1. Record Nr. UNINA9910458429703321

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Titolo	The new dynamic public finance [[electronic resource] /] / Narayana R. Kocherlakota
Pubbl/distr/stampa	Princeton, : Princeton University Press, c2010
ISBN	1-282-56927-9 9786612569272 1-4008-3527-5
Edizione	[Course Book]
Descrizione fisica	1 online resource (230 p.)
Collana	Toulouse lectures in economics
Disciplina	336.001/5195
Soggetti	Fiscal policy - Mathematical models Taxation - Mathematical models Finance, Public - Mathematical models Electronic books.
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references and index.
Nota di contenuto	Frontmatter -- Contents -- Preface -- 1. Introduction -- 2. The Ramsey Approach and Its Problems -- 3. Basics of Dynamic Social Contracting -- 4. Dynamic Optimal Taxation: Lessons for Macroeconomists -- 5. Optimal Intergenerational Taxation -- 6. Quantitative Analysis: Methods and Results -- 7. The Way Forward -- Index
Sommario/riassunto	Optimal tax design attempts to resolve a well-known trade-off: namely, that high taxes are bad insofar as they discourage people from working, but good to the degree that, by redistributing wealth, they help insure people against productivity shocks. Until recently, however, economic research on this question either ignored people's uncertainty about their future productivities or imposed strong and unrealistic functional form restrictions on taxes. In response to these problems, the new dynamic public finance was developed to study the design of optimal taxes given only minimal restrictions on the set of possible tax instruments, and on the nature of shocks affecting people in the economy. In this book, Narayana Kocherlakota surveys and discusses this exciting new approach to public finance. An important book for

advanced PhD courses in public finance and macroeconomics, The New Dynamic Public Finance provides a formal connection between the problem of dynamic optimal taxation and dynamic principal-agent contracting theory. This connection means that the properties of solutions to principal-agent problems can be used to determine the properties of optimal tax systems. The book shows that such optimal tax systems necessarily involve asset income taxes, which may depend in sophisticated ways on current and past labor incomes. It also addresses the implications of this new approach for qualitative properties of optimal monetary policy, optimal government debt policy, and optimal bequest taxes. In addition, the book describes computational methods for approximate calculation of optimal taxes, and discusses possible paths for future research.