DEFECIT – BUSTING: CAN YOU MAKE THE GRADE?

How did the U.S. get into this mess?

There is no easy way out. Since we owe most of the debt to ourselves, and 1 Trillion of it to China many people wonder: Could we just not pay the debt we owe ourselves back? No that would risk setting off an economic crisis that could topple our banks and put millions out of work. How about printing 18 Trillion in new money to pay down the debt? No, that would trigger runaway inflation, which makes the dollar in your pocket worth a lot less. The only way to solve the issue is to make tough budget choices.

How did our debt get so big? In 1948, our debt was only $250 billion – after our revolutionary war, the Louisiana Purchase, war of 1812, civil war, World War I and II, the New Deal programs created by FDR. For most of our 200 + years, we’ve borrowed responsibly, running deficits only in times of crisis, such as war or an economic depression.

This has changed. In fact, the last time we balanced a budget was in 1969 and the last time we created a surplus was 1998 and 1999. Since, the 1970’s our debt has grown steadily, skyrocketing from under $1 Trillion (1980) to today’s 18 Trillion. As a consequence, interest payments on our national debt our now humongous. The war on terror in Iraq and Afghanistan and around the world has also caused a tremendous amount of debt. September 11, 2001 changed everything including our country’s spending.

Your job is to create a cut in the deficit.

This means you are probably going to have to raise some taxes and cut some government spending. Which ones would you pick if you were President or a member of Congress? I will give you some hard choices like the ones Washington faces every day. Remember every time you act there is a reaction or an effect on people’s lives.

Your Writing Assignment

You will have to choose one category and write a ONE paragraph (6-8 sentences) explanation on the effects of the tax increase or spending cut to society. Think about the implications of your choices: Who gets hurt, who bears the biggest burden, who is helped, how hard would a interest group fight to block your cut or tax increases?

Rubric

____ (10) Completed Scorecard Summary Box
____ (10) Clearly identified category
____ (20) Clearly explained how the cut/increase will effect the citizens of the United States
____ (2) Strong opening and closing sentences
____ (8) Proper grammar, punctuation, and spelling

____ out of 50 total points