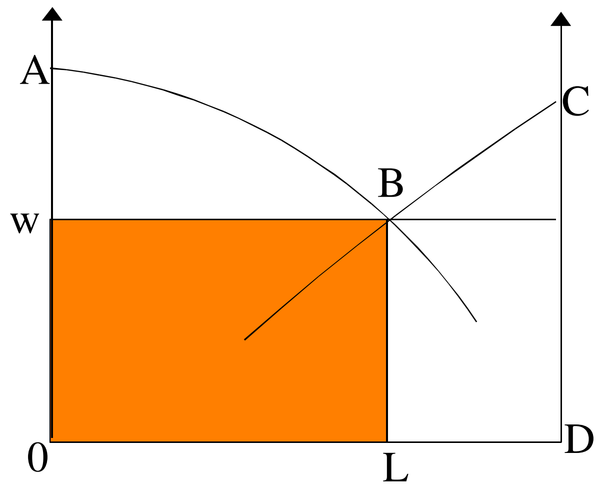

Figure 1

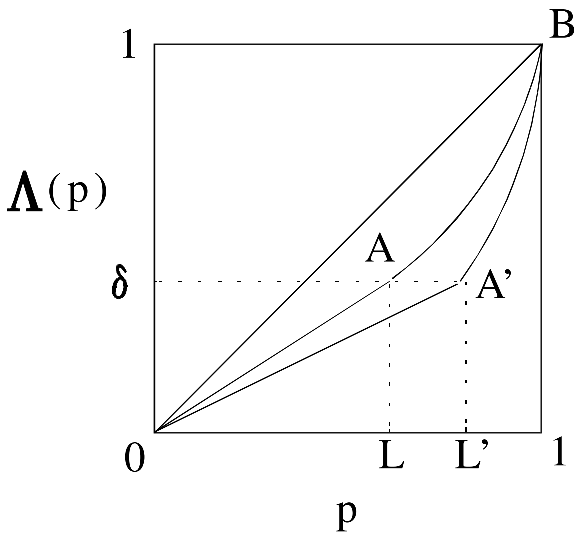

Figure 2

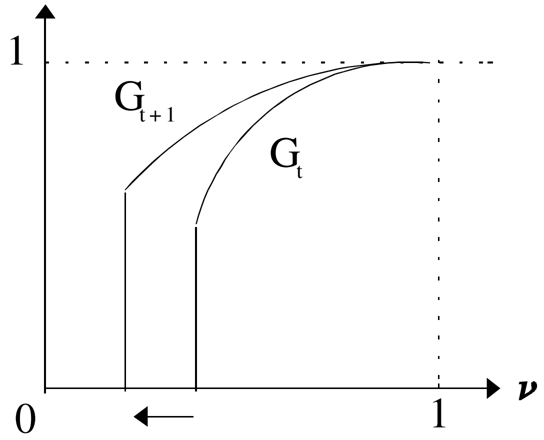

Figure 3

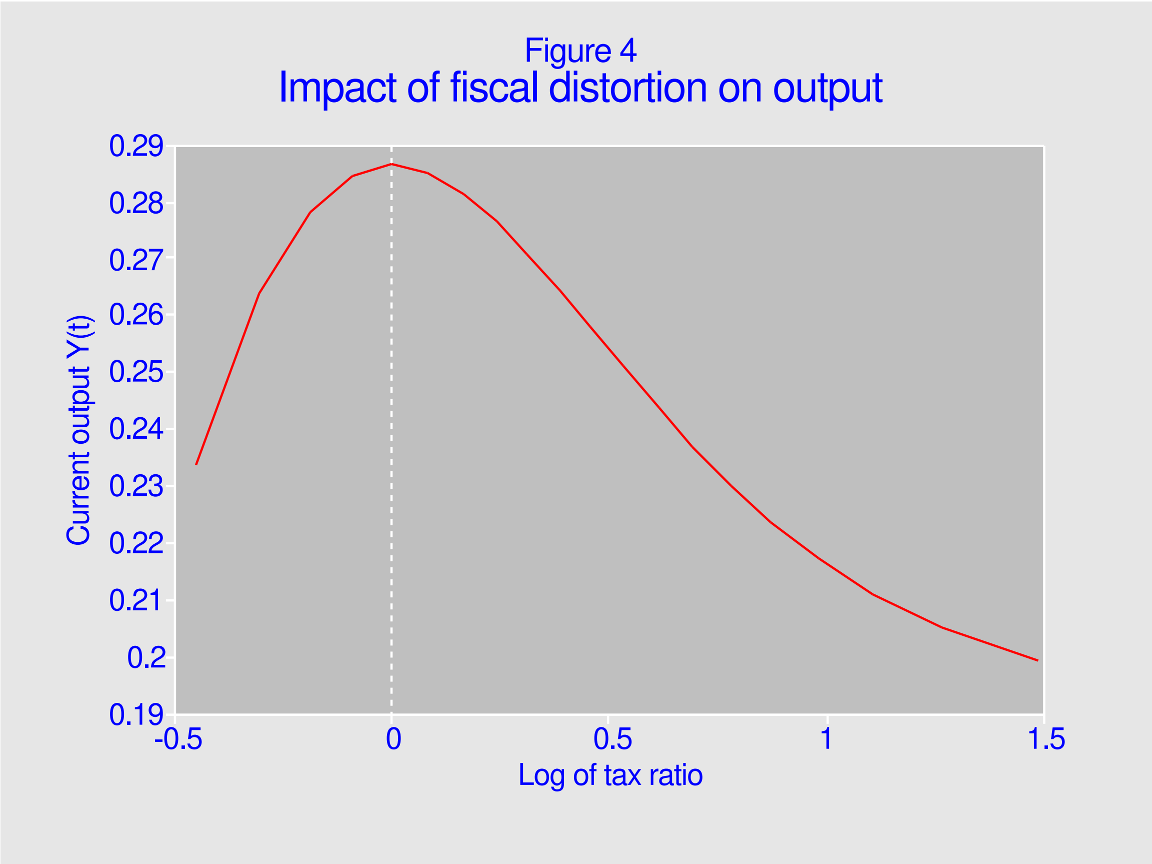
Figure 4
Impact of fiscal distortion on output
0.29
0.28
0.27
0.26
0.25
0.24
0.23
0.22
0.21
0.2
0.19
Current output Y(t)
-0.5
0
0.5
1
1.5
Log of tax ratio

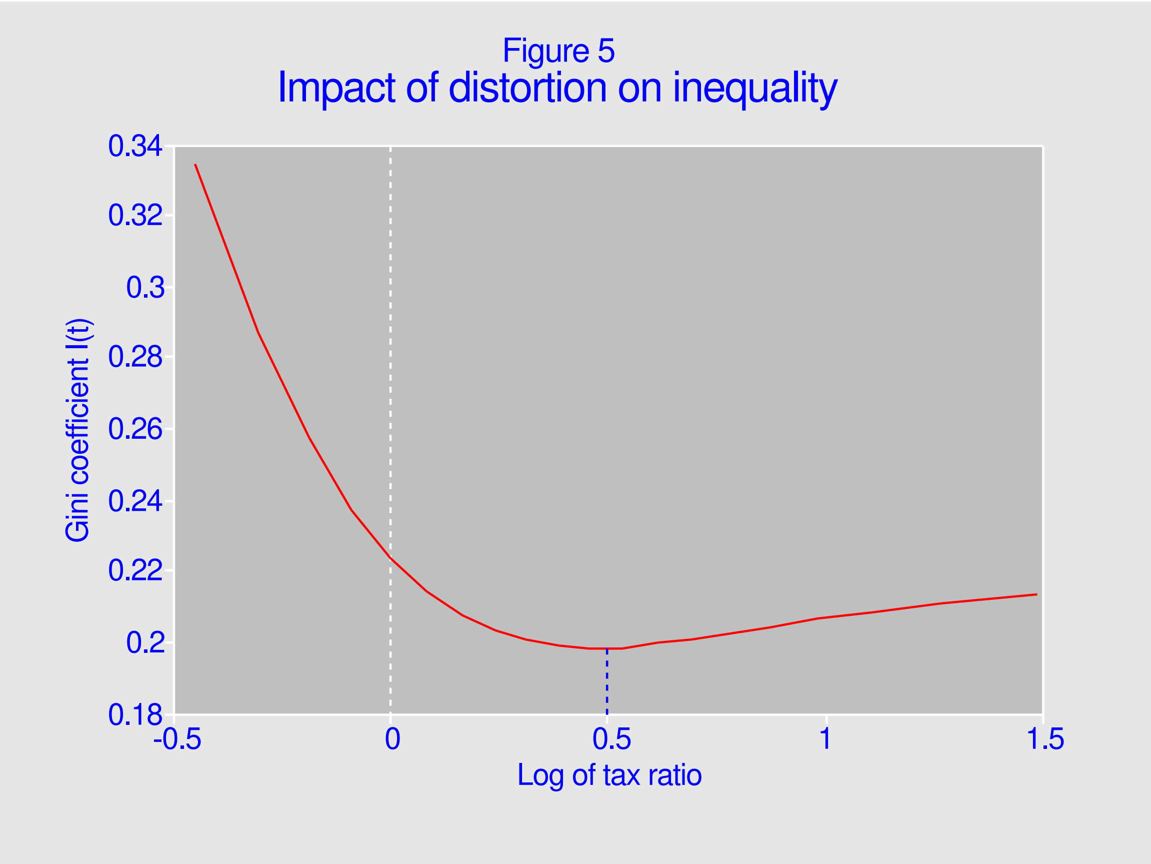

Figure 5
Impact of distortion on inequality
0.34
0.32
0.3
0.28
0.26
0.24
0.22
0.2
0.18
Gini coefficient I(t)
-0.5
0
0.5
1
1.5
Log of tax ratio

Figure 6
Long run impact of fiscal distortion
Long run growth rate
6
5
4
3
2
1
0
-1
-2
-3
0.18
0.2
0.22
0.24
0.26
0.28
0.3
0.32
Long run Gini coefficient

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