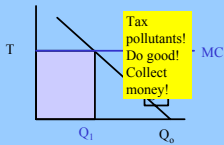


Good Taxes



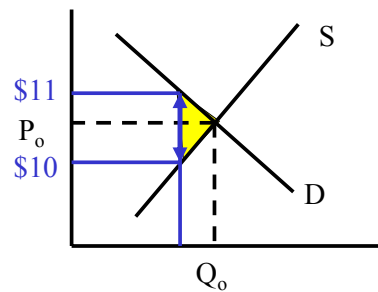
Taxes Without Efficiency Losses

- Poll Taxes
- Pollution Taxes
- Property Taxes

Poll Taxes

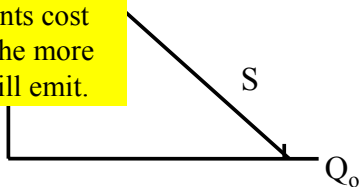
- Basically a tax of \$x a person. Southern States had them basically as a device to restrict the vote.
- Whatever their heritage, the taxes have no disincentive effect on
 - Hours worked
 - Saving

Pollution Taxes



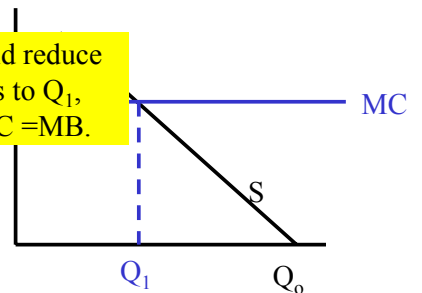
Pollution Taxes

A different supply curve. The less pollutants cost firms, the more they will emit.

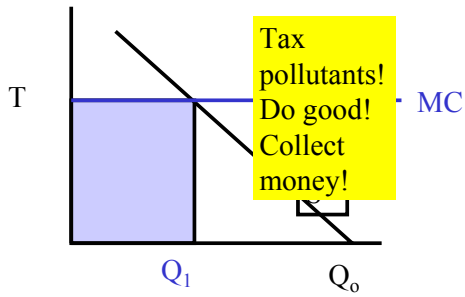


Pollution Taxes

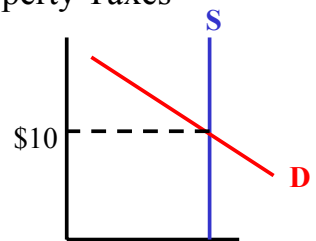
We should reduce pollutants to Q_1 , where $MC = MB$.



Pollution Taxes



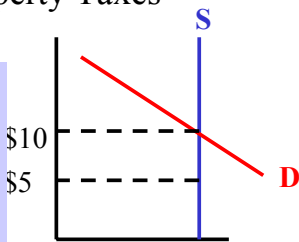
Property Taxes



Property Taxes

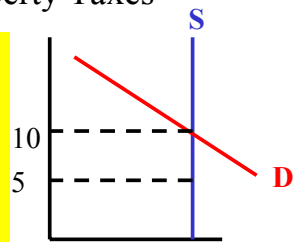
Suppose we impose a 50% tax on property receipts

The amount owners get falls to \$5



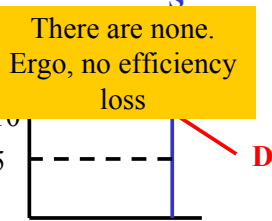
Property Taxes

The shaded area shows the efficiency loss; the value of the mutually advantageous trades forgone by suppliers and customers.



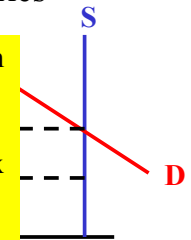
Property Taxes

The shaded area shows the efficiency loss; the value of the mutually advantageous trades forgone by suppliers and customers.



Property Taxes

Property taxes fall on both land and improvements. This graph assumes no tax on improvements only land.



End

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