Chapter 14: The Congress, the President, and the Budget: The Politics of Taxing and Spending

1. In the 2000 presidential election, the candidate who argued that the budget surplus should be used for a substantial cut in taxes was
(A) George W. Bush.
(B) Ralph Nader.
(C) Al Gore.
(D) Ross Perot.
Answer: A

2. Which of the following is not typically sought by the public in taxing and spending policy?
(A) a balanced budget
(B) little or no cut in government programs
(C) tax relief
(D) reduce expenditures on Social Security
Answer: D

3. Public budgets are important in American politics because they
(A) maintain the status quo.
(B) grow the government.
(C) allocate burdens and benefits.
(D) soak the rich.
Answer: C

4. A budget deficit occurs when
(A) the GNP exceeds the GDP.
(B) expenditures exceed revenues.
(C) the interest on the debt is paid.
(D) inflation is excessively high.
Answer: B

5. The biggest source of federal revenues is
(A) corporate income tax.
(B) social insurance taxing.
(C) personal income tax.
(D) borrowing.
Answer: C
Chapter 14 The Congress, the President, and the Budget: The Politics of Taxing and Spending Study Questions

6. The constitutional amendment that explicitly allows Congress to levy an income tax is the
   (A) Sixteenth Amendment.
   (B) Eighteenth Amendment.
   (C) Twentieth Amendment.
   (D) Twenty-First Amendment.
   Answer: A

7. The U.S. income tax is generally
   (A) regressive.
   (B) progressive.
   (C) repressive.
   (D) flat.
   Answer: B

8. The taxes that have grown faster than any other source of federal revenue are those collected through the
   (A) drug tax.
   (B) Medicare tax.
   (C) corporate tax.
   (D) Social Security tax.
   Answer: D

9. All the money borrowed over the years that is still outstanding is called the
   (A) budget deficit.
   (B) federal debt.
   (C) Treasury debt.
   (D) superpower's Achilles Heel.
   Answer: B

10. Which of the following is not true about government borrowing?
    (A) Most borrowing is for government's capital needs.
    (B) It shifts the burden of debt repayment to future taxpayers.
    (C) It crowds out private borrowers from the loan marketplace.
    (D) It makes the American government more dependent on foreign investors.
    Answer: A

11. Which of the following is an argument made by the opponents of the balanced budget amendment?
    (A) Most families balance their budgets.
    (B) Congress should balance the budget in peacetime but not in times of war.
    (C) It is difficult to estimate both expenditures and revenues more than one year ahead.
    (D) Only three-fourths of Congress should authorize an expenditure beyond government's expected revenues.
    Answer: C
12. The ability of businesspeople to deduct costly three-martini lunches was cited by former president Jimmy Carter as an example of a
(A) national obsession.
(B) national pasttime.
(C) tax reduction.
(D) tax loophole.
Answer: D

13. Which of the following is not an example of a tax expenditure?
(A) taxpayer deductions for charitable contributions
(B) accelerated depreciation
(C) child credit
(D) cash subsidy to families who wish to buy a home
Answer: D

14. Tax expenditures are most likely to benefit
(A) families.
(B) corporations.
(C) single adults.
(D) apartment dwellers.
Answer: A

15. The Tax Reform Act of 1986 was
(A) status quo oriented.
(B) incremental in nature.
(C) a sweeping alteration.
(D) defeated.
Answer: C

16. Compared to Western nations, the United States has
(A) the greatest tax burden.
(B) a moderate tax burden.
(C) the smallest public sector relative to its economy's size.
(D) an extremely high tax burden.
Answer: C

17. Which of the following is not associated with government growth in the United States?
(A) increased military spending
(B) incrementalism
(C) income security expenditures
(D) the rise of the social service state
Answer: B
Chapter 14 The Congress, the President, and the Budget: The Politics of Taxing and Spending  Study Questions

18. Estimates hold that by 2040, when today’s young college students start receiving their Social Security checks, each beneficiary will be supported by
(A) four workers.
(B) three workers.
(C) two workers.
(D) one worker.

Answer: C

19. The notion that the best predictor of this year’s budget is last year’s budget plus a little more is called
(A) incrementalism.
(B) decrementalism.
(C) zero sum budgeting.
(D) zero based budgeting.

Answer: A

20. Which of the following is not a feature of incremental budgeting?
(A) Most attention is focused on the budgetary base.
(B) Agencies can assume that they will at least get the budget they had in the previous year.
(C) Most of the debate is focused on the proposed increase in the previous year’s budget.
(D) The budget for any agency tends to grow a little each year.

Answer: A

21. Which of the following is not an uncontrollable expenditure in the federal budget?
(A) Social Security payments
(B) interest on the federal debt
(C) veterans’ pensions
(D) funding of a missile defense system

Answer: D

22. Balancing the budget has been difficult to accomplish due to
(A) caps on discretionary spending.
(B) entitlement programs.
(C) hard freezes on appropriations.
(D) a strong economy.

Answer: B

23. In 1999, the United States had a
(A) budget deficit.
(B) cap on uncontrollable expenditures.
(C) budget sequestration.
(D) budget surplus.

Answer: D
24. The program which provides both hospital and physician coverage to the elderly is
(A) Medicare.
(B) Medicaid.
(C) Social Security.
(D) disability insurance.
Answer: A

25. The largest social policy of the federal government is
(A) putting welfare mothers to work.
(B) Medicare.
(C) Social Security.
(D) unemployment insurance.
Answer: C

26. Which of the following is true about the “allowance theory” of the federal budget?
(A) The president plays the parental role.
(B) Agencies are given carte blanche to spend in unlimited amounts.
(C) Most Americans imagine an unlimited, uncontrollable budget.
(D) Congress appropriates a set amount and instructs agencies to meet their payrolls and expenses throughout the year.
Answer: D

27. Economists Allan Meltzer and Scott Richard argue that government grows in a democracy because of
(A) equality of opportunity.
(B) equality of suffrage.
(C) political inequality.
(D) economic equality.
Answer: B

28. Corporations are more likely to support
(A) small sized government.
(B) redistributional government.
(C) big government.
(D) a corrupt government.
Answer: C
Chapter 14 The Congress, the President, and the Budget: The Politics of Taxing and Spending  Study Questions

29. One could accurately characterize policymaking in the American government since the 1980s as the politics of
   (A) scarcity.
   (B) serendipity.
   (C) plenty.
   (D) consensus.

Answer: A

30. Which of the following trends is true about federal expenditures?
   (A) The federal budget has decreased in actual dollars.
   (B) Expenditures keep rising.
   (C) The policies and programs on which government spends money do not change much over time.
   (D) Programs once measured in billions are now measured in millions.

Answer: B