The paper “Indirect Taxation, Public Pricing and Price-Cap Regulation: a Synthesis”, by Edilio Valentini is a nice review of the literature that I enjoyed to read.

A literature review, by the very nature of the exercise, cannot claim to provide “a significant contribution”. Yet, it does not mean that it is valueless, on the contrary. Research is a collective enterprise and with the ever increasing number of scientists and scientific publications, it is easy to lose track of where we are and what we should aim at. It is thus precious to have researchers who contributed significantly to a strand of literature, like Edilio Valentini, helping us to make sense of our collective endeavor.

The survey focuses on the distributional consequences of indirect (optimal) taxation and/or (optimal) public pricing à la Ramsey-Boiteux. There is obviously no issue regarding the “correctness” of the analysis. One may possibly regret the author not to be more critical of the limitations of the papers he is introducing to us. In particular, in the hypothesis made in the literature on price-caps, there is a tension which is not discussed: firms are supposed to maximize their profits myopically whereas they evolve in an environment which is supposed to be stationary, hence the consequence of their future action is easy to predict. Similarly, the very interesting “inverse optimal problem” whereby one aims at finding a social welfare function that would make a given vector of prices optimal, is generically ill-defined (unless the size of the population is exactly equal to that of the number of goods). In my view, it would have been important to at least mention the issue, if not discussing it.

However the paper constitutes an excellent introduction to the literature on the distributive aspects of “socially optimal prices”. I recommend his reading for anyone unfamiliar to it.
Here are a few typos you may want to correct for the final version:

• p 13,
  – In equation 20’ you probably want to have \((\beta_h - \beta_{h-1})\) and not \((\beta_h - \beta_{h+1})\).
  – In the second line that follows, “welfare is...” you want “for any \(h = 1, ..., H\)” rather than “for any \(k = 1, ..., H\)”

• p16,
  – There is again a problem of indices on the last line of formula 25 (you have “any \(i\)” whereas there is no \(i\) in the formula)
  – On formula 25’ it is strange to have \(y\) as an argument and \(z^+\)as the upperbound of the interval especially because you have \(z\) just one line above
  – Formula 27 seems to me the general expression of the differential of the stochastic dominance curve (associated to a price change). It is not clear to me where the fact that this price change is such that the firm’s profit remains constant.

• p 18, last paragraph, “welfare function is defined as the simple sum of the quasi-linear indirect...” (of is missing)

• p 20, on the graph, you may want to add AC (for Average Cost) to identify the corresponding curve.

• p 23, “In Figure 2 we can see this result in graphical terms”. You may want to add “in the two good case” as previous graph refer instead to the unidimensional case.

• p 26, second paragraph, I think that the term “classical utilitarianism” is more common than “strict utilitarianism” to refer to what you mention.

• p 28, in the middle of the page, you have \(\beta_h = \frac{\partial W}{\partial v_h} \alpha_h\). I find it strange to have now a partial derivative with respect to \(v_h\) instead of \(u_h\) that was used before.