I. Fiscal Policy
   A. What is this?
      1. Taxes
      2. Government Spending
      3. National Budget

B. Taxes
   1. 16th Amendment
   2. Congress is in charge of this

C. Two Principles of Taxation
   1. Benefit Principle
      -the more the gov. gives you, the more taxes you should pay
      Ex: Gasoline Tax

   2. Ability to Pay Principle
      -The more money you make, the more taxes you should pay
      Ex: Income Tax

D. Types of Taxes
   1. Progressive Tax
      -The more $ you make, the higher % you are taxed
      Ex: Income Tax

   2. Regressive Tax
      -The less money you make, the more this tax hurts you
      Ex: Sales Tax
3. Proportional Tax
   everyone pays the same %. 
   Ex: Corporate Taxes

E. Impacts of Taxes
   1. Resource Allocation 
      - Taxes shift supply curves to the left
     - Which causes prices to rise

2. Behavioral Adjustment
   i. Encourage
      i. Buy a house: write off mortgage interest 
     ii. Get Married: tax break
     iii. Have kids: tax break
     iv. Go to college: write off student loan interest

b. Discourage
   i. Sin taxes
      - Tax designed to stop people from doing something
      Ex: Tobacco, Alcohol
   ii. Productivity
      - Can impact future life they don’t want to pay more taxes

F. Incidence of Tax
   - Who bears the final burden of a tax
   - Passing off the burden