

The Roles of the Government in the Market Economy Notes

SSEF5 The student will describe the roles of government in a market economy.

- a. Explain why government provides public goods and services, redistributes income, protects property rights, and resolves market failures.
- b. Give examples of government regulation and deregulation and their effects on consumers and producers.

I. Protecting Private Property

- A. Protects Private Property, and intellectual property through _____

- B. Key component of a market economy that is based on _____
and _____
- C. Disputes settled by _____

II. Provides Public Goods and Services

- A. The benefits of public goods are shared _____
- B. The _____ pays for public goods by collecting _____
- C. There is no _____ for private companies to provide _____
goods.
- D. Examples
 - a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____

III. Redistributing Income

- A. Taxes pay for transfer payments—_____ those who have lower
_____ or cannot _____
- B. Those who earn more _____
- C. Government maintains a minimum _____
- D. Examples
 - a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____
 - f. _____
 - g. _____

IV. Resolving Market Failures

- A. Occurs when a private company _____ from production for which
_____ end up _____ some of the _____
- B. _____
- C. _____ result from resolving _____

V. Regulation and Deregulation

- A. Using laws to control _____
- B. _____ is _____ government regulations