

Student name: _____

Public finance

is not like public economics.

develops principles for understanding the economic role of government.

only works for local and state governments.

all of these answer options are correct.

A regulatory budget would

provide an accounting of government regulation.

be difficult to compute.

have to be attempted unofficially.

all of these answer options are correct.

The federal government

is the largest taxing entity in the country.

is only concerned with international issues.

spends heavily on net interest.

all of these answer options are correct.

State and local governments receive the largest amount of revenue from

personal income taxes.

property taxes.

sales taxes.

payroll taxes.

The federal government gets most of its revenue from

- personal income taxes.
- property taxes.
- sales taxes.
- payroll taxes.

In a pure market economy,

- there is no role for government.
- government intervention might be needed.
- large markets where people meet to buy and sell are required.
- all of these answer options are correct.

A government good or service includes

- bridges.
- parks.
- national defense.
- all of these answer options are correct.

Government output is hard to account for because government

- is so large.
- provides goods that have no resale value.
- keeps secrets about what it produces.
- goods are generally not sold or produced in easily measurable units.

Economists who study the role of government in the market agree mostly on the role that the government should play.
study for market problems that the government might help solve.
find that supply and demand graphs never work for the government.
none of these answer options are correct.

Economics

started as a business application.
can never be defined.
is the study of unlimited wants but limited resources.
has no "real world" relevance.

Taxes

are mandatory payments.
are necessary for financing government expenditures.
do not directly relate to the benefit of government goods and services received.
all of these answer options are correct.

Education is

generally financed at the state and local level.
too expensive for the federal government.
generally financed at the federal level.
financed on a voluntary basis.

Politics

play a role in federal government expenditures.

influence state and local government taxation decisions.

have to be factored into economic decision making.

all of these answer options are correct.

Individuals

are too small to matter in macroeconomic decision making.

need to participate in a democracy.

make up the government.

are too small to matter in macroeconomic decision making and need to participate in a democracy.

need to participate in a democracy and make up the government.

The unified budget is

a budget that includes all nations.

a document which itemizes all the federal government's expenditures and revenues.

a document that accounts for all spending by states.

none of these answer options are correct.

In 2012 the federal budget was almost

1 million pages long.

17 pages long.

1,300 pages long.

500 pages long.

Social insurance has become an increasingly large portion of federal taxes because of the "Baby Boomer" generation.

True

False

Uncertain

A very small portion of government expenditures is financed by taxes.

True

False

Uncertain

In 2011 national defense was just as large a general expenditure as Social Security.

True

False

Uncertain

The Constitution of the United States says nothing about state economic activity.

True

False

Uncertain

The taxes paid by citizens are directly related to the benefit of government goods and services received.

True

False

Uncertain

Interest on the national debt, as a percentage of federal expenditures, has increased significantly since 1965.

True

False

Uncertain

Local governments rely heavily on property taxes.

True

False

Uncertain

Government is designed to handle problems not addressed by the private sector.

True

False

Uncertain

Expenditures, as a percentage of GDP for the United States, are not very different than those of other industrialized nations.

True

False

Uncertain

Payroll taxes are a major financing tool at the federal level.

True

False

Uncertain

In 2011 the federal government spent 345.8 billion dollars on income security.

True

False

Uncertain

Personal income and Social Security payroll taxes are currently the largest sources of government revenue.

True

False

Uncertain

Answer Key

Test name: CH1 Public Finance in Canada E10

B

D

A

C

A

B

D

D

B

C

D

A

D

E

B

C

A

B

B

B

C

B

A

C

A

A

B

A