Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
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**ECONOMICS**

**Chapter 15 Questions**

**Section 1**

1. Explain fiscal policy and how it relates to the federal budget
2. What are two types of Expansionary policies?
3. Who creates the federal budget? What is the role of the President, the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO)?
4. Explain how tax cuts can lead to a higher GDP in the short run.

**Section 2**

1. What is the central idea of classical economics?
2. Compare and contrast Keynesian economics and supply side economics (draw a Venn Diagram).
3. Explain the multiplier effect.
4. Why can low tax rates encourage investment and increase employment and wages?

**Section 3**

1. How might a budget deficit be related to the national debt?
2. Is the national debt a problem? Explain the two views on the National Debt.
3. Explain the general trend in the national debt (via budget deficits and budget surpluses) over the past 30 years.