Teacher Answer Key

Case Study

1. Yields rose on default fears, increasing government borrowing costs.

2. The Act imposed spending caps and sequestration triggers for future fiscal discipline.

Multiple Choice

1. B

2. A

3. A

Matching

1-E, 2-C, 3-A, 4-B, 5-D

Fill-in-the-Blank

1) deficit, 2) Mandatory, 3) Budget

Short Answer (Sample Responses)

Q1: It relates debt to economic capacity, not just nominal size.

Q2: Advantage: enforces discipline; disadvantage: risk of default if not raised timely.

Q3: Slowing benefit growth or adjusting eligibility can curb future spending and reduce deficits.