

## Chapter 2 Economics and the Global Economy

### Economics and You: Economic Activity

**Directions** Answer the questions below. Provide examples to solidify your responses.

#### 1. Analyze Consumer Spending and Debt

**A.** How does spending more money than you make by maxing out your credit card create an unrealistic flow of money in the economy?

**B.** In cases of unmanageable debt, some consumers may declare bankruptcy or seek debt reduction services. How might these examples affect businesses and local, state, and federal governments?

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#### 2. Analyze Government Spending and Debt

**A.** Since the government is part of the economic flow of goods and services, research who loans the federal government money when it spends more than it gets in revenue.

**B.** What effect does the payment of the loan with interest have on the economy?

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