Nechyba Ch.19

Dawei Wang

October 18, 2021

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1.1

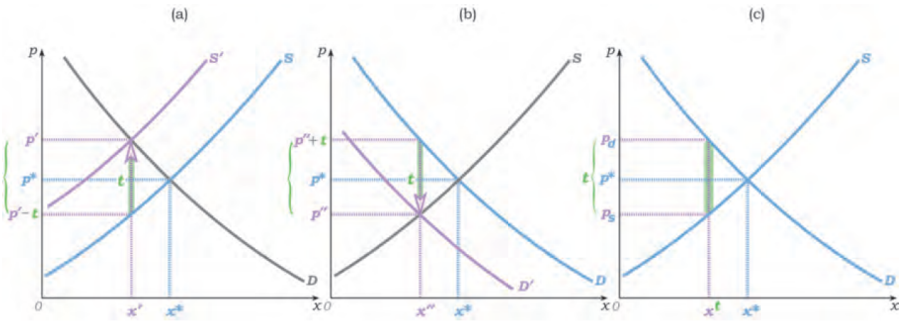

Figure 1: Statutory versus Economic Incidence of Taxes

xtxttMCMCtACt
xpt(p-t)t
t

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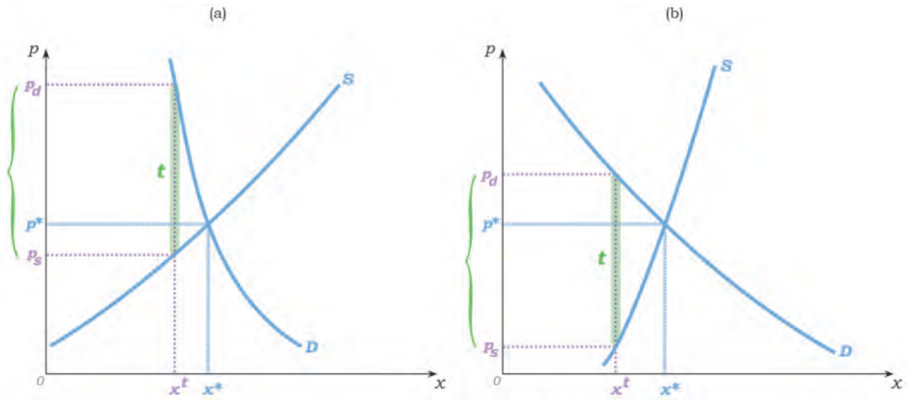

Figure 2: Price Elasticities and the Relative Burden of Taxes on Buyers and Sellers

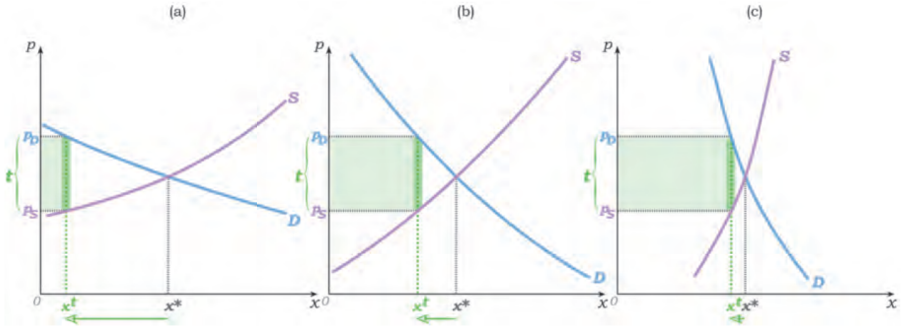

Figure 3: Taxes and Market Output as Economic Agents Become More Price-Responsive

1.2

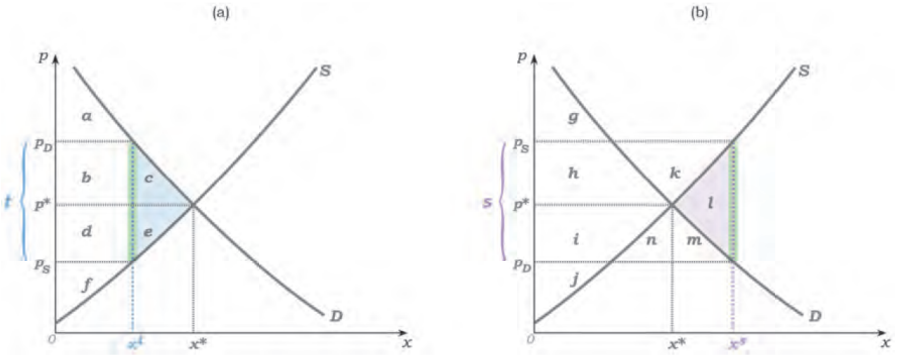

Figure 4: Deadweight Loss when Tastes Are Quasilinear

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t$(w^* - t)$

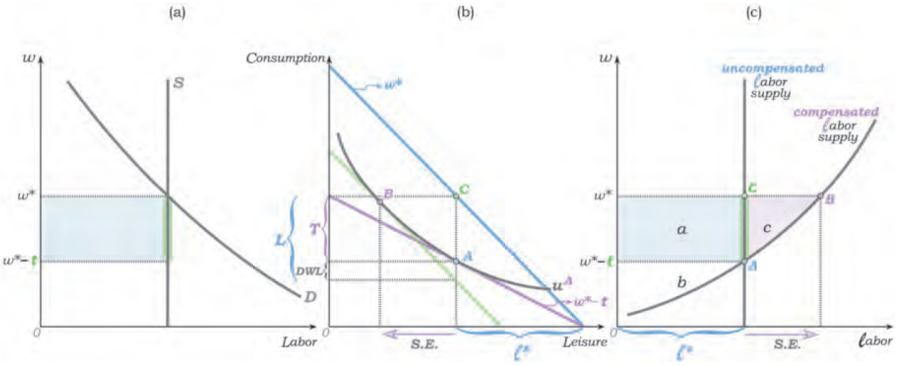

Figure 5: Deadweight Loss from Wage Taxes when Labor Supply Is Perfectly Inelastic

(b)LTDWL
(c)(b)B$w^*(a+b+c)$A$(a+c)$A(a)BA(c)

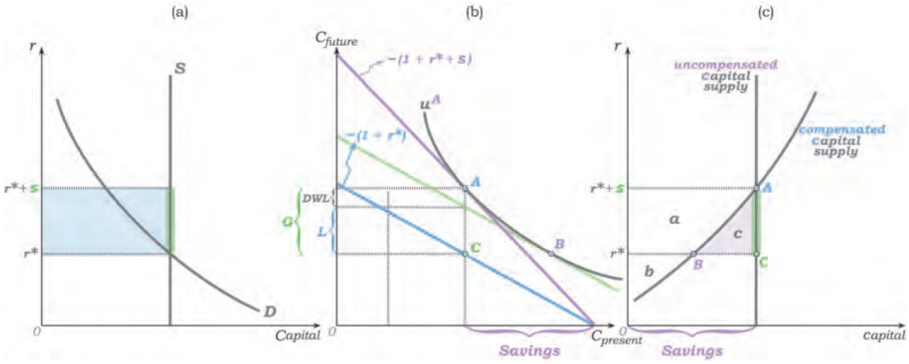

Figure 6: Deadweight Loss from Subsidies for Saving when Saving Behavior Is Perfectly Inelastic

ACGLGGL
$(a + b)$(b)ABB(a)(a+c)(c)

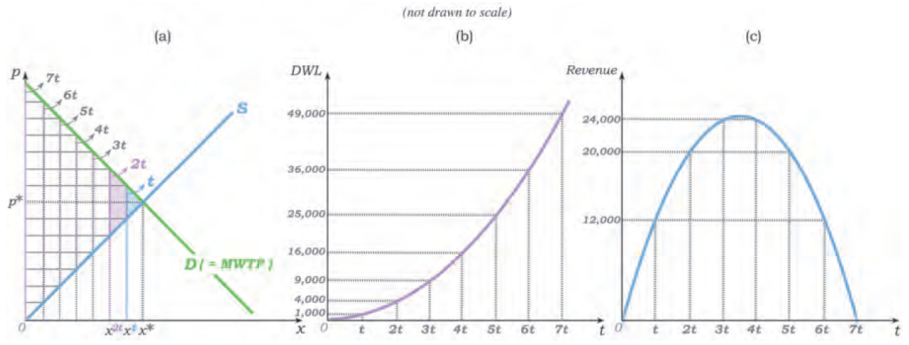

Figure 7: Deadweight Loss and Tax Revenue when Tastes Are Quasilinear

kk^2
00.

1.3

LV

$$LV = \frac{LR}{1+r} + \frac{LR}{(1+r)^2} + \cdots = \frac{LR}{r}$$

tLV(1-t)LV

1.4 VS

2

G_1, G_2, G_3

$$G_1 \succeq G_2, if \ \ and \ \ only \ \ if \ \ (\alpha G_1 + (1-\alpha)G_3) \succeq (\alpha G_2 + (1-\alpha)G_3)$$

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3 Allais Paradox

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