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## Introduction

The human ends of government are individual and collective at the same time.  
Gerhard Colm, 'Theory of Public Expenditures'

### Overview

#### The Tax State

People in wealthy countries live in a state that is defined by the power to tax and dependent on taxation to fund government, which we call a 'tax state'.<sup>1</sup> Most of the member states in the Organisation for Economic Co-operation and Development (OECD) are tax states. This book discusses taxation law and policy in the economic, social, legal and political context of tax states and explores the many challenges faced by these tax states in the twenty-first century.

A tax state is a particular form of fiscal governmental organisation that relies on tax revenues extracted in a sustainable fiscal bargain with taxpayers, who may be citizens, investors, workers or multinational enterprises, depending on the context.<sup>2</sup> Tax states evolved over the last three centuries but they are fundamentally a product of the twentieth century. Many successful tax states are democratic; the slogan 'no taxation without representation', with historical origins in Magna Carta, made famous in the American revolution of the eighteenth century, was repeated as far afield as the Australian colonies in the nineteenth century.<sup>3</sup> During the twentieth century, successful tax states combined economic growth to lift incomes and well-being, with effective taxation that harnessed the returns for public expenditure and redistribution across their populations.

<sup>1</sup> Joseph A Schumpeter, 'The Crisis of the Tax State' [1918] (1954) 4 *International Economic Papers* 5–38, trans. Wolfgang Stolper and Richard A Musgrave. The term 'tax state' was coined and its 'crisis' was first proclaimed by Rudolf Goldscheid, *State Socialism or State Capitalism* (1917); Richard A Musgrave, 'Schumpeter's Crisis of the Tax State: An Essay in Fiscal Sociology' (1992) 2(2) *Journal of Evolutionary Economics* 89–113.

<sup>2</sup> Margaret Levi, *Of Rule and Revenue* (Berkeley, CA: University of California Press, 1988), 49.

<sup>3</sup> Ballarat Reform League, 'Taxation without Representation Is Tyranny', Eureka Stockade, Colony of Victoria, Australia, 11 November 1854.

This book examines the evolution of tax law in a fiscal bargain for a ‘good democracy’.<sup>4</sup> The fiscal bargain established through taxation, like government itself, has a dual character, forming both the collective organisation and individual choices and outcomes. Taxation has quasi-constitutional status and is a lever for governmental management of the macroeconomy through fiscal policy. At the same time, taxation law (with property and other laws) demarcates what individuals own and consume privately and what is shared in the state.<sup>5</sup> Taxation affects the preferences and behaviours of individuals across all economic and social spheres. For example, taxation influences an individual’s decision to work for a wage in the market or unpaid in the home; as a sole contractor or an employee; to invest in a house or in shares; to set up a business in a company or a partnership; to reduce or increase the use of polluting energy; to donate to a charity; to shop online; to stay in one’s country of origin or move abroad. Tax laws also produce new behaviours specific to the tax system including decisions to seek advice in tax planning, to work for cash or in the informal or barter economy, or to carry out schemes for tax avoidance or tax evasion activities.

### Challenges for the Tax State

In the twenty-first century, mature tax states face an array of economic and social challenges. This book explores the evolution of tax law in response to challenges to the fiscal bargain between citizens and the state, the distribution of taxation on workers and capital and the boundaries of the territorial tax state. These challenges for the tax state include:

- slowing economic growth;
- globalisation and digitalisation of the economy;
- aging and longer lived populations, forcing governments to rely on a smaller working age population to pay taxes;
- the changing nature of family and care, including fewer children and more elderly, combined with a dramatic increase in women’s market work;
- inequality of wealth and income within and across generations;
- the gig economy, which increases risk, insecurity and fragmentation of work while wages stagnate;

<sup>4</sup> Following John G Head, who sought to develop a ‘normative theory of public economy, based upon the premise of individual preference in a democratic society’, *Public Goods and Public Welfare* (Durham, NC: Duke University Press, 1969), 223.

<sup>5</sup> Liam Murphy and Thomas Nagel, *The Myth of Ownership: Taxes and Justice* (Oxford: Oxford University Press, 2002).

- technological change that is accelerating a shift of economic value into digital or intangible assets and causing increasing returns to capital relative to labour; and
- health, environmental and resource challenges of global scope.

Globalisation and digitalisation have changed how we imagine community, citizenship and social obligations. Yet tax laws, social security and public goods remain, on the whole, territorially bounded in nation states. On the one hand, individuals are increasingly direct participants as consumers in global markets. Engaging in international social and political issues, we come to see ourselves as global ‘citizens’.<sup>6</sup> On the other hand, individuals support states to vigorously renew and reinforce national territorial and juridical borders, including the borders of the tax and welfare state. This raises questions about who is responsible for, or entitled to, redistribution and how to achieve the effective financing of public goods in a global and digital era.

The coronavirus (COVID-19) pandemic has added to these challenges. Governments applied their fiscal systems to dramatically increase social and health expenditure, relying on debt while generating lower tax revenues. The ability of developed country governments to respond quickly with fiscal measures is a sign of the resilience of the tax state and the effectiveness of its systems of tax collection and social security. However, the contraction in economic activity produced by the pandemic caused disruption to government budgets that will be felt for years to come. The pandemic has also accelerated economic and social trends, including demographic changes, the growth of the digital economy and the insecurity and instability of work.

Governments are likely to need increased fiscal resources to address these challenges, yet few governments are leading on a platform of higher taxes to rebuild or transition out of crisis. The COVID-19 fiscal crisis has arisen after decades of attempts to shrink the state, even taking an approach of ‘fiscal austerity’.<sup>7</sup> Governments are concerned about slowing economic growth and are inclined to deliver ‘stimulus’ by lowering taxes and enacting short-term expansions in public expenditure in response to the pandemic.

Many of the issues discussed in this book are relevant to tax systems of all countries, not only the wealthy member states of the OECD. However, the book is not comprehensive in coverage and it omits some issues of importance for developing country tax systems.<sup>8</sup> The book does not address

<sup>6</sup> William Twining, *Globalisation and Legal Theory* (Cambridge, UK: Cambridge University Press, 2000), 7–8; Saskia Sassen, *Globalization and Its Discontents* (New York: New Press, 1998).

<sup>7</sup> Florian Schui, *Austerity: The Great Failure* (New Haven, CT: Yale University Press, 2014).

<sup>8</sup> There is a wide literature on tax and development. An overview on the developing tax state in Africa is Attiya Waris, *Financing Africa* (Bamenda, Cameroon: Langaa Rpcig, 2019). See also Yariv Brauner and Miranda Stewart (eds.), *Tax, Law and Development* (Cheltenham: Edward Elgar, 2013).

environmental and resource taxation in any depth, including the policy or legal design of a carbon tax or emissions trading scheme. These issues are important for all countries and must be part of the global policy response to address climate change.<sup>9</sup> Nor does it explore in any detail the topics of trade, excise or consumption taxes, or the role of taxes in federal systems. Inevitably, because of limitations of language and scope, this book focuses on the Anglosphere although it also draws on examples and literature from European and other countries.

### Structure of This Book

**Part I (Chapters 1 to 4)** presents concepts, principles and processes of taxation. The remainder of **Chapter 1** outlines approaches to studying tax law in context and explains core tax concepts and statistics to support the analysis of the tax law and policy issues discussed in the book. **Chapter 2** explains the history of the ‘tax state’. It then discusses the benefit theory of taxation as a justification for paying taxes to fund the public good, in a fiscal bargain that constrains governmental power to tax based on consent and the rule of law. **Chapter 3** explains the process of government budgeting, the relationship of tax and debt and approaches to fiscal discipline and budget accountability. **Chapter 4** introduces and explains the main principles of taxation, including critical approaches to tax principles, with a focus on equity, efficiency and resilience of tax systems.

**Part II (Chapters 5 to 9)** discusses selected topics of tax law in context. **Chapter 5** examines tax, work and the family, focusing on the relationship between taxes and transfers, or the welfare state. It considers the definition of the tax unit, the impact of taxes on incentives to work, especially for women with care responsibilities, and challenges for taxation such as the gig economy and automation. The chapter consider possible responses to these challenges including a robot tax or a basic income. **Chapter 6** discusses the taxation of personal saving including capital income and gains, with a focus on retirement saving and home ownership. It discusses inequality in capital income and wealth and explores wealth and inheritance taxation and specific taxes on land and property. **Chapter 7** examines the corporate tax, including its incidence, complexity and the taxation of corporations and shareholders. It then examines the tax rules applicable to business investment. It focuses on taxation of innovation, small business, entrepreneurship and research and development.

<sup>9</sup> Useful resources include Hope Ashiabor, Janet E Milne and Mikael Skou Andersen (eds.), *Environmental Taxation in the Pandemic Era. Vol 23: Critical Issues in Environmental Taxation Series* (Cheltenham: Edward Elgar, 2021); International Monetary Fund/OECD, *Tax Policy for Climate Change, IMF-OECD Report for the G20 Finance Ministers and Governors* (April 2021), [www.oecd.org/tax/tax-policy/tax-policy-and-climate-change-imf-oecd-g20-report-april-2021.pdf](http://www.oecd.org/tax/tax-policy/tax-policy-and-climate-change-imf-oecd-g20-report-april-2021.pdf).

**Chapter 8** examines the intersection of tax with charities and philanthropy, including the large size of the not-for-profit sector, the history and role of charitable tax concessions and taxing charity in the international context. **Chapter 9** examines selected issues in tax administration, compliance and avoidance. The discussion in each chapter is illustrated with examples and case studies from various countries.

**Part III (Chapters 10 to 12)** turns to the global and digital challenges to the tax state. **Chapter 10** discusses the concept of tax jurisdiction and the territorial limits of the tax state. It explains the core principles of residence and source for establishing jurisdictional nexus of individuals and applies these principles to labour and capital income. Chapter 10 then introduces the terrain of ‘offshore’ tax havens and governmental responses to these, finishing with a discussion of the trend towards transnational tax administration between tax states. **Chapter 11** considers tax competition and cooperation between states in the global digital economy, with a focus on corporate taxation. It discusses tax jurisdictional rules for corporations, and the inadequacies of these rules. It then examines how tax states, through international forums, are seeking to address the taxation of multinational enterprises in the global economy. Chapter 11 discusses the Base Erosion and Profit Shifting (BEPS) project and the recent developments in the Inclusive Framework Consensus on digital taxation and explores their potential to transform international tax. **Chapter 12** considers the future tax state and the challenge of taxation for a good democracy in the twenty-first century.

## Disciplinary Approaches to Tax Law

### Comparative and Sociological Approaches

Taxation can be approached from disciplines of law and legal theory, economics, political science, history, psychology, sociology, accounting and philosophy. Approaching tax law through the lens of these different disciplines helps to understand the design, operation and effects of tax law. This book refers to sources from these various disciplines at different points and draws on the rich tradition of comparative literature on the law, politics, economics and administration of different country tax systems.<sup>10</sup>

A discussion of challenges to tax states is meaningful despite the many differences between tax systems of different countries. This is because tax laws

<sup>10</sup> See, e.g. Cedric Sandford, *Why Tax Systems Differ: A Comparative Study of the Political Economy of Taxation* (Bath: Fiscal Publications, 2000); Chris Evans, John Hasseldine, Andrew Lymer, Robert Ricketts and Cedric Sandford, *Comparative Taxation: Why Tax Systems Differ* (Bath: Fiscal Publications, 2017); Victor Thuronyi, Kim Brooks and Borbála Kolozs, *Comparative Tax Law*, 2nd ed (Alphen aan den Rijn, Netherlands: Kluwer, 2016); Hugh J Ault, Brian J Arnold and Graeme Cooper, *Comparative Income Taxation*, 4th ed (Alphen aan den Rijn, Netherlands: Wolters Kluwer, 2020).

in different countries evolved to address the same issues of legitimate and stable finance for government in the context of capitalism. From the earliest times in the evolution of the tax state, information was shared about the design and administration of tax laws. Today, the epistemic community of tax policy, law and administration is increasingly international. Tax ideas, norms and experts travel across borders. Comparing tax issues of mature tax states is often how tax policy and reform is done today. The OECD plays a large role in sharing experiences, knowledge, statistics and new developments in taxation between member states.

Taxation is fundamentally a social and political process. Early theorists of taxation were political philosophers who saw taxes primarily as an exercise of coercive state power.<sup>11</sup> Historical analysis can give us the origins of detailed tax statutory provisions and help explain the broad sweep of political compromises required for stable tax systems. Historians demonstrate the growth and changes over time of the ‘tax state’ in the context of economic development, drawing on long time series of data about tax and expenditure systems.<sup>12</sup> Joseph Schumpeter said a century ago that we can use a tax lens to present a ‘view of the state, of its nature, its forms, its fate, as seen from the fiscal side’.<sup>13</sup> Rudolf Goldscheid invented the study of fiscal sociology, which overlaps with political economy and political and economic history, and explained that it helps to understand the role of tax in society and the evolution of the tax state.<sup>14</sup>

Most successful tax states have developed democratic systems of government that harness the returns from economic growth to deliver public goods and redistribution.<sup>15</sup> Governments that seek to raise substantial and stable revenues without democratic governance must still respond to popular

<sup>11</sup> For example, Thomas Hobbes, *Leviathan* (London: Pelican Classics [1651], 1968), Project Gutenberg eBook, [www.gutenberg.org/files/3207/3207-h/3207-h.htm](http://www.gutenberg.org/files/3207/3207-h/3207-h.htm).

<sup>12</sup> José Luis Cardoso and Pedro Lains (eds.), *Paying for the Liberal State: The Rise of Public Finance in Nineteenth-Century Europe* (Cambridge, UK: Cambridge University Press, 2010); Martin Daunton, *Trusting Leviathan: The Politics of Taxation in Britain, 1799–1914* (New York: Cambridge University Press, 2001); Martin Daunton, *Just Taxes: The Politics of Taxation in Britain, 1914–1979* (New York: Cambridge University Press, 2002); Sven Steinmo, *Taxation and Democracy: Swedish, British and American Approaches to Financing the Modern State* (New Haven, CT: Yale University Press, 1993).

<sup>13</sup> Schumpeter, ‘The Crisis of the Tax State’, 101 (see n 1).

<sup>14</sup> Rudolf Goldscheid, ‘A Sociological Approach to Problems in Public Finance’ in Richard A Musgrave and Alan T Peacock (eds.), *Classics in the Theory of Public Finance* (New York: Palgrave Macmillan, 1918, trans. Elizabeth Henderson; 1958), 202–13; Marc Leroy, *Taxation, the State and Society: The Fiscal Sociology of Interventionist Democracy. Public Action: Vol 7* (Brussels: PIE Peter Lang, 2011; trans. from the French edition, 2010); Isaac W Martin, Ajay Mehrotra and Monica Prasad, *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective* (New York: Cambridge University Press).

<sup>15</sup> John L Campbell, ‘The State and Fiscal Sociology’ (1993) 19 *Annual Review of Sociology* 163–85; Andrew C Gould and Peter J Baker, ‘Democracy and Taxation’ (2002) 5 *Annual Review of Political Science* 87–110.

demands for social provision and the rule of law in taxation. For example, China is working to strengthen its welfare state, to reform its personal income tax to make it more progressive and its business income taxes to more accurately tax net business profits.<sup>16</sup>

Political science and public policy scholarship on expertise, policy change, international relations and global governance help us understand tax policy and reform processes and tax system adaptation in the global and digital economy.<sup>17</sup> Tax systems are dependent on administrative capacity of states and the agency charged with responsibility for tax collection is usually one of the largest and most efficient government agencies. Theories of public administration can inform us about the development and organisation of tax bureaucracies and technologies and methods of administration that are of central importance for the tax state. Theories of system adaptability and resilience can help us to understand the many components of the tax and transfer system, and how it may adapt so as to maintain its identity and equilibrium in the face of external and internal shocks and changes.

### Public Finance and Economics

The study of public finance (and public economics in general) examines the relationship between government and the market, with the aim of designing policy and regulation to achieve collective economic welfare. There is a wide public economics literature from a range of different perspectives.<sup>18</sup> This book, as have so many in the field, takes inspiration from Richard and Peggy Musgrave, leading public finance economists of the twentieth century, whose careers spanned the most important decades of development of the tax state and whose work addressed all aspects of the topic.<sup>19</sup>

<sup>16</sup> Global Legal Monitor, 'China: Individual Income Tax Law Revised', Library of Congress (24 September 2018), [www.loc.gov/law/foreign-news/article/china-individual-income-tax-law-revised-2/](http://www.loc.gov/law/foreign-news/article/china-individual-income-tax-law-revised-2/). However, note that the Chinese approach to tax administration tends to maintain bureaucratic control of tax assessment, rather than shifting to self-assessment, which may lead to calls for improved transparency and due process in tax administration: Wei Cui, *The Administrative Foundations of the Chinese Fiscal State* (Cambridge, UK: Cambridge University Press, 2022).

<sup>17</sup> Thomas Rixen, *The Political Economy of International Tax Governance* (New York: Palgrave Macmillan, 2008).

<sup>18</sup> Accessible discussions that are relied on in this book include Joel Slemrod and Jon Bakija, *Taxing Ourselves: A Citizen's Guide to the Debate over Taxes*, 5th ed (Cambridge, MA: MIT Press, 2017); Alan J Auerbach and Kent Smetters (eds.), *The Economics of Tax Policy* (New York: Oxford University Press, 2017); Peter Abelson, *Public Economics* (Sydney: Applied Economics, 2018, <https://appliedeconomics.com.au/wp-content/uploads/2021/10/public-economics-principles-and-practice-book-by-peter-abelson.pdf>). For an accessible critical approach, see June Sekerka, *The Public Economy in Crisis: A Call for a New Public Economics* (Cham: Springer, 2016).

<sup>19</sup> Richard A Musgrave, *The Theory of Public Finance: A Study in Public Economy* (New York: McGraw-Hill, 1959); Richard A Musgrave and Peggy B Musgrave, *Public Finance in Theory and Practice*, 5th ed (New York: McGraw-Hill, 1989); Richard Musgrave, *Public Finance in a*



The economic analysis of taxes explores how to raise revenue with minimal economic or welfare loss produced by distorting economic incentives in the market. The classic welfare economics approach assumes that a certain level of revenue is required by government and seeks to optimise taxes to raise that revenue in the most efficient and equitable manner. Tax policy also aims to respond to market failure. For example, tax laws may be devised to discourage environmentally damaging activities, or to support innovation that is insufficiently provided in the market. Tax laws create a multiplicity of planning margins that shape the behaviour of individuals and firms in tax systems; the effects may be examined through theoretical and empirical economic analysis.

### Law and Accounting

Law is central to taxation in three main ways. First, taxation must be imposed by legislation and not by executive fiat. The rule of law constrains the ability of the sovereign to impose taxation by coercion. This constitutional principle of the tax state ensures the legitimacy of tax rules and protects the legitimacy of the state itself.

It is no mere metaphor to call the law and institutions of taxation and spending the ‘fiscal constitution’.<sup>20</sup> The revenue raised by taxation finances the benefit of government through a negotiated political and legal framework. This approach, which incorporates the level of taxes into the framing of the political constitution, contrasts with the framing of the ‘problem’ of taxation to achieve a given revenue level for a pre-existing state in welfare economics. The taxation law itself – for example, the income tax – even though only a statute, is so fundamental to the state that it may itself be considered quasi-constitutional.

Second, we apply normative theories of law and justice to taxation.<sup>21</sup> These range from a simple matrix of horizontal equity (like should be treated alike) and vertical equity (those with more should pay more), to nuanced theories of distributive justice based on endowment or ability to pay. Scholars of law and society examine how tax law enables or limits individual rights in form and substance, for example by identifying the explicit and implicit

*Democratic Society. The Foundations of Taxation and Expenditure: Vol III* (Northampton, MA: Edward Elgar, 2000); Peggy Musgrave, ‘Comments on Two Musgravian Concepts’ (2008) 32 *Journal of Economics and Finance* 340–7.

<sup>20</sup> Geoffrey Brennan and James M Buchanan, *The Power to Tax: Analytical Foundations of a Fiscal Constitution* (Cambridge, UK: Cambridge University Press, 1980).

<sup>21</sup> There is a wide literature on justice and taxation; for example, Murphy and Nagel, *The Myth of Ownership: Taxes and Justice* (see n 5); Martin O’Neill and Shepley Orr (eds.), *Taxation: Philosophical Perspectives* (Oxford: Oxford University Press, 2018).



sexist or racist discriminatory effects of tax law. The rule of law in taxation seeks to ensure certainty in taxation, procedural fairness, the right to appeal and taxpayer rights.

Third, the tax law of any country is embedded in the wider matrix of the legal system of that country. Tax laws often depend for their meaning on other laws, for example, the laws of corporations, partnerships or trusts; property, contract or family law. The relationship between tax laws and other laws presents one of the largest difficulties in comparing tax systems of different countries, as it requires analysis of the legal framework, culture and relations in those countries.

However, tax law is distinct from the legal system in which it operates. In most mature tax states, whether civil or common law, the tax law is a body of statutory law, combined with judicial decision-making in cases at all levels of the court system and administrative regulations and guidance, which together are voluminous and often highly complex. Increasingly, tax law requires knowledge of international tax treaties, cases and commentaries layered on top of domestic rules and guidance. The interpretation and application of tax rules have become a specialist area of legal practice.<sup>22</sup> Different approaches, for example, purposive or literalist in nature, may produce different results in application of the tax law. One significant challenge for tax law in all countries is how to approach abusive transactions and the application of anti-avoidance rules. Tax avoidance is difficult to define and to distinguish from acceptable tax planning. Courts, administrators, advisors and taxpayers must interpret and apply specific and general anti-avoidance rules, which are on the rise in tax laws around the world.

Tax practice also engages the discipline of accounting, both private and public, and in this it differs from other areas of legal practice. Taxation requires a metric of income, expenditure, profit and loss of the taxpayer. Public accounting of revenues and expenditures, assets and liabilities is necessary for government. Accounting principles may play an important role in the tax law. In some civil law systems, such as Germany, financial accounting is the foundation for determination of taxable profit. In contrast, in common law systems, tax law concepts of income and expenses sit alongside accounting concepts and do not always have a direct relationship with them.<sup>23</sup> Financial accounting principles are likely to dominate the new global approach to taxation of multinational enterprises, which we discuss in Part III of the book.

<sup>22</sup> Robert F van Brederode and Richard Krever (eds.), *Legal Interpretation of Tax Law*, 2nd ed (Alphen aan den Rijn, Netherlands: Wolters Kluwer, 2017).

<sup>23</sup> A comparative discussion of tax accounting is in Ault et al, *Comparative Income Taxation* (see n 10).

Disciplines of law and accounting have played significant, and sometimes competing, roles in the practice of tax law.<sup>24</sup> The role of tax accounting grew during the twentieth century; today, the accounting profession dominates the global professional field of tax advising. The well-known global advisory firms have developed a specialist practice of taxation advice and planning with national and international dimensions, which is separate from other forms of accounting practice. They are major players in providing tax advice for businesses around the world. This has led to changes in the tax law profession, as it too establishes global networks to keep up with changes in tax planning. Domestically in many countries, individuals and small businesses rely predominantly on tax accountants and tax agents to manage their tax affairs.

### Tax Statistics

The governments of most successful tax states compile and publish aggregate tax data in budget and general statistical publications. Tax statistics are a measure of knowledge of the state about its people, and can tell us a great deal about government itself. Over thousands of years, the great skill of writing was applied ‘to record payments of taxes and tributes to kings and rulers, and to keep track of the numbers of tax-payers in censuses’.<sup>25</sup> Piketty observed that:

Taxation is . . . a way of requiring all citizens to contribute to the financing of public expenditures and projects and to distribute the tax burden as fairly as possible; it is also useful for establishing classifications and promoting knowledge.<sup>26</sup>

Tax records of the last two centuries are among the best sources of information about the income, assets and wealth of governments and of people. They provide information about income and wealth distribution and inequality. The World Inequality Project relies on administrative tax statistics with national income statistics and household surveys to map the income of the top 1 per cent in countries around the world.<sup>27</sup>

<sup>24</sup> See, e.g. Charles Rembar, ‘The Practice of Taxes’ (1954) 54 *Columbia Law Review* 338–58 (discussing the role of law and accounting professions in the United States); Albert Lee and Martin Rabenort, ‘The Changing Role of the Tax Professional’ (2009) 20(8) *International Tax Review* 32–4.

<sup>25</sup> British Museum, ‘Support Notes for Tutors. ESOL Workshop: Origins of Writing’, [www.britishmuseum.org/sites/default/files/2019-11/Origins-of-writing-support-notes-for-teachers\\_final.pdf](http://www.britishmuseum.org/sites/default/files/2019-11/Origins-of-writing-support-notes-for-teachers_final.pdf), 1, accessed 18 March 2022, observing that some of the earliest surviving written texts from Mesopotamia and Egypt were tax records.

<sup>26</sup> Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MA: Harvard University Press, 2014), 16.

<sup>27</sup> World Inequality Database, <https://wid.world>, accessed 16 March 2022.