

Social Security and Medicare: Practice Problems

1. Why are Social Security and Medicare *off budget programs*?
2. What solutions are available to the Social Security and Medicare problems if the programs are not allowed to borrow from other segments of the government?
3. What additional solutions are available to the Social Security and Medicare problems if the programs are treated like any other government program?
4. What is the motivation behind cutting payroll taxes during an economic downturn?
5. True or False? Marginal tax rates on labor are a strictly increasing function of income.