Tax Reform in the 21st Century
A Volume in Memory of Richard Musgrave

Edited by
John G. Head and Richard Krever
# Table of Contents

Editors and Contributors  ix
Introduction and Dedication  xi

**REFLECTION**

Remembering Richard Musgrave, 1910–2007  
*Peggy B. Musgrave*  
3

**PURSUING TAX REFORM**

The Political Economy of Tax Reform: A Neo-Musgravian Perspective with Illustrations from Canadian, US, Australian and New Zealand Experience  
*John G. Head*  
19

International Prospects for Consumption-Based Direct Taxes: A Guided Tour  
*Charles E. McLure, Jr and George R. Zodrow*  
51

Taxing Corporations in the European Union: Towards a Common Base?  
*Sijbren Cnossen*  
73

Income and Consumption Taxes in New Zealand: The Political Economy of Broad-Base, Low-Rate Reform in a Small Open Economy  
*David White*  
95
PERSONAL TAX BASE: INCOME OR CONSUMPTION?

Income or Consumption Taxes?
*Alan J. Auerbach* 147

Consumption Taxes and Risk Revised
*Jane G. Gravelle* 167

TAX RATE SCALE: EQUITY AND EFFICIENCY ASPECTS

Taxation, Labour Supply and Saving
*Patricia Apps and Ray Rees* 187

The Distributional Effect of Consumption Taxes in Tax Systems
*Neil Warren* 217

A Restatement of the Case for a Progressive Income Tax
*Neil Brooks* 277

BUSINESS TAX REFORM: STRUCTURAL AND DESIGN ISSUES

Corporate Income Tax: Incidence, Economic Effects, and Structural Issues
*Jane G. Gravelle* 355

The Deduction of Interest Payments in an Ideal Tax on Realized Business Profits
*Michael J. McIntyre* 385

The Mirrlees Review: A Perspective on Fundamental Tax Reform
*Malcolm Gammie* 407

Taxes or Tradable Permits to Reduce Greenhouse Gas Emissions
*John Freebairn* 421

INTERJURISDICTIONAL ISSUES

Tax Assignment Revisited
*Richard Bird* 441

Inter-Nation Equity: The Development of an Important but Underappreciated International Tax Policy Objective
*Kim Brooks* 471
<table>
<thead>
<tr>
<th>Title</th>
<th>Author</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation of Outbound Direct Investment: Economic Principles and Tax Policy Considerations</td>
<td>Michael P. Devereux</td>
<td>499</td>
</tr>
<tr>
<td>Controlling Tax Avoidance: Anti-Avoidance Strategies</td>
<td>Chris Evans</td>
<td>529</td>
</tr>
</tbody>
</table>