**Government and the Economy**

What do businesses produce?

What are private goods?

What is the exclusion principle?

Why does the government provide public goods?

What are public goods?

What is the non-exclusion principle?

How are public goods paid for?

What are externalities?

What does the government try to create?

What are positive externalities?

What are negative externalities?

What is a monopoly?

What does a lack of competition mean?

How does the government try to encourage competition?

Can the government try to prevent monopolies?

What is one reason the government tries to regulate market activities?

What is a natural monopoly?

Why do we have natural monopolies?

What types of services are natural monopolies?

What role does the government play in advertising and product labeling?

What federal agency deals with food and safety issues?

How does the government play a role in product safety?

What are two major factors that create income inequality?

How does the government encourage education?

How are women and minorities discriminated against in the workplace?

What are four ways the government has tried to end workplace discrimination?

What are the most effective programs to improve employment prospects?

Who runs most welfare programs?

Give examples.

What are two welfare programs that provide direct cash payments?

What are workfare programs?

Who runs them?

What is the goal of workfare?

What type of tax policy does the U.S. have?

What does it mean?

Measuring the Economy

What is the Gross Domestic Product?

What is the Real GDP?

What is the business cycle?

What is economic expansion?

What is a recession?

Which one lasts longer?

What is fiscal policy?

What does it involve?

What role does politics play in fiscal policy?

What is the measure of the unemployment rate?

What is inflation?

What happens when there is too much inflation?

Why is it hard for the government to control inflation?

What are dividends?

What are capital gains?

What causes the price of a stock to change?

What is the purpose of a stock index?

What does the Dow Jones manage?

What does the S&P measure?

Where are stock traded?

Why?

What is a bull market?

What is a bear market?