

Abstracts

Aníbal de Almeida, **Cuidado com as Curvas! (Beware of Curves!)**

Introduction (On economic policy, its scene and its characters)

A necessary foreword (1) on the mere *possibility* of an *economic policy*, strongly denied by the so-called (by their own selves) «NCM» («*New Classic Macroeconomists*»), and (2) on the headquarters of *economic and political power* upon that scene (its consistence, its location, and its characters).

1. On the "IS/LM curve" (The grip instead of the hammer, or Keynes vs. Marshall, Harrod, and Hicks)

The "IS/LM curve" is no less than the *figure* of the celebrated "Neo-classical synthesis" of Hicks and Samuelson (followed by a crew), which "eclectically" aimed at the (re)integration of Keynes in the bosom of those who Keynes himself named as «Classics» by assumed «solecism» and firmly rejected as his irreducible opponents. Nevertheless, whether after Keynes *income* occurs as a *function* of *investment* ($Y=Y(I)$), and *investment* as a *function* of *consumption increments* somewhat vaguely described and interconnected (with the *interest rate* as a "theoretical cost" for investment, and the expectations on next "effective demand" increments as the feed for entrepreneurs' "animal spirits", say $I = I(DC)$, as in Hansen/Samuelson's celebrated "interaction scheme"), "Neo-classical synthesis" intends to reduce *new Keynesian macroeconomics* to a "special case" of *old Marshallian microeconomics*, trying to propose it (without excluding, of course, an allegedly «interpreted» Keynes, in Hicks' own original words) as an *insignificant circular relation*, $I = I(Y) \cup Y = Y(I)$, so *annihilating* any remains of any *functional (orientated) relation* between "aggregates". Keynes himself must therefore be allowed to "take the word" in defence of Keynes...

1. On "Phillips' curve" (Phillips after Phillips)

After a careful exposition of the building blocks of his celebrated curve(s), as far as possible in A. W. Phillips' own words on his own construct, an attempt is made at the destruction of some spurious "theoretical interpretations" of a consciously *empirical* analytical device, which seem to be no more than another sullen reaction against Keynesian *macroeconomic analysis*, aiming at its "theoretical" refutation.

1. From the "«S»-shaped curve" to the *bill-shaped curve*, and its possible vanishment: Must hell go on being «a physical place»?

Rather curiously, it was by means of a government redistribution policy that the well known "«S»-shaped curve" (or its less elusive version, now introduced as a kind of *bill-shaped curve*) vanished, giving place to a "typical" supply curve for labour force as a commodity, as soon as "Guaranteed Minimum Income" was established and implemented in most EU countries! Nonetheless, "Neo-liberals" go on criticizing all redistribution policies as being as "intrinsically perverse" as *Syllabus'* Communism, from their allegedly "scientific" viewpoint, after which the magical Recipe («*universal panacea*») for capitalist development is to enrich the healthy

("Bill Gates" [sic] & friends), at the same stroke impoverishing the poor, in order to preserve hell as "a physical place" on Earth, as depicted at the lower income levels by the good old "*counter-S* shaped curve" (or *bill-shaped curve*), in order to attain an eternally promised and postponed earthly ("physical") paradise...

Keywords: (introduction) neo-classical macroeconomists; economic policy; economic and political power; (1) Keynes; neo-classical synthesis; (2) "Phillips' curve"; "Phillips'curve" theoretical interpretations; (3) "«S»-shaped curve"; neo-liberalism

Aníbal de Almeida, **Teoria Pura da Imposição (A Pure Theory of Imposition)**

In his current piece of (pure) analysis, the author mainly analyses *five* theoretical types of *direct taxes*, and he arrives to the following *five* main results:

1. As a first step, an analysis of "*proportional* taxation" reveals that the simple fact of introducing an exemption for lowest tax bases implies the emergence, between a "*zero rate zone*" and a "*fixed («normal») rate zone*", of an intermediate (third) zone with a "*decreasingly progressive virtual tax rates*" imposition that may properly be called a "*Procrustean* taxation", which leaves to everyone with a tax base within its limits the same *disposable income*, equal to the amount of the *exemption*.

2. As a second step, a formal analysis of the "*progression by classes*" type of imposition follows, the simplest practical type of progressive imposition that, nonetheless, together with the introduction of an unavoidable rule after which "nobody must be left with a *disposable income* inferior to that which is to be left to those possessing a tax base equal to the *upper limit of the precedent class*", originate the emergence of $n - 1$ *intermediate zones* of "*Procrustean* taxation" between the n classes with their own *fixed* tax rates.

3. As a third step, the theoretical type of "*progression by deduction*" is analysed and revealed as being a seminal type of progressive taxation, at the origin of the following, crucial type.

4. As a fourth step, the more recent and nowadays almost universal practical type of progressive imposition, "*progression by brackets*", is also analysed and identified as constituting, after a first bracket that corresponds to a proportional taxing zone, an *interrupted series* of $n - 2$ "*progression by deduction*" zones, followed by a *last zone* (the *nth bracket zone*) of *pure* "*progression by deduction*".

5. As a fifth step, direct "*lump-sum tax*" (say, for instance, "*poll tax*") is also analysed and identified as being the only *species* of the *genus* "*constantly regressive taxation*", with a potentially infinite set of *virtual tax rates* which are *inversely proportional* to every *tax base*, for a *constant of proportionality* represented by its *universal tax liability*.

Some comments on the "*First principles* of taxation" and on the current Portuguese taxing system and crisis are finally added.

Keywords: "*Imposition*", meaning "taxation"; lump-sum taxes; poll tax; "*Procrustean* taxation"; progressive taxation (by classes; by deduction; by brackets); proportional taxation; (constantly) regressive taxation; "*virtual tax rate*"; "*first principles of taxation*"; A. Thiers and W. E. Channing on direct and indirect taxation

Competition in the Taxation of Capital Income)

The object of this paper is to identify the effects of tax competition on tax policy, given the fast integration of the world economy. A special reference is made to the phenomenon known as "harmful tax practices".

Chapter 1 describes Tibeout's model for tax competition and refers those authors who followed Tibeout by asserting tax competition as a means of bringing tax burdens to the level of taxpayer's preferences and limiting the possibilities of growth of the overall tax burden.

Chapter 2 mentions the controversy on the effects of taxation on the efficiency of international capital allocation, based on the concepts of capital import neutrality and capital export neutrality. It concludes that the latter is impossible to the extent that countries are unable to effectively tax residents worldwide.

Chapter 3 analyzes the effects of tax competition on the distribution of tax burdens, given the different mobility of factors. It concludes that tax burdens will shift from capital to labour and that, simultaneously, the possibilities for portfolio investors to go international (and avoid taxes) are mainly available to big investors.

Chapter 4 is dedicated to the recent concept of harmful tax practices, which stress this tendency by multiplying the opportunities for international tax evasion, driving down the effective tax rates on capital.

Last chapter confronts these theories with empirical data available for the EU, which does not show a falling tendency as far as overall tax burdens are concerned. However, the data does confirm a tendency for shifting tax burdens from capital to labour.

Keywords: tax competition; capital taxation; tax policy

Catarina Pires, O Fim da "Riqueza das Nações"? – Algumas Reflexões a propósito da Globalização Financeira ("The End of "The wealth of Nations"? – Some Considerations about Financial Globalisation")

The present text begins with an overview of the main historical and economic characters of the "global phenomenon", concluding that the present state of economic globalisation corresponds to the image of "financial global markets".

With point number 2 the author intends to describe the evolution of financial markets from the seventies until nowadays and to explain how the world economy achieved today's degree of instability. It begins by analysing the causes and consequences of the recent changes in financial markets and international monetary relations since Bretton Woods until the present days, focusing the circumstances of the discussion concerning the choice of an exchange rate regime in a global world. It follows with a description of the new capital movements and the main characters of the new "speculative" economy born with the capital markets liberalisation-integration process developed worldwide since the eighties. This point ends by referring the new concept of risk that emerged in these markets and that is able to threaten the whole economic system: the "systemic risk".

The present work then approaches the asian financial crises, its circumstances, contagion effects and economic consequences in emerging economies, as well as in developed countries. It explains how a local "accident" can become a global problem, concluding that the dimension of the instability is what distinguishes recent financial crises from the past

one's. Finally, the author follows the different explanation possibilities of these "new" financial accidents that have been advanced by economists.

The following number studies the consequences of liberal project "one world-one market" concerning economic growth, social justice and public decisions in our modern democracies.

Finally, the author analyses in a critical way the different proposals which intent to improve financial stability in an open--global economy. This work is concluded with an attempt of showing the benefits of such a proposal as the "Tobin tax" and pointing out the true reason of its "global" rejection: the social weaknesses of a "regional" political world.

Keywords: economical globalisation; international monetary relations; "new" financial fragility and global financial crises; global financial architecture and financial regulation; Tobin tax

Victor Calvete, **Sobre a Teoria das Uniões Aduaneiras – Parte II: Sobre o que Dissertar se Podia (About Customs Unions Theory – Part II: What this Could Be All About)**

Part I settled the origins and evolution of the so-called Customs Union Theory. Part II conveys its application to free trade areas and preferential trading clubs – in fact, the forms of integration the theory is best suited to deal with, considering that customs unions formation requires tariff changes that, if allowed for in the analysis, would distort it.

Concerning free trade areas, questions arise that could be discussed, *mutatis mutandis*, on the subject of preferential trading clubs (namely rules of origin, drawbacks, trade deflections, hubs and spokes) and concerning preferential trading clubs questions arise that could be discussed, *mutatis mutandis*, on the subject of free trade areas (namely GATT's article XXIV – which provides an exception to the most favoured nation principle for free trade areas and customs unions, but not for preferential trading clubs –, and a proposal of an *a priori* criteria for judging that option – on the basis of the effects of tariff changes upon production and consumption – that goes far beyond that).

A review then follows of the theory as it concerns integration movements among developing countries, and, in the final chapter, *desintegration* movements (of economic units, customs unions and free trade areas – including the formation of free zones) are treated within the customs union theory framework.

Apart from concluding that the vinerian concepts work both ways (on the way to integration as well as on the way to desintegration), the A. arrives at yet another 49 conclusions from this part of his work.

Keywords: customs union theory; free trade areas; indirect trade deflection/shifting effect; preferential trading club; star-shaped Free Trade Areas/Hub-&-Spoke systems; GATT's Article XXIV; desintegration effects; trade creation/trade diversion.