

# **Role of Government in the United States**

**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.

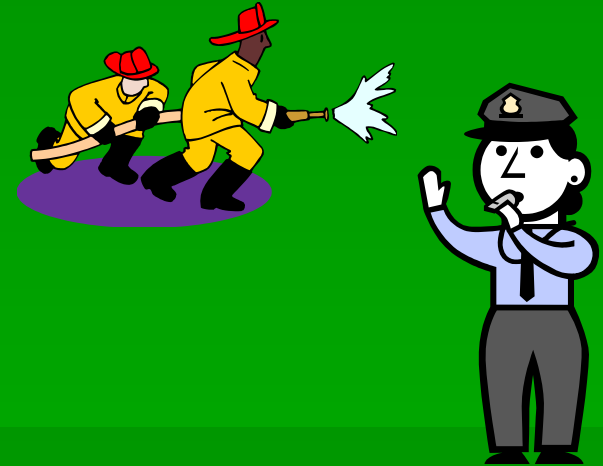
# Protecting Private Property Rights

- 1. Protects private property and intellectual property through laws, contracts, patents, and copyrights
- 2. Key component of a market economy that is based on private ownership and voluntary exchange
- 3. Disputes settled by judicial system



# Provides Public Goods and Services

- 1. The benefits of public goods are shared by everyone in a society.
- 2. The government pays for public goods by collecting taxes
- 3. There is no incentive for private companies to provide public goods
- 4. Examples: roads, schools, national defense, police/fire dept., parks



# Redistributing Income

- 1. Taxes pay for transfer payments – supplement those who have lower incomes or cannot work
- 2. Those who earn more are taxed more
- 3. Gov' t maintains a min. standard of living for citizens
- 4. Examples – welfare, food stamps, Social Security, disability, unemployment, WIC, Medicaid



# Resolving Market Failure

- Occurs when a private company benefits from production for which other people end up paying some of the costs
- Unintended consequences
- Regulations result from resolving market failures



# Regulation and Deregulation

- Using laws to control business activity
- Deregulation is stopping government regulations

