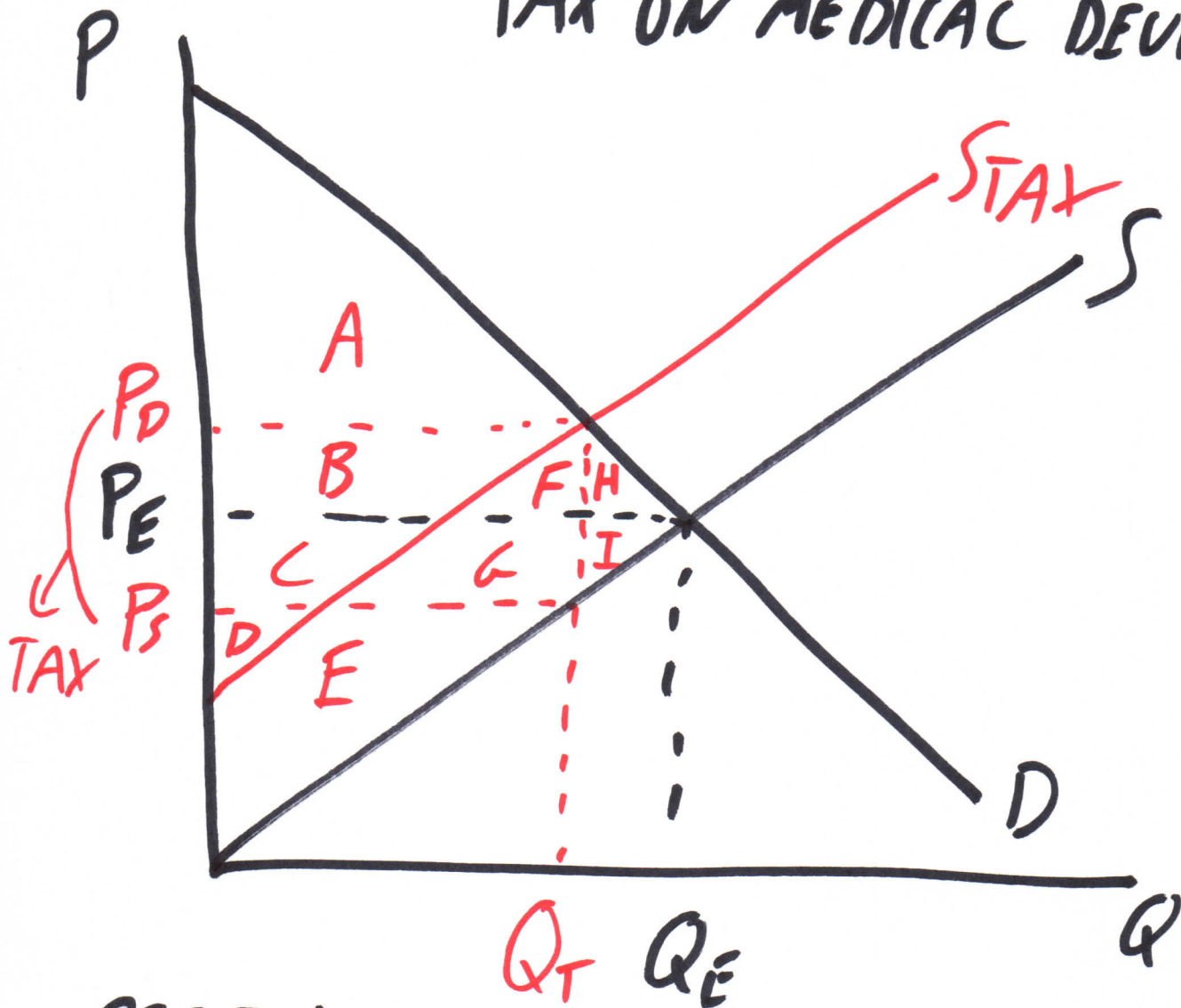


CH. 8 TAXES + WELFARE

TAX ON MEDICAL DEVICES



PRE-TAX

CS: $A+B+F+H$

PS: $C+D+E+G+I$

TS: ~~A+I~~

$A+B+C+D+E+F+G+H+I$

POST-TAX

CS: A ☹️

PS: $D+E$ ☹️

$Q_T \times \text{TAX} = \text{TAX REVENUE: } B+C+F+G$

DL: $H+I$

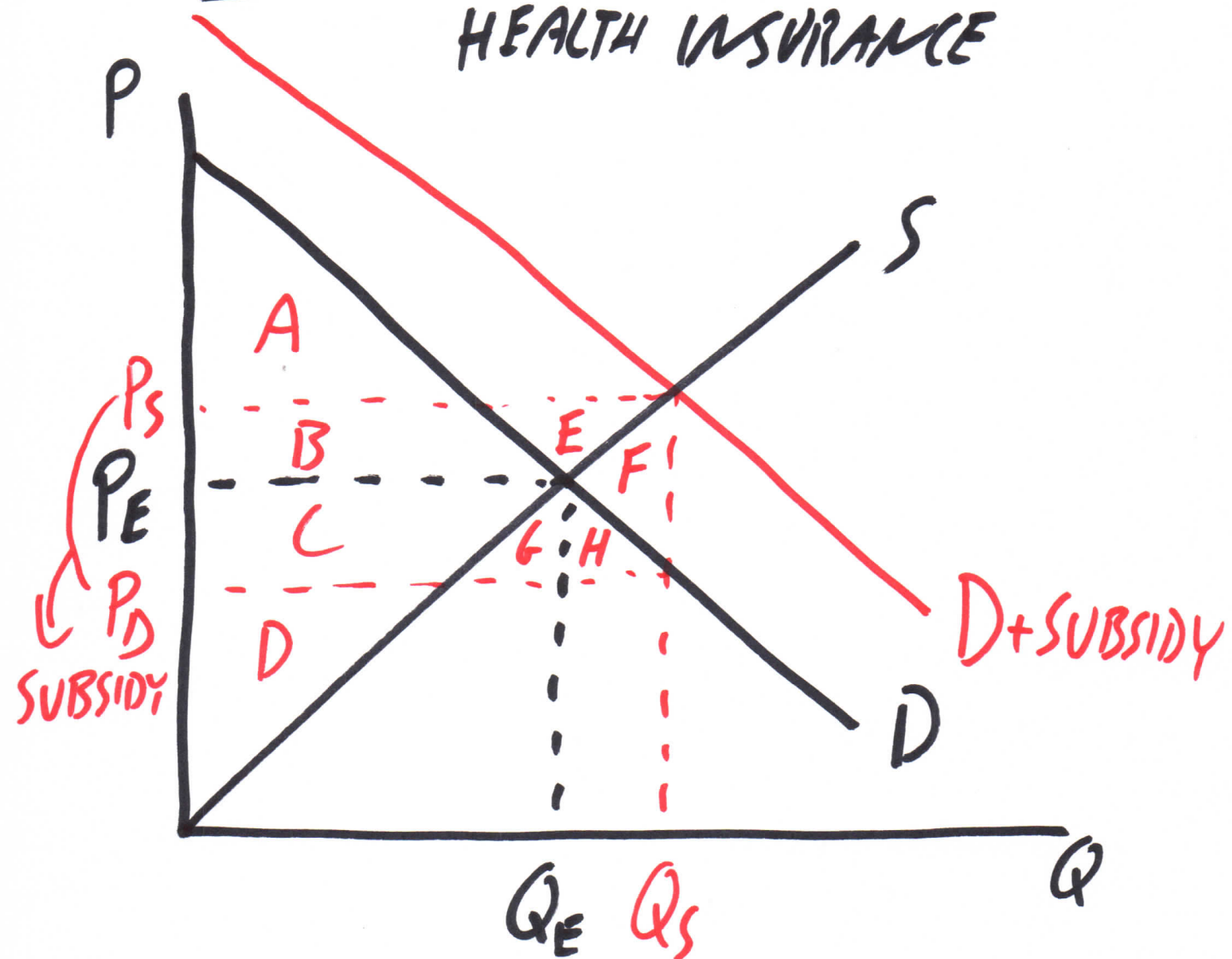
TS: ~~A+I~~

$A+B+C+D+E+F+G$

$P_D = \$5000$
 $P_S = \$4500$
 $Q_T = 10$

SUBSIDY + WELFARE

HEALTH INSURANCE



PRE-SUBSIDY

CS: A+B

PS: C+D

TS: ~~A+B~~

A+B+C+D

POST-SUBSIDY

CS: A+B+C+G+H ☺

PS: B+C+D+E ☺

$Q_S \times \text{SUB.}$: SUBSIDY: B+C+E+F+G+H (-)

COST

TS: A+B+C+D

-F = DL

LAFFER CURVE

