

Appropriations bill	A bill that sets money aside for specific spending.
Crowding-out effect	The loss of funds for private investment due to government borrowing.
Federal budget	A plan for the federal government's revenues and spending for the coming year.
Fiscal policy	The use of government spending and revenue collection to influence the economy,
Multiplier effect	The idea that every dollar of spending creates more than one dollar in economic activity.
National debt	All the money the federal government owes to bondholders.
Productive capacity	The maximum output that an economy can produce without big increases in inflation.
Treasury bill	A government bond that is repaid within three months to a year.
Treasury bond	A government bond that can be issued for as long as 30 years.
Treasury note	A government bond that is repaid within two to ten years.

- A balanced budget is
- (a) a budget in which expenditures equal revenues.
 - (b) a budget in which expenditures do not equal revenues.
 - (c) a budget in which the government spends money.
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 - (d) a budget in which revenues equal taxes.

Which of the following are problems associated with a national debt?

- (a) increased spending on defense and education
- (b) the crowding-out effect and interest payments on the debt
- (c) interest payments on the debt and too much individual investment
- (d) increased individual investment and decreased government spending

Fiscal policy is

- (a) the federal government's use of taxing and spending to keep the economy stable.
- (b) the federal government's use of taxing and spending to make the economy unstable.
- (c) a plan by the government to spend its revenues.
- (d) a check by Congress over the President.

Government taxes or spending categories that change in response to changes in GDP or income are called

- (a) fiscal policy.
- (b) automatic stabilizers.
- (c) income equalizers.
- (d) expansionary aids

a. a budget in which expenditures equal revenues.

b. the crowding-out effect and interest payments on the debt

a. the federal government's use of taxing and spending to keep the economy stable.

b. automatic stabilizers.