Macroeconomic Effects of Diminishing Social Security Funds

Amy Buzzard
Indiana University - Purdue University Fort Wayne

Follow this and additional works at: http://opus.ipfw.edu/stu_symp2005
Part of the Economics Commons

Recommended Citation

This Article is brought to you for free and open access by the IPFW Student Research and Creative Endeavor Symposium at Opus: Research & Creativity at IPFW. It has been accepted for inclusion in 2005 IPFW Student Research and Creative Endeavor Symposium by an authorized administrator of Opus: Research & Creativity at IPFW. For more information, please contact admin@lib.ipfw.edu.
The president insists that by 2018, social security payouts to retirees will begin to exceed the amount of money that comes in from payroll taxes and, from there on, benefits will be endangered. This crisis will affect the whole economy by raising taxes each year, cutting benefits, or increasing government borrowing. Each of these scenarios will be examined using the Classical Model to understand their full macroeconomic effects. Suggestions will then be made based upon these results to help more clearly define the upcoming crisis in the Social Security system.