Index

Abdullah Ahmad Badawi, Dato’ Seri 84
Acemoglu, D. 5, 9, 10, 13, 14, 27
administrative costs 36
Afonso, J.R. 101
Aghion, P. 125
agriculture 7
  share over GDP 21–2, 171
    Asia 60, 61, 75
    Latin America 104, 105
  subsistence agriculture 22
Aguilera, J.R. 129
Aléman, A. 131
Alesina, A. 29
Allingham, M.G. 37
Anand Panyarachun 87
Ansari, M. 36
anticipation effect 11
anti-competitive policies 16
Aquino, C. 85
Argentina 88, 90, 92, 97, 99, 127
Aristide, J.-B. 130
Asia 2, 3, 19, 45, 49–87
  comparative analysis 4, 145–64
    political regimes and tax revenue 145–9, 150–59
    political regimes and tax structure 149–63
  historical evolution of political regimes 50, 83–7
  overview of tax systems and political regimes 51–8, 59
political regimes and tax revenue 58–75
political regimes and tax structure 75–82
POLITY2 indicator 26–7, 56–8, 60, 61
assets 7–8
  specificity 9
autocracy indicator (AUTOC) 25, 60, 61, 166
autonomous labour force 8
Aylwin, President 128
Azcona, J. 130
Aziz, S. 84
Balaguer, President 129
Baltic countries 137
Banzer, H. 127
Barisan Nasional 84
Barro, R.J. 9–10, 13, 15
Batle, J. 133
Becker, G.S. 15
Bernardi, L. 56
Bharatiya Janata Party (BJP) 83
Bhutto, B. 84, 85
Boix, C. 1, 6, 7 8, 9, 10, 14, 15–16, 17, 18, 29
Bolaños, E. 131
Bolivarian Revolution 133
Bolivia 88, 90, 92, 96, 97, 99, 127
Bollen, K.A. 29
Brazil 88, 90, 92, 97, 99, 127–8
bribery 6, 137, 138
budgetary deficits 141
Burgess, R. 21, 53, 138
Caldera, R. 133
Callejas, R.L. 130
capital income taxes 101, 142, 145
capital-intensive firms 124–5
capital mobility 8
Catholic Church 140
Cédras, R. 130
Chamorro, V. 131
Chattichai Choonhavan 87
The political economy of taxation

Chávez, H. 133
Chelliah, R.J. 21
Chicago Political Economic School 14–15
Chile 88, 90, 92, 97, 99, 128
China 50, 52, 54–5, 57, 83
civil liberties (FREEDOM1) 26, 166–7
Asia 60, 62
comparative analysis 146, 148, 159, 160–63
and education 31, 32
and GDP per worker 27, 28
and Gini index 29, 30
Latin America 104, 106, 119
tax revenue 31, 32
tax structure 39–41, 42, 43, 44, 45, 46
Collier, R.B. 123
Collor de Mello, F.A. 128
Colom, A. 130
Colombia 88, 90, 92, 96, 97, 99, 128
colonization 13, 18
Communist Party of China (CCP) 83
Communist Party of Vietnam 87
comparative analysis 4, 145–64
political regimes and tax revenue 145–9, 150–59, 164
political regimes and tax structure 149–63, 164
constitution 6
continuous measures of democracy 24–7
corporate income taxes 16, 168
Asia 54–5, 56, 75, 76–7, 82
Latin America 97–100, 101–2, 124–5
new EU member countries 142–5
and political variables 41, 42, 45
corruption 6, 137, 138, 140
Costa Rica 88, 90, 93, 97, 99, 128–9
credit, private 72, 172
Cristiani, A. 129
Cubas, R. 132
Cyprus 134, 141, 143–4
Czech Republic 134, 141, 143–4
Dahl, R.A. 7, 29
data 3
de facto political power 5, 17
de jure political power 5–6, 17
debt/GDP ratio 23–4, 170–71
Asia 60, 61, 75
comparative analysis 146–9, 158
Latin America 104, 105
decentralization 10, 56
democracy 1, 3, 5–18
Asia 56–8
and growth 11–14
and income 27–9, 30
and its determinants 5–11
Latin America 91–4
and direct taxes 94–6
quality of democracy 120–21, 121–4
measures of 24–7
see also civil liberties; political rights; POLITY2 indicator
and redistribution 14–17
and taxation 29–31, 32
democracy indicator (DEMOC) 25, 60, 61, 166
democratic transitions 1–2, 12–13, 88
Latin America 88, 91–3
democratization 5–6
developing countries 38–9
development, economic 6–8
Di Nardo, J.E. 31
Di Palma, G. 11
Diamond, L. 122
dichotomous measures of democracy 24
direct taxes 14, 38–9, 47, 169–70
Asia 75–82
comparative analysis 160–61, 164
Latin America 89, 97–100, 101, 119, 120
evolution of democracy and 94–6
reasons for low direct taxation 120–25
new EU member countries 141–5
and political variables 41–5
Index

see also corporate income taxes; personal income taxes

disintermediation 121, 124–5
Dominican Republic 88, 90, 93, 97, 99, 129
duration of political regime 25–6, 166
   Asia 60, 62
   new EU member countries 139–40

Ebrill, L. 102
economic crises 6, 10
economic development 6–8
economic fundamental variables 3, 20–24
   Asia 58, 59, 60, 61, 75
   comparative analysis 146–9, 158, 160–63
   Latin America 104, 105
economic growth 11–14
economic shocks 6, 10
economic transitions 1–2, 12–13, 134
economic well-being 9–10
Ecuador 88, 90, 92, 96, 97, 99, 129
education 8, 171
   Asia 71–2
   Latin America 104, 115–16
   and tax revenue 31–4
effective/statutory tax rate ratios 139
Ejército de Liberación Nacional (ELN) 128
El Salvador 88, 91, 93, 97, 99, 129
elections 6
electoral turnout 15
Endara, G. 131–2
Enste, D. 37
Epstein, D.L. 9
Estonia 134, 141, 143–4
European Bank for Reconstruction and Development (EBRD) 134, 138, 145
European Union (EU) see new EU member countries

Farabundo Martí National Liberation Front (FMLN) 129
female labour force participation rate 171
   Asia 60, 65–6
   comparative analysis 149, 152–3, 158
   Latin America 104, 109–10
tax revenue and 35, 36
Fernández, L. 129
Fernandez, R. 13–14
Ferrer, J.F. 129
Fidrmuc, J. 12
financial institutions 121, 124–5
financial integration 8
fiscal institutions 137, 138
fiscal pressure see tax revenue
Flores, C.R. 130
Fonseca, C. 131
foreign firms 56
formal voting literature 14–15
Fox, V. 131
Franco, J.C. 132
Freedom House data 26
   see also civil liberties; political rights
Frutos, N.D. 132
Fujimori, A. 132
fundamental variables 3
   Asia 58, 59, 60, 61–2, 75, 82
   comparative analysis 146–9, 158, 160–63
   economic 3, 20–4
   Latin America 104, 105–6
   political 3, 24–31, 32
   and tax structure 39–45, 46
Funes, M. 129
Galasso, V. 34
García, A. 132
GDP per capita growth rate 20, 170
   Asia 60, 61, 75
   Latin America 104, 105
GDP per worker 20–21, 170
   and civil liberties 27, 28
   comparative analysis 146, 147, 158
   and POLITY2 indicator 27, 28
Giavazzi, F. 1, 13
Giles, D.E.A. 37–8
The political economy of taxation

Gini index 29, 30, 171–2
Asia 72
see also income inequality
Glaeser, E.R. 10
globalization 8–9
Goh Chok Tong 86
Golkar Party 83
Goode, R. 101
goods and services taxes see indirect taxes
Gordon, R. 124–5
Granados, F.T. 128
Grossman, G.M. 123, 125
growth 11–14
Guatemala 88, 90, 93, 96, 97, 99, 130
Guatemalan National Revolutionary Unity (URNG) 130
Gunther, R. 6
Gupta, A.S. 21

Haggard, S. 6
Haiti 88, 90, 93, 96, 97, 99, 130
Helpman, E. 123, 125
highly developed OECD countries 38–9
Higley, J. 6
Honduras 88, 90, 93, 98, 100, 130–31
Huber, E. 122
human capital 8, 9–10
see also education
Hungary 134, 142, 143–4
Huntington, S.P. 10, 12

incentives, tax 56, 101, 102, 145
income
democracy and 27–9, 30
per capita 6–7, 9, 12, 13
see also GDP per capita growth rate; GDP per worker volatility 16
income inequality 7, 9, 15, 29, 140
Latin America 120
see also Gini index
index of issue representation 122–3
India 50, 52, 54–5, 57, 83
Indian National Congress (INC) 83
indirect taxes 14, 38–9, 47, 169, 170
Asia 53, 54–5, 75, 78–9, 82
comparative analysis 161–2, 164
Latin America 97–100, 101, 102, 119, 120
new EU member states 141–2, 143–4, 145
and political variables 41, 44
Indonesia 50, 52, 54–5, 57, 83–4
Indonesian Democratic Party (PDI) 83
industrialization 7, 15
inequality see Gini index; income inequality
inflation tax 124
informal economy see shadow economy
Institutional Revolutionary Party (PRI) 131
interest groups 1, 13
Latin America 121, 123–4, 125
new EU member countries 135, 138, 140, 164
International Monetary Fund (IMF) 89
international organizations 9, 89
Irigoyen, A.A. 130
issue representation, index of 122–3
Jackman, R.W. 29
Jacobs, D. 49
Jamali, Z.K. 84
Janatha Vimukthi Peramuna (JVP) 86
Jeria, M.B. 128
Johnson, S. 37, 38
Kaufman, R.R. 6
Keen, M. 23
Kenny, L.W. 16–17, 72, 75, 82
Korea, Republic of 50, 52, 54–5, 57, 85–6
labour force
autonomous 8
female labour force participation see female labour force participation rate
Index

Lacalle, L.A. 133
Lagos, R. 128
land 102
Latin America 2, 3, 19, 45, 88–133
comparative analysis 4, 145–64
political regimes and tax revenue 145–9, 150–59
political regimes and tax structure 149–63
historical evolution of political regimes 88, 127–33
overview of tax systems and political regimes 89–103
political regimes and tax revenue 104–19
political regimes and tax structure 119, 120–21
POLITY2 indicator 26–7, 92–3, 94–6, 104, 105
reasons for low level of direct taxation 120–25
Latvia 134, 141, 143–4
Lee Hsien Loong 86
Lee Kuan Yew 86
Lepage, O. 133
Li, W. 124–5
Liberal Party of Honduras (PLH) 130
Liberation Tigers of Tamil Eelam (LTTE) 86
Lijphart, A. 11
Lin, J.J. 8
Lithuania 134, 141, 143–4
lobby groups 1, 6
Latin America 121, 123, 125
new EU member countries 135, 140
Lugo, F. 132
Luna, J.P. 122
Macchi, L.G. 132
macroeconomic shocks 6, 10
Mahathir bin Mohamad 84
Malaysia 50, 52, 54–5, 57, 84
Mao Zedong 83
Marcos, F. 85
Martinelli, R. 132
mass media 9
median voter model 89
Megawati Sukarnoputri 83
Mejia, H. 129
Mesa, C. 127
Mexico 88, 91, 96, 98, 100, 131
Micheletti, R. 131
middle class 7
Mit, P. 139, 142–5
modernization theory 6, 27
Morales, E. 127
Morán, R. 130
Moscino, M. 132
Muller, E.N. 29
Mulligan, C.B. 14, 16, 31, 41, 45, 82
Musgrave, R.A. 16, 20, 41, 45
Musharraf, P. 84, 85
National Democratic Alliance (India) 83
National Party of Honduras (PNH) 130
Nationalist Republican Alliance party (ARENA) 129
new enterprises 145
new EU member countries 2, 3, 19, 134–65
comparative analysis 4, 145–64
political regimes and tax revenue 145–9
political regimes and tax structure 149–63
overview of tax systems and political features 136–45
POLITY2 indicator 26–7, 134–5
Nicaragua 88, 90, 93, 98, 100, 131
Nineteenth of April Movement (M-19) 128
Noriega, M. 131
O’Donnell, G. 6
OECD countries 38–9
older population (people over 65) 15, 104
Asia 60, 63–4
comparative analysis 149, 150–51, 158
Latin America 104, 107–8
tax revenue and share of in population 34–5
omitted variables bias 72–5
openness of the economy 13, 22–3, 170
Asia 60, 61, 75
comparative analysis 146–9, 158
Latin America 104, 105
Ortega, D. 131
Oviedo, L. 132

Pact for Democracy (Dominican Republic) 129
Pakistan 50, 52, 54–5, 57, 84–5
Pakistan People’s Party (PPP) 85
Panama 88, 91, 93, 98, 100, 131–2
Papaioannou, E. 11
Paraguay 88, 91, 98, 100, 132
Park Chung-hee 85
parliamentary systems 10, 12, 139
Peltzman, S. 15
pensions 34–5
Asia 50, 56, 82
see also older population; social security contributions
people over 65 see older population
People Power Revolution 85
People’s Action Party (PAP) 86
People’s Alliance for Democracy 87
Pérez, C.A. 133
Perez-Balladares, E. 132
Perón, I. 127
Perotti, R. 29
personal income taxes 16, 45, 167–8
Asia 54–5, 56, 75, 76–7, 82
Latin America 97–100, 101
new EU member countries 142, 143, 144
and political variables 39–41
Persson, T. 11, 12
Perú 88, 91, 93, 98, 100, 132
Philippines 50, 53, 54–5, 57, 85
Pinochet, General 128
pluralistic society 7
Poland 134, 142, 143–4
political economy literature 3, 5–18
democracy and growth 11–14
democracy and its determinants 5–11
democracy and redistribution 14–17
political freedom 13
political fundamental variables 3, 24–31, 32
Asia 58, 59, 60, 61–2, 82
comparative analysis 146–9, 158, 160–63
Latin America 104, 105–6
tax structure 39–41, 42, 43, 44, 45, 46
political institutions 6, 10, 12, 13
political integration 9
political parties 122–3
political power de facto and de jure 5–6, 17
distribution of 14, 140
political rights (FREEDOM2) 26, 167
Asia 60, 62
comparative analysis 146, 148, 159, 160–63
Latin America 104, 106
political stability 10
democracy and growth 11, 12
instability 6, 123
in new EU member countries 135, 139–40
political will 10–11, 138, 139
politicization of tax administration 138–9
Polity IV dataset 25–6
see also duration of political regime; POLITY2 indicator;
autocracy indicator (AUTOC); democracy indicator (DEMOC)
POLITY2 indicator 25, 26, 26–7, 166
Asia 26–7, 56–8, 60, 61
comparative analysis 146, 148, 159, 160–63
and education 31, 32
and GDP per worker 27, 28
and Gini index 29, 30
Latin America 26–7, 92–3, 94–6, 104, 105, 119
Index

new EU member countries 26–7, 134–5
tax design and composition 39–41, 42, 43, 44, 45, 46
and tax revenue 31, 32
population density 171
Asia 69–70, 71
comparative analysis 149, 154–5, 158
Latin America 104–19
and tax revenue 36, 38
Préval, R. 130
private credit 72, 172
property taxes 16–17, 45, 168
Asia 54, 75, 80–81, 82
Latin America 97–100, 102, 119, 121
new EU member countries 145
proportional representation 10, 12
Przeworski, A. 12, 24, 29
public insurance 15–16
public sector 14–16
public spending 15–16, 31, 141
public support for democracy 94
quality of democracy 120–21, 121–4
redistribution 3, 6, 7, 31, 47, 89, 164
democracy and 14–17
Reina, C.R. 130
rent-seeking 140
representation 120–21, 122–3
repression 5, 16
Revolutionary Armed Forces of Colombia (FARC) 128
Robinson, J.A. 5, 9, 14
Rodríguez, A. 132
Rodríguez, E. 127
Rodriguez, F. 89
Rodrik, D. 12, 13–14, 23
Roland, G. 137, 139
Ruiz-Tagle, F. 128
Sánchez de Lozada, G. 127
Sandinista National Liberation Front (FSLN) 131
Sandmo, A. 37
Sanguinetti, J.M. 133
Santiso, J. 94
Schaffer, M. 139
Schneider, F. 37, 38
schooling see education
Schuknecht, L. 38
Schumpeter, J.A. 24
seigniorage 17
shadow economy 145, 171
Asia 72, 73–4
comparative analysis 149, 156–7, 158
Latin America 101, 104, 117–18
and tax revenue 36–9
Sharif, N. 84
Shin, D.C. 6, 9
Shinawatra, T. 87
Shining Path 132
shocks, economic 6, 10
Simone, A. 23
Singapore 50, 53, 54–5, 57, 86
Siourounis, G. 11
Slovakia 134, 142, 143–4
Slovenia 134, 142, 143–4
small firms 145
social conflict 7, 123
social mobility 7
social networks 140
social protection 50
social security contributions 39, 47, 169
Asia 54–5, 56, 78–9, 82
comparative analysis 162–3, 164
Latin America 97–100, 101, 102–3, 119, 121
new EU member countries 142, 143, 144
and political variables 45, 46
sociodemographic variables 3
Asia 58–9, 60–72, 73–4
comparative analysis 149, 150–59
Latin America 104–19
and tax revenue 31–9
socio-economic conditions
Asia 49–50
determinants of democracy 5–11
Sri Lanka 50, 53, 54–5, 57, 86

Paola Profeta and Simona Scabrosetti - 9781849805490
Downloaded from PubFactory at 09/15/2023 06:42:34AM via free access
The political economy of taxation

Sri Lanka Freedom Party (SLFP) 86
state-owned enterprises 17, 136, 137
state regulation 38–9
Stepon, A. 8
Stephens, J. 122
Stern, N. 21, 53, 138, 139, 142–5
Stigler, G.J. 15
Stotsky, J.G. 22
Stroessner, A. 132
Suazo, R. 130
subsistence agriculture 22
Suchinda Kaprayoon 87
Suharto, General 83, 84
Tabellini, G. 1, 11, 12, 13
Tanzi, V. 21, 24, 36, 38, 101, 135, 137, 141, 145
tax administration 36, 101
new EU member countries 136–40, 164
tax declarations 137
tax enforcement 124, 136, 137, 138
tax evasion 36, 101, 137, 145
tax incentives 56, 101, 102, 145
tax revenue 2–3, 45, 167
Asia 49, 51–3
political regimes and 58–75
comparative analysis 145–9, 150–59, 164
economic fundamental variables and 20–24
Latin America 89–91, 97–100, 101
political regimes and 104–19
new EU member countries 140–41, 142
political fundamental variables and 29–31, 32
sociodemographic factors and 31–9
tax structure 3, 14, 16–17, 45–7
Asia 52, 53–6
political regimes and 75–82
comparative analysis 149–63, 164
fundamental variables and 39–45, 46
Latin America 96–103
political regimes and 119, 120–21
new EU member countries 141–5
Tedds, L.M. 37–8
Thai Rak Thai (TRT) party 87
Thailand 50, 53, 54–5, 57, 86–7
time fixed effects
Asia 72
Latin America 104, 106
Toledo, A. 132
Torrijas, M. 132
totalitarian countries 16
trade, international 8, 17
liberalization 23
see also openness of the economy
trade taxes 16–17, 22, 24, 45, 168–9
Asia 54, 75, 80–1, 82
comparative analysis 163
Latin America 97–100, 102, 119, 120–21
new EU member countries 143–4, 145
transition countries 2, 38–9
new EU member countries 134, 136–40
see also democratic transitions; economic transitions
Tsibouris, G. 137
Tullock, G. 16
Turley, G. 139
unemployment quota 38–9
United National Party (UNP) 86
universal suffrage 7
urbanization 7, 171
Asia 60–71, 75
Latin America 104, 111–12
and tax revenue 35–6, 37
Uribe, A. 128
Uruguay 88, 91, 98, 100, 133
value added tax (VAT)
Latin America 102
new EU member countries 145
see also indirect taxes
Vázquez, T. 133
Velásquez, R.J. 133
Index

Venezuela 88, 91, 93, 98, 100, 133
vested interests 121–4, 140
Vietnam 50, 53, 54–5, 57, 87
voluntary tax compliance 16, 41–5
voters 1
turnout 15
voting process 14

Wacziarg, R. 12
Wagner’s law 20–21
Wasmosy, J.C. 132

welfare state 14, 15–16
Asia 49–50
see also pensions; social security contributions
Winer, S.L. 16–17, 72, 75, 82
Wintrobe, R. 41
Wittman, D. 15
WoldeMariam, A. 22
World Bank 50, 89, 138

Zechmeister, E.J. 122
Zedillo, E. 131
Zelaya, M. 130