

# [Question 3 essay](https://assignbuster.com/question-3-essay/)

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## Question 1

Answer for Student 1. In my opinion, the amount and variety of benefits for low income people is likely to be higher in poorer countries. This conclusion is linked to the fact that in these countries more people are currently living in poverty, therefore more assistance should be provided in these regions. Poor countries are often characterized by a high degree of governmental control, therefore income redistribution is centralized, and noncash payments, such as access to medical care, are likely to be provided by the government. Moreover, since the governments do not possess sufficient funds to support the poor, the only way of assistance becomes provision of noncash payments. However, the amount of noncash benefits in rich countries by far exceeds that of the poor countries. According to the research, once the income of poor individuals in the top 10 richest countries is adjusted to the noncash payments, it closely approaches the median income level, thus narrowing the gap between the rich and the poor (Beramendi, and Anderson 39-40). Such equalizing effect of noncash benefits is unlikely in the poorer nations.   
Answer for Student 2. Recent studies suggest that the income level of the poor in the top ten richest countries in the world is not very different from the median level, once it is adjusted to the amount of noncash payments. Such benefits as free healthcare and education decrease poverty in the countries and achieve income redistribution just as much as cash payments. On the other hand, in the poor nations noncash payments have little impact on overcoming poverty (Beramendi, and Anderson 39-40). Low value noncash benefits do not provide significant assistance but merely sustain survival level for some of the poor people in the region.

## Question 2

Answer for Student 1. It took Social Security Trust Fund several years to initiate payments after it started funds accumulation. Moreover, taxes collected today continue to exceed the current social security payments. Although the surplus in the trust fund is expected to be sold by 2040, until now the government continues to use tax money for current programs and issues. All the money collected are transformed into U. S. treasury bonds, which represent nothing but a promise, that once a person retires, U. S. government will collect taxes and pay him/her pension.   
Answer for Student 2. It is a well-known fact that the total amount of current payroll taxes exceeds the Social Security benefits paid annually. Moreover, Social Security Trust Fund has accumulated initial capital even before the first payments were made. Today Social Security Fund has almost $2 trillion, however all this money is kept in the form of US Treasury bonds, which are nothing but a governmental promise to provide social security in the future. The key difference between the trust fund and private pension plans is that while the latter invests money in assets, the former offers only a promise to pay, while spending tax surplus for country needs.   
Answer for Student 1: Firstly, there is a strong belief in the society, that old people are usually poor. Although this was the case in the beginning of the 20th century, when Social Security was established, it has nothing to do with the reality today. However, the myth of old age poverty persists, thus making the arguments of elderly people about the need to enhance Social Security more convincing. Moreover, older people usually have more influence in politics due to their established social status and former careers. Therefore, their opinion weighs more than the one of younger generations.   
Answer for Student 2. Protecting the most vulnerable categories of the population has become the key objectives of the modern societies, especially in the rich countries. Therefore, continuous enhancement of elderly benefits persisted even despite the relative increase in the standards of leaving for older people. However, politicians do not attempt to reverse the trend of Social Security increase, because such measures will not be approved by most of the population, especially by the growing number of elderly people and those, who are going to retire in the nearest future. Therefore, the benefits of Social Security are likely to stay high, despite the increasing pressure for the rest of the society, especially for the young people.

## References

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