

## Part A:

1. **Define *fiscal policy*. Include the goals and tools of fiscal policy and the entity that controls it.**

Fiscal policy is how the government brings in and spends money, and the influence that it has on the economy at large. Through the tools of taxing and spending, the government promotes the economic goals of full employment, price stability, and economic growth.

2. **Should Congress create a new law mandating a balanced federal budget? Support your position with evidence from the lesson.**

Congress should create a new law that mandates a balanced federal budget. An excessive amount of money is wasted each year by the government on various projects and other initiatives. By maintaining a balanced budget, in which the income is higher than the expenses, it would help the government prevent excessive spending by focusing it on what actually matters the most; allowing them to uphold the duties in which they were elected to fulfill to the American people.

## Part B:

**Scan reputable news sites for recent articles relating to fiscal policy from within the last month. For example, you might find that Congress is currently debating a new spending bill or just agreed to a tax cut. Once you find and read the article, fill in the requested information and respond to the four questions that follow in complete sentences.**

Article Title/Headline:

“Truss Meeting With OBR Ends With No Sign of Policy U-Turn”

Source:

[Bloomberg](#)

Date of Publication:

30 September 2022

1. **Describe the fiscal policy action that is discussed in the article, including its status (such as under debate, approved, rejected).**

In this article, the fiscal policy action being discussed is tax cuts to help better stabilize Britain’s economy. It is still “under debate,” however it is highly likely that it will be going through at some future point.

**2. Would the fiscal policy action discussed in the article promote price stability, full employment, and/or economic growth? Explain.**

The tax cuts Truss is considering would help to promote economic growth primarily. The intent of a tax cut, such as in this case, is to increase the amount of money one keeps from their income. This increase in income allows for more economic activity, which helps to further grow the economy.

**3. Would the fiscal policy action discussed in the article, if approved, contribute to the creation of a budget surplus or deficit? Would this likely increase, decrease, or not affect the national debt? Explain.**

If these tax cuts were to be approved, this could lead to a deficit, potentially increasing the national debt; however that depends on how this is all executed. If the tax cuts do not result in immediate spending, helping to accommodate for them, then a deficit could arise. However if not, then that would not be the case.

**4. Do you approve or disapprove of the fiscal policy action described in the article? Explain your response and identify at least one tradeoff for your choice.**

I approve of these tax cuts, as I feel that it is the right step forward for Britain to better grow their economy, especially after some of the problems they have been facing lately. The big tradeoff that occurs through this is that the government does not get their revenue right off the bat, as people are paying less in taxes. However if these tax cuts work as intended, it can help to better grow the economy with increased activity, which would make things work out on both ends.