

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## Cash and the Capital: A 5th Grade Fiscal Policy Quest

Calculate how community budgets transform through tax revenue and public park projects to stabilize a local economy.

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**1. If the Mayor of Sunnyville decides to build three new libraries to create jobs and improve reading, which part of fiscal policy is being used?**

- A. Taxation
- B. Government Spending
- C. Natural Resource Management
- D. International Trade

**2. True or False: Fiscal policy is the main tool the government uses to influence the economy through taxes and spending.**

- A. True
- B. False

**3. When the government wants people to have more money to spend during a slow economy, it might \_\_\_\_\_ tax rates.**

- A. Increase
- B. Lower
- C. Ignore
- D. Double

**4. Imagine the government charges a 'Sugar Tax' on soda to encourage healthier habits. What is the primary purpose of this tax?**

- A. To make soda taste better
- B. To stop people from drinking water
- C. To influence consumer behavior
- D. To close down all grocery stores

**5. The money a government collects from citizens to pay for public services like police and fire departments is called \_\_\_\_\_.**

- A. Allowance
- B. Donations
- C. Revenue
- D. Debt

**6. True or False: If the government spends more money than it collects in taxes in one year, it has a budget surplus.**

- A. True

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B. False

**7. Which of these is a likely result of the government investing in a new high-speed train system across the state?**

- A. Fewer people will travel
- B. New jobs will be created for construction
- C. Taxes will immediately disappear
- D. The economy will instantly stop

**8. During an 'Economic Boom' when prices are rising too fast, the government might \_\_\_\_\_ spending to cool down the economy.**

- A. Increase
- B. Decrease
- C. Triple
- D. Forget

**9. True or False: Public parks and national forests are examples of goods provided through government spending.**

- A. True
- B. False

**10. If a city uses a 'Sales Tax' to pay for a new community pool, who is paying for that pool?**

- A. Only the Mayor
- B. People who buy things in that city
- C. People from other countries
- D. The bank only