

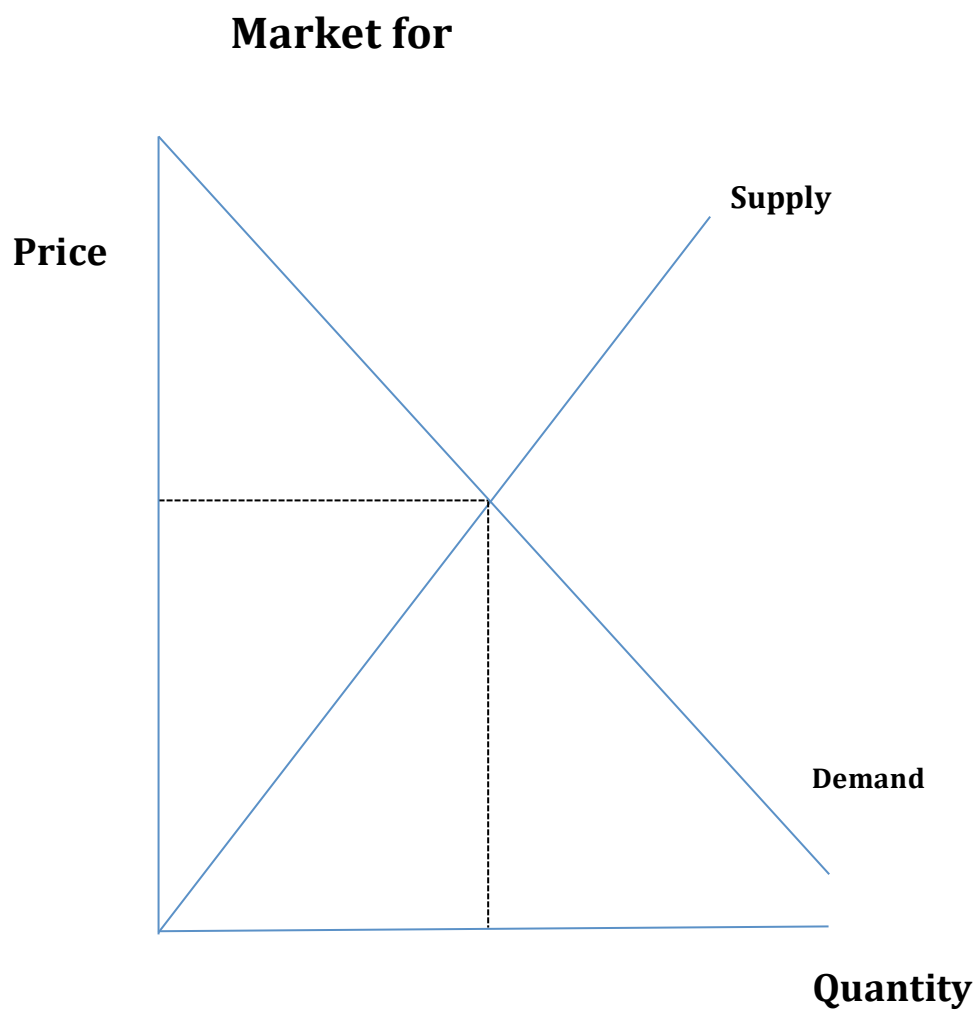
## Activity 5: Taxation and Dead Weight Loss and Tax Incidence

1. Definition:

a. Consumer surplus:

b. Producer surplus:

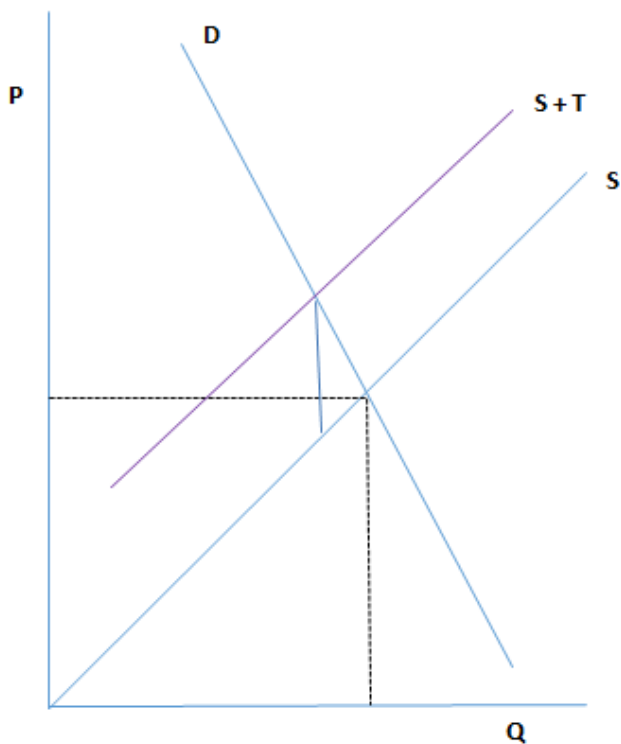
2. Indicate the Consumer and Producer surpluses on the diagram using different colors or different ways of hatching.



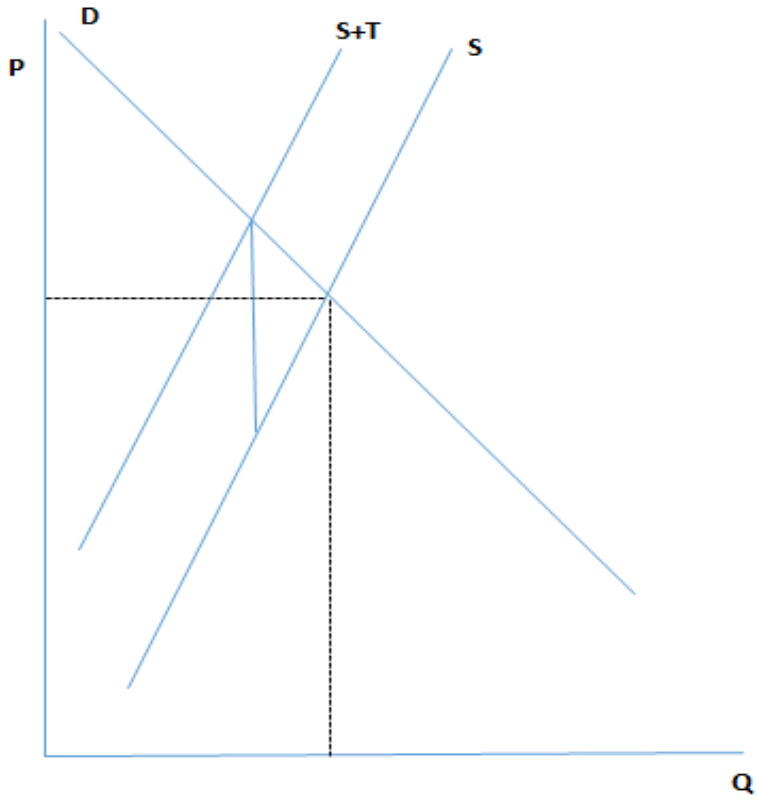
Activity 5 (continued)

3. Why does government want to tax hamburgers?
4. What will happen to the supply curve if hamburgers are taxed? Draw a new supply curve on the graph using a different color.
5. Definition of dead weight loss:
6. Now indicate the dead weight loss on the graph.
7. Indicate the tax paid by the consumer and producer on each of the following graphs and then decide how the tax burden is divided between the consumer and producer.

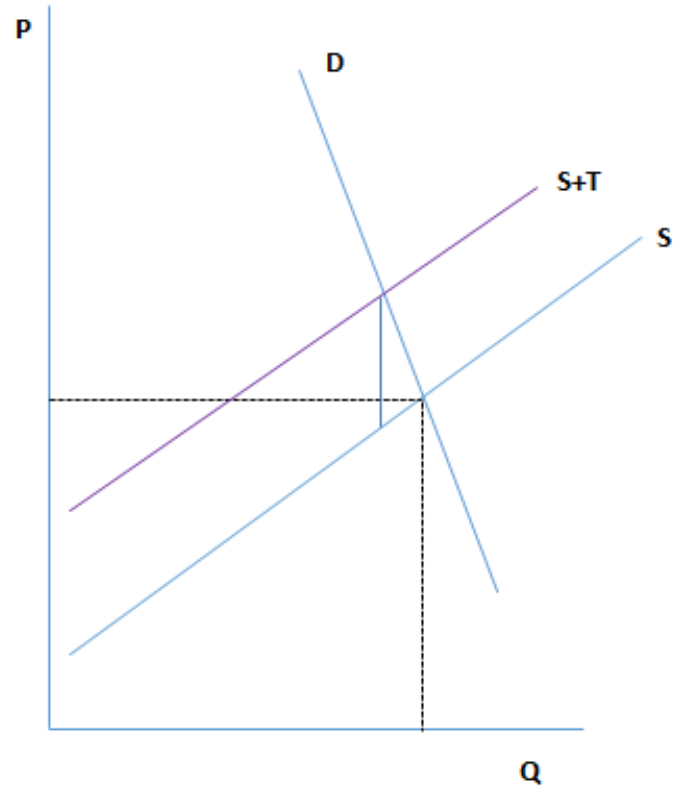
A



**B**



**C**



Name: \_\_\_\_\_

Date: \_\_\_\_\_