

Government and the Economy

TOPIC SUMMARY

The federal government creates economic policies to encourage growth and stability. The government plays an important role in the economy because it provides many public goods. Providing these public goods may lead to positive externalities. The government enforces antitrust laws and protects consumers with product safety laws. To create sound fiscal policy, the government must measure the economy to see how it is performing. The government uses measurements such as the real gross domestic product. The government tracks business fluctuations, noting how expansions and recessions affect growth. By changing its spending or tax policies, the government can help reduce unemployment or inflation. Government leaders recognize that a person's income is affected by many factors. To help reduce poverty, the government encourages education, contributes to welfare programs, and uses a progressive income tax system.

FOLDABLES™
Study Organizer

Summarizing Information Study Foldable *Make the following Foldable to help students summarize what they read about the role of government, how it measures the economy, and how they are involved.*

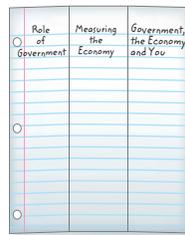
Step 1 *Mark the midpoint of the side edge of a sheet of paper.*



Step 2 *Fold the outside edges in to touch at the midpoint.*



Step 3 *Unfold the paper and label the three columns as shown.*



Reading and Writing

Note information about the three economics topics in each of the columns. Then write a summary of each topic, using the information you noted.

TOPIC ACTIVITY IDEAS

Researching

Have students create the Study Foldable above, including the Reading and Writing activity. Organize students in small groups, and assign each group a different federal regulatory agency noted in the first Foldable column. Have groups find information about their assigned agency's purpose. Ask each group to share its findings.

