

OECD DEVELOPMENT CENTRE



Working Paper No. 294

TAXATION AND MORE REPRESENTATION? ON FISCAL POLICY, SOCIAL MOBILITY AND DEMOCRACY IN LATIN AMERICA

by

Christian Daude and Ángel Melguizo

Research area:

Latin American Economic Outlook



DEVELOPMENT CENTRE WORKING PAPERS

This series of working papers is intended to disseminate the Development Centre's research findings rapidly among specialists in the field concerned. These papers are generally available in the original English or French, with a summary in the other language.

Comments on this paper would be welcome and should be sent to the OECD Development Centre, 2 rue André Pascal, 75775 PARIS CEDEX 16, France; or to dev.contact@oecd.org. Documents may be downloaded from: <http://www.oecd.org/dev/wp> or obtained via e-mail (dev.contact@oecd.org).



THE OPINIONS EXPRESSED AND ARGUMENTS EMPLOYED IN THIS DOCUMENT ARE THE SOLE RESPONSIBILITY OF THE AUTHORS AND DO NOT NECESSARILY REFLECT THOSE OF THE OECD OR OF THE GOVERNMENTS OF ITS MEMBER COUNTRIES

©OECD (2010)

Applications for permission to reproduce or translate all or part of this document should be sent to rights@oecd.org

CENTRE DE DÉVELOPPEMENT DOCUMENTS DE TRAVAIL

Cette série de documents de travail a pour but de diffuser rapidement auprès des spécialistes dans les domaines concernés les résultats des travaux de recherche du Centre de développement. Ces documents ne sont disponibles que dans leur langue originale, anglais ou français ; un résumé du document est rédigé dans l'autre langue.

Tout commentaire relatif à ce document peut être adressé au Centre de développement de l'OCDE, 2 rue André Pascal, 75775 PARIS CEDEX 16, France; ou à dev.contact@oecd.org. Les documents peuvent être téléchargés à partir de: <http://www.oecd.org/dev/wp> ou obtenus via le mél (dev.contact@oecd.org).



LES IDÉES EXPRIMÉES ET LES ARGUMENTS AVANCÉS DANS CE DOCUMENT SONT CEUX DES AUTEURS ET NE REFLÈTENT PAS NÉCESSAIREMENT CEUX DE L'OCDE OU DES GOUVERNEMENTS DE SES PAYS MEMBRES

©OCDE (2010)

Les demandes d'autorisation de reproduction ou de traduction de tout ou partie de ce document devront être envoyées à rights@oecd.org

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	4
PREFACE.....	5
RÉSUMÉ	6
ABSTRACT.....	6
I. INTRODUCTION	7
II. A BRIEF LITERATURE REVIEW	9
III. DEMOCRATIC CONSOLIDATION IN LATIN AMERICA: FROM DATA TO PERCEPTIONS	12
IV. DEMOCRACY, SOCIAL MOBILITY AND FISCAL POLICY IN LATIN AMERICA: EMPIRICAL ANALYSIS.....	19
V. CONCLUSIONS AND POLICY IMPLICATIONS.....	28
REFERENCES	29
OTHER TITLES IN THE SERIES/ AUTRES TITRES DANS LA SÉRIE	31

ACKNOWLEDGEMENTS

This paper was prepared for the OECD Latin American Economic Outlook 2011. We are grateful to Mauricio Cárdenas, Jeff Dayton-Johnson, Martin Hopenhayn, Eduardo Lora, and Francisco Rodríguez for helpful comments and suggestions.

Financial support from the Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas (FIIAPP) and the Spanish Agency for International Development Cooperation (AECID) are gratefully acknowledged. The views expressed herein are the sole responsibility of the authors and do not reflect the opinions of the OECD, its Development Centre, or the governments of their member countries.

PREFACE

The way taxes are levied and resources allocated is at the heart of the social contract between citizens and the state. For developing countries, frequently characterised by low levels of public revenues, pressing social policy needs and tenuous democracies, this issue may be even more important than in OECD countries. Fiscal policies to support investments in nutrition, health, education, infrastructure and unexploited comparative advantages are not only technical challenges; they are also political challenges. Fiscal legitimacy is often low, as citizens in developing countries frequently do not trust that tax revenues are well spent, making them less willing to pay taxes in the first place.

This paper by Christian Daude and Ángel Melguizo, economists of the OECD Development Centre, sheds useful light on the debate in Latin America. Latin Americans that are part of the social contract and have higher levels of education are more willing to pay taxes, and accept higher levels of taxation. The more they perceive a good quality of public services (in particular education and health), the more they are willing to pay taxes. Finally, those that think to have climbed up the social ladder, and/or expect their children to rise further still, agree that good citizens should pay taxes, and reject that current tax rates are too high.

This is good news. Nevertheless, in several countries in Latin America, low observed levels of tax revenues mean that tax hikes are needed, but low fiscal legitimacy might render the best-designed tax reform unenforceable. So, the best way to build confidence in reforms is by increasing the efficiency and transparency of expenditure and by improving life conditions of important shares of the population at present excluded from the social contract. This would create a broader constituency that supports improvements in public expenditure and would be more willing to finance them.

This paper has been elaborated as part of the LAC-OECD Initiative, and in particular as part of that Initiative's pillar entitled "Fiscal Policy: Improving Taxation and Public Expenditure", which is a joint project of the OECD Centre for Tax Policy and Administration and the OECD Development Centre. This work is generously supported by Spain, Chile and Mexico, that we thank. We hope it will contribute to a better informed debate on fiscal policy, helping ultimately to improve the well-being of the people in Latin America and the Caribbean.

Mario Pezzini

Director

OECD Development Centre

September 2010

RÉSUMÉ

Le contrat social est-il brisé (en crise) en Amérique latine ? C'est ce que de nombreux auteurs laissent entendre, qui s'appuient sur les fortes inégalités, le faible niveau de taxation et le manque de qualité des services publics de la région. Cet article analyse de façon empirique la relation entre la politique budgétaire, la mobilité sociale et la consolidation démocratique en Amérique latine et dans les Caraïbes, en utilisant les enquêtes régionales *Latinobarómetro* pour 2007 et 2008. D'une façon générale, nos résultats ne confortent pas complètement l'hypothèse de perspectives de mobilité sociale ascendante (POUM), et montrent l'influence de la perception de la qualité des services publics, entre autres choses, sur la disposition des contribuables à s'acquitter de leurs taxes et impôts. Bien qu'un long chemin reste encore à parcourir, nos résultats semblent globalement indiquer qu'il existe une base pour un renforcement du contrat social en Amérique Latine.

Classification JEL: E62, I38, P16

Mots clé: Démocratie, mobilité sociale, politique budgétaire, Amérique Latine

ABSTRACT

Is the social contract in Latin America broken? Many authors have suggested this is the case, given the high levels of inequality, the low levels of taxation and the low quality of public services observed in the region. This paper analyses empirically the relationship between fiscal policy, social mobility and democratic consolidation in Latin America and the Caribbean, using the 2007 and 2008 rounds of the regional *Latinobarómetro* survey. In general, our results do not firmly support the prospect of upward mobility hypothesis, and show that the perception about the quality of public services, among others, matters for the willingness to pay taxes. All in all, we interpret our results as an indication of that – although there is still a long way to go – the potential basis for a stronger social contract in Latin America exists.

JEL Classification: E62, I38, P16

Keywords: democracy, social mobility, fiscal policy, Latin America

I. INTRODUCTION

In the second half of the 18th century, the population of the British colonies in North America rallied behind the demand ‘no taxation without representation!’ Indeed, citizens in the colonies were taxed by Britain, but had no direct representation in the British parliament, a state of affairs they considered an illegal denial of their rights as Englishmen. This movement was especially popular in Boston, where protest movements culminated in December 1773. The *Boston Tea Party*, as it became known, arose when a dispute about whether to accept three shiploads of tea – and pay the British taxes on them – escalated into direct action. A group of colonists boarded the ships and destroyed their cargo by throwing it into the Boston Harbour. Historians point to the incident as the spark that ultimately led to the war of independence and the establishment of the United States of America, founded on the principles of democracy and fiscal legitimacy.¹ Clearly, this event highlights how fiscal policy is at the very heart of the social contract between citizens and the state.

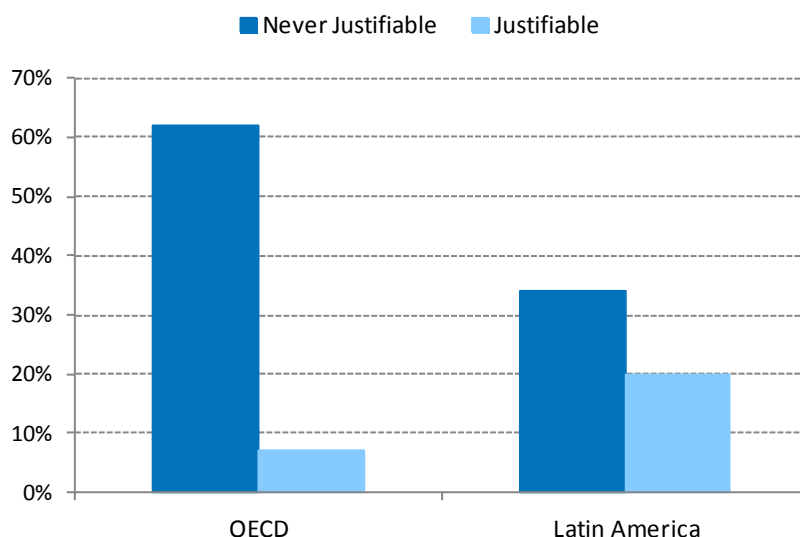
While it is undeniable that public finance and democracy do not always go hand-in-hand, democracy is the political regime under which social preferences have the greatest potential to be reflected, via fiscal policy, in resource allocation, income redistribution, and economic stabilisation. In this framework, more than a century ago Wicksell raised the ‘voluntary exchange theory of revenue-expenditures’, in which taxes appear as voluntary payments by individuals in exchange of public services (see Musgrave, 1939 for a critical discussion).

This paper analyses a particular dimension of this issue, namely the relationship between citizens’ perceptions regarding social mobility, the functioning of democracy, and their attitudes towards fiscal policy. We focus on Latin America and the Caribbean. This is a particularly interesting region, characterised by very high levels of income inequality (the highest in the world), and relatively low levels of fiscal revenues and redistribution.² This picture has led some authors to ask whether the social contract is broken (or at least extremely weak) in Latin America. Figure 1 shows one aspect of this weak social contract compared to OECD countries: low tax morale. On average, citizens in Latin America are almost three times more likely to justify tax evasion (20% versus 7% in OECD countries) and only 34% of respondents in Latin America consider tax evasion always wrong compared to an average of 62% in OECD countries.

1 http://en.wikipedia.org/wiki/No_taxation_without_representation (last accessed August 31, 2010).

2 For previous analyses on the relationship between fiscal policy and the political economy in Latin America, see OECD (2008) and the references therein.

Figure 1. Tax morale in Latin America and OECD countries
(‘Do you think cheating on taxes is justifiable?’)



Source: Authors' calculations based on *Latinobarómetro* survey 2008 and *Values Survey database*.

Notes: The average for Latin America includes data from 18 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela for 2008. For the OECD, it includes data from 20 countries: Australia [2005], Canada [2006], Finland [2005], France [2006], Germany [2006], United Kingdom [2006], Italy [2005], Japan [2005], Mexico [2005], Netherlands [2006], New Zealand [2004], Norway [2007], Poland [2005], Slovenia [2005], South Korea [2005], Spain [2007], Sweden [2006], Switzerland [2007], Turkey [2007], United States [2006]. The specific question asked is: Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this card. (Read out statements. Code one answer for each statement). Cheating on taxes if you have a chance: 1 – Never Justifiable, 2, 3, ... 10 – Always Justifiable. ‘Never Justifiable’ refers to the percentage of answers that reply 1; ‘Justifiable’ is the fraction of answers between 5 and 10.

This paper explores empirically the relationship between fiscal policy, social mobility and democratic consolidation in Latin America and the Caribbean, based on two recent rounds (2007 and 2008) of the regional *Latinobarómetro* survey. In the second section we briefly summarise the theoretical and empirical literature. The third section reports the basic trends in the consolidation of democratic regimes in Latin America, consolidation and the level of support expressed for democracy among different income groups. In the fourth section we ask whether perceptions of the possibility of social mobility, and of the quality of public services condition the role of fiscal policy in the social contract, and for the level of taxation and redistribution; that is, do people's views about appropriate levels of taxation and their willingness to pay taxes change when governments provide public goods of reasonable quality and there are avenues for social advancement? Within this simple framework, we particularly focus on the behaviour and beliefs of citizens in the middle range of the income distribution, often considered ‘net payers’. Section five summarises, and highlights the main policy implications of the analysis.

II. A BRIEF LITERATURE REVIEW

From a theoretical point of view, the median voter model (see for instance Down, 1957) suggests that if *ex ante* inequality (*i.e.* before taxes and government transfers and other public expenditure) is high, as it is in Latin America, democracy should lead governments to raise revenues and effect significant redistribution. Simply put, the median voter is likely to benefit from progressive income taxation (which will fall more heavily upon voters with higher incomes than his) and progressive transfers and spending (which will disproportionately favour him). However, even in a theoretical framework, democracy may be a necessary, but not sufficient condition for a bigger government and more redistribution. As surveyed in Alesina and Giuliano (2009) preferences for redistribution stem from numerous sources, from the individual history (mobility experiences affect political attitudes toward redistribution; Piketty, 1995) and the organisation of the family, to nation- and region-wide cultural and social values.

In a seminal paper, Meltzer and Richards (1981) argue that the demand for redistribution results from a balance between the aspirations of the middle and poor classes, and the economy-wide disincentives they expect from a higher level of taxation. In particular, if poor and middle-income voters (potential beneficiaries from redistribution) take into account the effects of taxation on labour-leisure decisions of their fellow citizens when voting, this will limit the size of government and the degree of redistribution.

Alesina and Angeletos (2005a) stress the relevance of social beliefs about the degree of fairness in social competition. According to these authors, if a society believes that they live under a 'meritocracy' (in which individual effort determines income), and that all have a right and opportunity to enjoy the fruits of their effort, it will choose low redistribution and low taxes. Consequently, in equilibrium effort would be high, and the role of luck, birth, connections or corruption limited.³ In fact, as Benabou and Ok (2001) formalise, even the poor may vote for low levels of redistribution if they think that in the future, they or their offspring could progress (becoming a net payer and not benefiting from higher tax rates and redistribution). Thus, societies with high mobility, or more precisely where people there is high mobility, may therefore opt for low levels of redistribution; this is the so-called 'prospect of upward mobility'

3 These authors add a second and opposite equilibrium. If society believes that luck, birth, connections or corruption determine wealth, it will levy high taxes, and social beliefs will be self-fulfilling as well. In a parallel paper, Alesina and Angeletos (2005b) develop the last argument. 'Big governments raise the possibilities of corruption; more corruption may in turn raise the support for redistributive policies to intend to correct the inequality and injustice generated by corruption'. We are not so convinced on the latter point. Alternatively, citizens may start avoiding paying taxes, ending up, again, with a small(er) government and low redistribution.

(POUM) hypothesis. Conversely, in societies where mobility is perceived to be low, the median voter theorem will rule and the poorer would vote for more redistribution.⁴ Additionally, Corneo and Grüner (2000) highlight the role of social incentives. Even if the middle-class households may benefit from larger redistribution, the fear of losing social status in favour of the poor may align them to the conservatives.

It is important to note, though, that for the POUM to hold, some premises should be in place: policies should be expected to persist, agents should not be very risk-averse, and those poorer than the average should expect to become richer than the average (Benabou and Ok, 2001). All of these factors may be temporary. As illustrated by the 'tunnel effect' of Hirschman (1973), poor and middle class individuals may be willing to accept and support high (or even increasing) levels of inequality during the early stages of development (staying in the slow lane of the traffic jam in the tunnel, according to his evocative metaphor). But they will do so, as long as they keep their hope in progressing (*i.e.* that their lane starts to advance faster as well). Government credibility, risk aversion and expectations therefore play a crucial role.

Przeworski (2007) generalises the case, pointing out that those without property, even if they constitute a vast majority, either do not want to or cannot use their political rights to equalise property, incomes, or even opportunities. This may be due not only to the expectation to become rich, but also to ideological domination since the media is owned by the elite, or to difficulties of the poor to co-ordinate political action when they have heterogeneous preferences over aspects of life not immediately related to the economy. In a somewhat related vein, Chong and Olivera (2008) show empirically that those countries with compulsory voting exhibit less income inequality. Therefore, since poorer countries also have relatively more unequal distributions of income, the authors support the promotion of such voting schemes in developing countries.

However, Przeworski (2007) adds an additional and challenging dimension. Even in situations when governments are elected with the support of the poor to equalise income and then try to do so, they may fail. Modern redistribution policies mainly aim at equalising human capital by investing in health and education (in contrast to a focus on redistribution of land or industrial capital in the past). Such redistribution may not result in an equalisation of outcomes as before, since the same educational system may produce different outcomes depending on the socioeconomic background of pupils. In other words, the equalisation of opportunities may not be enough to reduce inequality. Furthermore, if the people are aware of these weak effects of publicly provided services, they will attach low value to these services and hence have low willingness to fund them through taxes.

In contrast to this rich narrative literature, there are relatively few rigorous empirical studies regarding the topics outlined above. Among them, Issaksson and Lindskog (2009) confirm, for a sample of 25 countries, that self-interest and meritocracy reduce the demand for redistribution between and within countries, respectively. However, the authors point out that heterogeneity across countries is very high, being the Latin American ones where these effects

4 Rodriguez (2004) proposes a reassessment of the POUM effect, by which in societies where the rich can influence politics such as they do not pay taxes, the median voter will prefer low levels of taxation to reduce the incentives of rent seekers.

are among the lowest. Corneo and Grüner (2002) add to them the aforementioned social status, as a relevant variable for a sample of 12 countries. Focusing on tax policy, Profeta and Scabrosetti (2008) find that democracy in Latin America has no significant effect on either the level of taxation or on its progressivity. This is due to low institutional capacity (especially, in the tax administration), a low quality of democracy (vulnerable to populisms, 'termites' which erode the tax bases, and 'devoradores' who capture social expenditure, as Elizondo and Santiso, 2009 put it for Mexico and Brazil, respectively), and inefficiencies in the budgetary and tax systems (in the sense that expenditure and tax benefits tend to benefit the high-income population; see Breceda *et al.*, 2008, and OECD, 2008).

Focusing on the analysis of perceptions, Torgler (2005) highlights the significantly lower 'tax morale' (*i.e.* the values and attitudes regarding the paying of taxes) in Latin America. Among its determinants, and using the surveys *Latinobarómetro* 1998, and *World Values Survey* 1981-1997, the author points to the tax burden, but also to the lack of honesty, and corruption. Taxpayers perceive their relationship with the state not only as a relationship of coercion, but also as one of exchange. When they feel they are treated fairly, they are more willing to pay taxes. So, 'there are alternative tax policy strategies to those assuming that people are knaves who must be controlled'. Gaviria (2007), based on *Latinobarómetro* 1996 and 2000, argues that the high demand for redistribution and the weak support for market outcomes in Latin America in the late 1990s and early 2000s stem from pessimistic views on social justice and equality of opportunities, as well as on past and expected mobility. Differences in expressed attitudes between rich and poor are substantial (in fact, larger than in other regions), and the poor are more likely to demand redistributive policies. While these two papers are closely related to ours, there are some important differences. First, in addition to the determinants explored by Torgler (2005) we consider perceptions of social mobility, which in theory are a key determinant of the desired amount of taxation, as discussed above. Second, Gaviria (2007) considers only the expenditure side of redistribution while we explore both revenues and expenditures as equally critical parts of the social contract embedded in public finance. Finally, we explore also the link between the quality of public services and the willingness to pay taxes, and more general the perception of how democracy works in the region, an issue not addressed by any of these papers.

III. DEMOCRATIC CONSOLIDATION IN LATIN AMERICA: FROM DATA TO PERCEPTIONS

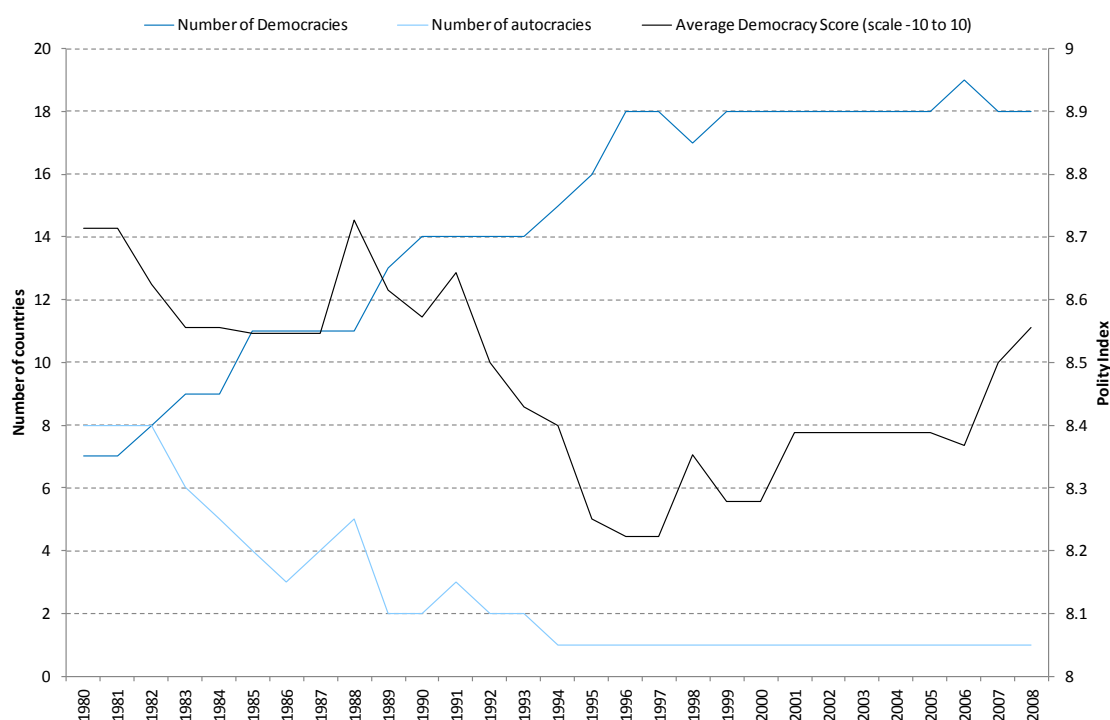
The strength of the link between social mobility and fiscal policy relies on the degree to which citizens can choose freely between alternative political parties or candidates to express their preferences regarding taxation and public expenditures. In this sense, Figure 2 shows that the region has been steadily moving towards democratic regimes since the mid-1980s, according to the *Polity IV* ranking.⁵ Out of 23 countries in the region that are included in the *Polity* database, 18 countries were ranked as democracies in 2008, with only one country (Cuba) being an autocracy, compared with only 7 democracies and 8 autocracies in 1980.

At the same time, as shown in the figure, in the early 1990s the expansion in the number of democracies was accompanied by a decline in the average 'quality' of democracy, given the relatively imperfect nature of the new democracies in the region. However, since the mid-1990s, there has been a fairly steady democratic consolidation in the region, although the index of almost 8.6 for Latin America and the Caribbean in 2008 is still below the average of 9.6 for OECD member countries (maximum score 10). Needless to say that there is also a lot of variation within the region, which includes consolidated democracies like Costa Rica, Chile and Uruguay (with a *Polity* score of 10, like most OECD countries), but also countries like Ecuador and Venezuela where democratic consolidation is considerably weaker, according to this indicator.

What do citizens in Latin America think about their democracies? Does democracy have an intrinsic value for Latin Americans? Is it perceived as a useful tool to solve social conflicts effectively? How do perceptions about social mobility and relative status relate to the perceptions regarding democracy? These are some of the questions we try to tackle using *Latinobarómetro* results for 18 countries of the region.

5 The Polity democracy score relies on experts' assessments along six dimensions which include qualities of executive recruitment, constraints on the executive, and the degree of openness of polities and political competition. See the website of the Polity IV project (www.systemicpeace.org/polity/polity4.htm) for more details.

Figure 2. Democratic consolidation in Latin America

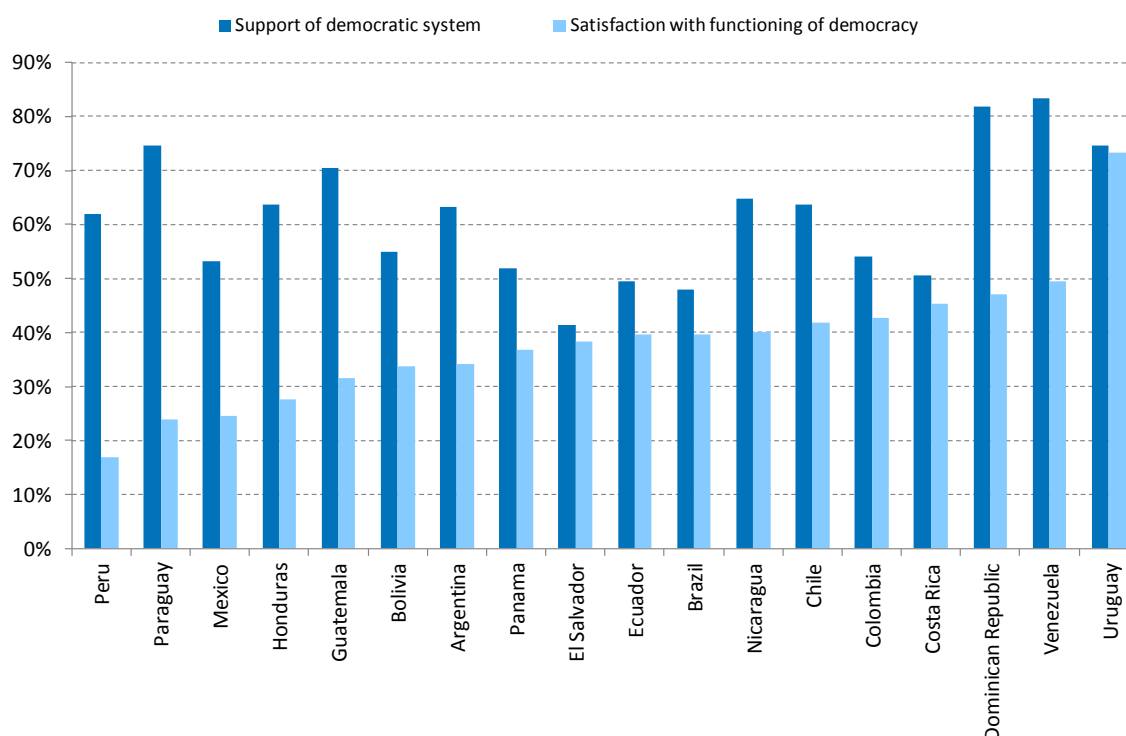


Source: Authors' calculations based on Polity IV database.

Notes: Following the criteria of Marshall and Cole (2009) countries are classified as a democracy if the polity score is greater or equal to 6. See <http://www.systemicpeace.org/polity/polity4.htm> for more details.

In Figure 3, we present two key perception indicators by country: the support for democracy as the best system to organise the society, and the degree of satisfaction with the way democracy functions in each country. The picture that emerges is one of a preference for democracy in principle, but a very low degree of satisfaction with how democracy is working. With the sole exception of Uruguay (where over 70% of the population is satisfied), the majority of people in every country in the region are not satisfied with the current functioning of their democracies. This does not reflect disillusionment with democracy itself, since the support for democracy as system of organisation of their societies is very high in most countries. In Venezuela, Dominican Republic, Uruguay, Paraguay and Guatemala, more than 70% of the population support democracy. In a second group, while support is lower, democracy nevertheless still enjoys the support of the majority. This group includes Nicaragua, Chile, Honduras, Argentina, and Peru. In the rear, a third group of countries (Bolivia, Colombia, Mexico, Panama, Costa Rica, Ecuador, Brazil and El Salvador) shows relatively low levels of support (just around 50% of the population) – a group that contains the largest countries in the region in terms of population (Brazil and Mexico). Overall, this shows that democracy is far from having consolidated its support and satisfaction across the region.

Figure 3. Satisfaction and support for democracy by country in 2008



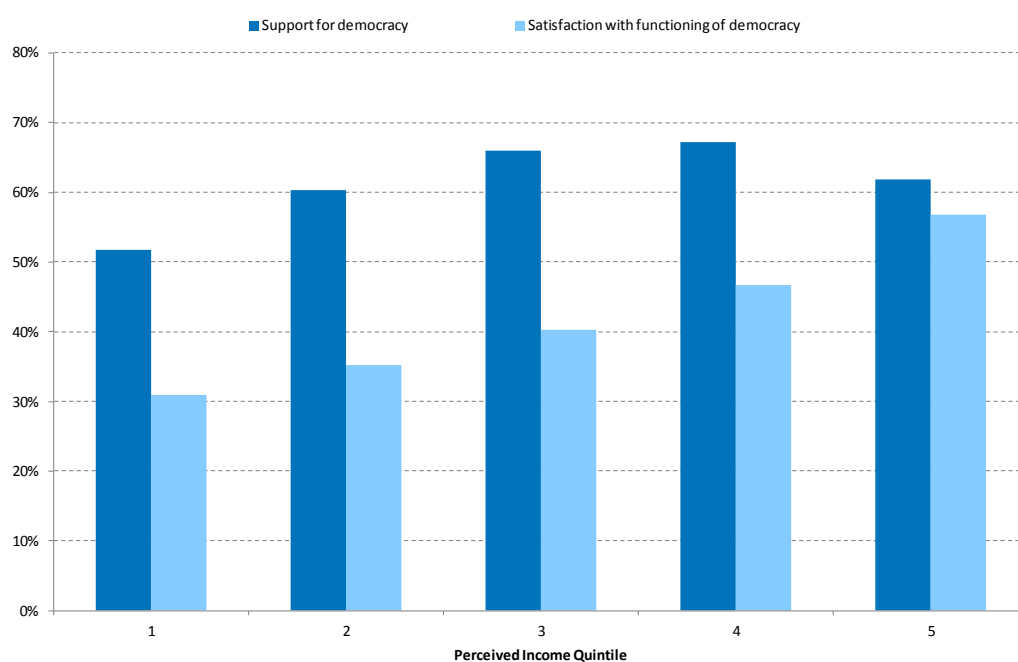
Source: Authors' calculations based on *Latinobarómetro* survey 2008.

Notes: Satisfaction with the functioning of democracy refers to answers (very and fairly satisfied) to the question: 'In general, would you say you are very satisfied, fairly satisfied, not very satisfied or not satisfied at all with the way democracy works in your country?'. Support for the democratic system refers to the proportion of persons that answered agreed with the statement that 'Democracy is preferable to any other kind of government'.

Figure 4, shows how the support for democracy and satisfaction with its functioning is distributed across self-perceived income quintiles in the region. Satisfaction with democracy increases monotonically with the perception people have regarding their economic status. For example, a person who puts himself in the highest quintile is almost twice as likely to be satisfied with the way the democratic system works than a person in the first quintile (57 versus 31%, respectively).⁶ Furthermore, the differences between the different quintiles are significant at conventional levels of confidence. With respect to the support of democracy, there seems to be a non-monotonic relationship with people perceiving themselves as part of the middle quintiles (2 to 4) being significantly more prone to value democracy.

6 It is important to point out that perceived positions in the income distribution differ significantly from the objective positions, with relatively rich individuals self-classifying themselves at lower income quintiles and the poor considering themselves relatively less deprived (see Fajardo and Lora, 2010). However, it can be argued that in political views and actions it is the perceived position, rather than the objective one, that matters most.

Figure 4. Attitudes towards democracy by perceived income quintiles in Latin America

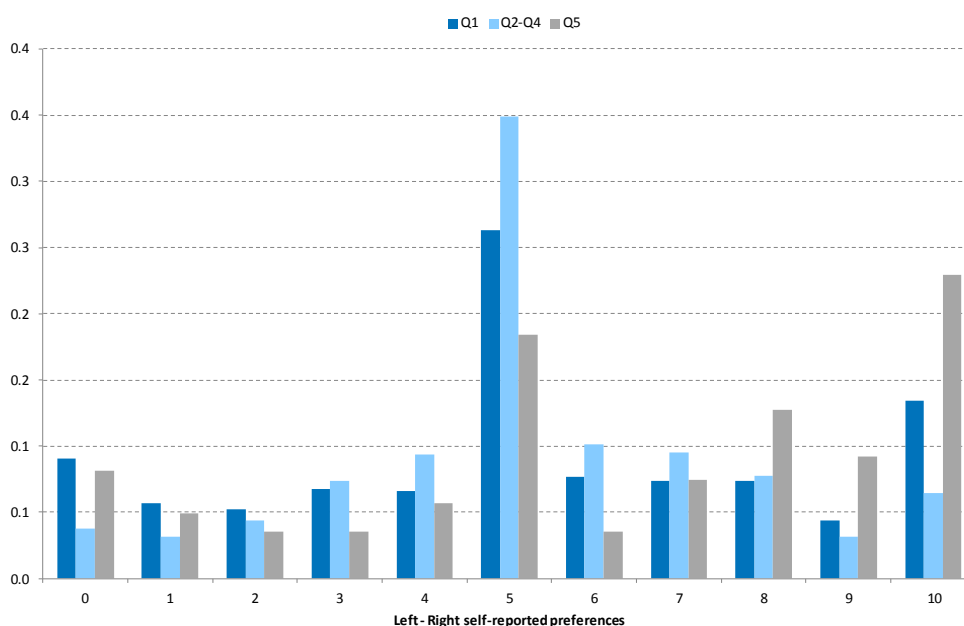


Source: Authors' calculations based on *Latinobarómetro* survey 2008.

Figure 5 shows the distribution in terms of left-right ideology that people report about themselves in Latin America by the same self-reported income quintile. There are two interesting results. First, people that perceive themselves as belonging to the middle quintiles (2 to 4) consider themselves also more in centre of the political preference distribution. For example, over 54% of these citizens report scores between 4 and 6 (the political centre), while for the lower quintile it descends to 41%, and to 28% among the upper one. Second, the percentage of the population in these middle quintiles who considers itself at the extremes (either left or right) is lower than among the poorer or the richer (on both sides of the distribution). This is reflected also by a lower dispersion in political preferences for the middle quintiles *vis-à-vis* the other groups.⁷

7 The coefficient of variation for those in the middle of the income distribution is 0.44, compared with 0.52 for the upper part and 0.57 for the low-income groups.

Figure 5. Distribution of political preferences by income quintiles



Source: Authors' calculations based on *Latinobarómetro* survey 2008.

Thus far, we have focused on aggregate data by country or quintile. However, many personal characteristics beyond income have a strong influence on perceptions and social preferences (e.g. see Inter-American Development Bank, 2009). Therefore, in what follows we analyse the same issues showed in Figures 3 – 5, including the perceptions on social mobility and meritocracy. Table 1 reports the main result from estimating a PROBIT model for the dichotomic outcomes (support of democracy, as well as satisfaction with democracy), and ordered PROBIT regressions for the left-right classification. In addition to country dummies, we include ethnicity dummies, and marital and employment status dummies.⁸ Additional controls include: gender (female dummy), a dummy for households that report economic problems (to be precise, those who are not able to cover needs in a satisfactory manner), age, a head of household dummy, the years of education of the respondent, the degree of religiosity, and a dummy for whether the respondent is citizen of the country where the interview was performed. Our main variables of interest are dummies for each self-reported income quintile, as well as the perception with respect to future and past mobility (according to whether the respondent ranks himself in the income distribution compared to where he thinks his parents were and offspring will be).

8 For ethnicity, we introduced dummies for each self-reported ethnicity: Asian, black, indigenous, mestizo, mulato, white, and other race. Marital status dummies include: married/living with partner, single, and separated/divorced/widow. Employment status includes: self-employed, salaried employee in a state company, salaried employee in a private company, temporarily out of work, retired/pensioner, don't work/responsible for shopping and housework, and student.

Table 1. Determinants of attitudes towards democracy in Latin America (2008)

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable	Support for democracy	Support for democracy	Satisfaction with democracy	Satisfaction with democracy	Left-Right	Left-Right
Estimation Method	Probit	Probit	Probit	Probit	Ordered Probit	Ordered Probit
Female Dummy	-0.092 (0.030)***	-0.092 (0.030)***	-0.065 (0.030)**	-0.065 (0.030)**	-0.021 (0.025)	-0.022 (0.025)
Economic Problems Dummy	-0.103 (0.027)***	-0.102 (0.027)***	-0.182 (0.027)***	-0.180 (0.027)***	-0.011 (0.022)	-0.007 (0.022)
Age	0.006 (0.001)***	0.006 (0.001)***	0.001 (0.001)	0.001 (0.001)	0.004 (0.001)***	0.004 (0.001)***
Head of household	-0.010 (0.033)	-0.009 (0.033)	0.055 (0.034)	0.055 (0.034)	-0.009 (0.027)	-0.010 (0.027)
Years of Education	0.031 (0.003)***	0.032 (0.003)***	-0.014 (0.003)***	-0.014 (0.003)***	-0.008 (0.003)***	-0.008 (0.003)***
Religiosity	0.090 (0.026)***	0.090 (0.026)***	0.137 (0.026)***	0.137 (0.026)***	0.089 (0.022)***	0.089 (0.022)***
Citizen dummy	0.057 (0.091)	0.056 (0.092)	-0.137 (0.092)	-0.136 (0.092)	-0.047 (0.068)	-0.046 (0.068)
Quintile 2	0.212 (0.038)***	0.208 (0.038)***	0.070 (0.040)*	0.074 (0.040)*	0.079 (0.036)**	0.089 (0.036)**
Quintile 3	0.262 (0.038)***	0.256 (0.039)***	0.179 (0.040)***	0.187 (0.041)***	0.139 (0.037)***	0.162 (0.037)***
Quintile 4	0.213 (0.051)***	0.202 (0.053)***	0.280 (0.053)***	0.295 (0.055)***	0.174 (0.046)***	0.215 (0.048)***
Quintile 5	0.203 (0.097)**	0.193 (0.099)*	0.505 (0.100)***	0.532 (0.102)***	0.223 (0.099)**	0.287 (0.102)***
Perceived past mobility		0.018 (0.009)**		-0.002 (0.009)		-0.014 (0.008)*
Perceived future mobility		0.012 (0.008)		0.014 (0.008)*		0.025 (0.007)***
Constant	-0.158 (0.372)	-0.168 (0.370)	0.094 (0.353)	0.057 (0.347)		
Observations	13141	13141	12697	12697	10996	10996
Pseudo-R2:	0.08	0.08	0.07	0.07	0.01	0.01

Notes: Robust standard errors in parenthesis. * significant at 10%, ** significant at 5%, *** significant at 1%. All regressions include country, ethnicity, marital status and employment status dummies not reported due to space limitations. The dummy for the first income quintile is omitted in the regressions.

Column 1 shows that the result of a higher support of democracy within the middle quintiles continues to hold when controlling for individual socio-economic conditions. However, now the upper quintile also appears as significantly supporting democracy more than the lowest one (and the difference with respect to the middle quintiles is only significant for the third one). This result also holds when we include the perceived social mobility indicators. Interestingly,

people who think that they advanced with respect to their parents significantly support democracy more (column 2). With respect to the degree of satisfaction with the functioning of democracy, column 3 shows a positive association between the level of satisfaction and the perceived position in the distribution of income continues to hold (as suggested in Figure 2). Furthermore, there is some evidence that people who perceive more prospects of upward mobility in the future, also tend to be more satisfied with democracy today in their country of residence (column 4).

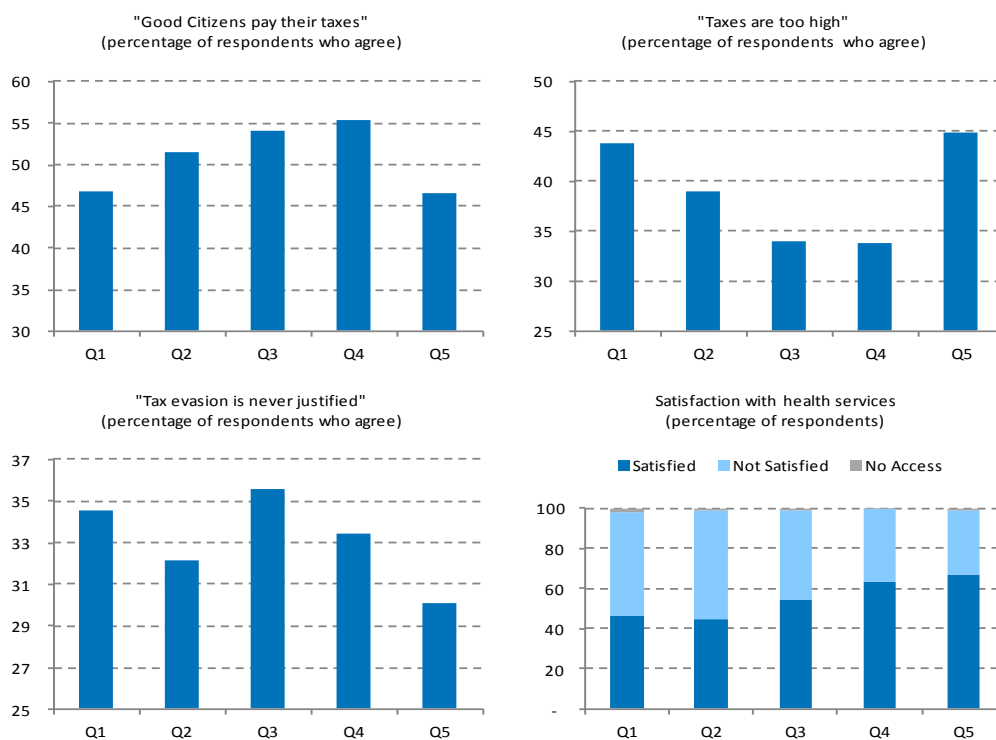
Finally, columns 5 and 6 analyse the issue of how people rank themselves in terms of left-right political preferences. The regressions confirm a higher tendency towards the right at higher levels in the perceived income distribution. If, as in the literature (Alesina and Giuliano, 2009; Gaviria, 2007), we interpret these preferences over the political spectrum as preferences over redistribution (the left taken to be more prone to redistribute than the right), two interesting results emerge. First, preferences for redistribution are decreasing with the self-perceived income status. This seems to be rational, given that the richer you are the more likely you are to be a net payer. Second, the results in column 6 imply that people, who think that their children will move up, tend to support less redistribution, while those who experienced themselves upward mobility in the past tend to support more redistribution.⁹ Thus, while the first result clearly is in line with the POUM hypothesis, interpretation of the second is more complicated. The second result could indicate that people who experienced successful upward mobility believe that their mobility was aided by redistributive public finance, and therefore continue to support redistribution nowadays. Of course, political preferences are much more complex than just attitudes regarding fiscal policy, and therefore the left-right preferences might be an imperfect proxy for preferences over redistribution. We explore related issues in detail in the next section.

9 This result is not driven by collinearity between both measures of mobility, given that the correlation between future and past mobility is just -0.21 . Furthermore, if included separately the result holds.

IV. DEMOCRACY, SOCIAL MOBILITY AND FISCAL POLICY IN LATIN AMERICA: EMPIRICAL ANALYSIS

The evidence presented in the previous section shows that the middle sectors of the income distribution in Latin America are in principle a supporter of democracy and have rather moderate views on politics. Yet, they remain unsatisfied with how democracy actually functions in the region. Is this dissatisfaction evident in their views on taxation and public services? Figure 6 synthesises the main descriptive statistics in this regard. Clearly, those who consider themselves in the middle display higher 'tax morale' than other members of society: members of the middle quintiles are more likely to consider that citizens should pay their taxes, less likely to consider that taxes are too high, and less likely to justify tax evasion. However, they are also less satisfied with the provision of public services, compared to the affluent. In short members of the middle quintiles have a 'dissatisfied customer' relationship with the state: while relatively supportive of taxation, they are not satisfied with the services they receive.

Figure 6. Taxation and Satisfaction with Public Services by self-reported income quintiles



Source: Authors' calculations based on *Latinobarómetro* 2007 and 2008.

In this section, we explore more systematically the links between tax morale, perceptions of social mobility and the quality of democracy, as well as the POUM hypothesis. Therefore, we use two recent rounds (2007 and 2008) of the regional survey *Latinobarómetro*. *Latinobarómetro* is an annual public opinion survey with data from around 20 000 interviews, covering 18 Latin American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela), *i.e.* around 1 000 – 1 200 interviews per country. For most of the analysis, such as the regression analysis performed in the previous section, this limited coverage per country does not allow detailed national level analysis, so results will be obtained for the region as a whole.¹⁰

IV.1. Empirical approach

We focus on the role of taxation and fiscal policy with respect to the social contract between the citizens and the state. In particular, we analyse empirically the determinants of the perceptions regarding tax morale, the level of taxes, and the demand for fiscal redistribution. We proxy tax morale by two of the questions included in the survey: whether people think that good citizens should pay taxes, and whether they think that evasion may be justified. *Latinobarómetro* directly asks whether people consider that taxes in their country are too high, which allows us to tackle whether Latin Americans prefer lower or higher taxes.¹¹ Finally, although the demand for redistribution is one of the central policy questions in the region, no question in the survey deals directly with it. Therefore, and following other authors (Alesina and Giuliano, 2009; Gaviria, 2007), we use the response to the question 'should the state intervene more in health assistance, education, or pensions' as proxy for demand of redistribution. Additionally, we also consider the preferences over whether the market (or the government) should solve all society's problems.

Control variables can be grouped in three classes, in line with the literature surveyed in the first section. As a first group of independent variables, we include several socio-economic identifiers: sex, age, citizenship, family composition, race, religion, political preferences (left-right), level of savings, number of years of education, and the (self-reported) economic quintile. We pay special attention to the role of education, and the behaviour of those in the middle quintiles. Focusing on the latter, the middle quintiles represent a very interesting case, since they are often said to be the net payers (being basically composed by dependent workers with no options to avoid taxation, but with too many resources to benefit from targeted social benefits).

The second group of variables serve to test the 'meritocracy hypothesis' (if a society believes that individual effort determines income, and that all have a right to enjoy the fruits of their effort, it will choose low redistribution and low taxes), and the 'POUM hypothesis' (people who anticipate an upward mobility would not vote for a higher redistribution, even if they are

10 As in the previous section, regressions include country dummies to capture the differences in perceptions that exist across countries. Furthermore, we include a series of controls (age, gender, occupation, among others) that influence also perceptions and opinions.

11 We have also tried to test the drivers of the opposite response, 'are taxes too low?', since it may represent a demand for redistribution, but there are few people in Latin America who actually think that taxes are too low, and should be raised.

poor at present, since in the future they will be net payers). In order to do so, we include both the perceptions on past (vs. parents) and future (vs. offspring) mobility, and explicit questions about whether success depends on hard work rather than connections, and if a poor person in the country can become rich if she works hard

Thirdly, taxation cannot be analysed separately from public expenditures. Households and firms may be willing to pay higher taxes if they (perceive that they) receive more/better public services. Therefore, we will test this issue, considering both specific questions on the level of satisfaction with health care, education and pensions, as well as more general aspects like the satisfaction with democratic system, and the perception of corruption in the country.¹²

Before showing the results, some caveats are needed. First, due to the very nature of the *Latinobarómetro* database, it should be stressed that the analysis is based on perceptions, which may differ from reality. This is evident, for instance, in the classification of respondents by quintiles. If the survey sample is representative, each of the self-reported quintiles should comprise 20% of responses. However, people tend to concentrate in the fourth quintile.¹³ Nevertheless, perceptions are precisely what drive political decisions. Second, despite the existence of some theoretical modelling, causality is in many of the cases very difficult to establish. Therefore, results should be interpreted mainly as correlations. Finally, due to the different scales of the variables, our interpretation of results is mainly based on the signs rather than the magnitudes of the coefficients.

IV.2. Main results

Among the socioeconomic controls, the level of education plays a significant role in both the willingness to pay taxes and the level that people may accept. More years of education increases the likelihood of thinking that good citizens should pay taxes (Table 2, columns 1-8) and considering that evasion is not justified (Table 3, columns 1-5). Furthermore, respondents with more education also consider less frequently that taxes in their country are too high (Table 4, columns 1-7, and Table 5, columns 1-4). This result is in line with Torgler (2005), and overall, it highlights the potentially important role for education in fostering social responsibility among citizens.

Our results also suggest that the people who perceive a higher past mobility, and forecast a higher future mobility agree that good citizens should pay taxes (Table 2, columns 6-7),¹⁴ and

12 Additionally, we have analysed a group of variables that may serve to test whether political participation and the media play a role in the weak social contract in Latin America (as suggested in Przeworski, 2007). However, the preliminary analysis on the political participation on the confidence in the media and the level of information are not particularly different between the rich and the poor (both groups exhibiting in general terms, lower levels than the middle quintiles).

13 For this reason, oftentimes research on social classes, and in particular the so-called middle class, relies on data on consumption patterns (especially in durables) or on investment decisions (housing, access to credit, and education for the offspring). *Latinobarómetro* includes information about some of these issues, but the absence of a generally accepted definition also entails significant caveats.

14 However, when controlling for corruption perceptions, these results are less robust (column 8 in Table 2).

do not think that current taxes are too high (Table 4, columns 6-7; Table 5, columns 1-4). They also tend to disagree with tax evasion (Table 3, columns 3 and 5), although coefficients are not significant at conventional levels.

Focusing on the questions regarding on meritocracy, the majority of those who think that success depends on hard work rather than connections, and those who believe that a poor person in their country can become rich by working hard, also think that taxes are not too high (Table 5, columns 1-4). As a consequence, these results do not support with the POUM and meritocracy hypothesis put forward by Gaviria (2007) for the region. This author, using *Latinobarómetro* 1996 and 2000, argued that the high demand for redistribution and the weak support for market outcomes in Latin America in the late 1990s and early 2000s stemmed from pessimistic views on social justice and equality of opportunities, as well as on past and expected mobility. In contrast, our findings support the argument of Benabou and Ok (2001), suggesting that risk aversion and the demand for social insurance against the risks of downward mobility or stagnation may dominate the POUM effect.

Our results support the role of a link between better public services, better institutions, and higher tax morale, in line again with Torgler (2005). Satisfaction with health care and education – though not with pensions – reinforce the belief that good citizens should pay taxes (Table 2, columns 1-7), and, in general terms, reduce the share of the population that thinks that taxes are too high (Tables 4 and 5). A lower level of perceived corruption also reduces the percentage of citizens who consider taxes too high (Table 2, column 8), and those who justify evasion (Table 3, columns 4 and 5). Similarly, a high degree of satisfaction with the functioning of democracy increases the number of citizens who think that good citizens should pay taxes (Table 2, columns 2 and 7) and reduces those who think that taxes are too high (Table 4, columns 2 and 7; Table 5, columns 1-4). However, somewhat at odds with the latter finding, the same satisfaction with democracy seems to increase the share of people who justify tax evasion (Table 3, columns 2 and 5).

Unfortunately, no clear result was obtained from the analysis of the determinants of the proxies for preferences for redistribution (Table 6). Most coefficients of interest are not significant, and within those which are, results are not easy to interpret. For instance, households who have recently suffered economic problems seem to trust neither the government, nor the market (see columns 1-4). A similar contrasting picture emerges from individuals who are confident about future mobility.

Finally, on the role of income levels, even leaving aside the mentioned caveats stemming from the self-classification, we do not find a clear result, once we controlled for the other variables. For instance, population classified in the upper-middle quintiles (3 and 4) significantly think that good citizens should pay taxes (Table 2, columns 1-8), but at the same time, quintiles 4 and 5 justify evasion (Table 3, columns 1-5). For the remaining issues, income groups *per se* do not seem to play an important role.

Table 2. Do you think that good citizens should pay taxes? (Probit estimates, 2007 data)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Female	-0.021	-0.020	-0.021	-0.020	-0.021	-0.021	-0.019	-0.047
	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.031)
Economic problems	-0.065	-0.061	-0.059	-0.058	-0.064	-0.062	-0.051	-0.095
	(0.023)***	(0.024)***	(0.024)**	(0.024)**	(0.024)***	(0.024)***	(0.024)**	(0.027)***
Age	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.007
	(0.001)***	(0.001)***	(0.001)***	(0.001)***	(0.001)***	(0.001)***	(0.001)***	(0.001)***
Head of household	-0.019	-0.021	-0.019	-0.018	-0.019	-0.019	-0.019	0.016
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.034)
Years of education	0.021	0.021	0.021	0.021	0.021	0.022	0.022	0.02
	(0.003)***	(0.003)***	(0.003)***	(0.003)***	(0.003)***	(0.003)***	(0.003)***	(0.003)***
Religious	0.057	0.053	0.055	0.054	0.056	0.056	0.051	-0.003
	(0.023)**	(0.023)**	(0.023)**	(0.023)**	(0.023)**	(0.023)**	(0.023)**	(0.026)
Citizen	-0.056	-0.057	-0.056	-0.056	-0.056	-0.053	-0.055	-0.038
	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.096)
Quintile 2	0.050	0.047	0.051	0.050	0.050	0.049	0.045	0.089
	(0.038)	(0.038)	(0.038)	(0.038)	(0.038)	(0.038)	(0.038)	(0.041)**
Quintile 3	0.079	0.070	0.076	0.075	0.078	0.074	0.062	0.181
	(0.037)**	(0.037)*	(0.037)**	(0.037)**	(0.037)**	(0.038)*	(0.039)	(0.041)***
Quintile 4	0.103	0.091	0.097	0.095	0.102	0.097	0.078	0.202
	(0.048)**	(0.048)*	(0.048)**	(0.048)**	(0.048)**	(0.050)*	(0.050)	(0.056)***
Quintile 5	-0.045	-0.052	-0.053	-0.053	-0.046	-0.048	-0.066	0.084
	(0.089)	(0.089)	(0.089)	(0.089)	(0.089)	(0.092)	(0.092)	(0.110)
Satisfaction with democracy		0.069					0.058	
		(0.023)***					(0.024)**	
Satisfaction with health care			0.047				0.019	
			(0.022)**				(0.026)	
Satisfaction with education				0.064			0.053	
				(0.022)***			(0.025)**	
Satisfaction with pension system					0.013		-0.013	
					(0.021)		(0.023)	
Past mobility						0.015	0.015	-0.019
						(0.006)**	(0.006)**	(0.009)**
Future mobility						0.014	0.012	0.011
						(0.006)**	(0.006)**	(0.008)
Corruption								-0.001
								(0.000)***
Constant	0.214	0.184	0.145	0.118	0.194	0.192	0.083	-0.619
	(0.157)	(0.157)	(0.160)	(0.160)	(0.160)	(0.158)	(0.164)	(0.336)*
Observations	14116	14116	14116	14116	14116	14116	14116	11486
Pseudo-R2:	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.05

Notes: Robust standard errors in parenthesis. * significant at 10%, ** significant at 5%, *** significant at 1%. All regressions include country, ethnicity, marital status and employment status dummies not reported due to space limitations. The dummy for the first income quintile is omitted in the regressions. Column 8 uses the 2008 survey data, while the remaining regressions use the 2007 survey.

Table 3. Tax evasion is justified (Ordered Probit estimates, 2008)

	(1)	(2)	(3)	(4)	(5)
Female	0.033	0.035	0.033	0.029	0.031
	(0.029)	(0.029)	(0.028)	(0.029)	(0.029)
Economic problems	0.018	0.022	0.017	0.015	0.019
	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)
Age	-0.004	-0.004	-0.004	-0.004	-0.004
	(0.001)***	(0.001)***	(0.001)***	(0.001)***	(0.001)***
Head of household	0.052	0.052	0.052	0.052	0.052
	(0.031)*	(0.031)*	(0.031)*	(0.031)*	(0.031)*
Years of education	-0.028	-0.027	-0.028	-0.028	-0.027
	(0.003)***	(0.003)***	(0.003)***	(0.003)***	(0.003)***
Religious	0.045	0.042	0.045	0.049	0.046
	(0.024)*	(0.024)*	(0.024)*	(0.024)**	(0.024)*
Citizen	-0.045	-0.042	-0.045	-0.048	-0.046
	(0.084)	(0.084)	(0.084)	(0.084)	(0.084)
Quintile 2	0.049	0.049	0.050	0.052	0.053
	(0.041)	(0.041)	(0.042)	(0.041)	(0.042)
Quintile 3	0.017	0.014	0.019	0.018	0.016
	(0.041)	(0.041)	(0.042)	(0.041)	(0.042)
Quintile 4	0.185	0.180	0.188	0.187	0.183
	(0.052)***	(0.052)***	(0.054)***	(0.052)***	(0.054)***
Quintile 5	0.328	0.317	0.328	0.327	0.312
	(0.094)***	(0.094)***	(0.097)***	(0.094)***	(0.097)***
Satisfaction with democracy		0.067			0.081
		(0.025)***			(0.025)***
Past mobility			-0.011		-0.010
			(0.009)		(0.009)
Future mobility			-0.010		-0.010
			(0.008)		(0.008)
Corruption				0.002	0.002
				(0.000)***	(0.000)***
Observations	9620	9620	9620	9620	9620
Pseudo-R2:	0.02	0.02	0.02	0.02	0.02

Notes: Robust standard errors in parenthesis. * significant at 10%, ** significant at 5%, *** significant at 1%. All regressions include country, ethnicity, marital status and employment status dummies not reported due to space limitations. The dummy for the first income quintile is omitted in the regressions. The dependent variable ranges from never (0) to always justified (10).

Table 4. Do you think taxes are too high? (Probit estimates, 2007)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Female	0.041	0.040	0.040	0.039	0.039	0.041	0.036
	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)
Economic problems	0.196	0.187	0.180	0.183	0.189	0.191	0.165
	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***
Age	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Head of household	-0.063	-0.060	-0.064	-0.066	-0.064	-0.063	-0.063
	(0.036)*	(0.036)*	(0.036)*	(0.036)*	(0.036)*	(0.036)*	(0.036)*
Years of education	-0.009	-0.009	-0.009	-0.009	-0.009	-0.010	-0.010
	(0.004)**	(0.004)**	(0.004)**	(0.004)**	(0.004)***	(0.004)***	(0.004)***
Religious	0.013	0.022	0.018	0.018	0.016	0.014	0.028
	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)
Citizen	-0.004	-0.003	-0.004	-0.006	-0.007	-0.011	-0.011
	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)
Quintile 2	0.007	0.017	0.004	0.008	0.006	0.014	0.022
	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)	(0.050)	(0.049)
Quintile 3	-0.091	-0.070	-0.087	-0.087	-0.090	-0.076	-0.050
	(0.048)*	(0.048)	(0.048)*	(0.048)*	(0.048)*	(0.049)	(0.049)
Quintile 4	-0.104	-0.078	-0.091	-0.091	-0.098	-0.081	-0.041
	(0.059)*	(0.059)	(0.059)	(0.059)	(0.059)*	(0.061)	(0.062)
Quintile 5	-0.063	-0.046	-0.045	-0.050	-0.054	-0.036	0.005
	(0.108)	(0.108)	(0.108)	(0.108)	(0.108)	(0.112)	(0.113)
Satisfaction with democracy		-0.155					-0.134
		(0.029)***					(0.029)***
Satisfaction with health care			-0.115				-0.066
			(0.027)***				(0.031)**
Satisfaction with education				-0.109			-0.054
				(0.027)***			(0.031)*
Satisfaction with pension system					-0.081		-0.038
					(0.026)***		(0.027)
Past mobility						-0.029	-0.028
						(0.008)***	(0.008)***
Future mobility						-0.021	-0.018
						(0.008)***	(0.008)**
Constant	0.748	0.810	0.915	0.917	0.876	0.773	1.058
	(0.185)***	(0.186)***	(0.189)***	(0.189)***	(0.189)***	(0.187)***	(0.194)***
Observations	13460	13460	13460	13460	13460	13460	13460
Pseudo-R2:	0.08	0.08	0.08	0.08	0.08	0.08	0.08

Notes: Robust standard errors in parenthesis. * significant at 10%, ** significant at 5%, *** significant at 1%. All regressions include country, ethnicity, marital status and employment status dummies not reported due to space limitations. The dummy for the first income quintile is omitted in the regressions.

Table 5. Meritocracy and perception regarding excessive taxation (Probit estimates, 2007)

	(1)	(2)	(3)	(4)
Female	0.035 (0.033)	0.034 (0.033)	0.028 (0.033)	0.033 (0.033)
Economic problems	0.155 (0.030)***	0.155 (0.030)***	0.156 (0.030)***	0.149 (0.030)***
Age	0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)	0.000 (0.001)
Head of household	-0.063 (0.037)*	-0.059 (0.037)	-0.058 (0.037)	-0.062 (0.037)*
Years of education	-0.010 (0.004)***	-0.010 (0.004)***	-0.011 (0.004)***	-0.010 (0.004)***
Religious	0.028 (0.029)	0.027 (0.029)	0.030 (0.029)	0.032 (0.029)
Citizen	-0.044 (0.091)	-0.049 (0.092)	-0.059 (0.092)	-0.057 (0.091)
Quintile 2	0.032 (0.052)	0.032 (0.052)	0.029 (0.052)	0.031 (0.052)
Quintile 3	-0.037 (0.052)	-0.036 (0.052)	-0.039 (0.052)	-0.032 (0.052)
Quintile 4	-0.035 (0.064)	-0.032 (0.064)	-0.034 (0.064)	-0.024 (0.065)
Quintile 5	-0.027 (0.117)	-0.020 (0.117)	-0.019 (0.117)	-0.009 (0.117)
Satisfaction with democracy	-0.142 (0.030)***	-0.140 (0.030)***	-0.127 (0.030)***	-0.122 (0.030)***
Satisfaction with health care	-0.034 (0.032)	-0.033 (0.032)	-0.030 (0.032)	-0.028 (0.032)
Satisfaction with education	-0.064 (0.032)**	-0.063 (0.032)**	-0.058 (0.032)*	-0.057 (0.032)*
Satisfaction with pension system	-0.042 (0.028)	-0.038 (0.028)	-0.032 (0.028)	-0.034 (0.028)
Past mobility	-0.028 (0.009)***	-0.027 (0.009)***	-0.027 (0.009)***	-0.027 (0.009)***
Future mobility	-0.019 (0.008)**	-0.017 (0.008)**	-0.017 (0.008)**	-0.016 (0.008)**
Success depends on hard work rather than connections	-0.098 (0.028)***			-0.098 (0.028)***
A poor person in my country can become rich if she works hard		-0.051 (0.030)*		-0.041 (0.030)
Life Chances are independent of origin			-0.153 (0.029)***	-0.152 (0.029)***
Constant	1.039 (0.205)***	1.109 (0.205)***	1.125 (0.204)***	1.067 (0.205)***
Observations	12445	12445	12445	12445
Pseudo-R2	0.08	0.08	0.08	0.09

Notes: Robust standard errors in parenthesis. * significant at 10%, ** significant at 5%, *** significant at 1%. All regressions include country, ethnicity, marital status and employment status dummies not reported due to space limitations. The dummy for the first income quintile is omitted in the regressions. Dependent variable is dummy which take value one if the individual considers that taxes are too high.

Table 6. Demand for redistribution (Probit estimates, 2007)

Dependent Variable	(1)	(2)	(3)	(4)
	State should intervene in health	State should intervene in education	State should intervene in pension	Market should solve all problems
Female	0.031 (0.029)	0.023 (0.029)	0.008 (0.029)	0.021 (0.028)
Economic Problems	-0.085 (0.027)***	-0.109 (0.027)***	-0.043 (0.027)	-0.054 (0.025)**
Age	-0.002 (0.001)**	-0.002 (0.001)**	-0.001 (0.001)	-0.001 (0.001)
Head of household	-0.014 (0.032)	-0.025 (0.032)	-0.042 (0.033)	0.004 (0.031)
Years of education	0.004 (0.003)	0.005 (0.003)	0.002 (0.003)	0.006 (0.003)**
Religious	0.126 (0.025)***	0.121 (0.025)***	0.105 (0.026)***	0.000 (0.023)
Citizen	0.046 (0.086)	-0.09 (0.086)	-0.008 (0.088)	-0.072 (0.072)
Left-Right	0.037 (0.005)***	0.033 (0.005)***	0.03 (0.005)***	0.002 (0.005)
Quintile 2	-0.047 (0.043)	-0.146 (0.043)***	-0.123 (0.044)***	0.092 (0.041)**
Quintile 3	-0.052 (0.043)	-0.129 (0.043)***	-0.089 (0.044)**	0.088 (0.042)**
Quintile 4	-0.049 (0.056)	-0.149 (0.056)***	-0.085 (0.056)	0.156 (0.054)***
Quintile 5	0.215 (0.107)**	0.154 (0.105)	0.3 (0.107)***	0.005 (0.107)
Distribution of income is fair	0.144 (0.030)***	0.143 (0.030)***	0.115 (0.031)***	
Satisfaction with health care	0.197 (0.025)***			
Satisfaction with education		0.124 (0.025)***		
Satisfaction with pension system			0.145 (0.024)***	
Past mobility	-0.014 (0.007)*	-0.007 (0.007)	-0.007 (0.007)	0.01 (0.009)
Future mobility	-0.011 (0.007)	-0.011 (0.007)	-0.022 (0.007)***	-0.019 (0.008)**
Opportunities independent of origin	0.049 (0.026)*	0.074 (0.026)***	0.106 (0.026)***	
A poor person can become rich	0.069 (0.026)***	0.059 (0.027)**	0.029 (0.027)	
Corruption				-0.001 (0.000)***
Constant	-1.526 (0.195)***	-1.082 (0.196)***	-1.354 (0.201)***	
Observations	11688	11579	11412	9621
Pseudo-R2:	0.05	0.05	0.05	0.01

Notes: Robust standard errors in parenthesis. * significant at 10%, ** significant at 5%, *** significant at 1%. All regressions include country, ethnicity, marital status and employment status dummies not reported due to space limitations. The dummy for the first income quintile is omitted in the regressions.

V. CONCLUSIONS AND POLICY IMPLICATIONS

Is the social contract broken in Latin America? Many authors have suggested this is the case, given the high levels of inequality, the low levels of taxation and the low quality of public services prevalent in the region.

This paper has analysed empirically the relationship between fiscal policy, social mobility and democratic consolidation in Latin America and the Caribbean, using the 2007 and 2008 rounds of the regional *Latinobarómetro* survey. Our results in general do not support the POUM hypothesis (the greater the mobility and the perception of meritocracy, the less citizens think taxes are too high), but they confirm that perceptions regarding the quality of public services (from the more global ones, to the more specific) matter for the willingness to pay taxes.

Therefore, we interpret our results as evidence that the social contract might be weak, but could and should be reinforced. The way forward may be, in fact, suggested by the analytical results themselves. The failure of POUM hypothesis is a great opportunity. Even those citizens who are confident about their future mobility seem to be demanding stronger social insurance programmes. Improvement in the quality of public services could provide a catalyst for such reforms, and in so doing foster more satisfaction with the functioning of democracy. Improvements in those areas may henceforth allow for higher levels of taxation in return by strengthening tax morale, or the willingness to pay taxes. In line with Torgler (2005), the relationship of citizens with their government is not just a matter of coercion, but also of trust. Finally, once again, this virtuous circle may be consolidated by higher levels of education, which affect positively support for all these reforms.

These results can be calibrated against the analysis in Marcel (2008), based on the survey *ECosociAL 2007*. As the author showed, only a minority of Latin Americans believes the low and middle income population will progress (e.g. access the university, own a house, or establish their own business) with high probability. Additionally, households in the region were found to be subject to many of the risks that may break the social contract and undermine social integration, such as crime, job insecurity, and poor or absent health-care cover. However, at the same time, Latin American citizens have strong beliefs in the value of effort, in the benefits of education, and in the shared responsibility of the state and the individual, backed by a willingness to pay more taxes to finance social insurance.

All in all, we interpret our results as an indication of a potential basis for a stronger social contract in Latin America.

REFERENCES

- ALESINA, A. and G. M. ANGELETOS (2005a), "Fairness and Redistribution", *American Economic Review*, 95(4), pp. 960-980.
- ALESINA, A. and G. M. ANGELETOS (2005b), "Corruption, Inequality, and Fairness", *Journal of Monetary Economics*, 52(7), pp. 1227-1244.
- ALESINA, A. and P. GIULIANO (2009), "Preferences for Redistribution", NBER Working Paper 14825. National Bureau of Economic Research.
- BENABOU, R. and E. A. OK (2001), "Social Mobility and the Demand for Redistribution: The POUM Hypothesis", *The Quarterly Journal of Economics*, 116(2), pp. 447-487
- BRECEDA, K., J. RIGOLINI and J. SAAVEDRA (2008), "Latin America and the Social Contract: Patterns of Social Spending and Taxation", *Policy Research Working Paper 4604*, The World Bank.
- CORNEO, G. and H. P. GRÜNER (2000), "Social Limits to Redistribution", *American Economic Review*, 90(5), pp.1491-1507.
- CORNEO, G. and H. P. GRÜNER (2002), "Individual Preferences for Political Redistribution", *Journal of Public Economics*, 83(1), pp.83-107.
- CHONG, A. and M. OLIVERA (2008), "Does Compulsory Voting Help Equalize Incomes?", *Economics & Politics*, 20(3), pp. 391-415.
- DOWNS, A. (1957), *An Economic Theory of Democracy*. Harper, New York.
- ELIZONDO, C. and J. SANTISO (2009), *Killing Me Softly: Local Termites and Fiscal Violence in Latin America*. Available at SSRN: <http://ssrn.com/abstract=1400050>.
- FAJARDO, J. and E. LORA (2010), "Understanding the Latin American Middle Classes: Reality and Perception", Inter-American Development Bank, mimeo.
- GAVIRIA, A. (2007): "Social Mobility and Preferences for Redistribution in Latin America", *Economia* 8(1), pp. 55-88.
- HIRSHMAN, A. (1973), "The Changing Tolerance for Income Inequality in the Course of Economic Development", *Quarterly Journal of Economics*, 87(4), pp. 544-566.
- INTER-AMERICAN DEVELOPMENT BANK (2009), *Beyond Facts: Understanding Quality of Life*. Inter-American Development Bank, Washington DC.
- ISAKSSON, A.S. and A. LINDSKOG (2009), "Preferences for Redistribution – A Country Comparison of Fairness Judgements", *Journal of Economic Behavior & Organization*, 72(3), pp.884-902.
- MARCEL, M. (2008), *Movilidad, Desigualdad y Política Social en América Latina*, mimeo.
- MARSHALL, M.G. and B. R. COLE (2009), *Global Report 2009: Conflict, Governance, and State Fragility*. Center for Systemic Peace and Center for Global Policy, Maryland and Arlington.
- MELTZER, A.G. and S. F. RICHARDS (1981), "A Rational Theory of the Size of Government", *Journal of Political Economy*, 89(5), pp. 914-927.

- MUSGRAVE, R. A. (1939), "The Voluntary Exchange Theory of Public Economy", *The Quarterly Journal of Economics*, 53(2), pp.213-237.
- OECD (2008), *Latin American Economic Outlook 2009*. OECD Development Centre, Paris.
- PIKETTY, T. (1995), "Social Mobility and Redistributive Politics", *Quarterly Journal of Economics*, 110(3), pp. 551-584.
- PROFETA, P. and S. SCABROSETTI (2008), "Political economy issues of taxation in Latin America", In L. Bernardi, A. Barreix, A. Marenzi and P. Profeta (eds.): *Tax Systems and Tax Reforms in Latin America*, pp. 63-76. Routledge, Abingdon.
- PRZEWORSKI, A. (2007), *Democracy, equality, and redistribution*, mimeo, New York University.
- RODRÍGUEZ, F. (2004), "Inequality, Redistribution, and Rent-Seeking", *Economics and Politics*, 16(3), pp. 287-320.
- TORGLER, B. (2005), "Tax Morale in Latin America", *Public Choice*, 122(1/2), pp. 133-157.

OTHER TITLES IN THE SERIES/ AUTRES TITRES DANS LA SÉRIE

The former series known as “Technical Papers” and “Webdocs” merged in November 2003 into “Development Centre Working Papers”. In the new series, former Webdocs 1-17 follow former Technical Papers 1-212 as Working Papers 213-229.

All these documents may be downloaded from:

<http://www.oecd.org/dev/wp> or obtained via e-mail (dev.contact@oecd.org).

Working Paper No.1, *Macroeconomic Adjustment and Income Distribution: A Macro-Micro Simulation Model*, by François Bourguignon, William H. Branson and Jaime de Melo, March 1989.

Working Paper No. 2, *International Interactions in Food and Agricultural Policies: The Effect of Alternative Policies*, by Joachim Zietz and Alberto Valdés, April, 1989.

Working Paper No. 3, *The Impact of Budget Retrenchment on Income Distribution in Indonesia: A Social Accounting Matrix Application*, by Steven Keuning and Erik Thorbecke, June 1989.

Working Paper No. 3a, *Statistical Annex: The Impact of Budget Retrenchment*, June 1989.

Document de travail No. 4, *Le Rééquilibrage entre le secteur public et le secteur privé : le cas du Mexique*, par C.-A. Michalet, juin 1989.

Working Paper No. 5, *Rebalancing the Public and Private Sectors: The Case of Malaysia*, by R. Leeds, July 1989.

Working Paper No. 6, *Efficiency, Welfare Effects and Political Feasibility of Alternative Antipoverty and Adjustment Programs*, by Alain de Janvry and Elisabeth Sadoulet, December 1989.

Document de travail No. 7, *Ajustement et distribution des revenus : application d'un modèle macro-micro au Maroc*, par Christian Morriison, avec la collaboration de Sylvie Lambert et Akiko Suwa, décembre 1989.

Working Paper No. 8, *Emerging Maize Biotechnologies and their Potential Impact*, by W. Burt Sundquist, December 1989.

Document de travail No. 9, *Analyse des variables socio-culturelles et de l'ajustement en Côte d'Ivoire*, par W. Weekes-Vagliani, janvier 1990.

Working Paper No. 10, *A Financial CompuTable General Equilibrium Model for the Analysis of Ecuador's Stabilization Programs*, by André Fargeix and Elisabeth Sadoulet, February 1990.

Working Paper No. 11, *Macroeconomic Aspects, Foreign Flows and Domestic Savings Performance in Developing Countries: A "State of The Art" Report*, by Anand Chandavarkar, February 1990.

Working Paper No. 12, *Tax Revenue Implications of the Real Exchange Rate: Econometric Evidence from Korea and Mexico*, by Virginia Fierro and Helmut Reisen, February 1990.

Working Paper No. 13, *Agricultural Growth and Economic Development: The Case of Pakistan*, by Naved Hamid and Wouter Tims, April 1990.

Working Paper No. 14, *Rebalancing the Public and Private Sectors in Developing Countries: The Case of Ghana*, by H. Akuoko-Frimpong, June 1990.

Working Paper No. 15, *Agriculture and the Economic Cycle: An Economic and Econometric Analysis with Special Reference to Brazil*, by Florence Contré and Ian Goldin, June 1990.

Working Paper No. 16, *Comparative Advantage: Theory and Application to Developing Country Agriculture*, by Ian Goldin, June 1990.

Working Paper No. 17, *Biotechnology and Developing Country Agriculture: Maize in Brazil*, by Bernardo Sorj and John Wilkinson, June 1990.

Working Paper No. 18, *Economic Policies and Sectoral Growth: Argentina 1913-1984*, by Yair Mundlak, Domingo Cavallo, Roberto Domenech, June 1990.

Working Paper No. 19, *Biotechnology and Developing Country Agriculture: Maize In Mexico*, by Jaime A. Matus Gardea, Arturo Puente Gonzalez and Cristina Lopez Peralta, June 1990.

Working Paper No. 20, *Biotechnology and Developing Country Agriculture: Maize in Thailand*, by Suthad Setboonsarng, July 1990.

Working Paper No. 21, *International Comparisons of Efficiency in Agricultural Production*, by Guillermo Flichmann, July 1990.

Working Paper No. 22, *Unemployment in Developing Countries: New Light on an Old Problem*, by David Turnham and Denizhan Eröcal, July 1990.

Working Paper No. 23, *Optimal Currency Composition of Foreign Debt: the Case of Five Developing Countries*, by Pier Giorgio Gawronski, August 1990.

Working Paper No. 24, *From Globalization to Regionalization: the Mexican Case*, by Wilson Peres Núñez, August 1990.

Working Paper No. 25, *Electronics and Development in Venezuela: A User-Oriented Strategy and its Policy Implications*, by Carlota Perez, October 1990.

Working Paper No. 26, *The Legal Protection of Software: Implications for Latecomer Strategies in Newly Industrialising Economies (NIEs) and Middle-Income Economies (MIEs)*, by Carlos Maria Correa, October 1990.

Working Paper No. 27, *Specialization, Technical Change and Competitiveness in the Brazilian Electronics Industry*, by Claudio R. Frischtak, October 1990.

Working Paper No. 28, *Internationalization Strategies of Japanese Electronics Companies: Implications for Asian Newly Industrializing Economies (NIEs)*, by Bundo Yamada, October 1990.

Working Paper No. 29, *The Status and an Evaluation of the Electronics Industry in Taiwan*, by Gee San, October 1990.

Working Paper No. 30, *The Indian Electronics Industry: Current Status, Perspectives and Policy Options*, by Ghayur Alam, October 1990.

Working Paper No. 31, *Comparative Advantage in Agriculture in Ghana*, by James Pickett and E. Shaeldin, October 1990.

Working Paper No. 32, *Debt Overhang, Liquidity Constraints and Adjustment Incentives*, by Bert Hofman and Helmut Reisen, October 1990.

Working Paper No. 34, *Biotechnology and Developing Country Agriculture: Maize in Indonesia*, by Hidjat Nataatmadja *et al.*, January 1991.

Working Paper No. 35, *Changing Comparative Advantage in Thai Agriculture*, by Ammar Siamwalla, Suthad Setboonsarng and Prasong Werakarnjanapongs, March 1991.

Working Paper No. 36, *Capital Flows and the External Financing of Turkey's Imports*, by Ziya Önis and Süleyman Özmucur, July 1991.

Working Paper No. 37, *The External Financing of Indonesia's Imports*, by Glenn P. Jenkins and Henry B.F. Lim, July 1991.

Working Paper No. 38, *Long-term Capital Reflow under Macroeconomic Stabilization in Latin America*, by Beatriz Armendariz de Aghion, July 1991.

Working Paper No. 39, *Buybacks of LDC Debt and the Scope for Forgiveness*, by Beatriz Armendariz de Aghion, July 1991.

Working Paper No. 40, *Measuring and Modelling Non-Tariff Distortions with Special Reference to Trade in Agricultural Commodities*, by Peter J. Lloyd, July 1991.

Working Paper No. 41, *The Changing Nature of IMF Conditionality*, by Jacques J. Polak, August 1991.

Working Paper No. 42, *Time-Varying Estimates on the Openness of the Capital Account in Korea and Taiwan*, by Helmut Reisen and Hélène Yèches, August 1991.

Working Paper No. 43, *Toward a Concept of Development Agreements*, by F. Gerard Adams, August 1991.

Document de travail No. 44, *Le Partage du fardeau entre les créanciers de pays débiteurs défaillants*, par Jean-Claude Berthélemy et Ann Vourc'h, septembre 1991.

Working Paper No. 45, *The External Financing of Thailand's Imports*, by Supote Chunanunthathum, October 1991.

Working Paper No. 46, *The External Financing of Brazilian Imports*, by Enrico Colombatto, with Elisa Luciano, Luca Gargiulo, Pietro Garibaldi and Giuseppe Russo, October 1991.

Working Paper No. 47, *Scenarios for the World Trading System and their Implications for Developing Countries*, by Robert Z. Lawrence, November 1991.

Working Paper No. 48, *Trade Policies in a Global Context: Technical Specifications of the Rural/Urban-North/South (RUNS) Applied General Equilibrium Model*, by Jean-Marc Burniaux and Dominique van der Mensbrugghe, November 1991.

Working Paper No. 49, *Macro-Micro Linkages: Structural Adjustment and Fertilizer Policy in Sub-Saharan Africa*, by Jean-Marc Fontaine with the collaboration of Alice Sindzingre, December 1991.

Working Paper No. 50, *Aggregation by Industry in General Equilibrium Models with International Trade*, by Peter J. Lloyd, December 1991.

Working Paper No. 51, *Policy and Entrepreneurial Responses to the Montreal Protocol: Some Evidence from the Dynamic Asian Economies*, by David C. O'Connor, December 1991.

Working Paper No. 52, *On the Pricing of LDC Debt: an Analysis Based on Historical Evidence from Latin America*, by Beatriz Armendariz de Aghion, February 1992.

Working Paper No. 53, *Economic Regionalisation and Intra-Industry Trade: Pacific-Asian Perspectives*, by Kiichiro Fukasaku, February 1992.

Working Paper No. 54, *Debt Conversions in Yugoslavia*, by Mojmir Mrak, February 1992.

Working Paper No. 55, *Evaluation of Nigeria's Debt-Relief Experience (1985-1990)*, by N.E. Ogbe, March 1992.

Document de travail No. 56, *L'Expérience de l'allègement de la dette du Mali*, par Jean-Claude Berthélemy, février 1992.

Working Paper No. 57, *Conflict or Indifference: US Multinationals in a World of Regional Trading Blocs*, by Louis T. Wells, Jr., March 1992.

Working Paper No. 58, *Japan's Rapidly Emerging Strategy Toward Asia*, by Edward J. Lincoln, April 1992.

Working Paper No. 59, *The Political Economy of Stabilization Programmes in Developing Countries*, by Bruno S. Frey and Reiner Eichenberger, April 1992.

Working Paper No. 60, *Some Implications of Europe 1992 for Developing Countries*, by Sheila Page, April 1992.

- Working Paper No. 61, *Taiwanese Corporations in Globalisation and Regionalisation*, by Gee San, April 1992.
- Working Paper No. 62, *Lessons from the Family Planning Experience for Community-Based Environmental Education*, by Winifred Weekes-Vagliani, April 1992.
- Working Paper No. 63, *Mexican Agriculture in the Free Trade Agreement: Transition Problems in Economic Reform*, by Santiago Levy and Sweder van Wijnbergen, May 1992.
- Working Paper No. 64, *Offensive and Defensive Responses by European Multinationals to a World of Trade Blocs*, by John M. Stopford, May 1992.
- Working Paper No. 65, *Economic Integration in the Pacific Region*, by Richard Drobnick, May 1992.
- Working Paper No. 66, *Latin America in a Changing Global Environment*, by Winston Fritsch, May 1992.
- Working Paper No. 67, *An Assessment of the Brady Plan Agreements*, by Jean-Claude Berthélemy and Robert Lensink, May 1992.
- Working Paper No. 68, *The Impact of Economic Reform on the Performance of the Seed Sector in Eastern and Southern Africa*, by Elizabeth Cromwell, June 1992.
- Working Paper No. 69, *Impact of Structural Adjustment and Adoption of Technology on Competitiveness of Major Cocoa Producing Countries*, by Emily M. Bloomfield and R. Antony Lass, June 1992.
- Working Paper No. 70, *Structural Adjustment and Moroccan Agriculture: an Assessment of the Reforms in the Sugar and Cereal Sectors*, by Jonathan Kydd and Sophie Thoyer, June 1992.
- Document de travail No. 71, *L'Allègement de la dette au Club de Paris : les évolutions récentes en perspective*, par Ann Vourc'h, juin 1992.
- Working Paper No. 72, *Biotechnology and the Changing Public/Private Sector Balance: Developments in Rice and Cocoa*, by Carliene Brenner, July 1992.
- Working Paper No. 73, *Namibian Agriculture: Policies and Prospects*, by Walter Elkan, Peter Amutenya, Jochbeth Andima, Robin Sherbourne and Eline van der Linden, July 1992.
- Working Paper No. 74, *Agriculture and the Policy Environment: Zambia and Zimbabwe*, by Doris J. Jansen and Andrew Rukovo, July 1992.
- Working Paper No. 75, *Agricultural Productivity and Economic Policies: Concepts and Measurements*, by Yair Mundlak, August 1992.
- Working Paper No. 76, *Structural Adjustment and the Institutional Dimensions of Agricultural Research and Development in Brazil: Soybeans, Wheat and Sugar Cane*, by John Wilkinson and Bernardo Sorj, August 1992.
- Working Paper No. 77, *The Impact of Laws and Regulations on Micro and Small Enterprises in Niger and Swaziland*, by Isabelle Joumard, Carl Liedholm and Donald Mead, September 1992.
- Working Paper No. 78, *Co-Financing Transactions between Multilateral Institutions and International Banks*, by Michel Bouchet and Amit Ghose, October 1992.
- Document de travail No. 79, *Allègement de la dette et croissance : le cas mexicain*, par Jean-Claude Berthélemy et Ann Vourc'h, octobre 1992.
- Document de travail No. 80, *Le Secteur informel en Tunisie : cadre réglementaire et pratique courante*, par Abderrahman Ben Zakour et Farouk Kria, novembre 1992.
- Working Paper No. 81, *Small-Scale Industries and Institutional Framework in Thailand*, by Naruemol Bunjongjit and Xavier Oudin, November 1992.
- Working Paper No. 81a, *Statistical Annex: Small-Scale Industries and Institutional Framework in Thailand*, by Naruemol Bunjongjit and Xavier Oudin, November 1992.
- Document de travail No. 82, *L'Expérience de l'allègement de la dette du Niger*, par Ann Vourc'h et Maina Boukar Moussa, novembre 1992.
- Working Paper No. 83, *Stabilization and Structural Adjustment in Indonesia: an Intertemporal General Equilibrium Analysis*, by David Roland-Holst, November 1992.
- Working Paper No. 84, *Striving for International Competitiveness: Lessons from Electronics for Developing Countries*, by Jan Maarten de Vet, March 1993.
- Document de travail No. 85, *Micro-entreprises et cadre institutionnel en Algérie*, par Hocine Benissad, mars 1993.
- Working Paper No. 86, *Informal Sector and Regulations in Ecuador and Jamaica*, by Emilio Klein and Victor E. Tokman, August 1993.
- Working Paper No. 87, *Alternative Explanations of the Trade-Output Correlation in the East Asian Economies*, by Colin I. Bradford Jr. and Naomi Chakwin, August 1993.
- Document de travail No. 88, *La Faisabilité politique de l'ajustement dans les pays africains*, par Christian Morisson, Jean-Dominique Lafay et Sébastien Dessus, novembre 1993.
- Working Paper No. 89, *China as a Leading Pacific Economy*, by Kiichiro Fukasaku and Mingyuan Wu, November 1993.
- Working Paper No. 90, *A Detailed Input-Output Table for Morocco, 1990*, by Maurizio Bussolo and David Roland-Holst, November 1993.
- Working Paper No. 91, *International Trade and the Transfer of Environmental Costs and Benefits*, by Hiro Lee and David Roland-Holst, December 1993.
- Working Paper No. 92, *Economic Instruments in Environmental Policy: Lessons from the OECD Experience and their Relevance to Developing Economies*, by Jean-Philippe Barde, January 1994.
- Working Paper No. 93, *What Can Developing Countries Learn from OECD Labour Market Programmes and Policies?*, by Åsa Sohlman with David Turnham, January 1994.

- Working Paper No. 94, *Trade Liberalization and Employment Linkages in the Pacific Basin*, by Hiro Lee and David Roland-Holst, February 1994.
- Working Paper No. 95, *Participatory Development and Gender: Articulating Concepts and Cases*, by Winifred Weekes-Vagliani, February 1994.
- Document de travail No. 96, *Promouvoir la maîtrise locale et régionale du développement : une démarche participative à Madagascar*, par Philippe de Rham et Bernard Lecomte, juin 1994.
- Working Paper No. 97, *The OECD Green Model: an Updated Overview*, by Hiro Lee, Joaquim Oliveira-Martins and Dominique van der Mensbrugghe, August 1994.
- Working Paper No. 98, *Pension Funds, Capital Controls and Macroeconomic Stability*, by Helmut Reisen and John Williamson, August 1994.
- Working Paper No. 99, *Trade and Pollution Linkages: Piecemeal Reform and Optimal Intervention*, by John Beghin, David Roland-Holst and Dominique van der Mensbrugghe, October 1994.
- Working Paper No. 100, *International Initiatives in Biotechnology for Developing Country Agriculture: Promises and Problems*, by Carliene Brenner and John Komen, October 1994.
- Working Paper No. 101, *Input-based Pollution Estimates for Environmental Assessment in Developing Countries*, by Sébastien Dessus, David Roland-Holst and Dominique van der Mensbrugghe, October 1994.
- Working Paper No. 102, *Transitional Problems from Reform to Growth: Safety Nets and Financial Efficiency in the Adjusting Egyptian Economy*, by Mahmoud Abdel-Fadil, December 1994.
- Working Paper No. 103, *Biotechnology and Sustainable Agriculture: Lessons from India*, by Ghayur Alam, December 1994.
- Working Paper No. 104, *Crop Biotechnology and Sustainability: a Case Study of Colombia*, by Luis R. Sanint, January 1995.
- Working Paper No. 105, *Biotechnology and Sustainable Agriculture: the Case of Mexico*, by José Luis Solleiro Rebolledo, January 1995.
- Working Paper No. 106, *Empirical Specifications for a General Equilibrium Analysis of Labour Market Policies and Adjustments*, by Andréa Maechler and David Roland-Holst, May 1995.
- Document de travail No. 107, *Les Migrants, partenaires de la coopération internationale : le cas des Maliens de France*, par Christophe Daum, juillet 1995.
- Document de travail No. 108, *Ouverture et croissance industrielle en Chine : étude empirique sur un échantillon de villes*, par Sylvie Démurger, septembre 1995.
- Working Paper No. 109, *Biotechnology and Sustainable Crop Production in Zimbabwe*, by John J. Woodend, December 1995.
- Document de travail No. 110, *Politiques de l'environnement et libéralisation des échanges au Costa Rica : une vue d'ensemble*, par Sébastien Dessus et Maurizio Bussolo, février 1996.
- Working Paper No. 111, *Grow Now/Clean Later, or the Pursuit of Sustainable Development?*, by David O'Connor, March 1996.
- Working Paper No. 112, *Economic Transition and Trade-Policy Reform: Lessons from China*, by Kiichiro Fukasaku and Henri-Bernard Solignac Lecomte, July 1996.
- Working Paper No. 113, *Chinese Outward Investment in Hong Kong: Trends, Prospects and Policy Implications*, by Yun-Wing Sung, July 1996.
- Working Paper No. 114, *Vertical Intra-industry Trade between China and OECD Countries*, by Lisbeth Hellvin, July 1996.
- Document de travail No. 115, *Le Rôle du capital public dans la croissance des pays en développement au cours des années 80*, par Sébastien Dessus et Rémy Herrera, juillet 1996.
- Working Paper No. 116, *General Equilibrium Modelling of Trade and the Environment*, by John Beghin, Sébastien Dessus, David Roland-Holst and Dominique van der Mensbrugghe, September 1996.
- Working Paper No. 117, *Labour Market Aspects of State Enterprise Reform in Viet Nam*, by David O'Connor, September 1996.
- Document de travail No. 118, *Croissance et compétitivité de l'industrie manufacturière au Sénégal*, par Thierry Latreille et Aristomène Varoudakis, octobre 1996.
- Working Paper No. 119, *Evidence on Trade and Wages in the Developing World*, by Donald J. Robbins, December 1996.
- Working Paper No. 120, *Liberalising Foreign Investments by Pension Funds: Positive and Normative Aspects*, by Helmut Reisen, January 1997.
- Document de travail No. 121, *Capital Humain, ouverture extérieure et croissance : estimation sur données de panel d'un modèle à coefficients variables*, par Jean-Claude Berthélemy, Sébastien Dessus et Aristomène Varoudakis, janvier 1997.
- Working Paper No. 122, *Corruption: The Issues*, by Andrew W. Goudie and David Stasavage, January 1997.
- Working Paper No. 123, *Outflows of Capital from China*, by David Wall, March 1997.
- Working Paper No. 124, *Emerging Market Risk and Sovereign Credit Ratings*, by Guillermo Larraín, Helmut Reisen and Julia von Maltzan, April 1997.
- Working Paper No. 125, *Urban Credit Co-operatives in China*, by Eric Girardin and Xie Ping, August 1997.
- Working Paper No. 126, *Fiscal Alternatives of Moving from Unfunded to Funded Pensions*, by Robert Holzmann, August 1997.
- Working Paper No. 127, *Trade Strategies for the Southern Mediterranean*, by Peter A. Petri, December 1997.
- Working Paper No. 128, *The Case of Missing Foreign Investment in the Southern Mediterranean*, by Peter A. Petri, December 1997.
- Working Paper No. 129, *Economic Reform in Egypt in a Changing Global Economy*, by Joseph Licari, December 1997.

- Working Paper No. 130, *Do Funded Pensions Contribute to Higher Aggregate Savings? A Cross-Country Analysis*, by Jeanine Bailliu and Helmut Reisen, December 1997.
- Working Paper No. 131, *Long-run Growth Trends and Convergence Across Indian States*, by Rayaprolu Nagaraj, Aristomène Varoudakis and Marie-Ange Véganzonès, January 1998.
- Working Paper No. 132, *Sustainable and Excessive Current Account Deficits*, by Helmut Reisen, February 1998.
- Working Paper No. 133, *Intellectual Property Rights and Technology Transfer in Developing Country Agriculture: Rhetoric and Reality*, by Carliene Brenner, March 1998.
- Working Paper No. 134, *Exchange-rate Management and Manufactured Exports in Sub-Saharan Africa*, by Khalid Sekkat and Aristomène Varoudakis, March 1998.
- Working Paper No. 135, *Trade Integration with Europe, Export Diversification and Economic Growth in Egypt*, by Sébastien Dessus and Akiko Suwa-Eisenmann, June 1998.
- Working Paper No. 136, *Domestic Causes of Currency Crises: Policy Lessons for Crisis Avoidance*, by Helmut Reisen, June 1998.
- Working Paper No. 137, *A Simulation Model of Global Pension Investment*, by Landis MacKellar and Helmut Reisen, August 1998.
- Working Paper No. 138, *Determinants of Customs Fraud and Corruption: Evidence from Two African Countries*, by David Stasavage and Cécile Daubrée, August 1998.
- Working Paper No. 139, *State Infrastructure and Productive Performance in Indian Manufacturing*, by Arup Mitra, Aristomène Varoudakis and Marie-Ange Véganzonès, August 1998.
- Working Paper No. 140, *Rural Industrial Development in Viet Nam and China: A Study in Contrasts*, by David O'Connor, September 1998.
- Working Paper No. 141, *Labour Market Aspects of State Enterprise Reform in China*, by Fan Gang, Maria Rosa Lunati and David O'Connor, October 1998.
- Working Paper No. 142, *Fighting Extreme Poverty in Brazil: The Influence of Citizens' Action on Government Policies*, by Fernanda Lopes de Carvalho, November 1998.
- Working Paper No. 143, *How Bad Governance Impedes Poverty Alleviation in Bangladesh*, by Rehman Sobhan, November 1998.
- Document de travail No. 144, *La libéralisation de l'agriculture tunisienne et l'Union européenne: une vue prospective*, par Mohamed Abdelbasset Chemingui et Sébastien Dessus, février 1999.
- Working Paper No. 145, *Economic Policy Reform and Growth Prospects in Emerging African Economies*, by Patrick Guillaumont, Sylviane Guillaumont Jeanneney and Aristomène Varoudakis, March 1999.
- Working Paper No. 146, *Structural Policies for International Competitiveness in Manufacturing: The Case of Cameroon*, by Ludvig Söderling, March 1999.
- Working Paper No. 147, *China's Unfinished Open-Economy Reforms: Liberalisation of Services*, by Kiichiro Fukasaku, Yu Ma and Qiumei Yang, April 1999.
- Working Paper No. 148, *Boom and Bust and Sovereign Ratings*, by Helmut Reisen and Julia von Maltzan, June 1999.
- Working Paper No. 149, *Economic Opening and the Demand for Skills in Developing Countries: A Review of Theory and Evidence*, by David O'Connor and Maria Rosa Lunati, June 1999.
- Working Paper No. 150, *The Role of Capital Accumulation, Adjustment and Structural Change for Economic Take-off: Empirical Evidence from African Growth Episodes*, by Jean-Claude Berthélemy and Ludvig Söderling, July 1999.
- Working Paper No. 151, *Gender, Human Capital and Growth: Evidence from Six Latin American Countries*, by Donald J. Robbins, September 1999.
- Working Paper No. 152, *The Politics and Economics of Transition to an Open Market Economy in Viet Nam*, by James Riedel and William S. Turley, September 1999.
- Working Paper No. 153, *The Economics and Politics of Transition to an Open Market Economy: China*, by Wing Thye Woo, October 1999.
- Working Paper No. 154, *Infrastructure Development and Regulatory Reform in Sub-Saharan Africa: The Case of Air Transport*, by Andrea E. Goldstein, October 1999.
- Working Paper No. 155, *The Economics and Politics of Transition to an Open Market Economy: India*, by Ashok V. Desai, October 1999.
- Working Paper No. 156, *Climate Policy Without Tears: CGE-Based Ancillary Benefits Estimates for Chile*, by Sébastien Dessus and David O'Connor, November 1999.
- Document de travail No. 157, *Dépenses d'éducation, qualité de l'éducation et pauvreté : l'exemple de cinq pays d'Afrique francophone*, par Katharina Michaelowa, avril 2000.
- Document de travail No. 158, *Une estimation de la pauvreté en Afrique subsaharienne d'après les données anthropométriques*, par Christian Morrisson, Hélène Guilmeau et Charles Linskens, mai 2000.
- Working Paper No. 159, *Converging European Transitions*, by Jorge Braga de Macedo, July 2000.
- Working Paper No. 160, *Capital Flows and Growth in Developing Countries: Recent Empirical Evidence*, by Marcelo Soto, July 2000.
- Working Paper No. 161, *Global Capital Flows and the Environment in the 21st Century*, by David O'Connor, July 2000.
- Working Paper No. 162, *Financial Crises and International Architecture: A "Eurocentric" Perspective*, by Jorge Braga de Macedo, August 2000.
- Document de travail No. 163, *Résoudre le problème de la dette : de l'initiative PPTE à Cologne*, par Anne Joseph, août 2000.
- Working Paper No. 164, *E-Commerce for Development: Prospects and Policy Issues*, by Andrea Goldstein and David O'Connor, September 2000.

- Working Paper No. 165, *Negative Alchemy? Corruption and Composition of Capital Flows*, by Shang-Jin Wei, October 2000.
- Working Paper No. 166, *The HIPC Initiative: True and False Promises*, by Daniel Cohen, October 2000.
- Document de travail No. 167, *Les facteurs explicatifs de la malnutrition en Afrique subsaharienne*, par Christian Morrisson et Charles Linskens, octobre 2000.
- Working Paper No. 168, *Human Capital and Growth: A Synthesis Report*, by Christopher A. Pissarides, November 2000.
- Working Paper No. 169, *Obstacles to Expanding Intra-African Trade*, by Roberto Longo and Khalid Sekkat, March 2001.
- Working Paper No. 170, *Regional Integration In West Africa*, by Ernest Aryeetey, March 2001.
- Working Paper No. 171, *Regional Integration Experience in the Eastern African Region*, by Andrea Goldstein and Njuguna S. Ndung'u, March 2001.
- Working Paper No. 172, *Integration and Co-operation in Southern Africa*, by Carolyn Jenkins, March 2001.
- Working Paper No. 173, *FDI in Sub-Saharan Africa*, by Ludger Odenthal, March 2001
- Document de travail No. 174, *La réforme des télécommunications en Afrique subsaharienne*, par Patrick Plane, mars 2001.
- Working Paper No. 175, *Fighting Corruption in Customs Administration: What Can We Learn from Recent Experiences?*, by Irène Hors; April 2001.
- Working Paper No. 176, *Globalisation and Transformation: Illusions and Reality*, by Grzegorz W. Kolodko, May 2001.
- Working Paper No. 177, *External Solvency, Dollarisation and Investment Grade: Towards a Virtuous Circle?*, by Martin Grandes, June 2001.
- Document de travail No. 178, *Congo 1965-1999: Les espoirs déçus du « Brésil africain »*, par Joseph Maton avec Henri-Bernard Solignac Lecomte, septembre 2001.
- Working Paper No. 179, *Growth and Human Capital: Good Data, Good Results*, by Daniel Cohen and Marcelo Soto, September 2001.
- Working Paper No. 180, *Corporate Governance and National Development*, by Charles P. Oman, October 2001.
- Working Paper No. 181, *How Globalisation Improves Governance*, by Federico Bonaglia, Jorge Braga de Macedo and Maurizio Bussolo, November 2001.
- Working Paper No. 182, *Clearing the Air in India: The Economics of Climate Policy with Ancillary Benefits*, by Maurizio Bussolo and David O'Connor, November 2001.
- Working Paper No. 183, *Globalisation, Poverty and Inequality in sub-Saharan Africa: A Political Economy Appraisal*, by Yvonne M. Tsikata, December 2001.
- Working Paper No. 184, *Distribution and Growth in Latin America in an Era of Structural Reform: The Impact of Globalisation*, by Samuel A. Morley, December 2001.
- Working Paper No. 185, *Globalisation, Liberalisation, Poverty and Income Inequality in Southeast Asia*, by K.S. Jomo, December 2001.
- Working Paper No. 186, *Globalisation, Growth and Income Inequality: The African Experience*, by Steve Kayizzi-Mugerwa, December 2001.
- Working Paper No. 187, *The Social Impact of Globalisation in Southeast Asia*, by Mari Pangestu, December 2001.
- Working Paper No. 188, *Where Does Inequality Come From? Ideas and Implications for Latin America*, by James A. Robinson, December 2001.
- Working Paper No. 189, *Policies and Institutions for E-Commerce Readiness: What Can Developing Countries Learn from OECD Experience?*, by Paulo Bastos Tigre and David O'Connor, April 2002.
- Document de travail No. 190, *La réforme du secteur financier en Afrique*, par Anne Joseph, juillet 2002.
- Working Paper No. 191, *Virtuous Circles? Human Capital Formation, Economic Development and the Multinational Enterprise*, by Ethan B. Kapstein, August 2002.
- Working Paper No. 192, *Skill Upgrading in Developing Countries: Has Inward Foreign Direct Investment Played a Role?*, by Matthew J. Slaughter, August 2002.
- Working Paper No. 193, *Government Policies for Inward Foreign Direct Investment in Developing Countries: Implications for Human Capital Formation and Income Inequality*, by Dirk Willem te Velde, August 2002.
- Working Paper No. 194, *Foreign Direct Investment and Intellectual Capital Formation in Southeast Asia*, by Bryan K. Ritchie, August 2002.
- Working Paper No. 195, *FDI and Human Capital: A Research Agenda*, by Magnus Blomström and Ari Kokko, August 2002.
- Working Paper No. 196, *Knowledge Diffusion from Multinational Enterprises: The Role of Domestic and Foreign Knowledge-Enhancing Activities*, by Yasuyuki Todo and Koji Miyamoto, August 2002.
- Working Paper No. 197, *Why Are Some Countries So Poor? Another Look at the Evidence and a Message of Hope*, by Daniel Cohen and Marcelo Soto, October 2002.
- Working Paper No. 198, *Choice of an Exchange-Rate Arrangement, Institutional Setting and Inflation: Empirical Evidence from Latin America*, by Andreas Freytag, October 2002.
- Working Paper No. 199, *Will Basel II Affect International Capital Flows to Emerging Markets?*, by Beatrice Weder and Michael Wedow, October 2002.
- Working Paper No. 200, *Convergence and Divergence of Sovereign Bond Spreads: Lessons from Latin America*, by Martin Grandes, October 2002.
- Working Paper No. 201, *Prospects for Emerging-Market Flows amid Investor Concerns about Corporate Governance*, by Helmut Reisen, November 2002.
- Working Paper No. 202, *Rediscovering Education in Growth Regressions*, by Marcelo Soto, November 2002.

- Working Paper No. 203, *Incentive Bidding for Mobile Investment: Economic Consequences and Potential Responses*, by Andrew Charlton, January 2003.
- Working Paper No. 204, *Health Insurance for the Poor? Determinants of participation Community-Based Health Insurance Schemes in Rural Senegal*, by Johannes Jütting, January 2003.
- Working Paper No. 205, *China's Software Industry and its Implications for India*, by Ted Tschang, February 2003.
- Working Paper No. 206, *Agricultural and Human Health Impacts of Climate Policy in China: A General Equilibrium Analysis with Special Reference to Guangdong*, by David O'Connor, Fan Zhai, Kristin Anun, Terje Berntsen and Haakon Vennemo, March 2003.
- Working Paper No. 207, *India's Information Technology Sector: What Contribution to Broader Economic Development?*, by Nirvikar Singh, March 2003.
- Working Paper No. 208, *Public Procurement: Lessons from Kenya, Tanzania and Uganda*, by Walter Odhiambo and Paul Kamau, March 2003.
- Working Paper No. 209, *Export Diversification in Low-Income Countries: An International Challenge after Doha*, by Federico Bonaglia and Kiichiro Fukasaku, June 2003.
- Working Paper No. 210, *Institutions and Development: A Critical Review*, by Johannes Jütting, July 2003.
- Working Paper No. 211, *Human Capital Formation and Foreign Direct Investment in Developing Countries*, by Koji Miyamoto, July 2003.
- Working Paper No. 212, *Central Asia since 1991: The Experience of the New Independent States*, by Richard Pomfret, July 2003.
- Working Paper No. 213, *A Multi-Region Social Accounting Matrix (1995) and Regional Environmental General Equilibrium Model for India (REGEMI)*, by Maurizio Bussolo, Mohamed Chemingui and David O'Connor, November 2003.
- Working Paper No. 214, *Ratings Since the Asian Crisis*, by Helmut Reisen, November 2003.
- Working Paper No. 215, *Development Redux: Reflections for a New Paradigm*, by Jorge Braga de Macedo, November 2003.
- Working Paper No. 216, *The Political Economy of Regulatory Reform: Telecoms in the Southern Mediterranean*, by Andrea Goldstein, November 2003.
- Working Paper No. 217, *The Impact of Education on Fertility and Child Mortality: Do Fathers Really Matter Less than Mothers?*, by Lucia Breierova and Esther Dufo, November 2003.
- Working Paper No. 218, *Float in Order to Fix? Lessons from Emerging Markets for EU Accession Countries*, by Jorge Braga de Macedo and Helmut Reisen, November 2003.
- Working Paper No. 219, *Globalisation in Developing Countries: The Role of Transaction Costs in Explaining Economic Performance in India*, by Maurizio Bussolo and John Whalley, November 2003.
- Working Paper No. 220, *Poverty Reduction Strategies in a Budget-Constrained Economy: The Case of Ghana*, by Maurizio Bussolo and Jeffery I. Round, November 2003.
- Working Paper No. 221, *Public-Private Partnerships in Development: Three Applications in Timor Leste*, by José Braz, November 2003.
- Working Paper No. 222, *Public Opinion Research, Global Education and Development Co-operation Reform: In Search of a Virtuous Circle*, by Ida Mc Donnell, Henri-Bernard Solignac Lecomte and Liam Wegimont, November 2003.
- Working Paper No. 223, *Building Capacity to Trade: What Are the Priorities?*, by Henry-Bernard Solignac Lecomte, November 2003.
- Working Paper No. 224, *Of Flying Geeks and O-Rings: Locating Software and IT Services in India's Economic Development*, by David O'Connor, November 2003.
- Document de travail No. 225, *Cap Vert: Gouvernance et Développement*, par Jaime Lourenço and Colm Foy, novembre 2003.
- Working Paper No. 226, *Globalisation and Poverty Changes in Colombia*, by Maurizio Bussolo and Jann Lay, November 2003.
- Working Paper No. 227, *The Composite Indicator of Economic Activity in Mozambique (ICAE): Filling in the Knowledge Gaps to Enhance Public-Private Partnership (PPP)*, by Roberto J. Tibana, November 2003.
- Working Paper No. 228, *Economic-Reconstruction in Post-Conflict Transitions: Lessons for the Democratic Republic of Congo (DRC)*, by Graciana del Castillo, November 2003.
- Working Paper No. 229, *Providing Low-Cost Information Technology Access to Rural Communities In Developing Countries: What Works? What Pays?* by Georg Caspary and David O'Connor, November 2003.
- Working Paper No. 230, *The Currency Premium and Local-Currency Denominated Debt Costs in South Africa*, by Martin Grandes, Marcel Peter and Nicolas Pinaud, December 2003.
- Working Paper No. 231, *Macroeconomic Convergence in Southern Africa: The Rand Zone Experience*, by Martin Grandes, December 2003.
- Working Paper No. 232, *Financing Global and Regional Public Goods through ODA: Analysis and Evidence from the OECD Creditor Reporting System*, by Helmut Reisen, Marcelo Soto and Thomas Weithöner, January 2004.
- Working Paper No. 233, *Land, Violent Conflict and Development*, by Nicolas Pons-Vignon and Henri-Bernard Solignac Lecomte, February 2004.
- Working Paper No. 234, *The Impact of Social Institutions on the Economic Role of Women in Developing Countries*, by Christian Morrisson and Johannes Jütting, May 2004.
- Document de travail No. 235, *La condition des femmes en Inde, Kenya, Soudan et Tunisie*, par Christian Morrisson, août 2004.
- Working Paper No. 236, *Decentralisation and Poverty in Developing Countries: Exploring the Impact*, by Johannes Jütting, Céline Kauffmann, Ida Mc Donnell, Holger Osterrieder, Nicolas Pinaud and Lucia Wegner, August 2004.
- Working Paper No. 237, *Natural Disasters and Adaptive Capacity*, by Jeff Dayton-Johnson, August 2004.

Working Paper No. 238, *Public Opinion Polling and the Millennium Development Goals*, by Jude Fransman, Alphonse L. MacDonnald, Ida Mc Donnell and Nicolas Pons-Vignon, October 2004.

Working Paper No. 239, *Overcoming Barriers to Competitiveness*, by Orsetta Causa and Daniel Cohen, December 2004.

Working Paper No. 240, *Extending Insurance? Funeral Associations in Ethiopia and Tanzania*, by Stefan Dercon, Tessa Bold, Joachim De Weerd and Alula Pankhurst, December 2004.

Working Paper No. 241, *Macroeconomic Policies: New Issues of Interdependence*, by Helmut Reisen, Martin Grandes and Nicolas Pinaud, January 2005.

Working Paper No. 242, *Institutional Change and its Impact on the Poor and Excluded: The Indian Decentralisation Experience*, by D. Narayana, January 2005.

Working Paper No. 243, *Impact of Changes in Social Institutions on Income Inequality in China*, by Hiroko Uchimura, May 2005.

Working Paper No. 244, *Priorities in Global Assistance for Health, AIDS and Population (HAP)*, by Landis MacKellar, June 2005.

Working Paper No. 245, *Trade and Structural Adjustment Policies in Selected Developing Countries*, by Jens Andersson, Federico Bonaglia, Kiichiro Fukasaku and Caroline Lesser, July 2005.

Working Paper No. 246, *Economic Growth and Poverty Reduction: Measurement and Policy Issues*, by Stephan Klasen, (September 2005).

Working Paper No. 247, *Measuring Gender (In)Equality: Introducing the Gender, Institutions and Development Data Base (GID)*,

by Johannes P. Jütting, Christian Morrisson, Jeff Dayton-Johnson and Denis Drechsler (March 2006).

Working Paper No. 248, *Institutional Bottlenecks for Agricultural Development: A Stock-Taking Exercise Based on Evidence from Sub-Saharan Africa* by Juan R. de Laiglesia, March 2006.

Working Paper No. 249, *Migration Policy and its Interactions with Aid, Trade and Foreign Direct Investment Policies: A Background Paper*, by Theodora Xenogiani, June 2006.

Working Paper No. 250, *Effects of Migration on Sending Countries: What Do We Know?* by Louka T. Katseli, Robert E.B. Lucas and Theodora Xenogiani, June 2006.

Document de travail No. 251, *L'aide au développement et les autres flux nord-sud : complémentarité ou substitution ?*, par Denis Cogneau et Sylvie Lambert, juin 2006.

Working Paper No. 252, *Angel or Devil? China's Trade Impact on Latin American Emerging Markets*, by Jorge Blázquez-Lidoy, Javier Rodríguez and Javier Santiso, June 2006.

Working Paper No. 253, *Policy Coherence for Development: A Background Paper on Foreign Direct Investment*, by Thierry Mayer, July 2006.

Working Paper No. 254, *The Coherence of Trade Flows and Trade Policies with Aid and Investment Flows*, by Akiko Suwa-Eisenmann and Thierry Verdier, August 2006.

Document de travail No. 255, *Structures familiales, transferts et épargne : examen*, par Christian Morrisson, août 2006.

Working Paper No. 256, *Ulysses, the Sirens and the Art of Navigation: Political and Technical Rationality in Latin America*, by Javier Santiso and Laurence Whitehead, September 2006.

Working Paper No. 257, *Developing Country Multinationals: South-South Investment Comes of Age*, by Dilek Aykut and Andrea Goldstein, November 2006.

Working Paper No. 258, *The Usual Suspects: A Primer on Investment Banks' Recommendations and Emerging Markets*, by Sebastián Nieto-Parra and Javier Santiso, January 2007.

Working Paper No. 259, *Banking on Democracy: The Political Economy of International Private Bank Lending in Emerging Markets*, by Javier Rodríguez and Javier Santiso, March 2007.

Working Paper No. 260, *New Strategies for Emerging Domestic Sovereign Bond Markets*, by Hans Blommestein and Javier Santiso, April 2007.

Working Paper No. 261, *Privatisation in the MEDA region. Where do we stand?*, by Céline Kauffmann and Lucia Wegner, July 2007.

Working Paper No. 262, *Strengthening Productive Capacities in Emerging Economies through Internationalisation: Evidence from the Appliance Industry*, by Federico Bonaglia and Andrea Goldstein, July 2007.

Working Paper No. 263, *Banking on Development: Private Banks and Aid Donors in Developing Countries*, by Javier Rodríguez and Javier Santiso, November 2007.

Working Paper No. 264, *Fiscal Decentralisation, Chinese Style: Good for Health Outcomes?*, by Hiroko Uchimura and Johannes Jütting, November 2007.

Working Paper No. 265, *Private Sector Participation and Regulatory Reform in Water supply: the Southern Mediterranean Experience*, by Edouard Pérard, January 2008.

Working Paper No. 266, *Informal Employment Re-loaded*, by Johannes Jütting, Jante Parlevliet and Theodora Xenogiani, January 2008.

Working Paper No. 267, *Household Structures and Savings: Evidence from Household Surveys*, by Juan R. de Laiglesia and Christian Morrisson, January 2008.

Working Paper No. 268, *Prudent versus Imprudent Lending to Africa: From Debt Relief to Emerging Lenders*, by Helmut Reisen and Sokhna Ndoye, February 2008.

Working Paper No. 269, *Lending to the Poorest Countries: A New Counter-Cyclical Debt Instrument*, by Daniel Cohen, Hélène Djoufelkit-Cottenet, Pierre Jacquet and Cécile Valadier, April 2008.

Working Paper No.270, *The Macro Management of Commodity Booms: Africa and Latin America's Response to Asian Demand*, by Rolando Avendaño, Helmut Reisen and Javier Santiso, August 2008.

- Working Paper No. 271, *Report on Informal Employment in Romania*, by Jante Parlevliet and Theodora Xenogiani, July 2008.
- Working Paper No. 272, *Wall Street and Elections in Latin American Emerging Democracies*, by Sebastián Nieto-Parra and Javier Santiso, October 2008.
- Working Paper No. 273, *Aid Volatility and Macro Risks in LICs*, by Eduardo Borensztein, Julia Cage, Daniel Cohen and Cécile Valadier, November 2008.
- Working Paper No. 274, *Who Saw Sovereign Debt Crises Coming?*, by Sebastián Nieto-Parra, November 2008.
- Working Paper No. 275, *Development Aid and Portfolio Funds: Trends, Volatility and Fragmentation*, by Emmanuel Frot and Javier Santiso, December 2008.
- Working Paper No. 276, *Extracting the Maximum from EITI*, by Dilan Ölcer, February 2009.
- Working Paper No. 277, *Taking Stock of the Credit Crunch: Implications for Development Finance and Global Governance*, by Andrew Mold, Sebastian Paulo and Annalisa Prizzon, March 2009.
- Working Paper No. 278, *Are All Migrants Really Worse Off in Urban Labour Markets? New Empirical Evidence from China*, by Jason Gagnon, Theodora Xenogiani and Chunbing Xing, June 2009.
- Working Paper No. 279, *Herding in Aid Allocation*, by Emmanuel Frot and Javier Santiso, June 2009.
- Working Paper No. 280, *Coherence of Development Policies: Ecuador's Economic Ties with Spain and their Development Impact*, by Iliana Olivie, July 2009.
- Working Paper No. 281, *Revisiting Political Budget Cycles in Latin America*, by Sebastián Nieto-Parra and Javier Santiso, August 2009.
- Working Paper No. 282, *Are Workers' Remittances Relevant for Credit Rating Agencies?*, by Rolando Avendaño, Norbert Gaillard and Sebastián Nieto-Parra, October 2009.
- Working Paper No. 283, *Are SWF Investments Politically Biased? A Comparison with Mutual Funds*, by Rolando Avendaño and Javier Santiso, December 2009.
- Working Paper No. 284, *Crushed Aid: Fragmentation in Sectoral Aid*, by Emmanuel Frot and Javier Santiso, January 2010.
- Working Paper No. 285, *The Emerging Middle Class in Developing Countries*, by Homi Kharas, January 2010.
- Working Paper No. 286, *Does Trade Stimulate Innovation? Evidence from Firm-Product Data*, by Ana Margarida Fernandes and Caroline Paunov, January 2010.
- Working Paper No. 287, *Why Do So Many Women End Up in Bad Jobs? A Cross-Country Assessment*, by Johannes Jütting, Angela Luci and Christian Morrisson, January 2010.
- Working Paper No. 288, *Innovation, Productivity and Economic Development in Latin America and the Caribbean*, by Christian Daude, February 2010.
- Working Paper No. 289, *South America for the Chinese? A Trade-Based Analysis*, by Eliana Cardoso and Márcio Holland, April 2010.
- Working Paper No. 290, *On the Role of Productivity and Factor Accumulation in Economic Development in Latin America and the Caribbean*, by Christian Daude and Eduardo Fernández-Arias, April 2010.
- Working Paper No. 291, *Fiscal Policy in Latin America: Countercyclical and Sustainable at Last?*, by Christian Daude, Ángel Melguizo and Alejandro Neut, July 2010.
- Working Paper No. 292, *The Renminbi and Poor-Country Growth*, by Christopher Garroway, Burcu Hacibedel, Helmut Reisen and Edouard Turkisch, September 2010.
- Working Paper No. 293, *Rethinking the (European) Foundations of Sub-Saharan African Regional Economic Integration*, by Peter Draper, September 2010.