



Section 3: Quiz

Budget Deficits and the National Debt

A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- _____ 1. federal spending equal to federal revenue
- _____ 2. the total amount of money owed by the federal government
- _____ 3. government bond that is a substantial amount of money borrowed for as long as 30 years
- _____ 4. federal spending in excess of federal revenue
- _____ 5. government bond that allows the borrowing of small amounts of money

Column II

- a. United States Savings Bond
- b. Treasury bond
- c. budget deficit
- d. national debt
- e. balanced budget

B. Main Ideas

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

- _____ 6. When the government attempts to cover large deficits by creating more money, what is the probable result called?
 - a. government borrowing
 - b. hyperinflation
 - c. excess currency
 - d. full employment
- _____ 7. What is one of the major problems caused by a large national debt?
 - a. It does not allow small investments by private individuals.
 - b. It makes it hard for the government to carry on activities.
 - c. It makes it difficult for the country to operate internationally.
 - d. It decreases the amount of money available to be borrowed by businesses.
- _____ 8. What was the state of the federal budget at the start of the twenty-first century?
 - a. surpluses for the first time in 30 years
 - b. large surpluses for the last 10 years
 - c. minor deficit spending for the first time in 10 years
 - d. balanced spending for the last 10 years
- _____ 9. What can be expected when members of the baby boom generation begin to retire in large numbers?
 - a. increased gross domestic product
 - b. decreased interest paid
 - c. increased deficits
 - d. decreased services
- _____ 10. What is a major argument against a constitutional amendment requiring a balanced budget?
 - a. It would be hard to monitor.
 - b. It would be too unpopular.
 - c. It would be difficult to obey.
 - d. It would be too inflexible.