

Murphy, Richard

Working Paper

Why Bother with the Tax Gap? An Introduction to Modern Taxation Theory

CITYPERC Working Paper, No. 2017-04

Provided in Cooperation with:

City Political Economy Research Centre (CITYPERC), City, University of London

Suggested Citation: Murphy, Richard (2017) : Why Bother with the Tax Gap? An Introduction to Modern Taxation Theory, CITYPERC Working Paper, No. 2017-04, City, University of London, City Political Economy Research Centre (CITYPERC), London

This Version is available at:

<https://hdl.handle.net/10419/251248>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



CITYPERC Working Paper Series

Why Bother with the Tax Gap?
An Introduction to Modern Taxation Theory

Richard Murphy

CITYPERC Working Paper No. 2017-04
City Political Economy Research Centre
cityperc@city.ac.uk / [@cityperc](#)

City, University of London
Northampton Square
London EC1V 0HB
United Kingdom

CITY
UNIVERSITY OF LONDON
— EST 1894 —

Why bother with the tax gap?

An introduction to modern taxation theory[†]

Richard Murphy¹

¹FCA; Professor of Practice in International Political Economy, City, University of London.

Abstract Issues relating to tax avoidance and evasion, which make up most of the tax gap, have played a major role in the political narrative of many countries since the global financial crisis of 2008. Despite this economic theory has little to say on the subject whilst political responses have been partial and have rarely been evidence based. This paper suggests that this is because the tax gap has been poorly understood to date. The result has been that the implications of the tax gap for governments, the rule of law, the austerity narrative and the provision of public services as well as its consequences for market risk, investment, productivity growth and economic and social inequality have very largely been overlooked in most official as well as academic discussion on the subject to date. These consequences, it is suggested, justify increased investment in developing new understanding of the nature of tax and its role in the economy and, as a consequence, new tax gap methodologies so that full social and economic consequences of not collecting tax due can be properly appraised.

Keywords tax • tax gap • tax justice • modern taxation theory

*I would like to thank D. Hannah Petersen of City, University of London for her help with this this draft paper: the errors and omissions are mine alone.

[†]My work on country-by-country reporting and the tax gap is undertaken as part of COFFERS (Combating Fiscal Fraud and Empowering Regulators), a EU Horizon 2020 project.



COFFERS
Combating Fiscal Fraud and Empowering Regulators



1 Introduction

The tax gap has been defined as the difference between the amount of tax that should be imposed by the tax code of a country and the amount that is actually reported and paid on timely filed returns (Mazur and Plumley, 2007). The result is that it is very largely seen as a technical issue in most economics literature. So, for example, Gemmell and Hasseldine (2012), in one of the leading papers on the subject, primarily concern themselves with methodologies for estimating that gap. A response that considers behavioural as well as technical issues is typified in Slemrod (2007), where emphasis is placed on who evades their obligations to pay tax with what resulting cost to society in terms of revenue foregone. The focus in that paper and many papers is, however, on how to achieve tax enforcement. Politicians share that view, although with a tendency to focus on tax avoidance and not tax evasion¹. Rarely is the reason for tackling the tax gap stated explicitly. For example the UK's HM Revenue & Customs, who measure tax gaps more often than any other tax authority in the world state that their reason for doing so is that it provides a useful tool for understanding the relative size and nature of non-compliance (HMRC 2016, 3). What is rarely discussed is the significance of that issue: the relationship between the tax gap and austerity as a feature of political economic policy is, for example, an issue that almost solely arises in popular political commentary (Murphy, 2015a).

This paper suggests that the tax gap and its causes needs to become a mainstream feature of the political economic narrative and does so on three bases. First, it is argued that important as the technical issues surrounding the tax gap are to view the issue in that context alone, or even to do so in connection with the associated behavioural responses, may be to misunderstand the nature of this issue. This, it is argued, is because whilst tax is widely seen in most economics literature as a technical exercise in revenue raising that is required to fund government spending, with government borrowing a measure of the inability of government to balance its books, this represents an inappropriate view of its current economic function. To extrapolate new understanding on money established in the economic mainstream by the Bank of England in 2014 (McLeay et al, 2014) it is now necessary to understand that the capacity to tax is not the primary constraint on a government's spending. Tax is instead a residual economic necessity arising from the spending decision that it makes. To put it more straightforwardly, the long held belief that governments 'tax and spend' is wrong. What they actually do is spend and then must tax. Part two of the paper explores this theme.

Building on this theme the paper moves on in part three to explore the consequences of this thinking. Departing in the process from the thinking of Modern Monetary Theorists (Wray, 2015), whose focus on the relationship between tax as the mechanism that creates the value in sovereign money has led them to pay relatively little attention to tax design as an issue of economic or social concern, the paper argues that the primary purpose of tax is twofold. Whilst it is undoubtedly needed to constrain inflation within a system of fiat, state backed, currency creation its second, and at least as important role, is to effect social change.

Part four of the paper then considers the issues that might arise as a result of adoption of this approach when considering the tax gap and suggests that in this context it is a measure of the failure to deliver that desired social change. Some suggestions for further developments are then offered.

¹A review of the speeches of George Osborne whilst UK Chancellor of the Exchequer from 2010 to 2016 confirms this: avoidance is mentioned often and evasion only rarely.

2 The tax gap

The tax gap is almost always seen as a technical issue. Hamilton (2015, 617) typifies the approach, saying:

The tax gap is perceived to be an important indicator of the overall health and effectiveness of the tax system. It could broadly indicate:

1. *the clarity and acceptance of tax policies by the community*
2. *the ease of interpretation of laws that enact those policies, and*
3. *the effectiveness of the tax administration in both making those laws easy to understand and comply with, and in following up non-compliance with existing law.*

Hamilton’s approach is typical of many commentators on this issue in focusing on issues of technical concern without asking in depth why those concerns might arise and what their broader policy implications might be. It is interesting to note that HM Revenue & Customs (2016, 3) broadly replicate Hamilton’s approach. In section headed ‘Why do we measure it [the tax gap]?’ They say:

The tax gap provides a useful tool for understanding the relative size and nature of non-compliance. This understanding can be applied in many different ways:

1. *Firstly, it provides a foundation for HMRC’s strategy. Thinking about the tax gap helps the department to understand how non-compliance occurs and how the causes can be addressed.*
2. *Secondly, drawing on information on how other countries manage their tax gaps, our tax gap analysis provides insight into which strategies are most effective at reducing the tax gap.*
3. *Thirdly, although the tax gap isn’t sufficiently timely or precise enough to set performance targets, it provides important information that helps us to understand our long-term performance.*

The IMF’s approach (2013, 11) is slightly broader. They said:

A more holistic approach would include the two major factors: (i) the effects of compliance (or noncompliance); and (ii) the effects of policy choices that lead to reduced revenues. The IMF refers to the impact of compliance issues on revenue as “the compliance gap” and the revenue loss attributable to provisions in tax laws that allow an exemption, a special credit, a preferential rate of tax, or a deferral of tax liability as the “policy gap.”

It is also notable that the latest discussion published on behalf of the European Commission of the EU VAT gap reflects this same approach (EC, 2016a, 8) saying initially that:

The VAT Gap is a measure of VAT compliance and enforcement that provides an estimate of revenue loss due to fraud and evasion, tax avoidance, bankruptcies, financial insolvencies, as well as miscalculations. It is defined as the difference between the amount of VAT collected and the VAT Total Tax Liability (VTTL), which is expressed in the report in both absolute and relative terms. The VTTL is the theoretical tax liability according to tax law, and is estimated using a “top-down” approach.

They do however note (2016a, 9):

Tax evasion is estimated to cost public budgets billions of euros a year across the EU. Moreover, it challenges the principle of fair taxation and prevents fair competition between businesses. Tackling tax evasion is therefore one of the Commission’s top political priorities, while Member States are also working to tighten their tax systems and recapture the significant revenues lost to tax evaders.

And add (2016a, 51)

[T]he [VAT] Policy Gap captures the effects of applying multiple rates and exemptions on the theoretical revenue that could be levied in a given VAT system. In other words, the Policy Gap is an indicator of the additional VAT revenue that a Member State could theoretically, i.e. in case of perfect tax compliance, generate if it applied a uniform VAT rate on all goods and services.

This EU study is, then, unusual in recognising that the tax gap is about more than mere technical issues of tax non-compliance. However, discussion of the consequences of the resulting tax gap are seemingly absent from most such official discussion (for example Skatteverekt, (2014)).

This is not true in the literature created by what might best be called the tax justice community on this issue. Starting with work on the UK’s tax avoidance gap in 2008 (Murphy, 2008) (CPAG, 2012) and extending through reports on the UK’s tax gap as a whole (Murphy, 2010 and 2014) and tax gap estimates for the European Union (Murphy, 2012) and the world as a whole (Murphy, 2011) to discussion of the ethics of such issues (O’Neill, 2010) (Dorling, 2012) this community and the trade unions and political groupings who have sponsored such work have been explicit about the link between tax gaps and policies in the political economy. As Murphy noted (2014, 2):

The tax gap matters because at £122 billion a year the tax gap is only a little less than the annual budget for the [UK National Health Service]. It is also big enough to cover the entire UK education budget with more than £20 billion left over. That should make this issue one of the highest priorities on any politician’s agenda.

At a time when all major UK political parties seem committed to austerity measures the size of the tax gap is a key variable in the equation that determines economic and social policy.

Put very simply, if the tax gap is small the government has more to spend. If it is big then governments think they must make choices about how to deal with budget deficits and we have seen in recent years that it is public services and lower income people that suffer as a result of such decisions. The consequence is that for the very many people in the UK who are either dependent on the government for all or part of their income, or who are dependent upon government services, such as the NHS, for their well-being, the size of the tax gap can have a direct impact on the quality of their lives.

This logic does in itself, however, ignore the implications for taxation of the Bank of England's acceptance in its first Quarterly Report of 2014 that (McLeay et al, 2014):

In the modern economy, most money takes the form of bank deposits. But how those bank deposits are created is often misunderstood: the principal way is through commercial banks making loans. Whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower's bank account, thereby creating new money.

The reality of how money is created today differs from the description found in some economics textbooks:

1. *Rather than banks receiving deposits when households save and then lending them out, bank lending creates deposits.*
2. *In normal times, the central bank does not fix the amount of money in circulation, nor is central bank money 'multiplied up' into more loans and deposits.*

Just as some (or, in fact, most) economics textbooks described the function of banks and the process of money creation incorrectly so too have they described the role of taxation incorrectly even though many of its proper functions have been known since at least 1946 when they were first reasonably accurately described by the then Chairman of the Federal Reserve Bank of New York, Beardsley Ruml (1946). As Ruml noted then in a text that foreshadowed the Bank of England's admission on the true nature of money creation:

The necessity for a government to tax in order to maintain both its independence and its solvency is true for both state and local governments, but it is not true for a national government. Two changes of the greatest consequence have occurred in the last twenty-five years which have substantially altered the position of the national state with respect to the financing of its current requirements. The first of these changes is the gaining of vast new experience in the management of central banks. The second is the elimination, for domestic purposes, of the convertibility of the currency into gold.

In other words: fiat currencies, guaranteed only by government undertakings, meant that, in effect, governments could make loans denominated, and so repayable, in the currency which they were only able to create and which was wholly unbacked by anything but their own promise. In effect, their own promise to repay simultaneously created the monetary means to repay the loan. The result was, as Ruml also noted that:

If we look at the financial history of recent years it is apparent that nations have been able to pay their bills even though their tax revenues fell short of expenses. These countries whose expenses were greater than their receipts from taxes paid their bills by borrowing the necessary money. The borrowing of money, therefore, is an alternative which governments use to supplement the revenues from taxation of order to obtain the necessary means for payment of their bills.

This is where the issue may have ended but for one thing, and that is quantitative easing ('QE'). Such programmes² have now proven that not only can governments rely on borrowing as a substitute for taxation but that the resulting borrowing can be repurchased by the central banks controlled by the governments in question, which act then results in the debt in question being cancelled on their balance sheets (Murphy, 2015b). In that case the alternative to taxation is not debt, but money creation by a central bank at the behest of a government.

This then suggests Ruml was at least partially correct on another issue. In answer to his own rhetorical question 'What are taxes for?' Ruml suggested that:

Federal taxes can be made to serve four principal purposes of a social and economic character. These purposes are:

1. *As an instrument of fiscal policy to help stabilise the purchasing power of the dollar;*
2. *To express public policy in the distribution of wealth and of income, as in the case of the progressive income and estate taxes;*
3. *To express public policy in subsidising or in penalising various industries and economic groups;*
4. *To isolate and assess directly the costs of certain national benefits, such as highways and social security.*

The fourth of these reasons can now be reasonably dismissed as irrelevant: advances in government accounting now more than adequately cover the task in question but the implication of the argument, and Ruml's whole point, remains intact, which is that taxes are not required to fund government spending precisely because any government with its own currency (Ruml had not anticipated the euro and so the problems of countries like Greece) does not need to tax to spend

²The EU total now exceeds €1 trillion <https://www.ft.com/content/6506ec9c-7373-11e6-b60a-de4532d5ea35>; that of the UK has reached £435 billion whilst that of the USA exceeds \$3.7 trillion <http://www.bbc.co.uk/news/business-15198789> whilst more than sixty per cent of all Japanese government debt is now owned by the government itself under the terms of its QE programme.

because it either has to capacity to borrow in its own currency, which it can create at will, or it can in fact simply spend the money into existence at any time.

A simple thought experiment does, in any case, make it obvious that government spending must come before taxation. If a government demands that the tax liabilities that it determines are due be settled in the currency it creates it must first create sufficient valid currency or the means to settle that tax does not exist. The only plausible way in which it can distribute that cash into circulation is by spending it as the legally valid tender of the jurisdiction. It follows that spending precedes taxation.

This does, however, upset all conventional views of taxation with four obvious consequences. The first is that the suggestion that the purpose of tax is the funding of expenditure is wrong. This is because the expenditure must precede the taxation of the currency to make settlement of tax liabilities would not exist. Second, in that case the efficacy or otherwise of a tax system cannot be measured, as has conventionally been the case to date, on the basis of its ability to either fund spending or on its ability to deliver a balanced budget because neither is taxation's purpose. Third, the implications of the tax gap must be reappraised as a consequence. Fourth, and perhaps most importantly, if money creation precedes tax payment then the primary purpose of tax has to be seen as the cancellation of that money. Just as bank loan repayment cancels bank created money (McLeay et al, 2014) (Wray, 2015) tax cancels government created money and this is its primary purpose or inflation would inevitably follow. In combination the resulting new thinking might appropriately be called modern taxation theory³.

3 The implications of modern taxation theory

It can be argued, extending Ruml's idea, that tax has six purposes. These are (Murphy, 2015c):

1. Reclaiming the money that the government has spent into the economy for the purposes of controlling inflation;
2. Ratifying the value of money, which is achieved by requiring that tax be settled using government mandated currency;
3. Reorganising the economy, which is fiscal policy;
4. Redistributing income and wealth;
5. Repricing goods and services;
6. Raising representation, which happens because there appears to be a relationship between paying income tax (in particular) and voting.

Purposes one and three relate to Ruml's first use for taxation, when considered more widely. Purpose two relates to the broader argument that spend comes before tax. Purpose four relates to Ruml's second purpose and purpose five to his third. Only purpose six is truly new in that sense.

³Rather surprisingly this term appears to be unused in current academic literature.

Immediate consequence	Secondary effect	Impact
Loss of control of the money supply	Inflation	Economic and social instability
		Increased interest rates
		Lost growth
Government deficits in excess of those expected	Austerity	Social injustice for many in society
	Quantitative easing	Subsidies to the finance sector preventing rebalancing of the economy
		Inflated financial asset prices
		Limited affordability of housing
Greater inequality than the tax system intended exist	Growing perceptions of social injustice	The rise of political populism
	Denial of access to capital to those who might use it best	Lost opportunities for growth
Failure to create a level playing field on which all businesses compete because some avoid or evade their responsibilities	Unfair economic advantage for businesses that cheat	Breakdown in trust in markets
		Increased failure rates in the SME sector in particular
Failure to direct funds to those to whom it was intended within the tax system	A perceived failure of government policy	Loss of faith in democratic politics

Table 1: Economic implications of the tax gap

The implications of these suggestions, taken together, is that tax has an essential role in the macroeconomy but not in financing of government spending. This, it is suggested, is as radical as the consequence might eventually be for the finance sector when people do really understand that it is bank loans that make bank deposits and savings are never required to finance investment, which fact has not yet permeated popular economic narratives.

The consequence is also significant for the tax gap. These suggestions do not invalidate questions raised to date on how the tax gap might be measured. What they do suggest is that the most of the current motives for doing so might miss the true significance of the issue. Although technical issues may need consideration, these technical issues are of much less importance than the economic issues that are noted in Table 1.

The table makes clear that macroeconomic phenomena that usually receive considerably more attention than the tax gap can all arise directly from failure to address that issue given the understanding of the role of taxation noted in this paper. The secondary and consequential impacts noted make clear that if the hypothesis presented on the true role of taxation in the economy is justified then the costs of not addressing that issue might also be much higher than the amount of tax foregone.

Importantly, this process can be reverse engineered. If, for example, there is a policy objective

to reduce the failure rate in the SME sector then what Table 1 makes clear is that creating a level taxation playing field on which all small business can compete by eliminating both the tax avoidance and tax evasion that might favour some businesses over others at present is a key component of that policy. The tax gap does not then just measure revenue loss: in reverse it measures the achievement, or otherwise, of a government in fulfilling its stated goals in those policy areas that the tax gap impinges upon.

Taking this analysis to its logical conclusion, what modern taxation theory would imply is that tax has a critical role to play in the delivery of any government's economic and social policy and that the way in which its tax system is constructed is as a result one of the clearest indicators available of what that policy might be.

4 The implications of modern taxation theory

This then suggests that in addition to tax revenue loss considerations for a government, any tax gap analysis has to also consider the implications for the rule of law, the austerity narrative and the provision of public services within the public sector as well as the consequences for market risk, investment, productivity and growth in the private sector and issues relating to both economic and social inequality. These consequences, it is suggested, justify increased investment in four areas.

The first is in measuring tax gaps. According to the OECD (2015, 132) only forty three per cent of revenue bodies they surveyed have tax gap measures⁴. The European Commission (2016b, 42) suggests that apart from its own work on the VAT gap just eleven member states have undertaken any work estimating tax gaps, and most for VAT alone⁵. It is obvious that more states could and should be engaged in this process than is the case at present.

Second, investment is required in developing better tax gap methodologies both in total and for specific taxes. The IMF (2013, 11) suggest that this would be appropriate even for a tax authority like HM Revenue & Customs in the UK, who most would think have done more work in this area than any other country.

Third, the spillover effects of tax gaps need to be better understood. There is increasing awareness that tax policy now has spillover effects between states (IMF, 2014) but this idea needs to be better embraced and developed so that national as well as international effects of the tax gap within and between states can be better understood.

Fourth, understanding of the role of tax in the modern economy needs to be advanced rather more quickly if the glacial rate of progress achieved from 1946 onwards is to be improved upon. The result, it is suggested, will be better taxation policy and so enhanced economic and social policy delivery, all of which might, at least in part, be measured by enhanced tax gap measures.

⁴They list Australia, Chile, Denmark, Estonia, the EU, Finland, Korea, Latvia, Lithuania, Mexico, Slovak Republic, Slovenia, Sweden, the UK and the USA.

⁵They list the Czech Republic, Estonia, Finland, Germany, Italy, Latvia, Poland, Portugal, Slovakia, Slovenia and the UK.

References

- CPAG, 2012, *It's time to close the tax gap*, London: Church Poverty Action Group, <http://www.church-poverty.org.uk/act/taxgapbriefing>
- Dorling, D, 2012, *Tax dodging and inequalities in the UK*, in 'The Greatest Invention: Tax and the campaign for a just society' page 185, London, Tax Justice Network, 2015
- EC, 2016a, *Study and Reports on the VAT Gap in the EU-28 Member States: 2016 Final Report*, Brussels: European Commission TAXUD/2015/CC/131
- EC, 2016b, *Tax Policies in the European Union 2016 Survey*, Brussels: European Commission, https://ec.europa.eu/taxation/customs/business/company-tax/tax-good-governance/eu-semester/tax-policies-european-union-2016-survey_en
- Gemmell, N and Hasseldine, J, 2012, *The Tax Gap: A Methodological Review*, in Toby Stock (ed.) *Advances in Taxation* (Advances in Taxation, Volume 20) Emerald Group Publishing Limited, pp.203 - 231
- Hamilton, S, 2015, *Regulatory compliance, case selection and coverage—calculating compliance gaps*, *Journal of Tax Research* (2015) vol 13, no. 2, pp. 616-673
- HMRC, 2016, *Measuring tax gaps 2016 edition*, London: HM Revenue & Customs https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/561312/HMRC-measuring-tax-gaps-2016.pdf, accessed 6 February 2016
- IMF, 2013, *Assessment of HMRC's Tax Gap Analysis*, Washington DC: The International Monetary Fund <https://www.imf.org/external/pubs/ft/scr/2013/cr13314.pdf>
- IMF, *Spillovers in international corporate taxation*, Washington DC: The International Monetary Fund <http://www.imf.org/external/np/pp/eng/2014/050914.pdf>
- Mazur, M and Plumley, A, 2007, *Tax policy—unfinished business*, *National Tax Journal*, Vol. 60, No. 3, pp. 569-576
- McLeay, M, Radia, A and Thomas, R, 2014, *Money creation in the modern economy*. London: The Bank of England, <http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/2014/qb14q102.pdf>
- Murphy, R, 2008, *'The Missing Billions'* London: Trades Union Congress
- Murphy, R, 2010, *'Tax Justice and Jobs: The business case for investing in staff at HM Revenue & Customs'*, London: Public & Commercial Services Union
- Murphy, R, 2011, 'The cost of tax abuse: a briefing paper on the cost of tax evasion worldwide', Tax Justice Network
- Murphy, R, 2012, 'Closing the European Tax Gap', Group of the Progressive Alliance of Socialists & Democrats (now used as the EU's semi-official estimate of the European tax gap)

Murphy, R, 2014, '*Tax Evasion in 2014*' London: Public & Commercial Services Union

Murphy, R, 2015a, 'Tackling corporate tax avoidance is an alternative to EU austerity', *The Guardian*, London, <https://www.theguardian.com/sustainable-business/2015/dec/15/tax-avoidance-evasion-richard-murphy-multinationals-europe-austerity-commission-havens>, accessed 6 February 2015

Murphy, R, 2015b, QE does cancel government debt – its own accounts prove the point, Ely: Tax Research UK August 5, 2015, <http://www.taxresearch.org.uk/Blog/2015/08/05/qe-does-cancel-government-debt-its-own-accounts-prove-the-point/>

Murphy, R, 2015c, '*The Joy of Tax*'. London: Bantam Press

OECD, 2015, *Comparative Information on OECD and Other Advanced and Emerging Economies*, Paris: Organisation for Economic Cooperation and Development <http://www.oecd.org/ctp/administration/tax-administration-23077727.htm>

O'Neill, M, 2010, *The social injustice of corporate tax avoidance*, in '*The Greatest Invention: Tax and the campaign for a just society*' page 146, London, Tax Justice Network, 2015

Ruml, B, 1946, *Taxes for Revenues are Obsolete*, New York: American Affairs, Volume V111, No.1, page 35 available at http://www.constitution.org/tax/us-ic/cmt/ruml_obsolete.pdf, accessed 8 February 2017

Skatteverket, 2014, *The development of the tax gap in Sweden 2007-12*, Stockholm: The Swedish Tax Agency, Report 1(91), Date 08/01/2014

Slemrod, J, 2007, *Cheating Ourselves: The Economics of Tax Evasion*, The Journal of Economic Perspectives, Volume 21, Number 1, Winter 2007, pp. 25-4(24)

Wray, L. Randall, 2015, *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, Second Edition, London: Palgrave MacMillan