Index

ability to pay principle 66, 71, 95, 159
ad rem tax 159
administrative costs 29, 102
agents of tax complexity 31
digression on lobbies 32–5
Alliance for Progress 116
American Economic Association 48
Anglo-Saxon countries 56, 68, 69
Annual Report to Congress 2005, 39
Australia 36–8, 40, 41
Australian federal tax system 37
Avi-Yonah, Reuven 77
Bakija, Jon 41, 165
bank share price 62
bankers 69
banking secrecy 78
basic commodities 14
Becker, Gary 31, 35, 37
Belgium 16, 23, 81, 148
benefit received principle 98, 157
“The Best Laws Money Can Buy” 34
“The Beveridge Report” 17
Bird, Richard 162
Bloomberg News 66
bonuses 61, 62, 69, 99
Boskin, Michael 52, 56
British tax system 37
Brittan, Samuel 26
Buchanan, James 30, 84
bureaucrats 28
bursting bubbles, tax effect 87, 91
“Can Complexity Unmake Civilization?” 26
Canada 23, 38, 90
capital 8, 17
capital accumulation 93, 94
capital incomes 56, 68
capital–labor ratio 55
capital mobility 63
capital output ratios 94
carried trade 55, 56
“Center for Environmental Innovation in Roofing” 34
ceteris paribus 101, 119, 148, 155
Chicago School 84
class warfare 70
classical economics 14
Coase, Ronald 15
Cobham, Alex 77
collection lags 87
command economy 15
commons 20
compensating value added tax (CVAT)
compensation, regressive nature 40
Congressional Budget Office 56, 69
Congressional Joint Committee on Taxation 57
Cornia, Giovanni Andrea 123
corporate income tax 118
cost–benefit evaluation 102
crony capitalism 60, 75
cross-country trade 19
cross institutional externalities 97
debs 85
deflation 83
democratic deficit 137, 143
democratization 132
demonstration effect 85
developing countries, fiscal capacity of 131–8
domestic obstacles 131–7
international cooperation 137–8
developing countries, tax levels 106–14
development economics 93
Domar, E.D. 94
domestic obstacles policies and actions 134–7
to taxation 131–2
economic elite 48
economic liberty 71
economic opportunities 71
economic policies 17
economic slowdown 3
The Economist 38
economists 20, 27–9, 42, 43, 48, 52, 56, 58, 84, 106
economists developed theories 14
economy, openness 5
economy, structure of 166
Edwards, Chris 42
effective tax rate 43
Einaudi, Luigi 49
Equilar Inc. 61
equitable economic development 93–104
taxation, role of 94–100
European Economic Community 7
European Fiscal Authority 90
European Monetary Union (EMU) 81, 82, 86, 90
Eurostat 22
Evans, Chris 36, 40, 41
final consumer products 16
financial crisis 26, 69, 72, 81–91
Financial Times 26, 83
fiscal capacity 131–8
fiscal centralization 149
fiscal decentralization 140–50
fiscal deficits 81, 87, 90
fiscal drags 84
fiscal federalism 146, 156, 167
fiscal illusion 29
fiscal imbalances, taxation in 81–91
fiscal space 95, 99, 104
Fiscal Stimulus Bill 34
fiscal termites 19, 23, 123
flat-rate taxes 28, 43, 84
Fordism 15
foreign trade taxes 96, 153
France 16, 83, 95, 111
Friedman, Milton 49, 53, 84
“Fundamental Tax Reform” 30, 54
G7 countries 19
G20 countries 19
genuine incomes 72
“Geothermal Heat Pump Industry” 34
Gini coefficients 50, 51, 58, 66, 117, 125, 145, 148, 166
Gini, Corrado 50
Gini indexes 74
global assets 77
Global Financial Integrity (GFI) 77
global financial system 17
globalization 10–25
impact of 114
income inequality, government’s role 75–6
tax structures and levels, impact 17–23
taxation of rich 65–91
Gómez Sabaini, Juan Carlos 118, 123, 125
good tax system 65
governance factors 106, 109, 110, 113–14
Government versus Market 26
Great Depression 11–15, 108
Great Recession 48, 60, 81
tax windfalls 86–9
Gresham’s Law of taxation 29
gross domestic products (GDPs) 3, 5, 6, 11, 14, 17, 23, 41, 49, 57, 78, 81, 82, 85, 87, 99, 102, 107, 117, 122, 125, 132, 133, 143, 158
Guttentag, Joseph 77
Index

Haig–Simons concept 22, 128
Hardin, Garrett 20
Harrod, R.F. 94
Hayek, F.A. 84
high- and low-taxed jurisdictions 59
honesty 113
horizontal equity 22, 65, 76
horizontal imbalances 160, 161
human capital 97, 100
ideal tax 95
income, comprehensive definition 51
income distribution 14–15, 49, 55–63, 108
income inequality, government’s role 75–6
income redistribution 3
income shares 74
income taxation 5
    revenue contribution of 124–9
individual income tax 118
industrial revolution 11–14
industrialization 10–25
inflation 84, 124
inflationary finance 94
The Inside Job 47, 48–9, 53
institutional capital 60, 61, 75, 76
instructional material 38
intangible content 19
intangible products 16
integration factors 133
intellectual property 16, 19
intellectual property inputs 14
interest payments 19
intergovernmental finances 144
Internal Revenue Service (IRS) 56, 69
international cooperation 137–8
International Monetary Fund (IMF) 138
internet-based economy 16
internet shopping 7
Italian public finance experts 22
Italian Regional Production Tax (IRAP) 162
Italian Unification 49
Italy 38
Jiménez, Juan Pablo 118, 120, 123, 125
Joint Tax Program 116–18
Kaldor, Nicholas 49
Kaldor’s expenditure tax 28
Kay, J.A. 37
Keynes, John Maynard 52, 93
Keynesian revolution 3, 165
King, M.A. 37
Krugman, Paul 71
Kuznets, Simon 97
Laffer curve 28, 53, 54, 67, 84
laissez-faire ideology 107, 108
Latin America 5, 99, 103, 142
    revenue contribution, of income taxation 124–9
    tax levels, changes in 118–20
    tax reform in 116–29
    tax structures, changes in 121–4
Latinobarometro 129
Lauré, Maurice 111
legislators 28
Leroy-Beaulieu, Paul 2
libertarian paternalism 89
Libor rate 60
lobbyists 32–4, 37, 73
long-term changes
    in tax systems 116–18
Lucas, Bob 84
Lucas, Robert 56
Maastricht Pact 83
Maastricht rule 87
Marceau, Nicolas 37
marginal capital output ratios 96
marginal tax rates 53, 58, 60, 67
market economies 26, 48
market failures 14
Marx, Karl 50
McCulloch, John 49
The ecology of tax systems

McKerchar, Margaret 37
Mill, John Stewart 49
Mitrreles’ optimal tax theory 28
Mishan, Ed 51
modern accounting 11, 112
modern tax systems 23
monetary policy 52
monetary union 86, 90
multinational corporations 16
multinational enterprises 19
multi-tier governments 141
Mundell, Robert 84
municipal governments 141
Musgrave Mission to Colombia 94
Musgrave, Richard 145
Napoleonic Wars 111
national Ginis 148
national tax bases 20
net-of-tax income gains 55
net-of-tax interest rate 52
New Deal 16
New York Times 61
New Zealand 38, 54
North, Douglass 97
nuisance taxes 98

offshore centers 20, 67
Olivera-Tanzi effect 95
Olson, Mancur 31, 35
Organization of American States (OAS) 137, 143
Organization for Economic Co-operation and Development (OECD) countries 3, 18, 23, 36, 57, 58, 81, 85, 99, 111, 120, 138, 146–7, 161

Paying Taxes 2009, 40
perfect competition 72
personal income taxes 51, 95, 96
piggy-backing 157, 159
Pitt, Harvey 37
Plutarch 47
poaching, tax bases 24
policymakers 28

political corruption 114
political liberty 71
political market 30
political power 108
political rhetoric 59
political scientists 20
poll tax 29
Ponzi schemes 60
populism 26
poverty 74
Prebisch, Raul 96
prefects 155
pre-globalization period 14
pre-tax incomes 68
PricewaterhouseCoopers 40
private investment 95
privately owned capital 67
privatization 141
progressive taxation 50
propaganda device 53
property taxes 29, 136, 154, 158
pseudo taxes 157
psychic income 60
psychological stress 41
public finance 2
Public Finance 165
public goods 108
public investment 94
public–private partnerships 100
public revenue 107
public spending 81, 85, 89, 94, 97, 103, 108
and tax 100–103
punto fijo techniques 123
The Puppet Masters 78
pure public good 30
Puviani’s theory 29

Reagan Fundamental Tax Reform 34
Reagan, Ronald 7, 54, 67
regional governments 141
renaissance 141
rents 72, 120
rent seeking 96
revenue contribution, of income taxation 124–9
Index

revenue losses 88
revenue-sharing arrangements 140–63
first option 152–5
fourth option 159–60
second option 155–6
third option 156–9
revenue windfall 84
Rosen, Harvey 165

sales tax 29
Scalfaro, Eugenio 38
schedular taxes 22
Science 20
“Scienza delle Finanze” 49
second-generation econometric studies 53
self-employment 5, 6
Seligman, Edwin 111
Sen, Amartya 71
shadow banking system 86
simplified taxes 123
Slemrod, Joel 41, 165
Smart, Michael 37
Smith, Adam 2, 35, 65, 107
social ecology 166
social environment 166
social mobility 71
South America 119
“Stability and Growth Pact” 82, 83
stagflation 83, 84
statutory tax rate 43
statutory tax systems 124
Stigler, George 84
Stiglitz, Joseph 36
Strindberg, August 47
structural fiscal balances 82
sub-national governments 153
Summers, L. 48, 54, 56, 70
supply factors 109–13
supply-side revolution 47–63, 67
historical background 47–51
rich strike back 51–5
taxes and 83–6
Suskind, Ron 48, 70

Tanzi effect 95
Tanzi, Vito 126
tax, and public spending 100–103
tax administrations 5, 18, 99, 113, 134
tax assignment possibilities typology 150–52
sub-national governments 151, 152
sub-national governments, own tax systems 150
total tax revenue 150–51
tax avoidance 4
demand side of 20
supply side to 20
tax-avoiding opportunities 19
tax breaks 29, 30, 34
tax burden 118, 119
tax collection, external obstacles 132–4
tax complexity
consequences of 35–7
factors promoting 27–31
qualitative evidence 37–9
quantitative evidence 40–42
tax complexity, agents of 31
digression on lobbies 32–5
tax consumption 157
tax degradation 21, 29
tax evasion 4
tax evaders 97
tax evasion 4, 63, 77, 79, 123, 128, 133
tax expenditures 4, 29, 30
tax experts 96, 158, 167
Tax Foundation 42, 51
tax-friendly environment 17
tax gap 95
tax handles 5, 12, 23, 96, 113
tax havens 20, 67, 76, 166
“Tax History Project” 39
tax incentives 29, 30, 34
“Tax incidence studies” 118
Tax Justice Network 77, 78
tax levels
changes in 118–20
developing countries 106–14
tax liability 19
tax planning 21, 78
tax potential 95
tax preferences 29
tax rate reductions 55–63
tax reforms 6, 35, 84, 85, 96, 103, 134, 135
  in Latin America 116–29
tax refunds 34
tax resources 103
tax returns 31
tax revenues 15, 81, 88, 159
demand 107–9
tax revolutions 1
tax simplification 79
tax structures, changes in 121–4
tax systems 27, 28, 35, 43, 55, 166
  factors influencing 1–8
  and government’s role 2–4
  long-term changes in 116–18
  macroeconomic factors 6
  and objective constraints 4–8
  policy instruments 1
  structural factors 5–6
  supply forces 1
  technological factors 6–7
tax wedges 36
tax windfalls 86–9
taxable bases, erosion 79
taxable income 3, 73
“Taxanalysts” 39
taxation 10–25
  complexity in 26–44
  compliance costs of 126
  domestic obstacles to 131–2
  and equitable economic
development 93–104
  technology of 110, 111, 166
  territoriality principle 153
  theories of 43
taxation of rich 76–9
taxation operating costs 40
taxes, potential supply of 13
Taxing Ourselves 165
taxing the rich, challenges 47
“The taxman” 67
taxpayers 38, 57, 59, 60, 69, 84, 126
Tea Party movement 84

Thatcher, Margaret 67
The Theory of Public Finance 145
thin capitalization 18
think tanks 32, 51, 67
Time magazine 34
tolling strategies 19, 20
total revenue in gross domestic
  product (T/GDP) ratios 106, 109,
  110, 112
Total Tax Contribution 2008, 38
trade 12, 13, 16
tragedy of commons 20
transfer prices 18, 20, 77
Transparency International 109
triangulation strategies 19, 20

United Kingdom 16, 21, 67, 69
United States 33, 38, 50, 56, 57, 59,
  67, 69, 71
unrealized capital gains 51
urbanization 12, 109, 113, 131
U.S. financial regulatory system 37
“U.S. Footwear Makers” 34

value added tax (VAT) 7, 11, 95, 111,
  122, 123, 135, 136, 162
vertical equity 22, 76
vertical imbalances 160, 161
viable integrated value added tax
  (VIVAT) 162
von Bismarck, Otto 13

wage income 69
wages 62, 112, 127, 132
Wagner, Adolph 13, 15, 50, 75
Wall Street Journal 34, 54
War on Poverty 16
Washington Consensus 17
The Wealth of Nations 2, 65
Wealth-X 66
Weber, Max 14
welfare costs 102
welfare reforms 13
welfare states 100, 112
welfare states growth 14–17
well-being 14
windfall tax revenue 87
### Index

<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank</td>
<td>78, 109, 126</td>
</tr>
<tr>
<td>world tax base</td>
<td>20, 21, 78</td>
</tr>
<tr>
<td>World Tax Organization</td>
<td>24, 138</td>
</tr>
<tr>
<td>World War I</td>
<td>2, 3, 110</td>
</tr>
<tr>
<td>World War II</td>
<td>14, 15, 108, 118, 140, 149</td>
</tr>
<tr>
<td>zero-base budgeting</td>
<td>43</td>
</tr>
</tbody>
</table>