

# Government & the Economy | Worksheet



## Matching

Match the definition in Column A with the term in Column B.

### Column A

- \_\_\_\_\_ The rule-setter that creates and enforces standards/laws.
- \_\_\_\_\_ Moves money through taxes, benefits, and borrowing.
- \_\_\_\_\_ Provides public goods and services that everyone uses.
- \_\_\_\_\_ Giving up one option for another because of limitations.
- \_\_\_\_\_ Spending money on workers, goods, and services.
- \_\_\_\_\_ Reducing funds and making it harder for business growth.

### Column B

- a. Buyer
- b. Supplier
- c. Monetary Body
- d. Crowding Out
- e. Regulator
- f. Trade-Offs

## Multiple Choice

1. **A city hires more firefighters, buys more fire engines, and installs more fire hydrants.**  
**How can this city spending help the economy?**
  - a. It creates more jobs
  - b. It decreases taxes
  - c. It signals well-being
  - d. It lowers interest rates
2. **Why can a lack of competition lead a government agency to be less frugal?**
  - a. It must pay higher wages to keep workers
  - b. It is required by law to spend all their money
  - c. It has no pressure to cut costs or improve efficiency
  - d. It can lower prices to attract more customers
3. **The government takes out a large loan and as a result, banks have less money to lend.**  
**What happens next?**
  - a. Regulations will become more strict
  - b. Taxes will be reduced
  - c. Businesses will raise wages
  - d. Businesses will delay expanding
4. **Why would overregulation negatively impact an economy?**
  - a. It lowers consumer prices, forcing businesses to be efficient
  - b. It eliminates the need for workers by replacing them with laws
  - c. It increases costs and delays for businesses
  - d. It guarantees higher profits by reducing competition

## Application

Choose a real government action you've seen or heard about (local, state, or federal)—for example: building a new highway, increasing school funding, changing minimum wage rules, adding food-safety rules, or creating a new benefit program. Identify which role(s) the government is playing (buyer, supplier, monetary body, regulator), then explain one trade-off and answer: Is the government doing too much, too little, or about the right amount in this case? Support your claim with at least two specific effects on people, businesses, or consumers.



## Government & the Economy | Answer Key

### Matching

Match the definition in Column A with the term in Column B.

#### Column A

- e. The rule-setter that creates and enforces standards/laws.
- c. Moves money through taxes, benefits, and borrowing.
- b. Provides public goods and services that everyone uses.
- f. Giving up one option for another because of limitations.
- a. Spending money on workers, goods, and services.
- d. Reducing funds and making it harder for business growth.

#### Column B

- a. Buyer
- b. Supplier
- c. Monetary Body
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- e. Regulator
- f. Trade-Offs

### Multiple Choice

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Sample Answer Key:

**Government action:** *The government requires restaurants to follow food-safety inspections and rules.*

**Role(s):** *Regulator.*

**Trade-off:** *The benefit is safer food and fewer illnesses; the cost is businesses spending more time and money on compliance (training, paperwork, inspections).*

**Balance claim:** *About right, but it can become “too much” if requirements are overly complex for small businesses.*

**Two effects:** *Prices may rise slightly because costs are passed to customers, and small restaurants may hire fewer workers or delay expansion to afford compliance.*

#### Guidance for Grading

- ☐ **Specific government action/program named:** The student should identify a local/state/federal government program or action.
- ☐ **Identify the government role(s):** Correctly label the role(s) as buyer, supplier, monetary body, and/or regulator.
- ☐ **Explain a trade-off:** Describe what is gained and what is given up (benefit vs. cost).
- ☐ **Make a balance claim:** Explain whether the action is too much / too little / about right, with reasoning.
- ☐ **Support with 2 concrete effects:** The student should identify two areas that are affected by the program or action. For example, on people, businesses, prices, jobs, opportunities, options, borrowing, etc..
- ☐ **Correct vocabulary and clear writing:** The student should use complete sentences that are organized, include proper mechanics, and correct use of vocabulary.