

Addendum: Subsidizing (And Taxing) Business Procurement

The paper "Subsidizing (and Taxing) Business Procurement", Journal of Public Economics, v92(7), pp 1630-1643, 2008 has misleading notation. As is made clear on p1632, in the model "there are n suppliers who are ex ante identical". This is a correct statement. However, throughout the paper the notation for the cost is μ_i . The i subscript should not appear. The subscript is misleading in that $\mu_i(q) = \mu(q)$ is required for the arguments at the bottom of p1634 to apply. The comment on p1633, that "It is worth noting that the marginal costs are different across firms" should likewise be disregarded and should have been removed from the version submitted for publication.