

“FREE RIDER” BEHAVIOR IN TRANSITION COUNTRIES: A MATHEMATICAL APPROACH

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Abstract: *This paper develops a mathematical model that explains the occurrence of “free rider” behavior (interpreted as refusal to pay taxes) in transition countries as a result of rational decisions of firms trying to maximize their profits. The model illustrates some unconventional responses of the economic system to orthodox reform programs, which affect the global performance of the economy. (JEL 057, D21, E62).*

Key words: *free rider, tax policy, transition countries.*

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