

LEAD 201-010 Intro. to Consumer Policy
Feb. 8, 2006 //

Public = Citizen = Consumer

Consumer - One who acquires goods & services such as food and clothing.

Policy - A plan or course of action adopted by the government.

Super Bowl Ads and consumer policy - What is the purpose of the ads?

(A) To induce one to consume.

(Q) Are the super bowl ads effective in that regard?

(A) To be answered by class

The basis of consumer (public) policy in the USA ~~is~~ are embedded in 3 documents:

- Magna Carta (1297)
- Declaration of Independence (1776)
- U.S. Constitution and Bill of Rights (1787+)

Magna Carta (1297)

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- Decreed by King of England.
- Grant to all freemen of our Kingdom the rights and liberties.
- Guarantees that "they" and their heirs would have and enjoy all liberties and immunities of free and natural subjects.
- Basis of liberties guaranteed in U.S. Constitution.

Declaration of Independence (1776)

- "We hold these truths to be self-evident, that all men are created equal..."
- "...that they are endowed by their Creator with certain unalienable Rights..."
- "...among these^{are} Life, Liberty, and the pursuit of Happiness..."
- Freedom for all.

U.S. Constitution

Article I

1. Congress - Senate & House of Representatives
 2. H.R. - elected every 2 yrs.
- apportioned 1 every 30,000 people, states have at least one representative.
 3. Senate - 2 from each state
- elected every 6 yrs.
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Article II

1. Executive - President
- elected every 4 yrs.

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Article III

1. Judicial Branch = Supreme Court

Thus the Constitution creates the 3 branches of government to protect the rights of the public.

Executive - Administers laws.

Legislative - Establishes laws.

Judicial - Interprets laws when conflicted.

For instance: Federal Clean Water Act.

- Congress passed CWA in 1972
- President Nixon signed CWA, and in the cabinet, the USEPA administers the CWA.
- U.S. Supreme Court resolves disputes between polluters and environment groups regarding the CWA.

President's Cabinet (examples)

- Sec. of State (who is it now?)
- Sec. of Defense
- Sec. of Interior
- Sec. of Exterior.

Bill of Rights (Amendments to the
Amendments (1789) Constitution) 41

- I. Freedom of speech, religion, press.
 - II. Right to bear arms.
 - ~~III~~ IV. Protection against unlawful search & seizure
 - V. Right against self-incrimination
Right against taking property with just compensation.
 - VI. Right to speedy trial.
 - VII. Right of trial by jury.
 - XIII. (1865) Abolish slavery.
 - XV (1870) Right to vote by citizens of all
race, color, or previous slavery.
 - XVII (1913) Income tax collected.
 - XVIII (1919) ~~the~~ Prohibition, sale of liquor illegal
 - XIX (1920) Women right to vote
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Feb. 15, 2006

Ch. 1 Policy Analysis

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Consumer = Public

Public policy is enacted by the government.

According to the Declaration of Independence:

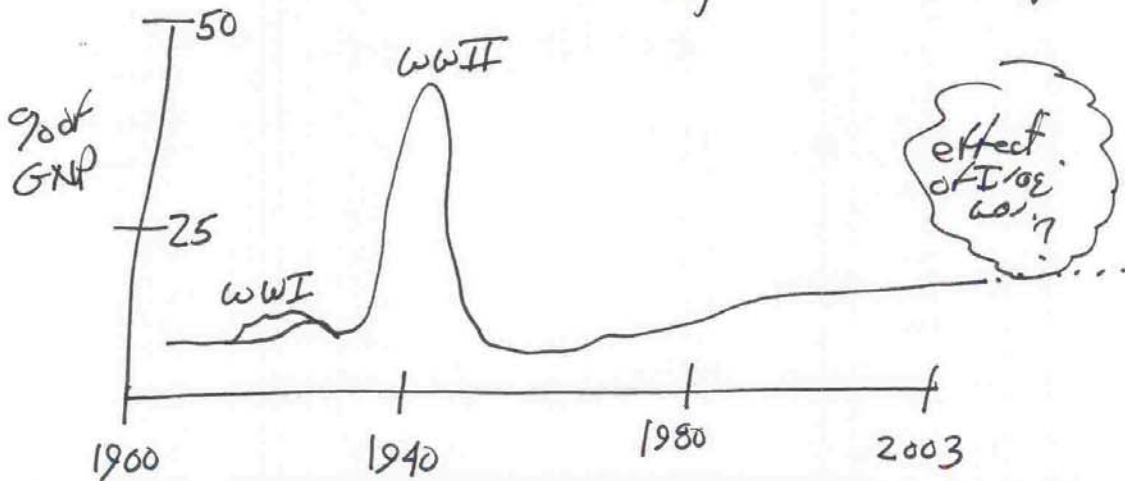
Creator \Rightarrow Nature \Rightarrow Inalienable right to freedom.

The U.S. Constitution:

Government \Rightarrow constitution \Rightarrow Bill of rights \Rightarrow consumer rights

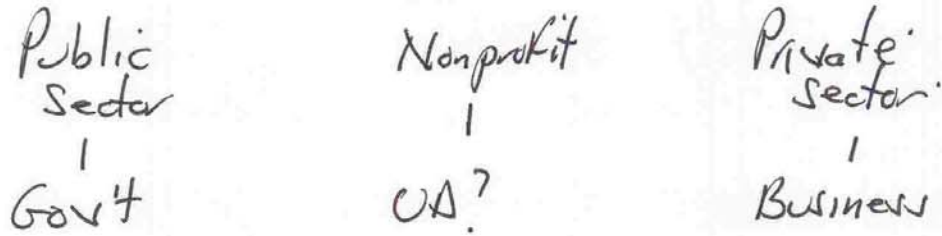
The Federal Gov't.

The gov't has grown during the 20th century

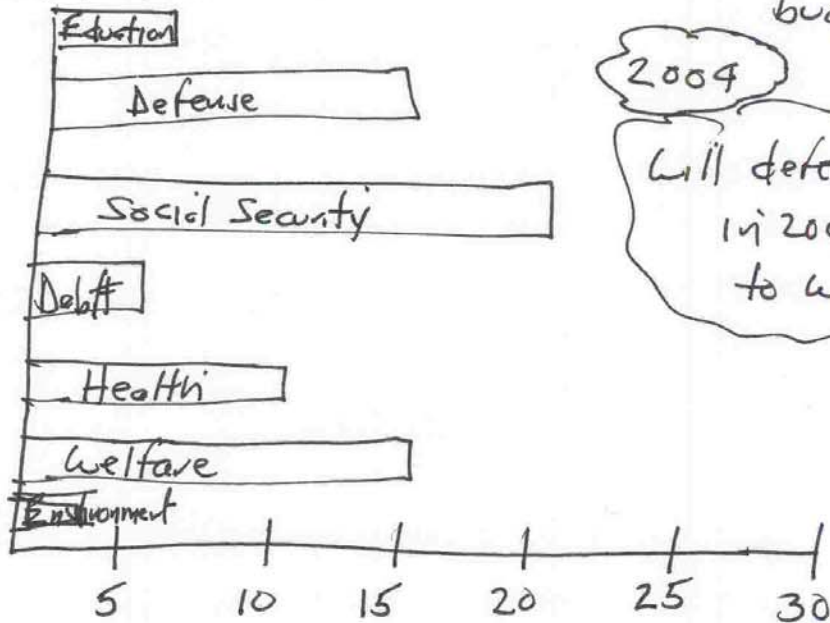


Expenditures: 20% of GNP = Fed'l Gov't
107% of GNP = Local Gov't

Policy is affected by various sectors: 6/



What the Federal Gov't Does - Look at the budget.



2004
Will defense grow in 2006 due to war?

State of Delaware

Almost half of State revenues come from outside the state:

Examples:

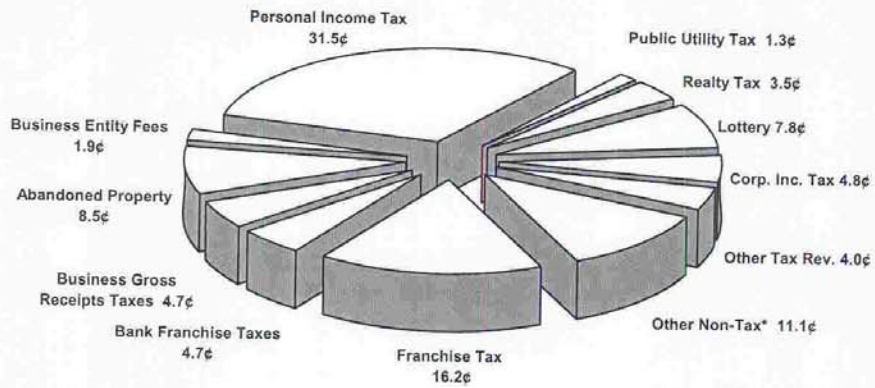
- Corporate Income tax (Companies incorporate in DE)
- Lottery (Slot Machines)

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FINANCIAL SUMMARY

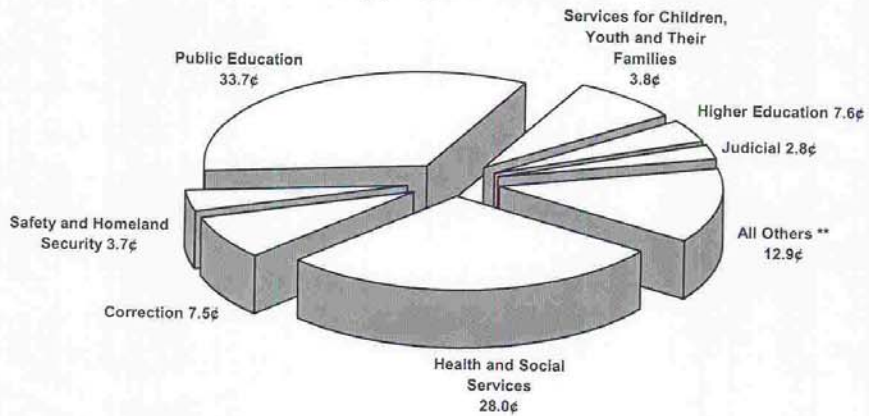
**BUDGET DOLLAR
GOVERNOR'S RECOMMENDED BUDGET
Fiscal Year 2007**

**Sources of Funds
(Net of Refunds)**



* Includes Prior Year Unencumbered Cash Balance

Appropriations



** Includes One-Time Items

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DEFAC Worksheet

December-05 DEFAC Meeting		FY 2005				FY 2006				FY 2007			
Revenue Category	A Actual Collections	B DEFAC Sep-05	C % B over A	D DEFAC Dec-05	E % D over A	F \$ Increase D over B	G DEFAC Sep-05	H % G over B	I DEFAC Dec-05	J % I over D	K \$ Increase I over G		
1 Personal Income Tax	1,015.6	1,088.2	7.1%	1,102.2	8.5%	14.0	1,156.5	6.3%	1,176.2	6.7%	19.7		
Less: Refunds	(133.2)	(140.7)	5.7%	(140.7)	5.7%	0.0	(152.7)	8.5%	(152.7)	8.5%	0.0		
PIT Less Refunds	882.5	947.6	7.4%	961.6	9.0%	14.0	1,003.8	5.9%	1,023.5	6.4%	19.7		
Franchise Tax	508.1	528.8	4.1%	523.3	3.0%	(5.5)	550.0	4.0%	544.3	4.0%	(5.7)		
Less: Refunds	(17.1)	(17.0)	-0.5%	(17.0)	-0.5%	0.0	(17.0)	0.0%	(17.0)	0.0%	0.0		
Franchise Tax Less Refunds	491.0	511.8	4.2%	506.3	3.1%	(5.5)	533.0	4.1%	527.3	4.1%	(5.7)		
Business Entity Fees	57.8	60.1	4.0%	60.1	4.0%	0.0	63.1	5.0%	63.1	5.0%	0.0		
Limited Partnerships & LLC's	63.4	72.2	13.9%	72.2	13.9%	0.0	80.9	12.0%	80.9	12.0%	0.0		
Uniform Commercial Code	13.8	13.8	-0.1%	13.8	-0.1%	0.0	10.2	-26.1%	10.2	-26.1%	0.0		
Corporation Income Tax	157.0	172.7	10.0%	182.7	16.4%	10.0	181.3	5.0%	191.8	5.0%	10.5		
Less: Refunds	(43.1)	(35.0)	-18.8%	(35.0)	-18.8%	0.0	(35.0)	0.0%	(35.0)	0.0%	0.0		
CIT Less Refunds	113.9	137.7	20.9%	147.7	29.6%	10.0	146.3	6.2%	156.8	6.2%	10.5		
Bank Franchise Tax	134.8	145.8	8.2%	143.3	6.3%	(2.5)	160.5	10.1%	153.1	6.8%	(7.4)		
Gross Receipts Tax	176.6	172.7	-2.2%	172.7	-2.2%	0.0	153.7	-11.0%	153.7	-11.0%	0.0		
Lottery	234.0	242.0	3.4%	238.4	1.9%	(3.6)	240.3	-0.7%	242.6	1.8%	2.3		
Abandoned Property	264.9	287.0	8.4%	287.0	8.4%	0.0	277.0	-3.5%	277.0	-3.5%	0.0		
Hospital Board and Treatment	54.5	55.9	2.6%	56.4	3.5%	0.5	58.6	4.8%	59.1	4.8%	0.5		
Dividends and Interest	9.1	15.5	70.2%	17.0	86.7%	1.5	17.6	13.5%	19.3	13.5%	1.7		
Realty Transfer Tax	113.6	112.6	-0.8%	122.6	8.0%	10.0	112.6	0.0%	112.6	-8.2%	0.0		
Estate Tax	6.4	4.0	-37.6%	4.5	-29.8%	0.5	0.0	-100.0%	0.0	-100.0%	0.0		
Insurance Taxes	57.0	59.8	5.0%	60.8	6.7%	1.0	62.9	5.2%	63.9	5.1%	1.0		
Public Utility Tax	36.5	38.3	4.9%	39.0	6.8%	0.7	41.0	7.0%	42.9	10.0%	1.9		
Cigarette Taxes	80.7	84.4	4.6%	87.0	7.9%	2.6	85.8	1.7%	88.9	2.2%	3.1		
Other Revenues	111.8	82.2	-26.5%	82.3	-26.4%	0.1	87.6	6.6%	88.0	6.9%	0.4		
Less: Other Refunds	(24.5)	(23.7)	-3.1%	(24.1)	-1.5%	(0.4)	(22.7)	-4.2%	(22.5)	-6.6%	0.2		
Net Receipts	2,877.6	3,019.7	4.9%	3,048.6	5.9%	28.9	3,112.2	3.1%	3,140.4	3.0%	28.2		
											\$157.0		

FY 2007 Debt Limit: \$157.0

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Current Event.

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The News Journal Feb., 2006.

Federal Budget

- President's FY2007 budget proposes borrowing \$359 Billion
- Chief finances: Iraq & Afghanistan war.
- Avg College Student: Doesn't like to borrow
- 44% of families carry credit card debt.
- Fed. Gov't pays \$244 billion in interest on debt.
- Is federal debt a sound consumer policy?

Energy costs are increasing, ^{thus} increasing the burden on the consumer.

Short Term Energy Outlook - Feb 7, 2006
source: U.S. Energy Information Administration.

- Jan. 2006 - 27% warmer than usual.
- Cold weather in Asia & Europe and uncertainties in oil supplies from Iran and Iraq kept crude oil prices high.
- Oil and natural gas prices expected to increase.
- Natural gas and oil production affected by hurricanes Katrina & Rita.
- 2006 home heating still to be costlier than 2005, \$1.95 higher per winter.