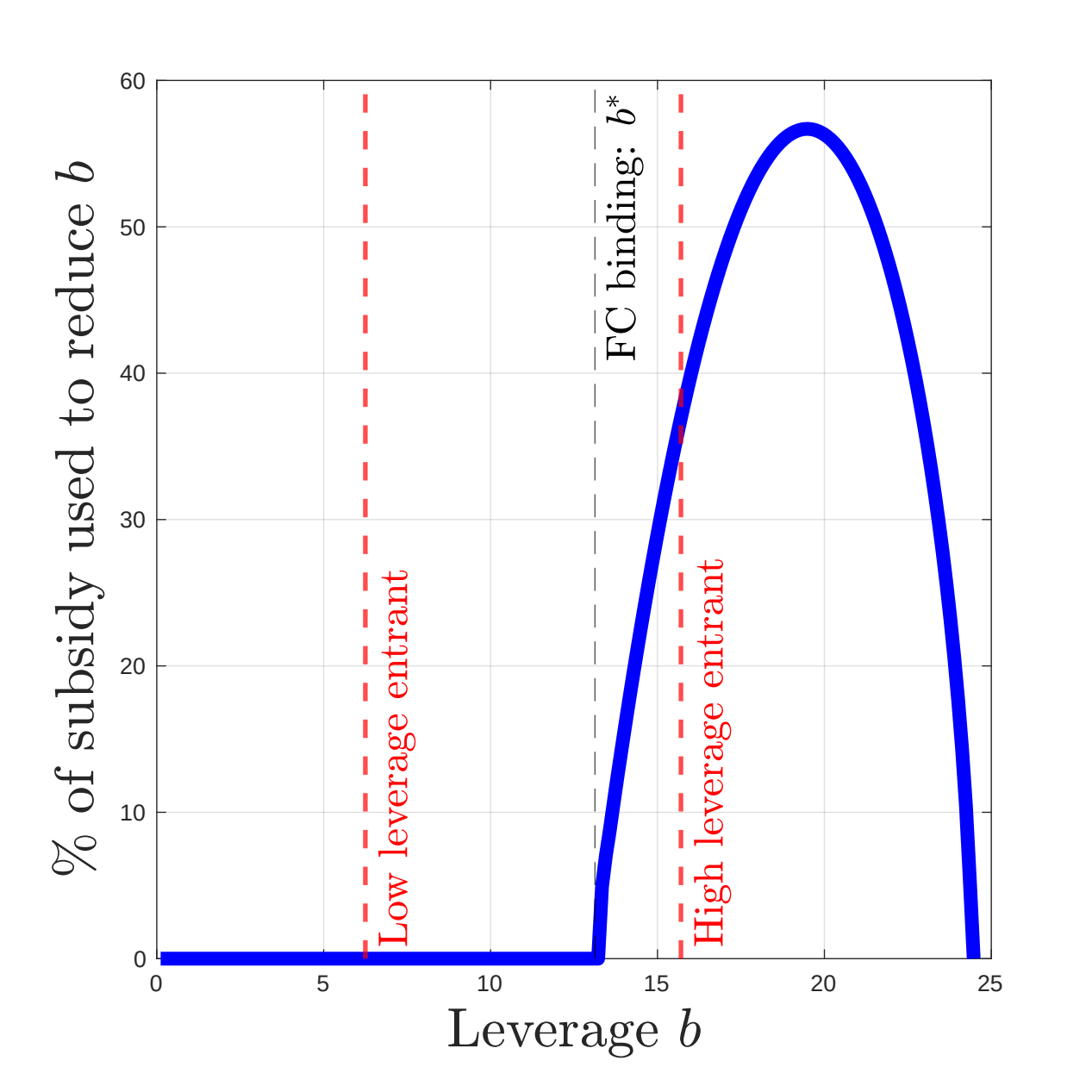
% of subsidy used to reduce b
Leverage b
FC binding: b^*
Low leverage entrant
High leverage entrant
0
10
20
30
40
50
60
0
5
10
15
20
25