

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (10 points) In the article below, there are several quotations from Myrna Hayes. The first quotation contradicts itself. State how it contradicts itself. Which half of it do you feel is more accurate? Briefly explain your logic.

<https://www.vallejosun.com/vallejo-group-organizes-to-oppose-regressive-sales-tax-increase/>

2) (20 points) Use the table to the right to determine the marginal tax rate, total taxes paid, and average tax rate for a person who earns \$75,000. Show all work. If there is no work state how you reached that conclusion.

Income Bracket	Tax Rate
\$0 - \$20,000	5%
\$20,000 - \$50,000	10%
\$50,000 - \$90,000	20%
\$90,000 - \$150,000	30%
>\$150,000	40%

3) (20 points) What is the economic reason that an increase in a tax rate can sometimes cause less tax revenue to come in? Explain your logic in a general manner which applies to all taxes. Give a numerical example of an excise tax which illustrates your point. Briefly explain your argument.

4A) (10 points) According to the article on AARP, the Social Security Trust Fund will run out of money in 2035. (Interestingly, last semester, the article said 2034.) What are the two long-term trends which are causing that? (The video on the page mentions a cause, but I am looking for two things I talked about which are causing their cause.) Explain how they cause the fund to run out. <https://www.aarp.org/retirement/social-security/info-2020/10-myths-explained.html>

5) (20 points) One possible solution to the problem in Question #4, is to increase the Social Security tax. How would that reduce the problem? If you were the President, would you include that as part of your solution? Explain your logic.

6) (20 points) One possible solution to the problem in Question #4, is to means test benefits. What does that mean? How would that reduce the problem? If you were the President, would you include that as part of your solution? Explain your logic.