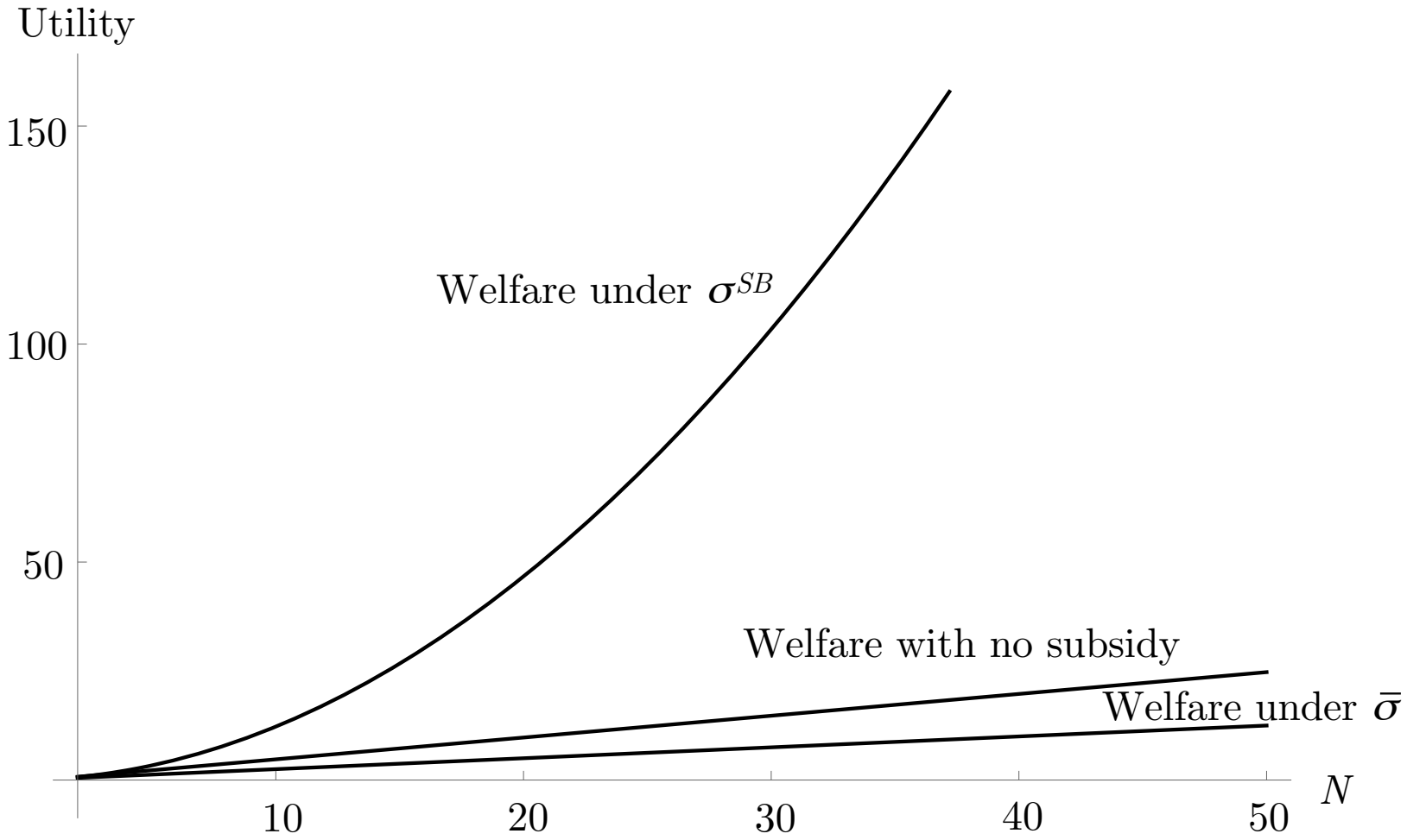
Utility
150
100
50
Welfare under σ^{SB}
Welfare with no subsidy
Welfare under $\bar{\sigma}$
10
20
30
40
50
N

$\tau = 1.5$