

Macro Theory B

PS 9: Optimal Taxation with Commitment

Ofer Setty

The Eitan Berglas School of Economics

Tel Aviv University

May 20, 2016

1 Consumption taxes

Exercise 15.2 in LS2

2 Two labor inputs

Exercise 15.4 in LS2

3 Mandatory Reading

Mankiw, N.G., Weinzierl, M., Yagan, D., 2009. Optimal Taxation in Theory and Practice. *Journal of Economic Perspectives* 23, 147–74.

4 Recommended Reading

1. Emmanuel Saez: Striking it Richer: The Evolution of Top Incomes in the United States. <http://elsa.berkeley.edu/~saez/saez-UStopincomes-2012.pdf>
2. Greg Mankiw on Optimal taxation:<http://gregmankiw.blogspot.co.il/2014/03/not-class-warfare-optimal-taxation.html>
3. Paul Krugman on capital tax:<http://www.nytimes.com/2014/03/24/opinion/krugman-wealth-over-work.html>