Episode 9: Deficits and Debts

**S T U D E N T Q U E S T I O N S**

1. A budget **-----** is when the government borrows so that it can spend more than it receives from tax revenue during a single year.
2. The word **\_\_\_\_\_\_**, in contrast, refers to the accumulation of such borrowing, year after year.
3. That nation with the largest debt is the **\_\_\_\_**.
4. The national debt of the United States was about **\_\_\_\_\_\_** dollars at the time this episode was made.
5. When looking at the trend of the national debt over time, you need to adjust for **\_\_\_\_\_\_** since dollars today are not worth the same as dollars in the past.
6. It is also important to look at national debt as a **\_\_\_\_\_\_** since doing that gives an indication of how easy or hard it would be for a country to pay back all the money it owes.
7. The U.S. GDP tends to increase every year because of **\_\_\_\_\_\_** growth and improved **\_\_\_\_\_**.
8. **TRUE OR FALSE:** When the U.S. debt-to-GDP ration is compared to the ration for other nations, the U.S. comes out worst of all.
9. Some countries with high debt-to-GDP ratios are in crisis. These include **\_\_\_\_\_** and **\_\_\_\_\_**.
10. Other countries with high debt-to-GDP ratios are stable. These include **\_\_\_\_\_\_** and **\_\_\_\_\_\_.**
11. Most economists are not worried about the borrowing the U.S. had done already, because they’re too worried about **\_\_\_\_\_\_\_\_**.
12. When it comes to government spending, conservatives tend to complain about **\_\_\_\_\_\_** while liberals tend to complain about **-----**.
13. The two programs expected to cost hugely more as the baby boom generation retires and lives longer are **\_\_\_\_\_\_** and **\_\_\_\_\_\_.**
14. If the government continues to borrow, many economists worry that this means there will be fewer **\_\_\_\_\_\_** available for businesses.
15. When the government doesn’t pay back its lenders as promised, this is known as **\_\_\_\_\_\_\_** and its terrible for everyone.
16. Governments that did not pay back their lenders include **\_\_\_\_\_\_\_** a few years ago, Argentina in 2001, and **\_\_\_\_\_\_** in 1998.
17. **TRUE OR FALSE:** The U.S. debt ceiling is a useful tool because it triggers cuts in spending and increases in revenue.
18. The U.S. is usually able to borrow money at extremely **\_\_\_\_\_\_\_** interest rates.