

## Government Spending

On a separate sheet, answer the following prompts and questions. Be sure to answer in complete sentences, and in paragraphs where indicated. Use pages 260-270 to answer the prompts below.

### I. Key Terms—Provide What each term is AND WHY it is important

1. Federal Budget
2. Federal Budget Deficit
3. Federal Budget Surplus
4. Mandatory Spending
5. Discretionary Spending
6. Balanced Budget Amendment

### II. Questions

7. Look at the chart on page 262. What are the top 2 areas where the federal government spends its money?
8. People are living longer, and families have fewer members. How will the combination of these two factors affect transfer payments, such as Social Security, in the future?
9. Look at the chart on page 269. What are the 3 largest spending categories for local governments?
10. What are the 3 largest spending categories for state governments?
11. A neighbor spent \$20,000 a year for 10 years and had an annual income of \$15,000 during this period. What is the neighbor's deficit?
12. Read the biography on John Maynard Keynes on page 266. Explain Keynes' *General Theory*. What does it look like?
13. What is meant by the term *Keynesian Economics*? Is it a good policy? Why?
14. Summary—Write 1 paragraph explaining the most important thing you learned about federal government expenditures.