

Chapter 11 The Role of Government in Our Economy

Section 11.2 Government as Provider

Section Summary with Key Terms and Academic Vocabulary

Government as Provider Government is the largest provider of services in the country. It provides goods and services that are not easy for consumers to buy on their own and for the good of society. Individuals cannot buy highways, bridges, or national defense. These public goods and services are provided by the government and paid for with tax revenues. Government provides incentives to businesses to encourage or discourage certain activities. Since governments do not have unlimited resources, they must choose how their limited resources should be used. Their decisions can affect the economic health of an area.

Key Terms _____

revenue The income that governments get from all sources; the money that comes into a business from the sale of goods and services

privatization Hiring a business to offer a public good or service

subsidies Grants given to lower costs

tax An amount of money people and businesses pay governments to help run a nation, state, county, city, or town

tax incentives Reductions in taxes that a government gives to a business or an individual to encourage a particular behavior

Academic Vocabulary _____

incentive Something that incites or has a tendency to incite to determination or action

welfare The state of doing well, especially in respect to good fortune, happiness, well-being, or prosperity

ensure To make sure, certain, or safe

allocate To apportion for a specific purpose or to particular persons or things