

# II. Politics and the Economy

## Objectives

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- Develop a greater understanding of politics, power, and authority
- Analyze politics and government in the United States
- Learn about the economy and work in the United States

## Vocabulary

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authority	democratic socialism	interest group	political institutions
capitalism	economic institution	legitimate power	political party
coercion	economy	monopoly	productivity
conglomerate	Gross Domestic Product (GDP)	nationalism	socialism
corporation	influence	nation-state	state

## Background

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This chapter deals with two key areas in society—politics and economics. Students learn about the power and legitimacy that some people and groups hold in society and gain a more clear and realistic view of how the world around them works. They learn how societies are governed and differences between how functionalists and conflict theorists view the role of the state. Students can begin to develop their own views about government by weighing these key perspectives. They also learn about how the modern industrialized state developed and four types of modern government—democratic, monarchic, authoritarian, and totalitarian.

The chapter then addresses government and politics in the U.S. As potential voters, students benefit from learning about political participation and why voter turnout in the U.S. has been declining. They come to see the Republican and Democratic parties in terms of their roles, methods, and political policies. Learning how interest groups have grown to influence the political process broadens students' knowledge of how politics works in the U.S.

Students also learn to evaluate the role that economic institutions play in a society, beginning with

the five key effects that industrialization has had on economic systems. Learning about recent changes in post industrial nations like the U.S. will give students a better, updated profile of the modern economy that they will soon face in the job market. Students also learn how economies work as they study production, distribution, and consumption and the world's three most common economic systems—capitalism, socialism, and democratic socialism.

Students move on to see how the economy and work life in the U.S. affect people's attitudes, values, and goals. They learn about economic growth, productivity, taxes, and how "the Fed" regulates the economy for the good of the public. Students then take a look at the corporate world and consider the capitalistic values that give it life.

### Further Resources

Domhoff, William G. *The Power Elite and the State*.

New York: Aldine de Gruyter, 1990.

Duncan, Otis Dudley, and others. *Socioeconomic Background and Achievement*. New York: Seminar Press, 1972.

## For Discussion

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### Review

1. According to functionalists, what are the four social functions that the state performs?
2. What are the four stages of development in western civilization for a modern industrialized state?
3. What were the five principal effects that industrialization had on the economies and societies of the world?
4. What are three common types of economic systems in the world today?

### Critical Thinking

1. What do you think it was like to be a peasant living in a feudal society in the year 1000? Why?
2. What is the difference between the functionalist and conflict perspectives of the state?
3. What is your opinion of declining voter turnout in the U.S.? Do you think it is a good or bad reflection on democracy in the U.S.?
4. If you had a choice, would you rather live in a capitalist or a democratic socialist economy? Are higher taxes worth paying, to gain broader social programs? Why or why not?
5. What problems, if any, do you see in the capitalistic values of the U.S.? What do you think should be done to improve upon these areas?

## Activities

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### 1. You, Power, and the State

Divide students into teams of four. Each member must pick a form of government—democratic, monarchic, authoritarian, or totalitarian—and imagine that he or she is one of its key political leaders. Have students discuss the various ways in which they came to power, achieved legitimacy, and continue to run the state.

### 2. Job Satisfaction Survey

Divide students into teams of five and have them compile a survey gauging job satisfaction levels of at least 10 people from the “primary” and “secondary” labor markets. Have teams report their findings and conclusions to the class.

### 3. Internet: Interest Groups

Direct students to research the interest group websites like those of the NRA and AARP. Have students pick a particular group and evaluate its specific “interests,” political goals, and methods of advancing its cause in Washington, D.C.

### 4. Special Sources:

#### The Future of the Economy and Work

Ask students to use library resources and research to help them create a picture of what the U.S. economy and job market is going to be like in 20 years. What changes do they see happening in the post industrial economy? What kinds of skills, experience, or outlooks will they need to land the jobs they want and achieve job satisfaction?

Name \_\_\_\_\_

## II. Politics and the Economy

As you read Chapter II, write an answer to each question below.

1. What is the difference between power and legitimacy and how do individuals gain them in a society?

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2. Compare and contrast where power lies in democratic, monarchic, authoritarian, and totalitarian governments.

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3. How do political parties and interest groups function in the government of the U.S.?

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4. Where does the U.S. economy currently stand in terms of production, distribution, and consumption?  
What recent changes have helped to elevate it into a "post industrial" society?

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5. How and why does the U.S. government regulate the economy?

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Name \_\_\_\_\_

## II. Politics and the Economy

Find the best answer for each item. Then circle the correct answer.

1. What are organizations and customs that a society establishes for its government?
  - a. economic institutions
  - b. political institutions
  - c. interest groups
  - d. corporations
2. What is a distinct set of institutions that has the authority to make the rules that govern society?
  - a. state
  - b. monopoly
  - c. conglomerate
  - d. dictatorship
3. What is the term to describe the people's sense of its right to have its own nation?
  - a. feudalism
  - b. socialism
  - c. nationalism
  - d. capitalism
4. What is the term for an organized collection of people who attempt to influence political processes and decisions?
  - a. independent voters
  - b. interest groups
  - c. pollsters
  - d. juntas
5. What is a system for producing, distributing, and consuming goods and services in a society?
  - a. nation-state
  - b. socialism
  - c. politics
  - d. economy
6. In which economic system is the means of production and distribution privately owned and operated for profit by competing entities?
  - a. capitalism
  - b. democracy
  - c. democratic socialism
  - d. socialism
7. What is the economic system in which the state owns the means of production and distribution and all citizens share in the work and profit?
 

a. feudalism	c. socialism
b. capitalism	d. totalitarianism
8. What is the economic system that combines private ownership of property and competitive markets with state ownership of large corporations that are run for the benefit of all citizens?
  - a. capitalism
  - b. democratic socialism
  - c. nationalism
  - d. communism
9. What is the total dollar value of all goods and services produced in one year by a nation?
  - a. Gross Domestic Product (GDP)
  - b. Gross National Product (GNP)
  - c. Gross Private Domestic Investment (GPDI)
  - d. Individual Retirement Account (IRA)
10. What is a huge corporation consisting of smaller corporations or subsidiaries engaged in different kinds of business?
  - a. conglomerate
  - b. monopoly
  - c. monarchy
  - d. union

Name \_\_\_\_\_

## II. Politics and the Economy

Read each description, and write the letter of the correct term on the line.

1. Bullies are said to use this kind of power.
  - a. authority
  - b. charismatic authority
  - c. influence
  - d. coercion
2. \_\_\_\_\_ is NOT considered to be a part of "the state."
  - a. The executive
  - b. The police
  - c. The labor force
  - d. The armed forces
3. According to functionalists, issues relating to international economics, like NAFTA, are a part of the state's function of \_\_\_\_\_.
  - a. enforcement of norms
  - b. regulation of conflict
  - c. planning and coordination
  - d. conducting relations with other societies
4. A government that recognizes no limit to its power and can control all aspects of its citizens' lives.
  - a. democratic
  - b. monarchy
  - c. authoritarian
  - d. totalitarian
5. One of the reasons interest groups are criticized is because they \_\_\_\_\_.
  - a. give a political voice to their members
  - b. exercise more influence than people think they deserve
  - c. pressure legislators on issues that might otherwise be overlooked
  - d. educate and provide politicians with information to make more informed decisions
6. This sector provides services rather than goods, and is growing while the others are shrinking.
  - a. primary production
  - b. secondary production
  - c. tertiary production
  - d. quadruple production
7. The U.S. follows this form of capitalism to ensure fair competition and regulatory safeguards for workers, consumers, and the environment.
  - a. unregulated capitalism
  - b. welfare capitalism
  - c. state capitalism
  - d. restricted capitalism
8. \_\_\_\_\_ is an economic system characterized by state ownership of large corporations, high taxes, and many programs benefiting the public.
  - a. Capitalism
  - b. Socialism
  - c. Democratic Socialism
  - d. Communism
9. The United States is shown to be the "richest" country in the world when dividing \_\_\_\_\_.
  - a. population by GDP
  - b. productivity by GDP
  - c. GDP by productivity
  - d. GDP by population
10. In the postindustrial U.S., new jobs are coming from the \_\_\_\_\_ sector of the economy.
  - a. agricultural
  - b. manufacturing
  - c. environmental
  - d. high-technology and service

### Essay Question

How can learning about the dynamics of social structures and group behavior be helpful to you now and in the future?