

LEVIATHAN, TAXES AND THE GEESE

WHY DO WE NEED TAX CONSTITUTION?

Coskun Can AKTAN
Professor of Public Economics
Dokuz Eylul University
Faculty of Economics and Administrative Sciences
izmir, Turkey
can.aktan@deu.edu.tr

Abstract

Modern Leviathan continues to grow and misuse its fiscal powers in contemporary democracies. Although, globalization together with regionalization have limited certain fiscal powers of the nation states through tax competition, convergence and unification, leviathan is not restrained effectively yet. Election and other democratic mechanisms did not function as guarantor of taxpayers against fiscal exploitation.

How can modern Leviathan be kept under control ? What ought to be done to end fiscal exploitation? Can statutory fiscal rules be effective against tax abuse? What are the alternative fiscal rules to limit the arbitrary fiscal power of government?

This paper explores the fact that the citizenry in modern democracies has no effective control over government and fiscal decisions are made arbitrarily in the political decision making process. It is stated that if political decisions are made by legislative majorities, taxpayers always face to the tax abuse. After exploring the deficiencies of the discretionary tax policy, constitutional perspective is presented. Constitutional perspective suggest that a “tax constitution” is essential to protect the citizenry from exploitation. Constitutional perspective refers to the selecting quasi-permanent rules and institutions within which day-to-day operational choices are to be made and implemented for matters of taxation. Alternative tax constitution proposals - both procedural and quantitative means of limiting the taxing power of government- are also discussed.

Keywords: Tax system, tax abuse, tax exploitation, constitutional tax reform, tax constitution,

JEL Classification: eklenecek

(Prepared for 3rd International Conference of the the Japan Economic Policy Association, which will be held at Meiji University in Tokyo, Japan, November 13-14 2004.)