Name:

Date:

Facilitator:

School:

6.04 The Debt and Deficit

**Part A:**

1. Define the word Debt.

2. Define the word Deficit.

3. What is the current debt of the United States?

4. What are the deficits for each of the years listed in the table?

|  |  |
| --- | --- |
| 2013 |  |
| 2012 |  |
| 2011 |  |
| 2010 |  |
| 2009 |  |

5. The percentage of the budget that is mandatory spending is       %, which only leaves       % for discretionary spending.

6. When people talk about cutting back on federal spending, the only money that can really be cut back is       spending since mandatory spending would take a change in US law.

7. What percentage of discretionary spending is spent on education? \_\_\_\_\_\_\_

8. What percentage of discretionary spending is spent on the military? \_\_\_\_\_\_\_

9. The foreign country that owns the most US debt is       . The foreign country that owns the second highest amount of US debt is       .

10. Using the link for the Debt Clock, put the current figures for each of the categories listed in the table. Include all of the zeros.

|  |  |
| --- | --- |
| Tax Revenue |  |
| Federal Spending |  |
| Deficit |  |
| Debt |  |
| GDP |  |

**Part B:**

11. What is the danger of simply repudiating the debt?

12. If the government cut back on all discretionary spending in 2011 would that have erased the deficit?

(Yes or No)

13. Summarize the points of the video that explains the debt in terms of a household that makes $50,000 a year.

14. Summarize the points of the video that explains trying to erase the deficit by cutting back government spending.

15. Now that you understand the size of the debt in the United States, do you think that this problem will ever be resolved?