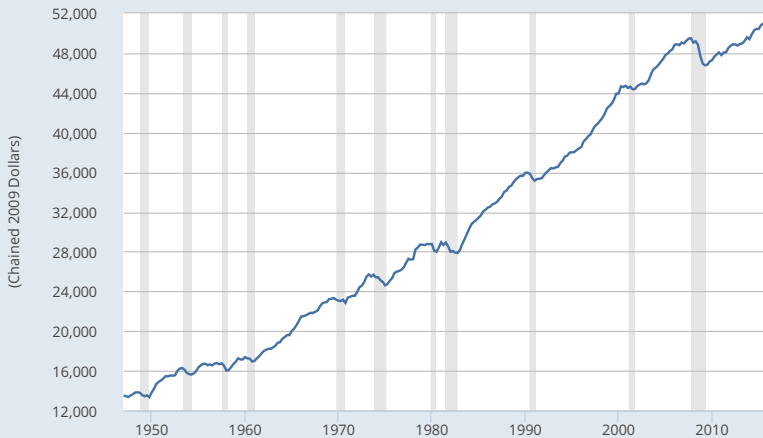


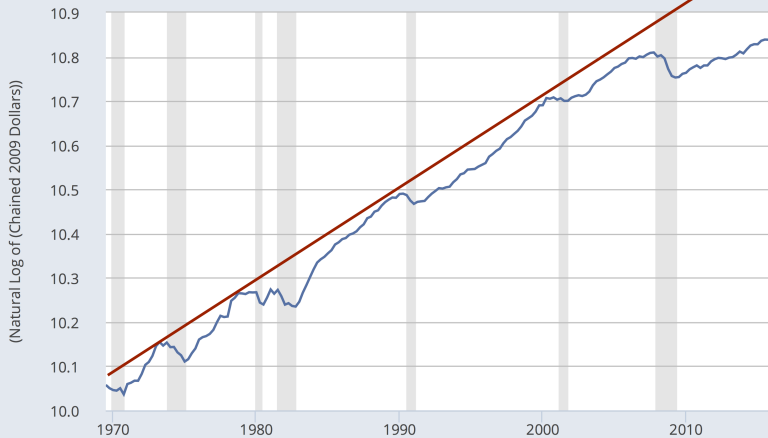
Free to Grow

John H. Cochrane

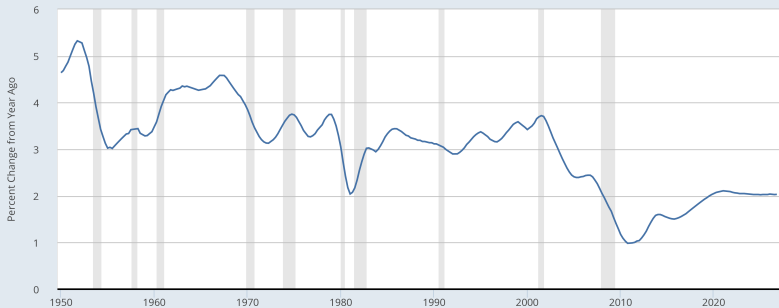
Hoover Institution, Stanford University



Source: US. Bureau of Economic Analysis
research.stlouisfed.org



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research.stlouisfed.org

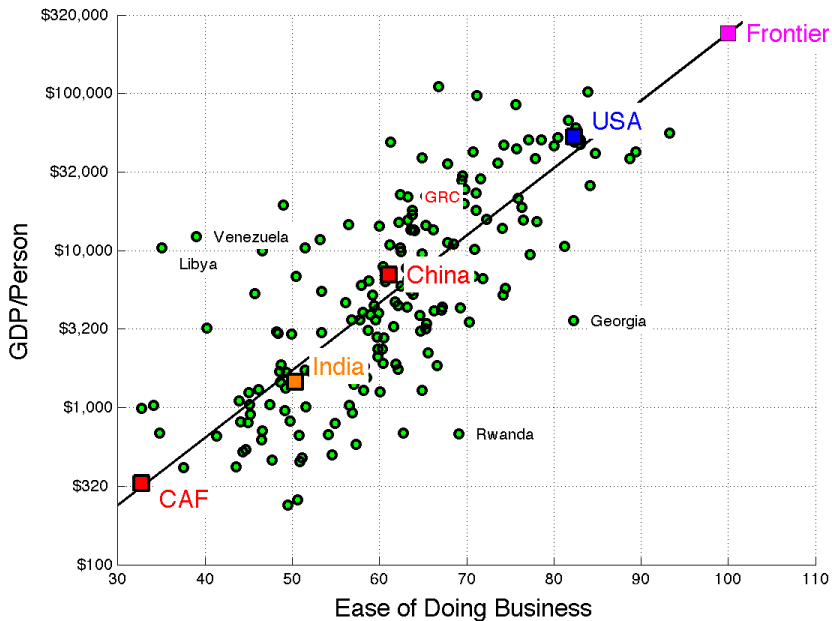


Source: US Congressional Budget Office
fred.stlouisfed.org

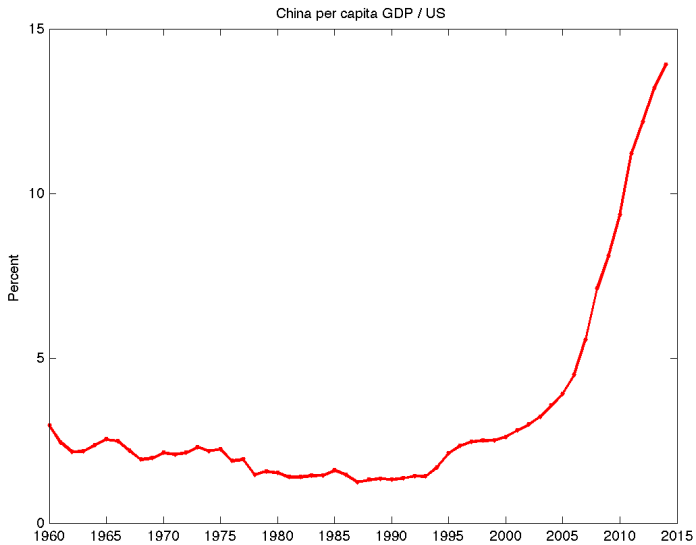
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World Bank Ease of Doing Business Rankings

Economy	Ease of Doing Business Rank ▲	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Singapore	1	10	1	6	17	19	1	5	41	1	27
New Zealand	2	1	3	31	1	1	1	22	55	15	31
Denmark	3	29	5	12	9	28	20	12	1	37	9
Korea, Rep.	4	23	28	1	40	42	8	29	31	2	4
Hong Kong SAR, China	5	4	7	9	59	19	1	4	47	22	26
United Kingdom	6	17	23	15	45	19	4	15	38	33	13
United States *	7	49	33	44	34	2	35	53	34	21	5
Sweden	8	16	19	7	11	70	14	37	17	24	19
Norway	9	24	26	18	13	70	14	14	45	8	6
Finland	10	33	27	16	20	42	66	17	32	30	1
Taiwan, China	11	22	6	2	18	59	25	39	65	16	21



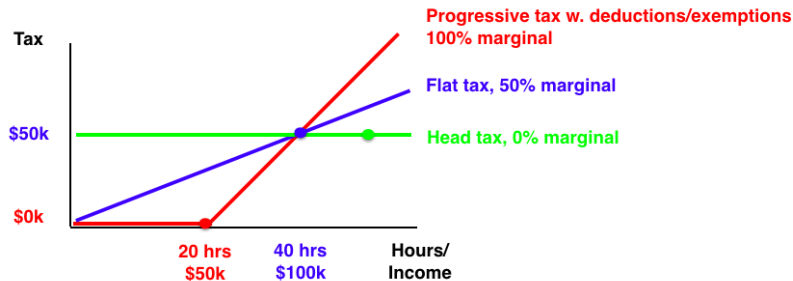




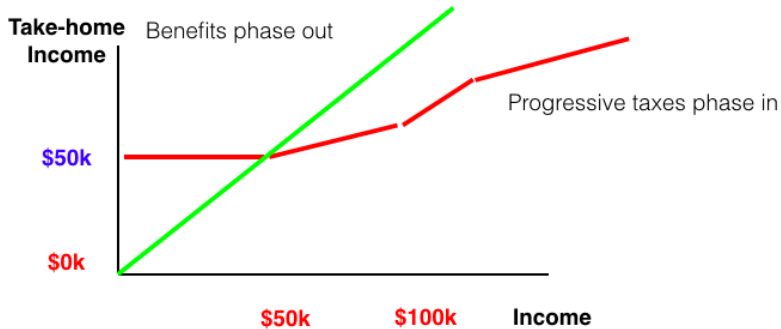
Policies

- ▶ Health.
- ▶ Finance
- ▶ Regulation. (Including carbon)
- ▶ Taxes.
- ▶ Social programs.
- ▶ State and local.

Taxes vs. Tax Rates



Disincentives



Economics; principles:

- ▶ “Incentive economics.”
- ▶ The little old lady and the fly.
- ▶ Cross subsidies (kill competition)
- ▶ Fixing prices / inhibit competition to transfer income
- ▶ Rules not decisions.
- ▶ If you're going to do it do it efficiently (and publicly).
- ▶ Taxing and spending isn't so bad.

Politics:

- ▶ Ideas do matter.
- ▶ Polarization? Winner take all. Rules.
- ▶ Grand bargain coalition: “I’m giving up mine, so I’ll be sure you give up yours!”
- ▶ 1970s deregulation, 1986 tax. Bipartisan commissions. Can happen!
- ▶ If not... self-inflicted self destruction, le déuge