Subject index

Arbitrary application of rules 5
Corruption 3, 57, 116
Cost benefit analysis of politics 9

Deadweight loss
  antagonistic 52
  from price controls 84
  from subsidies 56
  of US taxation 9
Displacement
  calculation of with taxes 32–3
  corruption 3, 36
  critiques of 24–6
  early definition of vii, 6
  exceeds triangle loss 16, 91, 98, 109
  general definition 2
  inversion of supply 11
  Mafia created displacement 7
  minimum wage, basic argument 77
  minimum wage, estimates 83, 91, 98
  non-antagonistic quality 5, 51, 52
  rent-seeking 121
  simulation of with taxes 38–43
  subsidy
    taxes 71–73
    theory 66–68
Entrepreneurs 6
Evasive talents
  distribution of 27, 47–8, 92, 108
  logistic form in rent-seeking game 117
  parallel with lobbying ability 59, 116
  punctured supply curve 93
  random distribution of 26
  splitting the supply curve 31
  subsidies 59
Fishing quotas 76

Lafer curve
  difference between full and non-tax
  compliance 44
invoked order of suppliers 16
tax revenue higher under evasion than
  honesty 20–23

Minimum wage
  California 105, 108
  empirical implications of displacement
  105
  employment effect of 101
evasion 85
  by workers 86
  degree of 85, 92
  general equilibrium context of 92
  no evasion deadweight loss 80–81
  no evasion deadweight loss exceeds
  triangle loss 82
  no evasion equilibrium 79
  partial equilibrium application of
  minimum wage evasion 92
  range of equilibrium wages with
  evasion 102
  measurement of compliance 85, 92
  mismatching of talents 102
  non-compliance 77, 85, 110
  policy implication of displacement
  110
  rent-seeking and 83–4
  risk avoidance and 92

Partial equilibrium approach to taxation 25
Price controls
  allocative effects of 84
deadweight loss from 84
Public funds, social cost of 9, 59, 74
Punctured supply curve
  basic theory 93–5
  similarity to punctured supply 100
  simulations of in equilibrium 98
Rent-seeking
  costs 115–16
  displacement cost of 121
minimum wage and 83–4
origins of literature of 116
traditional costs 120–21
traditional model 117–18
Tullock costs 120
Restrictions on beer competition 116, 121
Risk avoidance and minimum wage evasion 92
Rule of law and arbitrariness 55

Subsidies
arbitrariness 58
Canadian subsidy scale 58
deadweight loss from 56
displacement loss from 56
displacement loss theory 66–8
externalities 59
rules for efficient administration of 57
scope of subsidies in OECD 57
Supply curves, construction of 10, 66
Talents, distribution of 27

Tax evasion, partial equilibrium approach to 25, 92
Tax revenues larger under evasion than honesty 22–5
simulation of 20–23, 41–4
theory of 16–20, 35–7
Tax structure, complexity of 50
Tradeable insurance permits 76
Triangle loss 7, 15, 50, 52, 56

Undercutting by tax evaders
Czech wholesalers 2
prohibition-era Chicago 121
Quebec Ministry of Finance 2
Russia 6
Shell Brasil 1
Underground economy
estimates of size 8
estimates of social cost of 9–10
negative function of 8–9
positive function 8
price discrimination 23, 100
tax dodge 50