



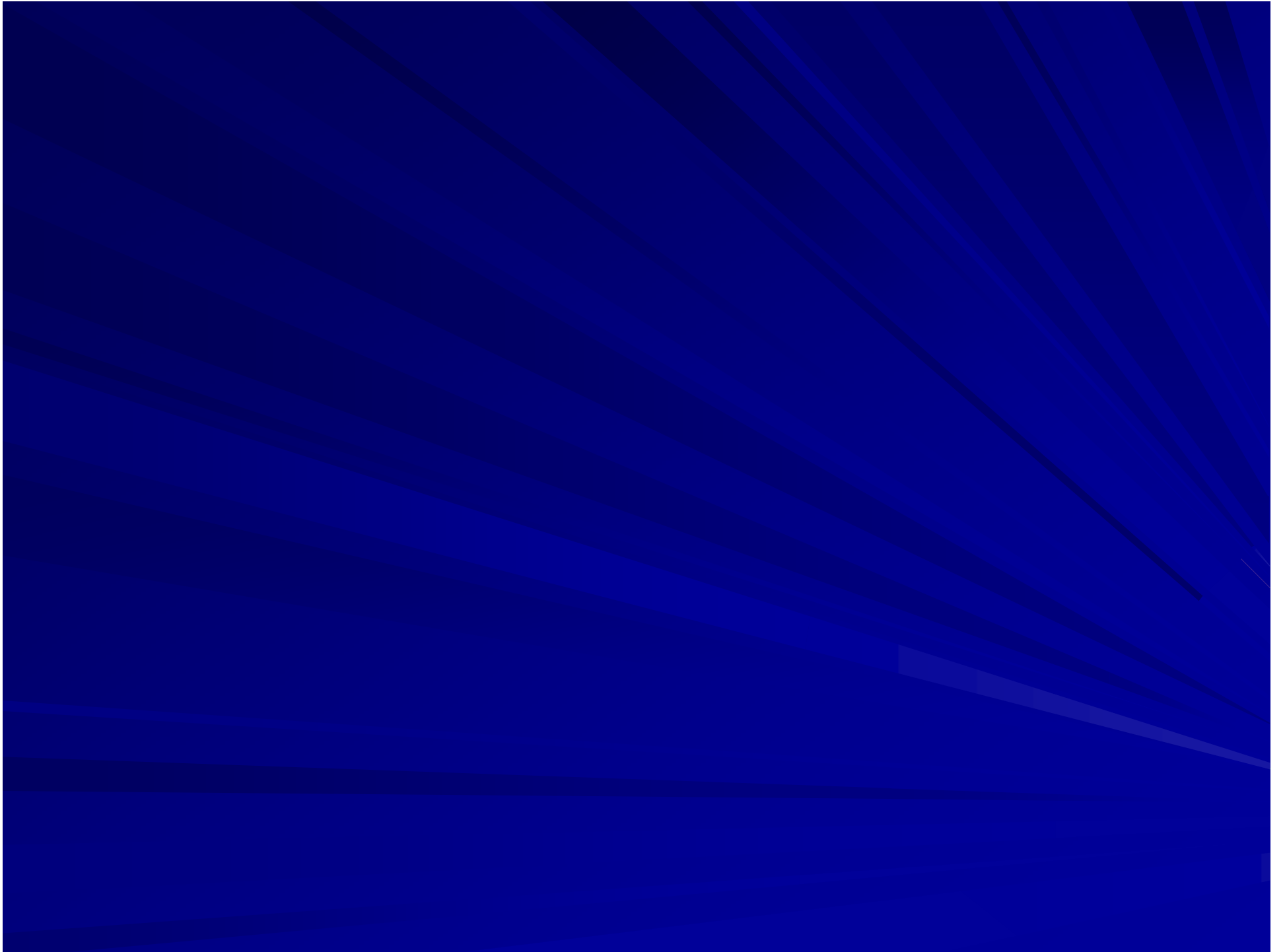


Long-Run Interests of Market Participants Depend on Efficiencies

- Policies advocated by self-interested constituents can shrink the size of the pie
 - Costs of rent seeking
 - Distorted incentives
 - Unintended consequences
- Historical examples
 - Trade wars
 - Protectionist policies
 - Innovation
- Area of potential future concern
 - Antitrust wars

Static vs. Dynamic Effects

- Distributional effects not only vary across participants at a point in time, but over time.
- A given constituent may benefit from policies today, but be harmed in the future
- And vice versa



Examples

- **Antitrust:**
 - Oil and Gas
 - Google/DoubleClick
- **Consumer Protection:**
 - Behavioral Advertising
 - Fraud and Deception
- **Advocacy/Economic R&D:**
 - Resale Price Maintenance
 - Mortgage Disclosures

