

# Civics and Economics

## CE.13 Study Guide

### STANDARD CE.13A

#### -- MARKETPLACE COMPETITION

Competition in the marketplace

The government promotes and regulates marketplace competition.

#### Ways the government promotes marketplace competition

- Establishing and enforcing **antitrust legislation** to discourage the development of **monopolies**
- Enacting policies that encourage **global trade**
- Supporting **business start-ups**

#### Government agencies that regulate and promote competition in the marketplace

- **FCC** (Federal Communications Commission)
- **SEC** (Securities and Exchange Commission)
- **FTC** (Federal Trade Commission)
- These agencies **oversee** the way individuals and companies do business.

### STANDARD CE.13B

#### -- PUBLIC GOODS & SERVICES

How and why government provides certain goods and services

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

#### 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 public schools, and national defense**

Most economic decisions in the United States are made in the marketplace, but government also plays a role in the economy by **providing goods and services that markets cannot provide** efficiently

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

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

### STANDARD CE.13C

#### -- TAXATION

How local, state, and federal governments allocate their budgets and collect taxes to pay for goods and services they provide;

Every level of government— federal, state, and local— requires revenue to pay for goods and services provided by the government. Taxes and fees levied on individuals and businesses are the major source of this revenue.

Local, state, and federal governments determine how best to use and allocate the money they collect.

In the United States, governments collect several different **types of revenue or taxes** from individuals and businesses.

- The income tax is main source of revenue for the federal government
- Income taxes and sales tax are key sources of revenue for state governments.
- Property and sales taxes are key sources of revenue for most local governments.



**Income tax:** Payments made by individuals and corporations based on **income** received

**Sales tax:** A tax consumers pay on many items they purchase. It is a percentage of the **sale price**.

**Property tax:** A tax levied on land and buildings. Property tax may also be levied on **personal property** such as boats or cars.

**Federal government revenue** pays for services such as national **defense** and homeland **security**, some **medical** expenditures (such as Medicare), payments to **Social Security** recipients, and interest payments on the national debt.

**Most state and local government revenue** is spent on education, public health and welfare, road construction and repair, and public safety – including police and fire departments.

## STANDARD CE.13D

### -- FEDERAL RESERVE

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

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

- **regulates banks** to help ensure the soundness of the banking system and the safety of deposits
- Influences the **money supply and interest rates** in the economy to keep **inflation** low and stable
- Provides financial services to banks and the federal government



The Federal Reserve System consists of a **Board of Governors** and **12 federal reserve banks**

The **chairperson** is appointed by the President and approved by the Senate.

## STANDARD CE.13E

### -- CONSUMER & PROPERTY RIGHTS

The United States government passes laws and creates agencies to protect consumer rights and property rights, competition in the marketplace, labor, and the environment.

A **property right** is a legal claim of **ownership**.

- Government helps define and enforce property rights.
- Property ownership is protected by negotiated **contracts** that are enforceable **by law**.
- This process helps beneficial exchanges take place.



Government **agencies establish regulations** that protect public **health and safety and promote competition**.

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

Some government agencies that protect consumers, labor, or the environment include the following:

- **Consumers:**
  - **CPSC**- Consumer Product Safety Commission
  - **FDA**- Food and Drug Administration
- **Labor:**
  - **OSHA**- Occupational Safety and Health Administration
  - **EEOC**- Equal Employment Opportunity Commission

**Environment:**

- **EPA**- Environmental Protection Agency

## STANDARD CE.13F

### -- MONEY

The role of government currency and the purpose of a money economy

Money is defined as anything that is generally accepted as a method of payment for goods and services.

Money makes it easier to trade, borrow, save, and invest, and to compare the value of goods and services.



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.

Money acts as a **medium of exchange**, making trade easier.

Money acts as a **store of value**, making it easier to save and invest.

Money acts as a **measure of value**, making it easier to compare the value of goods and services.

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

- coins
- currency
- deposits in bank accounts that can be accessed by checks and debit cards.

# Civics and Economics

## CE.14 Study Guide

### STANDARD CE.14

#### -- CAREERS & FINANCES

The student will demonstrate knowledge of personal finance and career opportunities by

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

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

Human capital refers to the combination of a person's education, knowledge, skill, experience, health, training and talent. People develop their human capital through formal and informal education. People who have invested in their own human capital have the potential to produce more, earn more and choose a career that is satisfying to them.

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

*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.

*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.?

*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.