

Chapter 15: Domestic Policy

Multiple Choice

1. Every time there is a federal government deficit, there is an increase in:
 - a. consumer spending.
 - b. business investments.
 - c. the value of the dollar.
 - d. the rate of growth of the money supply.
 - e. the total accumulated public debt.

2. Public debt refers to the total value of all outstanding:
 - a. corporate borrowing.
 - b. local government borrowing alone.
 - c. federal government borrowing.
 - d. borrowing by the public.
 - e. borrowing by interest groups.

3. When the U.S. government spends more than it receives, it typically finances the shortfall by selling IOUs, commonly called _____.
 - a. entitlements
 - b. long-term loans
 - c. credit vouchers
 - d. treasuries
 - e. interest investments

4. Which of the following statements is true of energy sources in the United States?
 - a. U.S. oil production, which rose sharply after 1985, began to decline again in 2009.
 - b. Low natural gas prices plus new air-pollution regulations have made coal uncompetitive as a source of electricity.
 - c. The United States is not in favor of using nuclear energy as it releases greenhouse gases.
 - d. The Obama administration approved the construction of the Keystone XL pipeline along the U.S. Gulf Coast.
 - e. Imports of natural gas are cost-effective as natural gas can be transported by ship efficiently.

5. According to the principle underlying fiscal policy, during inflation, fiscal policy should:
 - a. stimulate economic activity by decreasing taxes.
 - b. curb economic activity by reducing government spending.
 - c. let the forces of supply and demand operate on their own.
 - d. expand the rate of growth of the money supply.
 - e. use the easy-money policy.

6. Which of the following statements is true of Medicare?
 - a. Medicare pays for health-care services for low-income persons, irrespective of age.
 - b. Medicare is now the government's second-largest domestic spending program, after Social Security.
 - c. The Medicare program pays for nursing home expenses.
 - d. The costs of Medicare are expected to decline over the next two decades with the retirement of baby boomers.

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- e. Medicare is an example of federal discretionary spending.
7. Every bill that passes through Congress is an opportunity for individual members of Congress to:
- a. veto the bill.
 - b. lobby the president.
 - c. help constituents.
 - d. set the national economic policy.
 - e. solicit money from interest groups.
8. Identify a true statement about health-insurance coverage.
- a. The national health-insurance plan that the United States has adopted excludes the private sector.
 - b. The United States is the only economically advanced nation that provides universal health-insurance coverage to its citizens.
 - c. The universal health-insurance plan proposed by President Bill Clinton during his first term did not become a law.
 - d. The national health-insurance plans are mainly concentrated in the world's economically backward nations.
 - e. The United States is the first nation that provided universal health-insurance coverage to its citizens.
9. Which of the following statements is true of Medicaid?
- a. Medicaid is restricted to covering the health-care insurance for Americans aged sixty-five years and over.
 - b. Medicaid does not pay for nursing home expenses.
 - c. Medicaid covers people with disabilities, irrespective of age or income.
 - d. Recent cost-containment measures have slowed the growth of Medicaid spending.
 - e. Medicaid is now the government's second-largest domestic spending program, after Social Security.
10. Monetary policy is under the control of:
- a. the Bureau of the Fiscal Services.
 - b. the Committee on Ways and Means.
 - c. the Federal Reserve System.
 - d. the Internal Revenue Service.
 - e. the Department of the Treasury.
11. The final stage of policymaking involves:
- a. evaluating the success of a policy.
 - b. implementing a policy.
 - c. getting an issue on the political agenda.
 - d. developing proposed legislation.
 - e. applying policy through local governments.
12. The second stage of the policymaking process involves the _____ of specific plans for achieving a particular goal.
- a. formulation and adoption
 - b. identification and evaluation
 - c. evaluation and execution
 - d. identification and formulation

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- e. adoption and execution
13. Which of the following best describes domestic policy?
- Public policy concerning matters of foreign affairs
 - Public policy concerning issues within a national unit
 - Policy that primarily focuses on families and households
 - Policy that encompasses scientific inventions and innovations
 - Policy that primarily concerns domestic workers, such as maids and caregivers
14. The _____ is a joint federal-state program that provides health-care insurance for low-income children.
- Children's Health Insurance Program
 - Family Social Security Plan
 - Children's Quota Scheme
 - Family Wellness Scheme
 - Department of Education
15. Identify a true statement about oil imports by the United States.
- The United States is not excessively dependent on only one nation for oil imports.
 - The United States does not import oil from its neighbors.
 - The United States has very friendly ties with all the countries from which it imports oil.
 - The United States does not have diversified sources for its imported oil.
 - The United States is not dependent on foreign countries for oil.
16. The _____ sells IOUs on behalf of the U.S. government.
- Department of Commerce
 - U.S. Treasury
 - Federal Reserve Board
 - U.S. Postal Service
 - U.S. Judiciary
17. Most climatologists believe that the recent climate change is the result of human activities, especially the release of:
- noble gases.
 - inert gases.
 - greenhouse gases.
 - dielectric gases.
 - insulating gases.
18. Observations collected by agencies such as the National Aeronautics and Space Administration suggest that during the last half century, average global temperatures:
- did not greatly vary.
 - increased by about 0.74 degree Celsius.
 - decreased significantly by about 3.4 degree Celsius.
 - increased by about 1.2 degree Celsius.
 - decreased by about 0.03 degree Celsius.

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19. When scholars and scientists conduct studies to determine whether a law has achieved desired results, they are engaging in:
- policy evaluation.
 - policy formulation.
 - policy adoption.
 - policy implementation.
 - policy identification.
20. Which of the following statements is true of fracking?
- It has turned the United States into the number-one oil producer in the world as of 2014.
 - It greatly contributes to the release of greenhouse gases into the atmosphere.
 - It is a costly process owing to high prices of oil and gas.
 - It involves pumping a high-pressure mixture of iron and sulfur into oil-or gas-bearing underground rock.
 - It is commonly known as gas well dewatering.
21. Which of the following is a provision of the health-care bills passed by Congress and signed by President Obama?
- Health-care policies could only be purchased through licensed insurance brokers.
 - Insurance could be purchased through online insurance exchanges solely run by the federal government.
 - Subsidies would be provided to citizens only if they are covered by an employer's plan.
 - Subsidies would be granted to small employers that obtain insurance plans for their employees.
 - Young people could remain covered by their parents' insurance until they turned eighteen.
22. Once Congress establishes a policy by enacting legislation, the immediate next action is taken by the:
- legislative branch that enforces the new policy through its agencies.
 - executive branch that enforces the new policy through its agencies.
 - legislative branch that ensures the legislation is constitutional.
 - judicial branch that ensures the legislation is constitutional.
 - executive branch that evaluates the validity of the policy.
23. Identify a true statement about an entitlement program.
- An entitlement program needs to be renewed every year only if Congress passes an annual funding measure.
 - Congress has direct control over how much an entitlement program will cost in any particular year.
 - It is impossible to estimate the costs of an entitlement program.
 - An entitlement program is invariably the same as a discretionary spending.
 - An entitlement program pays out benefits to persons who meet specified requirements.
24. Identify a true statement about the tax system in the United States.
- The Tax Reform Act of 1986 was intended to lower taxes and simplify the tax code and it did just that for most taxpayers.
 - A few years after the Tax Reform Act of 1986 was passed, large federal deficits forced Congress to cut spending.
 - Those affected by the Tax Reform Act of 1986 lobbied Congress to legislate special exceptions so that the full impact of the tax rate increase would be felt by the wealthiest Americans.
 - Tax cuts occurred under the administrations of both George H. W. Bush (1989–1993) and Bill Clinton (1993–

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- 2001).
- e. The tax rate for the highest income bracket decreased from 39.6 percent in 1986 to 28 percent in 1993.
25. Identify a true statement about the U.S. health-care system.
- a. As of 2017, only five percent of national spending in the United States goes to health care.
 - b. The United States has the most number of health-care insurance policies in the world.
 - c. A problem associated with the health-care system is the lack of health-care insurance.
 - d. U.S. health-care costs have been declining for years.
 - e. Health care is completely ignored by the federal government.
26. The principle underlying fiscal policy states that when unemployment is rising and the economy is going into a recession, fiscal policy should:
- a. stimulate economic activity by decreasing taxes.
 - b. curb economic activity by reducing government spending.
 - c. let the forces of supply and demand operate on their own.
 - d. employ a tight-money policy.
 - e. reduce the rate of growth in the amount of money in circulation.
27. _____ is a renewable source of energy.
- a. Nuclear fuel
 - b. Natural gas
 - c. Coal
 - d. Hydroelectric energy
 - e. Oil
28. Which of the following statements is true of public debt?
- a. Public debt is also known as fiscal debt.
 - b. The net public debt includes sums that the government owes to itself.
 - c. The Department of Commerce sells IOUs on behalf of the U.S. government.
 - d. The interest on treasuries is paid by federal taxes.
 - e. The net public debt does not include funds held by the Federal Reserve System.
29. The costs of Medicare are expected to rise over the next two decades as:
- a. population growth outpaces the growth in the job market.
 - b. Obama's stimulus packages expire.
 - c. population growth outpaces GDP growth.
 - d. people are brought into the health-care system under Obamacare.
 - e. millions of baby boomers retire.
30. Which of the following terms refers to a plan or course of action taken by the government to respond to a political issue or to enhance the social or political well-being of society?
- a. Writ
 - b. Caucus
 - c. Subpoena

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- d. Arbitration
- e. Policy

31. The _____ is an independent regulatory agency that was established by Congress as the nation's central banking system in 1913.
- a. Internal Revenue Service
 - b. Department of the Treasury
 - c. Federal Deposit Insurance Corporation
 - d. Congressional Budget Office
 - e. Federal Reserve System
32. Which of the following best describes the second part of the first stage of the policymaking process?
- a. It involves getting an issue on the political agenda to be addressed by Congress.
 - b. It involves developing proposed legislation.
 - c. It requires a consensus on what policy should be adopted.
 - d. It entails the formulation and adoption of specific plans for achieving a particular goal.
 - e. It involves congressional hearings and expert studies.
33. Advocates of the _____ believe that the government should tie the value of the dollar to commodities such as gold.
- a. fiscal-union policy
 - b. hard-money policy
 - c. tight-money policy
 - d. easy-money policy
 - e. extra-money policy
34. Which of the following statements is true of nuclear energy?
- a. It releases greenhouse gases.
 - b. It is also known as hydropower.
 - c. It does not contribute to global warming.
 - d. It is a renewable source of energy.
 - e. It does not pose any threat.
35. Which of the following is a renewable source of energy?
- a. Nuclear fuel
 - b. Natural gas
 - c. Coal
 - d. Petroleum
 - e. Solar power
36. Identify a newly insured product under the 2014 farm bill.
- a. Black pepper
 - b. Saffron
 - c. Mustard

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- d. Flax
 - e. Sushi rice
37. A gas that, when released into the atmosphere, traps the sun's heat and slows its release into outer space is known as a(n) _____.
- a. noble gas
 - b. inert gas
 - c. greenhouse gas
 - d. dielectric gas
 - e. insulating gas
38. _____ involves changing the amount of money in circulation to affect interest rates, credit markets, the rate of inflation, the rate of economic growth, and the rate of unemployment.
- a. Monetary policy
 - b. Fiscal policy
 - c. Zero interest-rate policy
 - d. Keynesian policy
 - e. Flat tax policy
39. _____ saw the Affordable Care Act as a "big government takeover" of health care and a threat to popular freedoms.
- a. Liberals
 - b. Conservatives
 - c. Mercantilists
 - d. Symbolic interactionists
 - e. Nurses
40. Years ago, when Congress imposed very high tax rates on high incomes, it provided for more loopholes in the federal tax system. These loopholes:
- a. brought the profits earned by government employees under the nontaxable bracket.
 - b. enabled angel investors to invest directly in businesses.
 - c. enabled investors in oil and gas wells to increase their taxable income.
 - d. allowed interest groups to give soft money to political parties.
 - e. enabled many wealthy individuals to decrease their tax bills significantly.
41. _____ is usually defined as two or more quarters of economic decline.
- a. Inflation
 - b. A recession
 - c. Expansion
 - d. An appreciation period
 - e. A boom period
42. Which of the following processes comprises the processes of getting an issue on the political agenda; formulating, adopting, and implementing a policy with regard to the issue; and then evaluating the results of the policy?
- a. The agenda setting process

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- b. The policymaking process
 - c. The policy formulation process
 - d. The politicization process
 - e. The issue identification process
43. Which of the following statements is true of offshore drilling?
- a. As of 2014, offshore drilling has turned the United States into the number-one oil producer in the world.
 - b. For twenty years, the federal government has endorsed offshore drilling in much of the ocean.
 - c. Offshore drilling results in the release of radioactive material into the atmosphere.
 - d. Offshore drilling is also known as hydraulic fracturing.
 - e. Offshore drilling is a method used by the United States to reduce its reliance on foreign oil.
44. Identify a technique adopted by Congress to fund the universal health-insurance coverage program it had developed in 2009.
- a. An increased unemployment compensation rate
 - b. An increased Medicaid tax rate
 - c. A new tax on low-end health policies
 - d. A new tax on investments for Americans with a low income
 - e. An increased Medicare tax rate
45. The government is most likely to raise money to pay its expenses:
- a. through taxes levied on personal income.
 - b. by lending money at a fixed interest rate.
 - c. through imports.
 - d. by adhering to the easy-money policy.
 - e. by lowering interest rates.
46. When policymakers sacrifice one goal to achieve another, it is known as a(n) ____.
- a. writ
 - b. agenda deal
 - c. subpoena
 - d. trade-off
 - e. policy relinquishment
47. Which of the following is the first part of the first stage of the policymaking process?
- a. issue identification
 - b. agenda setting
 - c. formulation
 - d. implementation
 - e. evaluation
48. In order to implement national policies effectively, which of the following does the federal government require?

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- a. celebrity endorsement
 - b. the support of scientific studies
 - c. corporate sponsorship
 - d. national guard enforcement
 - e. cooperation from state and local governments and outside groups
49. During which stage of the policymaking process would Congress hold hearings to obtain feedback from different groups on how a statute or regulation has affected them?
- a. policy evaluation
 - b. policy formulation
 - c. policy adoption
 - d. policy implementation
 - e. policy identification
50. Which of the following was the centerpiece of the 2014 farm bill?
- a. allowing free agricultural trade with Mexico
 - b. banning GMO (genetically modified organism) crops
 - c. abolishing the Special Nutrition Assistance Program (SNAP),
 - d. increasing direct payments for certain crops
 - e. the abolition of direct payments for certain crops
51. In 2017, almost ____ percent of national spending in the United States went to health care.
- a. six
 - b. eighteen
 - c. twenty-six
 - d. forty-five
 - e. over fifty
52. Which of the following is a fact about health care coverage in the United States?
- a. All citizens are insured by law.
 - b. As of 2013, about sixty percent of the population had no health-care insurance.
 - c. It is estimated that before 2013, twenty-thousand people per year died prematurely because they lacked health insurance.
 - d. Medicare pays for nursing home expense.
 - e. The cost of Medicaid has decreased in the last decade.
53. In the context of health-care reform, a requirement that all persons obtain health-care insurance from one source or another is known as the ____.
- a. Medicaid rule
 - b. individual mandate
 - c. national health care law
 - d. federal health requirement

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e. Obamacare tax

54. Which of the following is a potential problem with oil imports into the United States?

- a. Safety concerns
- b. Impurity of the product
- c. Strained relationships with the exporting countries
- d. The U.S. moving towards green energy
- e. Exporting countries moving towards green energy

55. The cost of solar power and wind energy has been _____.

- a. steadily falling
- b. rapidly falling
- c. steadily rising
- d. rapidly rising
- e. holding steady

Essay

56. Describe the two problems associated with U.S. health care.

57. Discuss Keynesian economics.

58. Discuss the provisions of the Agricultural Act of 2014.

59. Discuss the major controversies surrounding climate change. Explain how climate change has impacted U.S. politics.

60. Describe the characteristics of entitlement programs. How are entitlements different from discretionary spending?