



**ECO 1311, University of Dallas  
Fiscal Policy-- Practice Problems**

1. The American Recovery and Reinvestment Act was passed as a large fiscal policy measure to increase economic growth during the 2007-2009 financial recession. The bill emphasized infrastructure spending. Why is infrastructure spending viewed as a preferred form of government spending? How is the preference for infrastructure spending depend upon whether the spending is debt-financed or tax-financed?
2. What is the difference between debt-financed and tax-financed fiscal policy?
3. Describe the difference between debt and deficit.

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Some problems have been extracted and/or adapted from:

- Cowen, Tyler, and Alex Tabarrok. *Modern principles of microeconomics*. Macmillan International Higher Education, 2015.
- Acemoglu, Daron, David Laibson, and John List. *Economics, global edition*. Pearson, 2015.
- Miller, Roger LeRoy. *Economics Today: The Micro View*. Pearson, 2018.