Syllabus
Taxation: *From Politics to Economics and Behavior*

A. General Information

1. Academic Unit	Facultad de Gobierno						
2. Program	Ciencia Política y Políticas Públicas						
3. Code	LCPE553						
4. Location in the curriculum	IV Semester, I Year						
5. Credits	8						
6. Type of course	Mandatory		Elective	x	Optional		
7. Duration	Bimonthly		Semi-annual	x	Annual		
8. Modules per week	Theoretical	2	Practical		T.A.		
9. Class hours	Classes	68	Teaching Assistance				
10. Prerequisites	Microeconomics, Macroeconomics, Political Economy & Quantitative methods.						

B. Contribution to the Graduate's Profile

The course Politics, Economics and Behavior in Taxation is an elective part of the bachelor's in political science and is intended to expand students' knowledge on taxation from a multidisciplinary perspective. Historically the exact point in time when taxes were instituted is unknown. However, archaeological evidence exists of taxes being levied in Mesopotamia, Babylonia, and even on the other side of the world in the Inca and Aztec empires (Webber & Wildavsky, 1986). Governments primarily levy taxes to fund their expenses. Making them a crucial part of the political and policy process.

From the onset of history, taxes have served to fund anything from wars and armies to schools and hospitals. As a result, they do not only play a key role in public finance but in our daily lives. Hence as a research topic it is extremely broad. Current research has tried to understand why people pay or not pay taxes (Alm, 2019; Mascagni, 2018) by using methods as diverse as experiments and surveys. How much does the government tax its citizens and companies? What determines the tax treatments that the governments give? What is the role of taxation when understanding inequality (Alstadsæter et al., 2019)? Do politics influence tax expenditure (von Haldenwang et al., 2021)? How do taxes impact the gendered division of household work (Alesina et al., 2011)

Throughout the course, students will be encouraged to learn answers to these questions and why they are relevant to the field of political science and especially to public policy. After all, policy is funded by taxes and often consists of taxation as a tool to change behavior. Based on the above the course aims at improving students' capability to perform multidisciplinary analysis, English scientific writing, data gathering and methods to analyze it. In addition, the course will teach students to

understand taxes as a multidisciplinary issue that determines almost every state affaire, they will learn to advise about social consequences of tax changes.

The course is intended to provide to the students the following generic and specific competencies: Public Responsibility, Global vision, Analytic view and Analyzing political phenomena using different sub-disciplines of political science.

C. Competencies and Learning Outcomes from the Course

Generic Competencies	General Learning Outcomes
Public Responsibility	Understands taxation as a crucial part of governments and society, in essence multidisciplinary.
Global vision	
Analytic view	
Specific Competencies	
Analyzing political phenomena using different sub-disciplines of political science	Grasps concepts from public finance, political science and economics to the analysis of taxes and how they impact government and citizens.
	Applies theoretical concepts into the analysis of tax policy.
	Understands how tax reforms and decisions affect public policy.
	Improves their knowledge on how psychological aspects affect and interact with policy.
	Writes policy advice through policy briefs.

D. Units, Content and Learning Outcomes

Units and Content	Competency	Learning Outcomes
Unit I. An introduction to taxation. - Taxation from a historical perspective. - Basic concepts in taxation.	*Analyzing political phenomena using different sub-disciplines of political science*	Understands how taxes have been crucial since ancient history, using insights from and history in order to understand why taxes have shaped societies, trough interactive lectures.
Unit II. Taxation & the modern state. - Taxation and the social contract. - Taxation and the provision of public goods. - The goals of taxation. - The politics of tax reform.	*Analyzing political phenomena using different sub-disciplines of political science*	Understands how taxes have been crucial for the existence of the modern state, using insights from philosophy and political science. trough interactive lectures.
	Public Responsibility	Analyses the connection of taxation with fairness.

Unit III. Basic economics of taxation. - What is public finance & taxes in the budget cycle. - Microeconomics & taxation. - Macroeconomics & taxation.	*Analyzing political phenomena using different sub-disciplines of political science* *Public Responsibility* *Analytic view*	Understands what the role of taxes in public finance is, and how taxation is analyzed and relevant both in micro and macroeconomics.
Unit IV. Taxation from a global perspective. - Globalization &Taxation. - Tax competition, Tax evasion and avoidance.	*Global Vision*	Analyzes global political economy in light of key concepts in the study of taxation.
Unit V. Behavioral economics & taxation. - Introduction to Behavioral Economics. - Psychology and taxation. - Behavioral insights & taxation.	*Analyzing political phenomena using different sub-disciplines of political science* *Public Responsibility* *Analytic view*	Analyzes behavioral economics and how it impacts policy and specifically tax policy.

E. Teaching Methods

The primary teaching method for this course is the use of interactive lectures in which students actively participate and question the material they are given. In addition, students will have the chance to present their own work thus practicing their communication skills.

F. Evaluation

The course aims to help students improve both individual skills and group work skills. The evaluations that will be used are varied and intend to give students to explore different skills.

1. **Individual policy brief**, students will learn how to write a policy brief and will write a policy brief on a tax issue of their choice.
2. **Group research paper** + presentation (focused on data analysis).
3. **Short answer & multiple-choice quizzes** during the semester.
4. **Individual essay** as a final examination.

G. Learning Resources

Mandatory:

1. Alesina, A., Ichino, A., & Karabarbounis, L. (2011). Gender-based taxation and the division of family chores. *American Economic Journal: Economic Policy*, *3*(2), 1–40.
2. Alesina, A., & Paradisi, M. (2017). Political budget cycles: Evidence from Italian cities. *Economics & Politics*, *29*(2), 157–177. https://doi.org/10.1111/ecpo.12091
3. Alm, J. (2019). What Motivates Tax Compliance? *Journal of Economic Surveys*, *33*(2), 353–388. https://doi.org/10.1111/joes.12272
4. Alm, J., & Jacobson, S. (2007). Using laboratory experiments in public economics. *National Tax Journal*, *60*(1), 129–152.
5. Alm, J., & Torgler, B. (2006). Culture differences and tax morale in the United States and in Europe. *Journal of Economic Psychology*, *27*(2), 224–246. https://doi.org/10.1016/j.joep.2005.09.002
6. Alstadsæter, A., Johannesen, N., & Zucman, G. (2019). Tax evasion and inequality. *American Economic Review*, *109*(6), 2073–2103.
7. Alt, J. E., & Lassen, D. D. (2006). Transparency, Political Polarization, and Political Budget Cycles in OECD Countries. *American Journal of Political Science*, *50*(3), 530–550. https://doi.org/10.1111/j.1540-5907.2006.00200.x
8. Avi-Yonah, R. S. (2006). The three goals of taxation. *Tax L. Rev.*, *60*, 1.
9. Chang, A. C., Cohen, L. R., Glazer, A., & Paul, U. (2020). *Politicians Avoid Tax Increases Around Elections*. 52.
10. Hallerberg, M., & Scartascini, C. (2017). Explaining changes in tax burdens in Latin America: Do politics trump economics? *European Journal of Political Economy*, *48*, 162–179. https://doi.org/10.1016/j.ejpoleco.2016.07.004
11. Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The "slippery slope" framework. *Journal of Economic Psychology*, *29*(2), 210–225. https://doi.org/10.1016/j.joep.2007.05.004
12. Mahon, J. E. (2004). Causes of Tax Reform in Latin America, 1977-95. *Latin American Research Review*, *39*(1), 3–30. https://doi.org/10.1353/lar.2004.0014
13. Mittone, L., Panebianco, F., & Santoro, A. (2017). The bomb-crater effect of tax audits: Beyond the misperception of chance. *Journal of Economic Psychology*, *61*, 225–243. https://doi.org/10.1016/j.joep.2017.04.007
14. Smith, A. (2010). *The Wealth of Nations: An inquiry into the nature and causes of the Wealth of Nations*. Harriman House Limited.
15. Swank, D., & Steinmo, S. (2002). The New Political Economy of Taxation in Advanced Capitalist Democracies. *American Journal of Political Science*, *46*(3), 642–655. https://doi.org/10.2307/3088405
16. Yitzhaki, S. (1987). On the Excess Burden of Tax Evasion. *Public Finance Quarterly*, *15*(2), 123–137. https://doi.org/10.1177/109114218701500201
17. Zucman, G. (n.d.). Taxing Multinational Corporations in the 21st Century. *Economics for Inclusive Prosperity*. Retrieved December 8, 2022, from https://econfip.org/policy-briefs/taxing-multinational-corporations-in-the-21st-century/

** Rossel, Huismans & Ferweda. The politcal economy of tax reform. Forthcoming

Voluntary:

1. Abbiati, L., Antinyan, A., & Corazzini, L. (2020). A survey experiment on information, taxpayer preferences, and perceived adequacy of the tax burden. *Heliyon*, *6*(3), e03576. https://doi.org/10.1016/j.heliyon.2020.e03576
2. Acemoglu, D., & Golosov, M. (2009). Dynamic Mirrlees Taxation under Political Economy Constraints. *REVIEW OF ECONOMIC STUDIES*, 41.
3. Advani, A., Elming, W., & Shaw, J. (2018). The dynamic effects of tax audits. *Proceedings. Annual Conference on Taxation and Minutes of the Annual Meeting of the National Tax Association*, *111*, 1–30.
4. Alarie, B., Niblett, A., & Yoon, A. H. (2016). Using machine learning to predict outcomes in tax law. *Can. Bus. LJ*, *58*, 231.
5. Alldridge, P. (2017). *Tax, Money Laundering and Offshore: The HSBC Suisse Affair*. https://qmro.qmul.ac.uk/xmlui/handle/123456789/20083
6. Allingham, M. G., & Sandmo, A. (1972). Income Tax Evasion: A theoretical analysis. *Journal of Public Economics*, *1*, 323–338.
7. Alm, J., & Jacobson, S. (2007). Using laboratory experiments in public economics. *National Tax Journal*, *60*(1), 129–152.
8. Alt, J., Preston, I., & Sibieta, L. (2008). *The Political Economy of Tax Policy*.
9. Amaglobeli, D., Crispolti, V., Dabla-Norris, E., Karnane, P., & Misch, F. (2018). Tax Policy Measures in Advanced and Emerging Economies: A Novel Database. *IMF Working Papers*, *18*(110), 1. https://doi.org/10.5089/9781484354865.001
10. Andreoni, J., Erard, B., & Feinstein, J. (1998). Tax Compliance. *Journal of Economic Literature*, *36*(2), 818–860.
11. Barry, A. (1999). Examining Tax Evasion and Money Laundering. *Journal of Money Laundering Control*, *2*(4), 326–330. https://doi.org/10.1108/eb027199
12. Bazart, C., & Bonein, A. (2014). Reciprocal relationships in tax compliance decisions. *Journal of Economic Psychology*, *40*, 83–102. https://doi.org/10.1016/j.joep.2012.10.002
13. Beer, S., Kasper, M., Kirchler, E., & Erard, B. (2020). Do Audits Deter or Provoke Future Tax Noncompliance? Evidence on Self-Employed Taxpayers. *CESifo Economic Studies*, *66*(3), 248–264. https://doi.org/10.1093/cesifo/ifz018
14. Bernasconi, M., & Bernhofer, J. (2020). Catch Me If You Can:Testing the reduction of compound lotteries axiom in a tax compliance experiment. *Journal of Socio-Economics*, *84*, 101479. https://doi.org/10.1016/j.socec.2019.101479
15. Best, M., Shah, J., & Addresses, M. W. (2021). *The Deterrence Value of Tax Audit: Estimates from a Randomized Audit Program*. 85.
16. Kleven, H. (2014). How Can Scandinavians Tax So Much? *Journal of Economic Perspectives*, *28*(4), 77–98. https://doi.org/10.1257/jep.28.4.77
17. Kleven, H. J., Knudsen, M. B., Kreiner, C. T., Pedersen, S., & Saez, E. (2011). Unwilling or Unable to Cheat? Evidence From a Tax Audit Experiment in Denmark. *Econometrica*, *79*(3), 651–692. https://doi.org/10.3982/ECTA9113
18. Kleven, H., Khan, A., & Kaul, U. (2016). *Taxing to develop: When 'third-best' is best* (p. 8). International Growth Center.
19. Mascagni, G. (2018). From the Lab to the Field: A Review of Tax Experiments. *Journal of Economic Surveys*, *32*(2), 273–301. https://doi.org/10.1111/joes.12201
20. Rogoff, K., & Sibert, A. (1988). Elections and Macroeconomic Policy Cycles. *The Review of Economic Studies*, *55*(1), 1–16.

21. Samson, W. D. (2002). History of taxation. In *the International Taxation System* (pp. 21–41). Springer.

Digital Material (podcasts, videos and movies)

Mandatory:
1. *Brigitte Unger: Money Laundering Regulation – from Al Capone to Al Qaeda* *https://www.youtube.com/watch?v=LSM6qHM0DRc*
2. *Saila Stausholm: Mapping Multinational Tax Avoidance* *https://www.youtube.com/watch?v=l63Vd-hvI9g*
3. *Por qué la globalización liderada por las corporaciones es insostenible- Gabriel Zucman* *https://www.youtube.com/watch?v=GG5yvPRktV0&t=16s*
4. *Dani Rodrik: Globalization trade-offs* *https://www.youtube.com/watch?v=LRDIejhdtYk*
5. *Papeles de Panama:* *https://www.youtube.com/watch?v=f0Snucy3boA*
6. *Emmanuel Saez and Gabriel Zucman on the pros of a wealth tax* *https://www.youtube.com/watch?v=2gM7Vy4DK-A*
7. *Why A Wealth Tax Will Do More Harm Than Good* *https://www.youtube.com/watch?v=caRgNmhRE28*
8. *People Aren't Dumb. The World Is Hard:* *https://freakonomics.com/podcast/people-arent-dumb-the-world-is-hard-2/*
9. *How to hate taxes a little bit less:* *https://freakonomics.com/podcast/how-to-hate-taxes-a-little-bit-less/*
10. *Taxes, Warren Buffett, and Paying My Fair Share:* *https://freakonomics.com/2008/05/taxes-warren-buffett-and-paying-my-fair-share/*
11. *Should We Have to Pay for Our Sins?* *https://freakonomics.com/podcast/should-we-have-to-pay-for-our-sins/*
12. *The history of taxes https://freakonomics.com/2013/04/the-history-of-taxes/*