Chapters 15 and 16: Public Policy (read all, but your assignment will only cover select pages)

I. Government as a Regulator of the Economy (pgs. 413-418) (Summarize the main points in a good paragraph)

A. Define **Economy**

B. Define **Laissez-Faire Economics**

C. *Critical Thinking*: Should the United States federal government control major industries such as airlines? Explain.

D. Define **Regulation**

E. Define **Economic Efficiency**

F. *Critical Thinking*: Why is competition important in a laissez-faire economy like in the United States? Explain.

G. Define **Externalities**

H. Define **Deregulation**

I. *Critical Thinking*: What is an area of the economy where you believe there are too many or too few regulations? Explain.

J. Define **Economic Equity**

K. *Critical Thinking*: Why is economic equity important in a free economy? Explain.

II. Fiscal Policy as an Economic Tool (pgs. 425-431) (Summarize the main points in a good paragraph)

A. Define **Fiscal Policy**

B. Define **Economic Depression**

C. Define **Economic Recession**

D. Define **Demand-Side Economics**

E. *Critical Thinking*: What are the potential problems with demand-side economics? Explain.

F. Define **Supply-Side Economics**

G. *Critical Thinking*: What are the potential problems with supply-side economics? Explain.

H. Define **Inflation**

I. *Critical Thinking*: Why is high inflation typically bad for average working people? Explain.

III. Monetary Policy as an Economic Tool (pgs. 431-434) (Summarize the main points in a good paragraph)

A. Define **Monetary Policy**

B. *Critical Thinking*: Why do you think most Americans fail to pay attention to the work of the Federal Reserve? Explain.

IV. The Politics and Policies of Social Welfare (pgs. 446-454) (Summarize the main points in a good paragraph)

A. Define **Negative Government**

B. Define **Positive Government**

C. Define **Entitlement Programs**

D. Define **Social Insurance**

E. *Critical Thinking*: Why is it difficult to reform programs like Social Security and Medicare? Explain.

F. Define **Public Assistance**

G. Define **Means Test**

H. *Critical Thinking*: Why are public assistance programs less popular than social insurance programs? Explain.

I. *Critical Thinking*: Some politicians such as former President Obama have called for a large expansion of the Head Start program. Do you agree with this? Explain.

J. Define **In-Kind Benefit**

K. *Critical Thinking*: Do you think poverty is a significant problem in the United States? Explain.

V. Education as Equality of Opportunity (pgs. 454-459) (Summarize the main points in a good paragraph)

A. Define **Equality of Opportunity**

B. *Critical Thinking*: Do you believe public school still serve an important purpose in the United States today? Explain.

C. *Critical Thinking*: Do you favor having charter schools in Kentucky? Explain.