

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?

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

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

B. Government Regulation

1. Under what conditions are monopolies acceptable?

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

II. Improve Economic Efficiency

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

B. Promote Transparency

1. What is the purpose of public disclosure?

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

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

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