Global Tax Governance – Normative and Institutional Issues

Thomas Rixen, Political Science, Otto-Friedrich-Universität Bamberg
Peter Dietsch, Philosophy, Université de Montréal
May 2012

1 Outline

Fiscal decisions in a closed economy are informed by a series of objectives, notably generating revenue to finance public goods, redistributing income, providing incentives or disincentives for certain kinds of economic behaviour, and smoothing the business cycle. In an open economy, these decisions are no longer taken in isolation. Fiscal policy, just like other economic and political decisions, becomes interdependent. A change in certain aspects of the fiscal policy of one country will have an impact on others and their capacity to effectively pursue the above objectives.

Under conditions of capital mobility, countries have an interest to compete for mobile tax bases, and the external effects of their fiscal policy on other countries become significant. To give an indication of the sums at stake: Estimates of the worldwide yearly revenue losses to government coffers from international tax competition, avoidance and evasion on individual portfolio investment income alone range from 155 to 255 billion US$ (Owens 2007; Tax Justice Network 2005). Multinational enterprises for their part also employ a whole array of techniques to benefit from national tax differentials and lower their tax bills. Tax competition undermines fiscal autonomy and tends to exacerbate income inequalities.

These phenomena pose several normative questions about the way the rules in international taxation are set up. What should be the fiscal prerogatives of states? In other words, how and to what extent should a polity's pursuit of the above objectives of taxation be protected from external influence? How should the rights to tax cross-border economic activity be allocated? Given a regime of international taxation, do countries have redistributive obligations towards other countries? If so, what are they and how can they be integrated into fiscal policy?

In response to these questions, international tax governance is set for dramatic changes in the coming years. Economic and fiscal policy on both sides of the Atlantic is anticipating and partly driving some of these changes – two prominent examples here are the initiative by the European Union to work towards a Common Consolidated Corporate Tax Base (CCCTB) or the acknowledgement by the Obama administration that the US corporate tax code is in need of a fundamental overhaul. Also, in response to the financial crisis the G-20 and the OECD have set out to press tax havens for reforms in their tax and regulatory systems. Most countries have both an interest – tax havens are the obvious exception – and a responsibility to reform international tax governance. They have an interest to do so, because the tax gap due to both legal and illegal practices of tax avoidance is growing every year. They have a responsibility to do so, because it is the poorest members of their own populations as well as of populations in developing countries who tend to suffer from the distributive consequences of the current regime of tax competition.

Our proposed workshop aims to bring together experts on international taxation to reflect on the following questions: 1) What is the geopolitical landscape of international taxation today? What challenges does it pose? **2)** What are the normative principles that should govern international taxation in the 21st century? **3)** What are the socio-economic, political, and legal institutions necessary to ensure compliance with these principles in practice? **4)** How can we overcome the challenges of feasibility in the transition from the current regime of international taxation to an alternative one?

2 Relation to existing research

Tax competition is one of the characteristic features of today's international tax regime, and questions relating to this phenomenon will lie at the heart of the workshop. Tax competition refers to the practice of lowering tax rates to attract portfolio or investment capital as well as the attached benefits in terms of jobs and growth from abroad. Tax competition creates fiscal externalities, i.e. the competitive fiscal policies of one country will affect the tax base, economic activity, and distribution of social advantages in other countries. Tax competition takes different forms and involves practices that vary with the kind of tax in question (Avi-Yonah 2000; Genschel & Schwarz 2011; Krogstrup 2004; Wilson 1999).

Questions of international tax governance in the face of capital mobility are raised in a number of sub-disciplines of political science, which we will set out in detail below. It is the explicit objective of the proposed workshop to bring the work from these various strands of research together, since we believe that one-dimensional perspectives on the issue can be not merely unhelpful but misleading. There are two main bodies of literature the topic of the workshop is situated in, and we shall now discuss them in turn.

1) ***International political economy:*** The two central questions in this context are: a) What forms does tax competition take? b) What are the consequences of tax competition for national fiscal policies?

Tax competition primarily targets capital, which is mobile internationally, but in some cases also extends to labour (Schwarz 2007). Governments use different strategies and tax instruments depending on the kind of capital targeted. Three kinds of capital can be distinguished. First, in the area of portfolio capital of individuals and firms, so-called tax havens often have low or zero tax rates. More importantly, they offer strict bank secrecy rules as well as certain legal constructs such as trusts that enable individuals to hide their ownership vis-à-vis tax administrations in their state of residence. (Sheppard 2003; Sikka 2003; Tanzi 2001) The taxpayer's behavior in these cases constitutes illegal tax evasion. Due to its illegality it is hard to come up with reliable figures, yet the available evidence suggests that these policies have a real impact. Estimates of the worldwide yearly revenue losses to government coffers range from 155 to 255 Billion USD (Owens 2007; Tax Justice Network 2005).

Second, governments compete for so-called paper profits. Through various techniques, such as manipulating transfer prices (especially of intangible assets) and thin capitalization, multinational enterprises (MNEs) can assign profits made in high-tax countries to their subsidiaries in low-tax countries without relocating real business activity (Arnold & McIntyre 1995). The fact that 60% of world trade is intra-firm indicates that the tax base at stake in these operations is significant (OECD 2002). Such "tax planning" activity of MNEs is not necessarily illegal; it constitutes (legal) tax avoidance. Despite different approaches, all empirical investigations into this issue come to the same conclusion: the transfer of taxable profits is very sensitive to taxation, and companies make ample use of these possibilities (de Mooij and Ederveen 2008; Devereux 2006; Haufler & Schjelderup 2000).

Third, there is competition for foreign direct investment in the form of real business activity, e.g. location decisions of MNEs. These business decisions depend on various factors such as the level of education, the costs of labor, and the quality of infrastructure. But the effective tax burden also plays a role. Empirical studies come to the conclusion that raising taxes decreases the inflow of FDI (de Mooij & Ederveen 2008; Bloningen & Davies 2004). In their quest to attract FDI, governments may either lower the general business tax rate or they can engage in designing so-called preferential tax regimes, which grant tax advantages to foreigners only (ring fencing) (Avi-Yonah 2000).

What are the consequences of these different forms of tax competition? Standard economic theory predicts a "race to the bottom" in capital taxation and the under-provision of public goods in all jurisdictions (Wilson & Wildasin 2004). While this extreme outcome cannot be observed empirically, it can be shown that tax competition undermines the fiscal self-determination of states, i.e. their ability to effectively set the size of the budget and the extent of redistribution (Avi-Yonah 2000). In OECD countries, nominal corporate tax rates have fallen from an average of 50% in 1975 to an average of 25.7% in 2010. Over the same period, nominal top personal income tax rates have fallen from 70% to 41.4%. These rate cuts were refinanced by broadening the bases on which taxes are applied ('tax cut cum base broadening'). As a result, corporate tax revenue as a percentage of GDP remained stable at an average of about 2.5%, whereas income tax revenue even rose from 11.2% to 12.8% of GDP (OECD Tax Data Base; Ganghof 2006). The trend towards low nominal tax rates and broad tax bases is an attempt to defend against the outflow of mobile profits and at the same time prevent an adverse revenue effect.

While revenue losses did not occur, the 'tax cut cum base broadening' policy affects the distribution of the tax burden among different kinds of taxpayers. For one, there is an effect within the business sector: highly profitable MNEs benefit, while nationally organized small and medium-sized enterprises are more heavily burdened. Second, the tax burden is shifted from capital to labor. This is also visible in the general trend to increase indirect taxes, such as consumption taxes. Last but not least, competitive downward pressure on corporate tax rates induces policy makers to flatten the personal income tax schedule, too, in order to prevent arbitrage through incorporation (Loretz 2008; Schwarz 2007; Ganghof & Genschel 2008).

As to developing countries, the dynamics of a race-to-the-bottom have a more visible impact. The pressure from tax competition on public finances is comparable to OECD countries, but developing countries usually do not have the administrative resources to stabilize their revenues by broadening tax bases. On the contrary, in many countries the base has been narrowed (Keen & Simone 2004). A significant part of the revenue loss is directly due to the shifting of paper profits. One study estimates the annual revenue loss of developing countries from transfer pricing to be US $ 160 billion (Christian Aid 2008).

Overall, the empirical evidence shows that tax competition undermines fiscal self-determination (Avi-Yonah 2000; Sinn 2003; Dietsch & Rixen 2012). An alternative interpretation, namely that increasing reliance on indirect taxes and low tax burden on capital reflect a general shift towards market-conforming taxation that governments have implemented irrespective of competitive pressures (Steinmo 2003), but seems to play a smaller role in explaining recent developments. While states still possess the formal right to set tax policies (*de jure* sovereignty), they cannot effectively pursue their desired policy goals (*de facto* sovereignty). Developed countries are able to maintain the size of the budget (first component of self-determination), but this can only be achieved by compromising the desired extent of redistribution (second component of self-determination). By contrast, developing countries are not able to prevent revenue losses and thus lose out on both components of fiscal self-determination. In this respect, tax competition increases existing inequalities between countries of the global North and South.

2) ***Political theory:*** As the previous section shows, tax competition has a tendency both to undermine fiscal self-determination and to exacerbate income inequalities within as well as across countries. Political theory can help to find a well-founded response to these phenomena. Two bodies of literature within political theory are particularly relevant in this context. First, theories of justice, in particular of global justice, can serve as a normative yardstick to situate

practices of international taxation. Second, the literature on sovereignty helps to draw the boundaries of legitimate state practices in fiscal policy.

It is fair to say that the dynamics of international taxation, and tax competition in particular, have for the most part not been on the radar of theories of justice. The debate pitting cosmopolitan theories of justice against state-centred views has by and large focused on the scope of principles of justice (Barry & Valentini 2009; van Parijs 2007; Caney 2001) has been dominated by the question of the appropriate scope of principles of justice. While cosmopolitan theorists generally defend continuity between the two levels, their critics hold that the global sphere is significantly distinct from the domestic level.

One question that arises in this context is whether a global basic structure exists that gives rise to concerns of global distributive justice. On the one hand, a number of so-called "practice-dependent" views argue, first, that the content of our conceptions of justice is dependent on the practices they regulate and, second, that no clear structures and rules of the required kind exist at the global level to give rise to concerns of distributive justice (Sangiovanni 2007; Meckled-Garcia 2008). On the other hand, this position has recently been contested in two ways. First, it has been argued that several of the practices of international relations are in fact *constitutive* of a global basic structure and, hence, that issues of global justice do indeed arise (Follesdal 2011). Second, it has been suggested that the absence of a global basic structure, rather than implying that no issues of justice arise, in some cases are an indicator of an injustice and in fact call for the creation of a global basic structure (Ronzoni 2009). Internationally as well as domestically, certain rules may be required to guarantee the fairness of interactions between individuals. Ronzoni submits that "under circumstances of intense international interaction and interdependence the conditions of effective sovereignty, and hence of *international background justice*, may be eroded" (Ronzoni 2009, 248-49).

Tax competition is a case of global background injustice (Dietsch & Rixen 2012). The normative and institutional response to this injustice has two dimensions. First, tax competition, and international tax governance more generally, raises questions of distributive justice. This has been acknowledged in the public finance literature (Musgrave & Musgrave 1972). However, as pointed out above, theories of global justice have thus far not addressed the dynamics of international tax governance and its implications for distribution. This is an important gap to be filled.

Second, tax competition calls for a regulatory response. Various forms and degrees of tax cooperation have been proposed that would either rule out or at least curtail to practices of tax avoidance and tax evasion discussed in the previous section (Rixen 2008; Sinn 2003; Avi-Yonah 2000). Tax cooperation can take two basic forms. It can either shift tax competences to a higher level of governance, in this case to a supranational level, or it can build on intergovernmental treaties that regulate national fiscal policy in certain ways (Horner 2001; Sawyer 2009).

Tax cooperation raises the second major question in political theory that is relevant to the proposed workshop, namely the question of (fiscal) sovereignty. What are the normative grounds for assigning sovereignty to states in the first place, and what form should this sovereignty take? At a foundational level, sovereignty can be characterized as a right of states that comes with certain obligations, in particular with the duty to respect the preferences of citizens and with a cosmopolitan duty towards individuals beyond the borders of the state in question (Caney 2006; Dietsch 2011). In a more applied context, public finance theorists have long recognized that the issue of sovereignty is central to the design of international tax governance (Musgrave 2006; Musgrave 2001) The challenge that comes with international tax reform is to redefine the appropriate "boundaries of legitimate state practice" in fiscal policy (Webb 2004).

While perspectives on tax competition from international political economy and political theory make up the backbone of this workshop proposal, there are four other areas of study that are also relevant. While their view on international tax governance will not be central to the workshop as we envisage it, a survey of the relevant existing research would be incomplete without them. The references to the literature we give here are very selective.

First, studies in comparative politics throw an interesting light on both the workings and consequences of tax competition (Ganghof 2006; Garrett & Mitchell 2001). To give just one example, they can give clues as to which defensive strategies against aggressive tax competition work best.

Second, and closely related, work on the European Union and its initiatives in the context of fiscal policy has flourished in recent years thanks to the introduction and ongoing modification of the European Savings Directive as well as plans to introduction a consolidated corporate tax base (Rixen and Schwarz 2012; Agundez-Garcia 2006; Holzinger 2005; Cnossen 2000).

Third, the huge literature on institutional design is relevant to putting into practice whatever normative and regulatory principles may be appropriate to govern international taxation (e.g. Koremenos et al. 2001; Goodin 1998).

Finally, the economic analysis of tax competition has traditionally focused on the question whether it is efficient, where efficiency in most cases stands for Pareto optimality (e.g. Wilson & Wildasin 2004; Wilson 1999). Two questions arise in this context. First, what is the normative status of an argument based on efficiency? Second, are efficiency-based considerations in tension with other considerations informing the design of global tax governance and, if so, how?

3 Selected bibliography

- Ana Agundez-Garcia (2006) "The Delineation and Apportionment of an EU Consolidated Tax Base for Multi-jurisdictional Corporate Income Taxation: a Review of Issues and Options", Taxation Papers of the European Commission, working paper no. 9.
- Brian J. Arnold and Michael J. McIntyre, *International Tax Primer*, Den Haag: Kluwer Law International, 1995.
- Reuven S. Avi-Yonah (2006) "The Three Goals of Taxation", *Tax Law Review* 60(1): 1-28.
- Reuven S. Avi-Yonah (2000) "Globalization, Tax Competition, and the Fiscal Crisis of the Welfare State", *Harvard Law Review* 113/7, 1573-1676.
- Reuven S. Avi-Yonah (2006) *International Tax as International Law: An Analysis of the International Tax Regime*, Cambridge University Press.
- Reuven S. Avi-Yonah & Kimberly A. Clausing (2007) "Reforming Corporate Taxation in a Global Economy: A Proposal to Adopt Formulary Apportionment", discussion paper 2007-08 of *The Hamilton Project* (Brookings Institution).
- Richard E. Baldwin & Paul Krugman (2004) "Agglomeration, Integration, and Tax Harmonisation", *European Economic Review* 48/1, 1-23.
- Christian Barry and Laura Valentini (2009) "Egalitarian challenges to global egalitarianism: a critique", *Review of International Studies* 35, 485-512.
- Bruce A. Bloningen and Ronald B. Davies (2004) "The Effects of Bilateral Tax Treaties on US FDI Activity", *International Tax and Public Finance* 11, 601-22.
- John Braithwaite & Peter Drahos (2000) *Global Business Regulation*, Cambridge, Cambridge University Press.
- Geoffrey Brennan and James Buchanan (1980) *The Power to Tax: Analytical Foundations of a Fiscal Constitution*, Cambridge University Press.
- Simon Caney (2006) "Cosmopolitan Justice and Institutional Design: An Egalitarian Liberal Conception of Global Governance", *Social Theory and Practice* 32/4, 725-56.
- Simon Caney (2001) "International Distributive Justice", *Political Studies* 49, 974-97.
- Alexander Cappelen (2005) "Responsibility and International Distributive Justice", in: A. Follesdal and T. Pogge (eds.) *Real World Justice*, Dordrecht: Springer, 215-28.
- Alexander Cappelen (2001) "The Moral Rationale for International Fiscal Law", *Ethics and International Affairs* 15/1: 97-110.
- Christian Aid "Death and Taxes: The True Toll of Tax Dodging", London: Christian Aid Report.
- Sijbren Cnossen (ed., 2000) *Taxing Capital Income in the European Union. Issues and Options for Reform*, New York: Oxford University Press.
- Sijbren Cnossen & Hans-Werner Sinn (2003) *Public Finance and Public Policy in the New Century*, Cambridge, MA: MIT Press.
- Ruud A. de Mooij and Sjef Ederveen (2008), "Corporate Tax Elasticities: A Reader's Guide to Empirical Findings", *Oxford Review of Economic Policy* 24, 680-97.
- Michael P. Devereux, "The Impact of Taxation on the Location of Capital, Firms and Profit: A Survey of Empirical Evidence", *Working Paper* (Warwick: University of Warwick).
- Peter Dietsch (2011) Rethinking Sovereignty in International Fiscal Policy, *Review of International Studies* 37 (5), 2107-2120.
- Peter Dietsch and Thomas Rixen (2012) "Tax Competition and Global Background Justice", under review.
- Jeremy Edwards & Michael Keen (1996) "Tax Competition and Leviathan", *European*

Economic Review 40/1, 113-34.
- Andreas Follesdal (2011), "The distributive justice of a global basic structure: A category mistake?", *Politics, Philosophy & Economics* 10, 46-65.
- Andreas Follesdal (1998) "Survey Article: Subsidiarity", *The Journal of Political Philosophy* 6/2: 190-218.
- Steffen Ganghof (2006), *The Politics of Income Taxation. A Comparative Analysis of Industrial Advanced Countries*, Colchester: ECPR Press.
- Steffen Ganghof and Philipp Genschel (2008) "Taxation and Democracy in the EU", *Journal of European Public Policy* 15, 58-77.
- Geoffrey Garrett & Deborah Mitchell (2001) "Globalization, Government Spending and Taxation in the EU", *European Journal of Political Research* 39, 145-77.
- Philipp Genschel (2002) *Steuerharmonisierung und Steuerwettbewerb in der Europäischen Union*, Frankfurt: Campus.
- Philipp Genschel & A. Kemmerling & E. Seils (2011) "Accelerating downhill: How the EU shapes corporate tax competition in the Single Market", *Journal of Common Market Studies*, first published online. DOI: 10.1111/j.1468-5965.2010.02136.x
- Philipp Genschel & Peter Schwarz (2011) "Tax competition: a literature review", *Socio-Economic Review* 9, 339-70.
- Robert E. Goodin (1998), *The Theory of Institutional Design*, Cambridge: Cambridge University Press.
- Michael J. Graetz (2003) *Foundations of International Income Taxation*, New York: Foundation Press.
- Andreas Haufler (2001) *Taxation in a Global Economy*, Cambridge: Cambridge University Press.
- Andreas Haufler and Guttorm Schjelderup (2000), "Corporate Tax Systems and Cross Country profit Shifting", *Oxford Economic Papers* 52, 306-25.
- James R. Hines (1997) "Tax Policies and the Activities of Multinational Corporations", in: A. J. Auerbach (ed), *Fiscal Policy: Lessons from Economic Research*, Cambridge, MA: MIT Press.
- Katharina Holzinger (2005) "Tax Competition and Tax Cooperation in the EU. The Case of Savings Taxation", *Rationality and Society* 17/4, 475-510.
- Frances M. Horner (2001) "Do we need an International Tax Organization?", *Tax Notes International* 24, 179-87.
- Michael Keen and Alejandro Simone (2004) "Is Tax Competition Harming Developing Countries more than Developed?", *Tax Notes International* 34, 1317-25.
- Barbara Koremenos et al. (2001) "The Rational Design of International Institutions", *International Organization* 55/4, 761-99.
- S. Krogstrup (2004) "A Synthesis of Recent Developments in the Theory of Capital Tax Competition", *EPRU Working Paper Series*.
- Simon Loretz (2008) "Corporate Taxation in the OECD in a Wider Context", *Oxford Review of Economic Policy* 24, 639-60.
- Isaac W. Martin, Mehrotra, A.K. and Prasad, M. (2009) *The New Fiscal Sociology. Taxation in Comparative and Historical Perspective*, Cambridge University Press.
- Saladin Meckled-Garcia (2008) "On the Very Idea of Cosmopolitan Justice: Constructivism and International Agency", *The Journal of Political Philosophy* 16, 245-71.
- Liam Murphy and Nagel, Thomas (2002) *The Myth of Ownership: Taxes and Justice*, Oxford University Press.

- Peggy B. Musgrave (2006) "Combining Fiscal Sovereignty and Coordination. National Taxation in a Globalizing World", in: Inge Kaul and Pedro Conceicao (eds.) *The New Public Finance. Responding to Global Challenges*, Oxford: Oxford University Press, 167-93.
- Peggy B. Musgrave (2001) "Sovereignty, Entitlement, and Cooperation in International Taxation", *Brooklyn Journal of International Law* 26/4, 1335-56.
- Richard A. Musgrave & Peggy Musgrave (1972) "Inter-nation equity", in: R.M. Bird, J.G. Head (eds.), *Modern fiscal issues: essays in honour of Carl S. Shoup*, Toronto: University of Toronto Press.
- Wallace E. Oates and Robert M. Schwab (1988) "Economic competition among jurisdictions: efficiency enhancing or distortion inducing?" *Journal of Public Economics* 35/3: 333-354.
- Organisation for Economic Co-operation and Development (2006) *Tax co-operation: Towards a level playing field*, Paris: OECD.
- Organisation for Economic Co-operation and Development (2002), "Intra-industry and intra-firm trade and the internationalisation of production", special chapter of the OECD Economic Outlook 71, http://www.oecd.org/document/2/0,3746,en_2649_34573_2082818_1_1_1_1,00.html, accessed 9 December 2011
- Organisation for Economic Co-operation and Development (2001) *The OECD's project on harmful tax practices: the 2001 progress report*, Paris: OECD.
- Organisation for Economic Co-operation and Development (1998) *Harmful tax competition: an emerging global issue*, Paris: OECD.
- Organisation for Economic Co-operation and Development (OECD) Centre for Tax Policy and Administration, "OECD Tax Data Base", www.oecd.org/ctp/taxdatabase.
- Jeffrey Owens, "Written Testimony of Jeffrey Owens, Director, OECD Center for Tax Policy and Administration before Senate Finance Committee on Offshore Tax Evasion, 3 May 2007," http://finance.senate.gov/imo/media/doc/050307testjo1.pdf (verified 30 August 2010).
- Oxfam (2000) "Tax Havens: Releasing the hidden billions for poverty eradication", Oxfam.
- Sol Picciotto (1992) *International Business Taxation. A Study in the Internationalization of Business Regulation*, New York: Quorum.
- Ronen Palan (2003) *The Offshore World – Sovereign Markets, Virtual Places, and Nomad Millionaires*, Ithaca & London, Cornell University Press.
- Ronen Palan, Richard Murphy and Christian Chavagneux (2010), *Tax havens – how globalization really works*, Ithaca and London: Cornell University Press.
- Diane Ring (2008) "What's at Stake in the Sovereignty Debate? International Tax and the Nation State", Boston College Law School, *Legal Studies Research Paper Series* 153.
- Thomas Rixen (2008) *The Political Economy of International Tax Governance*, Palgrave/McMillan: Basingstoke.
- Thomas Rixen und Peter Schwarz (2012) How Effective is the European Union's Savings Tax Directive? Evidence from Four EU Member States, *Journal of Common Market Studies* 50 (1), 151-68.
- Miriam Ronzoni (2009) "The Global Order: A Case of Background Injustice? A Practice-Dependent Account", *Philosophy and Public Affairs* 37/3, 229-56.
- Andrea Sangiovanni (2007) "Global Justice, Reciprocity, and the State", *Philosophy and Public Affairs* 35, 1-39.
- Adrian J. Sawyer (2009) *Developing a World Tax Organization: The Way Forward*, Birmingham: Fiscal Publications.

- Peter Schwarz (2007), "Does Capital Mobility Reduce the Corporate-Labor Tax Ratio?" *Public Choice* 130, 363-380.
- Jason C. Sharman (2006) *Havens in a Storm: The Struggle for Global Tax Regulation*, Ithaca: Cornell University Press.
- Prem Sikka (2003) "The role of offshore financial centres in globalization", *Accounting Forum* 27/4, 365-99.
- Hans-Werner Sinn (2003) *The New Systems Competition*, Oxford, Blackwell Publishing.
- Joel Slemrod (2006) "The Consequences of Taxation", *Social Philosophy and Policy* 23/2, 73-87.
- Joel Slemrod & Jon Bakija (2008) *Taxing Ourselves*, 4th edition, Cambridge, MA & London, MIT Press.
- Sven Steinmo (2003) "The Evolution of Policy Ideas: Tax Policy in the 20th Century", *British Journal of Politics and International Relations* 5, 206-36.
- Sven Steinmo (1993) *Taxation and Democracy: Swedish, British and American Approaches to Financing the Modern State*, New Haven, CT: Yale University Press.
- Joseph E. Stiglitz (2002) "New perspectives on public finance: recent achievements and future challenges", *Journal of Public Economics* 86/3: 341-60.
- Vito Tanzi (2001), "Globalization, Technological Developments, and the Work of Fiscal Termites", *Brooklyn Journal of International Law* 26, 1261-84.
- Tax Justice Network (2007) *Closing the Floodgates. Collecting tax to pay for development*.
- Tax Justice Network (2005) *Tax us if you can. The true story of a global failure*.
- Charles M. Tiebout (1956) "A Pure Theory of Local Expenditures", *The Journal of Political Economy* 64/5, 416-24.
- Philippe van Parijs (2007) "International Distributive Justice", in: Robert E. Goodin, Philip Pettit & Thomas Pogge (eds.) *A Companion to Contemporary Political Philosophy*, vol.2, Oxford: Blackwell, 638-52.
- C. Volden (2002) "The Politics of Competitive Federalism: A Race to the Bottom in Welfare Benefits?" *American Journal of Political Science* 46(2): 352-363.
- Michael C. Webb (2004) "Defining the boundaries of legitimate state practice: norms, transnational actors and the OECD's project on harmful tax competition", *Review of International Political Economy* 11/4, 787-827.
- J.D. Wilson (1999) "Theories of Tax Competition", *National Tax Journal* 25/2, 269-300.
- J.D. Wilson & D.E. Wildasin (2004) "Capital Tax Competition: Bane or Boon", *Journal of Public Economics* 88/6, 1065-1091.