**The Role of Economics in Shaping Public Policy**

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Public policy is designed to improve a country's quality of life and sustain the effective delivery of goods and services. In doing this, public policy develops an economic-social system that shapes the future of a nation and its citizens. Economics in public policy provides an analysis of the impact of public policy on an economic-social system (McConnell et al., 840). The provision enables policymakers to develop effective policies on the taxation of households, businesses, and imports.

Household taxation is a sensitive area of public policy that requires the consideration of economic principles in its development. Economics provides the basics of an economy's flow through the circular flow diagram. The diagram enables policymakers to understand the close interrelationship between households, factor markets, firms, and product markets (Geissdoerfer et al. 757). Consequently, information on economic flow ensures that policymakers carefully plan on household taxation to avoid extremely negative responses in other areas of the circular flow diagram. For example, if household taxation is raised significantly, the household's consumption power reduces alongside disposable income. Moreover, the drop results in reduced revenue for firms through little activity in product markets. Firms may, in turn, need to minimize their supply, prompting less activity in factor markets by reducing the acquisition of factors of production (FOPs). The move would lead to heightened unemployment and less revenue for households, which will potentially affect careers and living costs (McConnell et al., 844).

Business taxation is equally sensitive, prompting policies to be carefully formulated while prioritizing economic considerations. Economics provide knowledge on the position of businesses in circular economies. Policymakers must ensure that the tax on businesses remains healthy to prevent subsequent impact on households, factor markets, and product markets. For instance, raising corporate tax from the current 21% would likely trigger higher unemployment, a decline in the gross domestic product, and underutilization of resources (McConnell et al., 846). I will probably be affected by the rise in unemployment and a higher cost of living.

Import taxation policies are essential components of modern economies in the globalization era. Economics enables policymakers to make policy decisions that positively impact a country's trade balance (McConnell et al., 831). For instance, if the US raises taxes on Chinese products, there will be a better trade balance in its favor. Consequently, local businesses would thrive on reduced competition. These effects would likely affect my career positively if my employer were one of the beneficiaries. Moreover, better performance would likely result in better payment.

**How The Federal Airport Act of 1946 increased the productivity of innovation and physical capital**

The Federal Airport Act of 1946 stimulated federal participation in airport construction. The act provided a positive environment through the National Airport Plan, which raised the need to meet postwar airport requirements. Additionally, the act provided financial resources through grants in a move that boosted the development of new technologies through innovation. Existing airport developers ramped up their activities and developed more efficient ways of product delivery. These firms employed many Americans resulting in increased labor productivity by reducing the levels of unemployment.

Economic concentration could exist in the role of commercial banks, technological progress, and inter-company investment. For instance, when commercial banks are not nationalized, general public deposits to the banks are exclusively used in financing large industries leading to concentration. Consequently, technological progress enables big firms to minimize production costs through effective production, increasing economic concentration. Finally, inter-company investments through share purchases enable large firms to make their subsidiaries smaller, thus building concentrations.

**Examples, risks, and advantages of economic concentration, and how it influenced my industry**

Economic concentration can lead to market liquidity risks, making it difficult to liquidate, purchase, or switch assets. Additionally, it can result in credit risks in defaults of debtors in one sector. These defaults can be catastrophic if they span across the sector. On the brighter side, economic concentration can trigger efficiency in systems, leading to economies of scale and competitive advantages, increasing labor productivity.

Economic concentration has primarily affected the digital technology industry. The industry has witnessed an incredibly high number of acquisitions and mergers. Established companies constantly buy start-up company stocks, making them their subsidiaries. The process has resulted in more extensive and influential technology companies like Google and Meta.

**References**

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