Social Security and the Baby Boom. Analysts often comment that the U.S. Social Security system is in trouble because of the large size of the 'baby boom' generation. Consider a society in which there is a single generation, born at date t, that is larger than both the generations before it (born in periods $t-1$ and earlier) and the generations after it (born in periods $t+1$ and later). Discuss what the generational accounting framework says about the effects on various generations from such a 'baby boom,' in a Pay As You Go social security system. (Specifically, compare a policy that keeps per-capita benefits constant across generations to a policy that keeps per-capita taxes constant across generations).

References