

CP Economics

Loretelli

Week #2

Period 1

Answer each question completely, using examples from the reading.

1. How do entitlement programs affect the creation of the Federal Budget?
2. Which kind of fiscal policy do you think policy makers would use if GDP is down and the unemployment rate has increased? Explain.
3. How can Government use fiscal policy to promote price stability, full employment and economic growth?
4. According to supply side economists, how do tax cuts lead to economic growth?