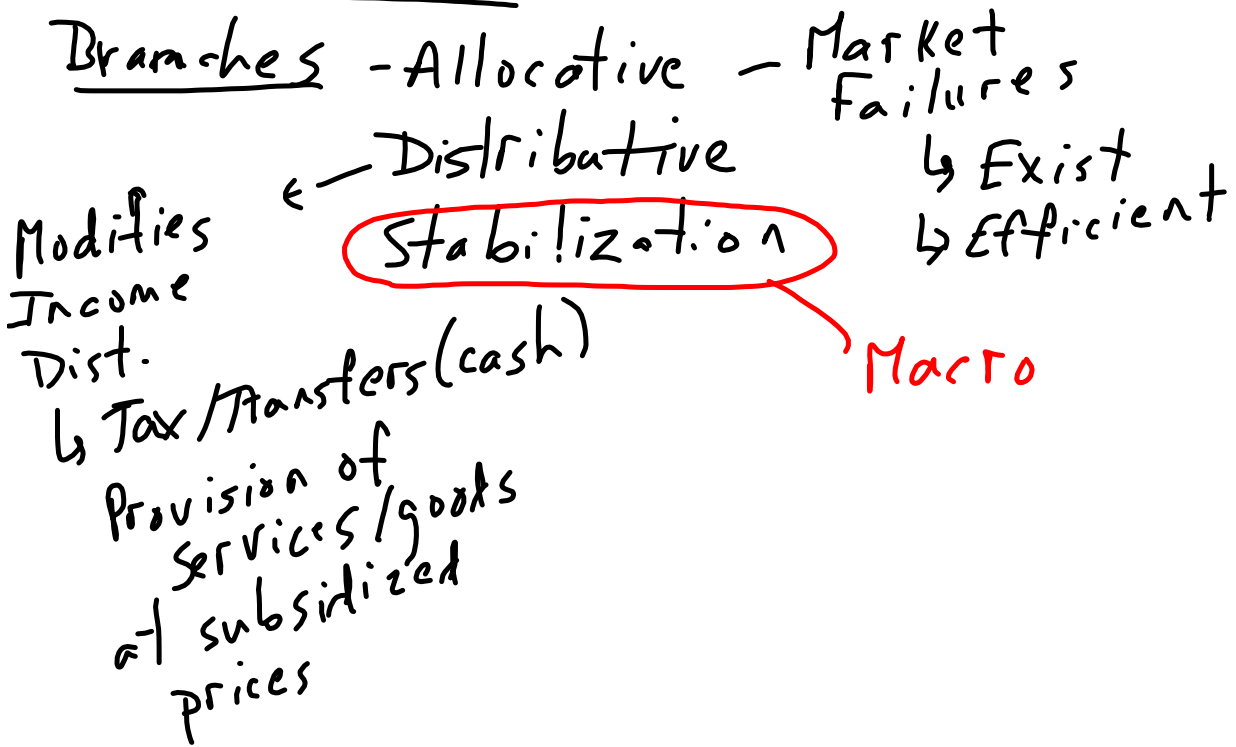


Fiscal Household (Musgrave, 1959)



Gov't Size - Growth?

- Congressional Budget Office
- Council of Economic Advisors
- Bureau of Labor Stats
- Dept of Commerce

Gov't bigger? - Yes

1900 vs 2000

Bad? - Role? - Public Choice } Political Economy Chapter 6

Benefit-Cost Analysis Chapter 8 x

Unintended Consequences

- policy actions change relative prices - incentives

Wealth tax on cars

- X% of Blue Book Value every year
 - CO 3%
 - VA 3% → d
- } justify on wealth

fleet effect - age
- air quality

add 1 year to age
→ EPA Mobil 6 program
Statistically signif increase

CO
SO₂
NO_x

Relative Prices → Transitional
Transitory Gains Trap

↳ change → bundle "of goods change

- New Zealand - 150% tax
capital value of cars ↓

Growth Story

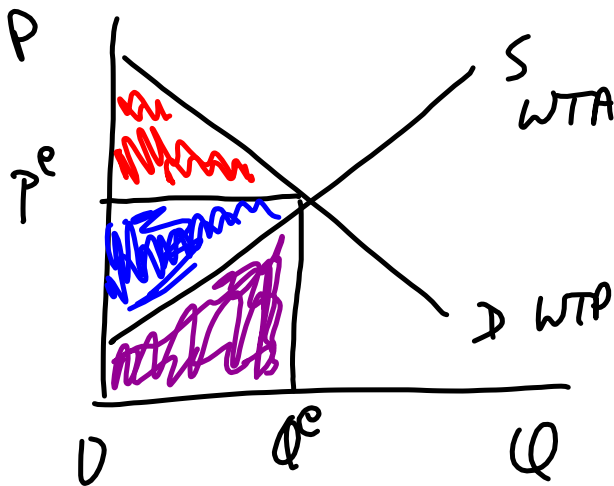
- why? - Chapter 6

Tools - Normative - Should be
- value judgement]
{ Positive - As things are
data driven

Chapter 2

Chapter 3 - Normative

Markets



at P^e

$WTA = WTP$

Max total surplus

CS - cons. ///

PS - prod. ///

Total Cost ///

$PS = P^e \cdot Q^e - \text{Total Cost}$

Market Failures

Good not provided at all - Pot in ALC
 Enforcement perfect - lose $PS + CS$
 Pot in CD

legal fix -

technology -

intellectual property rights

↳ patent

trade mark

copyright

} prevent entry
 recover cost
 $R + D$

Monopolist

