Index

A & P case, 1950, 60
AAM. See Alliance of American Manufacturers
addiction, 114–15
AFL-CIO. See American Federation of Labor and Congress of Industrial Organizations
Alaska’s “bridge to nowhere,” 126
Alliance of American Manufacturers (AAM), 135
alternative energy, 42
Amazon.com, 64
American Association of State Highway and Transportation Officials, 121–22
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), 142
cost estimates, 39–40
distribution of, 134–35
guidelines issued for, 122
infrastructure funding from, 123, 125–26
merit-based selection criteria, 124
passing of, 36
American Society of Civil Engineers, 123
American Solar Energy Society, 87
anticommons, 56
antitrust laws, 92
ARRA. See American Recovery and Reinvestment Act of 2009
Aschauer, David, 135
asset bubble, 21
bankruptcy, 2, 9–16
airline, 144
alternatives to, 11
auto industry, 144
judges, 14–15
killing off, 12, 16
law, 14
reforms, 14
undermining viability of, 11
banks
balance sheets of, 19
book value of, 14
buying controlling interests in, 20–21
deregulation, 23
discipline in, enforcing, 21, 22, 28
diversifying income sources, 17
eliminating entry barriers in, 18
equity cushion for, 26
government takeover of, 2
nationalizing, 2–4
banks (continued)
nonfinancial companies and consumers, 28–29
operating across state lines, 17
paying market interest rates on deposits, 17
prepackaged bridge, 25
prudential regulation of, sidestepping, 19
raising capital requirements on, 25–26
recapitalizing, 2–3, 4
regulation of, 21, 29, 31
re-privatizing, 2
undercapitalization of, 13. See also specific banks
Barclays, 12
Barnes and Noble, 64
Bear Sterns, 12, 22
Becker, Gary, 136
Bernanke, Ben S., 6, 24
Bernstein, Jared, 136
Bogart, William T., 85
Breaux, John, 48
Brookings–Urban Tax Policy Center, 40
Brown, Gordon, 147
Bush, George W., 35
tax panel, 48–49
Buy America, 77
openness and, 141–44
Calomiris, Charlie, 15
“cap and trade” system, 47, 76, 79–84
auctioning permits for, 79–80
costs of, 79
as counterproductive, 82
initial permits in, 79
property rights created through, 79
as revenue source, 80–81
capital requirements, minimum, 19
carbon, 47
reduction targets, 74
tariffs, 77
tax, 47
Carbon Action Partnership, 86
Carter, Jimmy, 61
cash flow rights, 2, 3
causation, direction of, 9
CBO. See Congressional Budget Office
Center of Medicare & Medicaid Services (CMS), 112
Charles River Associates, 75
Child Tax Credit, 40
Chu, Steven, 77
Clayton Act, 92
Clean Air Act Amendments, 1990, 79
clearinghouses, 26, 31
climate change, 73, 74
adaptation strategy, 81–84
costs of, 76
precipitation, 83
tariffs, 77. See also “cap and trade” system; carbon; greenhouse gases
CMS. See Center of Medicare & Medicaid Services
coal, 76
commercial paper, 7
Commission on Public Infrastructure
at the Center for Strategic and International Studies, 127
compensation rules, 32
Congressional Budget Office (CBO), 80
consumer spending, 41
INDEX

contract
  enforceability, 7
  law, 14
control rights, 3
corporate governance rules, 28
corporate welfare, 48

Daschle, Tom, 106
deals, 7–9
Department of Energy, 124
derivative clearing, 26
disclosure, timely, 26, 31
Dodd, Chris, 23
“Domestic Policy Review,” 61
Donaldson, William, 48
Dorchak, Andrew, 85

earned income tax credits (EITC),
  40, 45, 50
eBay case, 2006, 57, 68
Economic Growth and Tax Relief
  Reconciliation Act of 2001
  (EGTRRA), 46
Economic Policy Institute, 89
Economic Stimulus Act of 2008, 37
EFCA. See Employee Free Choice Act
EGTRRA. See Economic Growth and
  Tax Relief Reconciliation Act of
  2001
EITC. See earned income tax credits
Employee Free Choice Act (EFCA),
  89, 96–103, 106
card check, provision of, 98–99
compulsory interest arbitration,
  provision of, 99–103
consequences of, 90
extra sanctions for employers’
  organizational activities, provi-
  sion of, 97–98
implementation of, 101–2
provisions of, 97–103
  timetables in, 100–101
ethanol, 84

factories, 6
failure
  blame for, 10–11
  dealing with, 9–11
fair trade, 145
Fannie Mae, 20, 26
federal funds rate, 19
Federal Home Loan Bank System, 20
Federal Housing Administration
  (FHA), 20
Federal Mediation and Conciliation
  Service (FMCS), 101–2
Federal Reserve Board, 29, 32
duties of, 30–31
  extending power of, 18
  as micro regulator, 30–31
  as new resolution authority, 30
  reliability of, 31
  vesting power in, 30
Federal Rules of Civil Procedure, 64
Federico, Pat, 60
Feenstra, Robert, 142
Feldstein, Martin, 48
Ferguson, Roger, 48
FHA. See Federal Housing Adminis-
  tration
financial crisis, origins of, 18–23
fiscal balances, 39f
FMC Corporation, 61
FMCS. See Federal Mediation and
  Conciliation Service
forbearance, 22
foreclosure, 2, 3
  amount of, 13
  mitigation protocols, 20
Frank, Barney, 23, 24, 30
Frank, Jerome, 60, 61
Freddie Mac, 20, 26
Frenzel, William Eldridge, 48

gastarbeiter programs, 140
GDP. See gross domestic product
Geithner, Timothy, 3, 5, 6, 25
on capital, 27
GHG. See greenhouse gases
GIT. See Growth and Investment Tax Plan
Goldman Sachs, 22
Goolsbee, Austan, 48
simple return proposal of, 51–52
Government Procurement Agreement, 1995 (GPA), 142–43
government spending, 37f
government-sponsored entities (GSEs), 20
GPA. See Government Procurement Agreement, 1995
Gramm-Leach-Bliley Act, 24
Great Depression, 17, 78
green jobs, 73
crowding-out effect of, 86
defining, 84
double dividend pay of, 86
economy and, 85–87
goods/services created through, 85
as net addition to employment, 86
theory of value, 84–87
unemployment and, 86
green protectionism, 87–88
“greener than thou” bandwagon, 84
greenhouse gases (GHG), 74
compliance, 76–77
cost of reducing, 75, 76
emission targets, 74, 76
pollution in China, 77
sources of, 78
stabilizing atmospheric, 75
gross domestic product (GDP), 38
Growth and Investment Tax Plan (GIT), 49, 50
GSEs. See government-sponsored institutions
Hand, Learned, 60
health care
centralized financing of, 108–9
choice in, 113
competition in, 114
Congress v. ordinary people and, 115–16
consumer surplus from, 118
cost of, 105–6, 115
counterproductive, 108
discrimination in, 113
efficiency of, 106
expansion from existing base, 111–16
funding for, 110
individuals without, 105
licensing, 119
malpractice and, 118
mandates, 117–18
minimum/maximum entitlements, 109
“pay or play,” 113
private employer, 112–13
quality of, 106
reform, 106
reform, alternative, 117–19
reimbursement schemes, 116
right to, 107–8
Target providing, 119
taxation and, 108
technology, 116
two-tier, 109
Wal-Mart providing, 119. See also Medicaid; Medicare; State Children’s Health Insurance Program
health care, Canadian model. See health care, single-payer
health care, single-payer, 108–11
income equality, 109
monopoly, 110
operational subdivisions, 110
scale of, 110
Health Insurance Portability and Accountability Act (HIPAA), 118–19
hedge funds, 24
high-speed rail, 124, 126
highways, 131, 134–35
HIPAA. See Health Insurance Portability and Accountability Act
home buyers, first-time, 26
incentives for, 41
Hoover Institution’s Task Force on Property Rights, Freedom, and Prosperity
establishment of, viii
goal of, viii
House Energy and Commerce Committee, 79
housing
affordable, promoting, 20
leverage subsidies, 18, 26, 31
overpricing of, 20
policies promoting subprime risk, 20
risk taking in financing, 19
inflation, 7
infrastructure, 121
competitive bidding and, 131
congestion, 133
deficit, 123, 125
defining characteristics of, 128
initiatives, 123–27
maintenance and, 123
National Research Council on, 130
natural systems as, 127
prioritizing investments in, 122–23
privatizing, 128–29
public, 128–32
for public good, 130–31
public v. private, 122
repair of, 123
underfunding, 122
wealth transfers as, 128
infrastructure funding
from ARRA, 123, 125–26
competition for, 121–22
infrastructure spending, 132–34
amount of, 132–34
quality of, 132–34
role for federal, 127–35
as stimulus, 135–36
type of, 132–34
Institute for Energy Research, 85
insurance, 82
deposit, 17
social, 114. See also health care
Internal Revenue Service (IRS), 40, 52
international loss sharing, coordinating, 25
inventions. See patents
IRS. See Internal Revenue Service

joint subsidy approach, 15
Joint Tax Committee (JTC), 39, 40
JTC. See Joint Tax Committee
Jurgensen case, 1949, 60

Knorr case, 2004, 65
Krugman, Paul, 142
KSR case, 2007, 57, 58

labor, 6
contracts, 90
markets, 90–91
openness and, 145
labor practices, unfair (ULPs), 93
fines for, 97
increased, 96
labor unions, 92–93
decline of, 94–96
election rules, 95–96, 98–99
employer opposition to, 95
National Labor Relations Act and, 94
reorganizing, 100
unemployment and penetration of, 97. See also Service Employees International Union
land prices, 83
last-in-first-out accounting, 46
law, rules of, 1
Lawrence, Robert, 141
Layne-Farrar, Anne, 97
Lazear, Edward, 48
Lehman Bros., 8, 12, 22, 25
LGD. See loss given default
Lieberman-Warner bill, 75
life expectancy, 108
loss given default (LGD), 28

Mac, Connie, 48
Making Work Pay (MWP), 40, 80
Marx, Karl, 86
McCain, John, vii
Medicaid, 111
Medicare, 116
Part D, 112
prescription drugs and, 112
sustainability of, 111–12
Meiners, Roger E., 85
mental health, 114–15
Merrill Lynch, 22
“The Methodologies of Green Jobs” (Morriss, Bogart, Dorchak, and Meiners), 85
Mexican Punto Final Program, 15
MGM Grand Hotel, 95
monetary policy
lax, 19–20
postwar, 19
threat to independent, 31
money, 6
Morgan Stanley, 22
Morriss, Andrew P., 85
mortgages, 13
coordination problem of, 14
failure to meet debt service requirements on, 20
subprime, 20, 21
tax credit, 50
toxicity of, 14
“most favored nation clauses,” 8
Muris, Timothy J., 48
MWP. See Making Work Pay

NAFTA. See North American Free Trade Agreement
National Bureau of Economic Research Business Cycle Dating Committee, 36
National Infrastructure Reinvestment Bank, 127
National Labor Relations Act of 1935 (NLRA), 89, 92–93
counterproductive effects of, 93–94
defense of, 93
economic case for, 93
personal casualties from, 94
premise of, central, 99
social loss from, 94
unions and, 94
National Labor Relations Board (NLRB), 97
National Research Council, 130
National Surface Transportation Infrastructure Financing Commission, 129–30
Nature Conservancy, 83
net operating losses (NOLs), 42
New Deal, 92
patents and, 59
“A New Era of Responsibility: Renewing America’s Promise,” 39–40
New Markets Tax Credit, 42
New York Patent Law Association, 60
Newman, Pauline, 61
NLRA. See National Labor Relations Act of 1935
NLRB. See National Labor Relations Board
NOLs. See net operating losses
North American Free Trade Agreement (NAFTA), 77

Obama, Barack, 6, 36
budget proposals of, 44–47
challenges for, vii
“hope and change” message of, vii
hundred-day mark, viii, 36, 42t, 52
priorities of, vii–viii
tax changes by, 43t
tax panel, 47–52. See also specific policies
Office of Management and Budget (OMB), 44
Office of the Comptroller of the Currency, 29
Office of Thrift Supervision, 29
OMB. See Office of Management and Budget
Omnibus Appropriations Act, 2009, 122, 123, 126
openness
anti, 140
bailouts and, 144–45
Buy America and, 141–44
dangers to, 141–47
environmental standards and, 145
foreign investment and, 146–47
immigrants and, 147
labor and, 145
postwar, 140–41
trade and, 141–46
Orszag, Peter, 48
Patent Office, 56, 60
patents
A & P case, 1950, 60
Act, 1952, 58, 60, 61
altering remedies for, 57
Amazon’s “one-click-shopping,” 64
application flood, 56
bad, 64
bargaining effect of, 62–63
beacon effect of, 62
cost of, 70
debate, 55–56
patents (continued)
denying, 57
eBay case, 2006, 57, 68
eliminating unworthy, 55
enforcing, 62–63
equitable test, 67–69
equity in remedies and, 67–69
history of, lessons from, 59–62
improving, 62–69
junk, 56
Jurgensen case, 1949, 60
Knorr case, 2004, 65
KSR case, 2007, 57, 58
litigation and, baseless, 56
New Deal and, 59
New York Times and, 56
nonobviousness requirement of, 58, 60
opinion of counsel about, 65
Picard case, 1942, 61
politics and, 59
prior art and, 58
problems with, 56
Quanta case, 2008, 57
reform, 55, 57–59
Safety Car Heating & Lighting case, 1946, 60
social value of, 62
specialization function of, 56
symmetric fee shifting for, 66–67
synergism test, 60, 61
tangible property and, 67
tightening standard for, 57
trolls, 55, 56
United States Supreme Court and, 57
validity of, 59–60, 64–65, 70

Wall Street Journal and, 56
weak, 56
Paul Wellstone Mental Health and Addiction Equity Act of 2008, 114–15, 117
Paulson, Henry, 4, 6, 30
PD. See probability of default
Peri, Giovanni, 141
Peterson Institute, 77
Picard case, 1942, 61
political participation, 13
Poterba, James, 48
probability of default (PD), 28
property
intellectual, 7
law, 14
patents and tangible, 67
rights, ix, 1, 79
protectionism. See openness
Proxmire, William, 126
Quanta case, 2008, 57
rating agencies, 18, 22, 31
avoiding grade inflation, 27–28
buy side paying for, 27
micromanaging, 27–28
numbers and, 28
for regulatory purposes, 22
reliability of, 27
Reagan, Ronald, 61
real estate, 6
Recovery Zone Bonds, 42
regrowth, stimulating, 6–9
regulation, 18
of banks, 21, 29, 31
compartmentalized, 29–30
competition for, 29
complexity of, 24–25
consumer protection, 29–30
failures of, 23
hedge fund, 24
macro prudential, 25–26
prudential, 29–30
“race to the bottom,” 29
rating agencies, 22
reallocating power of, 29–31, 32
reforming, 23–29
risks, 17
stabilizing, 24
summary, 24–29
Rendell, Ed, 129
Rich, Giles, 60, 61
risk, 19
assessing, methods of, 21–22
housing finance, 19
housing policies promoting sub-prime, 20
measurement, 21, 27
regulation, 17
Romer, Christina, 136
Romer, Paul, 142
Rose, Carol, 127, 132
Rossotti, Charles O., 48

Safety Car Heating & Lighting case, 1946, 60
safety-net policies, 17
Sarkozy, Nicholas, 144, 147
SCHIP. See State Children’s Health Insurance Program
Schwarzenegger, Arnold, 135
SCM. See Subsidies and Countervailing Mechanism
Sebelius, Kathleen, 106
SEC. See Securities and Exchange Commission
securities, 6
Securities and Exchange Commission (SEC), 29
SEIU. See Service Employees International Union
Service Employees International Union (SEIU), 95
Simplified Income Tax Plan, 48–49
“smart grid,” 123, 124, 126
Smoot-Hawley Tariff of 1929, 78
Snow, John, 49
socialism, 3
Solis, Hilda, 102
Sonders, LizAnn, 48
State Children’s Health Insurance Program (SCHIP), 105
expansion of, 111
passage of, 111
sustainability of, 111–12
stem-cell research, 112
Stern Report, 75
stimulus bill. See specific stimulus bills
stockholder, 20–21
discipline, 21, 28
eliminating ownership concentration limits on, 28
Subsidies and Countervailing Mechanism (SCM), 144
supervision, 18
TARP, 4, 5
tax, 7
alternative minimum, 42, 49
brackets, 49
capital gains, 46
carbon, 47
enforcement, 46
estate, 45, 46
gap, 48
health care and, 108
tax (continued)
  high income, 45
  increases, 45
  liability, 52
  literature study, 47
  location bias and, 146
  loopholes, 45–46
  Obama’s changes to, 43t
  optimal design of, 35
  reduction in marginal, 35
  revenues, 38f
  simplification of, 49
  streamlining of, 49
  Superfund, 46
  wealth transfer, 45–46. See also specific plans

tax credits
  American opportunity, 41
  for automobile purchases, 41
  business provisions, 41–44
  for children, 49
  for dependents, 49
  education, 50
  expansion of, 40–41
  family, 49
  home mortgage, 50
  home ownership, 41
  married couple, 49
  research and experimentation, 46
  savers’, 44
  singles, 49
  unmarried people with children, 49
  work, 50. See also specific tax credits

tax panel
  Bush’s, 48–49
  Obama’s, 47–52
  “Taylor Rule,” 19

temporary National Economic Commission, 59
  tobacco settlement revenues, 81
  too-big-to-fail problem, 12, 21, 22, 31
    in 2008, 22–23
    cost reduction for, 25
    limit incentives for taking advantage of, 24–25
  toxic assets, 2
    cost of, 4
    government purchase of, 6
    institution for, 3
    investor opportunity to buy, 4
    selling off, 2
    value of, 4
  Treasury yield curve, 20
  turnaround, 10
  Tyson, Laura D’Andrea, 48

ULPs. See labor practices, unfair
unemployment
  compensation, 41
  union penetration and, 97
  United Nations Environment Programme, 86–87

Volcker, Paul, 24, 48

Wagner Act, 89

WARN. See Worker Adjustment and Retraining Notification Act

water markets, 83

wealth
  components, 6–7
  transfers, 45–46, 128

Worker Adjustment and Retraining Notification Act (WARN), 99

World Bank, 76, 77