

# EC 131 - Lecture 8

Boston College  
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Textbook readings: Chapter 8

## 1 Welfare and taxation

- Deadweight loss
- Tax revenue
- Source of deadweight loss
- Relation between elasticities of demand and supply and deadweight loss caused by taxation
- Laffer curve (relation between tax size and tax revenue)
- Deadweight loss as a function of tax size
- Tax policy analysis