

Consumer Applications

Activity 15



BALANCING THE FEDERAL BUDGET

Whenever the federal government spends more money than it takes in, there is a budget deficit. The government must then balance the budget by raising taxes, reducing spending, or borrowing money.

Directions: Assume that you are a presidential adviser and have been asked by the president to recommend a plan to reduce the deficit by decreasing spending. However, any cut in spending will hurt some people and help others. You will have to weigh the trade-offs.

A. Below is a list of 10 programs that could be cut. Each program serves one or more of the following national economic goals: efficiency, growth, security, equity, and individual freedom. In the chart below, list the goal(s) that each of these programs serves.

Program	Economic Goals
1. Medical care for the poor and elderly	
2. Aid to farmers	
3. Grants to states for fighting crime	
4. Job training for the unemployed	
5. Food stamps for low-income families	
6. New weapons for defense	
7. Financing road and bridge repairs	
8. Financing toxic waste clean-ups	
9. Financing drug rehabilitation centers	
10. Financing international war on drug dealers	

B. Now select six of the above programs that you would keep in the budget. List each one below. State the trade-off you made in economic goals, and who gains and who loses by your choice.

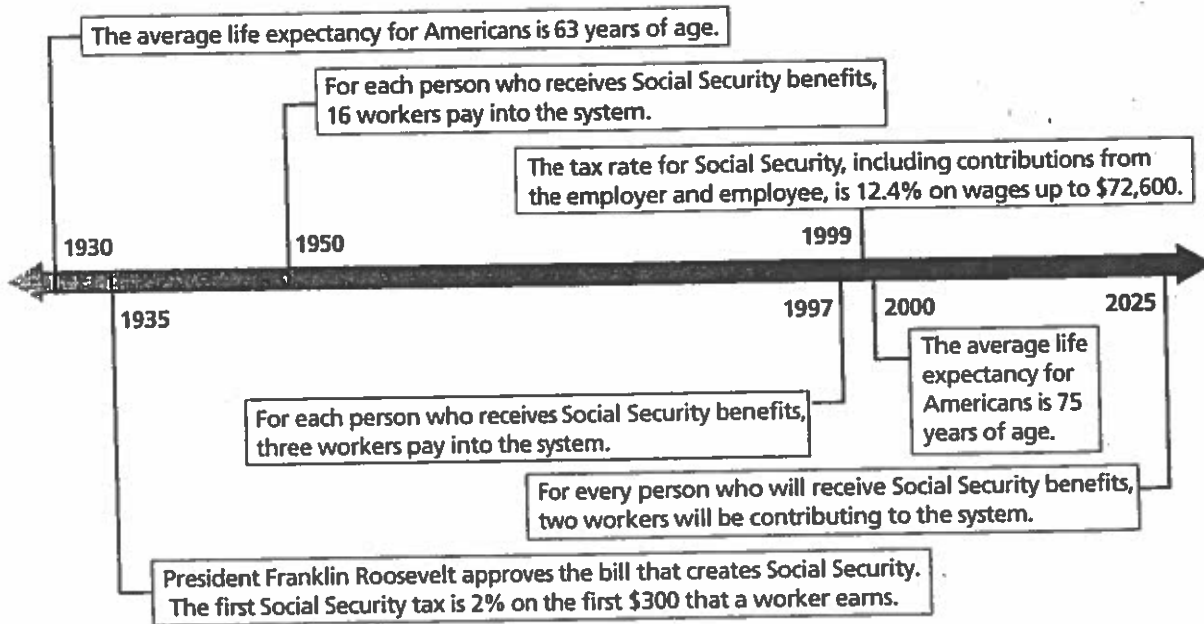
<p>1. _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>2. _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>3. _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>4. _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>5. _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>6. _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

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Activity 21

SOCIAL SECURITY AND YOU

Do you ever imagine yourself at age 65 or 70? Today many people look forward to getting older, leaving stress-filled jobs behind. However, before the 1930s being old and without a job was usually a scary prospect. Most elderly, jobless people were poor. So the government mandated that workers pay social security taxes to support the elderly. The time line below shows some of the influences on, and changes to, Social Security since its inception.



Directions: Use the information above to answer the following exercises.

1. How much did the government receive in Social Security taxes for every \$60,000 of wages in 1999?

2. Why do you think the ratio of contributors to retirees was so high in 1950?

3. Why do you think the ratio was so much lower in 1997?

4. How does the increase in average life span affect Social Security funding?

5. Do you think the government should continue to force workers to put aside money for their old age? Why or why not?

