Property Threats and the Politics of Anti-Statism

Tax revenues have risen robustly across Latin America in recent decades, casting doubt on the region’s reputation for having states too poor to finance economic and social development. However, dramatic differences persist in the magnitude of national tax burdens and public sector size, even among seemingly similar countries. This book examines the historical roots of this variation. Through in-depth case studies of Argentina, Brazil, Chile, and Mexico, as well as evidence from Ecuador and Guatemala, Ondetti reveals the lasting impact of historical episodes of redistributive reform that threatened property rights. Ironically, where such episodes were most extensive, they hindered future taxation by prompting economic elites and social conservatives to mobilize politically against state intervention, forming peak business associations, rightist parties, and other formal and informal organizations that have proven to be remarkably enduring.

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The Historical Roots of Contemporary Tax Systems in Latin America

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Missouri State University
To Indira and Ben, with love
## Contents

**List of Figures**

**List of Tables**

**Preface and Acknowledgments**

1. Introduction
2. Historical Property Threats and Contemporary Tax Burdens
3. Chile: Allende, Counterrevolution, and Sustained Neoliberalism
5. Brazil: Moderate Statism and Public Sector Expansion
6. Argentina: Populism, Divided Elites, and Heavy Taxation
7. Conclusions

**Appendix: Interviews**

**References**

**Index**
## Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Summary of the argument</td>
<td>18</td>
</tr>
<tr>
<td>2.1</td>
<td>Historical tax burden trajectories, 1900–2017 (decadal averages)</td>
<td>59</td>
</tr>
<tr>
<td>3.1</td>
<td>Evolution of Chile’s tax burden, 1900–2017</td>
<td>69</td>
</tr>
<tr>
<td>3.2</td>
<td>Share of votes won by right in Chilean Chamber of Deputies elections, 1937–2013 (percent)</td>
<td>100</td>
</tr>
<tr>
<td>4.1</td>
<td>Evolution of Mexico’s tax burden, 1900–2017</td>
<td>109</td>
</tr>
<tr>
<td>5.1</td>
<td>Evolution of Brazil’s tax burden, 1900–2017</td>
<td>152</td>
</tr>
<tr>
<td>6.1</td>
<td>Evolution of Argentina’s tax burden, 1900–2017</td>
<td>194</td>
</tr>
<tr>
<td>6.2</td>
<td>Annual inflation rate and the tax burden in Argentina, 1945–1988</td>
<td>201</td>
</tr>
</tbody>
</table>
Tables

1.1 Average tax burden and tax structure, 2013–2017  
1.2 Selected tax rates, c. 2015  
1.3 Theories of the tax burden summarized  
2.1 Trade openness, agricultural dependence, and inflation, 2013–2017  
2.2 Fiscal revenue and spending, 2013–2017  
2.3 Regime characteristics as of 2017  
2.4 Subnational government revenue by source, 2014–2015  
2.5 Summary of contemporary statist/anti-statist power balance  
3.1 Distribution of seats in the Chilean Congress by term and chamber, 1990–2018 (percent)  
4.1 Distribution of seats in the Mexican Congress by election and chamber, 1997–2018 (percentages)  
5.1 Electoral performance of Brazil’s PT, 1985–2016  
6.1 Distribution of seats in the Argentine Congress by term and chamber, 2003–2015 (percentages)
Preface and Acknowledgments

When I began researching tax policy roughly a decade ago, my intention was to leave behind land reform, a topic that had dominated my earlier scholarly work but whose relevance in Latin America seemed to be waning. However, land reform and the broader issue of property redistribution refused to be left behind. Within a few years, I had come to realize that attempts to restructure property relations had played a fundamental role in creating the surprising differences in taxation I was trying to explain. By threatening property rights, left-leaning governments in some Latin American countries had inadvertently given rise to anti-statist political blocs that posed a lasting obstacle to taxation. My foray into the realm of fiscal politics had, equally inadvertently, brought me back full circle to the question of property redistribution. This book is the end product of that circuitous intellectual journey.

I have accumulated many debts along the way. Two people have been especially important to the successful completion of this project: my former dissertation advisor Evelyne Huber and my wife and colleague Indira Palacios-Valladares. Evelyne provided detailed comments on the entire manuscript and has been a vital source of advice and encouragement. Indira went over multiple versions of each chapter and put up with my often-cranky responses to her criticisms. She has also supported this project in many other ways – so many that it is not possible to mention them all here. I am also grateful to our son, Ben, for tolerating my research-related absences, both physical and mental.

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