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
administrative advantages 5–6
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-Silvestre, J. 110
central government control, SCG borrowing 101–2
China, fiscal decentralization and growth 108
Christie, A.C. 85
Clark, T.E. 119
collegiate 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
democratic process 72
developed 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 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><strong>Index</strong></th>
<th>145</th>
</tr>
</thead>
<tbody>
<tr>
<td>internal stability pacts 79–80</td>
<td>no-bailout clause 44–5</td>
</tr>
<tr>
<td>interregional equity 12–13</td>
<td>non-benefit taxes 55</td>
</tr>
<tr>
<td>Kalemli-Ozcan, S. 120</td>
<td>North Sea oil revenue 12, 13, 60, 78, 122</td>
</tr>
<tr>
<td>Kay, N. 5</td>
<td>Oates, W.E. 29, 53, 103, 107</td>
</tr>
<tr>
<td>Keefer, P. 47</td>
<td>oil fund 13</td>
</tr>
<tr>
<td>Kirchgaessner, G. 113</td>
<td>oil prices, effect on tax revenues 86–7</td>
</tr>
<tr>
<td>Knack, S. 47</td>
<td>see also North Sea oil revenue</td>
</tr>
<tr>
<td>Kose, M.A. 120</td>
<td>Perri, F. 120</td>
</tr>
<tr>
<td>Krugman, P. 67–8, 120</td>
<td>Phillips, K. 107</td>
</tr>
<tr>
<td>labour migration</td>
<td>private sector and allocative efficiency 113–15</td>
</tr>
<tr>
<td>and currency area 119</td>
<td>property taxes 54</td>
</tr>
<tr>
<td>and tax devolution 64</td>
<td>Prusa, T.J. 118</td>
</tr>
<tr>
<td>Layard, R. 117</td>
<td>public goods provision, regional level 39–42</td>
</tr>
<tr>
<td>Lee, Y. 113–14</td>
<td>public opinion on fiscal autonomy 21–2</td>
</tr>
<tr>
<td>legitimacy of fiscal devolution 2, 21–2</td>
<td>public sector, fiscal decentralization and growth 105–12</td>
</tr>
<tr>
<td>Leviathan hypothesis 113</td>
<td>receipts, Scotland 60</td>
</tr>
<tr>
<td>Levine-Renelt sensitivity test 111</td>
<td>Renelt, D. 111</td>
</tr>
<tr>
<td>Lin, J.Y. 108</td>
<td>Representative Tax System (RTS), Canada 44</td>
</tr>
<tr>
<td>Liu, Z. 108</td>
<td>risk-return trade-off 81</td>
</tr>
<tr>
<td>local purchase taxes 54</td>
<td>Rodden, J. 113</td>
</tr>
<tr>
<td>Lopez-Laborda, J. 110</td>
<td>Rose, A.K. 117, 118, 119</td>
</tr>
<tr>
<td>MacDonald, R. 60</td>
<td>rules based discipline, SCG borrowing 101</td>
</tr>
<tr>
<td>MacKay, D.I. 9, 21, 75–6, 85, 106, 110</td>
<td>Russia, fiscal decentralization and growth 109</td>
</tr>
<tr>
<td>macroeconomic stabilization 7–8, 42, 67–8</td>
<td>Sakata, M. 109</td>
</tr>
<tr>
<td>and fiscal autonomy 78–80</td>
<td>Sala-i-Martin, X. 111</td>
</tr>
<tr>
<td>marginal spending decisions 66</td>
<td>secession threat 123–4</td>
</tr>
<tr>
<td>marginal tax rule 63, 66</td>
<td>and size of bloc grant 23–8</td>
</tr>
<tr>
<td>market discipline and SCG borrowing 101</td>
<td>sensitivity analyses 111</td>
</tr>
<tr>
<td>matching grants 56</td>
<td>Shadbegian, R.J. 112</td>
</tr>
<tr>
<td>McCrone, G. 23, 74</td>
<td>size of government and fiscal devolution 112–13</td>
</tr>
<tr>
<td>McGregor, P.G. 85</td>
<td>Smith, A. 37</td>
</tr>
<tr>
<td>McLean, I. 21, 23–4, 30, 31</td>
<td>social capital and fiscal devolution 47–9</td>
</tr>
<tr>
<td>McMillan, A. 23–4, 30, 85</td>
<td>soft budget constraint 47–9</td>
</tr>
<tr>
<td>Midwinter, A. 5</td>
<td>Barnett formula 84–6</td>
</tr>
<tr>
<td>Miller, W.L. 25</td>
<td>and moral hazard 43</td>
</tr>
<tr>
<td>monetary union with UK 117–21</td>
<td></td>
</tr>
<tr>
<td>moral hazard and budget constraints 43</td>
<td></td>
</tr>
<tr>
<td>Musgrave, P.B. 8</td>
<td></td>
</tr>
<tr>
<td>Musgrave, R.A. 8</td>
<td></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