Contents

Acknowledgments vii

1 Introduction 1
   Alan J. Auerbach and Daniel N. Shaviro

1 Choice of Tax Base

2 The Choice between Income and Consumption Taxes: A Primer 13
   Alan J. Auerbach

   COMMENT 1 R. Glenn Hubbard 47
   COMMENT 2 Alvin C. Warren, Jr. 54

3 Implementing Income and Consumption Taxes 59
   David A. Weisbach

   COMMENT 1 A Tale of Two Davids
   Edward J. McCaffery 94
   COMMENT 2 Joel Slemrod 104

4 Capital Levies and Transition to a Consumption Tax 112
   Louis Kaplow

   COMMENT 1 James R. Hines, Jr. 147
   COMMENT 2 Kyle D. Logue 154
Contents

II Fiscal Federalism, Corporate Finance, and Fiscal Language

5 On the Theory and Practice of Fiscal Decentralization 165
Wallace E. Oates

COMMENT 1 Charles E. McLure, Jr. 190
COMMENT 2: The Old Time Fiscal Federalism Religion—
Is It Good Enough for Me (and Thee)?
Harvey S. Rosen 197

6 Dividends and Taxes 204
Roger Gordon and Martin Dietz

COMMENT 1 William D. Andrews 225
COMMENT 2 George R. Zodrow 234

7 On the General Relativity of Fiscal Language 241
Jerry Green and Laurence J. Kotlikoff

COMMENT 1: On the Relative Generality
of Fiscal Language
Daniel N. Shaviro 257
COMMENT 2 Kent Smetters 265

Contributors 271

Index 273