
AROUND THE TANKS

VALUING CONSUMER PRODUCTS BY THE TIME SPENT USING THEM: AN APPLICATION TO THE INTERNET

By Austan Goolsbee & Peter J. Klenow

For some goods, the main cost of buying the product is not the price but rather the time it takes to use them. Only about 0.2 per cent of consumer spending in the US, for example, was devoted to Internet access in 2004, yet time-use data indicate that people spend around 10 per cent of their entire leisure time going online. For such goods, estimating price elasticities with expenditure data can be difficult and, therefore, estimated welfare gains are highly uncertain.

Based on expenditure and time-use data and our elasticity estimate, this paper calculates that the consumer surplus from the Internet may be around 2 per cent of full-income, or several thousand dollars per user. This is an order of magnitude larger than what one obtains from a back-of-the-envelope calculation using data from expenditures.

<http://www.nber.org/papers/w11995>

UGLY CRIMINALS (working paper)

By Naci Mocan & Erdal Tekin

Using data from three waves of *Add Health*, this paper finds that being very attractive reduces a young adult's (ages 18-26) propensity for criminal activity and that being unattractive increases it for a number of crimes, ranging from burglary to selling drugs. A variety of tests demonstrates that this result is not because beauty is acting as a proxy for socio-economic status. Being very attractive is also positively associated with adult vocabulary test scores, which suggests the possibility that beauty may have an impact on human capital formation.

<http://papers.nber.org/papers/w12019>

HEALTHY COMPETITION: WHAT'S HOLDING BACK HEALTH CARE AND HOW TO FREE IT

By Michael F. Cannon and Michael D. Tanner

America's healthcare system is at a crossroads, faced with rising costs, quality concerns, and a lack of patient control. Some blame market forces. Yet many troubles can be traced directly to pervasive government influence: entitlements, tax laws and costly regulations. Consumer choice and competition deliver higher quality and lower prices in other areas of the economy. The authors conclude that removing restrictions can do the same for health care.

<http://cato.org/pubs/books/books.html>

LET THEM EAT PRECAUTION: HOW POLITICS IS UNDERMINING THE GENETIC REVOLUTION IN AGRICULTURE

Edited by Jon Entine

The genetic revolution has offered more promise than substance, except in agriculture, where it has brought profound benefits to farmers and consumers for more than a decade. More nutritious food is now produced with fewer environmental costs because genetically modified crops require almost no pesticides. Vitamin-enhanced crops and foods are helping to reduce malnutrition in parts of the developing world, and a wave of biopharmaceuticals is being developed. Yet, for all its achievements and promise, agricultural biotechnology is under intense fire from advocacy groups warning of 'Frankenfoods' and fanning fears of a 'corporate takeover' of agriculture by biotech firms.

http://www.aei.org/books/bookID.842,filter.all/book_detail.asp

TOUGH LOVE FOR SCHOOLS: ESSAYS ON COMPETITION, ACCOUNTABILITY, AND EXCELLENCE

By Frederick M. Hess

It's hard to find anyone who will forthrightly declare that teachers are no more saintly than anyone else, that poor schools should be closed and lousy teachers should be fired, that philanthropy may sometimes do more harm than good, that teaching experience is not essential to being a school principal, that schools should be more efficient and cost-effective, or that profit-driven competition might be good for public education.

http://www.aei.org/books/bookID.844,filter.all/book_detail.asp

JUST TRADE: THE MORAL IMPERATIVE OF ELIMINATING BARRIERS TO TRADE

By Julian Morris

Voluntary exchange between individuals is inherently good, because:

- Each and every trade directly enhances the welfare of both participants;
- Cumulatively, such trades drive entrepreneurial processes that lead to more, better and cheaper products being available and increase productivity;
- In combination, these result in sustained development, leading to continuous improvements in human welfare.

Restrictions on trade are immoral

- They lead to less sustainable or to unsustainable development;
- They raise the costs of goods, harming especially the poorest;
- They act as barriers to employment and entrepreneurship.

It is estimated that the removal of all tariffs and quotas on goods and services would increase World GDP by over 1 trillion dollars annually.

http://www.policynetwork.net/main/content.php?content_id=39