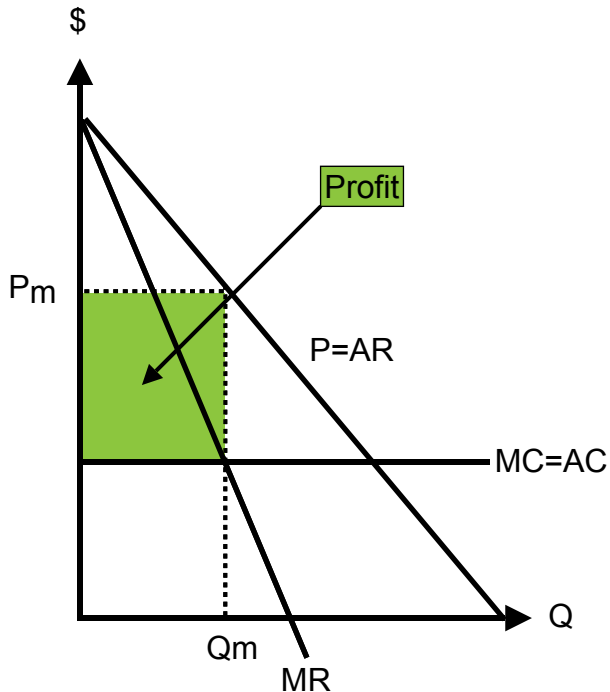


Taxing monopolies

(Tax on profits vs per unit-tax)

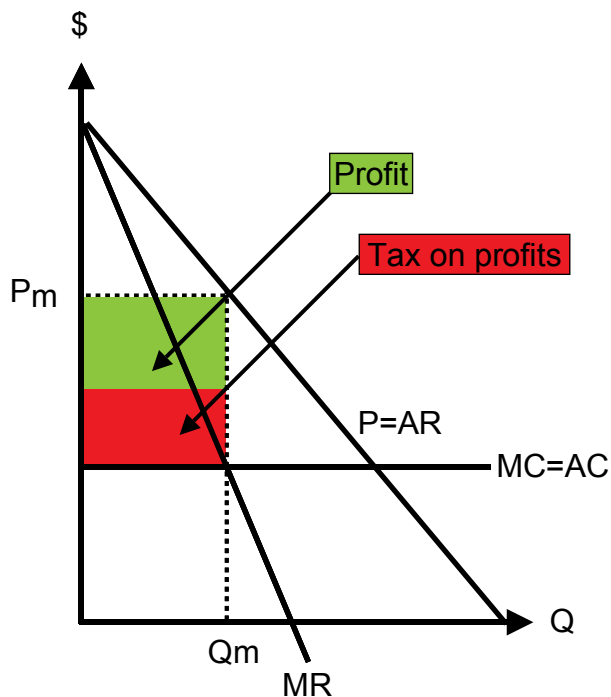
1 Situation without a tax



Abbreviations:

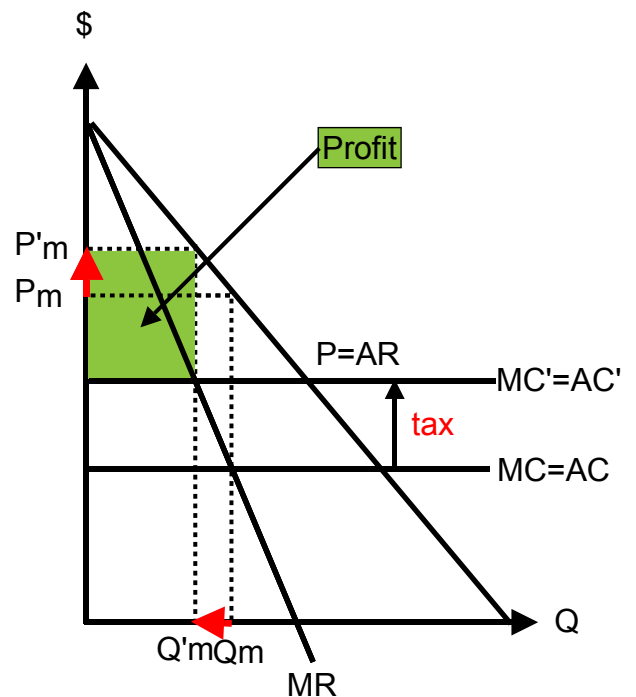
- P Price
- AR Average revenue
- MR Marginal revenue
- MC Marginal cost
- AC Average cost
- Q Quantity
- m Monopoly

2 Situation with a tax on profits



- MC and AC are unaffected.
- Q_m and P_m are unaffected.

3 Situation with a per unit-tax



- MC and AC are rising by the tax.
- Q_m is falling, P_m rising.