

# Civics & Economics - CE.13

## Government in the Economy (new 2023 standards)

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### CE.13a – Competition in the Marketplace

*a) examine the effect of competition in the marketplace*

**Competition** happens when businesses try to attract the same customers by offering better prices, quality, or services.

#### Benefits of Competition:

- Encourages **innovation**.
- Keeps **prices** reasonable.
- Improves product **quality**.

#### Government's Role in Promoting Competition:

- Passes **antitrust laws** to prevent **monopolies** (when one company controls an entire market).
- Supports business **start-ups** through loans and tax incentives.
- Encourages **global trade** to give consumers more choices.

### CE.13b – Public Goods and Services

*b) explain how and why government provides certain public goods and services*



The government provides goods and services that individuals or businesses **can't provide efficiently** on their own.

**Examples:** National defense, public schools, interstate highways, police, fire departments, public parks.

#### Characteristics:

- **Benefits many** people at the same time.
- Often **funded through taxes**.
- **Not profitable** for private companies to provide to everyone.

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### CE.13c – Government Budgets and Taxes

*c) describe how local, state, and federal governments allocate their budgets and collect taxes to pay for goods and services*

All levels of government—local, state, and federal—need **revenue** to operate.



**Main Source of Revenue: Taxes** from individuals and businesses.

#### Types of Taxes:

- **Income tax** (federal and state) – percentage of your **earnings**.
- **Sales tax** (state/local) – percentage added to **purchases**.
- **Property tax** (local) – based on the value of **property** owned.

**Budgeting:** Governments decide how to **allocate funds** for public goods and services such as education, transportation, health care, defense, and social programs.

## CE.13d – The Federal Reserve System

*d) explain the structure and main function of the Federal Reserve System and how it acts as the nation's central bank*

The **Federal Reserve** (“the Fed”) is the nation’s **central bank**.

### Main Functions:

- **Regulates banks** to keep them safe.
- Influences the **money supply** and **interest rates** to keep **inflation low** and the economy stable.
- Provides **financial services** to banks and the federal government.



**"the Fed" is the nation's central bank**

### Impact on You:

- When the Fed **raises interest rates**, borrowing money becomes more **expensive**.
- When it **lowers** rates, borrowing becomes **cheaper**.

## CE.13e – Government Currency and a Money Economy

*e) explain the role of government currency and analyzing the purpose of a money economy*

**Money** – Anything generally accepted as payment for goods and services.

### Why We Use Money Instead of Bartering:

- It's easier to carry and store.
- Has a standard value everyone accepts.
- Makes buying and selling faster and simpler.



**U.S. Currency**

**U.S. currency** is issued by the federal government and trusted because it's **backed by law**, not by gold or silver.

## CE.13f – Government Regulation of Commerce

*f) describe how governments regulate commerce to protect consumers, the environment, competition in the marketplace, and property rights*

The government **regulates business** to:

- **Protect Consumers** – Ensure products are **safe** and **accurate** (e.g., food labeling).
- **Protect the Environment** – Limit **pollution**, preserve natural resources.
- **Protect Competition** – Prevent **monopolies** and unfair business practices.
- **Protect Property Rights** – Ensure **ownership** is honored and **disputes** can be resolved in court.

## CE.13g – Regulating Industry, Labor, Competition, and Monopolies

*g) evaluate how and why governments regulate industry, labor, competition, and monopolies in the marketplace*

- **Industry Regulation** – Ensures businesses follow **safety, environmental, and quality** standards.
- **Labor Regulation** – Protects **workers' rights** (minimum wage, safe working conditions).
- **Competition Protection** – Stops companies from **unfairly eliminating rivals**.
- **Monopoly Prevention** – Keeps markets open so consumers have **choices**.