**Ch.17 Economic Policymaking**

1. Understand the relationship between politics and the economy.
2. Is the USA a mixed economy or capitalistic economy? Explain.
3. Explain the basic difference between the Republican Party and the Democratic Party in terms of their approach to economic policies.
4. Briefly explain how the unemployment rate is measured.
5. What is meant by the Consumer Price Index (CPI) and why is it important?
6. Describe the instruments and programs that policymakers use to affect the state of the economy.
   1. What are the three basic instruments available to the Federal Reserve System for controlling the money supply?
   2. What is meant by fiscal policy?
   3. Explain the basic differences between Keynesian economic theory and supply-side economics.
7. Explain the obstacles to controlling the economy.
   1. List three reasons why it is difficult to precisely control unemployment and inflation.
   2. Explain how the American capitalist system imposes restraints on controlling the economy.
8. Discuss the major issues and policy directions that have been pursued in the areas of business, consumer, and labor policy.
   1. List one major congressional act and one major government policy for each of the arenas of economic policymaking discussed in the text.

|  |  |  |
| --- | --- | --- |
| Arena | Major Congressional Act | Major Government Policy |
| Business |  |  |
| Consumers |  |  |
| Labor |  |  |

* 1. List four ways in which the government benefits business.
  2. How do the Food and Drug Administration (FDA) and the Federal Trade Commission (FTC) benefit consumers?
  3. What were the main provisions of the National Labor Relations Act and the Taft-Hartley Act?

1. Understand the relationship between democracy, the scope of government, and economic policymaking in the United States.
   1. What are some of the main flaws of a command (socialist) economy such as was found in the former Soviet Union?
   2. What is the main difference between the liberal and conservative view of the scope of government in economic policymaking?

**Key Terms & Concepts**

|  |  |  |
| --- | --- | --- |
| Adam Smith | Inflation | Multinational corporations |
| *Wealth of Nations* (1776) | Unemployment rate | Antitrust policy |
| Capitalism (market economy) | Fiscal policy | Labor unions & collective bargaining |
| *Laissez-faire* | Monetary policy | Right-to-work laws |
| Socialism (command economy) | Federal Reserve System |  |
| Mixed economy | Keynesian economic theory |  |
|  | Supply-side economics |  |
|  | Monetarism |  |

**Ch.18: Social Welfare Policymaking**

1. Understand the debate over social welfare policy in the United States and why it is so controversial.

1. Define “social welfare policies.”
2. What is the difference between entitlement programs and means-tested programs? List three examples of each.

2. Discuss the nature of wealth and poverty and how public policy affects income in the United States.

1. What is the difference between income and wealth?
2. How does the U.S. Bureau of the Census define poverty?
3. What are the three types of taxes and how can each affect citizens’ incomes?
4. What is meant by a transfer payment? Provide an example.

3. Explain the evolution of social welfare programs in the United States?

1. Complete the following table by briefly summarizing the major emphasis of social welfare and listing a major social welfare act during the administrations of Franklin D. Roosevelt, Lyndon B. Johnson, Ronald Reagan and Bill Clinton.

|  |  |  |
| --- | --- | --- |
| Era | Social Welfare Emphasis | Social Welfare Act/Programs |
| FDR – New Deal |  |  |
| LBJ – Great Society |  |  |
| Reagan Era |  |  |
| Clinton Era |  |  |

1. List the three major provisions of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

4. Understand the debate concerning the future of social welfare policy.

1. Briefly explain the major problem facing the Social Security program today.
2. What are the major arguments for and against the privatization of Social Security?

5. Explain how social welfare policy in other countries differs from the United States.

1. List three ways in which social welfare in the United States differs from most Western European countries.
2. Understand the place for social welfare policies in a democracy and how they contribute to the scope of government.
   1. What is the difference between the poor and the elderly in terms of their ability to influence social welfare policy?
   2. In what ways has social welfare policy increased the scope of government?

**Key Terms & Concepts**

|  |  |
| --- | --- |
| Feminization of poverty | Progressive tax |
| Earned Income Tax Credit | Regressive tax |
| Social Security Act of 1935 | Proportional tax (flat tax) |
| Temporary Assistance to Needy Families (TANF) | Social Security Trust Fund |
| Medicaid | Medicare |

**Ch. 19: Health Care & Environmental Policymaking**

***Questions you should be able to answer:***

1. What are the details/ problems surrounding the increasing costs of healthcare?
2. Describe access to healthcare for most Americans (HMO, Managed Care, etc.)
3. How has the American government been involved in the public’s health? What factors tend to influence policymaking for health care?
4. Other than Obamacare, what reform measures have been attempted to correct the healthcare system?
5. Describe and evaluate American environmental policy. What are the biggest obstacles to a clean environment?
6. Describe the American energy profile. What resources do we have? What resources do we use? What political and policy issues are involved with each energy resource?

***Terms:***

Health maintenance organizations (HMOs)

Patients bill of rights

national health insurance

Medicare

Medicaid

National Environmental Policy

Superfund

environmental impact statement

Clean Air Act of 1970

Water Pollution Control Act of 1972

Endangered Species Act of 1973

Environmental Protection Agency (EPA)

**Ch. 20: National Security Policymaking**

***Questions you should be able to answer:***

1. Who are the actors on the world’s foreign policy stage? Who makes foreign policy in the United States (describe the role of each player)?
2. What was the Cold War, and why did it emerge from isolationism? What were its consequences at home and abroad?
3. Compare the politics and policy of the Cold War to the politics and policy of detente. Be sure to include a discussion of the containment doctrine and the arms talks in your answer.
4. How did the Cold War end? What consequences does the end of the cold war have on American foreign and defense policymaking?
5. What are the politics of military spending? How do liberals and conservatives differ in regard to their view of defense spending?
6. Describe the changing policy arenas of the new global agenda.
7. In what ways is American foreign and defense policymaking a democratic process and in what ways is it not?

***Terms:***

foreign policy

United Nations

North Atlantic Treaty Organization (NATO)

European Union (EU)

secretary of state

secretary of defense

Joint Chiefs of Staff

Central Intelligence Agency (CIA)

isolationism

containment doctrine

Cold War

McCarthyism

arms race

detente

Strategic Defense Initiative (SDI)

interdependency

tariff

balance of trade

Organization of Petroleum Exporting Countries (OPEC)