

# Policy

## What do people want?

### PPI?

1. winners and losers in roughly similar circumstances, changes in well-being "not of great magnitude."
2. "debateable" if a PPI-satisfying change should be allowed or implemented if benefits to some groups incur "significant" costs on others.

### Fairness

1. Equal treatment of equals
2. status quo property rights
3. society as insurer
4. Ec. inefficiencies and "special interests."

## What do we get?

1. Schattschneider prize
2. Classification scheme

Concentrated benefits and diffused costs or the reverse, and asymmetric incidence of gov't action

### Costs

	Concentrated	Diffused
Concentrated	Uncertain gov't action; Interest group politics	Gov't Action; Client politics (Tariffs, etc.)
Diffused	Gov't Action; Entrepreneurial politics	Uncertain gov't action; Majoritarian politics

Stakeholders: individuals or groups whose interests are vitally affected.

Have an incentive to organize, get their way (unless so blatant or if non-stakeholders organized by entrepreneurs)

NW cell: health care plans?

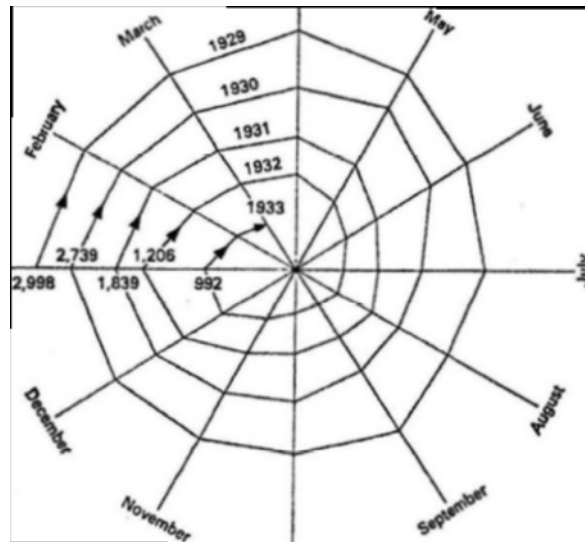
NE: stakeholders become clients of politicians; trade, ag.

SW: If a proposed policy heaps costs on stakeholders, they will mobilize to defeat; but entrepreneurs can intervene (Ralph Nader)

SE: maybe abortion? Flag-burning?

The contraction of world trade, January 1929- March 1933: Total import of 75 countries

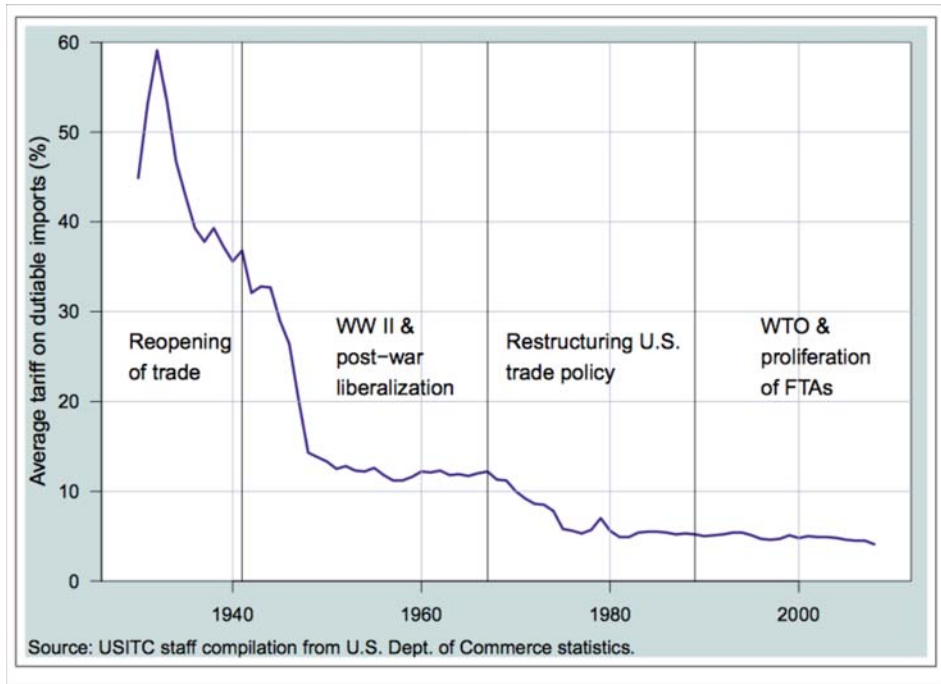
(monthly • value in terms of dollars)



## RTAA to GATT to WTO

Key principles

1. Reciprocity
2. Tariffs, not quotas, export subsidies
3. Multilateralism
4. Nondiscrimination
5. Dispute resolution mechanism
6. Escape clauses
7. Results:(HT PK)



## Dumping

Domestic predatory pricing