Public Finance and Public Policy in the New Century

Sijbren Cnossen and Hans-Werner Sinn, editors

CESifo Seminar Series

The MIT Press
Cambridge, Massachusetts
London, England
Contents

Series Foreword ix

Introduction and Summary xi
Sijbren Cnossen and Hans-Werner Sinn

Tribute to Richard Abel Musgrave xxiii
Henry J. Aaron

Ten Years of CES xxix
David F. Bradford

1 Modernizing Public Policy 1

1 Changing Tides for the Welfare State: An Essay 3
Assar Lindbeck

Comments 45
Richard A. Musgrave

2 Trust in Public Finance 49
Joel Slemrod

Comments 89
Michael Burda

3 Reforming Budgetary Language 93
David F. Bradford
Comments  117
Henry J. Aaron

II Taxation and Tax Reform  125

4 Perfect Taxation with Imperfect Competition  127
Alan J. Auerbach and James R. Hines Jr.

Comments  155
Harvey S. Rosen

5 Bridging the Tax-Expenditure Gap: Green Taxes and the Marginal Cost of Funds  159
Agnar Sandmo

Comments  179
Jeremy Edwards

6 Taxes and Privatization  185
Roger H. Gordon

Comments  213
Ray Rees

7 The Property Tax: Competing Views and a Hybrid Theory  217
John Douglas Wilson

Comments  237
Panu Poutvaara

8 The Dutch Presumptive Capital Income Tax: Find or Failure?  241
Sijbren Cnossen and Lans Bovenberg

Comments  263
Alfons J. Weichenrieder
III The Welfare State in an Integrating World 267

9 The Crisis of Germany’s Pension Insurance System and How It Can Be Resolved 269
Hans-Werner Sinn

Comments 293
Georges de Menil

10 Social Insurance Based on Individual Savings Accounts 303
Peter Birch Sørensen

11 Social Insurance and Redistribution 333
Robin Boadway, Manuel Leite-Monteiro, Maurice Marchand, and Pierre Pestieau

Comments 359
Dominique Demougin

12 Insurance and the Utilization of Medical Services among the Self-Employed 365
Craig William Perry and Harvey S. Rosen

Comments 397
Gebhard Flaig

IV Fiscal Federalism 403

13 Sharing the International Tax Base in a Changing World 405
Richard M. Bird and Jack M. Mintz

Comments 447
Thomas Moutos

14 On Cooperation in Musgravian Models of Externalities within a Federation 451
Henry Tulkens
Comments 465

Clemens Fuest

15 Fiscal Federalism and Risk Sharing in Germany: The Role of Size Differences 469
Kai A. Konrad and Helmut Seitz

Comments 491
Marko Köthenbürger

16 Delayed Integration of Mobile Labor: A Principle for Coordinating Taxation, Social Security, and Social Assistance 495
Wolfram F. Richter

Comments 519
Søren Bo Nielsen

Authors and Commentators 523
Index 525