

Part II – Non-Freshman Applicant’s Essay

“Inflation is taxation without representation.”

~ Milton Friedman

Inflation is a grievous problem that American people have struggled with. This year alone the inflation rate for the United States is 7.9%, which is the highest it has been since the early 1980s; gas prices alone have increased 40%.^{1,2} Using the provided materials below, please show the results of inflation and the effects it has had on individuals and society. Then, discuss how United States policy should change based on your analysis.

Please read and watch the required materials below. After that, please write a 700 – 850 word essay addressing the impacts of inflation.

Please address the following questions in your essay:

- What do you think causes inflation? How does it happen? Based on the materials, why is inflation happening now?
- Inflation has impacts for many different groups: family, church, business, and government. In these groups, who does inflation hurt, and how does it hurt them?
- In the above groups, who does inflation help, and how does it help them?
- When inflation increases, what happens to US Debt?
- How would Milton Friedman suggest we could lower inflation right now? Would price controls help or hurt?
- What do you think would be an appropriate rate of inflation in the United States? How should we get to that rate of inflation?
- Can deflation occur? How would that be good or bad for the economy?
- Based on the materials, what are some factors that contributed to the US inflation rate going from 1.4 in 2020 to 7.9% by February 2022?

Question References

¹<https://tradingeconomics.com/united-states/inflation-cpi/>

²<https://www.thebalance.com/u-s-inflation-rate-history-by-year-and-forecast-3306093#toc-us-inflation-rate-history-and-forecast>

³<https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

Required Sources:

The required media includes approximately 80 pages of text and 20 minutes of videos. All materials are available free of charge on the internet and should take approximately 4½ hours to review.

Online Reading Sources:

1. John Steele Gordon, "Inflation in the United States." *Imprimis*, Vol. 51, No. 1, (2022)
<https://imprimis.hillsdale.edu/inflation-united-states/>
2. Jared Walczak, "As Inflation Rises so Will Tax Bills in Many States." *The Tax Foundation*, (2021)
<https://taxfoundation.org/inflation-tax/>
3. Dan Sanchez, "How Inflation Drinks Your Milkshake." *FEE Stories*, (2018)
<https://fee.org/articles/how-inflation-drinks-your-milkshake/>
4. Henry Hazlitt, "Chapter 22: The Mirage of Inflation" *Economics In One Easy Lesson*, pages 148-163 (1948)
<https://fee.org/media/14946/economicsinonelesson.pdf>
5. Milton Friedman & Rose Friedman, "Chapter 9: The Cure for Inflation," *Free to Choose*, pages 248-283 (1980)
<http://www.proglocode.unam.mx/sites/proglocode.unam.mx/files/docencia/Milton%20y%20Rose%20Friedman%20-%20Free%20to%20Choose.pdf>
6. Chris Talgo, "Out-of-Control Deficit Spending Is Generational Theft." *The Heartland Institute*, (2022)
<https://redstate.com/heartlandinstitute/2022/03/16/out-of-control-deficit-spending-is-generational-theft-n536224>
7. Peter Jacobsen, "What Does 7.5% Inflation Mean? The Rule of 72 Can Show You." *FEE Stories*, (2022)
<https://fee.org/articles/what-does-75-inflation-mean-the-rule-of-72-can-show-you/>
8. Michael Hendrix, "Issues 2020: Rent Control Does Not Make Housing More Affordable." *Manhattan Institute*, (2020)
<https://www.manhattan-institute.org/issues-2020-rent-control-does-not-make-housing-more-affordable>
9. Brian Domitrovic, "Want Gasoline Prices to Decline? Do As Ronald Reagan Did." *Forbes*, (2012)
<https://www.forbes.com/sites/briandomitrovic/2012/04/10/want-gasoline-prices-to-decline-do-as-ronald-reagan-did/?sh=63946f68678c>
10. Megan Henney, "Government spending to blame for inflation spike, San Francisco Fed study says" *Fox Business*, (2022)
<https://www.foxbusiness.com/politics/government-spending-inflation-spike-san-francisco-federal-reserve>

Online Video Sources:

1. Ronald Reagan, "Inflation is a Tax," *usACTIONnews*, (2012)
<https://www.youtube.com/watch?v=357MOWa--3M>

2. Khan Academy, "What is inflation?"
<https://www.khanacademy.org/economics-finance-domain/core-finance/inflation-tutorial/inflation-basics-tutorial/v/what-is-inflation>
3. Will Witt & Amala Ekpunobi, "Inflation is Worse Than You Think: The Worst has Yet to Come," *PragerU*, (2021)
<https://www.youtube.com/watch?v=mUYmDOy7ISE>
4. Adriene & Jacob, "Inflation and Bubbles and Tulips: Crash Course Economics #7." *CrashCourse* (2015)
<https://www.youtube.com/watch?v=T8-85cZRI9o>