## Index

Akai, N. 109  
allocative efficiency and the private sector 113–15  
Ashcroft, B. 83–4, 85, 88–90  
assigned taxes 52, 61–6  
Australia, fiscal decentralization 99  
autonomous communities, Spain 110  
balanced tax assignment 65–6  
Baldwin, S. 24  
Barnett, Lord 20  
Barnett formula 4–6, 12  
and budget constraints 75–6, 84–5  
criticisms of 24, 83–6  
Barrios, S. 119  
Behnisch, A. 109  
Belgium, sub-central government taxes 93–6  
Bell, D. 9, 21, 75–6, 85, 106, 110  
benefit rule 41  
benefit units 41–2  
Besedes, T. 118  
bloc grant funding 3–6  
determination by Grants Commission 30–33  
and fiscal federalism 66–7  
modelling as non-cooperative game 25–30  
borrowing  
Scotland 68  
sub-central governments 57, 100–102  
Brennan/Buchanan hypotheses 112  
Breuss, F. 111, 116  
Brueckner, J.K. 47  
budget constraints 43–5  
and Barnett formula 85–6  
fiscal autonomy 74–5, 88  
fiscal federalism 75–6, 87  
budget deficit financing and Barnett formula 84–6  
Buiter, W. 117  
business cycle correlation and monetary union 119  
Canada  
fiscal decentralization 99–100  
Representative Tax System 44  
capital market integration and industrial specialization 120–21  
Carrión-i-Silvestre, J. 110  
central government control, SCG borrowing 101–2  
China, fiscal decentralization and growth 108  
Christie, A.C. 85  
Clark, T.E. 119  
colleget administrative discipline, SCG borrowing 101  
collusion, intergovernmental 44, 112  
conditional grants 56  
corporation tax 64–5, 77, 89  
and economic growth 113–15  
Cupo payments, Spain 98  
currency area and tax devolution 119–21  
currency union with UK 117–21  
customs and excise duties 54, 65, 78  
Davoodi, H. 107  
De Mello, L. 41, 47, 48  
Dede, T. 108  
democracy, effects of fiscal autonomy 72–3  
democratic accountability and fiscal federalism 14  
Denmark, sub-central government taxes 96  
Desai, R.M. 109  
Devine, T.M. 23  
devolved taxes see taxes, devolution of
economic growth and fiscal devolution 45–7, 103–12, 113–16
and corporation tax 113–15
efficiency 7, 11
and equity 12–13, 39–40
and fiscal federalism 39–42
static 8–10
and tax competition 43–4
Eller, M. 111, 116
Engel, C.M. 119
equalization grants 56–7
equity 7
and efficiency 12–13, 39–40
and fiscal autonomy 88
EU countries, SCG revenues 92–6
expenditure
decentralization 104
Scotland 59–60
federal countries, fiscal decentralization 98–100
Feld, L.P. 108
Finlay, R.J. 25
fiscal autonomy 1, 6, 70–82, 123, 125–7
arguments for 21–3, 33–4
and bloc grant size 28–30
and budget constraints 74–5, 88
and democratic process 72
devolved taxes 77–8
and equity 88
and macroeconomic stabilization 78–80
proposed system 77–80, 125–7
Spanish regions 96–8, 102
fiscal devolution
economic case for 37–49
and economic growth 45–7, 103–12, 113–16
efficiency 41–2
equity and efficiency 39–40
EU countries 92–8
federal countries 98–100
macroeconomic stability 42
measurement 105–6, 111
and size of government 112–13
and social capital 47–9
fiscal federalism 1, 6, 10–15, 51–8
and budget constraints 75, 87
efficiency 40–42
equity and efficiency 39–40
macroeconomic stabilization 42
and Scotland 59–69, 123, 124–5
and social capital 48–9
fiscal mismatch see vertical imbalance
Fiva, J.H. 112
flypaper effect 43
Frankel, J.A. 118
Germany, fiscal decentralization and growth 109
Gil-Serrate, R. 110
Glick, R. 117, 118
Gordon, R.H. 113–14
Goschen formula 5, 24
government size and fiscal devolution 112–13
grants
intergovernmental 56–7, 112
see also bloc grant funding
Grants Commission and determination of bloc grant 30–33
Grossman, P.J. 112
growth see economic growth
Hallwood, P. 60
hard budget constraints 43–5, 72
headquarters effect 114
Heald, D. 5–6, 14, 52, 63
Heathcote, J. 120
horizontal imbalance 11–12
horizontal tax competition 43
incentive effects, fiscal autonomy 81, 88–90
income distribution 42
income tax 53–4, 63–4, 77
independence threat
effect of fiscal devolution 123–4
and size of bloc grant 23–8
India, fiscal decentralization and growth 109
industrial specialization and capital market integration 120–21
institutional requirements for decentralization 69
insurance function of central government 45
intergovernmental collusion 44, 112
intergovernmental grants 56–7, 112
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>internal stability pacts</td>
<td>79–80</td>
</tr>
<tr>
<td>interregional equity</td>
<td>12–13</td>
</tr>
<tr>
<td>Kalemli-Ozcan, S.</td>
<td>120</td>
</tr>
<tr>
<td>Kay, N.</td>
<td>5</td>
</tr>
<tr>
<td>Keefer, P.</td>
<td>47</td>
</tr>
<tr>
<td>Kirchgaessner, G.</td>
<td>113</td>
</tr>
<tr>
<td>Knack, S.</td>
<td>47</td>
</tr>
<tr>
<td>Kose, M.A.</td>
<td>120</td>
</tr>
<tr>
<td>Krugman, P.</td>
<td>67–8, 120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>labour migration</td>
<td></td>
</tr>
<tr>
<td>and currency area</td>
<td>119</td>
</tr>
<tr>
<td>and tax devolution</td>
<td>64</td>
</tr>
<tr>
<td>Layard, R.</td>
<td>117</td>
</tr>
<tr>
<td>Lee, Y.</td>
<td>113–14</td>
</tr>
<tr>
<td>legitimacy of fiscal devolution</td>
<td>2, 21–2</td>
</tr>
<tr>
<td>Leviathan hypothesis</td>
<td>113</td>
</tr>
<tr>
<td>Levine-Renelt sensitivity test</td>
<td>111</td>
</tr>
<tr>
<td>Lin, J.Y.</td>
<td>108</td>
</tr>
<tr>
<td>Liu, Z.</td>
<td>108</td>
</tr>
<tr>
<td>local purchase taxes</td>
<td>54</td>
</tr>
<tr>
<td>Lopez-Laborda, J.</td>
<td>110</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MacDonald, R.</td>
<td>60</td>
</tr>
<tr>
<td>MacKay, D.I.</td>
<td>9, 21, 75–6, 85, 106, 110</td>
</tr>
<tr>
<td>MacMillan, A.</td>
<td>23–4, 30, 85</td>
</tr>
<tr>
<td>Midwinter, A.</td>
<td>5</td>
</tr>
<tr>
<td>Miller, W.L.</td>
<td>25</td>
</tr>
<tr>
<td>monetary union with UK</td>
<td>117–21</td>
</tr>
<tr>
<td>moral hazard and budget constraints</td>
<td>43</td>
</tr>
<tr>
<td>Musgrave, P.B.</td>
<td>8</td>
</tr>
<tr>
<td>Musgrave, R.A.</td>
<td>8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>natural resource taxes</td>
<td>54</td>
</tr>
<tr>
<td>natural resources ownership</td>
<td>40</td>
</tr>
<tr>
<td>needs equalization</td>
<td>11–12, 53</td>
</tr>
<tr>
<td>no-bailout clause</td>
<td>44–5</td>
</tr>
<tr>
<td>non-benefit taxes</td>
<td>55</td>
</tr>
<tr>
<td>North Sea oil revenue</td>
<td>12, 13, 60, 78, 122</td>
</tr>
<tr>
<td>Oates, W.E.</td>
<td>29, 53, 103, 107</td>
</tr>
<tr>
<td>oil fund</td>
<td>13</td>
</tr>
<tr>
<td>oil prices, effect on tax revenues</td>
<td>86–7</td>
</tr>
<tr>
<td>see also North Sea oil revenue</td>
<td></td>
</tr>
<tr>
<td>Perri, F.</td>
<td>120</td>
</tr>
<tr>
<td>Phillips, K.</td>
<td>107</td>
</tr>
<tr>
<td>private sector and allocative efficiency</td>
<td>113–15</td>
</tr>
<tr>
<td>property taxes</td>
<td>54</td>
</tr>
<tr>
<td>Prusa, T.J.</td>
<td>118</td>
</tr>
<tr>
<td>public goods provision, regional level</td>
<td>39–42</td>
</tr>
<tr>
<td>public opinion on fiscal autonomy</td>
<td>21–2</td>
</tr>
<tr>
<td>public sector, fiscal decentralization and growth</td>
<td>105–12</td>
</tr>
<tr>
<td>receipts, Scotland</td>
<td>60</td>
</tr>
<tr>
<td>Renelt, D.</td>
<td>111</td>
</tr>
<tr>
<td>Representative Tax System (RTS), Canada</td>
<td>44</td>
</tr>
<tr>
<td>risk-return trade-off</td>
<td>81</td>
</tr>
<tr>
<td>Rodden, J.</td>
<td>113</td>
</tr>
<tr>
<td>Rose, A.K.</td>
<td>117, 118, 119</td>
</tr>
<tr>
<td>rules based discipline, SCG borrowing</td>
<td>101</td>
</tr>
<tr>
<td>Russia, fiscal decentralization and growth</td>
<td>109</td>
</tr>
<tr>
<td>Sakata, M.</td>
<td>109</td>
</tr>
<tr>
<td>Sala-i-Martin, X.</td>
<td>111</td>
</tr>
<tr>
<td>secession threat</td>
<td></td>
</tr>
<tr>
<td>effect of fiscal devolution</td>
<td>123–4</td>
</tr>
<tr>
<td>and size of bloc grant</td>
<td>23–8</td>
</tr>
<tr>
<td>sensitivity analyses</td>
<td>111</td>
</tr>
<tr>
<td>Shadbegian, R.J.</td>
<td>112</td>
</tr>
<tr>
<td>size of government and fiscal devolution</td>
<td>112–13</td>
</tr>
<tr>
<td>Smith, A.</td>
<td>37</td>
</tr>
<tr>
<td>social capital and fiscal devolution</td>
<td>47–9</td>
</tr>
<tr>
<td>soft budget constraint</td>
<td></td>
</tr>
<tr>
<td>Barnett formula</td>
<td>84–6</td>
</tr>
<tr>
<td>and moral hazard</td>
<td>43</td>
</tr>
</tbody>
</table>
Spain
fiscal decentralization and growth 110
regional fiscal autonomy 96–8, 102
spending see expenditure
spillover effects of tax changes 88
stability pacts, internal 79–80
Stancke, M. 78
Stansel, D. 109
static efficiency 8–10
Steel Commission Report 71
sub-central governments (SCG) 92–8
borrowing 100–102
revenues, EU countries 92–6
Swales, K. 85
Switzerland, corporation tax 114
Tanzi, V. 69
tax assignment 53, 61–9
balanced 65–6
tax base devolution 55
tax changes, incentive effects 88–90
tax competition and efficiency 43–4
tax devolution see fiscal devolution
tax revenue, effect of oil prices 86–7
taxes, devolution of 52–5, 62–5, 77–8
Thießen, U. 107–8
Tiebout, C. 38, 41
time inconsistency 44–5
trade integration, effect of currency union 117–18
trade-off, efficiency and equity 12–13
Twigger, R. 5
unconditional grants 56
United States, fiscal decentralization 99
and growth 109
value added tax 63, 77–8
van Wincoop, E. 119
vertical imbalance 11, 62
and social capital 48–9
vertical tax structures 53
Voget, J. 115
voter support for Scottish fiscal autonomy 21–2
Wallis decentralization hypothesis 112
Watts, R.L. 44
Westminster, effect of fiscal devolution 13–15
Woller, G.M. 107
Xie, D. 109
Yilmaz, S. 107
ZEW IBC taxation index 115
Zhang, T. 108, 109
Zou, H. 107, 108, 109