

FOREWORD

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This volume collects the papers presented at the Fifth Banca d'Italia Public Finance Workshop held in Perugia on 3-5 April 2003.

The workshop aimed at providing an updated overview of both the analytical developments and the policy debate concerning tax policy. It covered both microeconomic issues, such as the effects of taxation on labour and capital markets, and macroeconomic issues, such as the role of taxation in stabilisation policy. It explored the implications of economic integration on tax bases and the issue of tax harmonisation. It considered the effects of taxation on income distribution. It focused on the policy issues currently discussed in European countries and other regions, thereby highlighting similarities and differences in tax policy challenges across countries of different levels of development.

The papers included in the volume illustrate the multiple objectives pursued by recent tax reforms: limiting distortions of economic decisions, enhancing equity, ensuring fiscal stabilisation, raising competitiveness and contributing to the long term sustainability of public finances.

The different methodological approaches of the papers emphasise the wide variety of research in the field. Some papers draw from theoretical models and others from empirical investigations, others directly from the policy debate.

The workshop allowed experts from central banks, ministries and economic institutions of several countries, international economic organisations and the academic world to discuss the design and economic effects of tax policy. Banca d'Italia thanks all institutions who contributed to the success of the initiative and all experts who provided research papers and who came to Perugia to take part in the discussions.

This volume develops further the analysis of fiscal policy issues carried out in the proceedings of the previous workshops, which were devoted to *Indicators of structural budget balances* (November 1998), *Fiscal sustainability* (January 2000), *Fiscal rules* (February 2001) and *The impact of fiscal policy* (April 2002).

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