

## SECTION 2 QUIZ

# Nontax Revenues and Borrowing



### A. KEY TERMS AND CONCEPTS

Read the statements below. If a statement is true, write T in the blank provided. If it is false, write F.

- \_\_\_\_\_ 1. The Federal Government makes a profit from the minting of coins.
- \_\_\_\_\_ 2. The public debt has quadrupled since 1985.
- \_\_\_\_\_ 3. All federal borrowing must be authorized by Congress.
- \_\_\_\_\_ 4. T-bills are sold by the Department of the Treasury for long-term borrowing.
- \_\_\_\_\_ 5. Because the Constitution limits the amount of money the Federal Government can borrow, the public debt is as high as it will ever be.

### B. MAIN IDEAS

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 6. Traditionally, the Federal Government has borrowed money in order to
  - a. stimulate the economy and encourage the growth of industry.
  - b. meet crises and finance large-scale projects.
  - c. finance the public debt.
  - d. make up the difference between income and outgo.
- \_\_\_\_\_ 7. The Federal Government is able to borrow money at lower interest rates than private borrowers because
  - a. it is considered the safest possible investment.
  - b. Congress sets interest rates.
  - c. it borrows over long periods of time.
  - d. it borrows mostly from State governments.
- \_\_\_\_\_ 8. Both bonds and T-bills are essentially
  - a. loans.
  - b. promissory notes.
  - c. bank checks.
  - d. taxes.
- \_\_\_\_\_ 9. All government borrowing must be authorized by
  - a. the President.
  - b. the Department of the Treasury.
  - c. Congress.
  - d. the Senate.
- \_\_\_\_\_ 10. Those who are concerned about deficit financing by the government argue mainly that current policies
  - a. will place an unfair burden on tomorrow's taxpayers.
  - b. prevent the growth of new businesses.
  - c. are unfair to the middle-class.
  - d. cut social welfare programs too radically.