

a compromising left tradition under democratisation. These contradictions are not clearly explained.

Thirdly, I was not convinced by the final thoughts on how the author 'would also like to bring mobilisational citizenship to the study of different Latin American urban contexts. Argentina, Uruguay, and Brazil provide interesting cases' (2014), which read very much like the PhD bit on 'further research needed'. For one, there are strong national traditions of social movement studies in these countries and 'mobilizational citizenship' is not an obvious comparative frame. Many interviewees kicked back at the term 'citizen', as I found in the 1990s in Colombia when I tried to use the term 'civil society', which was not seen as progressive.

Overall, I cannot but admire this book, which I thought might be yet another 'application' of Northern political theory to the recalcitrant reality of Latin America. It is theoretically informed yet there is no theory-heavy air that would detract from the exciting story being told of how poor or marginal communities successfully organise. It is a close ethnography of these communities without the angst or ego of the researcher overpowering the diverse voices of the community. In brief, this is a magnificent contribution to social movement studies and a vital backdrop to understand the momentous events in Chile since 2019. It should be widely read beyond 'Latin American studies'.

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**Philip Fehling and Hans-Jürgen Burchardt (eds.),
*Taxation and Inequality in Latin America: New
Perspectives on Political Economy and Tax Regimes***

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Latin American countries face the triple challenge of increasing social inclusion, generating productivity-enhancing structural change and decent jobs, and addressing global warming through a reduction in greenhouse gas emissions and investment in adaptation. An increase in public resources is a *sine qua non* to address these challenges; all the more so as most Latin American countries have a low tax-to-GDP ratio, considerably lower than expected given their income levels. Why is the tax ratio so low and how can it be increased?

Taxation and Inequality makes an important contribution to the growing literature addressing these questions. Coming from different disciplinary backgrounds (economics, political science, sociology) and geographical areas (Latin America, Europe and the United States), the contributors to the book analyse the

interconnections between economic structure, economic elites, the state, taxation and inequality. In the introduction, Philip Fehling and Hans-Jürgen Burchardt lay out how the dominance of natural resource extraction and exports has shaped political power coalitions and wealth accumulation. This has led to high inequality and a fiscal social contract where wealth is undertaxed and economic elites have limited interest in developing quality social services for all. They emphasise that, in the context of natural resource dependence, the tax structure not only reflects distributional conflicts between classes, but also allocational conflicts within the dominant classes, as the government allocates natural resource rents to other economic sectors. Some contributors address these issues in the context of country-specific economic and political conditions; others concentrate on the differences and commonalities in the political economy of taxation among Latin American countries. There is general agreement on key contributors to the low tax-to-GDP ratio: lacking progressivity, high tax expenditure, widespread avoidance and evasion, and a relatively small tax base.

Two chapters focus squarely on the connections between natural resources and inequality: its history on the one hand and in-country regional inequality on the other. Luis Bértola, Cecilia Lara and Camilo Martínez (Chapter 2) trace the historic origin of an economic and political structure which has been tied to the ownership of natural resources and has led to taxes mainly affecting consumers. Their detailed data on the tax composition of nine Latin American countries going back to 1820 (!) are the first series of its kind. Juan Pablo Jiménez and Andrea Podestá (Chapter 3) offer an excellent analysis of how the appropriation and distribution of rents from non-renewable natural resources exacerbates regional inequality within countries, and generates volatility and pro-cyclical public investment.

The nature of the tax culture (the willingness to comply and relations to rules and regulations) is another related factor for understanding taxation in Latin America. Jorge Atria (Chapter 5) shows how tax culture differs among economic and social groups in Chile, while Verónica Grondona (Chapter 6) offers a superb analysis of the mechanisms of tax evasion in Argentina. She demonstrates how evasion is enabled by both the country's own laws and international structures conducive to evasion, avoidance and fraud.

Several chapters focus primarily on the redistributive and allocative politics of taxation and development. Rafael Domínguez Martín (Chapter 7) discusses the political economy of failed progressive reforms in Latin America, from the opposition of US and Latin American business elites to the tax reforms envisioned in the Alliance for Progress to the Washington Consensus where marginal tax rates declined significantly. He concludes that – apart from a few effective reforms – progressivity of tax reforms was often rolled back, if implemented at all. Gabriel Ondetti (Chapter 8) suggests that the extent to which a leftist government has challenged private property is a key element for understanding differences in tax ratios among Latin American countries. Radical threats to property, especially in agriculture, led to a more united business sector and increased endurance of lower (or at least not increased) tax ratios of a subsequent right-leaning government. He concludes that incremental redistribution, rather than radical change, has a greater chance to succeed. On the other hand, for the case of Mexico, Mónica Unda-Gutiérrez (Chapter 9) argues that the country's very low tax-to-GDP ratio

is not rooted in reliance on oil exports, which only started to boom in the late 1970s. Rather, intra-government divisions in the 1950s led to tax reforms (consolidated in the 1960s), which shifted the focus from capital to labour.

With respect to allocative redistribution, Néstor Castañeda (Chapter 10) contends that the introduction of the neoliberal model led to a fragmentation of business elites, between multinationals and conglomerates on the one hand and SMEs on the other. That made room for shifting tax pressure from the former to the latter. Gastón Caligaris (Chapter 11) and Benelli Oyhantcabal (Chapter 12) use a Marxist approach to analyse the dynamics within the dominant economic classes. They argue that ground rent is reallocated to the industrial sector not only directly through taxation, but also indirectly through overvalued exchange rates which cheapen industrial inputs. Caligaris, whose chapter is too dense, illustrates the case for Argentina, and Oyhantcabal for Uruguay.

In the two concluding chapters, the editors analyse the implications of the political economy behind the current economic structure and the implications for development. Burchardt (Chapter 13) distils lessons from the last commodity boom for future tax policies, and Fehling (Chapter 14) outlines the distinctive nature of rent-based societies with respect to political economy and taxation. While several authors mention the size of the informal sector as one important reason for the narrow tax base in many countries, Fehling and Burchardt bring the issue to the fore. They emphasise the need to reduce structural heterogeneity in the region, and advocate tying 'green extractivism' (the extraction of key minerals like lithium and copper needed for a green transition) to structural reforms in social policy, agriculture and tax systems. In this context, it would have been good to include a brief discussion of green industrial policies and the possibilities for structural change that could result from a green transition in Latin America itself; but no book can cover everything.

Other policy suggestions in the book include a larger appropriation of natural resource rents to support economic development (Fehling); the establishment of stabilisation funds at the subnational level to deal with the volatility of tax revenues, and greater equalisation transfers to reduce regional inequalities (Jiménez and Podestá); and the adoption of methods to track down over- and under-invoicing by corporations (Grondona). Many contributors highlight the importance of reducing tax exemptions, evasion and avoidance. All agree on the need for raising taxes on wealth and high income. And, as Grondona and Fehling point out, international efforts must complement reforms at the national level.

The book is important reading for social scientists interested in understanding the complex political economy underpinnings of the tax systems in Latin American countries. It highlights the challenges that have to be overcome to increase the tax-to-GDP ratio in the region. Based on a discussion of tax reforms in Bolivia, Verónica Paz Arauco and Wilson Jiménez Pozo (Chapter 4) conclude that crises offer a better opportunity for reform. If so, then these are good times for reform.