



d. In what cases can a supplier pass along the entire specific tax to the consumer?

2) Illustrate how a specific tax on consumers can be used to regulate a market where a negative externality is generated to arrive at the socially optimal price – quantity pair.



- 4) Illustrate on a supply and demand graph the impact of a:
- a. A demand side specific tax.

- b. A demand side tax expenditure subsidy.