



Government Spending

Identify how taxes can influence
consumer decisions

Explain what governments spend
money on



The Power to Influence

- Governments use taxes not only to bring in revenue but to influence consumer decisions.
 - The higher the tax, the greater the influence

“SIN” Taxes

- Tax on products that are harmful to your health
 - Tobacco products
 - Alcoholic Beverages



Tax Cuts

- Lower taxes encourage consumers to make beneficial choices.
 - Example--encourage you to spend more on goods/services to boost the economy
 - To operate a business in a specific area
 - Contribute to Charity
 - Family Values

Government Spending

- Federal Government spends nearly two TRILLION Dollars every year.
 - Approximately \$13,000 per person
- Public Goods--goods and services that benefit all Americans
 - Roads, schools, national defense, regulatory agencies (such as IRS)

Major Areas of Government Spending

- Social Security, Medicare, Retirement
 - 37% of total expenses
- National Defense, Veteran's and Foreign Affairs
- Social Programs
 - Medicaid, food stamps, unemployment

Major Areas of Government Spending

- Net Interest on the National Debt
- Physical, Human, and Community Development
 - Agriculture programs, education, college students (FAFSA), job training, space, energy, science programs
- Law Enforcement and General Government--FBI, gov' t operations etc.

State and Local Government Spending

- Building/maintaining roads
- Police and fire protection
- Criminal justice system
- Schools
- Colleges
- Hospitals/medical facilities
- Sewage treatment plants
- Unemployment compensation programs

State and Local Government Regulations

- Many rules written into laws
 - Driver's license
 - Building permit
 - Must follow building codes
- These regulations create order and safety in communities