Part II
This part concerns the analysis of equations in Appendix I in the paper.

(a) Show that
\[ TFP = \frac{TFPR}{P_\gamma} \]
\[ TFPR = \sum_{i=1}^{M} \frac{L_i}{T} TFP R_i \]

(b) Suppose \((1 - \tau_i) = a \frac{1}{A_i}\). Using the labor market clearing condition, show that
\[ TFP = \frac{1}{M} \sum_{i=1}^{M} \frac{A_i}{1 - \gamma} \]

independent of \(a\). Give a concise interpretation why aggregate TFP is independent of \(a\). What is the crucial assumption for this result?