

POLISCI 249R / PUBPOL 149

The Political Economy of Tax Evasion

Course Information

Spring Quarter 2025

TBD Units

Tuesday-Thursday 1:30pm-2:50pm

Location TBD

Course Instructor

Simone Paci, Ph.D.

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Office: 421 Encina Hall

Office hours: by appointment only. [Schedule here](#).

Course Overview

Taxation is a phenomenon as old as the state itself. So is tax evasion. Throughout its history, noncompliance with the fiscal burden imposed by governments has taken many forms and meanings. In most cases, evasion is a crime. In some, a smart legal strategy. In others yet, a consequential political act: from the Boston Tea Party initiating the American Revolution to the Poll Tax Riots marking the end of the Thatcher era in 1990 UK. In all instances, noncompliance concerns the heart of the social contract between citizens and the state, crucial for the functioning of modern societies.

This course adopts the approaches of comparative and international political economy to study tax noncompliance and enforcement. In the first part, we will explore the issue of tax evasion from the economic and policy perspective. Why do taxpayers decide to shirk? How do tax authorities curtail noncompliance? In the second part, we will analyze the political dimension of tax evasion. What are the political causes and consequences of tax fraud? Under what conditions do governments increase enforcement? Answering these questions, this class will consider different levels of governance – national, subnational, and international – as well as different settings – post-industrial capitalist societies, low-income countries, and war-ridden contexts.

Course Timeline

Week 1 – Fundamentals		
Session 1.a	The Fiscal Contract	April 1
Session 1.b	The Challenge of Taxation	April 3
Week 2 – Fundamentals		
Session 2.a	Behavioral Economics of Taxpaying	April 8
Session 2.b	The Deterrence Model: Coercive Enforcement	April 10
Week 3 – Fundamentals		
Session 3.a	The Morale Model: Psychology, Norms, Culture	April 15
Session 3.b	The Service Model: Governance and Policy	April 17
Week 4 – Policy		
Session 4.a	Tax Administration	April 22
Session 4.b	Tax Systems	April 24
Week 5 – Policy		
Session 5.a	International Tax Governance	April 29
Session 5.b	Subnational Tax Governance	May 1
Week 6 – Policy		
Session 6.a	Taxation and State Development	May 6
Session 6.b	Taxation and Economic Development	May 8
Week 7 – Politics		
Session 7.a	Taxation and War	May 13
Session 7.b	Tax Resistance, Protests, and Riots	May 15
Week 8 – Politics		
Session 8.a	Electoral Politics of Enforcement	May 20
Session 8.b	Partisanship and Enforcement	May 22
Week 9 – Politics		
Session 9.a	Tax Evasion and... TBD	May 27
Session 9.b	Tax Evasion and... TBD	May 29
Week 10 – Politics		
Session 10.a	Student Presentations	June 3
	Student Presentations	June 5

Course Learning Goals



Explain why individuals choose to evade taxes employing behavioral and psychological models from existing studies.



Evaluate tax policy approaches developed by administrations around the world to enforce taxpaying.



Analyze the politics of tax compliance to predict the political implications of different tax reform or policy change.



Develop a research project, engaging a real-world tax compliance problem and proposing an evidence-backed policy solution.

Course Requirements

No prior requirements are required. Some experience with data analysis will be useful. A willingness to take up coding, aided by the instructor or GenAI is necessary.

Student Expectations

- **Weekly Preparation** (due before class)
Each week, there will be material to review in preparation for class. This may include academic papers, news articles, reports, podcasts, or YouTube videos. All **materials indicated with an asterisk * should be considered mandatory.**

- **Class Participation**
Much of class time will be devoted to conversations around the readings and related real-world examples. Students will also be expected to engage actively in class discussions, activities, and comment on each other's presentations.

- **Office Hours**
Students are **required to attend at least one office hour** to discuss progress in class.

- **Class Presentations** (3 per semester):
Presentation #1 – Tax Reform Analysis
Presentation #2 – Research Project Presentation

- **Research Assignments** (6 pages each)
Project #1 – Who Evades?
Project #2 – Policy Proposal to Curb Evasion

Grading

PARTICIPATION	30%
Class Discussion and Activities	30%

PRESENTATIONS	30%
Tax Literature Analysis	10%
Final Research Presentation	20%

RESEARCH PROJECTS	40%
Research Project #1	20%
Research Project #2	20%

Letter Grade Conversion Scale												
F	D-	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
>60	60-62	63-66	67-69	70-72	73-76	77-79	80-82	83-86	87-89	90-92	93-96	97+

Presentation Guidelines

Tax Literature Analysis:

Students will present an additional research article on the session's topic.

When:

- Scheduled via a signup survey at the beginning of the semester.

Content:

- Choose an academic article on the topic of the session, either from the additional readings list or from google scholar searches (upon approval by instructor).
- Articulate the research topic, theoretical framework, and explain the argument.
- Discuss and assess the evidence brought forth by the paper.

Length:

- 5-10 minutes with Q&A
 - 3-5 slides.
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Final Research Presentation:

Pitch and describe your final project to the class! You can choose either one of your research reports.

When:

- All final research presentations will take place in the last week of class.

Content:

- Pitch your project: what is the motivating problem? Why is it interesting?
- Briefly illustrate your argument, thesis, or solution.
- Illustrate your empirical strategy, data sources, and analysis plan.
- Discuss and visualize your key results.

Length:

- 20-30 minutes with Q&A
- 5-10 slides

Research Assignments Guidelines

Each student will write **2 brief research reports**.

First Project: Who Evades?

The first research report will focus on *individual determinants of taxpaying*. Each project will examine the impact of a single individual-level factor on tax morale (e.g. the stated willingness to pay taxes). Students will be guided through the quantitative analysis of a large cross-country survey with tens of thousands of respondents.

The project report should be a minimum of 6 pages and include:

- A theoretical discussion of how the chosen factor can impact taxpaying (e.g. education, gender, cultural origin, beliefs about luck and effort...)
 - A description of the empirical strategy employed to test the argument using the available survey data.
 - A reporting of the quantitative analyses (e.g. multivariate regression model results)
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Second Project: How to Fight Evasion?

The second research report will focus on a *tax policy challenge* facing a specific government. Students will develop a potential policy response, detailing how it would address the problem by leveraging our theoretical knowledge of tax collection.

Students will select a specific national or subnational government with available budgetary data (i.e. revenue and spending). They should then focus on a specific tax item and analyze it in comparison to similar polities.

The project report should be a minimum of 6 pages and include:

- A theoretical discussion of the policy problem, including:
 - The incidence of the specific tax instrument (e.g. what's the tax base?)
 - The compliance process (e.g. how does reporting work? Are there relevant aspects of tax administration specific to this tax?).
- A qualitative case study of the specific policy problem, including:
 - Using available quantitative data to assess the condition of current tax governance compared to other relevant counterparts (e.g. other national governments or other municipalities in the same country).
 - Tracing the political process that brought forth the specific tax, as well as any policies aimed at improving its collection.
 - A proposed policy solution to improve collection and reduce noncompliance. This should be discussed in theoretical and empirical terms: Why do we expect it to work? Are there scientific studies that prove its effectiveness?

Course Policies

Absences

The course is highly interactive and participation is key to its pedagogy and learning objectives. However, life happens to all of us and sporadic absences can be excused. Students can make up by writing short reflections on the week's readings.

Extensions

The course follows a steady pace and is structured to even out student work. Therefore, I highly encourage students not to delay any assignments. That being said, I will consider students' personal circumstances in granting extensions.

Re-Grading

Each graded assessment has clearly stated expectations and grading rubrics. As such, the margin for re-grading will be slim. However, students who believe that their work deserves a major grade change (letter-grade), can bring this up either through office hours or email.

Instructor Communication

Reach out for questions, doubts, or problems. I welcome feedback and strive to incorporate student thoughts into my teaching practice. Email works best. I respond promptly during weekdays but may not always be available on weekends.

Creating a respectful environment

This course encourages lively and earnest discussion on political topics. As such, it is inevitable that people may disagree and hold starkly different opinions. However, without mutual respect, there is not hope for meaningful intellectual exchanges and conversations. We will briefly discuss classroom norms on our first session, but here are a couple of general guidelines I would like to adhere to: listen attentively to others, signal your wish to enter the conversation, critique ideas and not persons.

Inclusivity

As an instructor, I wish to recognize, celebrate and leverage a multitude of views and identities, coming together both in the syllabus and in the classroom. My course strives to include a diverse array of authors, opinions, cultural and intellectual backgrounds. Similarly, my assessment strategy offers a diverse structure of graded activities, recognizing that students may hold different strengths, due to individual and/or cultural differences.

Using Technology in the Classroom

During most of class time, including lectures, presentations, and class discussion, the use of laptops and electronics is not allowed. During specific activities, devices may be allowed to consult reading material, notes, and perform brief online research.

Generative AI

Depending on the context, artificial intelligence (AI) can either enhance and impede learning. There are times when these tools might provide us with new ideas and understandings (e.g., brainstorming or getting feedback). At other points, practicing skills and synthesizing ideas on our own will be crucial for the learning process. Thus, being mindful of when to use these tools will help us navigate the complexity of interacting with AI technologies in the classroom and beyond.

In this class, we will use AI tools, including ChatGPT, that harness large language models as pedagogical opportunities for learning and teaching in the course. Doing so will align with one of our course goals, which pertains to the evaluation of arguments and justification with evidence.

For this class, all assignments should be written in your own words. Just as you cannot take credit for others' writing in your assignments, you cannot use paraphrasing software ("spinbots") or AI writing software (like ChatGPT) and submit the output as your own. Doing so in this is a violation of the [Stanford Honor Code](#). At the beginning of the quarter, we will identify examples of AI tools and discuss what constitutes plagiarism, cheating, and academic dishonesty. This will help to ensure that we are all on the same page about the policies for this course and how they connect to our learning outcomes.

Academic Integrity

This class aims at creating a supportive and engaging learning environment. Academic integrity is vital to this goal, both in spirit and in practice.

Please review [Stanford's Honor Code](#), and [documentation and citation resources](#) from the Hume Center for Writing and Speaking. When in doubt, contact your section leader.

Academic Accommodations

If you find yourself struggling with any components of the course (readings, assignments, participation, etc.), please reach out to me or consult the list of campus resources below.

Students who may need an academic accommodation based on the impact of a disability must initiate the request with the Student Disability Resource Center (SDRC) located within the Office of Accessible Education (OAE). SDRC staff will evaluate the request with required documentation, recommend reasonable accommodations, and prepare an Accommodation Letter for faculty dated in the current quarter in which the request is being made. Students should contact the SDRC as soon as possible since timely notice is needed to coordinate accommodations.

The OAE is located at 563 Salvatierra Walk (723-1066). For more information, refer to: <http://studentaffairs.stanford.edu/oea>

Title IX

Title IX is a federal law that prohibits discrimination on the basis of sex and gender, including sexual harassment and sexual violence, in educational programs and activities that receive federal financial assistance. Stanford is committed to providing a campus environment that is free of such discrimination. If you are experiencing a Title IX-related concern, please be aware of the following confidential and non-confidential resources available to Stanford students.

Please note that many employees of Stanford, including course instructors and teaching assistants, are required to report Title IX-related concerns to the Title IX Office.

Confidential Resource:

The Confidential Support Team (CST) is reachable via a 24-7 hotline at 650-725-9955 for urgent support for at 650-736-6933 for non-urgent questions and appointments.

Non Confidential Resource:

The Title IX Office is reachable at 650-397-4955 or via email at titleix@stanford.edu. The Office of Sexual Assault and Relationship Abuse Education and Response (SARA) is reachable at 650-725-1056 and saraoffice@stanford.edu.

Much more information, including full lists of both confidential and non-confidential resources, is available online at: sexualviolencesupport.stanford.edu, relationshipviolencesupport.stanford.edu, transgendersupport.stanford.edu

Learning Resources

- [Writing tutors](#) from the Hume Center for Writing and Speaking
- [Academic coaches](#) from the Center for Teaching and Learning
- [Study halls](#), organized by the Center for Teaching and Learning
- [Study Tips and Tools](#), from the Center for Teaching and Learning
- [Undergraduate Advising Directors](#), Academic Advising
- [Well-Being services](#), including [well-being coaches](#), Vaden Health Center
- [Subject Matter Tutoring](#), Center for Teaching and Learning
- [Language Conversation Partner Program](#), Center for Teaching and Learning
- [Tutoring for Student Athletes](#), AARC
- [English as a Second Language \(ESL\) courses](#) for international graduate students
- [Student Tech Resources & Support](#), includes support for personal devices and Stanford services

Course Schedule

Session 1.A – March 31st – The Fiscal Contract

Class Topics

Why study taxes? Why study tax evasion?
Goals and Scope of the Class

Readings (suggested)

Timmons, Jeffrey F. "The fiscal contract: States, taxes, and public services." *World Politics* 57.4 (2005): 530-567.

Session 1.B – April 2nd – The Challenge of Taxation

Class Topics

Public good contribution game

Readings (suggested)

Spadaro, Giuliana, et al. "Cross-cultural variation in cooperation: A meta-analysis." *Journal of Personality and Social Psychology* 123.5 (2022): 1024.

Jin, Shuxian, Giuliana Spadaro, and Daniel Balliet. "Institutions and cooperation: A meta-analysis of structural features in social dilemmas." *Journal of personality and social psychology* (2024).

Session 2.A – April 7th – Behavioral Economics of Taxpaying

Class Topics

Why do people evade taxes?

Readings

* Pickhardt, Michael, and Aloys Prinz. "Behavioral dynamics of tax evasion—A survey." *Journal of Economic Psychology* 40 (2014): 1-19.

McGee, Robert W. "Why Do People Evade Taxes? Summaries of 100 Surveys." SSRN (2023).

Session 2.B – April 9th – The Deterrence Model of Coercive Enforcement

Class Topics

How can governments ensure taxpaying?

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Readings

* M Bergolo, R Ceni, G Cruces, M Giacobasso "Tax audits as scarecrows: Evidence from a large-scale field experiment" *American Economic Review: Economic Policy*, 2023

Garz, Marcel, and Verena Pagels. "Cautionary tales: Celebrities, the news media, and participation in tax amnesties." *Journal of Economic Behavior & Organization* 155 (2018): 288-300.

Allingham, Michael G., and Agnar Sandmo. "Income tax evasion: A theoretical analysis." *Journal of public economics* 1.3-4 (1972): 323-338.

Session 3.A – April 14th – The Tax Morale Model: Psychology, Norms & Culture

Class Topics

How do values, norms, and beliefs impact taxpaying?

Readings

* Williamson, Vanessa. "Read my lips: Why Americans are proud to pay taxes." (2017): 1-304. (Introduction only).

WAK Kouamé "Trust to pay? Tax morale and trust in Africa" *The Journal of Development Studies*, 2021

Berenson, Marc P. *Taxes and trust: From coercion to compliance in Poland, Russia and Ukraine*. Cambridge University Press, 2018.

Session 3.B – April 16th – The Service Model: Governance and Policy

Class Topics

When does good government impact taxpaying?

Readings

* D'Attoma, John. "More bang for your buck: Tax compliance in the United States and Italy." *Journal of Public Policy* 40.1 (2020): 1-24.

Brockmeyer, Anne, Francisco Garfias, and Juan Carlos Suárez Serrato. *The Fiscal Contract up Close: Experimental Evidence from Mexico City*. No. w32776. National Bureau of Economic Research, 2024.

Session 4.A – April 21st – Tax Administration

Class Topics

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How do tax authorities navigate tax collection in practice?
Audits, amnesties, transparency, compliance costs

Guest Lecture TBD

Session 4.B – April 23rd – Tax Systems

Class Topics

How can we think about taxation within the broader political economy of a country?

Readings

* <https://podcasts.apple.com/in/podcast/exclusive-irs-commissioner-talks-tenure-and-the/id1293420681?i=1000678445020>

Slemrod, Joel, and Christian Gillitzer. Tax systems. MIT Press, 2013.

Session 5.A – April 28th – International Tax Governance

Class Topics

How can governments coordinate to tax multinational corporations?

Readings

* Christensen, Rasmus Corlin, and Martin Hearson. "The new politics of global tax governance: Taking stock a decade after the financial crisis." Review of International Political Economy 26.5 (2019): 1068-1088.

Rixen, Thomas. "From double tax avoidance to tax competition: Explaining the institutional trajectory of international tax governance." Review of International Political Economy 18.2 (2011): 197-227.

Alstadsæter, Annette, Niels Johannesen, and Gabriel Zucman. "Tax evasion and inequality." American Economic Review 109.6 (2019): 2073-2103.

Session 5.B – April 30th – Subnational Tax Governance

Class Topics

How does local government approach tax governance?

Readings

* Balán, Pablo, et al. "Local elites as state capacity: How city chiefs use local information to increase tax compliance in the democratic republic of the Congo." American Economic Review 112.3 (2022): 762-797.

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Paci, Simone. Tax Thy Neighbor. Manuscript. 2025

Jia, Junxue, Siying Ding, and Yongzheng Liu. "Decentralization, incentives, and local tax enforcement." *Journal of urban economics* 115 (2020): 103225.

Session 6.A – May 5th – Taxation and State Development

Class Topics

How does the capacity to tax influence the development of states?

Readings

* Sánchez De La Sierra, Raúl. "On the origins of the state: Stationary bandits and taxation in eastern congo." *Journal of Political Economy* 128.1 (2020).

Garfias, Francisco, and Emily A. Sellars. "Fiscal legibility and state development: Theory and evidence from colonial Mexico." *American Journal of Political Science* (2021).

Session 6.B – May 7th – Taxation and Economic Development

Class Topics

How does tax enforcement work in developing contexts?

Readings

* Okunogbe, Oyebola, and Gabriel Tourek. "How can lower-income countries collect more taxes? The role of technology, tax agents, and politics." *Journal of Economic Perspectives* 38.1 (2024): 81-106.

Prichard, Wilson. "Tax, politics, and the social contract in Africa." *Oxford research encyclopedia of politics*. 2019.

Resnick, Danielle. "Taxing informality: Compliance and policy preferences in urban Zambia." *The Journal of Development Studies* 57.7 (2021): 1063-1085.

Session 7.A – May 12th – Taxation and War

Class Topics

How does war impact tax compliance and fiscal state capacity?

Readings

* Feldman, Naomi, and Joel Slemrod. "War and taxation: When does patriotism overcome the free-rider impulse?." *The new fiscal sociology: Taxation in comparative and historical perspective* (2009): 138-154.

POLISCI 249R: The Political Economy of Tax Evasion

Revkin, Mara Redlich. "What explains taxation by resource-rich rebels? Evidence from the Islamic State in Syria." *The Journal of Politics* 82.2 (2020): 757-764.

Scheve, Kenneth, and David Stasavage. *Taxing the rich: A history of fiscal fairness in the United States and Europe*. Princeton University Press, 2016.

Session 7.B – May 15th – Tax Resistance, Protests, and Riots

Class Topics

How taxation can lead to protests, how evasion can be a political act

Readings

William Martin, Isaac, and Nadav Gabay. "Tax policy and tax protest in 20 rich democracies, 1980–2010." *The British journal of sociology* 69.3 (2018): 647-669.

Nathan, Brad C., Ricardo Perez-Truglia, and Alejandro Zentner. *My taxes are too darn high: Why do households protest their taxes?*. No. w27816. National Bureau of Economic Research, 2020.

Session 8.A – May 19th – Electoral Politics of Enforcement

Class Topics

How do tax enforcement and evasion impact elections?

Readings

* Kasara, Kimuli, and Pavithra Suryanarayan. "Bureaucratic capacity and class voting: Evidence from across the world and the United States." *The Journal of Politics* 82.3 (2020): 1097-1112.

Weigel, Jonathan L. "The participation dividend of taxation: How citizens in Congo engage more with the state when it tries to tax them." *The Quarterly Journal of Economics* 135.4 (2020): 1849-1903.

Casaburi, Lorenzo, and Ugo Troiano. "Ghost-house busters: The electoral response to a large anti-tax evasion program." *The Quarterly Journal of Economics* 131.1 (2016): 273-314.

Session 8.B – May 21st – Partisanship and Enforcement

Class Topics

How does ideological partisanship impact enforcement and compliance?

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Readings

* Cullen, Julie Berry, Nicholas Turner, and Ebonya Washington. "Political alignment, attitudes toward government, and tax evasion." *American Economic Journal: Economic Policy* 13.3 (2021): 135-166.

Bagchi, Sutirtha. "The political economy of tax enforcement: a look at the Internal Revenue Service from 1978 to 2010." *Journal of Public Policy* 36.3 (2016): 335-380.

Session 9.A – May 26th – Evasion and... TBD

Potential Class Topics

Digital Economy

AI

Gender

(Neo)colonialism

Race and Ethnicity

...

Session 9.B – May 28th – Evasion and... TBD

Potential Class Topics

Digital Economy

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Gender

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...

Week 10 – Student Presentations