

# GUIDED READING Activity 16-1

For use with the textbook pages 423–427

## **G**GROWTH IN THE SIZE OF GOVERNMENT

### **RECALLING THE FACTS**

*Directions:* Use the information in your textbook to answer the questions.

1. At what levels is the government involved in the economy?  
\_\_\_\_\_
2. Why has the number of government workers grown so much over the years?  
\_\_\_\_\_
3. What are some areas of the economy on which the government has an affect?  
\_\_\_\_\_
4. What are public-works projects?  
\_\_\_\_\_
5. Why has the government continued to grow since World War II?  
\_\_\_\_\_
6. How can one figure total government outlays?  
\_\_\_\_\_
7. What is Medicare?  
\_\_\_\_\_
8. How does increased government activity affect private economic decisions?  
\_\_\_\_\_

# GUIDED READING Activity 16-2

For use with the textbook pages 429–433

## THE FUNCTIONS OF GOVERNMENT

### FILLING IN THE BLANKS

**Directions:** Use your textbook to fill in the blanks using the words in the box. Some words may be used more than once.

merit goods	market solutions	social insurance programs
income redistribution	public goods	welfare
Supplemental Security Income	demerit goods	goods and services
worker's compensation	Temporary Assistance to Needy Families	social security
externalities	Medicaid	recessions
unemployment	redistribution	

#### Introduction/Providing Public Goods

**1** \_\_\_\_\_, such as national defense and state parks, are a special type of goods or services that government tries to supply to its citizens. **2** \_\_\_\_\_ are those that are deemed socially desirable by government leaders. However, things such as gambling are considered **3** \_\_\_\_\_.

#### Redistributing Income

The task of making certain that everyone in the nation has a minimum level of income or health-care support is called **4** \_\_\_\_\_. Some money we earn goes to **5** \_\_\_\_\_—programs that pay benefits to retired and disabled workers, their families, and the unemployed. For example, **6** \_\_\_\_\_ provides monthly payments to people who are retired or unable to work. **7** \_\_\_\_\_, a state program provides payments for medical care to workers injured on the job. Public-assistance programs, or **8** \_\_\_\_\_, make payments based on need, regardless of whether a person has paid taxes. **9** \_\_\_\_\_ is a federal financed and administered program that makes payments to the aged, blind, and disabled. While **10** \_\_\_\_\_ is a state-operated program for needy single parents raising young children. **11** \_\_\_\_\_ is a state and federal program that provides free health care for low-income or disabled persons.

#### Regulating Economic Activity/Ensuring Economic Stability

The federal government stopping steel mills from polluting the air is an example of government trying to avoid negative **12** \_\_\_\_\_. The government intervenes to maintain economic stability by attempting to protect citizens from business fluctuations, such as **13** \_\_\_\_\_, high inflation, **14** \_\_\_\_\_, and even depressions.

#### Criticism of Government Involvement

Opponents of **15** \_\_\_\_\_ programs think that most government assistance programs discourage personal initiative, incentives, and self-development. They also argue that most government regulations raise the prices of **16** \_\_\_\_\_. Some believe that the government should allow **17** \_\_\_\_\_ to solve problems in the economy.

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