

# GUIDED READING Activity 7-3

For use with textbook pages 185–189

## THE ROLE OF GOVERNMENT

### OUTLINING

**Directions:** Locate the following headings in your textbook. Then use the information under the headings to help you write each answer. Use another sheet of paper if necessary.

#### I. Maintain Competition

##### A. Antitrust Legislation

1. What was the antitrust legislation of the late 1800s trying to restrict?

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2. What was the purpose of the Sherman Antitrust Act?

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3. What was the purpose of the Clayton Antitrust Act of 1914, and what practice did it outlaw?

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##### B. Government Regulation

1. Under what conditions are monopolies acceptable?

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2. What is one example of how local or state government allows and regulates a monopoly?

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#### II. Improve Economic Efficiency

A. Introduction—What are two market failures the government is able to correct?

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##### B. Promote Transparency

1. What is the purpose of public disclosure?

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2. What is the advantage to the public of truth-in-advertising laws?

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C. Provide Public Goods—What are two examples of needed public goods that are provided by the government?

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III. Modified Free Enterprise—What government actions led to a modification of free enterprise?

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