

EE441 Economics of Public Expenditure

1. Homework Discussion

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Homework

(Students are expected to prepare to discuss their answers in the next class- participation scores will be noted.)

- Explain how you would expect a libertarian, a social democrat and someone with an organic conception of the state to react to the following laws:
 - a) A law prohibiting receiving compensation for organ donation
 - b) A law mandating helmet use for motorcyclists.
 - c) A law mandating child safety seats.
 - d) A law prohibiting prostitution.

Summary

- Libertarians believe in a very limited government and are skeptical about the ability of government to improve social welfare.
- Social democrats believe that substantial government intervention is required for the good of individuals.
- Someone with an organic conception of the state believes that the goals of society are set by the state and individuals are valued only by their contribution to the realization of social goals.

A law prohibiting receiving compensation for organ donation

- Libertarians would oppose this law. They would want the market to decide who buys and who sells organs and at what price the organs would be sold.
- Social democrats also might oppose the law if they consider that such a law would prevent organ donation from happening as frequently. However, they are likely to support the law on the grounds that paying for organ donation would coerce financially desperate people to sell their organs. The law would protect the individual from making a poor decision.
- The organic view might also oppose the law because the society might become healthier if more individuals receive transplants, although they would believe that individuals should donate for the good of society, rather than for compensation.

A law mandating helmet use for motorcyclists.

- Libertarians oppose the law mandating helmet use for motorcyclists, arguing that individuals can best decide whether or not to use helmets without government coercion.
- Social democrats take the position that the mandate saves lives and ultimately benefits individuals.
- The organic view would probably lead to favoring the mandate on the grounds that reduced health care costs caused by fewer injuries benefit society.

A law mandating child safety seats.

- Libertarians oppose the law mandating child seats, arguing that individuals best decide whether or not to use child safety seats without government coercion.
- Social democrats take the position that the mandate saves lives and ultimately benefit individuals.
- The organic view would probably lead to favoring the mandate on the grounds that reduced health care costs caused by fewer accidents benefit society.

A law prohibiting prostitution

- Libertarians would probably oppose a law prohibiting prostitution.
- Social democrats would likely favor such a law.
- The organic view depends on type of society policymakers are attempting to achieve. The law would probably be favored on moral grounds.