

**Chapter 15 Domestic Policy**

1. 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
  - d. Arbitration
  - e. Policy
  
2. Which of the following best describes domestic policy?
  - a. Public policy concerning matters of foreign affairs
  - b. Public policy concerning issues within a national unit
  - c. Policy that primarily focuses on families and households
  - d. Policy that encompasses scientific inventions and innovations
  - e. Policy that primarily concerns domestic workers, such as maids and caregivers
  
3. 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
  - b. The policymaking process
  - c. The policy formulation process
  - d. The politicization process
  - e. The issue identification process
  
4. 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.
  
5. 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
  - e. adoption and execution

**Chapter 15 Domestic Policy**

6. Once Congress establishes a policy by enacting legislation, the immediate next action is taken by the:
  - a. legislative branch that enforces the new policy through its agencies.
  - b. executive branch that enforces the new policy through its agencies.
  - c. legislative branch that ensures the legislation is constitutional.
  - d. judicial branch that ensures the legislation is constitutional.
  - e. executive branch that evaluates the validity of the policy.
  
7. 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.
  
8. When scholars and scientists conduct studies to determine whether a law has achieved desired results, they are engaging in:
  - a. policy evaluation.
  - b. policy formulation.
  - c. policy adoption.
  - d. policy implementation.
  - e. policy identification.
  
9. 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.
  
10. Identify a newly insured product under the 2014 farm bill.
  - a. Black pepper
  - b. Saffron
  - c. Mustard
  - d. Flax
  - e. Sushi rice

**Chapter 15 Domestic Policy**

11. Identify a true statement about the U.S. health-care system.
- As of 2017, only five percent of national spending in the United States goes to health care.
  - The United States has the most number of health-care insurance policies in the world.
  - A problem associated with the health-care system is the lack of health-care insurance.
  - U.S. health-care costs have been declining for years.
  - Health care is completely ignored by the federal government.
12. Steven is a cashier at a local retail store. He was recently diagnosed with diabetes and has begun treatment. His monthly income is low and is not enough to pay his medical bills. Steven's medical expenses are most likely to be covered by \_\_\_\_\_.
- CHIP
  - PeachCare
  - TRICARE
  - Medicaid
  - Medicare
13. Sixty-two-year-old William is a retired employee. He stays in a nursing home facility with other retired persons. The nursing home mostly caters to low-income people. William's medical expenses are most likely to be covered by \_\_\_\_\_.
- CHIP
  - PeachCare
  - Medicaid
  - TRICARE
  - Medicare
14. Which of the following statements is true of Medicaid?
- Medicaid is restricted to covering the health-care insurance for Americans aged sixty-five years and over.
  - Medicaid does not pay for nursing home expenses.
  - Medicaid covers people with disabilities, irrespective of age or income.
  - Recent cost-containment measures have slowed the growth of Medicaid spending.
  - Medicaid is now the government's second-largest domestic spending program, after Social Security.
15. Silas is ten years old. His mother is a homemaker, while his father is a door-to-door salesman. Their family income is not much. Silas is most likely to be covered by \_\_\_\_\_.
- the Children's Health Insurance Program
  - TRICARE
  - CHAMPUS
  - the Family Wellness Scheme
  - Medicare

**Chapter 15 Domestic Policy**

16. Bradley is a seventy-year-old war veteran. He receives a hefty sum as pension from the government. Which of the following health-care insurance policies is he most likely to have?
- Medi-Cal
  - BadgerCare
  - Medicaid
  - PeachCare
  - Medicare
17. Gerald is a retired businessman. At the age of seventy-two years, he is diagnosed with throat cancer. His medical expenses are most likely to be covered by \_\_\_\_\_.
- CHIP
  - TRICARE
  - Medicare
  - PeachCare
  - Medicaid
18. Which of the following statements is true of Medicare?
- Medicare pays for health-care services for low-income persons, irrespective of age.
  - Medicare is now the government's second-largest domestic spending program, after Social Security.
  - The Medicare program pays for nursing home expenses.
  - The costs of Medicare are expected to decline over the next two decades with the retirement of baby boomers.
  - Medicare is an example of federal discretionary spending.
19. The costs of Medicare are expected to rise over the next two decades as:
- population growth outpaces the growth in the job market.
  - Obama's stimulus packages expire.
  - population growth outpaces gross domestic product growth.
  - people are brought into the health-care system under Obamacare.
  - millions of baby boomers retire.
20. 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.

**Chapter 15 Domestic Policy**

21. 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.
  
22. Identify a technique adopted by Congress to fund the Affordable Care Act (ACA) 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
  
23. Which of the following is a provision of the health-care bills passed by Congress and signed by President Obama?
  - a. Health-care policies could only be purchased through licensed insurance brokers.
  - b. Insurance could be purchased through online insurance exchanges solely run by the federal government.
  - c. Subsidies would be provided to citizens only if they are covered by an employer's plan.
  - d. Subsidies would be granted to small employers that obtain insurance plans for their employees.
  - e. Young people could remain covered by their parents' insurance until they turned eighteen.
  
24. Congress was unable to fix certain parts of the Affordable Care Act (ACA) that did not work well because:
  - a. urban liberals did not vote in support of the legislation.
  - b. the executive branch and its agencies were uninterested in evaluating the legislation.
  - c. Congress was unable to identify the underlying problems of the ACA.
  - d. Republicans in Congress were interested only in repealing the legislation.
  - e. Democrats in Congress were interested only in proposing and adopting a new legislation.
  
25. Co-pays are defined as \_\_\_\_\_.
  - a. the total amount of money that the national government owes as a result of borrowing
  - b. the binding annual budgets for government agencies that the agencies cannot exceed
  - c. the sums of money granted by the federal government to help businesses maintain low prices
  - d. the consumer's share of the cost of an office visit or medication
  - e. the sums a consumer would have to pay before insurance kicked in

**Chapter 15 Domestic Policy**

26. \_\_\_\_\_ refer to the sums a consumer is required to pay before insurance kicks in.
- Quotas
  - Subsidies
  - Filibusters
  - Deductibles
  - Co-pays
27. The American Health Care Act (AHCA) differed from the Affordable Care Act (ACA) in that:
- young people could remain covered by their parents' insurance until they turned twenty-six under the AHCA.
  - Republicans in Congress were interested in repealing the AHCA.
  - the AHCA was proposed by Democrats.
  - the AHCA was substantially less generous than the ACA.
  - the AHCA would phase out the expansion of Medicaid in those states that had adopted it.
28. The Freedom Caucus opposed the passage of the initial version of the American Health Care Act (AHCA) in the House of Representatives because:
- the AHCA proposed to abolish Medicare.
  - the AHCA proposed to decrease state contribution toward Medicaid.
  - the AHCA did not address issues of unemployment and inflation.
  - the Freedom Caucus thought that the AHCA was too generous.
  - the Freedom Caucus thought that the AHCA was too stingy.
29. Identify a true statement about oil imports by the United States.
- The United States is not excessively dependent on unfriendly nations 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.
30. 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 0.85 degree Celsius.
  - decreased significantly by about 3.4 degree Celsius.
  - increased by about 1.2 degree Celsius.
  - decreased by about 0.03 degree Celsius.

**Chapter 15 Domestic Policy**

31. 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
32. Most climatologists believe that the recent climate change is the result of human activities, especially the release of:
- a. noble gases.
  - b. inert gases.
  - c. greenhouse gases.
  - d. dielectric gases.
  - e. insulating gases.
33. 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.
34. Which of the following factors has helped make fracking a cost-effective process?
- a. Increased number of deepwater-drilling projects
  - b. Prohibition of offshore drilling
  - c. Increased number of fuel-efficient vehicles
  - d. Decreased supplies of petroleum
  - e. High prices of oil and gas
35. Which of the following statements is true of fracking?
- a. It has turned the United States into the number-one oil producer in the world as of 2014.
  - b. It greatly contributes to the release of greenhouse gases into the atmosphere.
  - c. It is a costly process owing to high prices of oil and gas.
  - d. It involves pumping a high-pressure mixture of iron and sulfur into oil-or gas-bearing underground rock.
  - e. It is commonly known as gas well dewatering.

**Chapter 15 Domestic Policy**

36. 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.
37. Which of the following is a renewable source of energy?
- a. Nuclear fuel
  - b. Natural gas
  - c. Coal
  - d. Petroleum
  - e. Solar power
38. \_\_\_\_\_ 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
39. Chad, a sales executive at Ochre Inc., was laid off after Ochre faced severe financial losses in the second and third quarters of 2014. The country witnessed an economic decline in the same year. As a result, Chad is now struggling to make ends meet with his limited savings. His debt has considerably increased, and he is finding it difficult to pay his household bills. This situation is an example of \_\_\_\_\_.
- a. inflation
  - b. an appreciation period
  - c. a recession
  - d. disintermediation
  - e. a boom period
40. Jared works at a software firm. He is promoted to the post of senior engineer after three years of employment. Despite his promotion, he has to cut down on purchases as his cost of living has almost doubled within the same time period. This situation best represents \_\_\_\_\_.
- a. inflation
  - b. a recession
  - c. deflation
  - d. disintermediation
  - e. deregulation



**Chapter 15 Domestic Policy**

41. Monetary policy is under the control of:
- the Bureau of the Fiscal Services.
  - the Committee on Ways and Means.
  - the Federal Reserve System.
  - the Internal Revenue Service.
  - the Department of the Treasury.
42. The \_\_\_\_\_ is an independent regulatory agency that was established by Congress as the nation's central banking system in 1913.
- Internal Revenue Service
  - Department of the Treasury
  - Federal Deposit Insurance Corporation
  - Congressional Budget Office
  - Federal Reserve System
43. Which of the following actions is most likely to be taken by the Federal Reserve System in periods of recession and high unemployment?
- Expanding the rate of growth of the money supply
  - Causing interest rates to rise
  - Inducing consumers to spend less and businesses to invest less
  - Pursuing a tight-money policy
  - Reducing the rate of growth in the amount of money in circulation
44. Which of the following actions is most likely to be taken by the Federal Reserve System in periods of rising inflation?
- Pursuing an easy-money policy
  - Reducing interest rates
  - Signing trade embargos
  - Reducing the rate of growth in the amount of money in circulation
  - Expanding the rate of growth of the money supply
45. The principle underlying fiscal policy states that when unemployment is rising and the economy is going into a recession, fiscal policy should:
- stimulate economic activity by decreasing taxes.
  - curb economic activity by reducing government spending.
  - let the forces of supply and demand operate on their own.
  - employ a tight-money policy.
  - reduce the rate of growth in the amount of money in circulation.

**Chapter 15 Domestic Policy**

46. According to the principle underlying fiscal policy, during inflation, fiscal policy should:
- stimulate economic activity by decreasing taxes.
  - curb economic activity by reducing government spending.
  - let the forces of supply and demand operate on their own.
  - expand the rate of growth of the money supply.
  - use the easy-money policy.
47. The government is most likely to raise money to pay its expenses:
- through taxes levied on personal income.
  - by lending money at a fixed interest rate.
  - through imports.
  - by adhering to the easy-money policy.
  - by lowering interest rates.
48. Years ago, when Congress imposed very high tax rates on high incomes, it provided for more loopholes in the federal tax system. These loopholes:
- brought the profits earned by government employees under the nontaxable bracket.
  - enabled angel investors to invest directly in businesses.
  - enabled investors in oil and gas wells to increase their taxable income.
  - allowed interest groups to give soft money to political parties.
  - enabled many wealthy individuals to decrease their tax bills significantly.
49. 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 (1993–2001).
  - The tax rate for the highest income bracket decreased from 39.6 percent in 1986 to 28 percent in 1993.
50. When the U.S. government spends more than it receives, it typically finances the shortfall by selling IOUs, commonly called \_\_\_\_\_.
- entitlements
  - long-term loans
  - credit vouchers
  - treasuries
  - interest investments

**Chapter 15 Domestic Policy**

51. 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
52. Every time there is a federal government deficit, there is an increase in:
- consumer spending.
  - business investments.
  - the value of the dollar.
  - the rate of growth of the money supply.
  - the total accumulated public debt.
53. Public debt refers to the total value of all outstanding:
- corporate borrowing.
  - local government borrowing alone.
  - federal government borrowing.
  - borrowing by the public.
  - borrowing by interest groups.
54. Which of the following statements is true of public debt?
- Public debt is also known as fiscal debt.
  - The net public debt includes sums that the government owes to itself.
  - The Department of Commerce sells IOUs on behalf of the U.S. government.
  - The interest on treasuries is paid by federal taxes.
  - The net public debt does not include funds held by the Federal Reserve System.
55. The centerpiece of the 2014 farm bill was the abolition of direct payments for certain crops.
- True
  - False
56. Discretionary spending are not required to be explicitly renewed.
- True
  - False
57. Attitudes toward climate change have become highly politicized.
- True
  - False

**Chapter 15 Domestic Policy**

58. Nuclear power greatly contributes to global warming because nuclear reactors release greenhouse gases.
- True
  - False
59. Until recently, support for Keynesianism was relatively bipartisan.
- True
  - False
60. The American income tax system is regressive.
- True
  - False
61. Discuss the provisions of the Agricultural Act of 2014.
62. Describe the two problems associated with U.S. health care.
63. Describe the characteristics of entitlement programs. How are entitlements different from discretionary spending?
64. Discuss the major controversies surrounding climate change. Explain how climate change has impacted U.S. politics.
65. Discuss Keynesian economics.
66. The 2014 farm bill included funds to combat a disease called \_\_\_\_\_ in Florida.
- powdery mildew
  - apple scab
  - citrus greening
  - honey fungus
67. 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
68. \_\_\_\_\_ saw the Affordable Care Act as a "big government takeover" of health care and a threat to popular freedoms.
- Liberals
  - Conservatives
  - Mercantilists
  - Symbolic interactionists

**Chapter 15 Domestic Policy**

69. The \_\_\_\_\_ was at the heart of much of the opposition by the Conservatives against the Affordable Care Act.
- A. individual mandate
  - B. Clean Power Plan
  - C. Social Security program
  - D. fracking revolution
70. According to the \_\_\_\_\_, under the American Health Care Act (AHCA) 24 million people would eventually lose their insurance.
- A. Congressional Budget Office
  - B. Office of Management and Budget
  - C. Federal Reserve System
  - D. Social Security Administration
71. Importing natural gas would be costly because gas cannot be transported by ship efficiently unless it is converted to \_\_\_\_\_.
- A. nuclear fuel
  - B. compressed natural gas
  - C. liquefied natural gas
  - D. hydroelectric energy
72. \_\_\_\_\_ is a renewable source of energy.
- A. Nuclear fuel
  - B. Natural gas
  - C. Coal
  - D. Hydroelectric energy
73. \_\_\_\_\_ 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
74. 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
75. According to \_\_\_\_\_, a nation cannot automatically recover from a disaster such as the Great Depression.
- A. Keynesian economics
  - B. the Tax Reform Act
  - C. Freudian psychoanalysis
  - D. the Federal Open Market Committee