ECO 103: Exercise for Class on Monday, May 10.

On Monday, we will continue discussing U.S. fiscal policy. To make this material more relevant, I am asking students to do a small amount of research on one of 6 topics within fiscal policy. Please come prepared to discuss your topic.

President Biden has proposed two fiscal bills, each consisting of about $2 trillion of spending and tax cuts. The first is an infrastructure bill including spending on roads, bridges, electrical grids, broadband, etc. The second (known as the American Families Plan) includes spending on education, health care, as well as measures to combat economic inequality.

1. (Last Name Db-G). Were President Biden's proposals enacted, what would be the impact on the U.S. debt outlook? Here is an article from the *Washington Post* on the American Families Plan. Here is a breakdown from the *New York Times* on the provisions of both bills.

2. (Last Name Mb-S). Is it true that economic inequality has generally been rising in the United States? Here are some data from *Pew Research* to get you started.

3. (Last Name T-Z). How should policy makers think about high levels of U.S. debt? Are they likely to lead to an economic crisis in the near future? If not, what other disadvantages are there? Here is one from the St. Louis Fed. Here is a perspective on Modern Monetary Theory, a heterodox view that has been used to justify high spending but which is not widely shared by economists.

4. (Zoom). How will the spending provisions of this proposed spending affect economic performance? Will there be short-term impacts? Long-term? You may want some evidence on spending multipliers. Here is one example from Valerie Ramey. Interestingly, she argues against the conventional wisdom that fiscal policy is more effective during recessions.

5. (Last Name A-Da). How will the spending provisions of this proposed tax change affect economic performance? Will there be short-term impacts? Long-term? You may want to find some evidence on tax multipliers. Here is one example jointly written by a macroeconomist at Bates (Daniel Riera-Cricton) and one at Colby (Samara Gunter).

6. (Last Name H-Ka). The CBO just studied the budgetary impact of climate change. How does the CBO view the macroeconomic implications of climate change? Will it affect AS? Will it affect AD? Are there market failures?

7. (Last Name Kb-Ma). Some provisions (not all) of President Biden's proposed fiscal bills attempt to deal with climate change. What are the biggest benefits of these provisions? What are their biggest costs? Here is some discussion from *CNBC*.