

## **STAYER ECO 450 Week 2 Quiz 1 Ch. 1**

**Check this A+ tutorial guideline at**

**<http://www.assignmentcloud.com/eco-450/eco-450-week-2-quiz-1-ch-1>**

**For more classes visit**

**<http://www.assignmentcloud.com>**

1. On average, persons in the United States devote more of their annual budgets to taxes than they do to food.
2. A universally observed function of government is the establishment of property rights.
3. The total share of GDP accounted for by government spending in the United States has declined significantly since 1980.
4. In 1929, the federal government spent more than was spent by state and local governments.
5. Since 1930, the percent of GDP devoted to government expenditures has more than tripled.
6. The costs imposed by government regulations on business firms are included in budget data on government expenditures.

7. **Government consumption does not require resources to be reallocated from private to government use.**
8. **Since 1959, the percent of federal government expenditures devoted to transfers has increased by more than 50 percent.**
9. **Transfer payments, including Social Security and welfare and medical assistance, account for nearly 60 percent of federal government expenditures.**
10. **Interest on the federal government's debt accounts for about 20 percent of federal government expenditure.**
11. **Federal grants-in-aid to state and local governments finance about 20 percent of annual spending by these governments.**
12. **The federal government allocates about 10 percent of its budget to Social Security.**
13. **State and local governments in the United States spend a bit more than one-third of their budgets on education.**
14. **Sales taxes account for about 22 percent of state and local government revenue in the United States.**
15. **The federal government obtains about half of its revenue annually from retail sales taxes.**
16. **State governments do not fund any part of Medicaid.**
17. **The *social compact* is an 18<sup>th</sup> century idea by political theorists.**
18. **The proportion of revenue received by the federal government from payroll taxes is higher than the proportion of revenue received by state and local governments from payroll taxes.**

### **Multiple Choice Questions**

1. **The real cost of government goods and services is:**
  - a. **money.**
  - b. **taxes.**
  - c. **the private goods and services foregone.**
  - d. **inflation.**