

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (20 points) Why is it so hard to get the government deficit down? Discuss the two general ways to reduce it and the problem with each method.
- 2) (20 points) The Obama Administration has proposed re-strengthening the Glass-Steagall Act. What is that proposal? Is it a good idea? Why?
- 3) (20 points) The USA is known for having a large number of small banks and few big banks. Most countries have few banks. Is our banking structure an advantage or a disadvantage? Explain your logic.
- 4) (20 points) The George W. Bush Administration cut tax rates on capital gains. Explain why that policy was a good idea. (My personal opinion is that by itself it was a good idea, but when he combined it with the rest of his fiscal policy, it was a bad idea.)
- 5) (20 points) Our economy has many problems now. What problem do you feel is the biggest problem? Explain why you chose that problem.