II. Fiscal Policy and the Business Cycle
A. What can Congress/Government Do?
1. Taxes
2. Government Spending

B. Federal Taxes
1. Income Tax
   - Progressive
   - Payroll withholding system: Employer pays the tax
   - Crosses Tip: Turbo Tax

2. Social Security
   - Federal Retirement
   - 6.2%
3. FICA
   - Federal Insurance Contribution Act
   - Covers Social Security, Medicare, Medicaid

4. Medicare, Medicaid
   - Medicare: Healthcare for Old
   - Medicaid: Healthcare for Young
C. Other Federal Taxes
1. Excise taxes
   - on manufactures
   - Cars, Tobacco, Alcohol
2. Estate Tax
   Property transferred on death is taxed
3. Customs
   Bringing stuff into country

D. National Budget
1. Looks at how much money the USA is bringing in (revenue) vs how much the USA spends

2. Budget Surplus: Revenue > Spending
3. Budget Deficit: Spending > Revenue
4. National Debt
   All the Deficits added up over time.