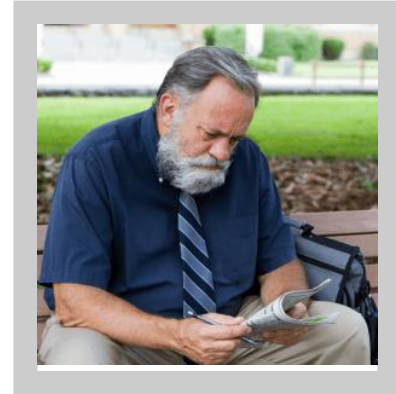


Name _____

Date _____

The Economy

UNEMPLOYMENT CONTINUES—The fight to stem job losses continues in Washington today as demonstrators rally on Capitol Hill. The scene is alive with activists, many of whom boost signs and shout slogans voicing their frustrations. A woman holding a baby marches on the outskirts of the crowd chanting, "We want jobs! We need jobs!" while a man holding a megaphone echoes these words behind her. Nearby, a band of unemployed bankers wear artificially tattered business suits and stride through the crowd in unison. One of them wearing a red bandana on his arm climbs atop an abandoned streetcar and cries, "We want jobs, and I'm going to get them! Are you with me?" briefly working the crowd into a frenzy before they turn and continue marching.



Over the last three weeks, unemployment figures have persisted, and according to some analysts, have actually increased. This is certainly cause for alarm. Up from last month's average, the percentage of those unemployed has reportedly broken through its record high of 8.9%, and is now hovering just under 9.3%. While the reasons for this are somewhat sketchy, most analysts tag a slow in consumer spending as the primary culprit.

According to Jesse Arann, head economist for the Department of Statistical Analysis, the recent spike in unemployment comes from a lack of consumer confidence. "When consumers don't have enough confidence," argues Arann, "they typically spend less. Right now, consumers actually have an abundance of liquid assets, they simply don't want to spend them in fear that they may come to rely on them in the future."

Javier Soros of Mitchell and Mitchell corroborates this idea, stating that, "If I had enough money to buy a car, I would probably resist the temptation to do so for now." When asked about the impact that this approach will likely have on the working class, Soros wears a grave expression. "I feel sorry for the auto manufacturer," he says, "but you just don't know what the future may hold. It's better to be safe than sorry."

Of nearly ten financial analysts interviewed, only one harbors beliefs that run contrary to popular opinion. Ming Dow, chief correspondent for the National Investor, claims that the recent uptick in unemployment is unrelated to consumer spending. Rather, Dow asserts that an even more ominous cause is responsible: a declining economy. "Changes in the global economy will keep the U.S. economy shrinking for the foreseeable future, no matter what we do now," said Mr. Dow.

- 1) Which of the following statements best summarizes the contents of this passage?
- A. Demonstrators use questionable tactics to protest continued unemployment.
 - B. Consumer spending is isolated as the reason for continued unemployment.
 - C. Unemployment concerns grow as protestors take to the streets.
 - D. Amid protests, analysts present their reasons for continued unemployment.
- 2) The author most likely describes the protests before discussing the economists' opinions on unemployment because it
- A. is the most important information
 - B. grabs the reader's attention
 - C. excites the reader to take action
 - D. informs the reader about what to expect
- 3) Based on information in paragraph 3, it can be understood that someone who has "a lack of" something
- A. needs it badly
 - B. believes in it very strongly
 - C. is tired of it
 - D. doesn't have enough of it
- 4) Using information in the passage, it can be understood that Javier Soros agrees with
- I. Jesse Arann
 - II. Ming Dow
 - III. the street activists
- A. I only
 - B. I and II only
 - C. II and III only
 - D. I, II, and III
- 5) As used in the final paragraph, which is the best synonym for **ominous**?
- A. straightforward
 - B. immediate
 - C. complicated
 - D. threatening

6) Which of the following statements from the passage represents an opinion, rather than a fact?

A. "The scene is alive with activists, many of whom boost signs and shout slogans voicing their frustrations."

B. "Over the last three weeks, unemployment figures have persisted."

C. "This is certainly cause for alarm."

D. "Of nearly ten financial analysts interviewed, only one harbors beliefs that run contrary to popular opinion."

7) This passage would most likely be found in

A. a financial newspaper

B. an encyclopedia

C. a letter of correspondence

D. an autobiography

8) Using information from the passage, explain the connection between consumer confidence and unemployment.

Answers and Explanations

1) D

Core Standard: **Integration of Knowledge**

To summarize this passage, it is helpful to establish a breakdown of the individual paragraphs. In paragraph 1, the author describes a scene in which demonstrators protest unemployment. In paragraph 2, the author provides facts and statistics concerning the problem of unemployment. In paragraphs 3 and 4, the author interviews economists who both believe that unemployment is related to consumer spending. In the final paragraph, the author interviews an economist who believes that unemployment is related to a declining economy. Using this outline, we can understand that **(D)** is correct because it cites the protests as well as the reasons given by analysts for continued unemployment, thereby accurately summarizing the contents of the passage.

(A) is incorrect because it focuses too heavily on the tactics of demonstrators, and because the author never suggests that these tactics are questionable.

(B) is incorrect because the author does not isolate consumer spending as the primary cause of unemployment; two of the interviewees suggest this, but the third interviewee disagrees with this cause. Also, the passage discusses protests against unemployment.

While the passage is about both the protests and about the reasons for unemployment presented by the interviewees, choice **(C)** only mentions the protests, so it is also incorrect.

2) B

Core Standard: **Integration of Knowledge**

Sometimes, an author will begin a passage with exciting information intended to grab the attention of the reader. In the passage, the author does this so that when he or she moves on to talk about the (less exciting) possible causes behind the protests, the reader will be familiar with their consequences and will therefore be more inclined to continue reading. Choice **(B)** is correct.

Although the protests are important, the economic analysis of unemployment that follows is equally so, as the causes are equally important as the effects. This rules out **(A)**.

(C) is incorrect because the author gives no indication that he or she is trying to persuade the reader to take action. Rather, the author is merely attempting to describe the situation, and how people feel about it.

(D) is incorrect because the protests do not necessarily inform us about what to expect next in the passage—specifically the economists' opinions on unemployment.

3) D

Core Standard: **Craft and Structure**

In paragraph 3, the author writes, "According to Jesse Arann, head economist for the Department of Statistical Analysis, the recent spike in unemployment comes from a lack of consumer confidence." Then the author clarifies this idea with a direct quote from Arann: "When consumers don't have enough confidence...they typically spend less." Since the author clarifies his own statement that unemployment comes from a lack of consumer confidence by citing a quote that says consumers don't have enough confidence, it can be understood that if you have a *lack of* something, you don't have enough of it. Choice **(D)** is correct.

Simply because you don't have much of something does not necessarily mean you need it badly. This rules out **(A)**.

The passage does not provide information to support choices **(B)** and **(C)**. Therefore they are incorrect.

4) A

Core Standard: **Integration of Knowledge**

In paragraph 4, the author writes that Soros "corroborates" Jesse Arann's idea that a lack of consumer confidence is responsible for less consumer spending. This means that Soros agrees with, or supports, Arann. Even if you don't know the meaning of *corroborates*, which means to back up or to confirm, you can still infer its meaning using context. After the author states that Soros corroborates Arann's ideas, he provides quotes to show us how Soros feels. Soros says that even if he had enough money to buy a car, he "would probably resist the temptation to do so for now." This backs up Arann's feeling that people are less likely to spend money when they have low confidence. Using this information, we can understand that Soros agrees with Jesse Arann. This supports **option (I)**.

In the final paragraph, Ming Dow is introduced as the only economist out of those interviewed who "harbors beliefs that run contrary to popular opinion." This lets us know that Dow's beliefs run against the opinion of the other people interviewed. Since Soros was one of these people, we know that Dow disagrees with Soros. This eliminates **option (II)**.

The street activists don't voice an opinion about what is responsible for continued unemployment. They merely "boost signs and shout slogans voicing their frustrations." This eliminates **option (III)**.

Therefore **(A)** is correct.

5) D

Core Standard: **Craft and Structure**

Ominous (*adjective*): threatening; signifying the onset of evil or harm.

In paragraphs 2, 3, and 4, a lack of consumer spending is cited as the primary cause of unemployment. In the final paragraph, the author writes, "Dow asserts that an even more ominous cause is responsible: a declining economy." Mr. Dow goes on to say, "Changes in the global economy will keep the U.S. economy shrinking for the foreseeable future, no matter what we do now." Based on the earlier description of the protests, we know that people want jobs. So anything that might cause a loss in jobs would be viewed as threatening. Further, a declining economy seems even more threatening than a lack of consumer confidence, because it will continue no matter what. Given that the prospect of a declining economy is a bigger problem than a lack of consumer spending, we can understand it is *threatening*. Therefore, this is a good synonym for *ominous*.

Choice **(D)** is correct.

Something *straightforward* is clear and easy to understand. There is no indication in the passage that a declining economy is easier to understand than a lack of consumer spending, so straightforward is not a synonym for ominous. This eliminates **(A)**.

Immediate means right now. Since whichever reason is correct is happening right now, a declining economy cannot be more immediate than a lack of consumer spending. This rules out **(B)**.

Something that is *complicated* is difficult to understand. The passage does not indicate that a declining economy is more difficult to understand than a lack of consumer spending, so complicated is not a synonym for ominous. So **(C)** is incorrect.

6) C

Core Standard: **Integration of Knowledge**

A fact is something known to exist or be true as a result of experience or observation. A fact may be demonstrated with complete certainty. An opinion is a belief or judgment that rests on grounds insufficient to produce complete certainty, such as an emotion or personal bias. For example, it is a *fact* that roses are flowers, but an *opinion* that roses smell nice.

In paragraph 2, the author describes the worsening economic situation: "Over the last three weeks, unemployment figures have persisted, and according to some analysts, have actually increased." While this comment does cite factual information, the author follows it up with a statement of pure opinion: "This is certainly cause for alarm." The author does not know this to be true as a result of experience or observation, as this statement represents the author's belief or judgment that rests on grounds insufficient to produce complete certainty. Using this information, it can be understood that **(C)** is correct because it presents an opinion, rather than a fact.

(A) is incorrect because the author is reporting events that can be seen on the streets, and these events can be verified as facts.

Statistics can, generally speaking, be proven with complete, mathematical certainty. So they are facts. This means **(B)** and **(D)** are incorrect.

7) A

Core Standard: **Integration of Knowledge**

Given the plain voice and explanatory tone of the author, paired with the factual content and inclusion of expert interviews, we can understand that this passage would most likely be found in a newspaper. What is more, the passage is about an economic issue, and financial newspapers report on economic issues. This means **(A)** is correct.

Encyclopedias provide general factual information about a huge number of topics. Since they cover so many topics, they do not include specifics like weekly changes in unemployment statistics. This means **(B)** is incorrect.

The passage does not have the customary format, or the familiar voice used in a letter. This rules out **(C)**.

An autobiography is a factual story about one's own life. This information described in the passage does not talk about anyone's life specifically, so **(D)** is also incorrect.