

**Economics 304**  
**Daily Problem #27**

**Fall 2013**  
**December 4**

1. Why must the Laffer curve be zero at tax rates of both zero and one?
2. If one believes the evidence presented in this chapter, are we currently beyond the peak of the Laffer curve in major economies?
3. Conservatives often assert that decreases in tax rates will be “self-financing” in the sense that incomes will rise so much that more revenue will be collected. Does this seem to be the case?