

Sample Example Bank Questions

Example 16.2:

Income Taxation and the Trade-off between Efficiency and Equity

1. Give examples of factors other than after-tax wages that may affect an individual's supply of labor at the extensive as well as the intensive margin.
2. What is the definition of a progressive income tax?
3. What is the interpretation of the negative labor supply elasticity on the intensive margin for married men in the 10% richest households?

Example 18.1:

Taxation and Alcohol Sales in Ireland

1. Do you believe that increases in taxation are the most effective way of reducing alcohol consumption by the younger drinkers? Why might it be difficult to establish the effectiveness of these measures on underage drinking (where underage signifies below the legal age)?
2. Is it possible to say whether the reduction in Cider & Perry consumption was the result of the tax increase or the result of other factors?

Example 20.1:

Social Discounting and the Economics of Climate Change

1. What discount rate do you think should be used to assess the costs of climate change? Or, do you agree that this is an academic debate about discount rates that should not get in the way of action on climate change?

■ Example 22.1:

Tax Competition in the EU and the European Court of Justice

1. Why might the tax taken from corporate taxation increase when the corporate tax rates are falling?
2. How might you interpret the following headline taken from an Irish Sunday newspaper, the *Sunday Business Post* (19/2/2006): 'Kinsale Financial made \$96m with just two employees'?