Wilf Csaplar Jr.   Economics 202   Homework #9   **Due Friday 11/6 by 10:00 AM**
The Last One!

Do NOT write your name anywhere. (Canvas will tell me who turned in the assignment.) All answers must be typed, except for mathematics and graphs. Take pictures of your written answers and use your own software or https://pdfcandy.com/ to create a single PDF size A4. (pdfcandy.com will convert many file types to PDF, resize PDF, merge PDF and many other things for free.   However, Apple phones may require using CamScanner before using pdfcandy.com.) Failure to follow these directions will cost you 10 points.

According to the Treasury Department the gross public debt was $27,175,866,775,866.80 on 2020/10/27. https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny According to the Census Bureau's population clock at 11:14 on 2020/10/29, http://www.census.gov/popclock/, the population was about 330,516,983 people. That means the debt is $82,222.30 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/ Therefore, if you earned 1 penny every 53 seconds (without earning interest) from the start of the solar system, you would not quite have enough to pay the debt. According to the Bureau of Economic Analysis, the GDP for the 12 months which ended September 30th, is estimated to be $21.73 trillion. This means the debt-to-GDP ratio is 1.284. Therefore, the government owes 128.4% of the entire GDP. The GDP data was gotten from https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm.

1) (20 points) As you can see from the statistics above, the government debt is too large. One of the arguments people give about why a large debt is bad, is "When future generations pay off the debt it will hurt the economy." Explain two problems with this argument.

2) (15 points) One of the long-term problems with the debt is that crowding out. Explain what crowding out is and why it is a long-term problem.

3) (20 points) Decreasing the deficit has two general ways to achieve it. What are they? Why are both of them difficult to do? Explain your logic.

4) (10 points each) Answer each part in separate paragraphs. For each event, determine what happens to M1 and M2. Explain how you reached your conclusions.
A) You transfer $100 from your savings account to your checking account.
B) You pay for $25 t-shirt with a credit card.
C) You buy $15 worth of groceries with a check.

5) (15 points) One of the properties of money is that it stores wealth. Does M1 or M2 do a better job at storing wealth? Explain your logic.