

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

1) (15 points) Why is the USA's government budget so hard to balance? What would you do to move towards a more balanced budget for the USA?

2) (30 points) Looking at page 53, you will notice that we have the smallest government as a share of GDP of the countries listed. What is an advantage of having the smallest government? What is a disadvantage? In net, do you think it is desirable or undesirable to have the smallest government? Explain your logic.

3) (30 points) The book says the United States has the "greatest income and wealth inequality of any developed country." What is good and what is bad about this? In net, do you think it is a net asset or detriment to the USA? Explain your logic.

4) (25 points) If you were to change the US economy, what would be the one major change you would make? Explain why you would make that change and how you would go about doing it.