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Research in economics and public finance

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This special issue of *Research in Economics* collects a varieties of articles on classic topics of public finance, such as tax incidence, optimal taxation, public goods and the public provision of private goods, such as health, social security and education. For good introductions to the field we recommend Rosen (2004) as an undergraduate text and Myles (1995) as a graduate one. Here we will briefly overview the relevant literature including some of the most recent advances and introduce the new essays included in this volume, concluding with some editorial news.

The field analyzed in this volume is definitely a mature one in economic research. The first studies in public finance were about the incidence of taxes and their efficiency costs (Pantaleoni, 1882). An equally old tradition of investigations has studied the *public provision of public goods*, defined as providing utility to all agents independently from their number: this tradition starts from the early insights of Lindahl (1919) and culminates in the celebrated Samuelson rule, for which optimal spending in public goods should equate the sum of the marginal benefits for all agents with the marginal cost of provision (Samuelson, 1954). The classic theoretical contributions on optimal taxation flourished during the seventies and expanded over the following decades into a solid framework. A large part of the most recent research has been focused on the empirical analysis of the impact of a variety of taxes and welfare programs. Nevertheless, there are still many classic and new topics in public finance that deserve further investigations from a theoretical and an empirical perspective, as those proposed in this volume.

The analysis of *tax incidence* has been typically the foundation of any investigation in public finance: its main purpose is to understand how the burden of a tax is shifted on consumers and firms. An old literature has studied the measure of the deadweight loss associated with distortive taxes in both partial and general equilibrium (Harberger, 1964). A wide range of works has focused theoretical and empirical attention on taxes on capital income invested in riskless and risky assets (see Poterba, 2002, for a survey), on taxes on labor income in case of endogenous labor supply (see Keane, 2011, for a survey) or endogenous investment in human capital and occupational choice (Eaton and Rosen, 1980) and on many other kinds of taxes, such as property taxes on housing (Poterba, 1984), profit taxes, inheritance taxes, payroll taxes and others. Many of them will be analyzed in this volume as well. The classic book by Atkinson and Stiglitz (1980) remains a valid introduction to the analysis of the income and substitution effects generated by taxation and its translation on supply and demand in function of their elasticities.

A primary space in the literature on tax incidence is reserved for commodity taxation (or indirect taxation). As well known, when perfectly competitive firms produce at a constant

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