

Classic Readings

(E512, Fall 2011, F. Gahvari)

1. "Welfare Economics" and efficiency loss of taxation

1.1 *Background*

A. B. Atkinson and J. E. Stiglitz, Lectures on Public Economics, McGraw Hill, 1980, Lecture 11.

R. W. Boadway and N. Bruce, Welfare Economics, Basil Blackwell: Oxford, 1984, Chapters 1-3.

Laffont, Fundamentals of Public Economics, pp. 132-166.

Tresch, Public Finance, Part I.

H. R. Varian, Microeconomic Analysis, 3rd ed., 1991, Chapters 10, 22.

R. Musgrave, Theory of Public Finance, 1959, pp. 140-157.

1.2 *Theory*

Tresch, Public Finance, Chapters 13-14.

J. A. Hausman, "Exact Consumer's Surplus and Deadweight Loss," American Economic Review, September 1981.

J. Mayshar, "On Measure of Excess Burden and Their Application," Journal of Public Economics 43, December 1990, pp. 263-289.

J. Hines, "Three sides of Harberger triangles," Journal of Economic Perspectives 13, Spring 1999, pp. 167-188.

C Blackorby and D Donaldson, Market demand curves and Dupuit-Marshall consumers' surpluses: a general equilibrium analysis, Mathematical Social Sciences.37, 1999, Spring 1999, pp. 139-163.

1.3 *Measurement*

J. Hausman and W. Newey, "Nonparametric Measurement of Exact Consumer Surplus and Deadweight Loss," Econometrica, 63, 1995, 1445-1476.

J. Shoven, "The Incidence and Efficiency Effects of Taxes on Income from Capital," Journal of Political Economy, December 1976.

M. Boskin, "Efficiency Aspects of the Differential Tax Treatment of Market and Household Economic Activity," Journal of Public Economics, February 1975.

2. Tax Incidence

2.1 *Competitive Markets*

R. W. Tresch, Public Finance, Chapter 16.

D. Bradford, "Factor Prices May be Constant but Factor Returns are Not," Economic Letters 1, 1978, pp. 199-203.

J. Rothstein, "Is the EITC as Good as an NIT? Conditional Cash Transfers and Tax Incidence." American Economic Journal: Economic Policy, 2(1): 177-208.

A. B. Atkinson, "The Distribution of the Tax Burden," in Quigley and Smolensky, Eds., Modern Public Finance, Chapter 2.

- J. Poterba, "Lifetime Incidence and the Distributional Burden of Excise Taxes," American Economic Review 79, May 1989, pp. 325-330.
- D. Fullerton and D. Rogers, "Lifetime versus Annual Perspectives on Tax Incidence," National Tax Journal 44, September 1991, pp. 277-287.
- C. Ballard, D. Fullerton, J. Shoven and J. Whalley, A General Equilibrium Model for Tax Policy Evaluation, Chicago: University of Chicago Press, 1985, Chapters 2, 3.
- P. Diamond, "Tax Incidence in a Two Good Model," Journal of Public Economics 9, 1978, pp. 283-299.
- D. Fullerton and D. L. Rogers, "Neglected Effects on the Uses Side: Even a Uniform Tax Would Change Relative Good Prices," American Economic Review 87, May 1997, pp. 120-125.
- W. Evans, J. Ringel and D. Stech, "Tobacco taxes and public policy to discourage smoking," in J. Poterba, ed, Tax Policy and the Economy, vol 13, MIT Press: Cambridge, 1999. D.
- L. Summers, "Some simple economics of mandated benefits," American Economic Review 79, May, 1989, pp. 177-183.
- J. Gruber, "The incidence of mandated maternity benefits," American Economic Review 84, June 1994, pp. 622-641.

1.2 *Imperfect Competition*

- J. Poterba, "Retail price reactions to changes in state and local sales taxes," National Tax Journal 49, 1996, pp. 165-176.
- T. Besley and H. Rosen, "Sales taxes and prices: an empirical analysis," National Tax Journal 52, 1999, pp. 157-178.
- C. Blackorby and S Murty, Unit versus ad valorem taxes: Monopoly in general equilibrium, Journal of Public Economics 91, I 2007, 817-822
- S. Skeath and G. Trandel, A Pareto comparison of ad valorem and unit taxes in noncompetitive environments, Journal of Public Economics 53, 1994, 53-71.
- J.E.Seade, "On the effects of entry," Econometrica 48, 1980, pp. 479-489.
- J.E. Seade, "The stability of Cournot revisited," Journal of Economic Theory 23, 1980, pp. 15-27.
- M. Katz and H. Rosen, "Tax analysis in an oligopoly model," Public Finance Quarterly 13, 1985, pp. 3-21.
- N.H. Stern, "The effects of taxation, price control and government contracts in oligopoly and monopolistic competition," Journal of Public Economics 32, 1987, pp. 133-158.
- T. Besley, "Commodity taxation and imperfect competition," Journal of Public Economics 40, 1989, pp. 359-367.
- J. A. Kay and M. Keen, "How should commodities be taxed?," European Economic Review 23, 1983, pp. 339-358.
- H. Cremer and J.-F. Thisse, "Commodity taxation in a differentiated oligopoly," International Economic Review 35, 1994, pp. 613-633.

3. **Optimal Taxation**

3.1. *Optimal Commodity Taxation*

- R. W. Tresch, Public Finance, 1981, Chapter 16.
- A. B. Atkinson and J. E. Stiglitz, "The Structure of Indirect Taxation and Economic Efficiency," Journal of Public Economics, April 1972, pp. 97-119.

- E. Sadka, "A Theorem on Uniform Taxation," Journal of Public Economics 7, 1977, pp. 387-391.
- A. Sandmo, "Optimal Taxation: An Introduction to the Literature," Journal of Public Economics, July 1976.
- A. Sandmo, "A Note on the Structure of Optimal Taxation," American Economic Review, 64, 1974, pp. 701-706.
- P. Diamond and J. Mirrlees, "Optimal Taxation and Public Production: I," American Economic Review, 61, March 1971, pp. 8-27.
- P. Diamond, "A Many-Person Ramsey Rule," Journal of Public Economics, 4, November 1975, 335-342.
- E. Ahmad and N. Stern, "The theory of reform and Indian indirect taxes," Journal of Public Economics, 25, December 1984, 259-298.

3.2 *Optimal Income Taxation*

- A. B. Atkinson, Public Economics in Action, Clarendon Press: Oxford, 1995.
- A. B. Atkinson, and J. E. Stiglitz, Lectures on Public Economics, McGraw Hill, 1980, Lecture 13.
- N. H. Stern, "On the Specification of Optimum Income Taxation," Journal of Public Economics, July 1976, pp. 123-162.
- E. Sadka, "On Progressive Taxation," American Economic Review, December 1976.
- E. Sheshinski, "The Optimal Linear Income Tax," Review of Economic Studies, 1972, pp. 297-302.
- J. Mirrlees, "An Exploration in the Theory of Optimum Income Taxation," Review of Economic Studies, April 1971.
- A. Atkinson, "How Progressive Should Income Tax Be?" in M. Parkin and A. R. Nobay, Eds., Essays in Modern Economics, London: Longmans, 1973, pp. 90-113.
- E. Maskin and J. Riley, "Input versus Output Incentive Schemes," Journal of Public Economics 28, 1985, pp. 1-24.
- J. Slemrod, S. Yitzhaki, J. Mayshar and M. Lundholm, "Optimal Two Bracket Linear Income Taxation," Journal of Public Economics 53, 1994, pp. 269-290.
- F. Allen, "Optimal Linear Income Taxation with General Equilibrium Effects on Wages," Journal of Public Economics, 17, 1982, pp. 135-144.
- A. Sandmo, "The Tax They Pay May Be Your Own: Promotion, Taxes, and Labor Supply," Scandinavian Journal of Economics 96, 1994, pp. 463-479.
- E. Saez, "The optimal treatment of tax expenditures," Journal of Public Economics 88, 2004, 2657-2684.
- M. Feldstein, "Tax avoidance and the deadweight loss of the income tax," Review of Economic Studies 81, 1999, 674-680.

3.3 *Optimal Tax Design*

- R. Boadway, "The Mirrlees' Approach to the Theory of Economic Policy," International Tax and Public Finance, Volume 5, 1998, pp. 67-81.
- A. Dixit and T. Besley, "James Mirrlees' Contributions to the Theory of Information and Incentives," Scandinavian Journal of Economics, Volume 99, 1997, pp. 207-235.
- A. B. Atkinson, and J. E. Stiglitz, Lectures on Public Economics, McGraw Hill, 1980, Lecture 14, pp. 424-442.
- A. Deaton, "Optimally Uniform Commodity Taxes," Economic Letters 2, 1979, pp. 357-361.

- A. B. Atkinson, "Optimal Taxation and the Direct Versus Indirect Tax Controversy," Canadian Journal of Economics, 1977, pp. 590-606.
- J. A. Mirrlees, "Optimal Tax Theory: A Synthesis," Journal of Public Economics 6, 1976, 327-358.
- J. Slemrod, "Optimal Taxation and Optimal Tax Systems," Journal of Economic Perspectives 4, Winter 1990, pp. 157-178.
- R. Arnott, "Reflections on Optimal Tax Theory," in Quigley and Smolensky, Eds., Modern Public Finance, Chapter 10.
- T. Besley and I. Jewitt, "Uniform Taxation and Consumer Preferences," Journal of Public Economics, 1995, 58, pp. 73-84.
- J. Rawls, "Some Reasons for the Maximin Criterion," American Economic Review 64, May, 1974, pp. 141-146.
- W. Vickery, "Progressive and Regressive Taxes," in J. Eatwell et al, Eds., The New Palgrave: A Dictionary of Economics, London: MacMillan Press Ltd., 1987.
- R. Boadway and M. Keen, "Redistribution," in A. B. Atkinson and F. Bourguignon, eds., Handbook of Income Distribution, Volume 1, Amsterdam: North Holland, 2000.
- E. Saez, "Direct or indirect tax instruments for redistribution: short run versus long run," NBER Working Paper No. 8833, 2002
- H. Cremer and F. Gahvari, "Nonlinear pricing, redistribution, and optimal tax policy," Journal of Public Economic Theory, 4, 2002, 139-161.
- M. Tuomala, Optimal income tax and redistribution, 1990, Oxford: Clarendon Press.

3.4. *Nontax instruments*

- H. Hochman and J. Rogers, "Pareto-optimal redistributions," American Economic Review, 59, 1969, 542-557.
- J. Buchanan, "The Samaritan's dilemma," in E. Phelps, ed., Altruism, Morality and Economic Theory, Russel Sage Foundation, New York, 1975.
- N. Bruce and N. Waldman, "Transfers in kind : Why they can be efficient and nonpaternalistic," American Economic Review, 81, 1991, 1345-1351.
- S. Coate, "Altruism, the Samaritan's dilemma , and government transfer policy," American Economic Review, 85, 1995, pp. 46-57.
- T. Besley and S. Coate, "Public provision of private goods and the redistribution of income," American Economic Review, 81, 1991, pp. 979-984.
- F. Gahvari, "In-kind versus cash transfers in the presence of distortionary taxation," Economic Inquiry, 33, 1995, 45-53.
- A.L. Nichols and R.J. Zeckhauser, "Targeting transfers through restrictions on recipients," American Economic Review, 72, 1982, 372-377.
- C. Blackorby and D. Donaldson, "Cash versus kind, self-selection and efficient transfers," American Economic Review, 78, 1988, 691-700.
- H. Cremer and F. Gahvari, "In-kind transfers, self-selection and optimal tax policy," European Economic Review, 41, 1997, 97-114.
- Besley and S. Coate, "Workfare versus welfare : Incentive arguments for work requirements in poverty alleviation programs," American Economic Review, 82, 1992, pp. 249-261.
- T. Besley and S. Coate, "Workfare versus welfare: Incentive arguments for work requirements in poverty alleviation programs," American Economic Review, 82, 1992, pp. 249-261.
- T. Besley and S. Coate, "The design of income maintenance programs," Review of Economic Studies, 62, 1995, pp. 187-221.
- S. Coate, S. Johnson and R. Zeckhauser, "Pecuniary redistribution through in-kind programs," Journal of Public Economics, 55, September 1994, 19-40.

4. Public Goods

- P. A. Samuelson, "Diagrammatic Exposition of a Theory of Public Expenditure," Review of Economics and Statistics, 1955, pp. 350-356.
- P. A. Samuelson, "Pure Theory of Public Expenditure and Taxation," in J. Margolis and H. Guiton, Eds., Public Economics, London: Macmillan, 1969.
- T. C. Bergstrom and R. C. Cornes, "Independence of Allocative Efficiency From Distribution in the Theory of Public Goods," Econometrica, November 1983, Vol 51, 1753-1765.
- A. B. Atkinson and N. H. Stern, "Pigou Taxation and Public Goods," Review of Economic Studies, Volume 41, 1974, pp. 119-128.
- R. Boadway and M. Keen, "Public Goods, Self-Selection and Optimal Income Taxation," International Economics Review, Volume 34, Aug. 1993, pp. 463-478.
- F. Gahvari, "On the marginal cost of public funds and the optimal provision of public goods," Journal of Public Economics, Volume 90 (6-7), 2006, pp 1251-1262.
- L. Kaplow, "The Optimal Supply of Public Goods and the Discretionary Cost of Taxation," National Tax Journal, Volume 49, pp. 513-533.
- A. J. Auerbach and J.R. Hines, "Taxation and Economic Efficiency," in Auerbach and Feldstein, eds., Handbook of Public Economics, Vol. 3, pp. 1384-1390.
- J Pirttila and M Tuomala, Labour income taxation uncertainty, taxation and public good provision, Economic Journal 117, 2007, 567—582.

5. Externalities

W. J. Baumol and W. E. Oates, The Theory of Environmental Policy, Second Edition, Cambridge University Press, 1988, Part I.

5.1 *Optimal Taxation and Environmental taxation*

- A. Sandmo, "Optimal taxation in the presence of externalities," Swedish Journal of Economics 77, 1975, pp. 86-98.
- H. Cremer, F. Gahvari and N. Ladoux, "Externalities and optimal taxation," Journal of Public Economics, 70, 1998, pp. 343-364.
- H. Cremer, and F. Gahvari, "Imperfect observability of emissions and second-best emission and output taxes," Journal of Public Economics, 85, 2002, 385-407.
- H. Cremer, F. Gahvari and N. Ladoux, "Environmental taxes with heterogeneous consumers: an application to energy consumption in France," Journal of Public Economics, 87, 2003, pp. 2791--2815.
- F. Gahvari, "Review of Ruud A. de Mooij: Environmental taxation and the double dividend," Journal of economic Literature, 40, 2002, 221-223.
- A. L. Bovenberg and F. Van der Ploeg, "Environmental policy, public finance and the labor market in a second-best world," Journal of Public Economics 55, 1994, pp. 349-390.

- A. L. Bovenberg and R.A. de Mooij, "Environmental levies and distortionary taxation," American Economic Review 84, 1994, pp. 1085-1089.
- L. Bovenberg and L. Goulder, "Optimal environmental taxation in the presence of other taxes: general equilibrium analyses," American Economic Review 86, 1996, pp. 985-1000.
- H. Cremer, F. Gahvari and N. Ladoux, "Second-best pollution taxes and the structure of preferences," Southern Economic Journal, 68, 2001, 258-280.
- H. Cremer, and F. Gahvari, "Second-best taxation of emissions and polluting good," Journal of Public Economics, 80, 169-197, 2001.
- D. Fullerton, "Environmental levies and distortionary taxation: Comment," American Economic Review 87, 1997, pp. 245-251.
- L. Kaplow, "The optimal supply of public goods and the distortionary cost of taxation," National Tax Journal 49, 1996, pp. 513-533.
- L. Goulder, "Environmental Taxation and the Double Dividend: A Reader's Guide," International Tax and Public Finance, 2, 1995, 157-183.
- J. M. Poterba, "Tax policy to combat global warming: on designing a carbon tax," in R. Dornbusch and J. M. Poterba, eds., Global Warming: Economic Policy Responses, Cambridge, MIT Press, 1991.
- J. M. Poterba, "Global warming policy: a public finance perspective," Journal of Economic Perspectives 7, 1993, pp. 47-63.
- P. Diamond and J. Hausman, "Contingent valuation: Is some number better than no number?," Journal of Economic Perspectives, 8, Fall 1994, 45-64.
- W. Hanemann, "Valuing environmental benefit through contingent," Journal of Economic Perspectives, 8, Fall 1994, 19-44.

6. Taxation and Labor Supply

- J. Hausman, "Taxes and Labor Supply," in A. Auerbach and M. Feldstein, Eds., Handbook of Public Economics, Amsterdam: North Holland, 1985, pp. 213-265.
- T. MaCurdy, "Work Disincentive Effects of Taxes: A Reexamination of Some Evidence," American Economics Review 80, May 1992, pp. 243-249.
- R. Blundell, A. Duncan and C. Meghir, "Estimating Labor Supply Responses Using Tax Reforms," Econometrica 66, July 1998, pp. 827-862.
- N. Eissa, "Taxation and Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment," NBER Working Paper 5023, 1995.
- R. Blundell, "Labour Supply and Taxation," in M. P. Devereux ed., The Economics of Tax Policy, Oxford University Press, 1996.
- A. B. Atkinson and J. E. Stiglitz, Lectures on Public Economics, Lecture 2.
- D. Fullerton, "On the Possibility of an Inverse Relationship Between Tax Rates and Government Revenue," Journal of Public Economics 19, 1982, pp. 3-22.
- J. Hausman and J. Poterba, "Household Behavior and the Tax Reform Act of 1986," Journal of Economic Perspectives 1, 1987, pp. 101-119.
- J. M. Malcomson, "Some analytics of the Laffer Curve," Journal of Public Economics 29, 1986, pp. 263-279.
- F. Gahvari, "In-kind Transfers, Cash Grants and Labor Supply," Journal of Public Economics, 1994, pp. 495-504.

- F. Gahvari, "Tax Rates, Government Expenditures and Labor Supply: Clarifying the Record," Scandinavian Journal of Economics, September 1990, pp. 525-530.
- F. Gahvari, "The Nature of Government Expenditures and the Shape of the Laffer Curve," Journal of Public Economics, November 1989, pp. 251-260.
- B. Bosworth and G. Burtless, "Effects of Tax Reform on Labor Supply, Investment, and Saving," Journal of Economic Perspectives 6, Winter 1992, pp. 3-25.
- J. Pencavel, "Labor Supply of Men: A Survey," in O. Ashenfelter and R. Layard, Handbook of Labor Economics, Vol. 1, Amsterdam: North Holland, 1987, pp. 3-98.
- R. Triest, "The Effect of Income Taxation on Labor Supply in the United States," Journal of Human Resources 25, Summer 1990, pp. 491-516.
- O. Ashenfelter and M. Plant, "Nonparametric Estimates of the Labor Supply Effects of Negative Income Tax Programs," Journal of Labor Economics 8, January 1990, pp. S396-415.
- S. Blomquist, "Restrictions in Labor Supply Estimation: Is the MaCurdy Critique Correct?," Economics Letters 47, March 1995, pp. 229-235.
- S. Blomquist, "Estimation Methods for Male Labor Supply Functions: How to Take Account of Nonlinear Taxes," Journal of Econometrics 70, February 1996, pp. 383-405.
- N. Eissa and J. Liebman, "Labor Supply Response to the Earned Income Tax Credit," Quarterly Journal of Economics, 111, 1996, 605-637.
- M. Feldstein, "The effect of marginal tax rates on taxable income: A panel study of the 1986 tax reform act," Journal of Political Economy, 103, June 1995, pp. 551-572.
- M. Feldstein, "Behavioral responses to tax rates: Evidence from the tax reform act of 1986," American Economic Review, 85, May 1995, pp. 170-174.
- J. Slemrod, "The economics of taxing the rich," NBER Working paper No. 6584, May 1998.
- J. Slemrod, "On the high-income Laffer curve," in J. Slemrod, ed, Tax Progressivity and Income Inequality, Cambridge University Press, Cambridge, U.K., 1994.
- A. Goolsbee, "What happens when you tax the rich? Evidence from executive compensation," Journal of Political Economy, 109, 2001.
- A. Goolsbee, "Evidence on the high-income Laffer curve from six decades of tax reform," Brooking papers on Economic Activity, 1999, 1-47.

7. Tax Evasion

- G. D. Myles, Public Economics, Chapter 12.
- F. Cowell,, Cheating the Government: The Economics of Evasion, Cambridge: The MIT Press, 1990.
- H. Cremer and F. Gahvari, "Tax Evasion, Concealment and the Optimal Linear Income Tax," Scandinavian Journal of Economics, 1994, pp. 219-239.
- J. Reinganum and L. Wilde, "Income Tax Compliance in a Principal-Agent Framework," Journal of Public Economics 26, 1985, pp. 1-18.
- J. Reinganum and L. Wilde, "Equilibrium Verification and Reporting Policies in a Model of Tax Compliance," International Economic Review, Volume 27, 1986, pp. 739-760.
- K. Border and J. Sobel, "Samurai Accountant: A Theory of Auditing and Plunder," Review of Economic Studies 54, 1987, pp. 525-540.
- O. Mookherjee and I. Png., "Optimal Auditing, Insurance and Redistribution," Quarterly Journal of Economics 103, 1989, pp. 399-415.
- H. Cremer, M. Marchand and P. Pestieau, "Evading, auditing and taxing: The equity-compliance tradeoff," Journal of Public Economics 43, 1990, pp. 67-92.

- S. Scotchmer, "Audit Classes and Tax Enforcement Policy," American Economic Review 77, 1988, pp. 129-136.
- D. Usher, "The Evasion and the Marginal Cost of Public Funds," Economic Inquiry 24, 1986, pp. 563-586.
- J. S. Feinstein, "An Econometric Analysis of Income Tax Evasion and its Detection," RAND Journal of Economics 22, 1991, pp. 14-35.
- A. Sandmo, "Income Tax Evasion, Labor Supply and the Equity-Efficiency Tradeoff," Journal of Public Economics 16, 1981, pp. 265-288.
- J. Slemrod and N. Sorum, "The Compliance Cost of the U.S. Individual Income Tax System," National Tax Journal 37, 1984, pp. 461-474.
- R. Boadway, M. Marchand and P. Pestieau, "Towards a Theory of the Direct-Indirect Tax Mix," Journal of Public Economics 55, 1994, pp. 271-288.

8. Taxation in Dynamic Settings

8.1 *Overview*

- G. D. Myles, Public Economics, Chapter 13.
- Atkinson and Stiglitz, Lectures on Public Economics, Chapter 8.
- O. J. Blanchard and S. Fischer, Lectures on Macroeconomics, The MIT Press: Cambridge, 1989, Chapters 2-3.
- L. Kotlikoff, "Generational Accounting: Knowing Who Pays, and When, for What We Spend," The Free Press, New York, 1992
- O. Blanchard, "Debt, Deficits, and Finite Horizons," Journal of Political Economy, XCIII, 1985, pp. 223-247.
- K. L. Judd, "Redistributive Taxation in a Simple Perfect Foresight Model," Journal of Public Economics, XXVIII, 1985, pp. 59-83.
- B. D. Bernheim, "Ricardian Equivalence: An Evaluation of Theory and Evidence," NBER Macroeconomics Annual II, 1991, pp. 263-304.
- B. D. Bernheim, "How Strong Are Bequest Motives? Evidence Based on Estimates of the Demand for Life Insurance and Annuities," Journal of Political Economy, October 1991, pp. 889-927.
- B. D. Bernheim and K. Bagwell, "Is Everything Neutral?," Journal of Political Economy, LXLVI-2, April 1988, pp. 308-338.
- A. J. Auerbach, "Public Sector Dynamics," in Quigley and Smolensky, Eds., Modern Public Finance, Chapter 3.
- M. Feldstein, "Fiscal Policies, Capital Formation, and Capitalism," European Economic Review, April 1995, pp. 399-420.
- A. B. Atkinson, "Is the Welfare State Necessarily an Obstacle to Economic Growth?," European Economic Review, April 1995, pp. 723-730.

8.2 *Tax Incidence in Dynamic Models*

- P. Diamond, "The Incidence of an Interest Income Tax," Journal of Economic Theory 2, 1970, pp. 211-224.
- D. Bernheim, "A Note on Dynamic Tax Incidence," Quarterly Journal of Economics 95, 1981, pp. 705-723.
- M. Feldstein, "Tax Incidence in a Growing Economy with Variable Factor Supply," Quarterly Journal of Economics 88, 1974, pp. 551-573.

- G. A. Calvo, L. J. Kotlikoff and C. A. Rodriguez, "The Incidence of a Tax on Pure Rent, A New (?) Reason for an Old Answer," Journal of Political Economy, 1979, pp. 869-874.
- C. Chamley and B. Wright, "Fiscal Incidence in an Overlapping Generations Model with a Fixed Asset," Journal of Public Economics 32, 1987, pp. 3-24.
- M. Feldstein, "The Surprising Incidence of a Tax on Pure Rent: A New Answer to an Old Question," Journal of Political Economy 85, 1977, pp. 239-360.

8.3 *Optimal Taxation of Capital*

- Atkinson and Stiglitz, Lectures on Public Economics, pp. 442-451.
- K. Judd, "The Welfare Cost of Factor Taxation in a Perfect Foresight Model," Journal of Political Economy 95, 1987, pp 675-709.
- M. King, "Savings and Taxation," in G. Hughes and G. Heal, Eds., Public Policy and the Tax System, London: George Allen Unwin, 1980, pp. 1-36.
- A. Sandmo, "The Effects of Taxation on Saving and Risk-Taking," in A. Auerbach and M. Feldstein, Eds., Handbook of Public Economics, Vol. 1, Amsterdam: North Holland, 1985, pp. 265-293.
- J Stiglitz, Inequality and capital taxation, IMSSS Technical Report No. 457, Stanford University.
- C. Chamley, "The Welfare Cost of Capital Income Taxation in a Growing Economy," Journal of Political Economy, June 1981.
- F. Gahvari, "Taxation of Housing, Capital Accumulation and Welfare: A Study in Dynamic Tax Reform," Public Finance Quarterly, April 1985, pp. 132-160.
- F. Gahvari, "Incidence and Efficiency Aspects of Differential Taxation of Residential and Industrial Capital in a Growing Economy," Journal of Public Economics, November 1984, pp. 211-234.
- K. Judd, "Optimal Taxation in Dynamic Stochastic Economies: Theory and Evidence," mimeo, Hoover Institution, 1989.
- P. Pestieau, "Optimal Taxation and Discount Rate for Public Investment in a Growth Setting," Journal of Public Economics, 1974, pp. 217-235.
- Turnovsky, S. J. and T. Okuyana, "Taxes, Housing and Capital Accumulation in a Two-Sector Growing Model," Journal of Public Economics, Journal of Public Economics, 53, 1994, pp. 245-267.
- K. Judd, "Optimal Taxation and Spending in General Equilibrium Competitive Growth Models," Journal of Public Economics, Volume 71, January 1999, pp. 1-26.
- C. Chamley, "Efficient Tax Reform in a Dynamic Model of General Equilibrium," Quarterly Journal of Economics, 100, May 1985, pp. 335-356.
- R. Gordon and L. Bovenberg, "Why is capital so immobile internationally? Possible explanations and implications for capital income taxation," American Economic Review, 86, December 1996, 1057-1075. P.
- E. Sadka, "Estate taxation," Journal of Public Economics, forthcoming, 2003.
- E. Saez, "Optimal capital income taxes in the infinite horizon model," NBER Working Paper No. 9046, 2002.
- J Pirttila M Tuomala, on optimal non-linear taxation and public good provision in an overlapping generations economy, Journal of Public Economics, 79, 485-5
- J Stiglitz inequality and capital taxation, IMSSS Technical Report No. 457, Stanford University.

8.4 *Tax Policy, Rates of Return, and Saving*

- L. Summers, "Capital Taxation and Accumulation in a Life Cycle Model," American Economic Review 71, September 1981, pp. 533-544.
- R. Broadway and D. Wildasin, "Taxation and Savings," in M. P. Devereux ed., The Economics of Tax Policy, Oxford University Press, 1996.
- A. Atkinson and J. Stiglitz, Lectures in Public Economics, Chapter 3.
- M. Boskin, "Taxation, Savings, and the Rate of Interest," Journal of Political Economy 86, 1978, pp. S3-S27.
- R. Hall, "Intertemporal Substitution in Consumption," Journal of Political Economy 96, April 1988, pp. 339-357.
- L. Kotlikoff, "Taxation and Savings: A Neoclassical Perspective," Journal of Economic Literature 22, 1984, pp. 1576-1629.
- D. Feenberg and J. Skinner, "Sources of IRA Saving," in L. Summers, Ed., Tax Policy and the Economy 3, 1989, pp. 25-46.
- J. Skinner, "IRAs: A Review of the Evidence," Tax Notes 13, January 1992, pp. 201-212.
- R. G. Hubbard, J. Skinner and S. P. Zeldes, "The Importance of Precautionary Motives in Explaining Individual and Aggregate Saving," Carnegie-Rochester Conference Series on Public Policy 40, 1994, pp. 59-125.

8.5 *New Dynamic Public Finance*

- M. Golosov, A Tsyvinski, and I Werning. New Dynamic Public Finance: A User's Guide. NBER Macroeconomic Annual 21, 2006, 317-387.
- N. R. Kocherlakota. Zero Expected Wealth Taxes: A Mirrlees Approach to Dynamic Optimal Taxation, Econometrica 75, 2005, 1587-1621.
- N. R. Kocherlakota. Wedges and Taxes. American Economic Review (Papers and Proceedings) 94, 2004, 109-113.
- M. Golosov and A Tsyvinski. Optimal Taxation with Endogenous Insurance Markets, Quarterly Journal of Economics 122, 2007, 487-534.
- M. Golosov, N. R. Kocherlakota and A. Tsyvinski, "Optimal indirect and capital taxation," Review of Economic Studies, 70, 2003, 569-587.

Other Topics

2.4 *Marginal Cost of Public Funds*

- Bev Dahlby, The marginal cost of public funds, theory and applications, the MIT Press, Cambridge, 2008.
- C. L. Ballard and D. Fullerton, "Distortionary Taxes and the Provision of Public Goods," Journal of Economic Perspectives, Summer 1992, pp. 117-131.
- D. Fullerton, "Reconciling Recent Estimates of the Marginal Welfare Cost of Taxation," American Economic Review 81, March 1991, pp. 302-308.
- E. K. Browning, "On the Marginal Welfare Cost of Taxation," American Economic Review 77, March 1987, pp. 11-23.

- D. Fullerton and Y. K. Henderson, "The Marginal Excess Burden of Different Capital Tax Instruments," Review of Economics and Statistics 71, August 1989, pp. 435-442.
- I. Hansson and C. Stuart, "Tax Revenue and the Marginal Cost of Public Funds in Sweden," Journal of Public Economics 27, August 1985, pp. 331-353.
- A. Snow and R. S. Warren, "The Marginal Welfare Cost of Public Funds: Theory and Estimates," Journal of Public Economics, Volume 61, 1996, pp. 289-305.
- A. Sandmo, "Redistribution and the Marginal Cost of Public Funds," Journal of Public Economics, Volume 70, Dec. 1998, pp. 365-382.

3.6. *Optimal Taxation and Uncertainty*

- J. Eaton, and H. S. Rosen, "Labor Supply, Uncertainty, and Efficient Taxation," Journal of Public Economics 14, 1980, pp. 365-374.
- H. R. Varian, "Redistributive Taxation as Social Insurance," Journal of Public Economics 14, 1980, pp. 49-68.
- H. Cremer and F. Gahvari, "Uncertainty and Optimal Taxation: In Defense of Commodity Taxes," Journal of Public Economics, 56, 1995, pp. 291-310.
- H. Cremer and F. Gahvari, "Uncertainty, Optimal Taxation and the Direct Versus Indirect Tax Controversy," Economic Journal, 105, 1995, pp. 1165-1179.
- J. A. Mirrlees, "Taxing Uncertain Incomes," Oxford Economic Papers 42, 1990, pp. 34-45.
- G. D. Myles, Public Economics, Chapter 7.
- P. A. Diamond, L. J. Helms and J. A. Mirrlees, "Optimal Taxation in a Stochastic Economy: A Cobb-Douglas Example," Journal of Public Economics 14, 1980, pp. 1-29.
- J. Hamilton, "Optimal wage and income taxation with wage uncertainty," International Economic Review 28, 1987, 373-388.
- H. Cremer and F. Gahvari, "Uncertainty, Commitment and Optimal Taxation," Journal of Public Economic Theory, Volume 1, 1999, pp. 51-70.

3.5. *Tagging*

- G. Akerlof, "The Economics of Tagging as Applied to the Optimal Income Tax," American Economic Review 68, 1978, pp. 8-19.
- H. Cremer, F. Gahvari, and Jean-Marie Lozachmeur, "Tagging and income taxation: Theory and an application," American Economic Journal: Economic Policy 2(1), 2010, 31—50.
- Alesina, Alberto, Andrea Ichino, and Loukas Karabarbounis. 2011. "Gender-Based Taxation and the Division of Family Chores." American Economic Journal: Economic Policy, 3(2): 1–40.
- S. Blomquist and L. Micheletto, "Age related optimal income taxation." Scandinavian Journal of Economics, 110, 2008, 45--71.
- R. Kanbur, M. Keen, and M. Tuomala. 1998. "Tagging and taxing: the optimal use of categorical and income information in designing tax/transfer schemes." Economica 65, 1998, 179-192.
- M. Kremer, "Should taxes be independent of age?" 2001, Unpublished manuscript, Harvard University.

- N.G. Mankiw and M. Weinzierl, The optimal taxation of height: A case study of utilitarian income redistribution, American Economic Journal: Economic Policy 2 (1), 2010, 155—178.
- M. Weinzierl, The surprising power of age-dependent taxes, 2008, Unpublished manuscript, Harvard University.

9. Taxation and Housing

- H. Rosen, "Housing Subsidies: Effects on Housing Decision, Efficiency, and Equity," in A. Auerbach and M. Feldstein, Handbook of Public Economics, Volume I, Amsterdam, North Holland, 1985, pp. 375-420.
- H. Cremer and F. Gahvari, "On Optimal Taxation of Housing," Journal of Urban Economics, Volume 43, 1998, pp. 315-335.
- J. Skinner, "The Dynamic Efficiency Cost of Not Taxing Housing," Journal of Public Economics, 59, 1996, pp. 397-417.
- J. Berkovec and D. Fullerton, "A General Equilibrium Model of Housing, Taxes, and Portfolio Choice," Journal of Political Economy 100, April 1992, pp. 390-429.
- L. Goulder and L. Summers, "Tax Policy, Asset Prices, and Growth: A General Equilibrium Analysis," Journal of Public Economics 38, 1989, pp. 265-296.
- J. Poterba, "Tax Subsidies to Owner-Occupied Housing: An Asset Market Approach," Quarterly Journal of Economics 99, 1984, pp. 729-752.
- F. Gahvari, "The Optimal Taxation of Housing," Public Finance, 1984, pp. 213-225.