***MT 3 Study Guide***

***Government Role in the Economy***

1. *What government agency watches over the creation of products making sure companies follow rules when creating products?*
2. *Why is it bad for several stores in the same area that sell similar products to get together to all charge the same amount for certain products?*
3. *The International Trade Administration is a consultant to US businesses in trade deals, what would their goals be in international trade?*
4. *What national agency is responsible for helping make sure investors in the stock market are as informed as possible in making decisions in the stock market?*
5. *The Federal Trade Commission attempts to protect whom?*
6. *What commission enforces the anti-trust acts to ensure competition in the market?*
7. *How can* ***fiscal and monetary*** *policy be used to combat inflation?*
8. *When a government attempts to get the unemployment rate down as low as possible, what tends to be the side effect?*
9. *A normal response in the market to attempts to stimulate economic growth is…*
10. *If the economy is going through a recession, what fiscally can the government do to try to make it easier on the people of the country?*
11. *What was the point of the Federal Reserve Act of 2013?*
12. *The Federal Reserve can do what to the money supply to try to help reduce unemployment?*
13. *If the Federal Reserve buys bonds, what can happen to the economy?*
14. *If the Federal Reserve is buying bonds, what usually happens to the Discount Rate?*
15. *What are the methods used by the Federal Reserve when using am expansionary policy?*
16. *What effect can taxes have on the economy?*
17. *The incidence of a tax can be shifted from supplier to consumer if the product is… elastic/inelastic*

**Essay:**

1. Compare and contrast the government’s ability to influence resource allocation through spending with the ability to change resource allocation with taxing.
2. Compare and contrast fiscal and monetary policy in attempting to stabilize the economy as to which can affect the economy in the shortest amount of time.