Conservative forefather of the United States
Thomas Jefferson
Liberal forefather of the USA who advocated a stronger central government and a strong national bank
Alexander Hamilton
Political philosophy that advocates a more involved federal government, more government control of economic activity and in social programs.
liberal
Shared power between national, state and local governments
Current USA population
300 million
National budget = ?
Ohio’s Budget = ?
Cleveland’s Budget = ?
$2.7 Trillion
$25 billion
$1.4 Billion
Goods that cannot be denied to anyone, no matter whether they pay taxes or not – eg – national defense
Public Good
Legally binding agreement between two or more parties usually involving some commercial activity
contract
Amount of money that a government collects from tax payers
Tax revenue
Our federal government's biggest program
Social security
Money that is subtracted from your gross income when you file your taxes
deduction
Money that is subtracted from the tax that you owe
Tax credit
A suspension of taxes used by local governments to lure business and new housing
Tax abatement
An implementation of a new tax
levy
FICA tax pays for
Social security
Money that is subtracted from your gross income prior to paying taxes (for retirement or medical expenses)
Pre-Tax
Federal program tax that takes a flat 1.7% of everyone’s income
Medicare
A tax that takes a higher percentage of your income as you make more money
progressive
Someone who is in the middle of a political debate
moderate
Political extremists off to the right are called ________, while off to the left, they are called ________.
Reactionaries, radicals
When taxes dissuade people from a certain behavior
disincentive
Sales taxes take higher percentages of a poor person’s income, so a sales tax can be described as
regressive
The conservative party in the USA
Republicans
A tax that takes the same percentage from everyone’s income no matter the income level
flat
The more liberal of the two parties in our political system
Democrats
Main source of revenue for all levels of government
income
A tax on a specific product
Like gasoline, cigarettes, alcohol
excise
Tax that’s paid on the profit from the sale of an asset like property or stock.
Capital gains
Taxes paid on the proceeds of an inheritance
estate
Tax on land or a home paid to your county and community
property
Tax form sent by mail from your employer in January
Tells you what you paid and what you were paid
The main tax form for most taxpayers
Filled in and sent to the government
Tax form you have to fill in when you first get a job to select the number of your exemptions from withholding tax
If you select a higher number of ____, the government will take less money out of your each paycheck in withholding tax.
exemptions
A budget shortfall in a current fiscal year
deficit
Social programs that are guaranteed for a citizen by law
entitlement

(mandatory expenditure)
Current state of our federal budget
deficit
Years of major federal tax reform in the last 30 years
1982, 1994, 2002
Top and bottom federal tax brackets right now
10 and 33
Collects taxes on behalf of the federal government
IRS
All tax bills must start in this part of congress
The federal government’s fiscal year begins and ends in...
October
This economists curve shows that higher taxes can act as a disincentive to harder work and actually result in lower tax revenue.
Laffer
Presidential economic policy of the 1980s that reformed the tax code, cut social spending, and reduced business regulation
Reaganomics
If the government borrows too much money, it could cause interest rates to rise and force some consumers out of the market for big ticket items.
Crowding out
1930s British Economist who wrote the *General Theory*; believed that the government should run deficits in bad economies to fund social programs and spur economic growth
Keynes
(rhymes with rains)
Theory that states that a government’s economic policy should favor businesses and producers
Supply-sided theory
“supply creates its own demand”
Say’s Law
Spending that the president can adjust within the budget and within a fiscal year
discretionary
Spending that he cannot touch; like entitlement programs like Social Security
Unemployment payments from the government allow for spending to continue even when people don’t work; this helps to keep the economy moving in hard times.
automatic stabilizers
Policy that lowers taxes and boosts spending to try to get the economy moving
expansionary
The tax and spending policy of a government
fiscal
Policy formulated by the FEDERAL RESERVE in which they adjust money supply and interest rates
monetary
The amount of a tax cut that a citizen will save versus spend
MPS
Marginal propensity to save
Meat associated with your reps in congress funneling money to your home district for pet projects
Pork
Federal agency that insures bank deposits and monitors banking activity
FDIC
Regulates the electronic transmission of information; radio, tv, cell phones, microwaves, satellite
FCC
Federal communications commission
Regulates food safety, food additives, cosmetics
FDA
Food and Drug Administration
Regulates workplace safety and inspects accidents people have at work.
OSHA

Occupational Safety and Health Administration
Reports problems with consumer products and publicizes recalls
CPSC

Consumer Product and Safety Administration
 Raises money for a specific political cause
PAC

Political Action Committee
Investigates violations of anti-trust law
People, often former politicians, who are hired to influence the votes and behaviors of our public representatives.
Lobbyist
People that you represent when you hold office
Constituent
A democracy in which people vote on every single issue
Direct Democracy
Our type of democracy is called
Representative Democracy

Aka – a republic
A person running for an office they already hold
incumbent
Going along with a vote in exchange for help on another matter
The amount of money that congress will have to borrow to cover this year’s budget
Deficit
The accumulated deficits added up together over the years
Debt
2006 Federal Debt?
$9.4 \text{ Trillion}

(it’s almost doubled in 10 years)
<table>
<thead>
<tr>
<th>Democrats</th>
<th>Republicans</th>
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<tr>
<td>Progressive</td>
<td>flat</td>
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<td>Federal gov’t less preserve</td>
<td>states</td>
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<td>expand</td>
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<td>Against pro-business supply</td>
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