

People are of the view that an egalitarian society is the way forward, other people also belong to different schools of thought. It is very clear that the society people find themselves in are far different from the egalitarian's ideal society where people have equal opportunities regardless their categorical distinctions. According to Mankiw (2012), one of the principles in economics is that government can sometimes improve market outcomes. Ghana Education Trust Fund (GETFUND) which is stated to provide scholarships for Ghanaians to study abroad without eligibility restrictions is a public trust born into existence by an act of parliament with the core mandate to supplement the government activities in support of the improvement in the areas of educational infrastructure and facilities (Atuahene, 2009). A scholarship without eligibility restrictions mean that everyone is equally liable to receive the scholarship regardless of your income status, opportunities and categorical distinctions. A progressive policy is a policy that advocate progress in areas of interest causing a reduction in inequality. It often benefits the group of low-income earners therefore improving their welfare while a regressive policy is one that rewards individuals of their personal hard work as opposed to a social reform or advocacy for progress thereby leading to rise in inequality (Angeles, Trujillo, & Lastra, 2007). Such policies tend to benefit groups with high level of income as compared to low level income earners. With the terms explained, I would argue that the policy is likely to be progressive.

The provision of these scholarships to Ghanaians to study abroad is a way of reducing inequality or poverty through expenditure by the government. The government is likely to fund this policy largely through the revenue it derives from the state and since bulk of the Ghanaian system of taxation is progressive in nature. The personal income tax which took effect in 2016 forms a portion of the revenue of Ghana (Ghana Government Revenue, 2018). This means that the rich in the Ghanaian society contributes more in taxes than the low-income earners since they earn

more. Other forms of taxations like the property tax, assets tax, corporate tax, and others turn to take more money from the high-income earners as compared to low income earners since the high-income earners are likely to own more business and assets as well as perform more economic activities that attract taxes. And all these revenues are in turn used to provide scholarships to the citizens of the country. The scholarship having no eligibility means that the low-income earners would patronage the opportunity more than that of the high-income earners. This is because the students from low income homes tend to have more elastic demand for education as compared to high income earners (Vredevel, 1978) and the fact that price/cost of education influences the demand for education (Mankiw, 2012) implies that the price to pay for the education would decrease which would increase the enrolment of students from low income households than high income households as the fall in price would lead to more than proportionate increase in the quantity demanded for education. This and other analysis show that the people from poorer homes benefits more proportionally as compared to people from high income earners from the expenditure towards the provision of the scholarship. This guarantees that the Gini coefficient which is normally used to measure inequality (Unit 19 Economic inequality, n.d) is likely to reduce when this policy is implemented which would lead to an upward shift of the Lorenz curve thereby reducing inequality. The possible reduction in the Gini coefficient and the upward shift in the Lorenz curve bridging the inequality gap also strengthens the assertion that the policy is likely to be progressive.

Justification

The policy of providing scholarship to Ghanaians to study abroad can be justified by many reasons based on how one views it. Two of which that would focus on are *investment in Human Capital for development* and the *production of positive externalities*. Some people are of the view

that the reduction of inequality and increase in fairness can also be a justification (Unit 19 Economic inequality, n.d) but it is a desirable side effect that results when such policies are implemented even though it has a large impact on inequality.

The policy is a valuable investment in human capital for the country. When these young individuals move abroad to study, they are often deployed to fields that are vital to the development of the country like medicine, engineering, oil and gas, economics and political fields (Vredevelde, 1978). These individuals are exposed to high quality education, high level of research facilities and people from diverse backgrounds. These exposures enrich their potentials and increase their skill capacity. These individuals come back to their country very fit to steer the sectors of the economy to a substantially higher level. More of these people are more likely to gain rewarding employment, own businesses and contribute to the economic growth and development of the country. These human resources who have been invested in so much has a high propensity to stabilize their families and be active and productive inhabitants impacting the lives of people in the society, they find themselves.

The second justification is that positive externalities are created. When the government steps in to provide these scholarships, the situation where the payment of fees are left to private payers and people who can afford it which often creates deadweight losses making the market for education pareto inefficient since the individuals in low income homes cannot access such education and therefore are not better off is reduced. These reduces instances of crime, pressures exerted on other social amenities and such individuals often do not partake in welfare assistance programs as beneficiaries but rather benefactors. Due to these consequences, not only does the socially optimal level of education is achieved but pressures on other facilities are reduced and the engagement in activities that are likely to make other people worse off are reduced which implies

that the market for some services in the society are pareto efficiently provided or used due to the positive externalities that were created from the policy (Endrew, n.d)

Ways in which the organization of the scholarship can improve the livelihoods of poor households

There are immense social and economic benefits that the organization of the scholarship would bring to poor households leading to an improvement in their livelihoods. Some of these are the increase in access to education by poor households, increase in the welfare of poor parents and the reduction of the vicious cycle of poverty in poor families. When the government provides the scholarships to the nationals to study abroad, the money that the poor households parents would have used in funding the education of their children are likely to be channeled to other productive activities that would generate income for them. These would increase their level of income thereby increasing their purchasing power and variety of goods and services can now be consumed by the poor parents and their relatives. This improves upon their standard of living as their cost of living is reduced

In addition to that those in poor households who initially could not afford the funding of their education would now get access to education and increase their value in the community they find themselves in. Most people who get to abroad are likely to engage in other work or activities as they school and may gain some income that could be transferred to their parents back home. From a personal communication with a beneficiary of such scholaships, some students in Cuba upon receiving their remittances sent some to their parents in their home countries. Such monies and the residual incomes generated from the productive activities they engage in are likely to be saved and invested in ventures. When this continues, there is a high possibility that poverty would be reduced and the gap creating inequality between rich households and poor households would

be bridged to some extent and most importantly some poor households are likely to come out of poverty thereby breaking their initial vicious cycle of poverty.

Conclusion

Pareto inefficient atmosphere are sometimes created when society is left to supply some services like education base on purchasing power. In such instances the government can sometimes improve market outcomes. As illustrated above, the government of Ghana offered GETFUND scholarships to Ghanaian nationals to study abroad for the past few years. The analysis above shows that if there are no eligibility restrictions, the policy is likely to be progressive. Investment in human capital and the production of positive externalities are often the justification of such policy. Although such policies have large impact on fairness and inequality, the reduction in inequality associated with this is seen as a desirable effect but not a justification. The policy goes a long way to improve upon the livelihoods of poor households in several ways.

One great lesson I have learned from this paper is that when such policies are well organized by those in charge, it goes a long way to provide substantial opportunities to beneficiaries and as these benefits extends to their community, it creates a general social and economic benefits that is far more cost effective than the cost associated with consequences that would have arisen when such policies were not set and implemented (Vredeveld, 1978)

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