

Index

Note: Page numbers in **bold** refer to tables and those in *italic* refer to figures

- Abe Shinzo, Japanese prime minister, 79
- accounting systems, new, 29
- Acemoglu, D. and Robinson, J. A., 151
- ADT Index of Financial Reform, 276–7, 276
- Affordable Care Act (US), 77
- Aglietta, Michel, 255
- agriculture
 - anti-trade bias, 161
 - developmental pattern, 161
 - Japanese rice protection, 162, 163
 - rate of assistance, 162
 - support trap, 164
- allowances, personal, 53
 - for savings, 39
- Andeweg, R. and Irwin, G., 230
- Arthuis, Jean, 256
- austerity, for debt reduction, 22
- Austria, 13, 129

- Baldwin, R. and Robert-Nicoud, F., 160, 164
- banking, domestic
 - regulation, 14, 269, 271, 275
 - see also* financial repression
- banking secrecy, 129
 - guarantee (1977), 135, 143
 - Swiss domestic lobbying against, 137–40, 141
 - Switzerland, 102, 127
- banks
 - commercial banks' claims on government, 279, 280
 - reserve requirements, 275, 278, 280
 - see also* central banks
- Banque de France, 241, 245, 251, 256, 257
 - and inflation, 257
- Barro, Robert J., 254
- Battilossi, Stefano, 14
- Beason, R. and Weinstein, D., 164
- Becker, Gary, 151, 152
- Belgium, legislation against tax havens, 136
- benefits
 - out-of-work, 53
 - and poverty trap, 51
 - and taxation, 8, 52
 - for working-age population, 186, 191
 - see also* pensions; social transfers
- Beveridge, William, 166
- black economies, southern Europe, 263, 264
- bond markets, 253, 255
 - see also* sovereign bonds
- Bonn Summit (1978), 63
- borrowing
 - effective and shadow costs, 282, 285, 288, 289
 - reliance on, 6, 28
 - rising costs, 12
 - see also* credit

300 *Index*

- Brandt, Willy, German chancellor, 3
 Bretton Woods crisis, 13, 15, 126
 and Swiss tax haven, 133–7
 Bretton Woods system, 5, 269
 and offshore finance, 128
 Buchanan, James M., 1, 2, 6
 on Switzerland, 83, 102
 budget deficits
 accumulation of, 266, 273
 monetisation, 267, 281, 288
 southern Europe, 267
 structural, 21, 57
 and tax rises, 62
 bureaucracy, ministerial, fiscal policy
 advisers, 29
 Bush, George H. W., US president,
 68, 70
 Bush, George W., US president,
 77
 Business Start-Up Scheme, 45
 Byatt, Ian, deputy chief economic
 adviser to the Treasury (UK),
 36, 46, 47, 56
- Caminada, K. and Wang, C., 178
 capital accumulation, personal, 35
 capital flight
 from France, 118
 and offshore finance, 128
 capital investment, public fixed
 (UK), 199, 205–7
 cost–benefit analysis, 213
 as percentage of GDP, 205
 in public utilities, 218
 required rate of return, 214
 capital markets
 open, 20
 to fund infrastructure, 20
 capital movement, 5
 capitalism, 11
 and democracy, 1
 Carter, Jimmy, US president, 13, 16,
 63, 64
 Castles, Francis, 223
 Celio, Nello, Swiss federal finance
 minister, 89
 central banks
 autonomy, 5, 241, 258, 278, 279
 and commercial bank reserves, 280
 and tax fraud, 14
 Chevallaz, Georges-André, Swiss
 Finance Department, 135, 139,
 142
 Chiasso scandal, 141, 142
 Chile, pensions, 169
 China, and US debt, 77
 Chirac, Jacques, French prime
 minister, 119
 choice, notion of, 10
 Clinton, Bill, US president
 balanced budget, 69
 and tax increases, 68, 70, 75
 Coeuré, Benoit, 240
 companies, profitability, 46–9
 competitive pool trading, 219
 Conservative government
 (from 1979 UK), 32
 1984 budget, 48
 and reform of tax structure, 32, 42
 Right to Buy programme, 209,
 210, 211
 and tax credits, 52
 tax reductions, 32, 49
 Conservative Party (UK)
 1970 election manifesto, 35
 and institutional investors, 37
 and plans for tax reform, 37
 and property ownership, 40
 The Right Approach to the
 Economy (1977), 35, 38, 45
 and welfare state, 106
 construction contracts, UK, 206
 consumption taxes, 34
 UK, 9
 see also indirect taxation; value
 added tax
 corporation tax
 increases in Japan, 66, 70
 reduction in, 47, 48, 108
 Council of Europe, and tax evasion,
 143
 credit, cheap, 6, 77, 217
 credit markets, growth of, 19
 Crédit Suisse bank, and Chiasso
 scandal, 141
 Crouch, Colin, 20

- Debré–Haberer reforms, France, 250
- debt management, professionalisation, 259
- debt sustainability, 262, 269, 273
 - and financial repression, 288–93
- defence spending
 - UK, 205
 - USA, 58, 60, 61, 67, 109
- deficit finance, shift to, 21, 57, 218
- Deficit Reduction Act (1984) (US), 68
- Delors Plan, France, 118
- democracy
 - and capitalism, 1
 - fiscal policy and democratic consolidation, 263
 - southern Europe, 6, 294
- Denmark, 27, 221–39
 - budget deficit cut, 229
 - change of government (1982), 225, 237
 - compared with Netherlands, 224
 - current account position, 226–30, 238
 - ‘demand twist’ policy, 228, 230, 238
 - fall in core expenditure, 223
 - financial balances, 222
 - and Maastricht convergence, 230
 - party system constellation, 226, 232, 238
 - ‘potato diet’ programme, 229
 - Social Democratic Party, 232, 233, 234
 - tax policy, 228, 233
 - tax revenues and expenditure, 223
 - welfare cuts, 233
 - welfare state expansion, 122
- deregulation of financial markets, 19, 20, 126, 252, 275
- direct taxation, 8
 - and fiscal redistribution, 184–8, 194, 198
 - as percentage of tax revenues, 120
 - preferences for, 155, 175
 - in Switzerland, 85
 - see also* indirect taxation
- disposable household income, 178, 180
 - inequality, 183
 - and redistribution, 183
- double tax agreements
 - revision (1977), 134
 - with Switzerland, 88, 133, 136, 146
- Dreifuss, Ruth, Swiss federal councillor, 97
- Earned Income Tax Credit (EITC) (US), 69
- economic crises
 - 1979 (second oil crisis), 6, 16, 57, 61, 65
 - recession (2007–8), 21, 30, 77, 101
 - see also* Bretton Woods; financial crises
- Economic Recovery Tax Act (ERTA) (1981) (US), 65, 68
- economies, Western
 - 1960s growth, 3, 126, 262
 - effects of 1973 oil crisis, 3
- Eichengreen, Barry, 12, 107
- electricity industry (UK), capital investment, 218–19
- Eley, Geoff, 11
- employee protection laws, southern Europe, 165, 175
- Engel’s law, 160, 164
- enterprise, encouragement of, 34, 56
- Esping-Andersen, Gøsta, 83, 194
- Esping-Andersen, Gøsta and Myles, J., 192
- euro currency, 21, 22
- Eurobonds, first issue, 21
- Eurodollar market, 5, 129
- European Central Bank (ECB), 240, 258
- European Common Market, 99
- European Economic Community (EEC)
 - floating currencies, 5
 - Free Trade Agreement (1972), 102
 - monetary stabilisation system (‘monetary snake’), 135, 269

302 *Index*

- European Economic Community (EEC) (*cont.*)
 - Neumark Report (1962), 95
 - pressure for tax harmonisation, 89, 95
 - tax harmonisation, 18
 - VAT, 18
- European Monetary Union (EMU), 226, 276
- European Union, 103
 - Common Agricultural Policy, 163
 - monetary unification (1980s), 14
 - and public borrowing in southern Europe, 28
 - Single European Act (1986), 276
 - sovereign debt crisis, 240
 - see also* Maastricht Treaty
- exchange rates, and end of Bretton Woods, 5
- experts, economic, 29
- Falklands War (1982), 108
- families, and tax reforms in
 - Switzerland, 94
- fiduciary deposits, Switzerland, 132
- financial crises
 - 1976, 13
 - 2008, 218, 225
 - see also* Bretton Woods; economic crises
- financial markets, 240, 250, 276
 - bond markets, 253
 - deregulation, 19, 20, 126, 252, 275
 - effect on state discipline, 257–61, 261
- financial repression, 14, 23, 24, 27, 258, 275
 - and borrowing costs, 282, 285, 295
 - and capital controls, 272
 - and debt sustainability, 288–93
 - and fiscal fragility gains, 291, **292**
 - and macroeconomic stabilisation, 270
 - reasons for, 269–74
 - revenues from, **286**
 - southern Europe, 23, 262, 268, 295
 - in western Europe, 275–81
- financial services sector, 26, 56
- First World War
 - increased taxation, 126
 - and offshore finance, 128
 - Switzerland and, 85
- fiscal burdens, southern Europe, 292
- fiscal constitution, new (1980s), 7, 16–22
- fiscal drag
 - Switzerland, 94, 96
 - temporal dimension, 192–6
- fiscal fragility gains, financial repression and, 291, **292**
- fiscal imbalances
 - from 1980s, 266
 - southern European structural, 262–95
- fiscal redistribution, **124**
 - alternative measures, **190**
 - averages by country, **182**
 - direct taxes and social transfers, 184–8, 194, 198
 - historical drifts, 154–5
 - LIS data, 177–98
 - by LIS wave, 197
 - path dependence, 155–9, 175
 - second-order effects, 188–92
 - see also* fiscal traps
- fiscal state, and international regulation, 31
- fiscal traps, 149–76
 - and redistributions, 149
 - see also* poverty trap; unemployment trap
- Fogh Rasmussen, Anders, Danish prime minister, 234
- Ford, Gerald R., US president, 62
- France
 - Agence France Trésor, 243, 255, 260
 - anti-tax movement, 7
 - austerity policy (Delors Plan), 118
 - Budget Office, 243
 - capital flight, 118, 146
 - change in public finance, 29, 241, 245, 246, 250–1

Index

303

- compared with Germany, 121
- economic crisis (1979–82), 17
- economic structure, 117, 118
- financial reforms, 277
- funding of benefits, 9
- indirect taxes, 121
- inflation-indexed bonds, 253, 254, 255
- legislation against tax havens, 136
- nationalisation, 117
- and pressure on Switzerland, 134, 145
- ‘(Pseudo) Keynesianism’, 117–19
- public debt, 240–61
- public expenditure ratio, 118
- separation of financial policy sectors, 245, 248–50, 259
- solidarity tax, 117
- support for financial innovation, 252–4, 256
- tax evasion, 117
- tax policy changes, 106
- tax reforms (1980s), 105
- ‘Treasury Circuit’ (non-market debt financing), 241, 247, 251
- ‘Treasury correspondents’, 247
- Treasury institutions, 244–7
- Treasury reforms, 248, 249, 250
- unemployment, 119
- wealth inequality, 119
- franchise
 - extension of, 154
 - and taxation, 8
- Friedman, Milton, 11, 62, 111, 203
- fuel (petrol and oil) taxes, 156, 157
- Fukuda Takeo, Japanese prime minister, 63
- Gaulle, General Charles de, 249
- Genoa Conference (1922), 147
- Germany
 - and bond market, 255
 - compared with France, 121
 - reunification costs, 18
- Germany, West
 - financial reforms, 277
 - fiscal consolidation, 111
 - industry, 12, 112
 - labour unions, 13
 - ‘stability law’ (1967), 23
 - and tax havens, 134, 136
 - tax policies of CDU–CSU/FDP coalition, 18, 111–14
 - tax reforms (1980s), 105
 - tax relief policy, 112
 - tax thresholds, 122
 - US pressure on, 63
- Gilder, George, *Wealth and Poverty*, 15
- Gingrich, Newt, 75
- Giscard d’Estaing, Valéry, 249
- Gladstone, William, 39
- Glass–Steagall Act (1933) (US), 39
- global capital tax, 22
- Graber, Pierre, Swiss Political Federal Department, 139
- Gramm–Leach–Bliley Act (1999) (US), 20
- Great Depression (1930s), 85, 126, 166
- Greece, 185, 263
 - borrowing costs, 284, 289
 - debt stabilisation, 294, 293
 - financial repression, 277, 281
 - implicit revenues, 285
 - lack of fiscal discipline, 266
 - public pensions, 191
 - tax revenues, 264
 - see also* southern Europe
- Green-Pedersen, Christopher, 235
- Haberer, Jean-Yves, 29, 250, 251
- Haile Selassie, emperor of Ethiopia, assets of, 137
- Hayek, Friedrich, 210
- Healey, Denis, UK Chancellor of the Exchequer, 33, 209
- healthcare, 21
 - employers’ contributions, 167
 - investment appraisal, 214
 - potential crisis in, 176
 - as proportion of public expenditure, 203

304 *Index*

- Heath, Edward, UK prime minister, 44
- Heinesen, Knud, Danish finance minister, 221
- Heritage Foundation, 62
- Heseltine, Michael, MP, 109
- Hicks, John, 13
- higher education, investment appraisal, 214
- Hobbes, Thomas, 1
- holding companies
 Liechtenstein, 131
 Switzerland, 88, 131
 tax privileges, 132
- housing
 completions (UK), **212**
 government investment in, 208, 211
 increase in households, 212
 public and private investment, **213**
 sale of council houses, 208, 209, 210, 211, 212
 starts (public), **212**
 tax relief on loans for, 40, 43, 209
- Howe, Geoffrey, UK Chancellor of the Exchequer, 35, 43, 210
 and 1979 budget, 37, 49, 107
 and income taxes, 50, 107
 and Meade Report, 36
 National Insurance, 47
 on poverty and unemployment traps, 53
- Howell, Ralph, 51
- identities, 10
- ideology, 59
- incentives
 individual, 49–55
 for low-paid workers, 52
 tax and, 19
- income
 earned and unearned, 44
 see also disposable household income; private sector income
 income inequality, and government redistribution, 177, 196
 measurement of, 179–80, 181*n*
 overview, 181–4
 pre-tax and pre-transfer, 181, 193
- income taxes
 consolidation of higher rates, 55
 cuts in basic rate, 52, 54
 progressive, 22, 55, 59
 reductions, 49, 50
- Index of Financial Reform (ADT), 276–7, 276
- indexation, risks of, 254, 256, 257
- indirect taxation
 as percentage of tax revenues, **120**
 as regressive, 184
 shift to, 18
 and social transfers, 184
 Swiss federal, 85
 see also consumption taxes; direct taxation; value added tax
- individual rights, 1
 and choice, 10
- individualism, 10, 42
- industry
 privatisation of nationalised, 71–2, 208
 protection for, 164
- inflation, 16
 ‘Great Inflation’ (late 1970s), 61, 64, 65
 and indexation, 257
 and public opinion, 59
 and shift to market finance, 248
 southern Europe, 267, 288
see also stagflation
- inflationary finance
 financial repression and, 270
 southern Europe, 267, 268, 294
- inheritance
 taxes, 34
 wealth, 35
- Inland Revenue (UK)
 on tax cuts, 52
 view of tax reform, 36
- Institute for Fiscal Studies, 33, 38
- interest groups
 historical dynamics of, 159–66
 power of, 25, 26
 redistributions in favour of, 149, 159, 175
 Sweden, 115
 see also pensions; pressure groups

- interest rates
 - and economic growth, 47
 - effect on investment, 17
 - public debt, 270
 - raised (US), 16, 68
- intergenerational transfer, 26
- international tax regulation, 31
 - failure of (1970s–80s), 140–7
- investment
 - distortion of decisions by tax system (UK), 37–46
 - effect of interest rate rise on, 17
 - institutional, 37, 46
- investment income surcharge, 44
- Ireland, banking secrecy, 131
- Italy
 - Chiasso scandal, 141
 - Christian Democrats, 239*n*
 - debt, 294
 - democratic institutions, 263
 - double taxation agreement with Switzerland, 136, 146
 - government spending, 264
 - lack of fiscal discipline, 266
 - pensions, 170
 - tax revenues, 264
 - see also* southern Europe
- Iwata Kazuo, 71*n*
- Japan
 - anti-tax movement, 75
 - asset bubble, 73, 76
 - comparison with USA, 57–82
 - constitution, 67
 - ‘construction state’, 61, 73, 78
 - consumption tax (VAT), 67, 70, 72, 76, 80*n*
 - corporate tax increases, 66, 70
 - deficit-financing bonds, 62
 - disillusionment with government, 76, 79
 - economic stagnation, 78, 80*n*
 - effect of neo-liberalism in, 72, 74–80, 78
 - Fiscal Investment and Loan Programme (FILP), 60, 73
 - fiscal policy (1980–1), 66
 - fiscal policy (1981–3), 70
 - horizontal inequity in personal tax (9-6-4 problem), 59, 62, 64, 66
 - industry, 164
 - labour force participation of women, 79
 - ‘lost decade’ (1990s), 74, 76
 - national debt, 57, 63, 73, 76
 - pensions, 170
 - personal income tax cuts, 71
 - post-war economic growth, 58–61
 - post-war reconstruction, 58
 - power of Tax Bureau, 67, 72
 - privatisation of railways, 71–2
 - Provisional Council for the Promotion of Administrative Reform, 71, 75
 - public investment, 74, 78
 - public revenue system, 58
 - public sector, 58
 - public works expenditure, 63, 78
 - rice protection, 162, 163
 - savings rate, 73
 - US pressure on, 74
 - welfare state, 58, 78
- Japan Business Federation (Keidanren), 68, 71
- Jenkins, Roy, UK Chancellor of the Exchequer, 199
- Joseph, Keith, 41, 45
- Kato, Junko, 105, 121
- Kay, John, 46
- Kemp–Roth tax bill (US), 64
- Kennedy, Edward, 64
- Kerlan, Pierre, French Finance Ministry, 134, 135
- Keynes, J. Maynard
 - and capital investment, 199
 - The General Theory*, 199, 216
 - The Means to Prosperity* articles (1933), 217
 - on ‘socialisation’ of investment, 216
- Keynesian economics
 - crisis of, 13, 15
 - criticism of, 6
 - shift away from, 10, 29

306 *Index*

- King, Mervyn, 46
 Kohl, Helmut, German chancellor,
 111, 113, 121
 Koizumi Junichiro, Japanese prime
 minister, 78
 Kok, Wim, Dutch prime minister, 231
 Korea, South, industry, 164
 Kristov, L., Lindert, P. and
 McClelland, R., 151
- Labour Party (UK), 108
 and institutional investors, 37
 labour protection, southern Europe,
 165–6
 labour unions
 and social democratic parties, 13
 UK, 106
 Lamont, Norman, UK Chancellor of
 the Exchequer, 206
 Latin America, debt crisis
 (1980s), 129
 Lawson, Nigel, UK Chancellor of the
 Exchequer, 24, 33, 44, 55, 108
 and corporation tax, 48, 108
 and share ownership, 45
 tax rate cuts, 54
 and tax reforms, 53, 108
 left, political
 and crisis of Keynesian
 economics, 13
 criticism of state, 2
 Switzerland, 137, 141
 Lemoine, Benjamin, 14
 Lemoine de Forges, Sylvain, 256
 Letta, Enrico, Italian prime minister,
 170
 Leutwiler, Fritz, SNB, 140
 Lévêque, Jean-Maxime, 249
 Liberal governments, UK
 (1853), 39, 40
 (1907), 39–40
 liberalism, 2
 Switzerland, 93
see also neo-liberalism
 Liechtenstein, as tax haven, 130
 life insurance, tax-breaks for, 39, 43
 lifetime expenditure, Meade's
 proposed tax on, 34
- Lindbeck, A. and Snower, D., 165
 Lindert, P., 151, 192
 Lubbers, Ruud, Dutch prime
 minister, 225, 227
 Luxembourg
 banking secrecy, 129, 131
 pensions, 169
 Luxembourg Income Study (LIS)
 Data Centre
 fiscal redistribution, 177–98
 Fiscal Redistribution dataset, 178
 waves, 179, 193, 194, 195, 196
- Maastricht Treaty (1992), 99, 277
 convergence criteria, 226, 230–2,
 238, 295
 McCarty, N. and Pontusson, J., 192
 McGuire–Olson model, 150
 macroeconomics, scepticism
 towards, 15
 Major, John, UK prime minister, 110
 manufacturing, capital
 investment, 11
 market transparency, 251–2
 Martin, Isaac, 75
 Meade, James, 29, 210
 Meade Report, 34–7, 55
 proposals, 34
 responses to, 36
 on savings, 44
 Mellon, Andrew, 76
 middle classes, US and Japan, 78,
 80
 Minsky, Hyman, 46
 Mirrlees, James, 29, 37
 Mitterand, François, 17, 117, 121,
 145
 Mondale, Walter, US vice president,
 63
 monetary policy, 19, 275
 public finance and, 272
 Switzerland, 140
 UK, 202
 Monnet, Éric, 245
 Monti, Mario, Italian prime
 minister, 170
 multinational companies, headquarters
 in Switzerland, 88

- Nakasone Yasuhiro, Japanese prime minister, 71
- National Insurance, 47
 surcharge, 47, 48
- neo-liberalism, 10, 23, 71
 and globalisation of offshore finance, 127, 129
 in Japan, 72, 74–80
 Netherlands and Denmark, 227, 237
 in Switzerland, 98–101
 in USA, 13, 62, 67, 69, 74–80
- Netherlands, 27
 change of government (1982), 225, 237
 Christian Democrats, 235, 236, 239*n*
 compared with Denmark, 224
 current account position, 226–30
 ‘Dutch disease’, 221, 227
 and European Community, 230
 financial balances, 222
 and Maastricht criteria, 231
 party system constellation, 226, 234, 238
 public spending, 221–39
 Social Democrats, 235, 236
 tax privileges for holding companies, 132
 tax revenues and expenditure, 223
 unemployment, 226
 welfare state retrenchment, 234
- New Zealand, pensions, 169
- Nixon, Richard, US president, 5
- Norquist, Grover, 75
- North Sea oil, revenues, 56
- Obama, Barack, US president, 77
- OECD (Organisation for Economic Cooperation and Development), 103
 Committee on Fiscal Affairs, 131, 134, 143
 Working Group 6, 145
 Working Party 8, 134, 143
Economic Survey of Denmark (1983), 232
- International Tax Avoidance and Evasion* (1987), 144
 report on profits (1977), 11
 standards on tax information, 102
 and tax evasion study, 141
- Offer, Avner, 9
- offshore finance
 and deregulation, 126
 globalisation of, 128–33
 and Swiss resistance to reform, 144
see also tax havens
- Ohira Masayoshi, Japanese prime minister, 64
- oil crises
 1973 (first), 3, 12, 61, 221, 225
 1979 (second), 6, 16, 57, 61, 65
- oil revenues
 increased, 129
 North Sea, 108
- Okun, Arthur, *Big Tradeoff*, 87
- Olson, Mancur, 151
- Omnibus Budget Reconciliation Act (1990) (US), 69
- OPEC (Organization of Petroleum Exporting Countries), and first oil shock (1973), 3
- path dependency, 26, 106
 fiscal redistribution, 155, 175
 and neo-liberalism in Sweden, 114–17
 pensions, 170, 176
 strong post-war, 155
- patronage, southern Europe, 262–3
- pensions
 divergent trends, 167–71
 as fiscal trap, 166
 historical shock of state aid to elderly, 166
 and investment in young, 172
 occupational, 40
 path dependency, 170, 176
 ‘portable’ personal, 43
 and poverty rates, 172
 privatised, 171

308 *Index*

- pensions (*cont.*)
 - as proportion of public expenditure, 205
 - public and private, 180, 187
 - public sector, 189
 - as redistributive, 186
 - as share of GDP, 167, 169, 171, 176
 - tax relief on, 40, 43
- Pérouse, Maurice, 249, 250
- Personal Equity Plans, 45
- Peters, B. Guy, 83, 106
- Pierson, Paul, 232
- Piketty, Thomas, 105, 119
 - Capital in the Twenty-First Century*, 22
- Pinochet, Augusto, 169
- political parties
 - effect of party system on social spending (Denmark and Netherlands), 232–7
 - southern Europe, 263
 - see also* Conservative Party (UK); social democratic (socialist) governments; Switzerland
- politics
 - political mobilisation, 11
 - in public finance policy, 6–16
 - ‘populist market optimism’, 15
- Portugal, 264
 - banking secrecy, 131
 - budget deficits, 267
 - debt ratio, 293
 - financial repression, 277, 295
 - tax revenues, 264
 - see also* southern Europe
- Poujade, Pierre, 7
- poverty rates
 - relative risk by age, 173
 - USA, 173
- poverty trap
 - UK, 33, 51
 - see also* unemployment trap
- pressure groups, 13, 152
 - competition between, 152, 153
 - historical drifts, 154–5
 - historical dynamics of, 159–66
- models, 150
 - and redistribution, 150–154
 - see also* interest groups
- private debt, links with public debt, 31
- private finance initiative (PFI), 206
 - risk in, 207
 - Ryrie Rules, 207
- private sector
 - social transfers, 180
 - UK, 106
- private sector income, 179
 - effect of tax and social transfers, 188
- privatisation(s), 20, 71, 207
 - pensions, 171
 - and share ownership, 45
 - UK, 108, 207–12
- productivity
 - decline, 61
 - and wage demands, 12
- profits and profitability, 46
 - squeeze on (1970s), 11
- public choice theory, and taxation, 8
- public debt
 - austerity policies and, 22
 - commodification of, 240, 246, 248–50, 252–4, 259
 - and credit ceilings, 271
 - division into components, 242
 - interest rates, 270
 - and pressure on international tax evasion, 134
 - rise in, 28, 30
- public expenditure ratio
 - France, 118
 - Sweden, 115
- public expenditure, UK, 200–5, 201
 - components of, 203, 204
 - and privatisation, 207–12
- public finance, institutions of, 27
- public sector
 - debt interest payments, 218
 - as inefficient, 20
 - Japan and USA, 58
 - pay rates, 176
 - pensions, 189
- public sector borrowing requirement (PSBR), 47, 202, 211

- Quennouëlle-Corre, Laure, 248
- Reagan, Ronald, US president, 7, 16, 105
 consequences for income distribution, 110
 fiscal policy, 65–6, 69
 policies compared with Thatcher's, 109–11
 and tax increases, 91
- recession (2007–8), 21, 30, 77, 101
- Reynolds, M. and Smolensky, E., 191
- Ridley, Adam, 41
- Ritschard, Willi, Swiss Finance Ministry, 142
- roads, valuation of prevention of traffic accidents, 214, 216
- Rodgers, Dan, 10, 12
- Ryrie Rules, private finance, 207
- Saez, Emmanuel, 119
- savings
 erosion by inflation, 44
 Japan, 73
 taxation of, 39, 44
- Schlüter, Poul, Danish prime minister, 225, 229, 233
- Schneider, Heinrich, secretary of SBA, 138
- Schumpeter, Joseph, 'tax state', 59
- Second World War, 85, 126
- seigniorage, 27, 262, 267, 273
 and capital controls, 272
 revenues from, 281, **282**, 285, 294
 revenues from bank reserves, 283
- share ownership, personal, 38, 41
 tax relief for, 44
- Shore, Peter, UK minister for environment, 209
- Smith, Timothy B., 118
- social contract, effect of falling profits on, 12
- social democratic (socialist) governments
 and investment crisis, 17
 and labour unions, 13
- social equality, reversal of trend to, 22
- social transfers, 262
 and indirect taxation, 184
 as percentage of public expenditure (UK), 203
 redistribution by, 185, 188, 194, 198
 see also benefits
- social welfare
 contributions as percentage of tax revenues, **120**
 and democratisation, 264
 funding of, 21, 24
 and relative support ratio by age group, 172, *174*
 see also National Insurance
- southern Europe, 21, 27, 262
 comparative fiscal performance, **265**
 debt stabilisation, 294, **294**
 delayed financial reforms, 277, 288
 democracy in, 6, 294
 financial repression, 23, 262, 268, 291
 fiscal burdens, 292, 293
 fiscal policy and democratic consolidation, 263, 294
 funding of welfare by borrowing, 28
 GDP growth rates, 289, 289
 implicit revenues, 287, 288, 294
 labour protection, 165
 pensions, 170
 political transition, 263
 realised vs counterfactual flow cost savings, 290–1, *291*
 as regional concept, 262
 seigniorage, 262, 267, 273
 tax policies, 14, 23
 see also Greece; Italy; Portugal; Spain

310 *Index*

- sovereign bonds, 253
 - DSK bond, 254, 258
 - inflation-indexed, 255, 257, 258
- sovereign debt, problem of, 240, 241
- Spain, 263
 - budget deficits, 266
 - debt stabilisation, 293
 - financial reforms, 278
 - financial repression, 295
 - tax revenues, 264
 - see also* southern Europe
- stagflation, 13
- state
 - centrality of taxation, 25
 - erosion of power of national institutions, 31
 - as Leviathan, 1–2
 - new models of, 30
- ‘stealth taxes’, 18
- Stedman Jones, Daniel, 13
- Stein, Herbert, 68
- Stich, Otto, Swiss finance minister, 96
- stock corporations, Switzerland, 88
- Stoltenberg, Gerhard, 112, 113, 114
- Strauss-Kahn, Dominique, 256
 - government bonds, 254, 258
- Streeck, Wolfgang, 28
- Structural Impediments Initiative (1990 USA and Japan), 74
- subsidiarity, in Switzerland, 93, 94
- Summers, Larry, on VAT, 158
- Suzuki Zenko, Japanese prime minister, 66
- Sweden
 - budget deficit, 115, 116
 - compared with UK, 121
 - consumption taxes, 116
 - economic crisis (1982–5), 17
 - labour unions, 14
 - neo-liberalism and path dependency, 114–17
 - pensions, 171
 - public expenditure ratio (1974), 115
 - tax rates, 115, 120, 120, 121
 - tax reforms (1980s), 105, 115
 - welfare state expansion, 122
- Swiss Bankers Association (SBA), 127
 - and banking secrecy, 131, 142
- Swiss National Bank (SNB), 127
 - and banking secrecy, 131, 140, 142
- Swiss Social Security Funds, 92
- Switzerland, 24, 83, 83–104, 103, 147
 - bank self-regulation, 143
 - and banking secrecy, 102, 127, 140–7, 147
 - cantonal taxation, 89, 100, 101
 - economy, 87, 92, 138
 - and EEC, 95, 135
 - Federal Banking Act (1934), 102, 131
 - federal budget deficit, 92, 98
 - federal tax structure, 85
 - fiduciary deposits, 132
 - fiscal compromises, 85, 86
 - fiscal drag, 94, 96
 - Free Democratic Party, 93
 - globalisation and neo-liberalism, 98–101
 - healthcare reforms, 96
 - and international pressure on tax regime, 101–4, 127
 - introduction of VAT, 95–8
 - lobbying against banking secrecy, 137–40, 141
 - monetary policy, 140
 - political tax preferences, 85
 - preferential tax regimes, 84, 87, 91, 100
 - and pressure during Bretton Woods crisis, 133
 - privatisations, 99
 - redistributive taxation, 84, 86
 - reforms of company and corporate taxation (from 1997), 100, 102
 - revenue effect of VAT, 97, 98
 - Social Democratic Party, 90
 - social security, 104
 - strength of currency, 137, 140, 142
 - structural economic change, 93
 - Swiss People’s Party, 99

Index

311

- tax amnesty (1969), 139
- and tax evasion, 87, 132, 139
- and tax harmonisation, 89–90, 93–8
- as tax haven, 126, 130
- tax increases, 91
- three-pillar system, 86, 103
- unemployment, 92, 98
- Zug canton, 88, 94

- Takeshita Noburu, Japanese prime minister, 72
- Tanaka Kakuei, Japanese prime minister, 62
- tax competition, 2, 24
 - global, 24
 - and offshore finance, 129, 133
- tax credits, 51
- tax cutting
 - top rates, 123, 129
 - UK, 52, 54
 - USA and Japan, 60, 62
- Tax Equity and Fiscal Responsibility Act (1982) (US), 68
- tax evasion, 5, 14, 134
 - Council of Europe and, 143
 - France, 117
 - southern Europe, 264, 267
 - Switzerland, 87, 132, 139
- tax fraud, 14
 - international agreement with Switzerland (1981), 143
- tax harmonisation
 - European Community, 18
 - Switzerland, 89–90, 93–8
- tax havens, 5
 - growth of, 128
 - island, 129, 132
 - national legislations against, 136
 - Switzerland, 88, 126
 - tolerance of, 145
- tax increases
 - backlash against, 74
 - need for, 80
- tax policy
 - Denmark, 228, 233
 - France, 106
 - Germany, 18, 111–14
 - models, 106
 - pressure for convergence, 181
 - and redistribution, 188
 - southern Europe, 14, 23
 - UK, 42, 106–9
 - variations, 23
- Tax Reform Act (1986) (US), 69
- tax systems
 - convergence and divergence (1980s), 119–25
 - and vested interests, 26, 42
- tax thresholds, 34, 51
 - changes, 123
 - raised, 50, 52
- taxation
 - changing theories of, 29
 - and fiscal redistribution, 124
 - and the franchise, 8
 - high marginal rates, 49, 188
 - ideological shift, 7
 - as proportion of GDP (1980s), 120
 - and receipt of benefits, 8
 - regressive compared with progressive, 105
 - ‘sin’ taxes, 156
 - structural change, 18
 - weakening support for, 21, 80
 - see also* income taxes
- Tea Party movement, US, 77
- Thatcher, Margaret, UK prime minister, 23, 32, 105
 - and Community Charge, 109
 - and consequences for income distribution, 110
 - economic policies, 56
 - neo-liberal influences on, 107
 - and pensions, 171
 - policies compared with Reagan’s, 109–11
 - tax policy, 106–9
 - see also* Conservative government
- Thelen, Kathleen, 246, 253
- think tanks, 13
- Thorneycroft, Peter, UK Chancellor of the Exchequer, 199
- Thurow, Lester, 15

312 *Index*

- Todd, Douglas, UK Treasury, 36, 56
 Treasury (UK)
 on tax cuts, 52
 and tax policy, 42
 view of tax reform, 36
 turnover tax, Switzerland, 85
- UBS bank, Switzerland, 101
 Umezawa Setsuo, 71*n*29
 UN Economic Commission for Europe (UNECE) report (1965), 87
 unemployment
 France, 119, 245
 and high inflation, 4, 13, 14, 16
 Netherlands, 226, 229
 Switzerland, 92, 98
 unemployment trap, 33, 51, 53
 United Kingdom, 199, 219
 approaches to capital expenditure, 213–16
 and Community Charge, 109
 compared with Sweden, 121
 financial deficits, 202
 financial deregulation
 ('Big Bang'), 20
 financial reforms, 277
 The Government's Expenditure Plan (1980), 202
 Housing Finance Review (1976), 209
 index-linked gilts (bonds), 255
 indirect taxes, 121
 Medium Term Financial Strategy, 19
 Medium Term Tax Strategy (1978), 49
 membership of EEC, 12
 North Sea oil, 108
 pensions, 171
 post-2008 investment policy, 218
 privatisation, 108, 207–13
 public expenditure, 200–5, **201**
 public finance, 199–220, **213**
 public fixed capital investment, 205–7
 public sector debt interest payments, **218**
 social benefits, 8
 tax cuts, 15–16
 tax reforms, 29, 33, 36, 53, 108
 tax revenues, 32, 107, 202
 view of government spending, 106
 see also Conservative government
- United States, 3, 67
 2000 elections, 76
 Affordable Care Act (2010), 167
 agreement with Switzerland (1951), 133
 anti-tax protests, 7, 64, 75
 comparison with Japan, 57–82
 debt-to-GDP ratio, 57, 68
 defence spending, 58, 60, 61, 67, 110
 deregulation, 19
 disposable income inequality, 183
 fiscal policy (1981–3), 68–70
 government deficit, 68, 109
 and health insurance, 167
 interest rates rises, 16, 68
 International Banking Facilities (1981), 130
 Medicare, 68, 77, 167
 pensions, 170
 'populist market optimism', 15
 post-war economic growth, 58–61
 pressure on Japan, 74
 pressure on Switzerland (1973), 133
 public revenue system, 58
 public sector, 58
 removal of capital controls (1974), 128
 rise of neo-liberalism, 13, 62, 67, 69, 74–80
 secondary mortgage market, 60
 Social Security Act (1935), 166
 sovereign bonds, 255, 256
 and Swiss banks, 101
 tax cuts, 15, 62, 65–6, 68, 110
 tax increases, 68
 and VAT, 23, 72 *and n*, 110, 157–8
 views of taxation, 7
 and welfare state, 58, 67, 80

- value added tax (VAT)
 - in European Community, 18
 - Howe and, 49
 - and path dependence, 156
 - as regressive, 158
 - southern Europe, 264
 - in Switzerland, 95–8
 - US resistance to, 23, 72 and *n*, 110, 157–9
 - and welfare state, 105, 122, 156
 - vested interests, tax system and, 26, 42
- Villeroy de Galhau, François, 256
- Virginia School, 2
- Volcker, Paul, US Federal Reserve, 16
- Volcker shock (1979), 13, 16
- Wanniski, Jude, *The Way the World Works*, 15
- Wass, Douglas, 210
- wealth
 - concentration of, 22
 - inequalities of, 34, 55, 119, 125
 - Meade's proposed tax on, 34
 - see also* income inequality
- welfare state, 175, 262
 - and direct taxation, 156
 - retrenchment policies, 232
 - and VAT, 105, 122, 156
 - see also* pensions; social transfers
- Wider Share Ownership Council, 44
- Wilson, Harold, committee on financial institutions, 38
- withholding tax
 - abandonment, 130
 - Switzerland, 85
- women
 - labour force participation, Japan, 79
 - taxation of, Lawson's changes, 53
- workers, and share ownership, 44
- Zalm, Gerrit, Dutch finance minister, 231
- Ziegler, Jean, *Switzerland Exposed*, 138