

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment.

1) (20 points each) for each of the following ways to save the social security system, explain how that solution would work. Then explain why you would or would not choose that method of saving social security.

- A) Raise the retirement age.
- B) Increase the social security tax rate on income.
- C) Allow more immigration.

2) (10 points) Use the term *tax base* to explain why an increase in the tax rate may cause a reduction in the tax revenue.

3) (10 points each) For each of the following people, determine if the person is classified as unemployed. If they are unemployed, then tell me which of the four categories they fit into. If they are not classified as unemployed, then explain why they are not.

- A) You (assuming you do not have a job while at school.)
- B) Somebody who has been without a job for so long, that they have quit looking for a job.
- C) Ex-President Poteat