

OPTION 4 – Income Determinants

Please write about the determinants of income in America. Some information can be found in the textbook for this class and more details are also presented in *Popular Economyths*. In particular, please discuss:

- 1) What are the most important determinants of a person's income?
- 2) WHY are each of those determinants so important?
- 3) Which racial or ethnic group earns the most money and which groups earn the least? Which groups obtain the highest levels of education and which groups obtain the least? Which groups have the lowest illegitimacy rates and which have the highest? What impact does fatherlessness have on poverty and crime?
- 4) Some people say that there is a "gender pay gap" between men and women in which women are paid approximately \$0.78 for every \$1.00 earned by men. Where do they get that statistic and is that the best way to compare earnings between man and women? Why or why not? EXPLAIN
- 5) Some people believe that an "equal pay law" would result in men and women earning the same incomes. Others believe that such a law would instead have harmful unintended consequences for women. What would be the **real-world** consequences of an "equal pay law"?
- 6) Watch the following two videos:
Obama: We Will Close the Wage Gap
There is No Gender Wage Gap

Describe the main points of each video. Which video makes the most economic sense and presents the most evidence to support its claim? Explain in detail.

- 7) Watch the following two videos:
What Is White Privilege? Here's What People On The Street Have To Say
Whitesplaining white privilege!
Which video best represent reality? WHY? Is there any **proof** of "white privilege" given in the videos? And if so, how convincing is that "proof?" That is, is it based upon anecdotes (more subjective) or empirical evidence (more objective)?

Which video best incorporates the income determinants discussed in Questions #2 and #3 above?

- 8) In conclusion, what can individuals do to have the best chances of financial success?

OPTION 5 – College: Who Should Pay For It?

Student loan debt in the United States is the second largest source of debt after mortgages. Some people believe that college education in the United States ought to be “free” and many also want to “cancel” existing student loan debt. Others see such proposals as unfair, counterproductive, and unaffordable. Please answer the following questions regarding these ideas:

- 1) How much total student loan debt exists in the United States? How does this number compare to mortgage debt and credit card debt? How much does each **borrower** owe on average and how much does each **graduate** owe on average?
- 2) Watch the following videos:
Why is College So Expensive?
Crushed By College Debt? Here's Why!
Why Is Higher Education So Expensive? - Learn Liberty
What are some of the reasons college tuition has risen faster than prices in general over the past few decades according to **each** of the three videos?
- 3) List the 5 highest-paying college majors and the 5 lowest-paying. Why do you think the highest-paying majors pay so much more?
- 4) Watch the following videos and use them to help you answer the following questions:
Is College Worth It? VLOG Brothers
Is College Worth It? Prager U
Stossel: The College Scam
Is college a “rip off” or not? Do colleges exploit their students by charging such high tuition? Be sure to discuss the importance of college major in your answer.
- 5) Is getting a college education a right or a privilege in the United States? How did you arrive at your conclusion? BE SPECIFIC.

If you say that it is a right, where is that right (government guarantee) written down? If you believe it is a privilege, what are some of the ways that a student can afford to get a college education?

Does any student in America *not* have “access” to financial aid to attend college, such as scholarships, grants, or loans, at the very least?

- 6) Some people claim that college should be “tuition-free” for students. Since nothing is free, who would really pay for this? Is it fair or “equitable” that other people should have to pay for students to attend college? Why or why not?
- 7) Likewise, many of the same people want to “cancel” existing student debt for those who owed money on their student loans. Can the federal government currently afford to pay off everyone’s student loan? Since there is no such thing as “cancelling” debt, who would really pay for this? Is that “fair” that other people should have to pay off the student debt of others? Why or why not?
- 8) Suppose the government (via taxpayers) paid off the debt of every student who owed money on their student loans. What would that do to the incentives of future students to try to limit the amount of money they spend or borrow for college? In other words, would it make students more or less financially responsible with regards to their choice of which college they attend, their major, the amount of time they spend in college, and the amount of effort they put into their college education? Would it make future students more or less “entitled” to other people’s money?
- 9) Suppose the government (via taxpayers) paid off the debt of every student who owed money on their student loans, although former students who had borrowed money and had already repaid their loans would not be “reimbursed” for repaying their loans. Is that “fair” for those people who complied with their legal obligations and had repaid their loans? Why should those who have yet to repay their loans get other people’s money while those who already repaid theirs do not?
- 10) How large is mortgage debt and credit card debt in the United States? Should those debts be “cancelled” like some people want to “cancel” student loan debt? Why or why not?

OPTION 6 – The “Green New Deal”

Some people believe that human activity is causing the climate of the world to change and that such effects could be very negative. Many of these people would support a “Green New Deal” that would enormously expand the power of the federal government to reduce greenhouse gas emissions.

Others believe that such legislation would be astronomically high, would stifle economic growth, have counterproductive effects, and would not significantly reduce "climate change." The text of the legislation can be found here.

1) Watch the two following videos:

Climate Change 101 with Bill Nye | National Geographic
The Paris Climate Fraud
The In-depth Story Behind a Climate Fraud

Describe the main points of **each** video. The impetus behind the "green new deal" is that climate change is a) happening, b) man-made, c) harmful, d) is fixable by man. Is there really 97% agreement among climate scientists about each of these four criteria? How do you know?

2) Watch the following videos regarding the legislation:

The Green New Deal, explained
What's the Deal with the Green New Deal?
Pulse - Why Alexandria Ocasio-Cortez's Green New Deal is Disastrous

How do these three videos impact your feelings about this piece of legislation? Which video made the stronger case? WHY?

3) Based on the above videos, how good have climate change predictions been over the past several decades? How does this influence your opinion about the predictions that any "Green New Deal" legislation would be based upon?

4) Suppose the "Green New Deal" was signed into law and implemented. How much would it cost? (You will need to research it online) Is that cost economically sustainable? How would it impact vehicles and airplanes in the United States? Which groups of people would benefit the most and which groups would be more hurt?

5) Who are the primary supporters of a "Green New Deal" legislation, capitalists or socialists? Why do you think this is the case if the legislation is supposedly primarily about the climate and not the economy?

OPTION 7 – The Economy Under Obama versus Under Trump

Economic metrics can provide an objective indication of economic performance over time. Barack Obama's administration (January 2009 – January 2017) entered office during the Great Recession and followed a mostly Keynesian approach to fiscal policy. President Trump's administration (January 2017 – present) entered office several years after the recession ended and during the worst recovery in the last century, following a mostly classical approach to its policies. The online book *Popular Economyths* will help answer these questions.

- 1) What major policies did Barack Obama implement that may have affected the macroeconomy?
- 2) What major policies did President Trump implement that may have affected the macroeconomy? *Obviously, the current recession caused by the lockdowns resulting from the health pandemic should not be considered since it is considered a rare, once-in-a-lifetime occurrence and not the fault of the president.*
- 3) Look at some of the major economic indicators since January 2009 from FRED, the St. Louis Federal Reserve's Economic Database. Compare the Obama administration with the Trump administration regarding each of the following economic metrics:
 - i) GDP
 - ii) Real median income
 - iii) Unemployment rate
 - iv) Labor force participation rate
 - v) Debt as a percentage of GDP
 - vi) Stock market performance (this can be researched on many other sites but not FRED)
- 4) Most people ignore the influence of the Federal Reserve's monetary policies on the national economy. Describe the federal funds interest rate as controlled by the Federal Reserve since 2009, as well as open-market operations (especially its Quantitative Easing policies). Which administration had the benefit of extremely low interest rates and massive purchases of securities? Which administration dealt with tight Fed policies rather than easy monetary policies?
- 5) Based on the objective economic indicators mentioned above, which presidential administration's policies seem to have produced a stronger

economy? How do we know if the economy performance was real or artificially propped up by the Federal Reserve? You need to provide details! (Such details can be found in *Popular Economyths*, among other resources)

- 6) Watch the following two videos:
The economic legacy of Barack Obama
While Trump haters pray for a recession, the real economy is booming
Which video makes the better economic argument and why?

OPTION 8 – Race- and Sex-Based Preferences

Some people argue that colleges and employers should give preferences to women and racial/ethnic minorities due to discrimination in the past (and maybe even now, as well). Others disagree and believe that such preferences unfairly hurt not only men and white people directly, but also indirectly hurt women and minorities.

- 1) Recently, California became the first state to pass a law requiring a gender quota for corporate boards. California SB 826 requires boards to have a minimum number of females. Please watch the following two videos:
CNBC: How a California law is changing boardrooms all over the country
Anastasia Explains: Race and Gender Quotas
Does this law help or hurt females? Explain in detail
Does this law help or hurt males? Explain in detail
- 2) Please watch the following two videos:
Pink tax: Why do women pay more for goods and services?
The Daily Show's Pink Tax Segment: DEBUNKED
Which video makes more economic sense? Utilizing economic principles, is the "pink tax" real? Explain in detail
- 3) Watch the following videos regarding the concepts of "diversity, equity, and inclusion" (DEI) and "meritocracy."
Why Diversity Is More Important Than Meritocracy: Quotas, Talent, Wall Street | Sallie Krawcheck

Campus Reform: Students Support Diversity Quotas...Until It Comes to Football

Which concept is based on a person's identity/immutable characteristics such as gender and race? Which concept is based on a person's performance, experience, or skills?

- 4) Who benefits and who is harmed when governments or private businesses make hiring decisions based on "DEI"?
- 5) Who benefits and who is harmed when governments or private businesses make hiring decisions based on "meritocracy"?
- 6) Which concept, DEI or meritocracy, is most economically sustainable or feasible?
- 7) Which concept is most conducive to capitalism and which is most conducive to socialism?
- 8) Which of the above concepts would you like to be graded on in academia? In sports? In applying for a job? WHY? Explain in detail

OPTION 9 – The US national debt

As of late 2021, the US government had roughly \$29 trillion of debt (real-time debt clock). Please discuss some of the implications of this debt by answering the questions below:

- 1) To whom, exactly, does the US government owe that money?
- 2) How can the government continue to spend money it does not have? List the small number of options it has at its disposal.
- 3) Why do you think it is so easy for the Congress and president to continually spend more than the government brings in via tax revenue? In other words, why do we have deficits so often?
- 4) Look at the debt as a percentage of GDP from <https://fred.stlouisfed.org/>. Explain what has happened to the debt as a percentage of GDP since the 1970s.
- 5) Watch the following videos:
Al Jazeera: Why the US Can't Go Broke
Stossel: Bankrupting America and Stossel: Money, money, money

What are the main points of each video? Does the Al Jazeera make more economic sense or the Stossel videos? Which view corresponds with socialism and which with capitalism? Which one presents the most sustainable prescription for the economy? Explain in detail

- 6) What is the problem with doing each of the following to shrink the national debt? Discuss each thoroughly.
 - a) Defaulting
 - b) Raising tax rates
 - c) "printing" more money

- 7) Of course, drastically cutting spending could also gradually reduce the debt. Why are politicians so reluctant to do that? Can the US pay for even one recent year's deficit by confiscating all of the money from the wealthiest Americans? Why or why not?

OPTION 10 – The Economy under Trump and under Biden

Economic metrics can provide an objective indication of economic performance over time. President Trump's administration (January 2017 – January 2021) followed a mostly Classical approach to fiscal policy and was in office during a once-in-a-lifetime virus that resulted in local governments locking down their respective economies in March 2020. Joe Biden's administration (January 2021 – present) entered office during the recovery from the lockdown recession and has pursued a hardline Keynesian approach. The online book *Popular Economyths* may help answer some of these questions.

- 1) What major policies did Donald Trump implement that may have affected the macroeconomy? *Obviously, the recession caused by the lockdowns resulting from the virus starting in March 2020 should not be considered since it is considered a rare, once-in-a-lifetime occurrence and not the fault of the president.*

- 2) What major policies has Joe Biden implemented that may have affected the macroeconomy?

- 3) Look at some of the major economic indicators since January 2017 from FRED, the St. Louis Federal Reserve's Economic Database. (Note: obviously the lockdown recession from March to May 2020 had enormous economic consequences, so you must take that into consideration)

Compare the Trump administration with the Biden administration regarding each of the following economic metrics:

- i) GDP

- ii) Real median income (takes inflation into account)
 - iii) Unemployment rate
 - iv) Labor force participation rate
 - v) Inflation rate
 - vi) Debt as a percentage of GDP
 - vii) Stock market performance (this can be researched on many other sites but not FRED)
- 4) Most people ignore the influence of the Federal Reserve's monetary policies on the national economy. Describe the federal funds interest rate as controlled by the Federal Reserve since 2017, as well as open-market operations.
- 5) Based on the objective economic indicators mentioned above, which presidential administration's policies seem to have produced a stronger economy? This needs to be done in great detail.