Chapter 11
The Role of Government in Our Economy

Section 11.2
Government as Provider

The Main Idea
The different levels of government do more than regulate business activities. One of their main roles is to provide goods and services. These are provided using tax money collected from people and organizations.

Key Concepts
- Government’s Role in Society
- How Government Is Funded
- How Government Allocates Resources

Key Term
- revenue: the income that governments get from all sources
- privatization: when a business offers a public good or service
- subsidies: monetary grants given to producers or consumers to encourage certain behaviors
- tax: an amount of money people and businesses pay governments to help run the nation, state, county, city, or town

Name three items that the national government regulate business activities.

- One of their main behaviors is to run the nation, state, county, city, or town.
- The different levels of government do more than regulate business activities.
- The government provides subsidies to producers or consumers to encourage certain behaviors.

Name five aspects of the government’s role in society.

- The government allocates resources to run the nation, state, county, city, or town.
- The government provides subsidies to producers or consumers to encourage certain behaviors.
- The government allocates money people and businesses pay governments to help run the nation, state, county, city, or town.
Government as Provider

Section 11.2

Key Term

tax incentive

- a temporary reduction or elimination of a tax that is meant to encourage or discourage an activity

Government's Role in Society

The government provides:

- Key services to the public
- Incentives to the public
- Incentives to business and people
- Providing jobs
- Distributing income

Providing Goods and Services

Public goods and services are items provided by the government and paid using tax money.

Private goods and services are items that consumers purchase directly from businesses.

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Examples of Public Goods and Services

- Highways
- Bridges
- Water Treatment Plants
- National Defense

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Examples of Private Goods and Services

- CDs
- Clothing
- Housekeeping Services
- Dog Grooming

Proving Goods and Services

Governments pay for social welfare and other programs with **revenue** they receive.

Key Term

- revenue
  - the income that governments get from all sources
Providing Goods and Services

With **privatization**, the government uses and pays for the goods and services of private companies.

**Key Term**

**privatization**
when a business offers a public good or service

Aiding Citizens Through Transfer Payments

People’s well-being is a concern to the government.

Transfer payments ensure that people have money when they need it.

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**Examples of Transfer Payments**

- Unemployment
- Social Security
- Veteran’s Benefits

Providing Employment

More than 3 million people work for the federal government.

State and local governments also employ millions of people.

Real World

**Government Jobs**

The U.S. federal government’s official job Web site lists federal jobs and provides general employee information. The Web site also helps applicants create résumés.

Consuming Goods and Services

The government buys most of its goods and services directly from private businesses.

The government is the largest consumer of goods and services.
Supporting Business

The Small Business Administration (SBA) is a U.S. agency that encourages the development of small businesses.

The SBA offers loans and advice to small-business owners.

Subsidies

Subsidies are given to firms that are considered to benefit the public.

How Government Is Funded

Income tax and sales tax revenue helps to pay for public goods and service and provides money for transfer payments.

The purpose of taxes is to pay for public goods and services by spreading the cost among many people.

Each level of government collects taxes for different kinds of services.

Providing Incentives

A tax break is a kind of tax incentive given to promote specific economic or social objectives.

Key Term

tax incentive
a temporary reduction or elimination of a tax that is meant to encourage or discourage an activity.
How Government Allocates Resources

Government allocates resources by deciding the best ways to spend tax revenue. Government spending affects the distribution of income.

1. What are some services that the government provides for the public? defense, education, parks, museums, libraries, roads, police, fire department, and courts

2. How is government funded? through taxes

3. How does the government allocate resources? The government decides how to spend tax revenues by determining which projects are priorities.