



Athen, 2011

*“Die Politik gleicht der
Sphinx der Fabel:
Sie verschlingt alle, die ihre
Rätsel nicht lösen.”*

-- Antoine de Rivarol
(1753-1801)

Dimensions of Material Human Need										
Production ^a		Risk ^b		Distribution (vertically) ^c			Time ^d		Space (horizontal) ^e	
Human condition ^f	Frailty	Disorganization ^l	Ignorance ^v	Dominance strategies ^z			Myopia , herding ^J		Parochialism ^c	
	Crisis	Subsistence ^l	Black swans ^v	Dominance hierarchies ^z			Time inconsistency ^J		Autarky	
	Modern Fit	Maximum output for minimal inputs ^l	Downside risk aversion ^v	Affiliative strategies ^z / Reciprocal altruism ^z			Golden rule savings rate ^J		Cosmopolitanism	
Exchange ^g	Success	Competitive equilibrium ^m	Insurance ^w	Pareto optimality ^A			Interest ^K	Absolute advantage ^w	Comparative advantage ^x	Trade ^v
		Externalities ⁿ	Information asymmetry	Winner-take-all ^B Baumol's Cost Disease ^B	Differential budget constraints ^c	Diminishing marginal utility ^D	(Employer) market power ^F	Positional externality ^E	business cycle, bubbles & panics, de- & inflation	under-saving (CPR)
	Failure	Public good ^o	Common good ^p		Adverse selection ^x , Moral hazard ^x	Efficiency wages ^A			No trade for some	Different terms of trade
Command ^h	Regulatory	-	Property rights ^s	Regulated private provision, antitrust ^t	Mandatory insurance ^y	Quotas (e.g. affirmative action) ^H	Price controls ^G	Antitrust, right 2 strike, EPL, codetermination ^G	EPL (employment protection legislation) ^G	Or: balance of payments crises (in the long run)
	Fiscal	Public provision ^r	Pigou-vian tax ^s	Public provision for fee ^t	Redistribution	Public benefits ^y	Progressive taxation ^I spending & transfers	Fiscal stimulus ^P	mandatory pensions ^O	+ adjustment costs + within-party distributive effects - factor mobility
	Monetary	[Price stability ^u]					[Price stability ^u]	Monetary stimulus ^Q	[Price stability ^u]	transfers industrial policy structural policy
Efficiency ^b		Risk Pool ^p		Equity ^c			Consistency ^d		Convergence ^e	
Ends of Enlightened Human Institutions										Market ^g

Ordnungspolitik *(Regulatory Policy)*

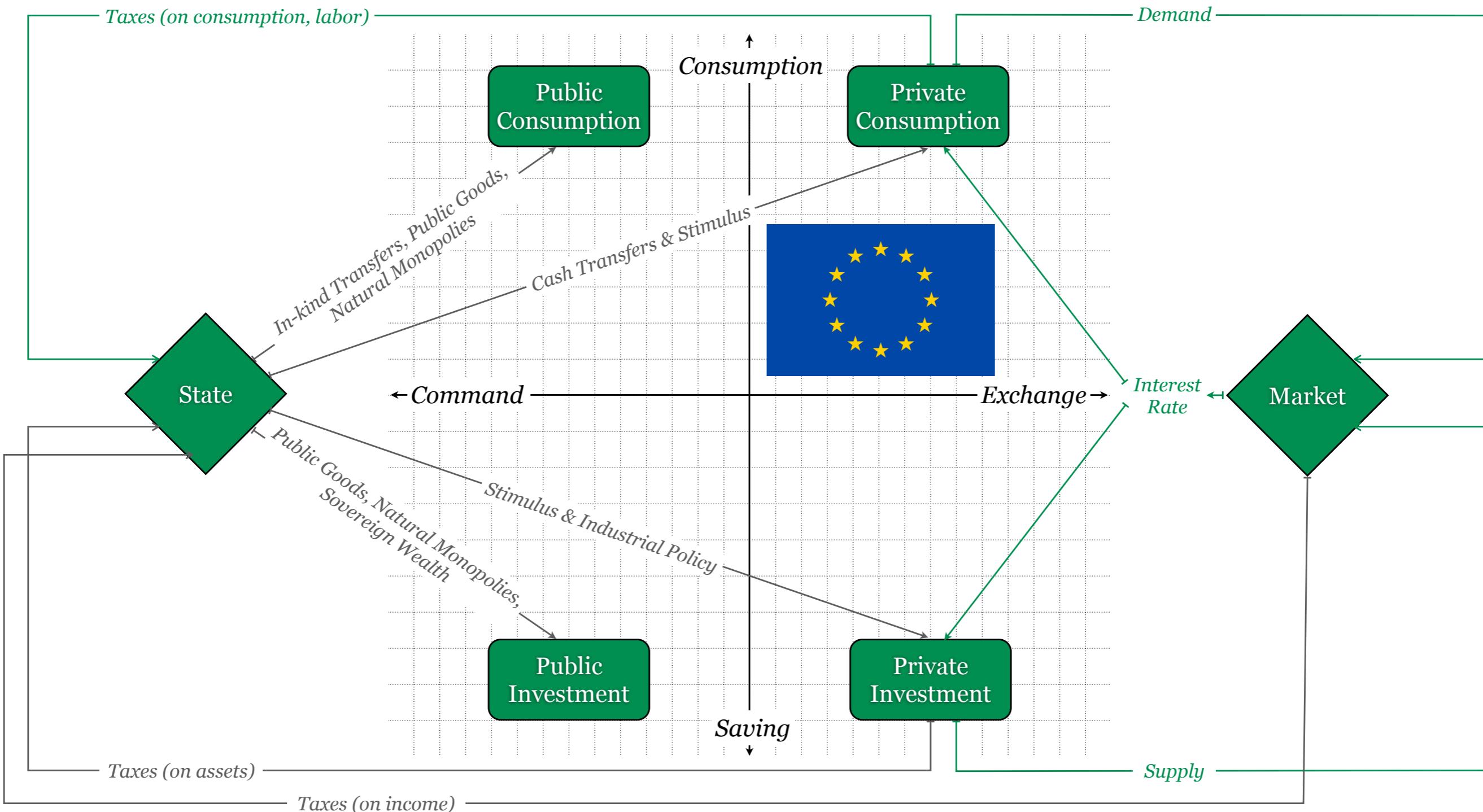
- Gewaltmonopol & Kompetenz (sonst Korruption)
- Rechtsstaatlichkeit (sonst Willkür)
- Kongruenz, nicht Subsidiarität (sonst Arbitrage)

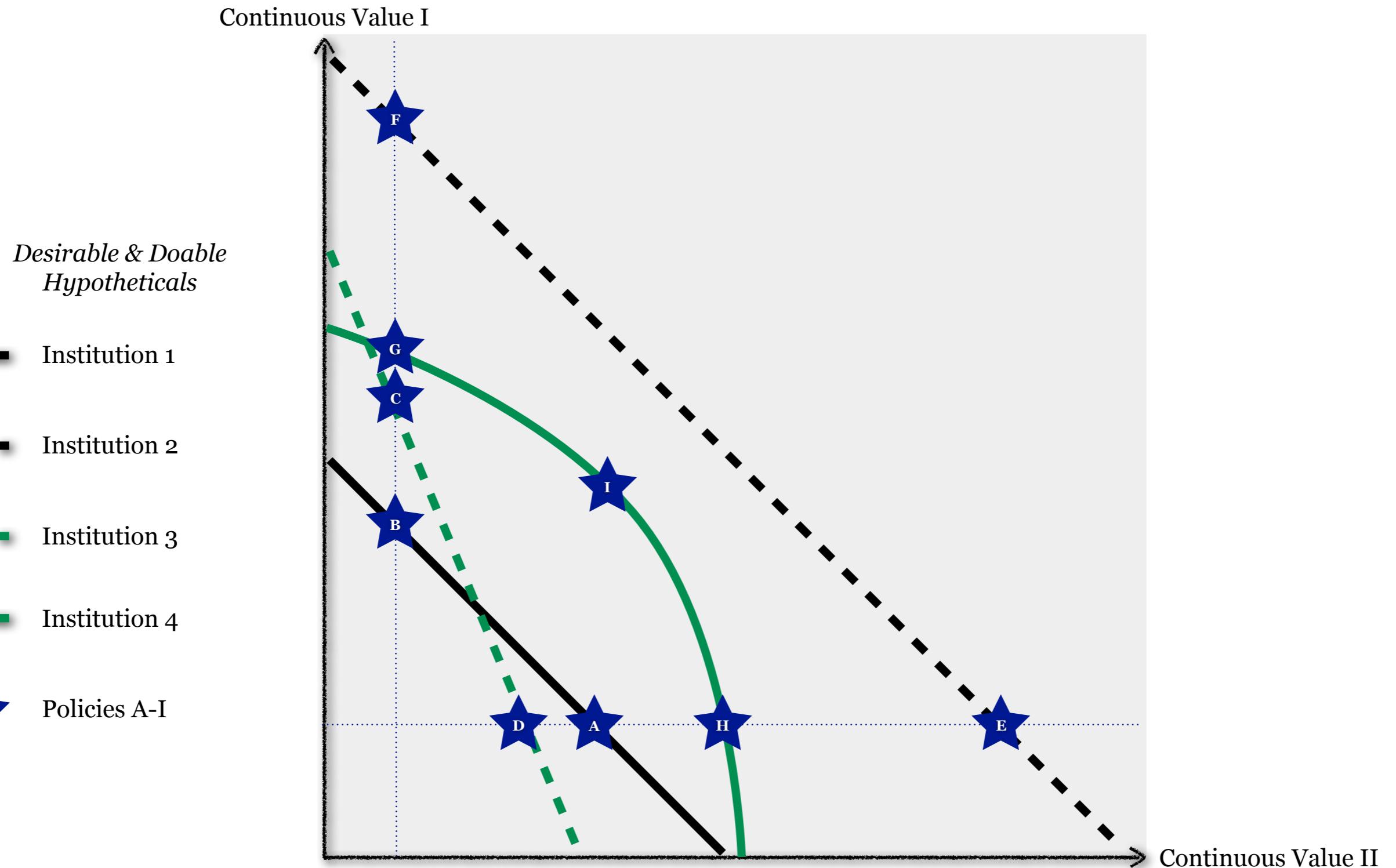
Fiskalpolitik

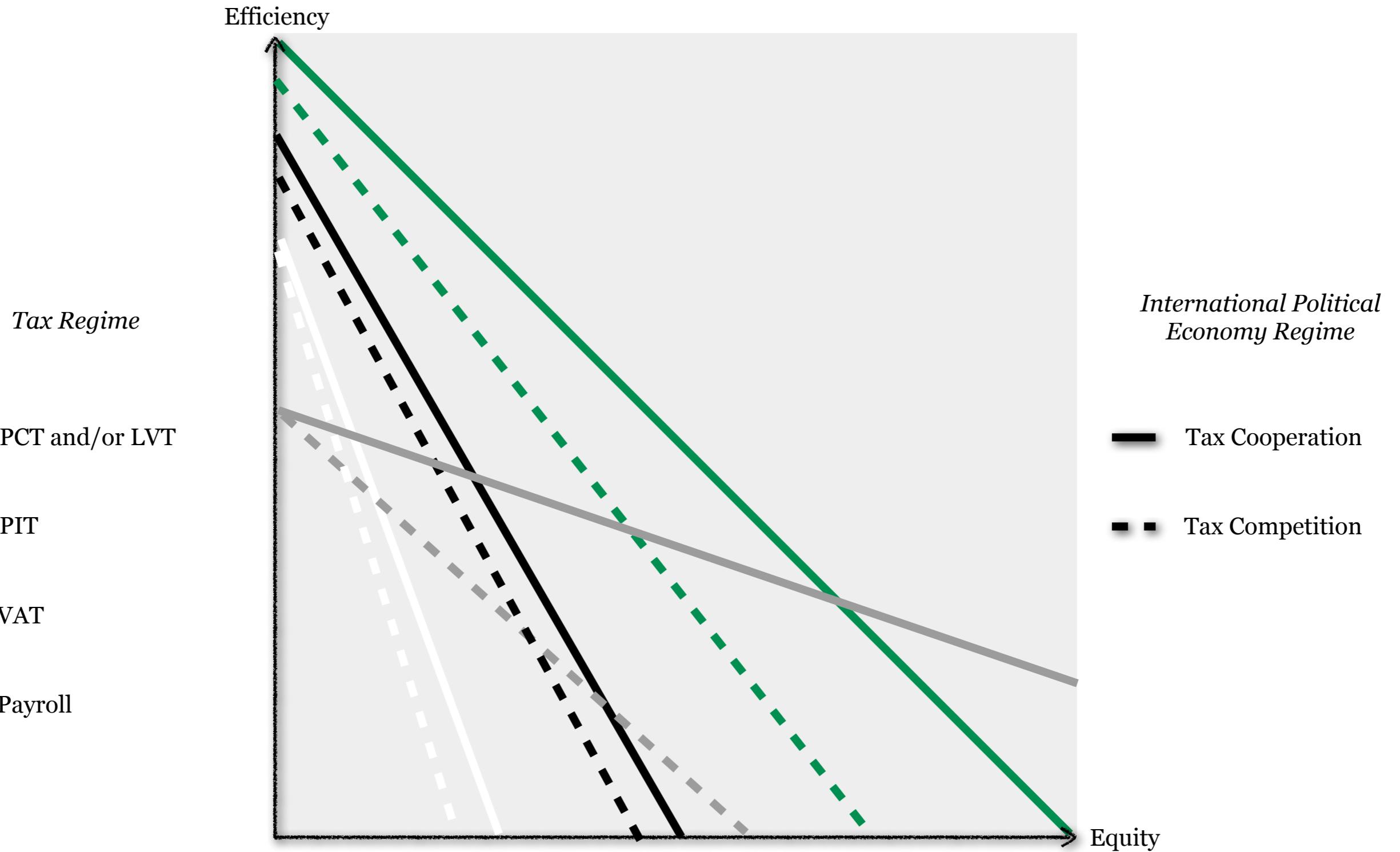
- Kongruenz (sonst Steuerwettbewerb)
- Minimale Marktverzerrung (sonst Wachstumsverluste)
- Beliebige Lastenverteilung zwischen *natürlichen Personen* (u.v.a.m.)

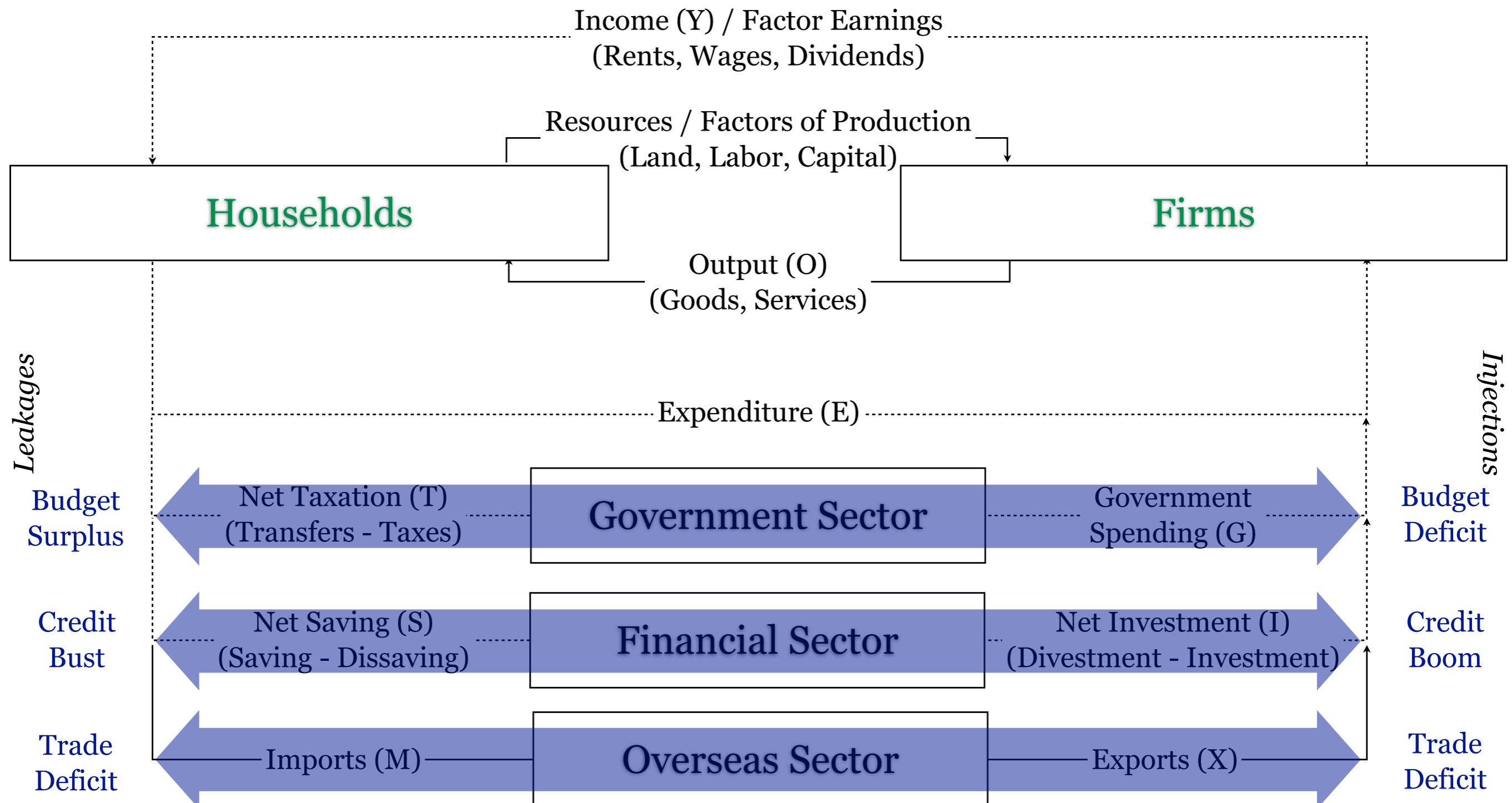
Geldpolitik *(Monetary Policy)*

- Synchrone Konjunkturzyklen
- Totale Mobilität von Arbeit, Kapital
- Flexible Preise, Löhne
- *und/oder* Fiskaltransfers!









	Δ Wealth	=	Income	-	Consumption		
	↑ - ↑		↑ ↓		(+)↑ (-)↓		
Households	Build house Pay back debt Going to college	Take out mortgage Sell house Student loan	Earn more (wages, profits) or Less taxes (lower or more regressive schedule)	Earn less (wages, profits) or More taxes (higher or more progressive schedule)	Consume more (private goods) Consume less (private goods)		
Firms	Retained earnings	Dividend					
Ownership	Build levee Do basic research Build SWF ^a Pension reserves	Burn carbon ^b Sell government enterprise Issue bonds Neglect roads	Collect more (taxes, revenues)	Collect less (taxes, revenues)	Consume more (public, common goods, etc.) Consume less (public, common goods, etc.)		
	Savings	-	Dissavings	Growth	Decline	Affluence	Austerity

	Capital Account		=	Current Account			
	Central Bank Foreign Reserves	+ Net Ownership of Foreign Assets	=	Factor Incomes	+ Balance of Trade		
	Investments Abroad	- Loans from Abroad	=	(Foreign Earnings)	- Foreign Payments	+ (Exports)	- Imports)
Owne rs hi p	Households	Buying shares in French agribusiness	Taking out mortgage from Icelandic bank	Dividends on French agribusiness shares	Interest payment to Icelandic mortgage bank	Cuckoo clocks to USA	Olive oil from Greece
	Firms	Foreign Direct Investment (FDI) in Romanian plant	US-owned corporate paper in German firm	Returns from foreign subsidiaries	Dividends to foreign owners	Capacitative touchscreens to USA	Diesel engine particle filters from France
	Government	Buy Zimbabwean bond	Sell German bond to British holders	Interest payments on German-owned Zimbabwean bonds	Interest payments to British holders of German bonds	Used tanks to Turkey	Commuter trains from Italy
	Capital Outflow		Capital Inflow	Recipient		Trade Surplus	Trade Deficit



München, 1923



Athen, 2012