

Inequality-aware Market Design Seminar Series

Philipp Strack: Taxing Externalities without Hurting the Poor

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Details

When: 24 Aug 2022 @ 17:00 GMT+2

Where: GRAPE

Speaker this week

[Philipp Strack ↗](#)

Yale University

Philipp Strack is a Professor of Economics at Yale University. He is a microeconomic theorist interested in how people behave and interact in dynamic situations. His research spans a wide variety of topics including Learning and the Timing of Decisions, Misspecification, Social Learning, Mechanism Design, Dynamic Behavioral Models, and Contests.

Abstract: We consider the optimal taxation of a good which exhibits a negative externality, in a setting where agents differ in their value for the good, their disutility for the externality and their value for money, and the planner observes neither. Pigouvian taxation is the unique Pareto efficient mechanism, but corresponds to the planner putting higher welfare weights on agents who are richer. We derive the optimal tax schedule for both a narrow allocative objective and a utilitarian objective for the planner. The optimal mechanism might take a “non-market” form and cap consumption, or forbid it altogether. The optimal mechanism is generically non-linear, and Pareto-inefficient. Joint with Mallesh Pai. Find the paper [here ↗](#).

Should you have any queries please contact the seminar organizers at IMD@grape.org.pl.



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