

Editorial Note

This first issue of volume 74 is a Festschrift in honor of Hans-Werner Sinn, who celebrates his 70th birthday on 7 March 2018. As a scientist and as a public intellectual, Hans-Werner Sinn has contributed to a wide range of topics in the economic policy debate. Sometimes he initiated the topics of this debate, and always he significantly influenced its direction. This applies most prominently to his early work on German reunification, as well as his work on the financial crisis, the European sovereign debt crisis, and global climate problems. His economic policy work is based on his own theoretical contributions, which he published in the first half of his scientific career, and whose economic relevance and powerful influence may extend to future decades.

Good examples of this are his work on corporate limited liability and its influence on investment behavior, and his work on the intertemporal functioning of markets for exhaustible resources. The former work was a fundamental exploratory tool for understanding the great financial crisis after 2007; the latter work was fundamental to his engagement with global climate policy and the deeper understanding of the essential relationship between public interventions in the fossil-fuel market and the dynamics of greenhouse-gas emissions. For all of this variety of topics, which far exceed public finance in the narrower sense, public finance was and is his “home ground”: Fiscal and economic policy must be grounded in the individual preferences of the citizens. Politics must create institutions and establish conditions of economic policy within which the free action of economic agents leads to an optimum in the sense of the Paretian welfare theory. He is, in this respect, in the tradition of other great welfare-state thinkers like Richard Musgrave or Paul Samuelson.

As a researcher, he has followed this agenda over many decades as a chaired professor of public finance and economics, as president of the Ifo Institute and as CEO of CESifo, as a member of advisory boards and academies of science, in many other offices, and not least as a university teacher and thesis advisor to a large group of graduate students, with remarkable influence in all these activities. He also played an important role as Associate Editor from 1993 to 2013 at *FinanzArchiv/Public Finance Analysis*, where this collection of works is presented.

We edited this collection of papers as a small token of appreciation to Hans-Werner Sinn on the occasion of his 70th birthday. As a teacher and advisor, he shaped our way of thinking in economics. This Festschrift recognizes his outstanding achievements in the field of public finance and economic policy. It brings together nine contributions from a set of leading international scholars in the field, who were and continue to be Hans-Werner's companions, fellow combatants, and friends. They are almost all part of the international CESifo research network, which was developed by him for more than 25 years and now has more than 1000 academic members throughout the world. Some of the topics covered take up longstanding research interests of Hans-Werner Sinn:

- Michael Keen combines optimal bailout policy with the question of how to tax banks optimally to deal with externalities in the real economy that derive from a breakdown of financial institutions.
- Robin Boadway, jointly with Motohiro Sato and Jean-François Tremblay, looks at the incentives of subfederal jurisdictions and identifies a tendency towards overextraction of natural resources.
- Rick van der Ploeg takes on the *green paradox* idea coined by Sinn. In his view, the possibility of renewables speeds up extraction of oil, but the possibility of larger amounts of resources that are not extracted even in the long term implies that there may be an offsetting effect to the green paradox.
- Another environmental issue is addressed by Peter Birch Sørensen. He looks at the optimal Pigovian tax in a circular economy that gives proper incentives for recycling.
- Justina Klimaviciute and Pierre Pestieau take on the question of how to design a system of long-term nursery care that meets demands for sustainability and allows positive bequests.
- Health-care issues are also the focus in the paper by Manuel Flores and Barbara Wolfe. They are looking at the effect of health problems in early life on later lifetime income and ask how this health effect depends on the health-care system.
- Joel Slemrod, jointly with William C. Boning, looks at the role of firms in optimal taxation and reviews recent contributions that warn against omitting important features of real-world firms in economic models of taxation.
- Robert Haveman, in a paper with Kathryn Wilson, revisits the development of the U.S. poverty rate and investigates to what extent this rate has been affected by a change in demographics.
- Finally, Assaf Razin and Efraim Sadka theoretically analyze immigration and its effect on redistribution.

The editors thank all the authors for their contributions and all the referees for their most helpful and prompt reviews.

Kai A. Konrad (Guest Editor), Ronnie Schöb (Editor), Marcel Thum (Guest Editor), Alfons J. Weichenrieder (Editor)