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Econ 295 Special Topics

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The Argument FOR the Proposal

With the government funding everyone to continue on to college after they complete their high school education, the citizens of the United States will have an equal opportunity in the level of education that is available to them. With the way that things are now, a large chunk the United States' population isn't able to get the funds together in order to get an education higher than the high school level. Families who make low incomes are at a huge disadvantage, as they will have to strain themselves in order to even think about the possibility of sending their kid off to college. Often times, families that have low incomes will carry the burden of large student loans that can possibly take a lifetime to finish paying off. With the help of the government, we would eliminate the problem of student debt and help people not have to deal with the financial stress of wanting to go to college.

The increase in equity that the government places on the education system leads to many other economic benefits. The current number of universities that are open in the United States would be far to little to hold the dramatic increase in the number of people that are wishing to get a degree. This would cause a demand for more campuses to open up in order to take in the masses. Universities would start opening left and right all over the country, which would help to start making the markets in financially unstable towns thrive. We have already been able to witness such events in towns like Farmville and Lynchburg. The multiplicative effect is clear; as people

are earn money, they will go out and spend their money in the area that they reside which leads to the economic growth of the community as a whole.

The proposed policy would be beneficial for things related to the well being of our environment. With higher taxes being placed on vehicles that have big, high horsepower engines, people would start to lean more towards the smaller and more efficient options on the market. As car manufacturers see this shift in the market, they will start funding a more focused development in the creation of vehicles that can give you the maximum performance with lower output engines. The boom in the small car market would help to supply a vast number of jobs for people in the vehicle design industry. It would be safe to anticipate that there would be a large number of engineers wanting to switch into this expanding area of the job market, which could help to make our economy more efficient as a unit.

The United States population as a whole would be the winners if this were to be an active policy. Higher educated people would make it so that a much larger percentage of our population would be able to perform skilled jobs that typically have higher pay. The increase in pay that people would be receiving for their time would make it possible for individuals to go out into the market and buy the things that they previously couldn't have been able to afford. When people are out promoting their own self-interests with their large incomes, small business will start to thrive and grow.

Economic equity has extreme potential to grow if this plan gets put into place. People will be able to receive more equivalent levels of education, which opens the door for many potential career choices that would have previously never been an option for many. The higher

paying careers and changes in the market would cause a boost in the economy in a way that would make the market in the United States grow as whole.

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Car Tax Proposal (Against)

This new proposition consisting of a free post-high school education and a horsepower inclined car tax simply is not feasible due to the overwhelmingly surplus of negative tradeoffs. The proposed plan at the forefront eliminates the Economic Goal of Equity with a major eradication of similar opportunities. Taxing on the basis of horsepower, more specifically a five thousand dollar tax on vans/hefty vehicles, puts families with four or more children and a low end income in a difficult economic situation. As they're practically *forced* to purchase the vehicle with the highest tax margin, what is the possibility of the family not being able to pay the tax let alone drive a vehicle in general?

Alongside these tax issues we are at the very least presented with a positive of free college level education, so we think. While the free of charge education system benefits our society *short term* by having direct options out of high school, the *long term* influences outweigh what little positive the proposal has to offer. This is a clear example of the economic theory that there is no such thing as a "Free Lunch." These long term consequences will result in an increase

in job competition in a post-college setting and a requirement for more colleges and universities to be constructed. The competition would arise due to the heavily increased numbers of students who attend and graduate universities to pursue degree requiring job opportunities. As a direct correlation of these increased numbers, colleges and universities would begin to overpopulate thus calling for time costing construction of new facilities and school grounds. These upcoming facilities, while they do provide the location for the free education, are creating large consumptions of zoning area that could potentially be used for other more beneficial projects. Alternative and more *efficient* facilities such as office buildings and local markets could be constructed quicker in place of the sluggish process of university establishment.

This proposal of cost free *public* education, while issuing a tax on automobile horsepower, contains suggestive winners and losers amongst buyers. The winning category is oddly specific; It consists of those who are financially elevated above others who have also not already purchased college tuition and have minimal reason to own a vehicle with such immense horsepower. On the contrary, the losing category consists of all the lower income families who require the vehicle and cannot pay the tax, as well as those who have previously paid for tuition such as students like myself. The seemingly massive category who is in need of financial support also loses in this situation by the previously gifted aid being allocated towards *universal* student support, even those at the top of the financial ladder. These losing categories clearly demonstrate the unbalance of this proposal, causing a surplus of losers while the winners are slim in this situation. The implication of this proposed horsepower tax consists of too many losers and not enough general winners, thus exemplifying poor economic balance. Overall, the proposition of a

cost free education is a decent theory, however the severe imbalance and outweighed consequences drives this approach away from actuality.

The economic plan that was proposed in the document handed to us during class may have been a good theory, however, our group doesn't think that this policy would actually be economically smart. As discussed in Kyle's argument against the policy, there would be a significant difference between winners and losers. This policy, while intending to help people with lower financial status, may actually do more bad for them than good. Although the main goal is to help everyone receive a higher education, this plan would not be the most efficient way to do so.