

8 - PUBLIC PRODUCTION GOODS AND EXCESS TAX BURDEN: THE MCGUIRE-OLSON MIXED ECONOMY

INDEX

Sections, Appendices, Figures, Symbols and notations, References

1 INTRODUCTION

- A note on excess burden, short-medium run interaction between aggregate demand and supply, burden of high tax pressure in general

2 THE STRUCTURE OF THE MOE ECONOMY

- A note on the spending review
- The production/consumption frontiers of the Samuelson-Lindahl and Atkinson-Stiglitz economies: PFR-SLE and PFR-ASE

3 THE TWO-AGENTS GEOMETRY OF THE EFFICIENCY CONDITIONS

- The slope of the consumption frontier
- Efficiency conditions. The 'total' diagram
- Efficiency conditions. The 'per-unit' diagram

4 THE GENERAL FORMALISM OF THE EFFICIENCY CONDITIONS

- An example: improving jurisdiction

5 THE LINDAHL EXISTENCE THEOREMS REVISITED. EXTENSION OF LET I

- Individual demand eqs
- Proof
- A note on the tax price in the MOE economy

6 EXTENSION OF LET II

- Proof
- The difference between the theorems of welfare economics in the commercial economy and the corresponding Lindahl existence theorems in the mixed economy

7 A SPECIAL PROPERTY OF PROPORTIONAL INCOME TAXATION

APPENDIX 8.1 - Proof that both Lindahl cost shares and gross income shares add to unity

FIGURES

F8.1 Social optimality. The 'total' diagram

F8.2 Social optimality. The 'per-unit' diagram

F8.3 Proof that both Lindahl cost shares and gross income shares add to unity

NOTATIONS

APP ability to pay principle

ASE Atkinson-Stiglitz economy

ASWF additive social welfare function

BB balanced budget constraint

BP benefit principle

EB excess tax burden

FOC first order conditions

GDP gross domestic product

LET Lindahl existence theorems

MB=MRS=MWP marginal benefit/marginal rate of substitution/marginal willingness to pay

MNP=MP+MOL marginal net product/marginal product + marginal output loss (negative)

MOE McGuire-Olson economy

MPC marginal production cost

MRT=MSC marginal rate of transformation/marginal social cost

MSB=MSRS=MSWP marginal social benefit/marginal social rate of substitution/marginal social willingness to pay

MU marginal utility

PA Pareto allocation

PFR+CFR+TRF production frontier/consumption frontier/tax revenue function

RCFR residual consumption frontier

SLE Samuelson-Lindahl economy

TWE theorems of welfare economics

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