

Civics and Economics

CE.13 Study Guide

STANDARD CE.13A -- MARKETPLACE COMPETITION

Competition in the marketplace

The **government promotes** and **regulates marketplace competition**.

How does the United States government promote and regulate marketplace competition?

Ways the **government promotes marketplace competition**

- Enforcing **antitrust legislation** to discourage the development of **monopolies**
- Engaging in **global trade**
- Supporting **business start-ups**

Government agencies that **regulate business**

- **FCC** (Federal Communications Commission)
- **EPA** (Environmental Protection Agency)
- **FTC** (Federal Trade Commission)

These agencies **oversee** the way individuals and companies do business.

STANDARD CE.13B -- PUBLIC GOODS & SERVICES

Government provides certain goods and services

Government provides certain goods and services that individuals and businesses acting alone **cannot provide** efficiently.

What types of goods and services do governments provide?

Characteristics of most goods and services **provided by government**

- Provide benefits **to many simultaneously**
- **Would not likely be available** if individuals had to provide them
- Include such things as **interstate highways, postal service, and national defense**

How do governments pay for the goods and services they provide?

Ways governments **pay for public goods and services**

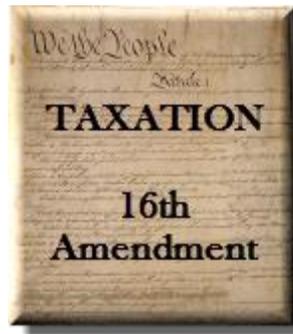
- Through **tax revenue**
- Through **borrowed funds**
- Through **fees** (e.g., park entrance fees)

STANDARD CE.13C -- TAXATION

The impact of taxation, including an understanding of the reasons for the 16th Amendment, spending, and borrowing

The government taxes, borrows, and spends to **influence economic activity**.

How does the government influence economic activity?



Government **tax increases** **reduce** the funds available for individual and business spending; **tax decreases** **increase** funds for individual and business spending.

Increased government borrowing **reduces** funds available for borrowing by individuals and businesses; **decreased government borrowing** **increases** funds available for borrowing by

individuals and businesses.

Increased government spending **increases demand**, which may increase employment and production; **decreased government spending** **reduces demand**, which may result in a slowing of the economy.

Increased government spending may result in **higher taxes**; **decreased government spending** may result in **lower taxes**.

The **16th Amendment** to the Constitution of the United States of America authorizes Congress to **tax personal and business incomes**.



STANDARD CE.13D -- FEDERAL RESERVE

The Federal Reserve System acts as the nation's central bank

The **Federal Reserve System** is our nation's **central bank**.

What is the role of the Federal Reserve System?

As the central bank of the United States, the **Federal Reserve System**

- has the duty to **maintain the value of the national currency (dollar)**

- **regulates banks** to ensure the soundness of the banking system and the safety of deposits
- **manages the amount of money** in the economy to try to **keep inflation low and stable**
- acts as the **federal government's bank**.

STANDARD CE.13E

-- CONSUMER & PROPERTY RIGHTS

The protection of consumer rights and property rights

The United States government passes laws and creates agencies to **protect consumer rights** and **property rights**.

What is the role of the United States government in protecting consumer rights and property rights?



Individuals have the right of **private ownership**, which is protected by negotiated **contracts** that are enforceable by law.

Government **agencies establish guidelines** that protect public **health and safety**.

Consumers may take **legal action** against violations of consumer rights.

STANDARD CE.13F

-- MONEY

Government creates currency and coins; there are additional forms of money

Money is defined as anything that is generally accepted as a method of payment.

Why does the government issue currency and coins?

Which government agencies are responsible for creating money?



When the United States government issues coins and currency, people accept it in **exchange for goods and services** because they have **confidence** in the government.

Government issues money to **facilitate this exchange**.

The **three types of money** generally used in the United States are

- **coins**
- **Federal Reserve notes (currency)**
- **deposits** in bank accounts that can be accessed by **checks** and **debit cards**.

STANDARD CE.14

-- CAREERS & FINANCES

- talents, interests, and aspirations that influence career choice;
- attitudes and behaviors that strengthen the individual work ethic and promote career success;
- abilities, skills, and education and the changing supply and demand for them in the economy;
- the impact of technological change and globalization on career opportunities;
- the importance of education to lifelong personal finances;
- the financial responsibilities of citizenship, including evaluating common forms of credit, savings, investments, purchases, contractual agreements, warranties, and guarantees.

What is the role of self-assessment in career planning?

An awareness of personal talents, interests, and aspirations is needed to select a **career**.

Career planning starts with **self-assessment**.

What is the role of work ethic in determining career success?

Attitudes and behaviors that support a **strong work ethic** enhance career success.

Employers seek employees who demonstrate the attitudes and behaviors of a strong work ethic.

What is the relationship among skills, education, and income?

There is a **correlation** among **skills, education, and income**.

Higher skill and/or education levels generally lead to **higher incomes**.

Supply and demand also influence job **income**.

Employers seek individuals who have kept pace with technological changes by updating their skills.

What influence do advances in technology have on the workplace?

Changes in technology influence the abilities, skills, and education needed in the workforce.

Technological advancements create **new jobs** in the workplace.

Technology and information flows permit people to work **across international borders**. This creates **competition** from foreign workers for United States jobs but also may create opportunities for United States workers to work for companies based in other countries.

Being **fiscally responsible** includes **making careful spending decisions**, saving and investing for the future, having insurance, keeping to a budget, using credit wisely, as well as understanding how contracts, warranties, and guarantees can protect the individual.