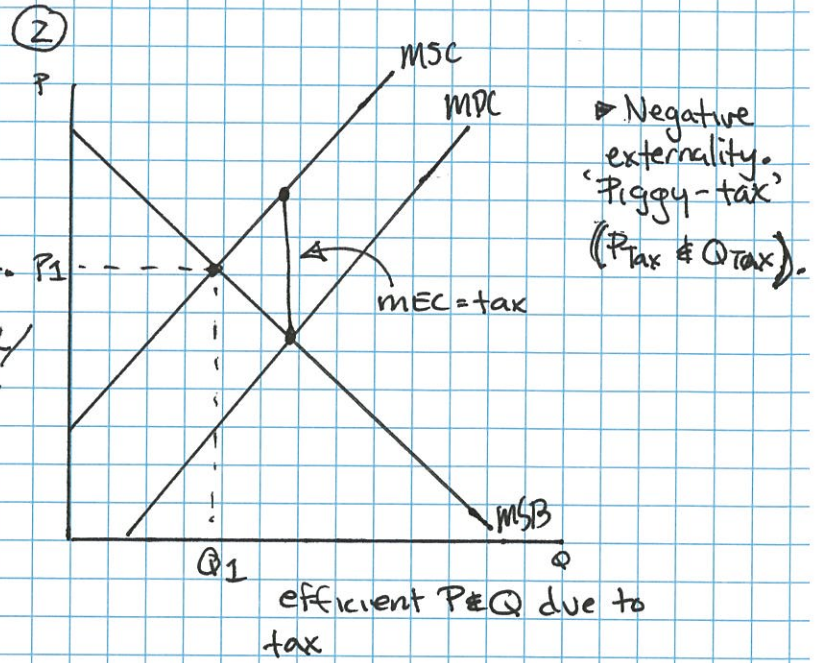
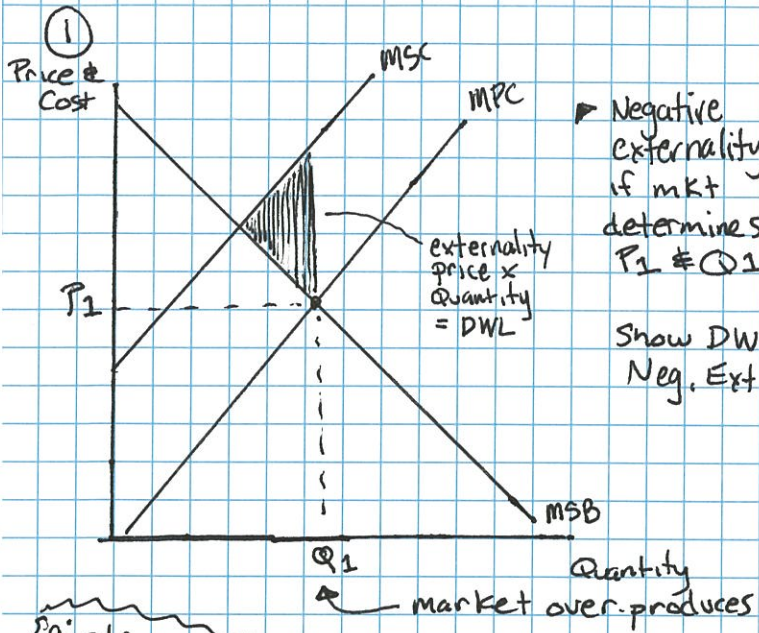
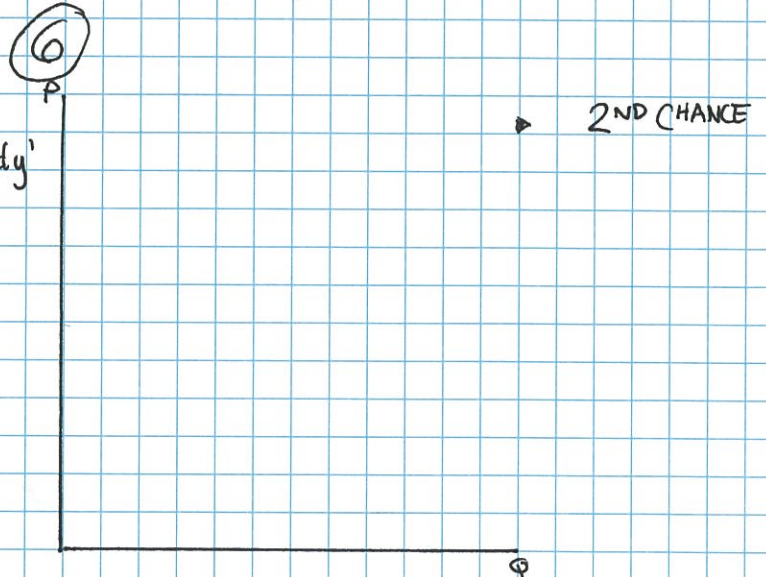
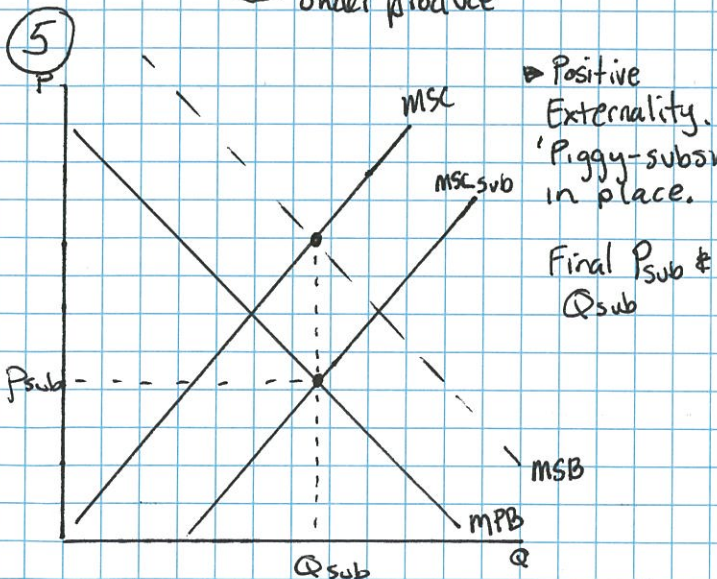
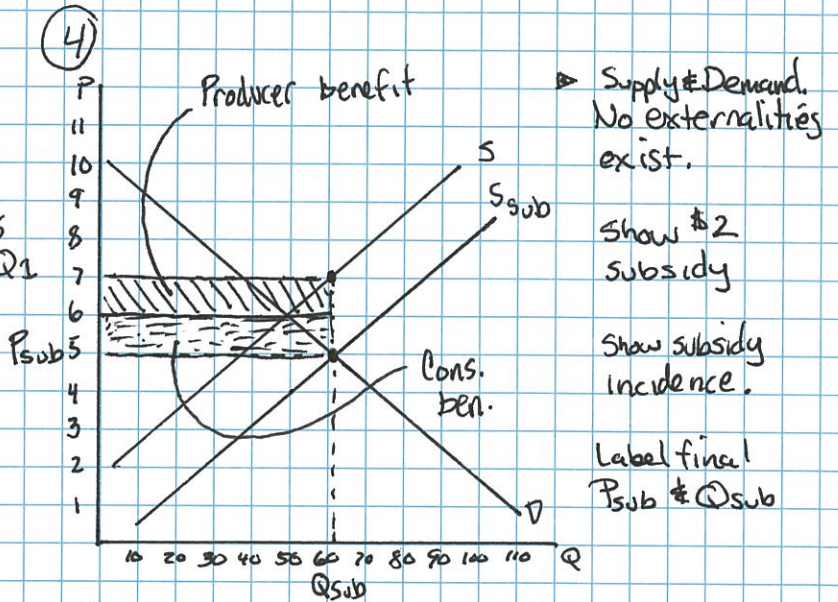
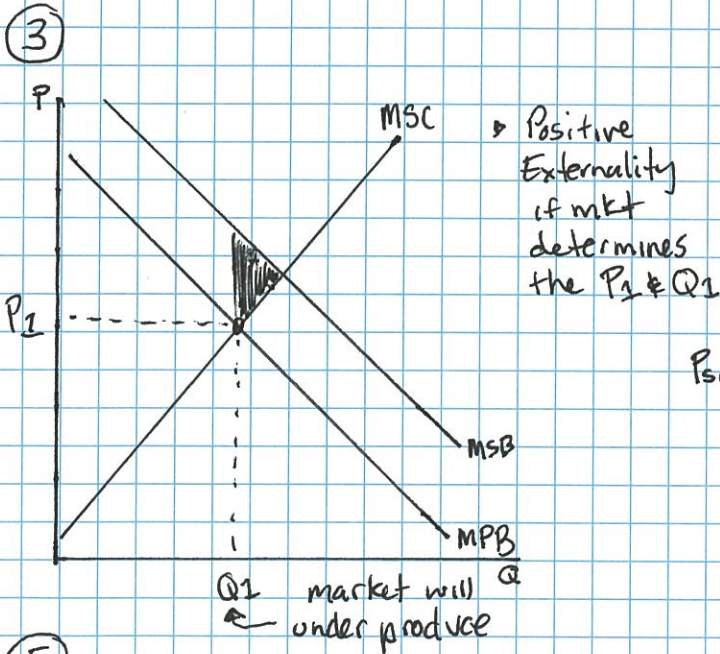


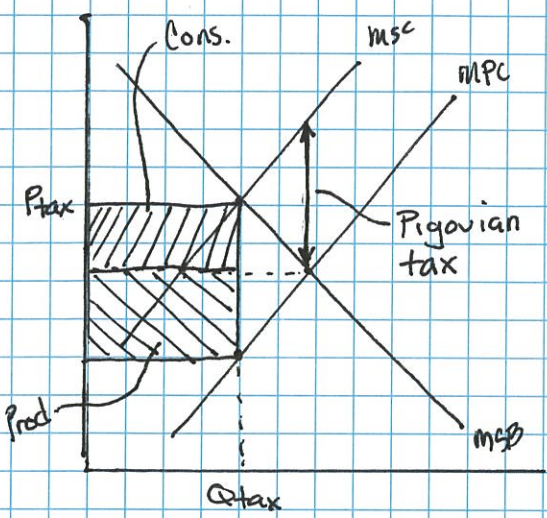
GRAPHICALLY CHALLENGED



Circle Allocative Efficient Q for all examples pls ;)

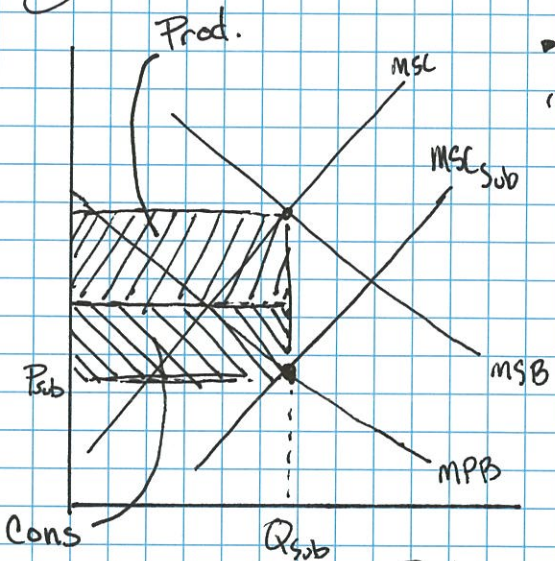


7



► Neg. ext.
► $P_1 \neq Q_1$
'Piggy-tax'
Show tax incidence.
Final P_{tax} & Q_{tax}

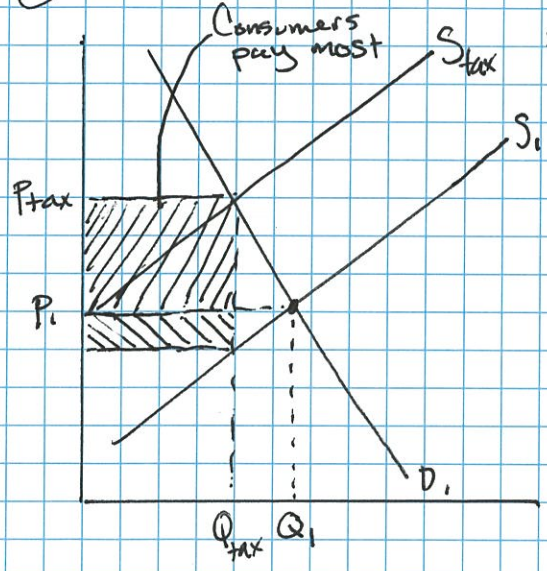
8



► Pos. ext.
► $P_1 \neq Q_1$
'Piggy-sub'
 P_{sub} & Q_{sub}
Show sub incidence.

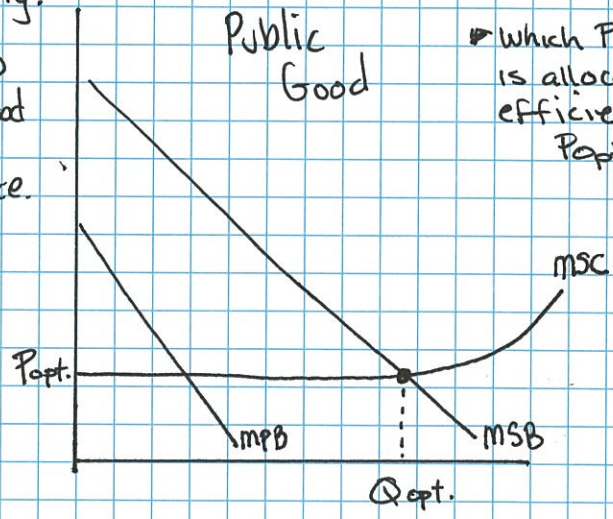
Produce a quantity where $MSB = MSC$, then apply subsidy to shift supply to that point

9



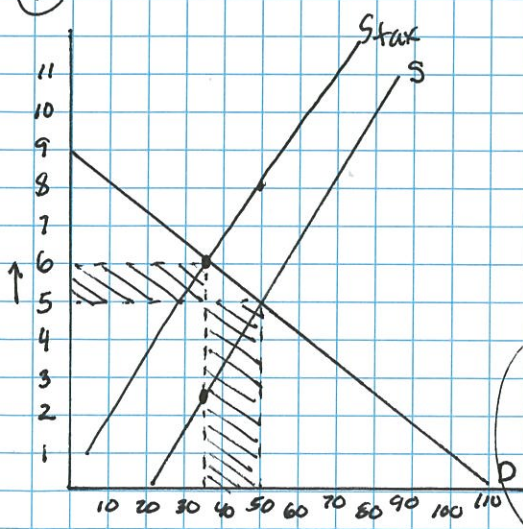
► No externality.
Tax on PED inelastic good
show incidence.

10



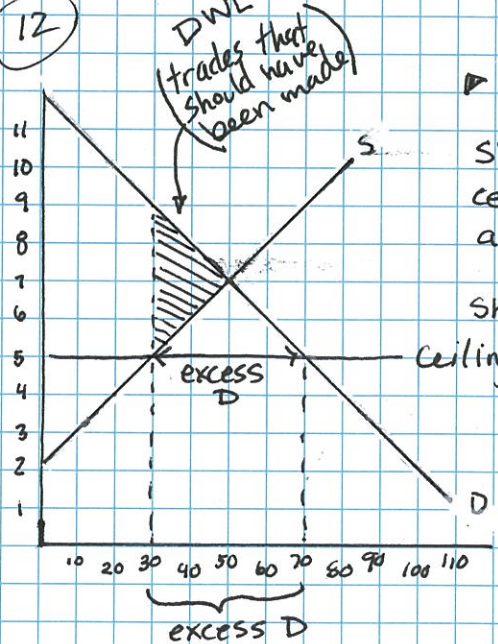
Public Good
► Which $P \neq Q$ is allocatively efficient
 P_{opt} & Q_{opt} .

11



► #3 tax.
Use TR test to identify PED.
D is price elastic
 $P_A \rightarrow TR \downarrow$

12



► No externalities.
Show a price ceiling at \$5 and any excess.
Show DWL