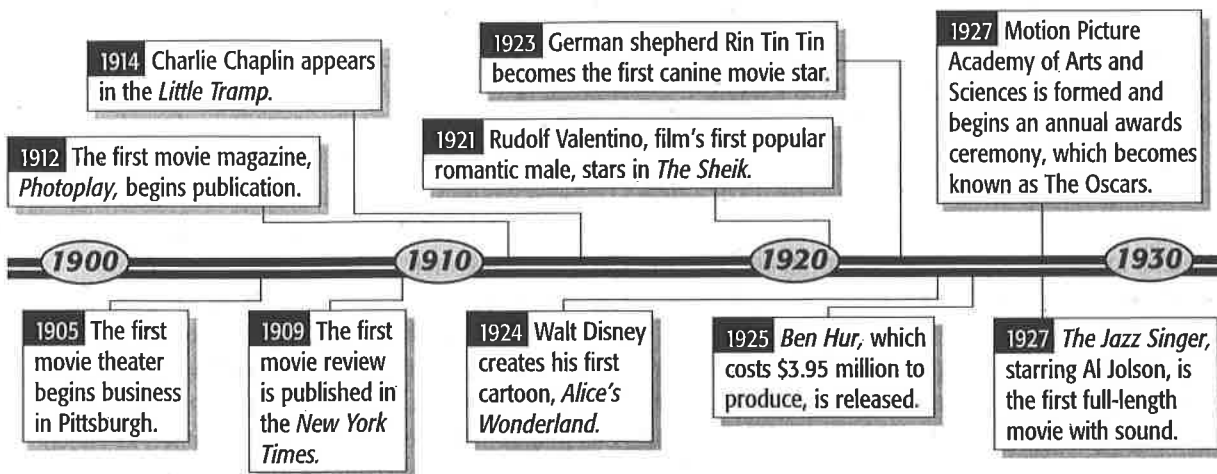
7. **Synthesizing Knowledge** When the government provides a check to support someone who is unable to work, the money is an example of a *transfer payment*. What role is government playing when it facilitates the transfer payment?
8. **Making Inferences** You have learned about some of the effects that competition has on the prices at which producers sell their goods and services. How does competition affect the wages that employers pay?

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★ Time Line Activity 15

### Motion Picture History

**DIRECTIONS:** Use the information on the time line to determine whether the sentences below are true or false. Change each false statement to make it true.



1. True or False? In 1921 Rudolf Valentino starred in the film *The Sheik*.  
\_\_\_\_\_
2. True or False? The first movie fan magazine, *Photofilm*, began publication in 1912.  
\_\_\_\_\_
3. True or False? The Motion Picture Academy of Arts and Sciences was formed in 1927 and began an annual awards ceremony.  
\_\_\_\_\_
4. True or False? The first movie theater opened for business in Pittsburgh in 1915.  
\_\_\_\_\_
5. True or False? In 1914 Charlie Chaplin appeared in his most famous film, *Little Champ*.  
\_\_\_\_\_
6. True or False? The first full-length movie with sound, *The Jazz Singer*, was released in 1926.  
\_\_\_\_\_
7. True or False? Walt Disney created his first full-length movie, *Alice's Wonderland*, in 1924.  
\_\_\_\_\_

## Linking Past and Present Activity 15



### Women in the Olympic Games

#### THEN

In the 1920s, controversy broiled in the United States over whether women should be allowed to participate in the Olympic games. Physical educators and physicians, both male and female, were opposed to female events.

Prominent male physical educator F.R. Rogers summed up the concerns of the day in his 1929 article "Olympics for Girls?" He said that pursuing one's full potential for girls meant "development of all those traits which are necessary to attract the most worthy fathers for their children, provide the most healthful physiques for child-bearing and build the most maternal emotional and social behavior patterns." He went on to say that extreme competition tended to "destroy girls' physical and psychic charm and adaptability for motherhood" and "develop wholly masculine physiques and behavior traits."

The International Olympic Committee (IOC) approved five women's track and field events for the 1928 games. After the 800-meter race, five competitors fell exhausted to the ground. While such displays occurred in men's races as well, many saw this as proof of the physical frailty of women. The *New York Times* reported that five of the "eleven wretched women" had "collapsed after reaching the tape." In 1929 a panicked IOC voted to drop women's track and field from the 1932 games. Although the IOC reversed its decision in 1930, allowing shorter races, the 800-meter was not reinstated until 1960.

#### NOW

In the 2000 Olympics, women competed in 22 track and field events, compared to 24 for men. In winning the heptathlon in 1988 and 1992, American Jackie Joyner-Kersey competed in seven events each time—two more than were even offered to women in 1928. One of the heptathlon's seven events is the 800-meter race, the longest women's race in 1928 at just under half a mile. Today women compete in many longer races, including the marathon—a grueling 26.2 miles.

More opportunities to compete at a high level have shown women athletes to be as mentally tough as their male counterparts. Access to weight training and better facilities has greatly increased performance, helping to dispel the stereotype of women as physically limited and in need of protection. In fact, the gap between male and female performance is narrowing. For example, the world record time for men in the 100-meter race is 9.79 seconds. Florence Griffith-Joyner, the female record holder, ran it in 10.49 seconds, less than three-fourths of a second slower.

Contrary to popular beliefs in the 1920s, exercise physiologists have established that physical activity does not harm women's reproductive functions. As today's fitness trend demonstrates, society's attitude toward women's physical activity is changing, viewing it as part of a healthy lifestyle.



#### CRITICAL THINKING

**Directions:** Answer the questions below on a separate sheet of paper.

- Identifying Main Ideas** What were the concerns in the 1920s over women's participation in the Olympics?
- Making Inferences** How might the reporting of the women's 800-meter race in 1928 have influenced public opinion of women's participation in the Olympics?
- Analyzing Information** What has contributed to the improved performance of today's top women athletes?

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Name \_\_\_\_\_ Date \_\_\_\_\_ Class \_\_\_\_\_

★ Reinforcing Skills Activity 16

## Distinguishing Fact From Opinion

### ★ LEARNING THE SKILL

Facts can be proven by evidence such as records or historical sources. Opinions are based on people's differing values and beliefs. To help you identify facts and opinions, read or listen to the information carefully. Identify the facts. If a statement can be proven, it is factual. Identify opinions by looking for statements of beliefs, approval or disapproval, or superlatives such as *best* or *worst*.

### ★ PRACTICING THE SKILL

**DIRECTIONS:** Read the excerpt below about President Warren G. Harding. Then answer the questions that follow.

Everyone who knows anything at all about American history believes that Warren G. Harding was our worst President—Harding, the affable fool from Marion, Ohio, who, after passing two utterly undistinguished terms as state senator and one as lieutenant governor, went to the U.S. Senate in 1914 and, having done little but get along with people, came out of the deadlocked 1920 Republican National Convention headed for the Presidency.

His friend the politico Harry M. Daugherty had helped him get there, and in return Harding put him and his pals—the “Ohio Gang”—in a position where they could plunder the government while the trusting Harding pursued his vision of “normalcy.” . . . Eventually the scandal broke, but Harding died suddenly (seventy-five years ago this August) at the end of a tour of the West in time to escape the worst of it.

He has not escaped the judgment of history. In every poll—the most recent was conducted just last year—the twenty-ninth President comes at the very bottom.

1. List the facts stated in the passage. \_\_\_\_\_  
\_\_\_\_\_
2. List the opinions from the passage. \_\_\_\_\_  
\_\_\_\_\_
3. What is the purpose of this passage? \_\_\_\_\_  
\_\_\_\_\_

### ★ APPLYING THE SKILL

**DIRECTIONS:** Read an editorial in your local newspaper, and then answer the following questions on a separate sheet of paper.

1. List the facts stated in the editorial.
2. List the opinions from the editorial.
3. What is the purpose of the editorial?

**Critical Thinking Skills Activity 16**

**Making Comparisons**

**LEARNING THE SKILL**

When you *make comparisons*, you determine similarities and differences between ideas, events, or objects. Knowing how to make comparisons will help you choose among alternatives and understand historical change.

Use the following guidelines to help you make comparisons:

- Identify the items you want to compare.
- Determine common areas in which comparisons can be drawn, such as positions on an issue, reactions to an event, goals of certain groups, and so on.
- Look for similarities and differences within these areas.

**PRACTICING THE SKILL**

**DIRECTIONS:** Read the excerpt below about the state of the American automobile industry and Americans' changing perceptions of the auto in the mid-1920s. Then answer the questions that follow.

... The Ford car had represented its creator's dream: a simple, durable machine that country people could use to get around and, more importantly, that they could afford (the Model T engine had been designed so that the owner could use it to run farm equipment when it wasn't propelling a car).

GM [General Motors], in contrast, was interested in a different kind of consumer, a very modern consumer, one inspired not by practicality, but by speed, comfort, and styling. The company produced cars in different colors (the "T" had always been an unalterable black) and challenged customers to keep up with the times by changing models each year. While Ford stood steadfastly by his Model T, GM added new features to its cars: hydraulic brakes, chromium plating, six cylinders, and a lacquer finish. And the company convinced people to pay GM's higher prices by offering something that Ford considered immoral: the opportunity to purchase cars on installment [credit].

1. What is the topic of this excerpt?

\_\_\_\_\_

2. What similarities and differences can you find between Ford and GM automobiles in this excerpt?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. What similarities and differences can you find between Ford and GM customers in this excerpt?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_