Optimal Policy

James Macek

March 2024

1 Optimal Policy Definition

Fix some level of regulation $R(i)$ and consider equilibrium outcomes $P_o(i)$, $L_o(i, z)$, solving the equilibrium conditions. The **Social planner's problem** for a set of weights $\alpha(z)$ is defined as

$$\max$$

2 The Marginal Returns to Deregulation

3 Section: does the no regulation equilibrium with no externalities solve an SPP for some weights?

4