

Smart Economics

Commonsense Answers to 50 Questions about Government, Taxes, Business, and Households

MICHAEL L. WALDEN



■ Contents ■

In	Introduction		
I.	Economic Questions about What Government Does, What Government Doesn't Do, and How Government Spends Our Money		
	I. Has Government Growth Been Out of Control?	3	
	2. Will the National Debt Sink Our Economic Future?	6	
	3. Do Budget Deficits Increase Interest Rates?	10	
	4. Can Government Spending Be Cut by Eliminating Waste?	14	
	5. Does Government Spend Too Much, or Not Enough, on the Poor?	17	
	6. Does War Help the Economy?	21	
	7. Does More Spent on Education Pay Off in Student Achievement?	24	
	8. Has the Social Security Surplus Been Stolen?	27	
	9. Is Social Security Going Bankrupt?	30	
	10. Should Our Money Be Backed by Gold?	34	
	11. Should Government Enforce a Living Wage?	37	
	12. Should Government Control the Prices of		
	Necessities?	39	
	13. Should Government Pay Businesses to Create Jobs?	43	
	14. Can Government Create Prosperity?	46	

	onomic Questions about How Much Taxes Are Paid, ho Pays Taxes, and the Fairness of Taxes	
15.	Do We Pay 60% to 80% of Our Income in Taxes?	51
16.	Does a Tax Bracket of 40% Mean the Government	
	Takes 40% of Your Income?	55
17.	Can Cutting Tax Rates Increase Tax Revenues?	59
18.	Will a Tax Cut of \$1 Create \$7 to \$10 of New Income?	62
19.	Do Corporations Pay Too Little in Taxes?	65
	Would Rich Investors Benefit from a Flat Tax?	68
21.	Is the Sales Tax Regressive?	70
22.	Do the Rich Get a Break on Social Security Taxes?	73
23.	Has the Tax Penalty for Marriage Been Ended?	75
٧	conomic Questions about What Business Does and Why and How That Affects Jobs, Consumers, and the country	
24.	Is American Manufacturing Dying?	81
25.	Are Low-Paying Jobs Replacing High-Paying Ones?	84
26.	Are Companies Outsourcing Good-Paying Jobs?	87
27.	Will Free Trade Destroy Our Economy?	92
28.	Can U.S. Workers Compete with Low-Paid	
	Foreign Workers?	96
29.	Do Countries Prosper Only If They Run a Trade Surplus?	99
30.	Is a "Strong" Dollar Good and a "Weak" Dollar Bad?	102
31.	Are Profits Bad?	105
_	Does Business Make Obscene Profits?	110
	Does Big Business Control the Economy?	113
	Can Pro Sports Teams and Facilities Hit	
	Economic Home Runs?	116

	Contents
35. Why Are Pro Sports Stars Paid So Much for Playing a Game?	119
36. Are We Running Out of Farmers, Farmland,	
and Soon, Food?	123
37. Are Gas Prices at an All-Time High?	126
38. Do Big Oil Companies Manipulate Oil Supplies and Gas Prices?	130
39. Should We Become Energy Self-Sufficient?	133
40. Is Immigration Hurting Our Economy?	136
IV. Economic Questions about How Households Live a How They Earn and Spend Money	ınd
41. Is Everything More Expensive Today (or, Should You Wish for the "Good Old Days")?	141
42. Does It Take Two Incomes for Families to Get Ahead Today?	143
43. Are Americans Drowning in Debt and Not Saving?	148
44. Do Women Earn Less Than Men?	153
45. Are the Rich Getting Richer and Everyone Else	
Getting Poorer?	156
46. Is Poverty Getting Worse?	160
47. If It Saves One Life, Is It Worth the Cost?	164
48. Can Families Afford College?	167
49. Would Importing Drugs Lower Their Prices?	171
50. Can Government Lower Consumers' Health Costs?	175
Glossary	179
Notes	185
Index	203