132 Used Notes S-2000

Probs of Poverty & Marginalization. – Griffin
Terry McKinley, for UN O'coming Human Poverty. Current.

Castelnuovo (ed.) Hist of Global Ec

Neo-cl. Ecs, has no concept of poverty.
Yet, dev. ecs. is concerned w. poverty.

4 pts.
1. The unit of observation
– Hshld? No
– " inc. p.c.
Some say there are ecs of scale in hshlds – OECD (cheaper by the dozen)
– Individs.
2. Defn. of Inc.
Volatility, seasonal
Mongolians think about wealth, not flow of inc.
Unit of acct. is the horse. 21 horse equivalents is the poverty line ("bahds")
a. Cash inc. – excludes inc. in kind
b. Expenditure – steadier than inc.
3. Min requirement
Nutrition is a common std.
Calories used for nutrition.
World bank uses $1 per day, for food, shelter, & "decency"

4. Indicators of poverty (measures)
A. Headcount: fraction of pop. in poverty

B. How poor are the poor - "poverty gap"

$$\frac{(z - \bar{y}_p)}{z}$$

Amartya Sen wants to empower people, or lead the life of one's choice. Enhance human capabilities.
Poverty is being unable to achieve capabilities.

"Human Poverty Index"

{
a. Survival (life expectancy)
b. Knowledge
c. Std. of living: water, health, adequate weight

Wed., 12 Apr. 2000

1. am. adjusting sequence ~~to cover~~ according to expressed interests. — subject to availability of papers.
History of Int'l Tax. not yet available, so begin w. Internet & sales tax. Lots of history here, too.

2. Complete earlier units.
   a. Distrib. Vocab. list — credit Dai Ying Lee.
   b. Mand. effects of P-13 in several ways.
      1. Rise of other taxes
      2. Subventions
      3. Fall of services: schools, roads, health,
      4. " " credit ratings
      5. " " p.c. inc. rankings
      6. Rise of unempl. poverty, alienations
      7. " " shelter prices
      8. " " gap btw. rich & poor
   c. Refuted exog. causes. (Mentions Am. Sec)

3. Add new unit
   Hist. of CA.

4. Article on Internet & Sales Taxes ~~###~~
(#16, 17, 40, 48)

3 major sources

Fed. '94	Amt ($b)	%	(Holcombe)
Individ. Inc.	550	44	
Payroll	462	37	
Corp. Inc.	131	10.5	
~~Excises & Customs~~	~~74~~	~~5.9~~	
Estate & Gift	13	1.0	

State, '90 (Holcombe, p. 263)

~~State~~	Amt ($b)	% U.S	% CA
Sales	100	33	33
Pers. Inc.			31
Bank & Corp.			13
Motor Fuel & Licenses			9

Local

Cities

Cities

Districts

Wed

1. Sales Tax Suicides, Concluded
   10. Cuba
   11. Russia
   12. Beveridge, Hendrix, Mellon
   14. Brits, India
   15. KMT
   16. South Viet Nam
   18. Al Ullman
   19. Dukakis, '88, advised by Summers.
   20. Sosuke Uno, '89
   23. Mulroney, '93 (Kim Campbell in town. Like Summers, failure doesn't stop her.)

2. #42, Proptax Hist.
   A. Ancient
      Evolved into its opposite, a draft. Also, a corvée (robot).
      Rome fell – sales taxes.
   B. Byzantium – ~~[illegible]~~
   ~~[illegible]~~ C. Feudal system
      (Basis of our common law)
      Servitudes; fealty (fee simple)
   D. U.S.
      1. Colonial pd.
         Cf. Eng. colonies vs. Iberian, Dutch, Russian, French.
      2. Westward expansion

- a tool used vs. adventurers, patroons, latifundistas, cattlemen, dry farmers.

E. Progressive Era, 1880 - 1930. Urbanism, edn, public health & safety.

F. Sales tax era, after 1930

G. Levels of Govt.
Local particularism.
Interstate diffs.
NH vs. AL + NM.

Forest Taxes. 4 kinds
Prop.; Site; Yield; Income.

1. Prop. (on timber)
Con: Hard on K-intensive land uses. Like raising i.r.
- early cutting.
- valuation costly
- understocking
- up front

Pro: - stabilizes marginal sites
- Uniformity
- sub. labor for K
- accrual is income

2. Site

Pro:

- fosters early restocking
- no effect on harvest date
- no tax on mgmt sites
- steady revenues.
- taxes non-forest values.
- lower overall taxes on conserve forestry

Con:

- high

3. Yield Tax

Con:

- Unstable
- Slow restocking (due to lower site values)
- Sterilizes mgmt sites
- penalizes ~~to~~ short cycles, rotations, TSI
- hi-grading
- Non-uniform

4. Inc. Tax

R E. { Land
Bldgs
Movables } K

Wed.

1. Midterm, Wk from Mon

2. New sched

3. Pass out stuff

4. This Mon
   - Sample qus
   - Vocab #3

5. Rdgs covered
   1, 2 — Prop tax
   7,
   ↳ 16, 17, 40, (48) — Sales Tax
   18, 19, 20 — Tax Compan
   42, 66 — Prop Tax

6.

Mon, Apr. 24

1. Lesbiagen, #19.
2. Suicides, #40
3. Ramsey Rule, #48
4. Prop Tax, #42

Fri., ~~Apr~~ Apr. 7, 2000

1. '95, paper addressed M1.
2. '78, Prop. 13
   a. Rate
   b. Base; Event
   c. Subventions rose.
   d. State taxes rose
3. Services fell
   Schools - #1 to #49
   City roads down
   Low bond ratings
   O.C. bankrupt - track from SB
   L.A. closes emerg. rooms.
   Discharge mentally ill.
4. Unc. pc crack fell, #7 to #12 by '92
   Hsehld inc. fell, too
   Unemp. rate 9%, cf. U.S. 6%
   Pov. rate 18%, cf. U.S. 14%
   Prison pop. high
   Selling used equ. out of state
5. Pop. fell, '93, by 2%
6. Rise of shelter prices
7. No renewal after Northridge quake, '94
8. Collapse, '89 - empty bldgs.
9. Abbreviations, from "Falling Expect"
   R. King riots.

10. ~~[illegible]~~ Seizing on exogenous causes

(Cf. Amartya Sen, blame bad govt.)

End of Cold War?

Cf. '45 - 50, started new businesses.

El Dorado Effect - producing for our own mkt. (As Adam Smith said.)

11. Then, buyers mkt. for land; now, seller's mkt.

Balsama's talk, #1, a

1. 1900-78 Cal. set the world ablaze.
Low Taxes? No, high level of public services.
+ Magnetic Taxes

2. 1849-90, Cal. lagged.
3. Prog. era, hi level of pub. services.
4. Raised i.r. + w.r. in rest of U.S.; lowered land values.
5. S.w. pioneer vigor? Cf. NM.
6. In growth pd., of CA, it sucked pop. from bad lands of the east - e.g. VT + NH.
Now, NH is growing!

S 2000

Topics favored

Internet - sales tax.	| | | |	= (4)
Urban renewal	|	= (1)
~~Prop~~ Taxes on Prop., & Prop. Inc.	| | | |	= (4)
History of taxes	| | | | |	= (5)
Payroll Tax	| |	= (2)
Major Taxes	| | |	= (3)
Macro - Supply-side	| | | |	= (4)
Ec. Dev.	|	= (1)
Effic. Res. Use	| | |	= (3)
Current Hot Topics	|	= (1)
Power of Taxes	| | |	= (3)
Justice, Distr.	| | | |	= (4)
Air-bottle	|	= (1)
School Finance	|	= (1)
Indy. Case Studies	|	= (1)

2356

3 most important goals of tax policy?
Students, W94

Redistrib. wealth	/ / / / / / / / / /
Defense	/
Help growth	/ / / /
Lower debt	/
Incentives, efficiency	/ / / / /
Fairness, equity	/ / /
Raise rev.	/ / / / / / / /
Help govt. borrow	/

LA Times, 11th Jan 88

Cal budget, 1989, proposed by Gov.

Sources		Rank
Psnl Inc. Tax	34.2 %	1
Sales "	28.2 %	2
Bank & Corps.	16.7	3
"Bond rev. + others" (?)	10.4	4
Hi Way users Tax	5.3	5
Mo. Veh. License fees	4.5	6
Cig. Tax	1.8	8
Liquor "	.3	10
Ins. Tax	2.7	7
Death "	.9	9
	100.00	= 47.8 B $

Uses	
Ed. (K-12)	31.5 %
Health & Welfare	26.0
Higher Ed.	12.2
Local gov.	5.8
"Rec., Xpt + Hsg"	5.5
Other	5.0
Corrections	5.0
"Selected bonds"	3.5
Resources	2.5
"Tax Relief"	1.9
"State + Cons. Services"	1.1
	100.00 % = 47.8 B $

PTFUR

p 279

(1) ~~PV =~~ A is ~~an~~ level a

~~E.g.~~ ~~ACF r~~ FV * SFF

same as PV v IPF

~~E.g.~~ (1.) Converts irreg. flow to level flow

~~2. " " to point value (÷ i)~~

p. 281, reverts to comparing value of base land w. value of defender + land.

w/o tax, wd. rebuild Mke overnight. Even some suburbs, which simulate this effect by urb. renewal programs.

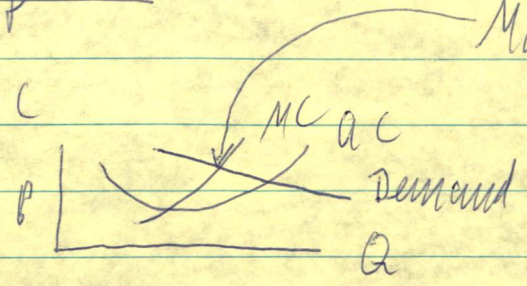
Bldg. tax hits harder up front – cash flow crisis.

Land tax deferred. Same as extending credit.

Wed., May 9

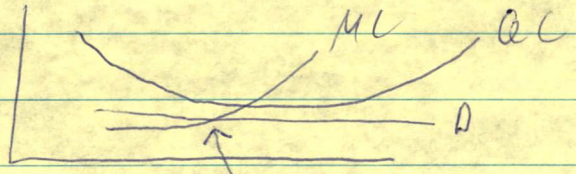
Vickrey

1. $P = MC$

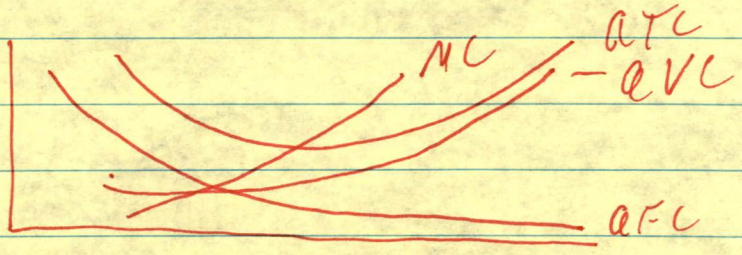
A. 

B. Declining AC

1. Excess capacity (s.r.)



Minimize losses. Is this better than shutting down? Only if you can squeeze some overvaluation out of EC, thus lower AFC, as below.

2. 

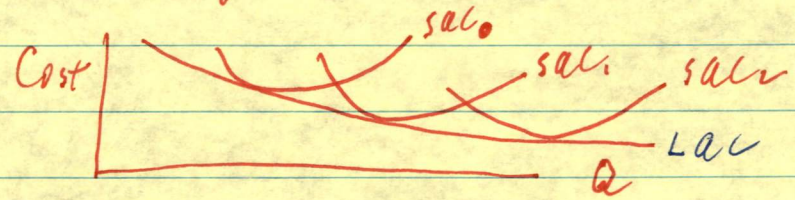
Since many EFC are non-salvageable, they have no O.C., & you can write them down to zero, and ATC → AVC. (If funded, only land retains much O.C.)

3. Write-down is called Marking to Market. Many resist doing it:
   - makes mgt look bad
   - hurts credit
   - if a p.u., lowers rate base

- K is debt-financed, & you can't repudiate debt
But it is still best to min. losses.

Hence, reported profits often > real profits -
- even if that makes co. report higher taxable income.

4. Falling LAC



This is what Vickrey has in mind.

~~E.g. Water~~ (L.A. & ~~SF~~ MWD have traditions of staying out ahead of LAC curve, promoting growth.)

5. E.g., water distrib.

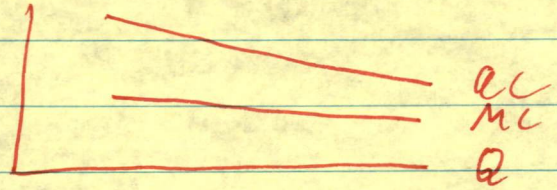
$$A = \pi r^2$$
$$C = 2\pi r$$

$$Q = \alpha A$$
$$K = \beta C$$

$$AC = \frac{K}{Q} = \frac{\beta C}{\alpha A} = \frac{\beta}{\alpha}\frac{2\pi r}{\pi r^2}$$

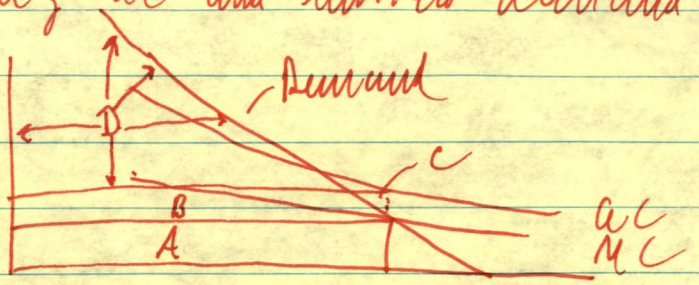
$$= \frac{\beta}{\alpha}\frac{2}{r} = \frac{\gamma}{r}$$

The $\frac{6}{10}$ rule:



$$MC = .6\,AC$$

C. 1. Deriv AC and limited demand



If P = MC, are not maximizing B − C
But are losing money. Dilemma.

2. Solution: make up deficit by taxes. Here is where govt. comes in. D + B > C + B
C.S. must > deficit (D > C)

3. all the above is in para. #1 b

D. One more thing: "positive externalities".
- e.g., pumping wtr drains swamps
- mass transit helps merchants
- wtr. supply makes mkt. for pools, golf, etc.

2. What kind of taxes?
a. Not on the service itself – e.g. phone use,
b. Tax w/o any taxable event, is best.

If service is localized, net gain goes to land-owners, so this is equitable, too.

3. Area-sensitive costs:
A. Fire protection
B. Distrib. networks.
Water lines
Sewer
Phone
Transit
Cable
Power
Mail
~~Streets~~

C. Add flood control
pest "
Air quality
Radio
Streets
Mass transit
Aquifer quality
Trash disposal
(It.)

4. Vickrey segues into MC > AC, beginning in his #6, transit
a. Freq. of service improves quality.
b. Peak load pricing
c. Passes are bad - no peak variation.
d. Pricing use of streets - e.g. #91.
This is a hard case! Easier to justify are:
- ferries.
- Water (need less storage)
Problem of Burnett fallacy: lower price

Wed.

when water scarce, i.e. in dry years, bcs. furrs. are hurting.
- Parking
e. Parking.
f. Air pollu.
Put burden of proof on vehicle owner
g. Axle-load surcharge on heavy trucks
h. Airport congestion
i. Noise charges

Skip remainder

Defer 8, a

BMS
"Public Good" - define.
Demand curves added vertically, bcs. need produce no more in order to serve more - e.g. library, cinema, radio program.

1. Landowners gain most, E.g. Cuba, Viet Nam
2. Vulnerable owners gain more than others.
3. Owners outside U.S. gain most of all
- Caciques - we pay their taxes
(King Edw. II & Robert Bruce)
- Em. & Japanese based firms. Azucarera Central
- MNC's
4. Dimensions
Prime concerns are Terrain, Taxes, & Mupy

Vertical latn. - control raw mtls.
Low labor content

5. Sources of value outre-mer
   a. Net K flow
   b. Plowbacks
   c. Approp.
   d. Apprecn.

a. Net K flows are small.
   E.g. given, p. 10

Next Ass.
10 - 15 (11 is missing)

Other measures of value are high, relative to cum. K flows.

- Return flow of income - \$3b - 6b, from cum. K of \$2.7b, 1947-62 (Aramco)

- Output. \$100b - \$200b.
- Earnings: \$8b from overseas, vs. \$36b domestic $\frac{8}{36+8} = \frac{8}{44} = 18^{+}\%$

Actually higher, bcs earnings are understated for tax purposes. How?

- Expensing exploration
- % depln.
- FTC

} These o'state costs

- Apprecn. not counted as income.
- Approp. " " "

Mixed up w. apprecn — "firming up terms".

"Firming up terms" — old as history
Westwood Grants in Vt.
Mason claims in Nh.
Iraq War
Iranian Revolution
Expropriating Tories in NY
Seizing Hawaii
Case of Intelsat. Charges. Rent-seeking, spectrum
— Mkt. power

#10 PTFUR

I. Rate of 3% in Mke, 1962.
30% of net inc.
PV of 1% tax = 19% of cost.. Major deterrent to new bldg.
Same time, tax on vacant or farm land prompts early devmt.

II. Land not an erosive tax base
III. Defining base
"Freeze" approach
("Bldg-residual" approach — important, & (omitted it.)
ATCOR effect

IV PTFUR
A. Tax biases land vs. use taxed heavier.

(cf. Duma paper)

B. Comptn. among all uses.
Here, comptn. btw. old & new. Chal. & Def.

Fisc wants new bldgs, but "each man kills the thing he loves"

annualize Ch. & Def. values.

CF_D vs $rent_c$. Define them.

$CF = GR - e$
$Rent = CF - Ki$

C. Effect of Taxes.
1. Land taxes, no effect — same before as after.
2. Bldg. taxes. — same as raising i:
$Rent = CF_c - K_c(i + t)$

Wed. May 30

I. Profit motive

1. Motivate LG's.

a. They borrow sovereignty of states

b. Like firms

Compete (except for Bradford-Burns

c. Open ecs. - define

Residual legata. (Equity; btm. line)

"Lodge" - Incidence theory

ATCOR

d. Highest & best use. Max. rent

e. Local satraps

f. Citizens are organic: caciques are contractual.

II. Conflicts.

A. Hanseatic

Mupy. E.g., state ag. mktg. boards.

Capper-Volstead. TX ~~[illegible]~~ RR Comm.

Anti-trust exempts LGs.

- W-hold land.

Crown Prov.

Ag. Land Reserve.

Ore. Urban limits

- Repel ~~big [illegible]~~ labor-using land uses - e.g. garment indy.

B. Fiscal mercantilism

1. Annex retail.

2. Repel welfare cases & school children

Compton, Irwindale, Commerce, Industry

Forest Cities.

Kenedy City, TX

Madera Co., CA

Repel voters who want schools.

3. Min. tax pmts to sr. govts

E.g. help overdepreciate inc. prop.

Use tax-exempt bonds for pvt. mdg.

4. Max grants

Once, these were pop.-based, so just ~~To p. 6~~ boom the town. That's what CoCs used to do. Requires belief in composite ecs. of scale.

Now, Fed. grants based on other criteria. E.g. sewer grants. E.g. tax-exempt bonds. + State

So cities get Fed $ to build sewers, fwys, flood control, EMA, wtr. supply, etc. — but then given zoning power to keep people out.

p. 6 C. Protecting the Commons
Beaches, etc. Sta. Barbara.

p. 7 D. Covert Imperialism
Annexations.

III. Resolving Conflicts
A. Attract migrants who can't vote, etc.
B. Expand fast, keep land cheap.
1. Continental, 19th Cent.
2. Urban, 1930 - 50.
C. Socialize rent local level,
1. Ecs. of scale, small gain — cf. II, B, 4, para. 1
2. Provincial level, Alta + B.C. socialize rents, attract pop — i.e. compete for people — bcs. they believe in ecs. of scale.
This makes the Province the "level of loyalty," may jeopardize nat. unity — but doesn't seem to.
3. Nat. level
Done by war price control; and rev. sharing.
D. Spend Fed money where people are.

p. 11 IV. Desirable Fed policies

Now. Fed. taxes persons, subsidizes govts.

So, L.G.'s regard people as pollutants.

Reverse policies, so L.G.'s compete to attract people.