CIVIC INVOLVEMENT AT THE STATE AND LOCAL LEVEL

TOPIC: Ohio’s State and Local Government

Individuals in Ohio have a responsibility to assist state and local governments as they address relevant and often controversial problems that directly affect their communities.

After reading this chapter, you should be able to:

★ Define the following terms:
  - Civic Participation
  - Initiative
  - Referendum

★ Identity and explain roles that Ohio’s citizens can play in helping state government address problems facing their communities.
★ Explain roles that Ohio’s citizens can play to help local government address problems their communities face.

MAIN IDEAS OF THIS CONTENT STATEMENT

The ancient Greek philosopher Aristotle once said that “Man is by nature a social animal.” What Aristotle was telling us is that people need others to survive. The social nature of people is even more essential today than it was thousands of years ago.

Even a person who has no friends still depends on others in today’s society. You live in a house built by others, eat food grown by others, and wear clothes made by others. The societal structures we establish, like a nation, state or local community all work to protect you, keep you alive, and enrich your life.
THE CASE FOR CITIZEN INVOLVEMENT

In a society as large and complex as ours is today, we usually leave most problems and their solutions to be dealt with by elected officials, interest groups, or community leaders. Unfortunately, people who directly experience the problem are often left out of the processes of solving them. If we need others to survive and enhance our lives then individuals have a responsibility to give back to their state and local governments.

Generally, people who directly experience a problem often have a different outlook about that problem than a politician who has probably only read about it in a report or the newspapers. For a citizen, it essentially comes down to two choices. If people don’t wish to get involved, then they can leave problems to be solved to the government officials, interest groups, and community leaders. However, it’s better for people to participate even though it’s not the easiest of the two choices.

The focus of this chapter is to look at ways that people can get involved at the state and local level.

CIVIC PARTICIPATION AT THE STATE LEVEL

One way to identify civic participation is to look at what it is not. First, it is not passive but active. Watching television is not civic participation, even though watching a public affairs program might be a good first step to learning about an issue.

Second, civic participation is not something done for personal gain, but for the public good. Washing dishes after dinner or working on weekends may be noble undertakings, but they are not considered to be civic participation.
The best way to understand what civic participation is all about is to look at several examples of actions that would be considered civic participation.

**CIVIC PARTICIPATION AT THE STATE LEVEL**

- **Taxes.** Pay your taxes in full when they are due.
- **Campaigns and Elections.** Run for election to public office. Help in an election campaign, talk about campaign issues with friends and neighbors, display campaign buttons.
- **Voting.** Vote in state-wide elections.
- **Volunteer Work.** Offer to staff an office, answer telephones, or help to organize a mass mailing that supports a cause you are passionate about. Offer to serve on a committee that is focusing on a specific problem or activity that interests you.
- **Political Party.** Join in a political party. Donate money to a candidate or help out with a fundraising effort.
- **Active Involvement.** Get involved with an organization that is politically active in your state. Send letters to state representatives or other policy-makers. Attend meetings, rallies, hearings, or fundraising events, or write articles on issues of state importance.
- **Military Service.** Serve in the National Guard.
- **Initiative and Referendum.** Participate in a campaign to change an Ohio law through the use of initiative or referendum petitions.

**CIVIC PARTICIPATION AT THE LOCAL LEVEL**

Civic participation involves the ways in which citizens become involved in the life of their community to improve conditions for others or to help shape the community’s future. People who live and work in their community know what services, infrastructure, and businesses are most needed in their community.

Civic participation at the local level offers people an engaging tool to voice their needs and connect with like-minded people to make changes, whether advocating for bike lanes or more stores offering Wi-Fi.
Engaging residents in their local community is critically important work for any community. There are a variety of tools and techniques that can be used to get community residents involved. Engaging residents can increase understanding, create better and more sustainable decisions, and build trust.

In the United States, our democracy requires citizen involvement. A "government of the people" is unable to function if there is no civic involvement, or opportunity to influence government decisions. For example, one way to foster a civic culture is for residents in the community to become involved with government.

As community residents become involved, they learn how government operates and better understand their civic responsibilities. At the same time, community government is more responsive to residents when they engage in their communities' decision-making and problem solving.

### CIVIC PARTICIPATION AT THE LOCAL LEVEL

- **Jury Duty.** Serve on a jury when summoned to do so.
- **Schools.** Participate in a school service project, or run for election to a community school board.
- **Join an Organization.** Participate in a school club, religious group or community affairs organization.
- **Letter Writing.** Write letters to your local newspaper about community issues or write to your local community officials.
- **Volunteer.** Offer to help people in the community through your local religious group, neighborhood improvement association, or neighborhood council.
- **Service.** Serve as a volunteer fireman, work in your community ambulance corp., visit people in the hospital who have no family, or call on senior citizens living in a nursing facility.
- **Contribute.** Contribute a portion of your income to a local charity or community food bank, such as the United Way, YMCA, YWCA, and the Salvation Army.
APPLYING WHAT YOU HAVE LEARNED

There is always some relevant or often controversial issue in a community that directly affects people. Speak to your parents, converse with other people in your community, or read the local newspapers.

- Find out what people in your community are most concerned about.
- Write an essay that presents both sides of the issue.
- Suggest a possible resolution to the problem.
- Explain why you believe your suggestion would work.

**Directions:** Create your own copy of each *Study Card* below. Complete the information asked for in each *Study Card*. Then, on the back of each card, draw or illustrate a simple image that depicts this information.

<table>
<thead>
<tr>
<th>CIVIC PARTICIPATION AT THE STATE LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What are some of the ways in which citizens can become involved at the state level?</td>
</tr>
<tr>
<td>• Why is citizen involvement at the state level important?</td>
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<td>• Why is citizen involvement at the local level important?</td>
</tr>
</tbody>
</table>

**Practice Assessment Questions**

1. The State Highway Department has just announced construction of a new proposed highway. Which action would be most effective for citizens to take who are opposed to a state highway being built through their community?

   A. indicate on their state taxes that their money should not be used to pay for the proposed highway
   B. each citizens should refuse to serve in the Ohio National Guard unless the state agrees to stop its proposed highway
   C. introduce a referendum in the next election that would halt highway construction
   D. donate money to a political party in support of a Presidential candidate
2 A community in Ohio wishes to install “hot spots” in their local parks that would allow people free access to the Internet when visiting the park. However, the town council lacks money in their budget to pay for providing this service.

How could a citizen work within his or her own community to help the local government address this problem?

- by mailing a letter of protest to the General Assembly
- by organizing a group of residents to clean up the park on Sundays
- by having a fund-raiser to obtain money to pay for the Internet access
- by running for a seat in a community Board of Education

3 Ohio’s state and local governments rely heavily on their citizens to take an active role in state and local issues.

Fill-in the boxes below by selecting which level of participation each action is describing.

<table>
<thead>
<tr>
<th>CITIZEN INVOLVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Serve in the National Guard if called upon.</td>
</tr>
<tr>
<td>2. Run for election to your community school board.</td>
</tr>
<tr>
<td>3. Actively participate in the campaign of a person seeking election to the General Assembly.</td>
</tr>
<tr>
<td>4. Visit people who are confined to a nursing home or senior center who have no family.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEVEL OF THE INVOLVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation at the state level</td>
</tr>
<tr>
<td>Participation at the local level</td>
</tr>
</tbody>
</table>
4 Which of the following is the best example of civic participation?

A Jesse mows Mr. Smith’s lawn to help him out since he is bed-ridden.
B Alexander cleans his room before his mother tells him he must do it.
C Julia goes door-to-door to get people to vote in local school board election.
D Tamika watches a documentary film about the threats facing the nation.

5 Identify one role for civic engagement available to Ohio’s citizens at the state level. Write your answer in the space provided.

6 Identify one role for civic engagement available to Ohio’s citizens at the local level. Write your answer in the space provided.

7 How can a citizen become involved in addressing problems that affect the entire state of Ohio?

A by joining a neighborhood watch group
B by volunteering for the ambulance corps in their area
C by signing a petition to place an issue on the state ballot
D by voting in the election of a local school board

8 A gambling casino is planned for a major city in Ohio. Many of the residents in your community are against such a casino being built. Which would be the most effective way for citizens to participate in preventing this casino from being built?

A join a political party that has yet to speak out about the casino
B donate money to a candidate running for re-election
C help a community organization that is opposed to the casino
D refuse to pay your Ohio state taxes as a form of protest

9 Which action could a citizen take to deal with an issue in the community?

A voting for a candidate to running for the General Assembly
B donating money to a governor who is running for re-election
C offering to sign a petition to get a referendum on the state ballot
D volunteering to work with a neighborhood improvement association
After reading this chapter, you should be able to:

★ Define the following terms:
  - Public Policy
  - Administrative Acts
  - Race to the Top
  - Arizona Law SB1070

★ Identify and explain roles that Ohio's citizens can play in helping state government address problems facing their communities.
★ Explain roles that Ohio's citizens can play to help local government address problems their communities face.

MAIN IDEAS OF THIS CONTENT STATEMENT

What is public policy? Public policy is a system of laws, regulations, actions, and funding priorities dealing with a particular topic carried out by a governmental entity or its representatives. Simply put, a public policy is a government action that deals with a particular issue.

An example of a public policy might be an Ohio law that would require all passengers in the front and back seats of an automobile to wear seatbelts. The enactment of that law would be the public policy. But public policy does not end with the creation of such a law by the General Assembly. Public policy would also include establishing rules and regulations to enforce the policy. In addition, fines and punishments would need to be created to implement this public policy. All of these actions are part of what is referred to as public policy.
Essentially, government uses three ways to implement public policy — legislation, administrative acts, and judicial decisions.

**LEGISLATION**

Public policy may be implemented by a legislative branch of government. For example, a law may be passed that would raise the legal drinking age from 19-years old to 21, most likely resulting in less auto accidents. The law simply states what can and cannot be done. It also spells out what would happen in the event the law is disobeyed.

**ADMINISTRATIVE ACTS**

Administrative acts are what governments do to implement or carry out a law. This might include giving individuals a summons if they park their car illegally, or for not moving a car from the side of the street that a sweeper will clean. The carrying out of administrative acts can sometimes be more meaningful than the law that created it. For example, if the police don’t enforce the age at which people can legally drink, that law will have little impact on those under 21 who drink. On the other hand, if the police actively enforce the law with check points and multiple traffic stops, then the law will be strictly enforced.

**JUDICIAL DECISIONS**

Judicial decisions occur when a court applies the law to a specific situation. Oftentimes, judicial decisions can have the effect of both administrative and legislative acts. In addition, when a judge imposes a sentence to a person found guilty of a crime, that sentence can either add to or decrease the force of the law. The act of sentencing a person sends a message to the general population — if you do not obey the law, you will face a particular punishment.

The complexity of public policy issues often involves multiple levels and branches of government.
Here are some examples of how public policy occurs at multiple branches of government at the national and state levels:

**PUBLIC POLICY AT MULTIPLE LEVELS AND BRANCHES OF GOVERNMENT**

- **Federal Executive**: The Department of State advises the President on foreign policy and directs activities at U.S. embassies located in foreign countries.
- **Federal Legislative**: The Congressional Budget Office provides Congress with analyses of economic and budgetary data.
- **State Legislative**: The Ohio Legislative Service Commission assists the General Assembly in drafting legislation.
- **State Judicial**: The Ohio Courts of Common Pleas applies sentencing guidelines for convicted felons to judges in Ohio.
- **Local Legislative/Executive**: County commissions determine and grant tax abatements (reductions).

Often, public policy is created by government at different levels, working with a singular purpose in mind. However, there have been times where branches and levels of government have been in conflict with each other as they sought to address a public policy issue.

Let’s take a look at two such examples where conflict between levels of government arose.

**EDUCATIONAL REFORM: “RACE TO THE TOP”**

In 2009, the Obama Administration launched a $4.3 billion educational reform plan. The program, known as “Race to the Top,” was created to raise student achievement. Implementation of the program was left to the Education Department, a part of the executive branch.

The Education Department developed rigorous standards and demanded better assessment of students, with increased emphasis on turning around low-performing schools.
Program Criteria. Forty-six states participated in the program. In exchange for Race to the Top funds, each state would be expected to produce educational results. States participating in the program were awarded points for adopting certain standards and assessments that prepare students for success in college and the workplace.

Effects of the Program. Several states were encouraged to adopt "common core" standards in their K-12 educational programs. Several states altered their educational plans to make their applications more competitive. Nearly every state had to delay implementation of its teacher evaluation systems, claiming they needed more time. The amount of money states received was often a tiny percentage of their total education budgets. States claimed that this money was not nearly enough to make the changes demanded of them. Ohio and other states were forced to scale back their initial promises to the federal government.

Failure or Success? After three years, many of the states claimed the program failed to address what was really behind students' poor academic performance — poverty and a lack of opportunities. Some educational organizations advocated for a more targeted focus on poverty over the federal government's demand for more testing and accountability. The Department of Education disagreed with the states' complaints. The department claimed they saw promising signs of improvement in student achievement, and that it was too early to draw any conclusions.

The Race to the Top Program shows that, sometimes, implementation of public policy mandates can fail to accomplish what its legislation and funding sought to achieve. In this case, disagreement over the implementation of a public policy led to conflict. The conflict and strain arose between an agency of the federal government and state governments participating in the program.

Ohio and 8 other states emerged as winners of the Race to the Top competition. President Obama and his Education Secretary visit a school.

In 2010, the State of Arizona passed Senate Bill 1070. The governor, who had pushed for the legislation, signed the measure into law.
The implementation of the law created a firestorm throughout the nation. Arizona’s new law mandated that its law enforcement officers run status checks on immigrants if an officer believed “reasonable suspicion” existed that the person was living in the United States unlawfully. Although the law said nothing about deportation, it allowed law enforcement agencies in Arizona to transfer undocumented and illegal immigrants to the custody of federal immigration authorities.

**Opposition to the Law.** Opponents saw the law as unconstitutional, saying it violated existing civil rights laws. They argued that the law would permit racial profiling and lead to harassment of Hispanics and other Spanish-speaking residents.

President Obama spoke out against the law, calling it “misguided.” He pointed to the law’s potential for “violating the rights of innocent citizens and legal residents” by making them subject to stops or questioning, because of how they looked or how they spoke.

**Support for the Law.** Arizona was inundated by a growing rise in illegal immigration. Supporters claimed that the law simply enforced an already existing federal law that required states to do precisely what Arizona was doing. They argued that the law’s purpose was to keep neighborhoods and communities safe. Arizona, they contended, was seeing rising illegal immigration, drug smuggling, and human trafficking. Others said that the law was needed to lead the charge for immigration reform.

Arizona also argued that prohibiting employers from hiring unauthorized aliens was consistent with federal law. Arizona contended that it should be able to create regulations in areas of traditional state authority such as employment even if it affects immigration. Arizona had a right to regulate that part of immigration since regulating employment was a traditional state power that allowed it to protect its workers.

**Arizona v. United States.** In 2012, the U.S. Supreme Court stepped into the dispute. In *Arizona v. United States*, the federal government’s Department of Justice argued that the law improperly expanded Arizona’s power into an area controlled by the national government. In addition, some police departments in Arizona filed lawsuits against the state, charging that the law left police officers vulnerable to being sued in federal court. Others also argued that the law was unfair since it racially profiled Hispanics. The Supreme Court, in a divided decision, struck down three of the four provisions of the Arizona law, but left some parts of the law intact.
Like the previous example, this case also shows that at times, the implementation of public policy at the state level can sometimes lead to tension between a state government and the federal government. Here, the wishes of the state of Arizona to implement public policy were overridden by a ruling of the U.S. Supreme Court.

**APPLYING WHAT YOU HAVE LEARNED**

Examine several major newspapers and national magazines. Look at what they are featuring on their front pages or magazine covers.

- Identify *three* areas that are the most talked about topics of the day.
- Select *one* of these topics, and state what you think the public policy followed by either the local, state or federal government should be.

**Directions:** Create your own copy of each *Study Card* below. Complete the information asked for in each *Study Card*. Then, on the back of each card, draw or illustrate a simple image that depicts this information.

<table>
<thead>
<tr>
<th>IMPLEMENTING PUBLIC POLICY</th>
<th>IMPLEMENTING PUBLIC POLICY (Cont'd)</th>
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</thead>
<tbody>
<tr>
<td>• What is meant by public policy?</td>
<td>• Choose a public policy issue that met with conflict between the federal and state governments.</td>
</tr>
<tr>
<td>• Cite some examples that show implementation of public policies by multiple branches and different levels of government.</td>
<td>• Explain how and why the conflict developed.</td>
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</tbody>
</table>

**Practice Assessment Questions**

**ACCORDING TO THE OHIO DEPARTMENT OF EDUCATION, THE CONTENT STATEMENT IN THIS CHAPTER WILL NOT BE TESTED.**
1. Governments take many actions to implement a public policy.

Identify the appropriate branch and government level needed to address each public policy issue.

Please put an “X” on the appropriate branch and government level in each column.

<table>
<thead>
<tr>
<th>Government Level</th>
<th>Legislative</th>
<th>Executive</th>
<th>Judicial</th>
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<tbody>
<tr>
<td>National</td>
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<tr>
<td>State</td>
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<tr>
<td>Local</td>
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<tr>
<td>Toledo residents want the city to install a traffic light at an accident-prone intersection.</td>
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<tr>
<td>People want the Environmental Protection Agency to pass regulations to punish polluters.</td>
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<tr>
<td>Citizens want a sales tax increase to raise funds to pay for bike lanes in all parks.</td>
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</tbody>
</table>

2. List a current public policy issue at the national level. Write your answer in the space provided.

3. Identify an action a branch of state government can take to address a public policy issue dealing with a rise in accidents injuring pedestrians that cross at major intersections. Write your answer in the space provided.
4 A group of Ohio judges wish to change the sentencing guidelines for people convicted of a misdemeanor. Which action would be most appropriate for these judges to take regarding this public policy issue?

A meet with members of the General Assembly
B attend a decision about to be delivered by the U.S. Supreme Court
C support a candidate to be named to the Ohio Department of Education
D call for a meeting with President of the United States

5 The complexity of public policy issues often involves different levels of government. Check the box that identifies the government level most closely associated with each informal practice described.

| The Federal Trade Commission issues regulations as to what can be broadcast by television stations. | State | National |
| The governor decides to propose a salary increase for members of the National Guard. | State | National |
| The county parks department issues new rules as to when parks will close during the summer. | State | National |
| The President asks the Environmental Protection Agency to issue rules regulating coal-fired energy plants. | State | National |

6 The Environmental Protection Agency is about to issue a set of regulations governing where fracking can take place. Which arm of government would be involved in such an action?

A a federal executive agency at the national level of government
B a state executive agency at the local level of government
C a state agency at the state level of government
D a legislative agency at the state level of government

7 When the State Department issues a warning about travel in a foreign country, which level of government is most involved in that action?

A a city government
B the State of Ohio
C an international organization
D the federal government
THE ROLE OF INDIVIDUALS AND ORGANIZATIONS ON PUBLIC POLICY

TOPIC: Public Policy

Individuals and organizations play a role within federal, state, and local governments in helping to determine public (domestic and foreign) policy.

After reading this chapter, you should be able to:

- Define the following terms:
  - Interest Groups
  - Lobbyist
  - Regulation
  - Federal Register

- Identify different positions on public policy issues.
- Determine an approach for providing effective input to the appropriate government level, branch, or agency.

MAIN IDEAS OF THIS CONTENT STATEMENT

In the previous chapter, you learned about public policy — which is simply what any government official who influences or determines public policy, such as a school official, a city council member, a county supervisor, etc. does or does not do about a problem that comes before them for consideration and possible action.

You also learned about the interaction that takes place among the federal, state and local governments when they address social problems and public policy issues. In implementing their actions, they make decisions, create legislation, and enforce rules and regulations.

In addition to the actions of these multiple levels of government, individuals and organizations also play an important part in the process. In this chapter, you will look at how individuals and organizations engage government officials on public policy issues. You will also examine the ways used by individuals and organizations to influence a public policy issue.
Implementing public policy is a complex process. It usually involves the interaction of many parties. This includes individuals and organizations that either compete with each other or work together to get policymakers to act in a particular way on a variety of issues.

These individuals and groups employ a variety of tactics to advance their interests. Let's take a look at some of these ways:

**LETTER WRITING**

Letters have a substantial influence on legislators. They provide an effective way for citizens to reach out to their elected officials. A letter-writing campaign produces a stack of mail supporting or opposing a particular issue, and if the letters are handwritten, they are especially persuasive to policymakers.

**PARTICIPATION IN AN INTEREST GROUP**

Another tactic used to influence public policy is participation in an interest group. Businesses and trade associations, professional organizations, labor unions, environmental organizations, and ordinary citizens are often represented by interest groups and lobbyists that actively promote their group's cause. These groups focus both on social and environmental issues. For example, Common Cause and the National Rifle Association (NRA) are public interest groups committed to a particular issue. These groups often employ the same tactics — hiring lobbyists, electioneering, and filing lawsuits.

**LOBBETING GOVERNMENT OFFICIALS**

In addition to making campaign contributions to elected officials and candidates, individuals and organizations spend millions of dollars each year to lobby Congress, federal agencies, and members of the General Assembly. Often these individuals and organizations hire lobbying firms, many of them located in Washington, D.C. and Columbus, Ohio. A professional lobbyist works to create a relationship with a legislator or executive agency. Lobbyist activities include contacting members of Congress, state legislatures and officials of the executive branch to provide them with information about the positive or adverse effects of a particular piece of public policy legislation.
CAMPAIGNING FOR CANDIDATES

When individuals give their time and money in an election campaign, it helps get their voices heard about public policy issues. Few things make a stronger impression on a candidate seeking election than knowing people are participating on their behalf and are supporting that candidate’s bid for office. Individuals and organizations donate money to candidates, endorse candidates or issues, conduct grassroots activities such as get-out-the-vote drives, and organize demonstrations, parades or rallies in favor of the candidate.

PROVIDING TESTIMONY BEFORE A COMMITTEE

Individuals and organizations work to provide information to government officials and the public at large. Testifying at a legislative or agency committee meeting allows a flow of information to a legislator or agency that may not be available elsewhere. In addition, testifying at hearings generates interest about that issue in the press. Hearings also allow individuals and organizations to connect with others who are interested in the same issue.

COMMENTING ON PROPOSED RULES AND REGULATIONS

Congress and the General Assembly often give agencies the authority to create rules and regulations to carry out a law that has been enacted. A regulation is a statement issued by an agency, board, or commission that has the force of law. Once a federal agency decides a regulatory action is necessary or appropriate, it publishes a proposed rule in the Federal Register. Once that publication takes place, comments from individuals and organizations on the rules and regulations can be heard. It is at this point that individuals and organizations have an opportunity to provide feedback and possibly influence the agency before that rule or regulation is adopted.

Regulatory laws affect how individuals and businesses operate in specific situations. While most laws are regulatory in some way, there are some areas of legislation that apply more to certain industries than others. These include environmental laws and building code laws by both the federal government and state governments.
PREPARING JUDICIAL BRIEFS

Another important way that individuals and organizations engage with government is through the preparation of briefs to be submitted to a judge or referee. Intervention in a public policy issue can involve responding to a legal question or judicial proceeding.

This intervention can include legal research, legal writing, drafting a pleading, interviewing witnesses before trial, and engaging in negotiations.

APPLYING WHAT YOU HAVE LEARNED

Select a public policy issue that interests you.

- Write a letter to your federal or state representative describing your views on the issue.
- Suggest a policy you would like to see addressed by your representative.

Study Cards

Directions: Create your own copy of each Study Card below. Complete the information asked for in each Study Card. Then, on the back of each card, draw or illustrate a simple image that depicts this information.

<table>
<thead>
<tr>
<th>TACTICS USED BY INDIVIDUALS AND ORGANIZATIONS</th>
</tr>
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<tbody>
<tr>
<td>Briefly identify what the tactic involves:</td>
</tr>
<tr>
<td>• Campaigning for candidates</td>
</tr>
<tr>
<td>• Providing information to government agencies</td>
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<tr>
<td>• Lobbying government officials</td>
</tr>
<tr>
<td>• Providing testimony at a hearing</td>
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<table>
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<tr>
<th>TACTICS USED BY INDIVIDUALS AND ORGANIZATIONS (Cont'd)</th>
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<tbody>
<tr>
<td>Briefly identify what the tactic involves:</td>
</tr>
<tr>
<td>• Providing briefs in judicial proceedings</td>
</tr>
<tr>
<td>• Offering comments at a public hearing</td>
</tr>
<tr>
<td>• Conducting letter-writing campaigns</td>
</tr>
<tr>
<td>• Holding demonstrations</td>
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</tbody>
</table>
1. Individuals and organizations employ many tactics to influence a public policy.

Identify the appropriate branch an individual or organization would need to address each public policy issue described.

Identify the government level that would address that issue.

<table>
<thead>
<tr>
<th>Branch</th>
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<tbody>
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</table>

An organization begins a letter-writing campaign to get a law passed requiring people who ride bicycles in a state park to wear protective helmets.

An individual wants to mandate that students cannot wear hats in school or when testifying at a school board meeting.

An international coal company lobbyist meets with an agency about to enact rules restricting coal use in the nation.

2. How can a citizen become involved in supporting a public policy issue that affects the entire nation?

A. by attending a community school board meeting
B. by signing a petition to be sent to Congress
C. by joining a neighborhood watch group
D. by volunteering to work in a senior citizen center

3. Which is the primary purpose of a lobbyist in the political process?

A. to draft bills for legislators
B. to present the views of special interest groups on proposed legislation
C. to locate citizens willing to run for public office
D. to provide legislators with unbiased information on important issues
4 Which action is an example of lobbying for a special interest group?
   A labor union members threatening to strike if their company opens a factory in a foreign nation
   B members of Congress introducing a bill that will provide low-interest college loans
   C a congressional committee investigating the activities of organized crime
   D several lumber companies asking Senators to allow logging on federal lands

5 List two methods by which individuals or organizations may provide input on a public policy issue at the state level. Write your answer in the space provided.

1. __________________________________________
2. __________________________________________

6 Identify an appropriate action a citizen can take to address their local government concerning a dance club in their community that is creating loud music late at night. Write your answer in the space provided.

7 A community school board has proposed a budget that will reduce spending on after school sports teams. How might citizens in that community impact their school board to bring about a change in public policy?

Place a check mark in the boxes that identify an action that would bring about a change in public policy.

<table>
<thead>
<tr>
<th>Potential Public Policy Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtain signatures on a petition to present to the school board □</td>
</tr>
<tr>
<td>Refuse to serve on any jury until the policy is changed □</td>
</tr>
<tr>
<td>Request to speak at the next Board of Education meeting □</td>
</tr>
<tr>
<td>Have residents to write letters to the school board members □</td>
</tr>
<tr>
<td>Run for a seat on the school board in the next election □</td>
</tr>
</tbody>
</table>
After reading this chapter, you should be able to:

★ Define the following terms:
   • Public Goods
   • Environmental Protection Agency
   • Food and Drug Administration
   • Aggregate Demand
   • Fiscal Policy
   • Depression/Inflation
   • Discretionary Spending

★ Explain how the federal government uses spending and tax policy, known as fiscal policy, to effect changes in the nation’s economy.
★ Examine applications of government regulation of the economy.
★ Determine a cost and benefit of each application.

MAIN IDEAS OF THIS CONTENT STATEMENT

Since the late nineteenth century, the government’s role in our economic life has drastically changed. At one time, most Americans held the belief in laissez-faire capitalism. They felt that the federal government should not interfere in the economy, except to ensure fair competition.

During the Progressive Era, the government’s role began to change. The federal government became a referee, ensuring fair competition and promoting public safety. The federal government also took active control of the nation’s money supply.
During the Great Depression of the 1930s, the federal government assumed a much greater role in the economy. Since the New Deal of Franklin D. Roosevelt, the federal government today has the primary responsibility to:

1. Promote maximum employment
2. Promote maximum production
3. Intervene (toll, fees)

**INSTRUMENTS OF GOVERNMENT ECONOMIC POLICY**

To achieve its economic goals, the federal government seeks to promote economic growth and stability. The government believes it has several instruments at its disposal to achieve these goals.

**THE POWER TO PROVIDE PUBLIC GOODS**

The federal government provides some goods and services to the economy directly, such as military defense. Such products are known as public goods. A public good is something that everyone can use. Someone who does not pay cannot be excluded from the benefits. For example, national defense and a bridge that has no tolls is a public good. Other examples of public goods include police and fire protection, sewer systems, public parks, and public television and radio broadcasts. Sometimes the government uses its power to provide public goods in order to increase employment or to provide services the economy needs.

**REDISTRIBUTION OF INCOME**

The federal income tax is a graduated tax. This means that wealthier taxpayers pay their income taxes at higher rates. By collecting more money from wealthy taxpayers and by using this money to fund programs helping the less fortunate, the federal government redistributes some income to soften the inequalities of the market economy.

**THE POWER TO REGULATE ECONOMIC ACTIVITIES**

During the Progressive Era, the government took on the role of economic regulator. Congressional legislation prohibited monopolies that engaged in unfair practices. Other legislation protected consumers from impure or unsafe foods and drugs.
Today, the government continues to take steps to make sure that the marketplace is fair and competitive. It acts as a watchdog over banks, the stock market, and other businesses. Government protects workers, consumers, and the environment by establishing health and safety standards, and ensuring equal opportunity.

THE COSTS AND BENEFITS OF REGULATION

There is a growing belief among Americans that it is the federal and state government’s responsibility to protect the American consumer.

Environmental Protection Agency (EPA). One area that citizens often call on the government to protect is the environment. This is based on the belief that we need to breathe clean air and drink safe water. Only the government is capable of managing these resources and preventing pollution since it alone can punish violators. The EPA is a regulatory agency. Its regulations are mandatory requirements that have prompted heavy lobbying by industry and environmental groups.

The imposition of government regulations can often bring great economic benefits, such as protecting the environment. Such government decisions, however, can often lead to unwelcome results. For example, how much are Americans willing to sacrifice to protect their environment? Government regulations can negatively impact corporate profits and bring about slower economic growth.

Food and Drug Administration (FDA). Government regulations can also provide protections for the food consumers eat and the drugs they use. However, government regulations often carry costs such as reduced corporate profits and slower economic growth.

For example, the Food and Drug Administration regulates the development of new pharmaceutical products. Their regulations help to instill consumer confidence in approved products, and provide the drug makers with the potential for significant pricing power. Despite these benefits, the average time it takes the FDA to investigate and approve a new drug can take many years. Drug companies complain that the process for approving new drugs is too long and drawn out. Many consumers are also prevented from the benefits of a new drug during this extended approval process.
Federal, state and local governments raise most of the money they need to pay for public goods and services through taxes — the money people pay to the government. Besides collecting taxes, governments frequently borrow money to pay for their spending. Often, governments issue bonds, which pay a fixed interest rate to investors who buy them. This borrowing in turn leads to the growth of the public debt — the total amount owed by government.

There are two basic types of fiscal policy. The first is expansionary policy. Its objective is to stimulate the economy and create more growth. The second type is contractionary policy. Its objective is to slow economic growth. When there is a lack of aggregate demand (total demand) or too much aggregate demand, government can act to stimulate or slow down the economy. The federal government is able to influence the economy by its spending, taxing, and borrowing. These actions by the government are known as fiscal policy.

Here is how the government uses fiscal policy to regulate the American economy:

- If the nation is faced with an economic depression, the federal government should spend more than it takes in taxes.
- By the government spending more, it will lead to more workers being hired and more products being bought by consumers. In effect, the government creates new jobs.
- These newly hired workers and businesses will then spend more.
- This increased spending will create an increase in demand and stimulate production.
• If there is a high rate of inflation, and rising prices, in the economy, the government should collect more in taxes from citizens than it spends.

• With an increase in taxes, it will lead people and businesses to become much more cautious about spending or borrowing money.

• This increase in taxes will lead to less spending. When there is less spending by consumers and businesses, producers will be forced to lower their prices.

• This decrease in spending will break the inflationary cycle in the economy.

The Shortcomings of Fiscal Policy

Predicting the impact of spending and taxing is extremely difficult, as is predicting future economic outcomes. In addition, when the government uses its power to spend and tax, it does not produce instant results. Economic conditions can and do change. Thus, a policy that seeks to expand the economy could lead to too much inflation. Policies to slow the economy might bring about a recession.

Coordinating federal spending and taxing policies with state policies is difficult and may be contradictory. Finally, fiscal policy is often subject to political pressures. If a President is up for reelection, expansionary policies are often popular, but policies that shrink the economy tend to be unpopular with voters.

While supporters of fiscal policy will argue the merits of such actions, one should not forget that economic conditions are often impacted by some factors that are beyond the control of government. For example, stock market investors can push economic growth by buying shares in developing firms. In addition, the United States has unelected policy makers that work in the nation’s banks. These unelected officials have the ability to control the nation’s money supply even if they have no direct influence on fiscal policy. Thus, while fiscal policy makers are quite influential, there are many others that have almost as much impact on the economy.
**APPLYING WHAT YOU HAVE LEARNED**

On the Internet look up the last time the federal government made major changes to the tax code.

- What was its biggest change?
- What impact did it have on the U.S. economy?

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**Study Cards**

**Directions:** Create your own copy of each *Study Card* below. Complete the information asked for in each *Study Card*. Then, on the back of each card, draw or illustrate a simple image that depicts this information.

<table>
<thead>
<tr>
<th>POWER TO REGULATE THE U.S. ECONOMY</th>
<th>FISCAL POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe some of the major tools the federal government uses to regulate the economy.</td>
<td>What is fiscal policy?</td>
</tr>
<tr>
<td>What are some of the federal agencies that impose regulations on the economy?</td>
<td>What fiscal policy steps can the government take during a depression?</td>
</tr>
<tr>
<td></td>
<td>What fiscal policy steps can the government take during inflation?</td>
</tr>
</tbody>
</table>

---

**Practice Assessment Questions**

1. **Identify one fiscal policy action government can take during a recession.** Write your answer in the space provided.
The federal government is interested in making sure the economy continues to function without too many severe swings.

Fill-in the boxes below by selecting which action the government would follow for each the description of the economy.

**DESCRIPTION OF THE ECONOMY**

1. The economy is growing rapidly, home prices are rising sharply, and consumer demand for products is very high.
2. The economy is faced with a severe economic depression; many businesses are closing as millions of workers are unemployed.
3. Consumer prices are rapidly rising in the nation, demand for products is on the rise, and the unemployment rate keeps falling.
4. Businesses are laying-off workers, consumer spending has fallen for the last four months in a row, and many people are homeless.

**THE ACTIONS BY THE FEDERAL GOVERNMENT**

- Increase Aggregate Demand
- Reduce Aggregate Demand

3. Which economic policy would you have recommended to President Roosevelt in 1929?
   - A. cut government spending
   - B. raise income tax rates
   - C. increase spending by the government
   - D. propose a new tax on businesses
4. The Employment Opportunity Act, the Environmental Protection Act, and the Pure Food and Drug Act are examples of
   A. federal laws designed to protect consumers from harm
   B. the federal government's attempts to regulate big business
   C. federal laws that are designed to curb spending by the federal government
   D. the federal government’s response to changes in the economy

5. What is the primary action taken by the federal government when inflation is widespread in the American economy?
   A. raising taxes on foreign governments
   B. lowering tariff rates on imports
   C. raising taxes on individuals and businesses
   D. closing all state banks

6. A major tool of the federal government in using its fiscal policy to promote economic growth and stability is its ability to
   A. control the banking system
   B. change federal income tax rates
   C. manage the supply of currency
   D. issue environmental regulations

7. The main reason that the federal government would spend more than it collects in taxes during a depression would be to
   A. promote corporate mergers
   B. put more money into the economy
   C. encourage competition between businesses in the same field
   D. lower the tax costs for businesses

8. What would be the best title to describe the situation shown in the diagram?
   A. A Description of Depression
   B. A Description of Inflation
   C. Why Discretionary Spending Occurs
   D. Aggregate Demand
9 The federal government uses its fiscal policy powers to stimulate or slow down the American economy.

Check the box that identifies the fiscal policy needed by the federal government in each description.

<table>
<thead>
<tr>
<th>The U.S. economy faces an economic depression as businesses close and unemployment rates begin to rise.</th>
<th>Stimulate the Economy</th>
<th>Slow Down the Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The federal government announces that there has been a sharp reduction in new home construction.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Many businesses are laying-off workers, and the number of businesses failing is at an all-time high.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factories are enjoying strong sales, and are producing more goods than ever with no sign of a slowdown.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10 What might motivate Congress to increase taxes and decrease government spending?

- rising unemployment rate
- increasing consumers spending
- falling level of demand by consumers
- declining corporate spending

11 The federal government uses its taxing and spending policies to regulate the American economy.

For each economic situation listed, identify whether the federal government should increase or decrease its spending.

Circle the Increase or Decrease arrow accordingly.
Chapter 27

The Government's Use of Monetary Policy

Topic: Government and the Economy

The Federal Reserve uses monetary tools to regulate the nation's money supply and moderate the effects of expansion and contraction in the economy.

After reading this chapter, you should be able to:

★ Define the following terms:
  - Federal Reserve Act
  - Monetary Policy
  - Federal Reserve Bank
  - Reserve Requirement
  - Discount Rate
  - Open Market Committee

★ Explain how the Federal Reserve System uses monetary tools to regulate the nation's money supply.

★ Explain how the Federal Reserve System uses monetary tools to moderate the effects of expansion and contraction in the U.S. economy.

Main Ideas of this Content Statement

In the Presidential election of 1912, the former Governor of New Jersey, Woodrow Wilson, campaigned for President of the United States. In his election campaign, Wilson promised Americans that if he were elected president he would tame big business, encourage greater competition, and eliminate special privileges. Wilson especially focused his attention on attacking the banking system.

After his election, Wilson pushed several major reforms through Congress. In 1913, Wilson proposed and Congress approved the Federal Reserve Act. The act established 12 regional Federal Reserve Banks to serve as “banker’s banks.” The act further allowed the Federal Reserve to regulate the money supply in circulation by controlling the amount of money that banks could lend.
Monetary policy relies on the government's ability to control the nation's money supply to promote economic growth and stability. The money supply affects the overall level of business activity. The Federal Reserve's role is to reduce swings in the economy by controlling the ability of banks to lend money. Here is how the government uses monetary policy to regulate the U.S. economy:

**DURING AN ECONOMIC DOWNTURN**

When there is an economic downturn, the Federal Reserve uses its tools to increase the nation's money supply. As money is pumped into the economy, there is an abundance of money. With ample money in the economy, interest rates begin to fall. Businesses and individuals borrow more because borrowing costs are so low. This leads consumers and businesses to increase their spending, stimulating production and employment in the economy.

**DURING AN ECONOMIC UPSWING**

When there is a upswing in the economy, business profits are rising and unemployment is low. These factors often bring about rising prices and inflation. Rising prices can often be harmful to an economy. When this occurs, the Federal Reserve moves to reduce the money supply in the economy. The Federal Reserve will raise the amount of money banks must keep in reserve. By limiting the amount of money available for loans, fewer loans are made to businesses and individuals. With less money available, people and businesses will borrow and spend less. This will lead to a slowing in the pace of growth.
The Federal Reserve System is the central bank of the United States. The aim of the Federal Reserve System is to regulate the nation’s supply of money. Their goal is to influence the economy to achieve full employment and stable prices. How does the Federal Reserve accomplish this task?

The Federal Reserve Bank, referred to as the Fed, has three important tools by which it regulates the supply of money and credit in the economy — changing reserve requirements, setting the discount rate, and buying or selling bonds on the open market.

ADJUSTING THE RESERVE REQUIREMENT

Banks make money by lending money from their depositors to people who want to borrow money. The Fed requires banks to keep a portion of their deposits in reserve at the Fed in the event their depositors wish to withdraw their money. This money held on hand by the Fed is called the reserve requirement.

Altering the reserve requirement is one of the Fed’s most powerful tools. If the economy is weak, the Fed will lower its reserve requirement. This lower requirement allows banks to lend out more money, which helps to stimulate the economy. However, if the economy is too strong, the Fed will raise its reserve requirements. By increasing this requirement, banks will have less money available with which to make loans.

ADJUSTING THE DISCOUNT RATE

If a member bank wishes to increase the quantity of money it can lend, it can temporarily obtain new money from the Fed itself. The rate of interest the Fed charges banks on such loans is called the discount rate.

During times when the economy is performing weakly, the Fed will lower the discount rate. Since banks will be paying less for the money they will borrow more from the Fed. This will enable member banks to lower the interest rate they charge their borrowers. However, if the economy is expanding too quickly, the Fed will raise the discount rate to its member banks. This increased rate will lead to higher interest rates charged to member banks, discouraging them from lending money to borrowers at a lower rate.
THE USE OF THE OPEN MARKET COMMITTEE

The Fed can buy or sell government bonds on the open market. The Fed holds large amounts of U.S. bonds in its vaults. The Fed's Open Market Committee decides on the policy the Fed will use to either buy or sell bonds.

In a weak economy, the Fed will usually buy billions of dollars worth of bonds from private brokers, pumping money into the economy. When the brokers deposit these funds in banks, it will allow the banks to increase the money available to lend. The effect will be to stimulate the economy. On the other hand, if the economy is growing too rapidly, the Fed will sell government bonds. Brokers will pay for the bonds by taking money out from their bank accounts. This will decrease the amount banks have on hand to lend to borrowers.

THE LIMITATIONS OF MONETARY POLICY

The chief limitations to the use of monetary policy are:

- Monetary policy is controlled by the Federal Reserve Board, an independent agency. Congress and the President have no direct control over its policies other than through the appointment of its members.

- The Federal Reserve assumes that businesses and consumers will respond to lower and higher interest rates. Sometimes they do not.

- Monetary policy at home has effects overseas. Interest rates affect the strength of the dollar compared to foreign currencies. Federal Reserve policies influence the ability of American companies to compete overseas or to attract foreign investment.

If fiscal and monetary policies do not work together, there is the likelihood they will cancel each other out. This is especially true since fiscal and monetary policies are controlled by different groups in the federal government.

One might see the economy as about to fall into recession, while the other feels the economy is flourishing and wants a contractionary policy. The result is that the two would cancel out each other, with neither having an influence on the direction of the economy.
**APPLYING WHAT YOU HAVE LEARNED?**

Use the Internet to search for information about the Federal Reserve System.
1. What is the current Federal discount rate?
2. What was it last year at this time?
3. Based on your findings, what does it say about how the Federal Reserve System sees the economic conditions in the United States today?

---

**Study Cards**

**Directions:** Create your own copy of each **Study Card** below. Complete the information asked for in each **Study Card.** Then, on the back of each card, draw or illustrate a simple image that depicts this information.

<table>
<thead>
<tr>
<th>THE FEDERAL RESERVE SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What are Federal Reserve banks?</td>
</tr>
<tr>
<td>• Why was the Federal Reserve System created?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MONETARY POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What is monetary policy?</td>
</tr>
<tr>
<td>• What monetary policy steps can the Federal Reserve take during recessionary times?</td>
</tr>
<tr>
<td>• What monetary policy steps can the Federal Reserve take during inflationary times?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HOW THE FEDERAL RESERVE REGULATES THE ECONOMY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe how the FED uses each of these tools to regulate the supply of money and credit?</td>
</tr>
<tr>
<td>• Adjusting the reserve requirement</td>
</tr>
<tr>
<td>• Adjusting the discount rate</td>
</tr>
<tr>
<td>• Use of the Open Market Committee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIMITATIONS OF MONETARY POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe how each of the following present a limitation to the use of monetary policy?</td>
</tr>
<tr>
<td>• The independence of the Fed</td>
</tr>
<tr>
<td>• The lack of response to interest rates</td>
</tr>
<tr>
<td>• Affect on the strength of the U.S. dollar</td>
</tr>
</tbody>
</table>
1. The Federal Reserve Banks have a number of tools at their disposal to control swings in the U.S. economy.

Fill-in the boxes below by selecting the reason why the Federal Reserve took each of the following actions.

<table>
<thead>
<tr>
<th>ACTIONS TAKEN BY THE FED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Fed uses its monetary tools to increase the money supply in the U.S. economy.</td>
</tr>
<tr>
<td>2. The Fed announces that, effective immediately, it will be lowering the discount rate to member banks.</td>
</tr>
<tr>
<td>3. The Fed issues an order that raises the federal reserve requirement on the nation's member banks.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>THE FEDERAL RESERVE'S VIEW OF THE ECONOMY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fear the economy is falling into recession</td>
</tr>
</tbody>
</table>

2. A major function of the Federal Reserve System is to
   A. pass laws to regulate the economy
   B. lend money to state governments
   C. manage the supply of currency and bank credit
   D. issue United States savings bonds
3 Explain one action used by the Federal Reserve System to regulate the nation’s money supply. Write your answer in the space provided.

4 The Federal Reserve does many things to depress or foster spending by consumers and businesses.

Identify the appropriate monetary policy of the Fed in the scenario being described.

Place an “X” in the correct monetary policy tool in each row.

<table>
<thead>
<tr>
<th>MONETARY POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td>The U.S. economy is growing too rapidly, and the Fed wishes to decrease the money supply in the economy.</td>
</tr>
<tr>
<td>The Fed would decrease the reserve requirement.</td>
</tr>
<tr>
<td>The Fed would increase the reserve requirement.</td>
</tr>
<tr>
<td>The Fed would increase the discount rate for banks.</td>
</tr>
<tr>
<td>The Fed would decrease the discount rate for banks.</td>
</tr>
<tr>
<td>The Open Market Committee buys government securities.</td>
</tr>
<tr>
<td>The Open Market Committee sells government securities.</td>
</tr>
</tbody>
</table>

5 In times of economic recession, the Federal Reserve Board often tries to encourage economic growth by

A decreasing the money supply
B ending unemployment benefits
C raising taxes on all money earners
D lowering interest rates

6 Which action could the Federal Reserve take to reduce the problem of recession?

A cutting money spent on social programs
B lowering the discount rate
C raising tariffs on foreign imports
D raising federal income taxes
7 Which pair shows a correct cause-and-effect relationship?
(A) rising inflation in the economy → the Fed moves to lower the reserve requirement
(B) the economy is performing weakly → the Fed moves to lower the discount rate
(C) the economy is expanding rapidly → the Fed moves to lower the discount rate
(D) the economy is sluggish → the Open Market Committee will sell U.S. Treasury bonds

8 The Federal Reserve banks use monetary policy to moderate the effects of expansion and contraction in the U.S. economy.

The statements on the right reflect the actions of the Fed. Use your knowledge of monetary policy to identify the outcome the Fed is seeking.

Place an “X” in the correct box marked “Foster Economic Expansion” or “Foster Economic Contraction” above each statement.

9 The Federal Reserve uses monetary tools to regulate the money supply and maintain stability in the economy. One tool used by the Fed is to adjust the discount rate.

Identify whether each effect stems from an increase or decrease to the discount rate.

Circle the Increase or Decrease arrow for each effect.