

Chapter 16

Section 2: Borrowing and the Public Debt

Guiding Question: What effect does borrowing have on the federal budget and the nation's economy?

GET STARTED

Lesson Goals:

- Students will describe how the government borrows money.
- Students will compare and contrast demand-side and supply-side economics.
- Students will understand public debt.

Bellringer Display Transparency 16C, which shows a graph of federal receipts and outlays and a graph showing the growth of the public debt. Write on the board:

outlays = money going out

receipts = money coming in

(1) How has the public debt changed over time? (2) How have federal receipts and outlays changed over time? Answer in your notebook.

Vocabulary Tell students that *deficit* comes from the Latin meaning "it is lacking." Have them guess the meaning of the word in relation to economics. Then have them find the origin of *surplus*.

TEACH

Review students' responses to the Bellringer questions. Tell students that a *deficit* occurs when the government spends more than it takes in, and a *surplus* occurs when it spends less than it takes in. Direct students' attention to the transparency. Ask: **In which years do you see a surplus? A deficit?** Also discuss which one they think is more desirable and why. Then tell students that, in this section, they will be learning how and why the government borrows money. As they read this section, have them note reasons for and against incurring public debt.

Ask:

- How has the reason for borrowing changed over time? (*At first, the reason was only to fund wars and large projects, but since the 1930s, it has been used to allow the government to spend more than it takes in.*)

ELL/ESL Strategy

Language Objective: *To teach students how to create their own graphic organizers*

Have students fold a piece of lined paper lengthwise. With the fold to the left, have them write one new term, then open the page and write its definition inside. Explain that they can add words and definitions and use this as a study tool.

Other Strategies

Learning Styles: Logical/Mathematical

ASSESS AND REMEDIATE

- Assign the Section Assessment questions; grade student responses.

Chapter Resources

Essential Questions Journal

Chapter 16 Outline (All-in-One, pp. 182–184)

Other Resources

Reading Comprehension Worksheet

(All-in-One, p. 197)

Skill Activity (All-in-One, p. 201)

Section Quiz B (All-in-One, p. 204)

Audio support is available for this section.

Additional features for Differentiated Instruction can be found throughout the Teacher's Edition.