**2.02 Determine the relationship between government and business**

Answer the following questions using your notes, internet research, and the course videos.

1. What is a market economy?
2. What is the purpose of government regulations?
3. How do regulations affect small and large businesses? Be sure to watch the videos!
4. How are the costs of government regulation financed?

DEFINE the following terms IN YOUR OWN WORDS!

Disposable Income

Fiscal policy

Licensing

Price Discrimination

Private Sector

Public Sector

Subside

Tariff

Answer the following questions after watching the videos in the 2.02 Module:

1. What is the role of government in a market economy?
2. What are some of the ways the government regulates business?