



Eric Rasmusen's Recent Papers (May 2024)

Abstracts and all my published and unpublished papers are at <http://rasmusen.org/pubabs.htm> and <http://rasmusen.org/unpubs.htm>.

Erasmuse61@gmail.com. [Twitter: @erasmuse](https://twitter.com/erasmuse). Substack: <https://ericrasmusen.substack.com/>.

- **Market Failure and Government Failure: The Regulation of Business.** I have notes for an undergraduate textbook on regulation. I start with 5 chapters of theory (supply- and-demand, market failure, government failure, discounting and life valuation) and have just 1 chapter of antitrust, with 6 more chapters on other topics. My aim is to write a relatively short book (350 pages) with lots of stories. <http://rasmusen.org/g406/chapters/>.
- **["The Concealment Argument: Why No Proof for God's Existence Will Be Found"](#)**. Logic and Biblical evidence suggest that God wishes that some but not all humans become convinced of His existence and desires. If so, this suggests that attempts to either prove or disprove such things as God's existence, past miracles, or present supernatural intervention are doomed to failure, because God could and would take care to evade any such efforts.
- **["Lessons for the Cancelled,"](#)** *Heterodox Stem*, Dorian Abbot's blog (May 22, 2023).
- J. Mark Ramseyer & Eric Rasmusen, **["Ostracism in Japan,"](#)** forthcoming, *Asian Journal of Comparative Law* Groups ostracize members. Sometimes they do so to enforce welfare-maximizing norms, but other times ostracism reduces welfare. Japanese villages have long used ostracism as a tool for conformity, and the targets have sometimes sued in response. The cases that have reached the courts disproportionately involve welfare-reducing behavior by the community; for example, ostracism against targets who report corruption. The targets usually win the civil cases against ostracizers and prosecutors usually win the criminal cases. Yet the targets seem not to have sued for financial or injunctive relief, and the prosecutors seem not to have pushed for prison terms. Instead, they have used the courts for an informational end: to certify and publicize innocence. This end is of minor importance in normal litigation, but crucial for ostracism, as we explain using a formal model. We use case examples and the model to explore the factors that cause disputes to lead to ostracism and ostracisms to lead to litigation. <http://rasmusen.org/papers/ostracism.pdf>.
- Eric Rasmusen, **["Amicus Curiae Brief of Eric Rasmusen in Support of Appellants, Members of the Licensing Board v. Planned Parenthood,"](#)** Indiana Supreme Court. Plaintiff was granted a preliminary injunction against the new Indiana abortion law. In the appeal, I argue that the trial judge did not adequately attempt to balance the equities, and so should be granted no deference. https://www.rasmusen.org/published/2022_abortion_amicus_brief.pdf.
- **"Review of Mario Ferrero: *The Political Economy of Indo-European Polytheism: How to Deal with Too Many Gods*"** *Journal of Economics (Zeitschrift für Nationalökonomie)*, https://www.rasmusen.org/published/Rasmusen-2023-polytheism_Zeitschrift.pdf.

- **"Why Firms Reduce Business Risk Revisited: Projects with Risky Cash Flows Are Harder To Evaluate?"** Firms seem to care a lot about "risk management": the practice of hedging risks whether they are correlated with market risk or not. The standard reasons why widely held corporations might be averse to idiosyncratic risk are based on the principal-agent problem, bankruptcy costs, external finance, and tax convexity. This paper offers a different reason: idiosyncratic risk makes business decisions more difficult. Risk can increase the value of investment projects because of option value. We must distinguish, however, between risk over the expected value of profits ("value risk") and risk over the volatility of cash flows ("cash-flow noise"). Value risk is good because an unprofitable policy can be abandoned. Cash-flow noise is bad because it makes learning when to abandon more difficult. This distinction is unrelated to Knightian risk or ambiguity aversion, and it matters even if the firm's agents are risk neutral. http://www.rasmusen.org/papers/risk_aversion.pdf.
- **"Using Agency Theory To Understand Procedure: Mandamus, En Banc, and Rule 48 Dismissal As Controls for Rogue Judges and Prosecutors."** Principal-agent theory makes sense of many confused topics in civil and criminal procedure, and is potentially very useful to courts trying to puzzle over incoherent caselaw tests. I use the case of *In re Flynn* as an example. This paper will take off from my [amicus brief](#) in the panel mandamus proceeding and [my pseudo-brief](#) that expands the amicus for the en banc proceeding.
- I might revise my old book chapter, ["Aphorisms on Writing, Speaking, and Listening,"](#) into a short book, with special emphasis on how the Internet is changing what we do in economics. I have notes on my blog at ["Aphorisms on Writing, Talking, Listening in the Internet Age"](#) and ["Tips for Online Seminars"](#).
- An academic paper that will be based on ["Brief of Amicus Curiae Eric Rasmusen In Support of Respondents in 22-555 and Petitioners in 22-277, *NetChoice v. Paxton*,"](#) United Choice Supreme Court (2024). The large social media platforms are natural monopolies and common carriers, which should be regulated to forbid discrimination. https://www.supremecourt.gov/DocketPDF/22/22-555/298407/20240123110046414_Rasmusen%20Amicus%20Brief%20Filing.pdf.
- **["Understanding Shrinkage Estimators: From Zero to Oracle to James-Stein."](#)** Constructing an estimator by shrinking the sample mean results in a biased estimator, with an expected value less than the population mean. On the other hand, shrinkage reduces the estimator's variance and mean squared error. This paper tries to explain how that works. I start with estimating a single mean using the zero estimator and the oracle estimator, and continue with the unrelated-average estimator and the James-Stein estimator.
- Project: **Niccolo Machiavelli: The Han Fei of Italy?** (with Dan Zhao) Machiavelli and Han Fei are similar in their innovations, style, and influence, except for Han Fei's lack of scholarly followers.