**Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_**

**Government Chapter 18 Essay Exam**

**Directions: Be sure to use complete sentences and address all the parts of the question to receive full credit for your responses. (98pts)**

**Section 1 & 2 Question:**

1. **The politics of economic prosperity, taxing, and spending are extensive. Construct an essay that outlines how each of the following items contributes to such polarization: lower and higher income levels, raising and lowering taxes, the price of fuel and rent, tax and tariff rates, direct government spending, and incentives. (20pts)**

**Section 3 Question:**

1. **Explain how three of four of America’s economic theories work. (6pts)**

**Section 4 Questions:**

1. **Identify each of the five items that make economic policy in the U.S. (10pts)**
2. **For each of the five items that make economic policy in the U.S., provide one supporting detail that expands upon its role or function. Also, explain the primary different between fiscal and monetary policy. (14pts)**

**Section 5 Question:**

1. **Layout how the Federal Reserve system is organized and structured. Be sure to include each of the following items in your response: securities, interest rates, Regional Banks, Member Banks, and the Federal Reserve Board. (10pts)**

**Sections 6-8 Questions:**

1. **Which two groups mostly influence spending? Explain the difference between what they actually “believe” and “want”? Too, what do both Democrats and Republicans each claim to do for voters? (12pts)**
2. **Explain how the government’s three types of budgets are different. Explain each of the two ways in which government reduces spending. (10pts)**

**Section 9 Question:**

1. **Explain the difference between the government’s three types of tax systems, and between the two types of taxes. Finally, identify three ways that taxes are actually good for societies. (16pts)**