

Notes

1. "Supermarket Facts: Industry Overview 2008," Food Marketing Institute, 26 June 2009 <http://www.fmi.org/facts_figs/?fuseaction=superfact>.
2. The auctioneer may be an actual person, or the process of matching sellers and buyers may be accomplished by means of a computer network.
3. Many consumers object to genetically modified foods such as milk produced using BGH. The use of BGH by U.S. dairy farmers has led to an ongoing dispute between the U.S. and the European Union in the World Trade Organization (WTO) concerning hormone-fed beef.
4. Formally, the elasticity measures the percentage change in quantity demanded caused by a one percent change in price at a specific point on the demand curve. When we measure changes over finite distances, the results will depend on the position we take as our starting point. To avoid this problem, the convention is that we calculate the percentage change with reference to the midpoint of the initial and final values. If the price changed from P1 to P2, then we would calculate the percentage change as:

$$\text{pct change} = 100 \times \frac{P_2 - P_1}{(\frac{1}{2}) \cdot (P_2 + P_1)}$$

5. In reality, farmers can choose to produce organic milk, which consumers understand is BGH free. Because some consumers prefer milk produced without BGH, farmers who choose to produce in compliance with the requirement to label their product as organic can command a higher price for their product.
6. Bob's costs of producing a quantity q are $C(q) = 300 + 2q + q^2/300$, and the marginal costs corresponding to this equation are $MC(q) = 2 + q/150$.
7. N. Gregory Mankiw, *Principles of Economics*, 4th ed. (Mason, OH: Thomson Southwestern, 2007) 345–46.
8. "About the Congestion Charge: Background," Transport for London, 25 July 2009 <<http://www.tfl.gov.uk/roadusers/congestioncharging/6725.aspx>>.
9. Real GDP in 1900 was \$423 billion. By 2008, it had grown to \$13,312 billion.
10. International comparisons of the sort presented in FIGURE 32 are sensitive to the prices that are used to compare production across the different countries. The comparisons made here use current exchange rates to convert national GDP figures into dollars, a practice that results in an understatement of the standard of living in lower-income countries. Using an alternative approach that better reflects actual purchasing power in the different countries would perhaps double or triple income levels in countries like Ghana or Nigeria. While this would narrow the gap in living standards relative to the U.S., the gap still remains huge.
11. The official series probably greatly overstates the economic growth of World War II. See, for example, Robert Higgs, "Wartime Prosperity? A Reassessment of the U.S. Economy in the 1940s," *Journal of Economic History*, 52, no. 1 (March 1992).
12. See Richard Sutch, "National Income and Product," *Historical Statistics of the United States, Earliest Times to the Present: Millennial Edition*, Eds. Susan B. Carter, Scott Sigmund Gartner, Michael R. Haines, Alan

L. Olmstead, Richard Sutch, and Gavin Wright. New York: Cambridge University Press, 2006.

13. For a more extensive discussion of these issues, see Clifford Cobb, Ted Halstead, and Jonathan Rowe, "If the GDP is Up, Why is America Down," *Atlantic Monthly* (October 1995) 59–78. Notes 2010–2011 § Economics Resource Guide 127.
14. Michael Boskin, et al., "Toward a More Accurate Measure of the Cost of Living," *Final Report to the Senate Finance Committee from the Advisory Commission to Study the Consumer Price Index*, December 1996, Social Security Online, 20 Aug. 2009 <<http://www.ssa.gov/history/reports/boskinrpt.html>>.
15. We assume here that the government compensates for the income lost as a result of the tax credit by increasing taxes on some other transactions. If this were not the case, then government savings would be reduced, and the tax credit would have no net effect on the economy.
16. See <http://www.federalreserve.gov/faqs/about_12591.htm>.
17. 49.7 percent for Kennedy and 49.5 percent for Nixon, but note that President Bush in 2000 and President Trump in 2016 both lost the popular vote.
18. <http://www.presidency.ucsb.edu/ws/?pid=8045>.
19. <http://www.presidency.ucsb.edu/ws/index.php?pid=25988&st=&st1=>
20. Not all economists agree. Kudlow and Domitrovic (2016), for example, argue that the Kennedy tax cuts were aimed at reducing the burden on businesses and were thus primarily oriented at stimulating business production rather than consumer demand. In any event, the tax cuts were aimed at boosting economic growth.
21. <http://www.presidency.ucsb.edu/ws/?pid=26907>.
22. <http://dubois.fas.harvard.edu/sites/all/files/JFK%20Civil%20Rights%20Speech%20June%202011.%201963.pdf>.
23. <http://www.bu.edu/bulawreview/files/2015/05/WRIGHT.pdf>; p. 759.
24. <http://www.bu.edu/bulawreview/files/2015/05/WRIGHT.pdf>.
25. Charles Brown, 1984, "Black-White Earnings Ratios Since the Civil Rights Act of 1964: The Importance of Labor Market Dropouts," *Quarterly Journal of Economics* 99:31–44.
26. See the National Committee on Pay Equity for more statistics.
27. Collins and Margo 2007, p. 853.
28. William J. Collins and Robert A. Margo, 2007, "The Economic Aftermath of the 1960s Riots in American Cities: Evidence from Property Values," *The Journal of Economic History* 67(4): 849–883.
29. Amy Finkelstein, 2007, "The Aggregate Effects of Health Insurance: Evidence from the Introduction of Medicare." *Quarterly Journal of Economics* 122(3): 1–37.
30. Martha J. Bailey and Nicolas J. Duquette, 2014, "How Johnson Fought the War on Poverty: The Economics and Politics of Funding at the Office of Economic Opportunity," *The Journal of Economic History* 74(2): 351–388.