

# Responds to artical

Business



Response to the " Baptists" and " Bootleggers" The " Baptists" and " Bootleggers" is an economic concept that relates to business regulatory frameworks. This theory was founded by Bruce Yandle, one of the regulatory economists. According to this theory, regulations draw support from both environmentalists and business entities with each group citing varied reasons for their support. This theory was attributed to the move by Evangelical Christians, Baptists, and political activists who advocated for the closure of drinking pubs particularly on Sundays. However, ' Bootleggers' went ahead to illegally sell alcohol, thereby making much profit illegally. It is such coalitions that make politicians to support the two groups that are for and against regulating the sale of alcohol on Sundays (Bruce 12). This is an indication that different groups advocate to business regulations for personal benefits.

#### Symmetry versus Asymmetry

The rent seeking behavior is a common economic theory and practices that impact differently on players. Usually, it is aimed at achieving personal gains at the expense of others. This behavior is evidenced in a number of ways. For instance, a number of regulations passed by relevant authorities affect the population differently. A perfect example is the case of taxation policies, which may favor or disfavor a section of the population. Progressive tax policy (which is a rent seeking scheme) is favored by the low and medium income earners. However, high income earners are opposed to this tax proposal.

Such differences regarding ' collective mechanisms' can be explained using the symmetry and asymmetry arguments. While a section value collective mechanisms, others opposed to it advocate for individual liberty, leading to <https://assignbuster.com/responds-to-artical/>

disagreements on the best arrangements that suits all groups. Such conflicts are asymmetrical in nature. Therefore, in order to realize a collective mechanism, the interests of those opposed to it must be sacrificed, hence asymmetrical.

#### Five Facts about Government Spending

A reality that we all have to live with is the fact that our governments are in debt crisis that has been on the rise over the last decades. It is therefore important to understand the facts behind government expenditures. The first thing to note is the fact that government expenditures exceed tax revenue collected from different bases. This is an indication that the revenues generated are insufficient to fully finance government operations. Therefore, governments are ever in deficit. To finance their deficits, they have no choice but to borrow either internally or externally. It is fact that tax payers have to dig deep into their pockets for some projects that will never be directly or indirectly beneficial to them. This is a reality that we have to accept and live with.

#### California Water Crisis - Policing versus Pricing

Water shortage is one of the major challenges that the California residents have had to battle with for some time now. With the problems not likely to come to an end any sooner, it is important for the management to make a choice between policy and pricing. One of the major causes of the shortage is misuse of water resources. Notably, most consumers do not conserve this resource on the ground that it is very affordable. To help solve misuse-related problems, it is recommended for the water management authority to consider increasing the price of water resources. This would make it costly, thereby making consumers to feel the pain of misusing the valuable

<https://assignbuster.com/responds-to-artical/>

resource.

### The Pros and Cons of the Consumption Tax

Unlike income tax where personal earnings get taxed, consumption tax entails paying tax on every good consumed or on one's spending. Although this proposal would be helpful in increasing the tax revenue generated to finance government expenditures, it would be detrimental to the society. In particular, it would hurt low and medium income earners whose marginal propensity to consume exceeds their savings margin. With consumption tax, one's borrowed resources will be subjected to tax, thereby reducing their purchasing powers. As well, individuals would not be entitled to interest expense allowances. Although dividends, capital gains, and savings would be tax free, the tax burden to the low and medium income groups would significantly increase, hence a decline in their consumption powers. On the contrary, the high income earners and the resources owners would be advantaged by consumption tax as much of their resources get saved and invested, not consumed.

### Work Cited

Bruce, Yandle. " Bootleggers and Baptists: The Education of a Regulatory Economist." Regulation 7, 3 (2003): 12.