



Coase: Tax may be inefficient because steel and environmentalists may come to a different equilibrium, i.e. the old level of steel output may be efficient when the steel company pays the environmentalist to tolerate the smoke.

But then he said there are transaction costs so we need BCA to decide who should own & thus use the resource.

Robinson, Samuels, Schmid, Calabresi, Arrow, Sen:

There may be no determinative solution because of Value Circularity. The solution has to be “worked out.”

There are tough choices still to be made rather than the analyst finding the answer deduced from the excreta of the economy.

The actual working out depends on the rules for making rules already in place and those evolving.

Coase: “the analysis has been confined to comparisons of the value of production, as measured by the market.”

“Problems of welfare economics must ultimately dissolve into a study of aesthetics and morals.”

Alternative Conceptions

- **Efficiency Vs. Other Values.**
- **Efficiency₁ Vs. Efficiency₂, etc.**

- **“If you feel no reluctance in resolving an institutional choice issue, you have failed to see and respond to the existing conflict, i.e. the moral dilemma.”**

–

Singer

- **“The Keynesian revolution has destroyed the old soporific doctrines, & its own metaphysics is thin and easy to see through. We are left in the uncomfortable situation of having to think for ourselves.”**

Robinson

Cost Is Not Natural

- **“What is efficient ... is not a scientific notion separated from beliefs and attitudes and always must respond to the question of whom we wish to make richer or poorer.”**

– Calabresi

Joan's pearls

- “It is by no means obvious that goods which carry their own wants with them, through cunning advertisement are a Good Thing/”
- “The difference between profit margins and indirect taxes, in terms of their economic functioning, is not at all clear cut; one is no more & no less a ‘burden’ than the other.”

- Marshall’s diagrammatic representation of consumer’s surplus is bogus, of course...”
- Each firm in a seller’s market aims to expand its own productive capacity up to the point that would be profitable if the seller’s market were to last, but the others are doing the same, and the seller’s market will not last.”

- “What is not possible, at this time of day, is to defend (our economic system) as a delicate self-regulating mechanism, that has only to be left to itself to produce the greatest satisfaction for all.”
- “It is quite impossible to define the cost ... for any particular batch of output of any particular commodity.”

- **“there is no better ‘ole!”**
- “The moral problem is a conflict that can never be settled” by any metaphysical solution.