

ECO 7938
Spring 2020
MAT 14
T-R 1:55-3:50 pm

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Taxation Theory

This is a continuation of Eco 7525 [*Welfare Economics and the Second Best*] from the fall in studying tax policy. The focus of this mod is on information issues and optimal income taxation.

I. Optimal Income Taxation: Static

Stiglitz, "Self-Selection and Pareto Efficient Taxation," *Journal of Public Economics* 17: 213-240, 1982.

Brito, Hamilton, Slutsky, and Stiglitz, "Pareto Efficient Tax Structures," *Oxford Economic Papers* 42: 61-77, 1990.

Brito, Hamilton, Slutsky, and Stiglitz, "Randomization in Optimal Income Tax Schedules," *Journal of Public Economics*: 56, pp. 189-223, 1995.

Broadway and Keen, "Public Goods, Self-Selection and Optimal Income Taxation," *International Economic Review* 34(3), 1993.

Slutsky, "Schooling Policy and Pecuniary Externalities in a 2nd Best World with Administrative Waste"

II. Optimal Income Taxation: Dynamic

Brito, Hamilton, Slutsky, and Stiglitz. "Dynamic Optimal Income Taxation with Government Commitment," *Journal of Public Economics*: 44, pp 15 – 35, 1991.

Hamilton and Slutsky. "Optimal Income Taxation Without Government Commitment," working paper.

III. Tax Evasion and Compliance Policies

Reinganum and Wilde. “Income Tax Compliance in a Principal-Agent Framework,” *Journal of Public Economics*: 26, pp 1 – 18, 1985.

Graetz, Reinganum, and Wilde. “The Tax Compliance Game: Toward an Interactive Theory of Law Enforcement,” *Journal of Law Economics and Organization*: 2, pp 1 – 32, 1986.

Pestieau, Possen, and Slutsky. “Jointly Optimal Taxes and Enforcement Policies in Response to Tax Evasion,” *Journal of Public Economic Theory*: 6, pp. 337 – 374, 2004.