Congress's Budget, Your Budget

Fiscal policy is just the government's version of deciding what to spend and save.

Name: _____ Date: _____

OBJECTIVE

Explain how government taxing and spending decisions affect the economy, and how budget deficits and surpluses accumulate into the national debt.

1. Who controls which policy?

Policy	Who controls it	Main tool
Fiscal policy		Taxing and spending
Monetary policy		Interest rates / money supply

2. Government budget vs. your budget

Fill in the personal-finance equivalent for each government budgeting term.

Government term	Your household equivalent
Budget surplus (revenue > spending)	
Budget deficit (spending > revenue)	
National debt (accumulated deficits)	

3. Deficit vs. debt: do the math

Year	Revenue	Spending	This year's deficit/surplus
Year 1	$4.0T	$4.5T	
Year 2	$4.2T	$4.9T	
Year 3	$4.5T	$4.4T	

Total change to the national debt across all 3 years: _____

4. A family running a permanent deficit (spending more than it earns, every year) eventually can't borrow anymore. Why can the federal government run deficits far longer?

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