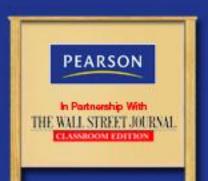


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Objectives



- 1. Explain the U.S. political debate on ways to fight poverty.
- 2. Identify the main programs through which the government redistributes income.
- 3. Describe how the government encourages private efforts to help the needy.



Key Terms



- poverty threshold: an income level below that which is needed to support families and households
- welfare: government aid to the poor
- cash transfers: direct payment of money by the government to the poor, disabled, or retired people
- in-kind benefits: goods and services provided for free or greatly reduced prices
- grant: a financial award given by a government agency to a private individual or group in order to carry out a specific task



Introduction



- How does government help the poor?
 - To help the poor, government programs take money from some people and redistribute it to others.
 - Such programs include:
 - The welfare system
 - Cash transfers
 - In-kind benefits
 - Medical and educational benefits
 - Grant money



Slide 4

Chapter 3, Section 4

The Poverty Problem



- In a free market, the wealth is spread unevenly throughout society, which leaves some people below the poverty threshold.
- The U.S. Bureau of the Census sets the poverty threshold based on the cost of the goods a family needs to buy.





The Government's Role



 Checkpoint: What is the goal of the government welfare program?

The government provides a safety net to groups like the very young, the very old, the sick, the poor, and the disabled through various federal, state, and local government programs.



The Government's Role, cont.



- One government program, the welfare program, collects funds from taxpayers and redistributes this money to those in need.
 - This system began during the Great Depression and continues today.





Welfare Reform



 Critics of welfare claim that it discourages productivity and further aggravates poverty.

 In 1996, new welfare reforms limited the amount of time people could receive welfare payments and gave states more freedom to experiment with antipoverty programs.



Redistribution Programs



- Government redistribution programs include the following:
 - Cash transfer programs
 - Temporary Assistance for Needy Families
 (TANF) sends welfare payments directly to the states,
 which design and run their own welfare programs



Redistribution Programs, cont.



 Social Security - collects money from current workers and redistributes funds to retired and disabled persons





Slide 10

Redistribution Programs, cont.



- Unemployment Insurance
 - Provides money to workers who have lost their jobs as long as recipients offer proof that they have made efforts to get work.
 - This help is only temporary, offering benefits for only 26 weeks in most states.
- Worker's Compensation
 - Provides state funds to workers injured on the job.



In-Kind Benefits



 The government also provides poor people with in-kind benefits, such as:

- Food stamps
 - Qualified people receive assistance with their monthly food purchases



In-Kind Benefits, cont.



- Subsidized housing
 - Qualified people are allowed to rent housing for less than the regular rent
- Legal aid
 - Qualified people receive legal advice at no charge

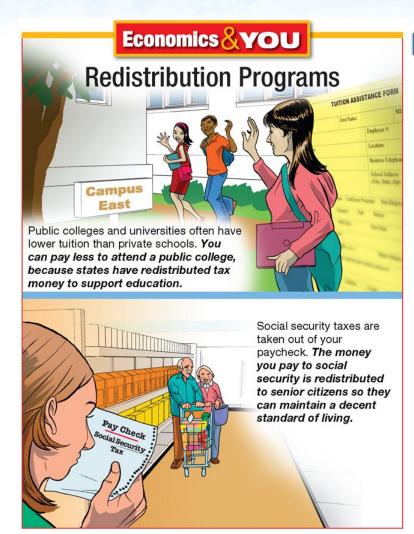


Slide 13

Medical and Educational Benefits

ECONOMICS

- The government provides health care to the elderly (Medicare), the disabled, the poor (Medicaid), and children who are uninsured (SCHIP).
- The government also funds educational programs from preschool to college.





Encouraging Private Action



Checkpoint: How does tax law provide an incentive to help the needy?

- Federal tax laws allow both individuals and corporations to take tax deductions for charitable donations.
- The government may also provide grants and other assistance to organizations that provide social services.



Review



- Now that you have learned how the government helps the poor, go back and answer the Chapter Essential Question.
 - What role should government play in a free market economy?

