

NAME _____

Economics - Guided Notes - Mr. Larsen Social Studies - Unit 4 - Lesson 7

Economic Functions of Gov't

In order to ensure and support economic freedom, as well as political freedom, the founders of our nation _____ for the government in economic affairs.

Identify 6 major functions of governments in market economies.

1. Maintaining Legal & Social Framework

2. Maintaining Competition

Create and _____; regulate natural monopolies

3. Providing Public Goods & Services

4. Redistributing Income

Higher income _____ for rich than for poor, provide social security, and aid to dependent children, Medicare, Medicaid.

5. Correcting for Secondary Consequences

Secondary consequences exist when some of the costs or benefits associated with the production or consumption of a product “spill over” to third parties other than the direct producer or consumer of the product.

6. Stabilizing the Economy

Use government budgets and/or the money supply to promote economic growth, control inflation, and reduce government.

Who is responsible for the state of the economy?

All levels of government work to maintain the legal and social framework, and provide public goods and services.

State & National governments have the major responsibility for maintaining a competitive framework, redistributing income, and dealing with secondary consequences.

In Short:

Preview for Tomorrow:

What do you think is the difference between a *Conservative* and a *Liberal* Perspective on the Role of the Government in the Economy?

2-3 Sentences