



Chapter 15: Fiscal Policy Opener

Prentice Hall

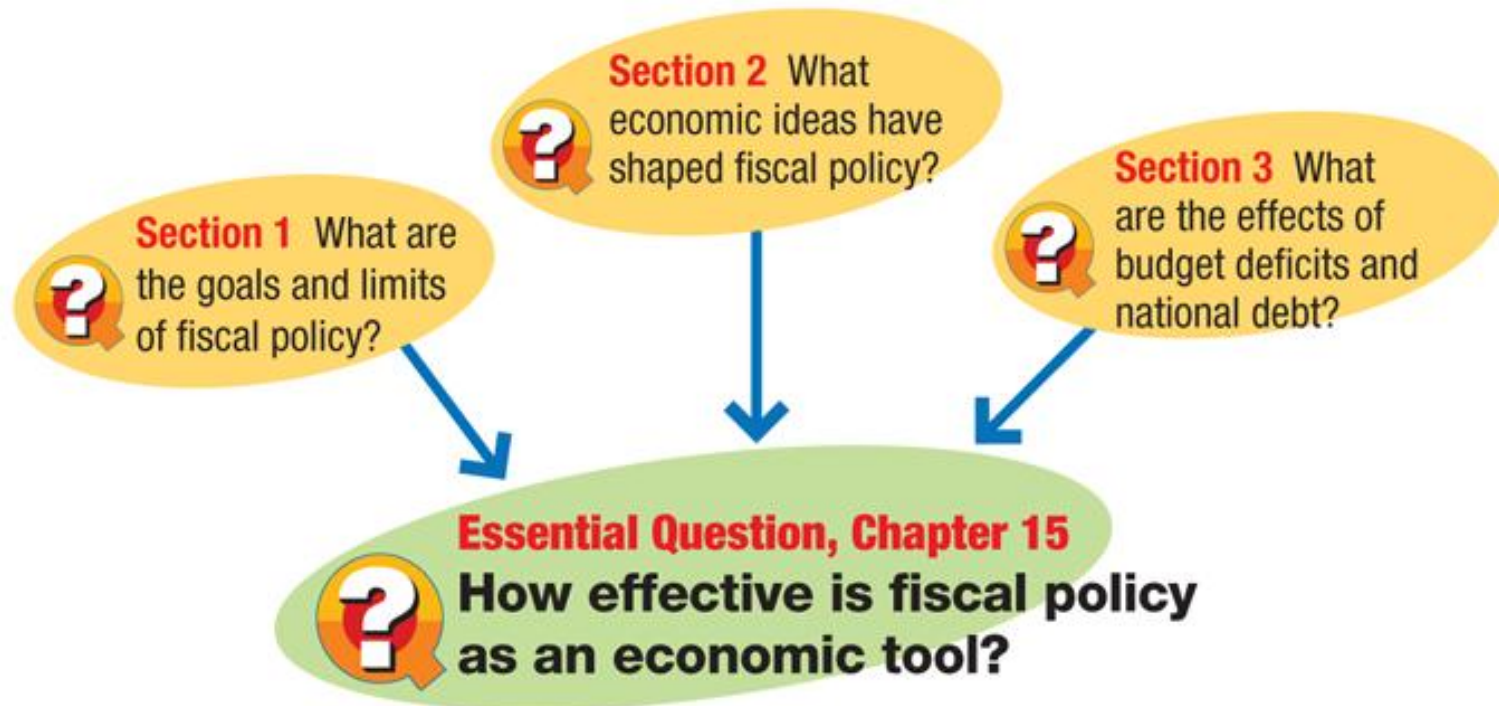
ECONOMICS

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Essential Question

- How effective is fiscal policy as a government tool?



Guiding Questions

- Section 1: Understanding Fiscal Policy
 - What are the goals and limits of fiscal policy?
 - The goals of fiscal policy are to expand or slow economic growth, achieve full employment, and maintain price stability. Fiscal policy is limited by the fact that it takes a long time for new policies to take hold and become effective.



Guiding Questions

- Section 2: Fiscal Policy Options
 - What economic ideas have shaped fiscal policies?
 - Before the Great Depression, fiscal policy was shaped by classical economics. When the nation did not recover quickly from the Depression, Keynesian economics shaped fiscal policy followed by supply-side economics.



Guiding Questions

- Section 3: Budget Deficits and the National Debt
 - What are the effects of budget deficits and national debt?
 - A budget deficit leads to an increase in the amount that the government has to borrow. As the government borrows more money, the national debt increases, leaving fewer funds for investment.

