Wilf Csaplar Jr.   Economics 162   Homework #10   **Due Tuesday 4/16**
The Last One!

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

According to TreasuryDirect.gov, the gross public debt was $22,028,147,661,589.80 on 2019/4/8. http://www.treasurydirect.gov/NP/debt/current According to the Census Bureau's population clock at 1:40 on 2019/4/6, http://www.census.gov/popclock/, the population was about 328,693,403 people. That means the debt is $67,017.31 per person. According to NASA, the solar system is 4,500,000,000 years old, https://solarsystem.nasa.gov/solar-system/our-solar-system/in-depth/#formation_otp. Therefore, if you earned 1 penny for 13 out of every 14 minutes (without earning interest) from the start of the solar system, you would not have enough to pay the debt. According to the Bureau of Economic Analysis, the GDP is $20.49 trillion. This means the debt-to-GDP ratio is 1.08. Therefore, the government owes 108% of the entire GDP. The GDP data was gotten from https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm.

1) (10 points each) Answer each part in separate paragraphs. For each of the following arguments, state what the argument is. Then determine if the argument is a weak or strong argument. Explain your logic.
A) When we pay off the debt, it will require tax increases which will hurt our economy.
B) Crowding out will hurt our economy.

2) (25 points) Explain the difference between the net public debt, the gross public debt, and the debt Paul O'Neill talks about. Which one is going to cause problems for the budget in the future? Explain your logic. Which one is related to crowding out? Explain your logic.

3) (10 points each) Answer each part in separate paragraphs. For each of the following events, determine what happens to M1 and M2. Explain your logic and state all assumptions you are making.
A) You pay your tuition bill with a check.
B) You move $50 from your savings account to your checking account.
C) You pay for a $20 shirt with a credit card.

4) (25 points) The data at the top of this assignment should convince you that the federal government's debt is a big problem and that we need to run a surplus to reduce the debt. What are the two general ways to turn the deficit into a surplus? Why are they hard to do? Explain your logic.