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A Methodology and Evidence from Argentina

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Abstract*

Although recent research has shed new light on the political determinants and economic consequences of tax lawmaking, existing analyses rely on coarse data measuring political aggregates. Consequently, little is known about the political processes determining how tax legislation is written or their effect on the nature of tax reforms. This paper therefore develops a methodology to examine how Congress edits the content of tax legislation by measuring the ways Deputies, Senators, Presidents, and Ministers propose and amend such legislation. The Legislative Substance Scale proposed here measures the distance between a bill's original position and the actual outcome of the legislative process by comparing the differences in content according to coding of the main tax policy dimensions. The scale is used to build the first systematic database of tax lawmaking in Argentina, and to describe its general patterns of authorship, approval and substantive content across presidencies in the current democratic period.

JEL classifications: D78, H20, H77

Keywords: Taxation, Tax lawmaking, Federalism, Intergovernmental relations, Equity, Efficiency

* The database on which this paper is based was designed by Alejandro Bonvecchi, Maximiliano Castillo Carrillo and Juan Carlos Gómez Sabaini in collaboration with Javier Alvaredo. Ernesto Calvo re-organized and processed the data, and Alejandro Bonvecchi drafted the report. The authors are grateful to the Dirección de Referencia Legislativa de la Honorable Cámara de Diputados de la Nación (Argentina) for their cooperation in retrieving and providing access to indispensable information, to Daniel Artana, Marcelo Garriga, Carlos Scartascini and Ernesto Stein for their helpful comments and criticism, and to Gabriela Almaraz, Santiago Castelo, Paula Fiorini, Julián Folgar and María Victoria Quevedo for their research assistance.

1. Introduction

In recent decades there have been significant advances in the study of tax lawmaking in both developing and developed economies. Research has been shedding new light on the political determinants of tax enactment as well as on their economic consequences. However, existing analyses of tax lawmaking tend to rely on coarse data measuring political aggregates such as broad tax regimes and overall legislative success. Considerably less is known about the political processes through which the fine print of tax legislation is written, or about their effect on the nature of tax reforms. To fill in this gap, which hinders a systematic understanding of the political economy of tax lawmaking, this paper develops a methodology to take an in-depth look at how Congress edits the content of tax legislation. It measures the ways Deputies, Senators, Presidents, and Ministers propose and amend tax legislation. Using this methodology, we compiled an original dataset of changes to tax initiatives in the Argentine House and Senate, and analyzed how the partisan sponsorship of amendments, committee reporting, as well as the technical and normative aims of the proposed legislation explain changes to the existing tax institutions in Argentina.

Political economy analyses of tax lawmaking generally focus on the influence of institutions, societal actors and context on final legislative outcomes. Institutional studies argue that electorates often reward politicians for their tax policy choices; that legislative institutions facilitate the input of specific economic actors and the generation of consensus on particular tax designs (Hettich and Winer, 1999; Cox, 2000; Profeta and Scabrosetti, 2008); and that bureaucratic capacity explains how long-term tax legislation is formulated—and ultimately implemented (Levi, 1988; Steinmo, 1993). Structural studies contend that tax systems reflect the distribution of power within a country's economic structure in its specific level of development (Musgrave, 1969; Bird, 1992). Contextual studies claim that both the contents and the dynamics of tax policymaking are determined by macroeconomic and international conditions (see Persson and Tabellini, 2000, for an extensive review), the distribution of partisan power (Steinmo and Tolbert, 1998; Gould, 2001), or global economic (Hallerberg and Basinger, 1998) or ideological change (Steinmo 2003). However, these analyses do not generally establish exactly how, where, and by way of whom the independent variables they focus on actually influence tax legislation. The reasons behind these limitations are not only theoretical, but also methodological. The extant literature on Executive-Legislative relations has gauged the influence of each branch of

government on legislative outcomes using success rates—i.e., the share of all legislative initiatives presented to Congress by presidents and legislators that were made into law. This indicator may misrepresent success insofar as it fails to capture the actual content of initiatives and the changes taking place throughout the legislative process. In short, the majority of these works demonstrate the existence of correlations or associations between their preferred variables and tax policy outcomes, but for theoretical or methodological reasons does not go into the black box of lawmaking, proving a precise causal link by which those variables shape the content of tax legislation.

The literature on the political economy of tax lawmaking in Argentina constitutes no exception to these general patterns. Institutional studies such as those of Eaton (2001a, 2002a, 2004) and Melo (2007) describe the impact of political regime change and instability on the tax system and the intergovernmental distribution of revenues. Structural studies such as those of Cetrángolo and Jiménez (2004) and Gómez Sabaini and Jiménez (2011) show the influence of the regional factor distribution on tax bases and rates. Contextual studies such as those of Alhadeff (1985), Gaggero and Gómez Sabaini (2002), Cetrángolo and Gómez Sabaini (2007), Bes (2008) and Cetrángolo and Gómez Sabaini (2009) picture how the international political economy, domestic macroeconomic imbalances, and economic crises shape tax legislation and outcomes. However, this literature does not explore the causal mechanisms through which the factors postulated as independent variables would explain the nature of tax laws. A few notable exceptions are single-case studies or small-N comparisons of tax lawmaking processes, such as Eaton's (2001b) analysis of industrial promotion policies between the 1970s and 1990s, as well as his comparative studies on fiscal policymaking in the Argentine Congress (Eaton 2002a, 2002b); Berensztein's (1998) comparison of tax reforms in Argentina and Mexico in the 1970s and 1990s; and Fairfield's (2010) piece on the influence of business on income tax policies in Argentina and Chile. No systematic, comprehensive analysis of the dynamics and determinants of tax lawmaking in Argentina is available so far.

This paper intends to fill in these gaps on the basis of two contributions. On the one hand, it proposes new measures of lawmaking success designed to take stock of substantial changes and thus indicate the difference between the original bills and the enacted laws: the Modification Rate, which captures the number of stages in the legislative process where each bill was amended; the Legislative Input Score, which identifies the authorship of amendments through

the party affiliation of proposers; and the Legislative Substance Scale (a slightly modified version of the Presidential Substance Score developed by Barrett and Eshbaugh-Soha, 2007), which determines the distance between a bill's original intent and the actual outcome of the legislative process by comparing the differences in content. These indicators constitute more empirically adequate windows into both the nature of tax legislation and the dynamics and influences that shape it.

A second contribution of this paper is to introduce readers to the first systematic database of tax lawmaking in Argentina, which comprises the substantive content of tax bills, the amendments experienced by bills throughout the legislative process, the institutional details of legislative proceedings, and the party authorship of amendments. This dataset makes it possible to establish both the agents and the nature of the influences shaping tax legislation. This dataset pinpoints by way of whom, where, and in what ways amendments were introduced to alter tax bills. Using this dataset, we describe the main patterns of tax lawmaking content and success in Argentina, and outline paths for future research on the political economy of tax lawmaking.

The paper is organized as follows. The second section introduces the theoretical and methodological framework for the political economy analysis of tax lawmaking used in the investigation by discussing the limitations of extant analyses, and presenting the novel measures of lawmaking success. The third section shows how the proposed methodology works by describing the database of tax lawmaking in Argentina. The fourth section presents the general patterns of tax lawmaking in Argentina through descriptive statistics of types of legislation, content, authorship, overall success rates, modification rates, and legislative input and substance scores. The concluding section reassesses the empirical patterns of tax lawmaking in Argentina, outlines the further uses of our methodology and database for research on the political economy of tax lawmaking, and discusses the conditions for replication of this study in a comparative perspective.

2. Analyzing the Political Economy of Tax Lawmaking: A Methodological Proposal

The literature on the political economy of tax lawmaking has identified a set of relevant variables to account for tax policy designs and their inception: electoral and legislative institutions; bureaucratic capacities; economic structures; level of development; economic crisis; electoral

cycles; distribution of partisan power; international economic change; global trends in economic ideas; interest group pressures, and so on. The causal connection between these variables and tax legislative outcomes, however, has not been conclusively established. Structural and contextual variables have been shown to be associated with specific tax structures and legislative changes but evidence of their concrete effect on tax lawmaking dynamics has been mostly impressionistic and/or restricted to single case or small-N studies. The causality of institutional variables, theoretically grounded in micro-mechanisms which are empirically easier to detect, has nevertheless also proven difficult to ascertain beyond small-N studies. The systematic testing of hypotheses, which has significant room for progress, thus appears to be stalled by obstacles towards the demonstration of specific causality.

These obstacles are mainly of a methodological nature: they concern the identification and measurement of independent and dependent variables, and the causal linkages between them. If one is trying to investigate the influence of partisan variables on tax structures, what should the dependent variable be: the tax rates, or the impact of tax laws on efficiency, equity and/or territorial revenue distribution? What should the independent variable be: the policy preferences of the legislative majority, or its partisan makeup? How should causality be established if, say, one were to choose the first option in both variables? Information on tax rates for specific districts and/or regions would have to be collected alongside evidence of the policy preferences of all legislators voting yes on each tax bill—which would probably require sifting through the proceedings of committee and floor debates, as well as through press clippings on a sizable number of individuals over a representative period of time. Such significant empirical work might be carried out for one country, but it would hardly be feasible as a basis for comparative analysis. On the one hand, because the rationale for policy preferences on taxation might have a different basis across countries, which would require the inclusion of further control variables to account for potential differences; on the other hand, because access to the required information may be uneven across cases, thus hindering the growth of the sample.

Students of legislative politics have attempted to tackle these problems by using aggregate indicators of the input and output of the legislative process. For the dependent variable (output), the classic indicator is the rate of approval of bills per type of initiator (president or legislators) recently joined by the participation rate (i.e., the share of approved legislation per type of initiator. For the independent variable, voting unity indexes are the typical indicators of

majority or presidential party cohesion, and roll rates are commonly used as indicators of agenda control. These indicators are intended to capture influence on the legislative agenda from the input and the output sides. From the input side, the influence of the majority/presidential party on the agenda would be higher if it votes united rather than divided, or if it wins more votes than it loses. From the output side, the influence of presidents on the agenda would be higher if their approval/participation rates are higher than those of legislators. The rationale of the causal connection is straightforward: higher influence on the agenda would be caused by higher levels of partisan resources in Congress.

These aggregate indicators, however, are not adequate to measure the causality they convey. Their inadequacy rests on their inherent risk of misrepresenting the empirical patterns they purport to capture. Approval rates indicate bills were passed, but do not inform as to the consistency between the approved legislation and the bill originally intended by the initiator. High approval rates may refer to legislation considerably amended throughout the legislative process. Consequently, they may represent the Executive or Legislative branch as more influential when the actual content of laws reflects a domination of the other branch or a compromise between the two over the substance of legislation. Roll rates and voting unity indexes show that the majority/presidential party wins/loses votes with a high/low level of cohesion, but do not inform as to the link between voting behavior and agenda content. High roll rates or voting unity scores may refer to legislation worked out together with the opposition or minority parties. Consequently, they may represent the majority/presidential party as dominant when the actual content of laws points to consensual legislative processes that yield compromise outcomes.

The risk of misrepresentation inherent in these aggregate indicators stems from two sources: their reliance on incomplete information about legislative processes, and their inability to account for changes in the substance of legislation. Roll rates and voting unity indexes are based on roll-call data, which typically obtains only at the end of floor deliberations. Using these indicators therefore means excluding information about voting behavior in committees, in non-roll floor votes and in absenteeism—which may be due to legislators' desire to support or oppose a bill without publicly stating their position (Edwards 1985, 1989, 1991, 1997). Approval and participation rates are based on the final outcome of legislative processes: the bills passed by

Congress. Thus, they fail to indicate whether and how bills (may) have been amended in the course of committee and/or floor proceedings.

These aggregate indicators are unable to account for substance changes in legislation because they assume the influence the variance of which they are supposed to measure. Roll rates and voting unity indexes assume inter-branch closeness of preferences or ideal points: if legislators vote for presidential initiatives, then they must agree with them to some significant degree, so high voting unity for the President's bills means high presidential agenda success. Approval and participation rates assume branch dominance equals branch success: if presidents have higher approval, participation or dominance rates than Congress, then they are more successful than legislators in pushing their agenda through, so they must also be shaping it at will (Bonvecchi and Zelaznik, 2011).

To sum up, aggregate indicators of the input and output of legislative processes are inadequate to measure the causal link between independent and dependent variables because they fail to measure the complete contribution of legislators and parties to the proceedings, and the precise impact of that contribution on the substance of legislation. This renders political economy analysis of tax lawmaking incomplete and insufficiently systematic: the usual indicators of both dependent and independent variables convey incomplete information and assume away the variance they purportedly capture.

To overcome these problems, this paper uses three novel indicators of influence on legislative outcomes: the Modification Rate (MOR); the Legislative Input Score (LIS); and the Legislative Substance Scale (LESS). MOR is the ratio between the number of stages in the legislative process where amendments to a bill were introduced and the total number of stages in that process. The Modification Rate thus indicates the degree to which the initiator of a given bill was able to protect it from changes throughout the legislative process: the higher the Modification Rate, the less the influence of the initiator in the final legislative outcome. MOR has some advantages. On the one hand, it is premised on a reasonable assumption: if a bill is amended in many stages of the legislative process, it may plausibly be due to disagreements about its substantive content—so a high MOR would indicate the presence of such disagreements and therefore the inability of the bill's initiator to shield its content from change. On the other hand, MOR is an objective indicator: it requires neither coding nor interpretation of the raw data, so it avoids the pitfalls of subjective measures. Finally, MOR is relatively easy to

collect: in countries where Congressional databases display information about amendments, it merely entails counting the number of stages in which a bill was amended; in countries without such information, it would require comparing the text of each bill at each stage of the legislative process—a laborious task, but one that generates economies of scale with the other indicators of influence proposed here.¹ Still, MOR is, of course, an imperfect indicator of influence. First, because it assumes that any amendment to a bill would drive it away from the initiator’s preferred point—which may not be the case if the initiator manages to build a large consensus that eventually widens the scope of the bill’s original intent. Second, because it cannot capture a situation in which one amendment reverses a previous amendment and thus restores the bill to the initiator’s originally preferred point. Finally, MOR is a limited indicator of influence because it cannot distinguish between significant and insignificant amendments—i.e., between changes in wording and changes in substantive content.

The Legislative Input Score (LIS) developed by Bonvecchi and Zelaznik (2011) focuses on the partisan affiliation of the authors of amendments to bills: government party legislators only, government and opposition legislators together, or opposition legislators exclusively. The legislative input on each bill is thus coded 1, 2, or 3, respectively. The more amendments of the first kind, the greater the President’s or the government party’s input on initiatives and the lesser opposition’s influence on the substance of legislation; the more amendments of the latter types, the lesser the President’s or the government party’s input and the greater the opposition’s influence on the substance of legislation. LIS is based on two assumptions. First, an assumption about preferences: amendments by opposition legislators are farthest from the preferences of the President or the government party; amendments by government and opposition legislators are compromises between the preferences of the government and the opposition, of the President and Congress; and amendments by government party legislators are closest to the President’s or the median government party legislator’s preferred outcome.² Second, an assumption about party discipline: all parties, but especially the government party, generally vote united. These assumptions may, of course, be untenable in many countries, or hold better for bills dealing with

¹ An alternative indicator would be the number of amendments introduced to each bill. But this indicator would not convey any information about the extent of disagreement over the bill: it may have experienced many amendments, but all within the same stage of the legislative process. The Modification Rate captures the existence of disagreement by considering whether each stage of the process amended the bill.

² This assumption is consistent with that supporting the use of voting unity indexes and roll rates as indicators of presidential support in Congress: that government-party legislators generally vote the government’s position.

some issues rather than others. Consequently, so that the biases inherent in those assumptions may be corrected, LIS should not be used in isolation but in combination with other indicators that show the extent of disagreement over bills (such as MOR) and/or the nature of substantive changes to bills (such as LESS). In addition, LIS may suffer from a circularity problem when used as a dependent variable: the authorship of amendments may indicate both the degree of influence on legislative outcomes and the vector of that influence—government party input in the legislative process may indicate that the President’s party influenced the outcome and also why the outcome is closer to the original intent.³

Still, LIS has some advantages as well. On the one hand, it establishes the sources of influence over specific legislative outcomes—thus correcting for the misrepresentation inherent in roll rates and voting unity indexes. On the other hand, LIS—like MOR—is an objective indicator, relatively easy to collect: it requires identifying the authors of amendments and pinpointing their party affiliation using the membership lists of congressional parties. Finally, LIS makes it possible to enter the black box of the legislative process, as it may be collected at any stage of congressional proceedings.

The only caveat is that it may be collected differently in committee sessions and in floor meetings according to data availability. In some countries, committee reports or archives may contain detailed information on amendments to the bills reported to the parent chamber: the contents of each amendment, their authorship, their acceptance or rejection by the committee, the level of support received by each amendment within the committee, etc. When this is the case, LIS may be measured the same way in committees and in the floor—i.e., by simply noting the authorship of each proposed amendment. In contrast, where committees merely provide information on amendments but not on their proposers, LIS must be coded differently at the committee stage. In these cases, we assume that all legislators signing a report with amendments were the proposers of those amendments. So if all amendments to a given bill were introduced at the committee stage by government party legislators, LIS for that bill would be 1; if opposition and government party legislators signed the report approved without modifications by the chambers, LIS for that bill would be 2; and if opposition legislators were the sole signatories of the report subsequently passed without changes by Congress, then LIS for that bill would be 3.

³ This would suggest that authorship may be more straightforwardly employed as independent, rather than dependent, variable. This is exactly the methodological decision taken in our analysis of tax lawmaking.

The Legislative Substance Scale used in this paper is a modified version of the scale proposed by Barrett and Eshbaugh-Soha (2007: 105) to assess the President's likely impact on the content of legislation. These authors code a bill with 5 if the President received from Congress "virtually everything he wanted" except "a few minor provisions," which would be the closest to presidential preferences. Code 4 represents when the President gets "most of what he wanted, yet he accepted a number of significant provisions he either opposed or did not want included." Code 3 is for bills whose substance was "a relatively equal compromise" between the President and Congressional leaders. Code 2 designates bills the majority of whose content was not wanted by the President but still contained "a few significant provisions that the President wanted." Finally, code 1 is reserved for those bills farthest from the President's preferences, which were "nothing like what he wanted" (*ibid.*). We introduced four modifications to this scale.

First, we inverted the scale so that the lowest values signal how close the outcome of the legislative process was to the original intent and the highest values indicate how far it deviated from that intent. This modification makes statistical processing and visual presentation of results more amenable.

Second, we added a new code of 0, which would correspond to bills approved without amendments. This would make it possible to capture what happens to those bills coming out of Congress exactly as their initiator proposed them.

Third, we extended of the scale's logic to bills proposed by legislators. Thus, a bill proposed by legislators would be coded 0 if enacted exactly as submitted; 1 if it was approved with only minor amendments; 2 if passed with some significant amendments but close enough to the intent of the initiator; 3 if it rendered "a relatively equal compromise" between the initiator and the other actors in the process (the legislative majority and the President); 4 if the bill contained a majority of provisions not wanted by the initiator; and 5 if the version passed by Congress ended up being nothing like what the initiator wanted.

Finally, the fourth modification of the Barrett and Eshbaugh-Soha scale consists of extending the universe of analysis to the post-Congressional stages of the legislative process: the presidential veto and the congressional response to that veto. Our Legislative Substance Scale therefore measures the level of influence any initiator had on the outcome of the legislative process.

LESS has some significant advantages. First, like LIS, it enters the black box of the legislative process and locates the stage at which amendments were introduced—which, in combination with LIS, makes it possible to ascertain the level of influence on legislative outcomes per type of author of amendments. Second, LESS may be combined with subject-specific variables to enable a more objective codification process of the differences between the original bill and the outcome. In this paper, all tax bills and their amended versions produced at each stage of legislative proceedings were coded for economic and administrative dimensions (scope, duration, potential revenues, efficiency, equity, impact on intergovernmental relations, earmarking of revenues) and the codes for each stage were subsequently compared to the original bill in order to calculate the legislative substance score. The same procedure could be deployed to analyze lawmaking in other policy areas. Finally, LESS makes it possible to compare the nature of approved and non-approved bills, which enables a more complete understanding of substantive legislative choices. Still, LESS has two main drawbacks. The first is that it rests on the assumption that bills reflect the initiator's original intent. This intent may be sincere (i.e., consistent with their policy preferences) or strategic (i.e., consistent with the initiator's calculations of congressional preferences or feasible outcomes). This difference, however, is inconsequential for the coding: since legislative processes are sequential and their participants can acquire (albeit imperfect) information about each other's preferences and actions, both sincere and strategic bills will likely be vetoed by the President or killed before approval if amended beyond acceptability. The second drawback is that LESS is a subjective measure which entails interpretive coding and requires a laborious collection of information—the word-by-word comparison of all versions of a bill produced by all stages of the legislative process. To reduce the potential subjective biases in coding, following Barrett and Eshbaugh-Soha (2007), we resorted to multiple cross-coding: two experts in tax legislation coded all bills and checked each other's codifications and a third expert supervised codification and adjudicated all standing disputes.

The combined use of MOR, LIS, and LESS should improve on the political economy analysis of tax lawmaking by providing a more thorough depiction of the dependent variable and more nuanced empirical ground on which to test the effect of independent variables than those provided by aggregate indicators. By providing detailed information about amendments, their substantial nature, their authorship, and their location within the legislative process, MOR, LIS

and LESS make it possible to analyze the concrete determinants of specific legislative outcomes and, therefore, to establish the specific causality generating those outcomes.

3. Putting the Methodology to Work: A Database of Tax Lawmaking in Argentina

This paper puts the methodological innovations proposed above to work by analyzing tax lawmaking in Argentina during the current democratic period (1983-2011). To this end, we built a complete database of bills proposing the creation of new taxes or tax benefits, or the modification of extant tax legislation. The database comprises all initiatives presented by the Executive and those presented by legislators which made it through at least one house of Congress.⁴ The majority of these initiatives pertain strictly to taxation; the rest consist of legislative pieces with diverse central objectives (such as the national budget law or bills regulating specific sectors or economic activities) which include a chapter or clause on taxes. For each of these bills, our dataset collects information on their legislative treatment (committee reports, floor deliberations, presidential veto, congressional insistence against the veto), the partisan affiliation of all legislators who proposed amendments, the economic nature of the original initiative, and any change in this original nature that was proposed, and adopted or discarded throughout the legislative process.

This process is structured as a *navette* which gives the final decision to the originating house. The Argentine Congress is organized into two houses, the Senate and the Chamber of Deputies, each in turn divided into committees.⁵ Bills are initially referred to committees, which may report on them or be discharged of such duty by special motions approved by a majority of the present members of their parent house. Until the 1994 constitutional reform, bills could shuttle twice per house, and only once ever since. The amendment rule for bills is open and generalized: any committee or house may amend or reject any bill without restrictions—with the exception of international treaties and, albeit partially, of federal fiscal legislation. If the second

⁴ The overwhelming majority of legislator-initiated bills (3,932, or 96.6 percent) do not make it out of committee. Due to the large number of this dead-on-arrival bills and the high cost of codification, we restricted our analysis to those bills that were actually taken up by at least one house of Congress.

⁵ The Senate consists of three senators per province, which amounts to 72 senators; the Chamber consists of one representative per 33,000 inhabitants, with a mandatory floor of five per province, which amounts to 257 deputies. Both houses thus over-represent the smaller provinces. Senators are elected by plurality, with the winning party taking two seats and the second party the third. Deputies are elected by closed-list proportional representation using the D'Hont formula, which in principle allows for both the representation of local minorities or local majority party factions at the national level, and the strengthening of the local political leaders that control nomination processes.

chamber amends a bill, then the majority required to overturn or change those amendments must match in size the majority employed to introduce them. If the President vetoes a bill, in whole or in part, and Congress intends to insist upon it, then both houses—first the original, then the second—must gather a two-thirds majority of their total membership to force the Executive to implement it without reservations.⁶

The process of tax lawmaking differs in three ways from the structure of the general legislation process. First, tax bills can only be initiated in the Chamber of Deputies—which gives this house the procedural advantage of having the final say on the Congressional stage of the legislative process. This rule, however, only applies to “proper” tax bills—i.e., those explicitly and strictly pertaining to taxation—so other bills with different central topics may be initiated in the Senate even though they contain chapters or clauses on taxes. Second, legislation creating or modifying earmarks of tax revenues must be approved by the absolute majority of members of each house of Congress. Finally, bills introducing or changing revenue-sharing rules are required by the Constitution to be crafted in the *covenant law* format. This format entails that initiatives concerning the incorporation of new taxes to the common revenue pool and the criteria for the distribution of shareable revenues must be previously agreed upon by the President and the governors, then presented to Congress for their approval, and, subsequent to Congressional approval, they must be ratified by provincial legislatures.⁷ This entails that covenant laws cannot be modified unilaterally by the provinces, the President, or Congress. Thus, to make a decision on the distribution of fiscal revenues every interested party—the President, the governors, legislators, political parties—must be in agreement.

It must also be noted that in Argentina taxes could also be created and changed by presidential decree. Until the 1994 constitutional reform, presidents were able to issue unilateral legislative decisions on any policy area, which were in effect immediately and could only be overturned via laws passed by Congress (which could be vetoed by the Executive) or Supreme Court rulings—but the Court had recognized the Executive’s ability to decide unilaterally in contexts of “necessity and urgency” (Ferreira Rubio and Goretti, 1996). The 1994 constitutional

⁶ However, the Executive may refrain from publishing the acts of Congress in the Official Bulletin, in which case they do not enter into force.

⁷ There is no explicit majority requirement for agreements between Presidents and governors, but in practice they have been either unanimous or near-unanimous—i.e., involving over two-thirds of the provinces. Approval in Congress and ratification by provincial legislatures requires instead only a qualified majority of 50 percent plus one. Still, the unanimity among the executive branches appears to have precedence over the legislatures: no fiscal federal agreement between Presidents and governors has failed to obtain the required legislative majorities for ratification.

reform explicitly banned the Executive from issuing legislative decrees on taxation (Bonvecchi and Zelaznik, 2006). We have collected information on these decrees, but given the differences between their decision-making process and the regular legislative treatment, and the constitutional change to their institutional format, we have not included their analysis in this paper but deferred it for future work.

Our database includes information on the level of agreement on a bill within committees. In the Argentine Congress, committees can issue majority and minority reports. Majority reports are those that gather the signature of the majority of legislators in each committee or joint committee deliberation; minority reports are those with less than 50 percent of committee members' signatures. But minority reports are not the only way to express disagreement with the majority's position: rules grant legislators the possibility of signing the majority report in total or partial dissent. A total dissent would simultaneously mean a complete disagreement with the contents of the majority report and a willingness to report the matter to the full chamber for discussion; a partial dissent means disagreement with parts of the majority report. Consequently, dissenting signatures are both an indicator of disagreement with the majority and a support for the majority's position to submit the bill to the chamber floor. We therefore code three indicators of disagreement within committees: the number of reports issued by the committee (1 if there is only a majority report; 2 or more if there are minority reports); the number of dissenting signatures in the majority report; and the types of dissenting signatures within the majority report (1 for total dissent, 2 for partial dissent, 3 for both total and partial dissenting signatures). When the parent chamber withdraws the bill (or the majority report) from committee before it formally releases it to the floor, we code zero for committee reports, dissents, and their associated substantial measures.

To measure the substantive content of tax lawmaking using our Legislative Substance Scale we coded each bill⁸ for eight economic dimensions:

1. *The taxes involved in the initiative*: Value-Added, Income, Excise, Social Security, Personal Assets, Financial Assets or Transactions;
2. *The duration of the proposed tax rules*: permanent if no expiration clause is included (code 1); provisional if expiration dates are specified (code 2);

⁸ Our unit of analysis is the bill, not the tax or taxes with which it deals. Thus, we coded the effect of the *set* of changes to tax legislation proposed by each bill, not the effect of each change to each tax proposed by each bill.

3. *The scope of the proposed tax rules*: general if they do not distinguish beneficiaries from non-beneficiaries (code 1); sectoral if they designate specific sectors or activities as beneficiaries (code 2); local or regional if they designate a region, province, or town as beneficiary (code 3); particular if they designate a specific firm, or firms, or conglomerate as beneficiary (code 4); mixed if it has both sectoral and particular/local reach (code 5);
4. *The potential revenue that may derive from the bill*: high if it may yield more than 5 percent of total annual tax revenues (code 1); low if it may yield less than 5 percent of total annual tax revenues (code 2); neutral if it maintains the revenue status quo (code 3); and negative if it reduces existing revenue—e.g., via tax expenditures (code 4);
5. *The effect of the bill on the efficiency of the tax system*: more efficient if it widens the tax base, promotes a uniform VAT rate, progressive and equivalent scales for both personal and company income taxes, and/or taxes the consumption of unhealthy or contaminating goods or activities (code 3); less efficient if some of the opposite occurs (code 1); and mixed if some of these changes take one direction and others the opposite direction (code 2);
6. *The effect of the bill on the equity of the tax system*: whether it establishes regressive (code 1) or progressive rules (code 3), or is neutral on this dimension (code 2);
7. *The bill's impact on intergovernmental fiscal relations*: beneficial to the federal government if it reduces the shareable revenue pool, increases the government's share, or both (code 1); neutral if it maintains the status quo (code 2); mixed if it increases or reduces the shareable revenue pool and the national/provincial share (code 3); and beneficial to the provincial governments if it increases the shareable revenue pool, or the provinces' share, or both (code 4); and
8. *The presence in, or absence from, the bill of provisions that earmark at least some of the potential revenue*—coded 1 and 0, respectively.⁹

⁹ For statistical purposes, when processing the database for factor and regression analysis, the categories in the scope and intergovernmental impact dimensions were treated as dummies.

All these economic dimensions were measured at each stage of the legislative process: the original bill; the majority report of the leading committee in the first chamber; the first chamber's floor; the majority report of the leading committee in the second chamber; the second chamber's floor; the first chamber's second reading; the second chamber's second reading; the presidential veto; and the congressional attempt to override the veto. The scores for each dimension were subsequently used to calculate the Legislative Substance Scale for each stage of the legislative process. This calculation proceeded according to the following rules. The codes corresponding to the original bill constituted the baseline with which the codes for each stage of the legislative process are compared. A bill was coded 0 if it received no amendments in any given stage of the process. A bill was coded 1 if changes introduced in any given stage of the legislative process affected one or two economic dimensions but kept the same scores as the original bill (e.g., if both the original bill and its amended version at any given stage have an efficiency code of 2 and an equity code of 1). A bill was coded 2 if amendments introduced at any stage of the process change the codes of one or two economic dimensions. A bill was coded 3 if at any stage of the process amendments introduced significant changes in the codes of three economic dimensions and/or minor changes in more than three of those dimensions.¹⁰ A bill was coded 4 if amendments at any given stage of the legislative process introduced significant changes in the codes of more than three dimensions and/or minor changes in five or more dimensions. A bill was coded 5 if at any stage of the process amendments introduced significant changes in the codes of five or more dimensions. A bill was coded 6 if during the legislative process significant changes were introduced to all economic dimensions.

To produce these calculations, all versions of each bill's text and its proposed amendments were collected at each of those legislative stages—alongside the partisan affiliation of all legislators who proposed amendments, which are the data required to calculate the Legislative Input Score. However, the format of the data differs across stages: data from chamber floors are significantly more specific than data from committees. While the former consist of a transcript of deliberations within which it is naturally possible to establish who proposed any particular amendment and to what outcome, the latter consist of a version of the bill with signatures at the bottom which specifies neither whether amendments were introduced nor, if

¹⁰ A significant change is defined here as introducing opposite codes to those in the original bill (e.g., 1 instead of 2 in efficiency); a minor change is defined as introducing different, but not opposite, codes to those in the original bill (e.g., 3 instead of 1 in the efficiency dimension).

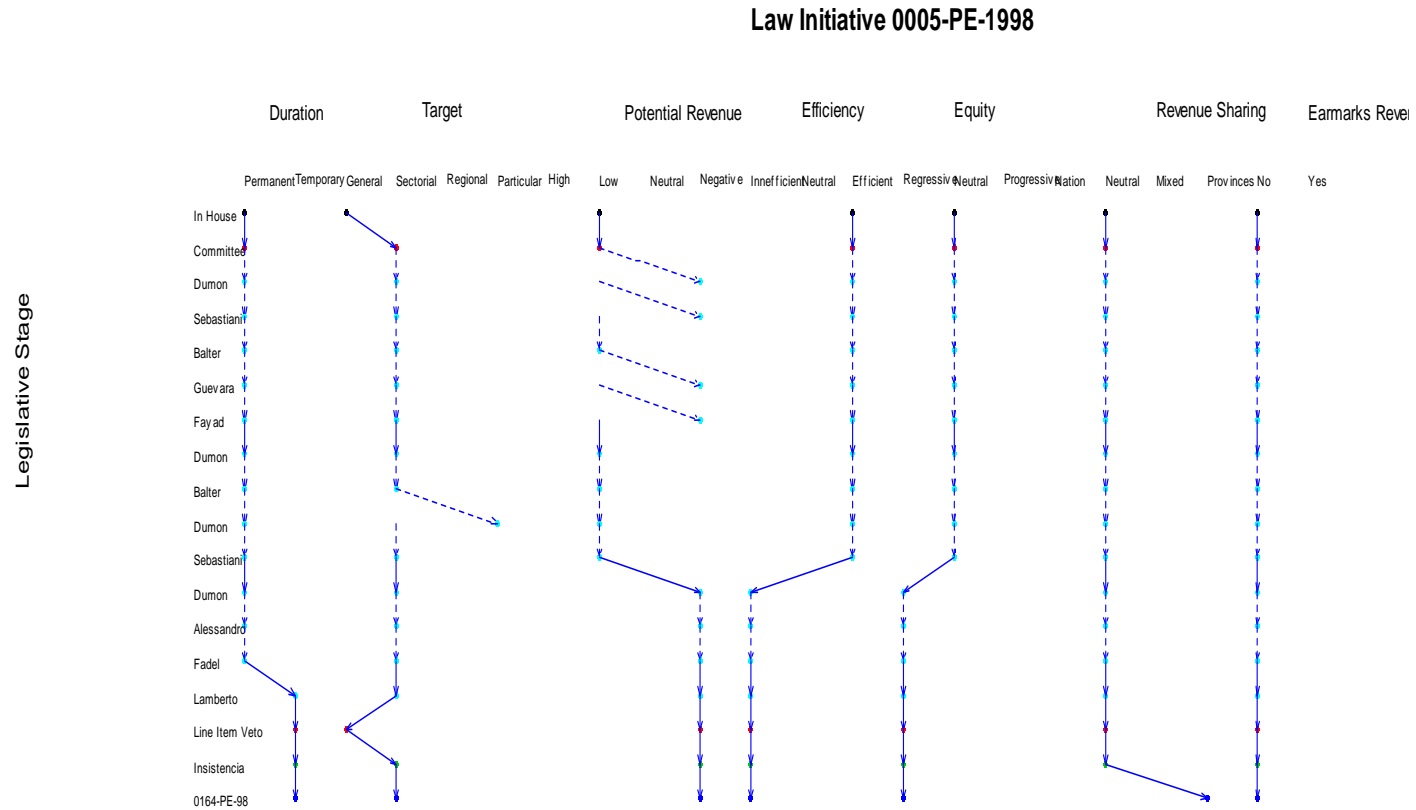
they were, who proposed them. These format differences create a comparability problem: while the data format at the floor level makes it possible to calculate both LIS and LESS for each individual amendment, the data format at the committee level only makes it possible to calculate these measures at an aggregate level—i.e., taking into account the whole report, not individual amendments, since their authorship cannot be established. Consequently, to make LIS comparable across stages, LIS for committee reports was calculated pinpointing the partisan affiliation of each legislator who signed the majority report, and LIS for chamber floor was calculated pinpointing the partisan affiliation of each legislator whose amendment proposal was accepted; thus, LIS at all stages can capture which parties intervened in producing the specific version of the bill that came out of each stage of the legislative process.¹¹ Similarly, LESS at the committee level was calculated considering the whole report as one amendment—because it was materially impossible to establish who proposed any specific amendment—and at the chamber floor level it was calculated as a consolidated balance of all successful amendments. To reduce the potential for subjective biases in the production of this consolidated substance score at the floor level, we used the following rules: when some amendments introduced significant changes in the bill and others only introduced minor changes, we only took the significant changes into account; when all changes introduced were significant/minor, we went back to the original text of the bill to find out which amendments modified the central tenets of the initiator’s intent, and calculated the score on the basis of the codes for those central amendments. The definitive LESS for each bill was calculated as the LESS corresponding to the last action taken in the lawmaking process—which in turn emerged from comparing the codes for each economic dimension in that particular stage with the codes for the original bill. The only exception to this calculation rule was exercised in reference to the presidential veto (LESS_PEN), which was calculated by comparing the codes for the presidential veto not only with those corresponding to the original bill but also with those for the last action taken, which enabled us to establish whether and how the veto restored the bill’s original intent or accepted at least part of its amended version.

Let us illustrate how the coding process works by following the codification of a specific bill, which started as file 0005-PE-98 and ended as Law 25,063—partially vetoed by the

¹¹ For committee reports, if the majority report was only signed by government party legislators, LIS is 1; if it was signed both by government party and opposition legislators, LIS is 2; if it was only signed by opposition legislators, LIS is 3. For chamber floors, if only government party legislators got their amendments introduced in the new version of the bill, LIS is 1; if both government party and opposition legislators were able to introduce amendments to the bill, LIS is 2; if only opposition legislators amended the bill, LIS is 3.

President, whose veto was subsequently partially overridden by Congress. The following figure depicts the initial coding of the bill and the coding changes that correspond to the amendments introduced at every stage of the legislative process. The first row shows all the economic dimensions of interest with their respective categories. The first column displays the legislative process stages which the bill went through: from its inception in the House/Chamber of Deputies, through the Chamber's Committee, the amendments proposed by individual legislators in the Chamber's floor, the presidential veto, its override by Congress, and the completion of the tax reform package by the addition of another bill (0164-PE-98) exclusively concerned with the topic of revenue distribution. The full lines indicate the substantive content eventually incorporated into the bill, while the dotted lines indicate the content of amendments proposed but not accepted by the Congressional majority.

Figure 1. Codification Example



Source: Authors' compilation.

The bill, initiated by the Executive under the Menem presidency, was a comprehensive tax reform which involved the Income, Value-Added, Selective, Personal Assets and Social Security taxes, and even created new taxes. Its principal components were the following:

- VAT: it extended the tax base to the operations performed in foreign countries by Argentine nationals, and eliminated exemptions on private retirement funds, life insurance, and reinsurances. It applied differential rates (50 percent of the ordinary rate) to the import of specific goods such as livestock, grain, meat, live poultry, and certain produce. Differential rates were also imposed on the interests on and commissions for loans when the debtors were responsible for VAT payments.
- Income: it extended the tax base by incorporating trust funds and investment funds. It increased the tax rate to 35 percent for PLCs, joint stock companies, public-private firms, non-profits, and stable commercial, industrial and agricultural enterprises.
- Minimum Presumptive Income: it created a tax on the minimum presumptive income of assets which taxed all assets held at the end of the fiscal year in order to discourage the underuse of assets. This tax could be paid for on account of the ordinary Income Tax.
- Interests and Financial Cost of Firms' Debts: it taxed the interests paid for by indebted firms that were deductible from the Income tax. The aims of this new tax were to eliminate the bias against hiring workers and to treat profits and interests uniformly.
- Selective: it increased the rate on cigarettes up to 70 percent of the retail price; unified the rates of alcoholic beverages at 25 percent, incorporating wine and champagne into the tax base; and raised the rate of non-alcoholic beverages and eliminated exemptions.
- Social Security: it extended to employers the mandate to contribute to the medical insurance of certain types of workers.
- Personal Assets: it incorporated exemptions for goods and services on which the Minimum Presumptive Income tax would begin to be paid.

The codification of the original bill, compared to the status quo of the extant legislation, was therefore the following:

- Duration: the majority of the reforms proposed by the bill did not include any sunset clauses, so the whole of the bill was coded as intending to set permanent rules.
- Scope: the overall effect of the bill was to extend tax bases, increase rates and create new taxes of a general nature. Besides the differential rates for the VAT, the bill did not specify beneficiaries. Consequently, it was coded as general.
- Potential Revenue: on the one hand, by introducing new taxes, increasing rates on existing taxes, and extending their bases, the bill would potentially increase revenues. On the other hand, the introduction of differential rates and exemptions would offset some of that potential revenue. Consequently, the bill was coded as yielding low potential revenue.
- Efficiency: the bill would increase efficiency by eliminating exemptions in VAT and Selective taxes, extending the bases for Income, VA, and Selective taxes, and introducing the Minimum Presumptive Income tax to discourage evasion in the reporting of profits. These effects were deemed strong enough to offset those of VAT exemptions and differential rates. Consequently, the bill was coded as promoting efficiency.
- Equity: the reforms proposed by the bill would generate both progressive and regressive effects. On the progressive side, we counted the creation of the Minimum Presumptive Income tax, and the increase of the Income tax rate for firms. On the regressive side, we counted the differential rates on the VAT for certain imports, the effect of which would generally not be passed on to the benefit of consumers. The balance of progressive and regressive effects led us to code the bill as neutral.
- Impact on Intergovernmental Fiscal Relations: the bill did not include any clause providing for a different distribution of revenues than the status quo. Consequently, it was coded as neutral.

- Earmarking: the bill did not introduce any earmark of revenues or spending. Consequently, it was coded zero.

The Budget Committee in the first chamber introduced several amendments to the original bill—which, following our coding rules, we coded by comparing them to the bill as submitted by the Executive. Many of these amendments did not change the substance of the original bill, so their codes were the same as the Executive’s version. Others, however, meant significant modifications. Firstly, the tax on Interests and Financial Cost of Firms’ Debts was made provisional rather than permanent. Secondly, a number of exemptions to the VAT were eliminated, but differential rates were established for goods such as bovine livestock, and deleted for grains, some sugar canes, and other livestock species. Finally, the whole chapter on Selective taxes was withdrawn from the bill. These changes led us to the following coding decisions:

- Duration: Although a sunset clause was introduced for the tax Interests and Financial Cost of Firms’ Debts, this amendment had a relatively minor impact on the whole of the bill since the rules concerning the most important taxes—Income and VAT—remained permanent. Consequently, we did not change the coding in this dimension.
- Scope: the elimination of exemptions to the VAT and the deletion of the chapter on Selective taxes meant that specific sectors were affected by the Committee’s amendments. Therefore, we coded the Committee’s version as sectoral.
- Potential revenue: the elimination of certain differential rates in the VAT would generate more potential revenue since the affected sectors would have to pay the general rate. On the other hand, the deletion of the chapter on Selective taxes would have an obvious negative impact on revenues. We considered that the effects of these sets of amendments offset each other, so we coded the Committee’s version the same as the original version.
- Efficiency: the elimination of differential rates on the VAT would be consistent with the pro-efficiency stance of the original bill. However, the deletion of the chapter on Selective taxes would generate inefficiency compared to the original bill because it would not be taxing or increasing the

rates on health-damaging goods. Again, we considered that the effects of these sets of amendments offset each other, so we coded the Committee's version of the bill the same as the original version.

- Equity: none of the amendments seemed to us to have an impact on the overall effect of the bill on the equity of the tax system, so we kept the original coding.
- Impact on Intergovernmental Fiscal Relations: no changes were introduced in this dimension, so we kept the original coding.
- Earmarking: the Committee made no changes that affected this dimension, so again the original code was maintained (zero).

Balancing all these amendments, we coded the Legislative Substance Scale (LESS) of the Committee's version as 2: significant amendments were introduced at this stage of the process, but only one—in the scope dimension—was not offset by other amendments of opposite or different nature. The Committee's Majority Report was signed by legislators from the government and opposition parties, so it was coded 2 in the Legislative Input Score (LIS).

Further amendments were proposed during floor deliberations in the first chamber: three amendments were accepted (displayed here in full lines); others were rejected (displayed here in dotted lines). A first amendment, proposed by opposition legislators (and thus coded 3 in the Legislative Input Score) and accepted by the government majority, purported to eliminate Income tax refunds for exporters. This amendment did not specify any sunset clauses, would potentially generate positive revenues, would have a positive impact on efficiency and equity, and no impact on intergovernmental fiscal relations or the earmarking of funds. Consequently, its acceptance would not change the coding of dimensions compared to the original bill.

A second amendment, again proposed by the opposition (LIS 3) and accepted by the government party majority, was to raise the minimum threshold for the Income and Presumptive Income taxes on small and medium enterprises--arguing they would not have enough capital to pay both taxes. This amendment would benefit a specific set of firms, so it would be coded as sectoral in the scope dimension. It would yield a negative effect on revenues, so it would be coded negative in the potential revenue dimension. And by effectively exempting these firms from the most progressive of taxes, it would have a negative impact on income distribution and

contributive capacity, so it would be coded as regressive in the equity dimension. The codes for the other dimensions would remain the same as in the original bill.

The last accepted amendment was jointly proposed by government and opposition legislators (and thus coded 2 in LIS), and included a hitherto absent topic in the bill: the distribution of revenues between the federal government and the provinces. The amendment specified that the extant distribution rules, crystallized in the 1993 Federal Pact for Employment, Production, and Growth and marginally amended in 1995 and 1996, would be in force for another year (i.e., until end-1999), and would thus be applicable to the new revenues to be generated by the tax reform under discussion. This amendment would only affect two dimensions: the duration of the rules, which would now be coded provisional, and the bill's impact on intergovernmental fiscal relations—the code of which would not actually change because the nature of the amendment would be to extend the life of the status quo distribution rules. The codes for the other dimensions would remain the same as in the original bill.

Of the rejected amendments, we focused on four proposed by the opposition, the introduction of which would have been particularly significant to the nature of the original bill. One amendment proposed that individuals and firms responsible for VAT payments be allowed to use their credit balances emerging from exemptions to pay their dues in the Income and Personal Asset taxes. This amendment would only have affected the potential revenue dimension, and in a negative way.

Another amendment purported to maintain an exemption to VAT payments for private healthcare organizations that was eliminated by the Executive's version of the bill. This amendment would benefit a specific sector, so it was coded sectoral in the scope dimension; and it would generate a negative impact on revenues, so it was coded accordingly in the potential revenue dimension. The codes for the other dimensions remained the same as in the original bill.

A third amendment was intended to exclude the sale of gas and electricity for agricultural activities from the bill's proposed increase of VAT rates. Again, since the amendment would have benefited a specific sector it was coded as sectoral in the scope dimension; and given that it would have generated a negative effect on revenues it was coded negative in the potential revenue dimensions. The codes for the other dimensions remained the same as in the original bill.

Finally, the fourth significant rejected amendment tried to eliminate one of the new taxes proposed by the Executive, that on Interests and Financial Cost of Firms' Debts, arguing that it would increase the cost of financing for small and medium enterprises and agricultural firms. Once again, since the amendment would have benefited a specific sector it was coded as sectoral in the scope dimension; and given that it would have generated a negative effect on revenues it was coded negative in the potential revenue dimensions. The codes for the other dimensions remained the same as in the original bill.

Balancing the amendments accepted into the bill, which introduced significant changes in the potential revenues, equity, and efficiency dimensions, we coded the first chamber's version as 3 in the Legislative Substance Scale. Since amendments were introduced by both government and opposition legislators, we coded the bill 2 in the Legislative Input Score.

The bill amended by the first chamber was then shuttled through the second chamber without modifications, except for the fact that a second bill was incepted as a detachment from the original, with the sole purpose of dealing with the matter of revenue distribution between the federal government and the provinces. This second bill, file 0164-PE-98, was introduced by the Executive through the Senate, amended and voted by it while the Chamber of Deputies was dealing with the 0005-PE-98 file containing the tax reform, and shuttled without changes through the Chamber of Deputies while the Senate was ratifying the Chamber's version of the tax reform. The 00164-PE-98 bill established that the new taxes to be introduced by the 0005-PE-98 reform would be distributed according to the existing revenue distribution rules with the previous deduction of specific sums to be allocated to the Social Security system. The Senate's version of the bill, produced by a cross-party majority, reduced the amount of these deductions and introduced a minimum-revenue monthly payment guarantee for the provinces. The 0164-PE-98 bill was therefore coded as favorable to the provinces in the intergovernmental fiscal impact dimension in both its original and amended versions. Given the fact that the distribution rules introduced by this second bill referred to the taxes introduced by the first bill, and both bills were discussed and voted as a package, we coded the final version of the 0005-PE-98 tax reform as benefiting the provinces in the intergovernmental fiscal impact dimension.

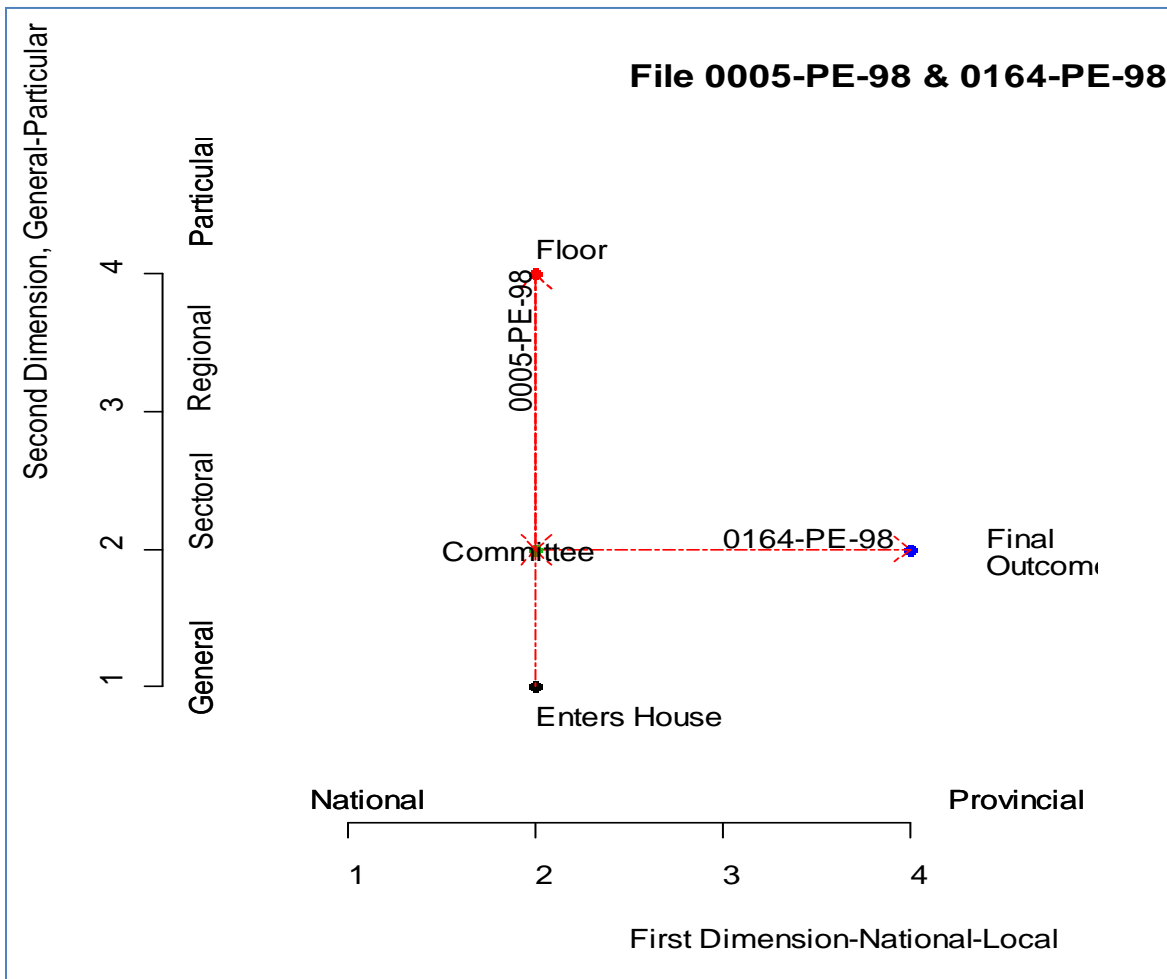
The President's partial veto to Law 25,063 eliminated exemptions on the VA and Minimum Presumptive Income taxes introduced by the Majority Report in the first chamber's Budget Committee. These exemptions favored specific sectors (including socially relevant

goods, waste management and broadcasting), so their deletion from the bill entailed a return to more general tax rules in the scope dimension. These deletions would also yield a positive impact on revenues, but since the original bill already proposed such an impact, the code for these dimensions, as well as for the rest of the dimensions not affected in the veto, remained the same. Given that the changes introduced by the veto did not yield significant alterations in the coding of the bill's original version, we maintained the LESS score assigned to the bill upon leaving the first chamber (3).

Finally, the presidential veto was partially overturned by Congress, precisely on the issues of exemptions to the waste management and broadcasting sectors. This Congressional decision reversed the position of the bill in the scope dimension to the sectoral location in which it was left by the majority report in the first chamber. Once again, since the changes introduced by the veto's overturn did not significantly alter the coding of the bill's original version, we maintained the LESS score assigned to the bill upon leaving the first chamber (3), and used this score as the definitive LESS for this particular bill.

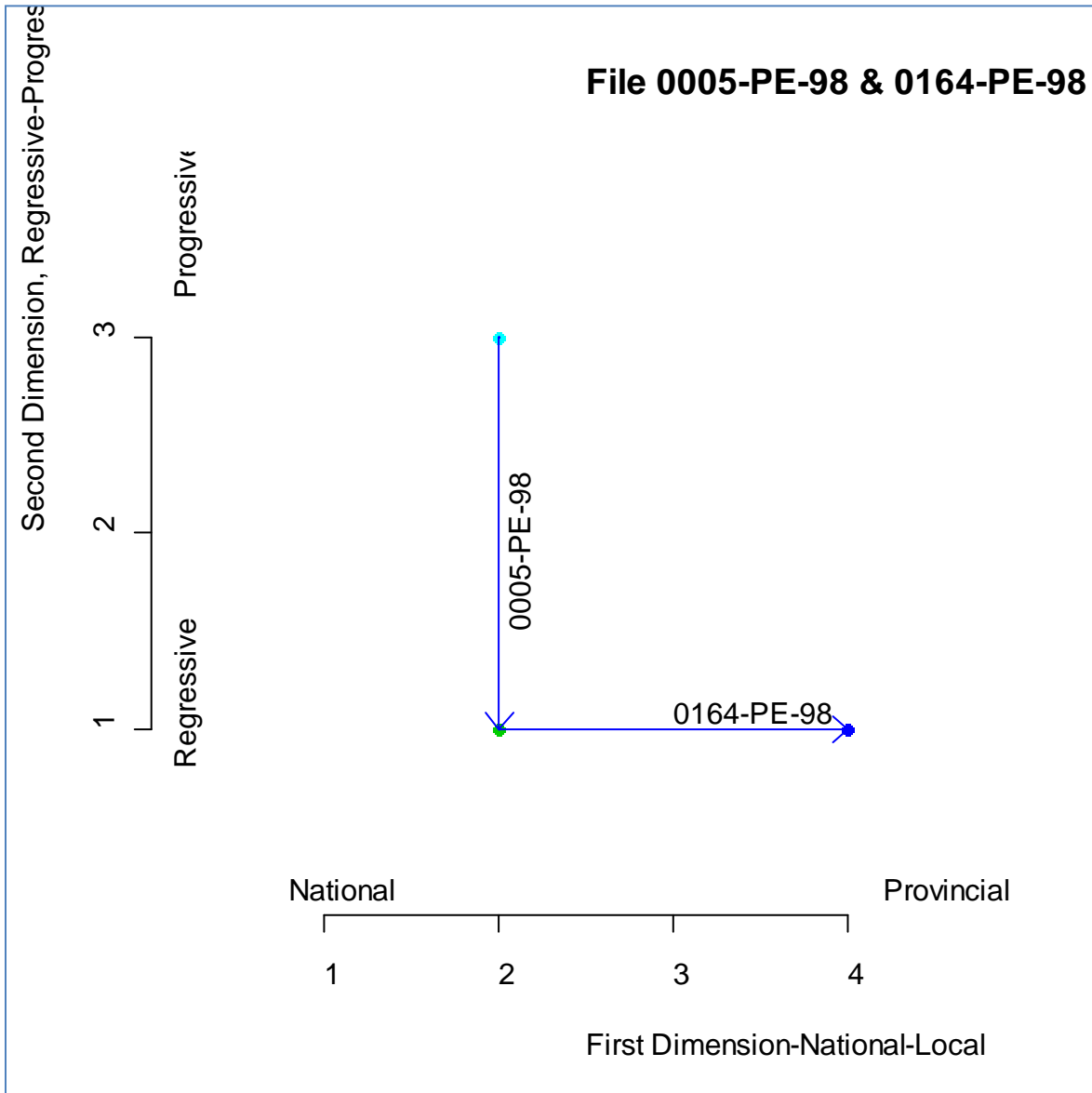
The following charts show more closely the nature of the changes experienced by this reform package throughout the legislative process. Figure 2.a. depicts changes in the scope and intergovernmental fiscal relations dimensions; Figure 2.b shows the effects of amendments in the equity and intergovernmental fiscal impact dimensions; and Figure 2.c plots the changes in the equity and efficiency dimensions.

Figure 2.a. Changes in Economic Dimensions: Bills 0005-PE-98 and 0164-PE-98



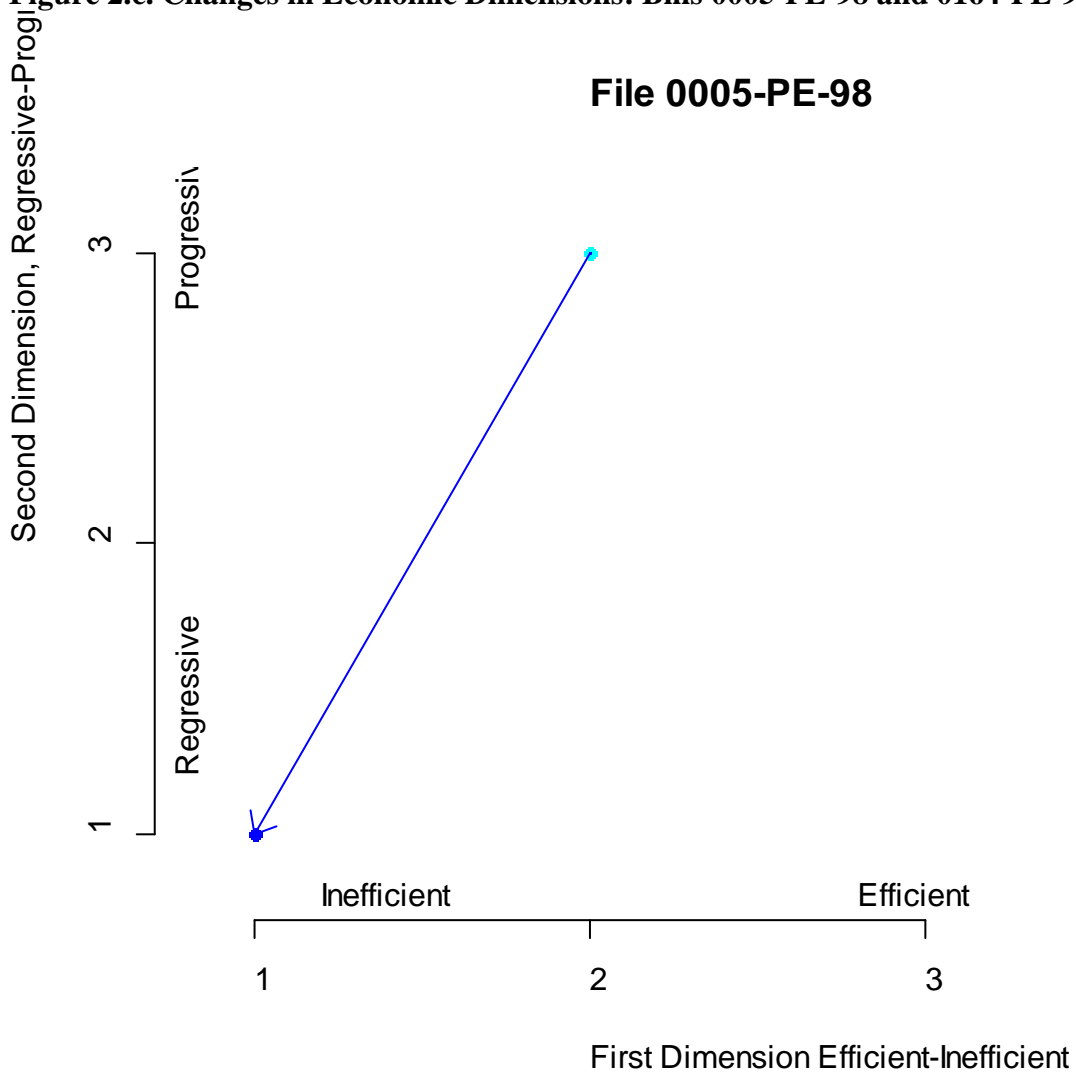
Source: Authors' compilation.

Figure 2.b. Changes in Economic Dimensions: Bills 0005-PE-98 and 0164-PE-98



Source: Authors' compilation.

Figure 2.c. Changes in Economic Dimensions: Bills 0005-PE-98 and 0164-PE-98



Source: Authors' compilation.

By repeating the same procedure with all bills in our database, we encountered the patterns of substantive content, legislative process, and success reported in the next section.

4. Tax Lawmaking in Argentina: General Patterns

Since the beginning of the current democratic period, tax legislation in Argentina was changed 226 times. In addition 78 bills reforming tax legislation made it through at least one house of Congress, though they failed to become laws. This remarkable legislative activism was focused on reforming the Value-Added Tax: 110 bills were passed changing the VAT, and a further 38

initiatives obtained approval from one chamber. The Income Tax was the other main focus of tax lawmaking, with 107 bills made into law and 34 initiatives approved by one house of Congress. Sixty-four successful and 17 half-successful reform initiatives involved both taxes. Lawmakers were also active in changing selective and excise taxes: 86 reforms succeeded in becoming laws, and 23 bills made it through one chamber. Activism was also significant concerning taxes on financial assets or transactions: they were reformed 63 times and 18 other bills made it halfway through the legislative process. The Personal Assets Tax was changed in 47 occasions, with a further 13 bills killed in one chamber. Fuel taxes were reformed 37 times, with 10 other initiatives failing to make law. Social security taxes were changed 32 times, and unsuccessfully reformed another 12 time Finally, 10 bills reforming all taxes became law, and only one such bill died halfway through the process. Table 1 sums up this information.

Table 1. Tax Lawmaking in Argentina, 1983-2011, by Type of Tax

Type of Tax	Bills made into Law	Bills passed by one house of Congress	Executive bills killed in Committee	Total
Value-Added Tax	110	38	35	183
Income Tax	107	34	24	165
Selective/Excise Taxes	86	23	26	135
Financial Assets/Transactions Taxes	63	18	18	109
Personal Assets Tax	47	13	12	72
Fuel Taxes	37	10	20	67
Social Security Taxes	32	12	11	55
All Taxes	10	1	5	16
Net Total *	226	78	61	365

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

*The Net Total concerns only the absolute number of laws/bills, and differs from the sum of per type data because bills may deal with more than one tax.

This universe comprises both tax reforms *stricto sensu* and bills focused on other matters that also contained tax clauses – such as regulations for specific economic activities or sectors, and the national administration's annual budget. The majority of the successful reforms were initiated by the Executive. Amongst legislators, more successful reforms were initiated by

members of the Chamber of Deputies than by members of the Senate. Thus, as shown in Table 2, the Executive clearly dominated tax lawmaking in Argentina during this period: presidents sponsored fewer initiatives than legislators, but were more successful than Congress in getting their bills made into law.

Table 2. Tax Lawmaking in Argentina, 1983-2011, by Type of Initiator

Initiator	Laws	Bills passed by one house of Congress	Non-enacted Bills	Bills submitted	Success Rate	Participation Rate
President	150	16	101	251	59.76	66.37
Congress	76	62	3994	4070	1.86	33.63
Total	226	78	4095	4321	5.23	100

Source: authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Note: Success rate = laws/bills + laws per initiator. Participation rate = laws per initiator/total laws.

An initial aggregate comparison of success rates and measures of influence on legislative outcomes indicates that success rates may be misrepresenting the effects of the legislative process on the substance of legislation. The average measures reported in Table 3 show there is no consistent relationship between Executive success rates and LESS scores: neither high success rates are related to low LESS scores, nor high LESS scores to low success rates. In contrast, success rates and LESS scores appear to move consistently for Legislative-sponsored tax bills in all presidencies except Duhalde's and Fernández's: the higher the success rate, the lower the LESS score. In general, except for the Fernández administration, average LESS for Legislative-sponsored bills is lower than for Executive-sponsored bills—which would signal more Congressional control over their content—in spite of the fact that Legislative success rates are much lower than Executive success rates. Still, average measures like these may mask more than they show; unpacking them is required to better understand patterns across presidencies.¹²

¹² Since this is a descriptive paper, we do not address here the determinants of success rates or LESS scores. Still, following a reviewer's suggestion, we should note that bills with positive (i.e., high or low) effect on revenues are more successful (79.22 percent) than bills with negative or neutral effect on revenues (52.91 percent).

**Table 3. Success and Influence on Tax Lawmaking in Argentina, 1983-2011,
By Type of Initiator**

President	Executive Success Rate	Initiated by the Executive			Initiated by Legislators			Legislative Success Rate
		LESS_DEF	LIS_DEF	MOR	LESS_DEF	LIS_DEF	MOR	
Alfonsín	68.33	1.10	1.4	14.1	1.07	1.6	13.6	1.21
Menem	45.45	1.53	1.6	24.6	1.04	1.8	19.4	2.11
de la Rúa	47.05	1.50	1.8	21.4	0.88	1.8	14.2	1.66
Duhalde	41.66	1.41	1.69	26.3	0.4	1.6	12.5	0.74
Kirchner	72.97	1.39	1.7	17.2	0.9	1.6	20.4	2.09
Fernández	71.42	0.63	1.1	17.14	1.16	1.6	14.2	0.78

Source: Authors' compilation.

Note: All measures but success rates are averages.

A closer look into the lawmaking process shows that over a quarter of the bills that were reported by committees to the floor of the first chamber became law without amendments. Roughly one third of the reported bills received no amendments, and another third were subject to minor amendments in the legislative process. In contrast, significant amendments were introduced in the remaining third of reported bills. The bills that made it into law generally experienced more significant amendments than those eventually not enacted by Congress. Table 4 displays this information according to the definitive Legislative Substance Scale scores of all bills that made it through at least one house of Congress (304). This suggests, as expanded below, that it is not so much the distance between original intent and outcome that may stop a bill from becoming a law, but rather the nature of this distance, i.e., the exact changes to the substantive content made within the process.

Table 4. Legislative Substance Scale Scores for All Reported Bills (Q and %)

LESS	Non-enacted Bills	Enacted Bills	Total
0	39 50	60 26.54	99 32.75
1	28 35.89	86 38.05	114 37.50
2	8 10.25	48 21.23	56 18.42
3	2 2.56	25 11.06	27 8.88
4	1 1.28	6 2.65	7 2.30
5	0 0.00	1 0.44	1 0.32
6	0 0.00	0 0.00	0 0.00
Total	78 100	226 100	304 100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

An aggregate look into the nature of amendments shows the legislative process has driven tax legislation into establishing permanent rather than provisional rules; oriented to sectoral, local and particular rather than general beneficiaries; yielding negative rather than positive revenues; instituting inefficient and regressive rather than efficient and progressive rules; bent on benefiting the provinces rather than the federal government in intergovernmental relations or on maintaining the status quo; and overwhelmingly unconcerned with earmarking tax revenues. The following tables present this information.

Table 5.a. Amendments to Duration of Tax Legislation

Duration	Q	Percentage
Permanent	8	14.04
Temporary	49	85.96
Total	57	100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Table 5.b. Amendments to Scope of Tax Legislation

Scope	Q	Percentage
General	10	7.87
Sectoral	76	59.84
Local	18	14.17
Particular	13	13.23
Sectoral & Local/Particular	10	7.87
Total	127	100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Table 5.c. Amendments to Potential Revenues from Tax Legislation

Potential Revenues	Q	Percentage
High	3	1.72
Low	56	32.18
Neutral	17	9.77
Negative	98	56.32
Total	174	100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Table 5.d. Amendments to Efficiency of Tax Rules

Efficiency	Q	Percentage
No	50	64.93
Mixed	3	3.89
Yes	24	31.16
Total	77	100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Table 5.e. Amendments to Equity of Tax Rules

Equity	Q	Percentage
Regressive	35	47.29
Neutral	29	39.18
Progressive	10	13.51
Total	74	100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

**Table 5.f. Amendments to the Impact of Tax Legislation
on Intergovernmental Fiscal Relations**

Impact	Q	Percentage
Benefit to Federal Government	9	10.84
Neutral	29	34.93
Mixed	5	6.02
Benefit to Provincial Governments	40	48.19
Total	83	100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Table 5.g. Amendments to Earmarking of Revenues from Tax Legislation

Earmarking	Q	Percentage
Yes	42	2.30
No Amendment	1777	97.69
Total	1819	100

Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

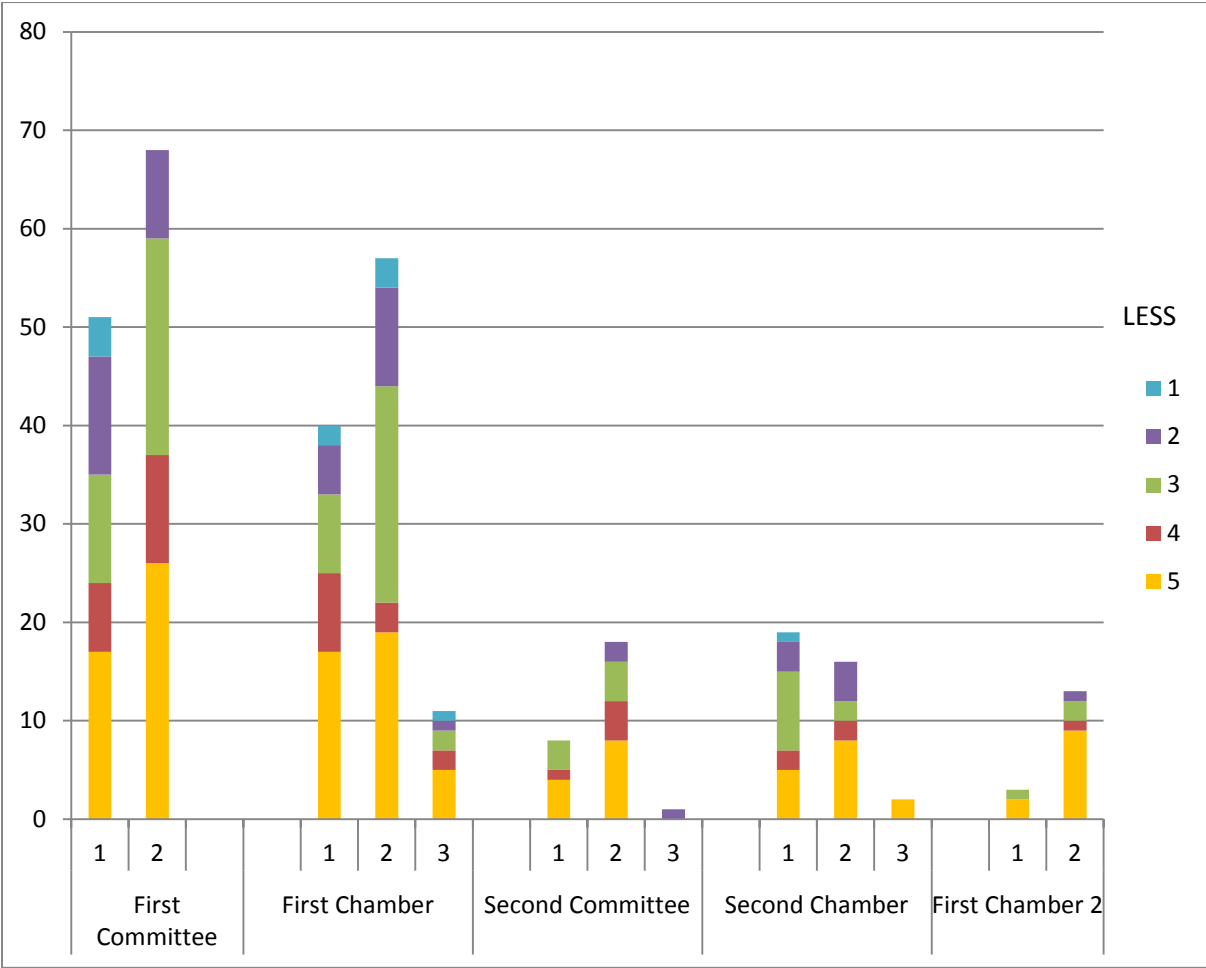
These patterns are roughly consistent with the theoretical expectations of the political economy models of legislative bargaining developed to study fiscal lawmaking in the United States Congress (Shepsle and Weingast, 1980; Weingast et al., 1981; Evans, 2004). According to these models, bargaining for fiscal legislation in a separation of powers system with a legislature organized into specialized committees should produce economically inefficient and unequal laws, oriented to catering for special (sectoral, local, particular) interests located at the subnational level at the expense of the federal Treasury. Tax lawmaking in Argentina seems to generate this kind of legislation—except not so much via pork-barrel spending as via tax expenditures that reduce revenues.

The analysis of amendment patterns per type of bill sponsor shows Congress exercises little discrimination between Executive and Legislative-sponsored bills at the time of amendments. Bills were amended in roughly the same proportions per type of sponsor in the potential revenue, efficiency, equity, and earmarking dimensions. In contrast, Executive-sponsored bills were more amended than Legislative-sponsored bills in order to institute temporary rules in the duration dimension (48.35 percent vs. 37.71 percent), with general reach in the scope dimension (44.99 percent vs. 27.29 percent), and benefits to provinces in the intergovernmental impact dimension (11.27 percent vs. 8.49 percent).¹³

¹³ It should also be noted that the shares of bills with positive (i.e. both high and low) revenue potential that received more pro-province amendments were 9.09 percent and 53.24 percent, respectively—significantly higher than the

The most significant changes to tax bills were mostly sponsored by both government and opposition parties in the first committee or the first chamber to read the bill. Figure shows how the higher numbers of bills with LESS scores 3 to 5 were amended in these first two stages of the legislative process. This suggests, again in the fashion of political economy models of legislative bargaining, that bargains struck by multi-partisan majorities in the initial stages of lawmaking were generally not reversed by subsequent stages.

Figure 3. Legislative Substance Scale and Legislative Input Scores by Stage of the Legislative Process



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

3.96 percent of bills with negative or neutral effect on revenues which were amended to benefit provincial governments.

The topics of the bills made into law show the Executive was slightly more focused on reforming the Income tax rather than the VAT or the excise taxes, while legislators concentrated on changing the VAT and gave a similar degree of attention to the Income and excise taxes. As Table 6 illustrates, the focus on the VAT has been shared by both government and opposition parties, although cross-partisan initiatives have been relatively scarce. Legislators were slightly more interested than presidents in sponsoring bills that reformed all taxes—typically changing revenue sharing rules—but it was the government party who almost always initiated proceedings.

Table 6. Tax Lawmaking in Argentina, Number of Laws by Type of Tax and Initiator

Type of Tax	Executive	Legislators	Government Party	Government and Opposition	Opposition Parties
VAT	115	81	157	15	24
Income	113	63	146	13	16
Excise	85	54	113	13	13
Fuel	49	20	59	5	5
Social Security	35	25	47	6	7
Personal Assets	49	29	63	6	9
Financial Assets/Transactions	70	34	90	5	9
All Taxes	227	137	297	27	39

Source: authors' elaboration on the basis of information from the Honorable Chamber of Deputies.

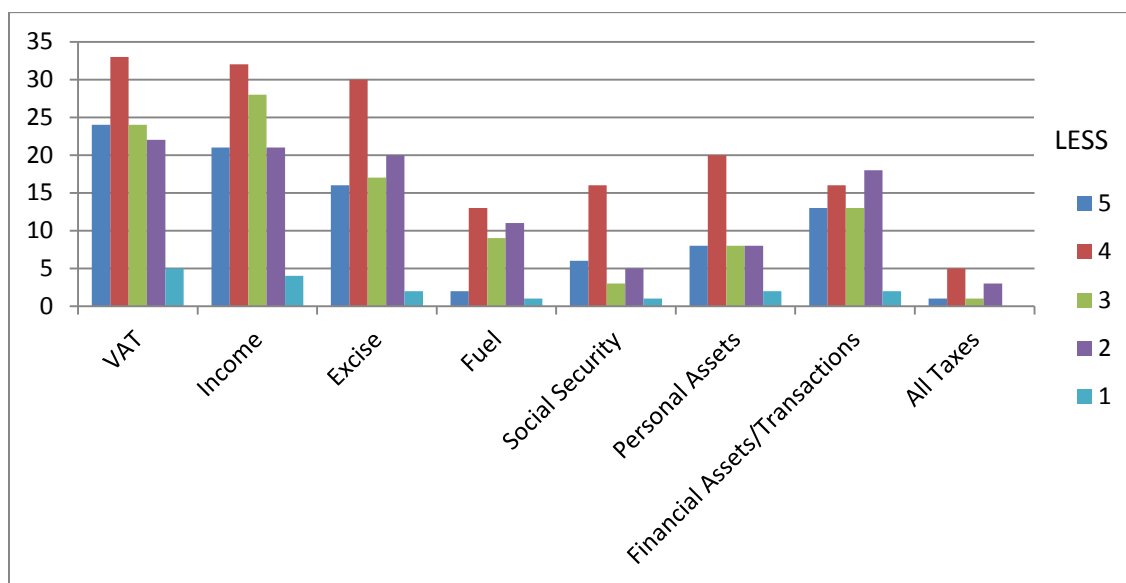
Note: The total for "All Taxes" is smaller than the sum by category, given that legislation often changes multiple tax areas.

This choice of topics is consistent with a previously identified pattern of division of legislative labor between the President and Congress in Argentina by which the former takes up nationally-oriented issues and the latter concentrates on locally-oriented matters (Bonvecchi and Mustapic, 2011). The Value-Added, Income, excise, and fuel taxes are of interest to legislators because the definition of the tax base and rates directly affect sectoral and/or local interests. In contrast, legislators would be less interested in Social Security, and Personal and Financial Assets taxes—all of which typically apply equal rules throughout the nation's territory.¹⁴ In turn,

¹⁴ The only decision on Social Security taxation that affected local interests was the introduction of regionally differentiated rates for employer contributions in 1993. However, this decision was made by ordinary presidential decree 2609/1993 in the Menem administration, and renewed by subsequent ordinary decrees, without ever opening the debate on regional rates to Congress. Since ordinary decrees are not subject to Congressional decision-making, this decision falls beyond the scope of our analysis in this paper.

the Executive is focused on the Value-Added and Income taxes due to their centrality for revenue collection, and also cares about the other taxes for reasons of both equity and ease of collection (Steinmo 1993). The joint interest of the Executive and Congress in shaping the VAT and Income taxes may account for the greater number of bills dealing with these taxes that experience significant amendments vis-à-vis the other types of taxes. Figure 4 shows that the number of bills with significant amendments is proportionally greater for those taxes with sectoral/local economic effects than for those with equal rules throughout the territory.

Figure 4. Legislative Substance Scale per Type of Tax



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

To investigate the nature of all these amendments we conducted factor analysis, a data reduction technique that unveils the latent structure in the data.¹⁵ We used all the categories described before, transforming the scope and intergovernmental variables into dummies that distinguish each alternative. The loading of the factors in our analysis indicates the existence of two main dimensions: the first captures differences in the territorial beneficiaries of tax bills (National-Provincial); the second dimension captures variation in economic dimensions (efficiency, equity, potential revenue, etc.).

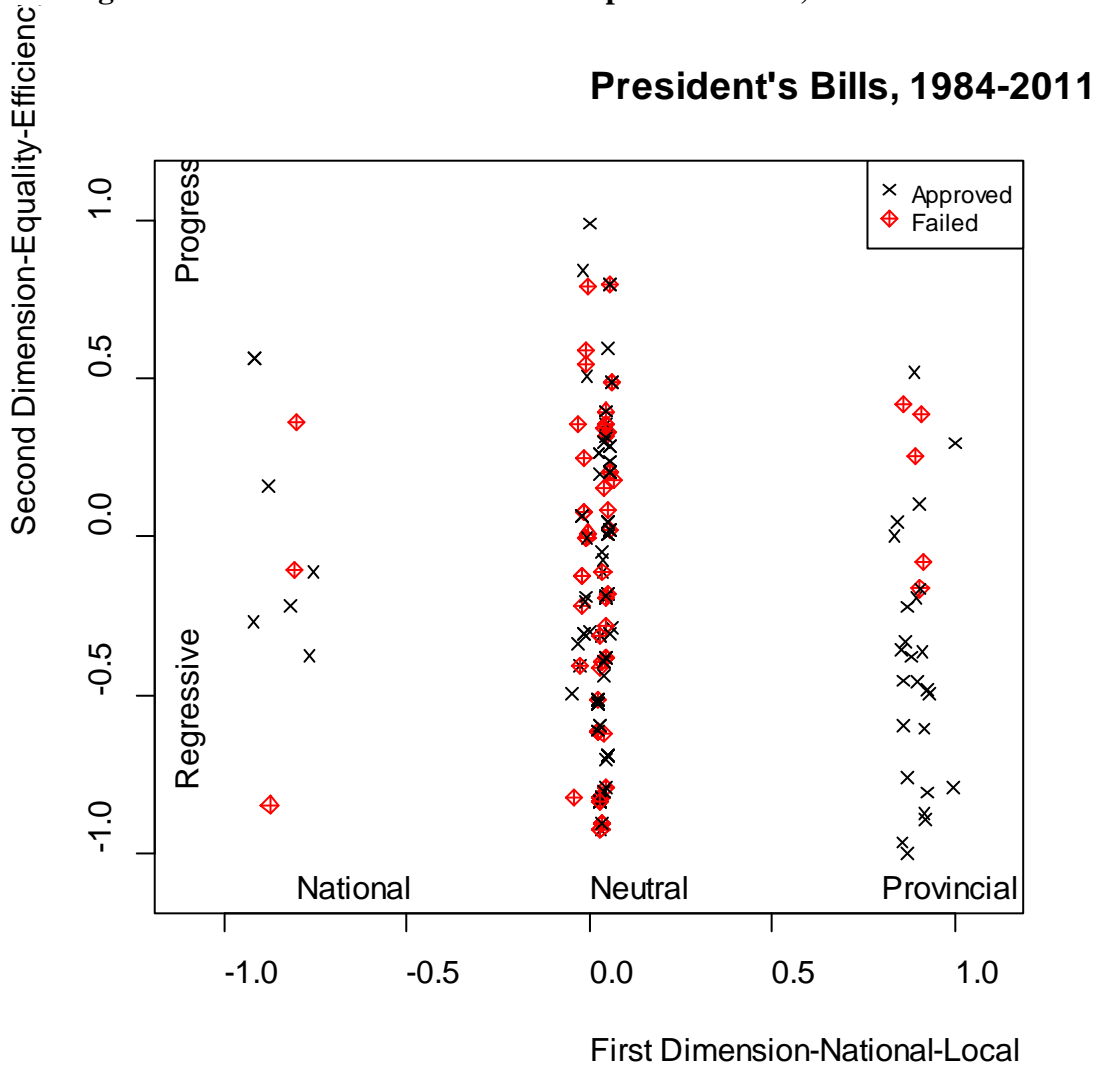
¹⁵ We used the principal factors method with orthogonal varimax (Kaiser off) rotation. The number of observations was 1,450; four factors were retained under 21 parameters.

Table 7. Rotated Factor Loadings and Unique Variances

Variable	First Factor	Second Factor	Third Factor	Unexplained
Durability	0.1819	-0.1072	0.0705	0.9057
Reach-General	-0.06	0.3835	0.4696	0.258
Reach-Sectoral	-0.0116	0.0415	-0.778	0.02854
Reach-Local	0.1237	-0.21	0.1562	0.8653
Reach-Individual	-0.0277	-0.4193	0.3236	0.5586
Potential Revenue	0.0035	-0.4829	-0.0278	0.5338
Efficiency	0.0454	0.4417	-0.0893	0.6142
Equality	0.0116	0.4012	0.1543	0.6065
Revenue Sharing/National	0.2177	0.0216	0.0057	0.8914
Revenue Sharing/Mixed	-0.6343	0.0094	-0.0124	0.108
Revenue Sharing/Neutral	0.185	-0.0163	0.0725	0.9134
Revenue Sharing/Provincial	0.5424	-0.0158	-0.0197	0.3529
Target	0.3898	0.1482	-0.0386	0.599

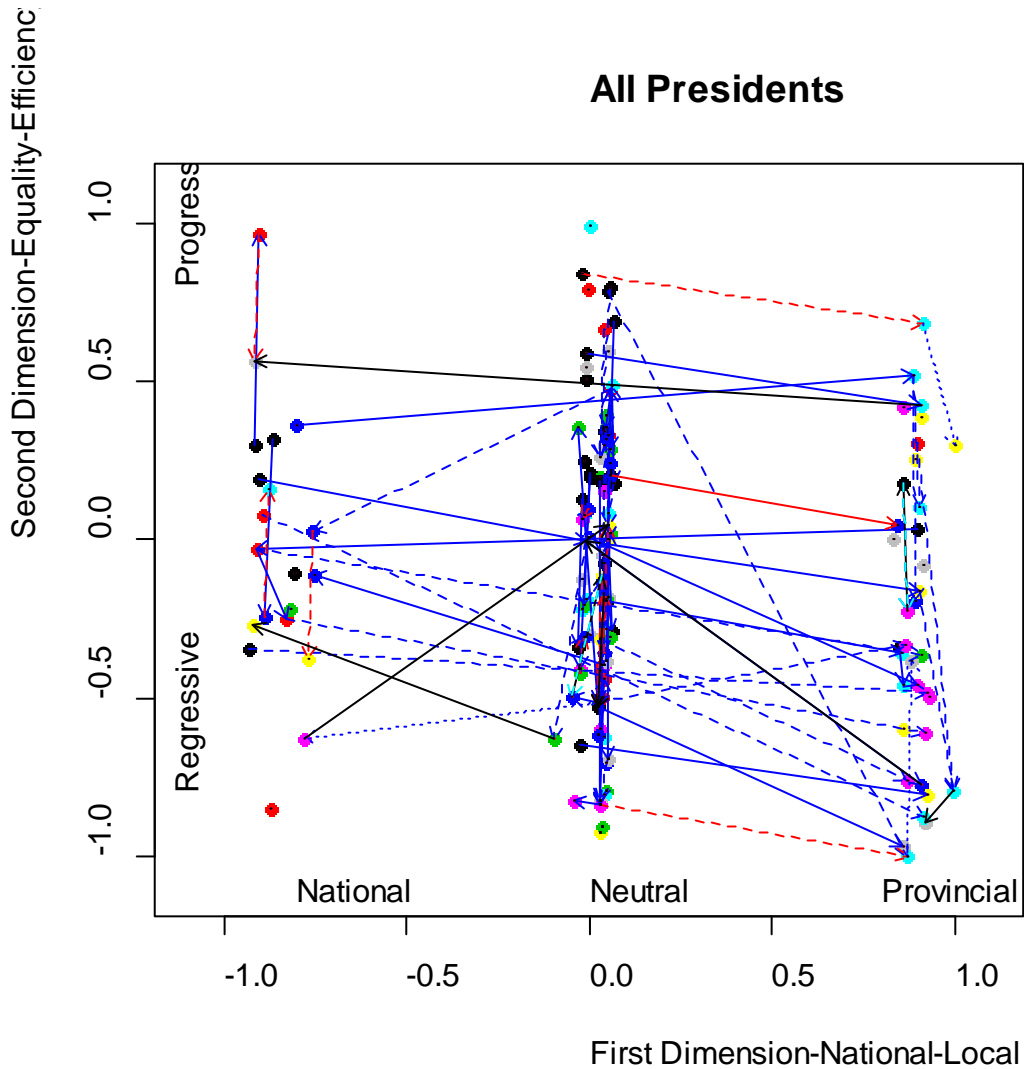
The factor analysis enabled us to locate the point in the economic dimension space at which bills were successful—i.e., approved by Congress, marked with an x—and failed (marked in red), as well as to plot the direction of amendments per initiator at all stages of the process. To simplify the figures, we labeled the first dimension as fluctuating between benefits to the national and local governments, and the second dimension as oscillating between progressive and regressive rules. The following set of charts map the location of bills at the end of their legislative treatment and the direction of amendments to all Executive and Legislative-sponsored bills in all presidential administrations of Argentina’s current democratic period—except Cristina Fernández de Kirchner’s because the number of cases was too low for it to be statistically relevant.

Figure 5. Final Location of Executive-Sponsored Bills, All Presidencies



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Figure 6. Direction of Amendments to Executive-Sponsored Bills, All Presidencies



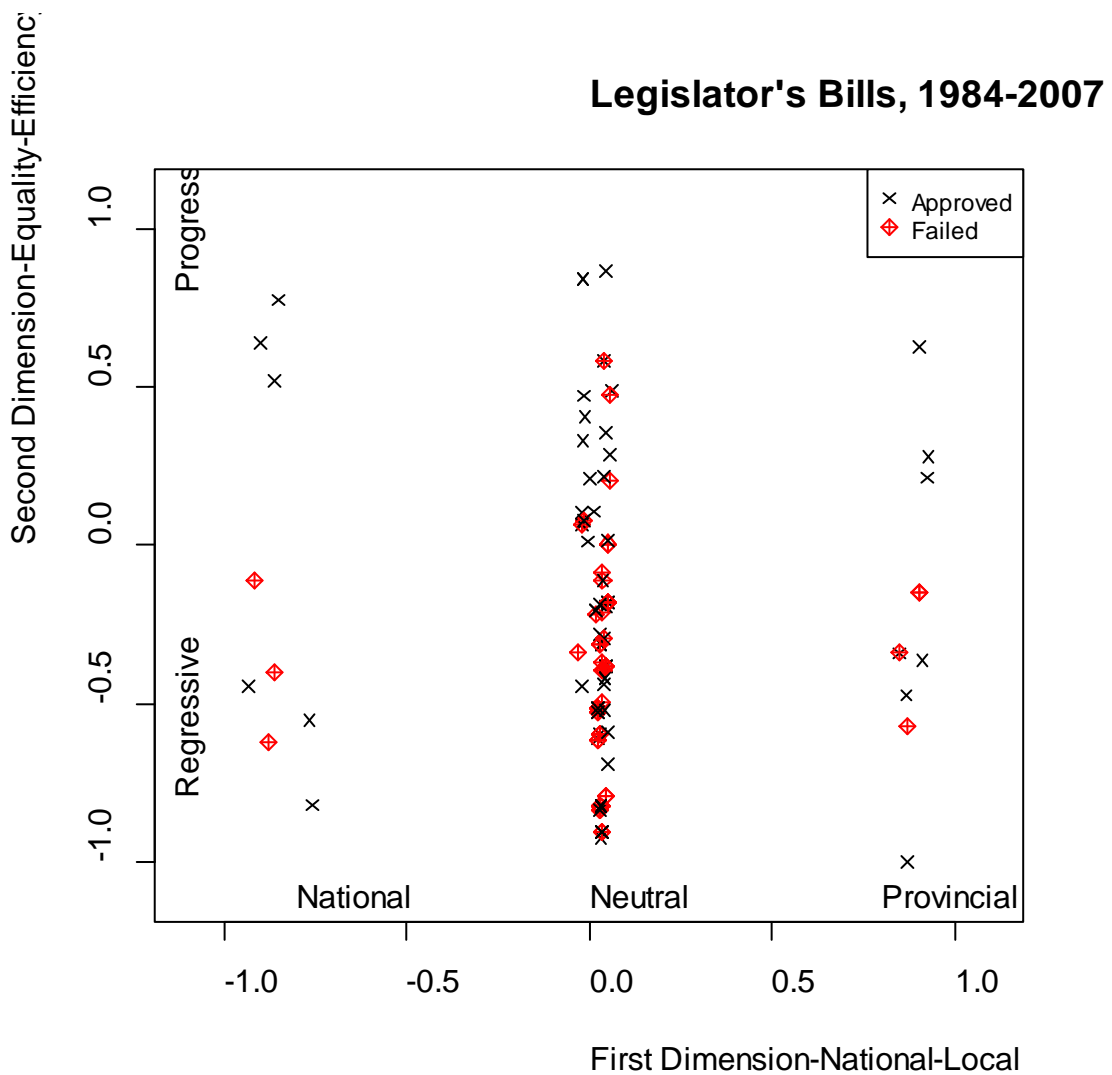
Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

References: Black dots = initial bill; Gray dots = final outcome; Blue dots = first chamber version; Red dots = second chamber version; Violet dot = presidential veto version; Full/dotted blue line = amendments in first chamber floor/committee; Full/dotted red line = amendments in second chamber floor/committee.

These aggregate charts of Executive-sponsored bills suggest the existence of two patterns. First, as shown by Figure 5, Executives get more bills approved if their final location is tilted towards establishing regressive/provincial/sectoral rules rather than towards progressive/national/general ones. The second pattern, as shown in Figure 6, is that the final location patterns are frequently the outcome of amendments that push bills in the

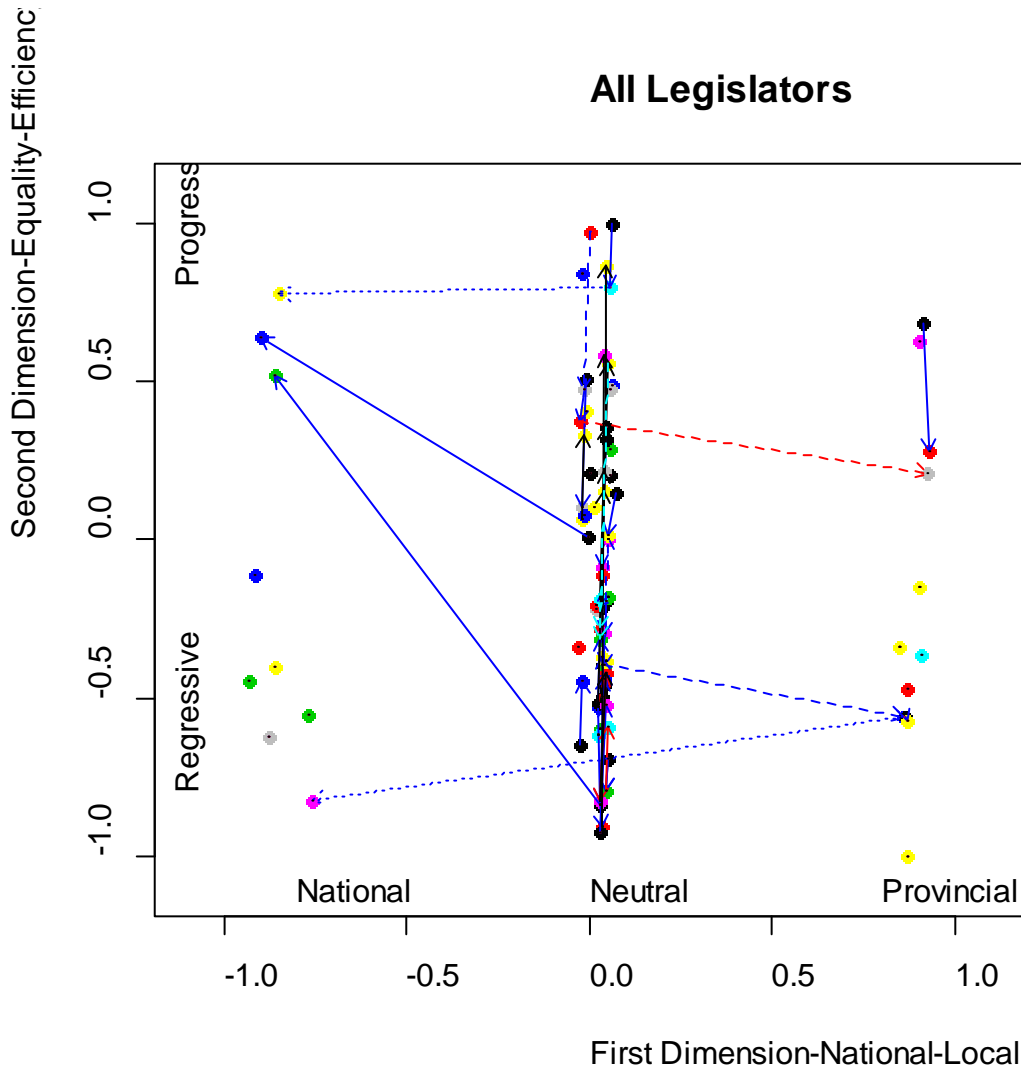
regressive/provincial/sectoral direction, though sometimes presidents seem to “anticipate” these movements by placing their bills at points in space from which legislators do not depart. The charts for Legislative-sponsored bills show somewhat different patterns. Final locations are also more regressive/provincial than progressive/national, but they are concentrated on the neutral/sectoral zone. Some amendments move along the same regressive-provincial line as Executive-sponsored bills, while others run towards the opposite direction, particularly in the first dimension—towards the national category.

Figure 7. Final Location of Legislative-Sponsored Bills, All Presidencies



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Figure 8. Direction of Amendments to Legislative-Sponsored Bills, All Presidencies



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

References: Black dots = initial bill; Gray dots = final outcome; Blue dots = first chamber version; Red dots = second chamber version; Violet dot = presidential veto version; Full/dotted blue line = amendments in first chamber floor/committee; Full/dotted red line = amendments in second chamber floor/committee.

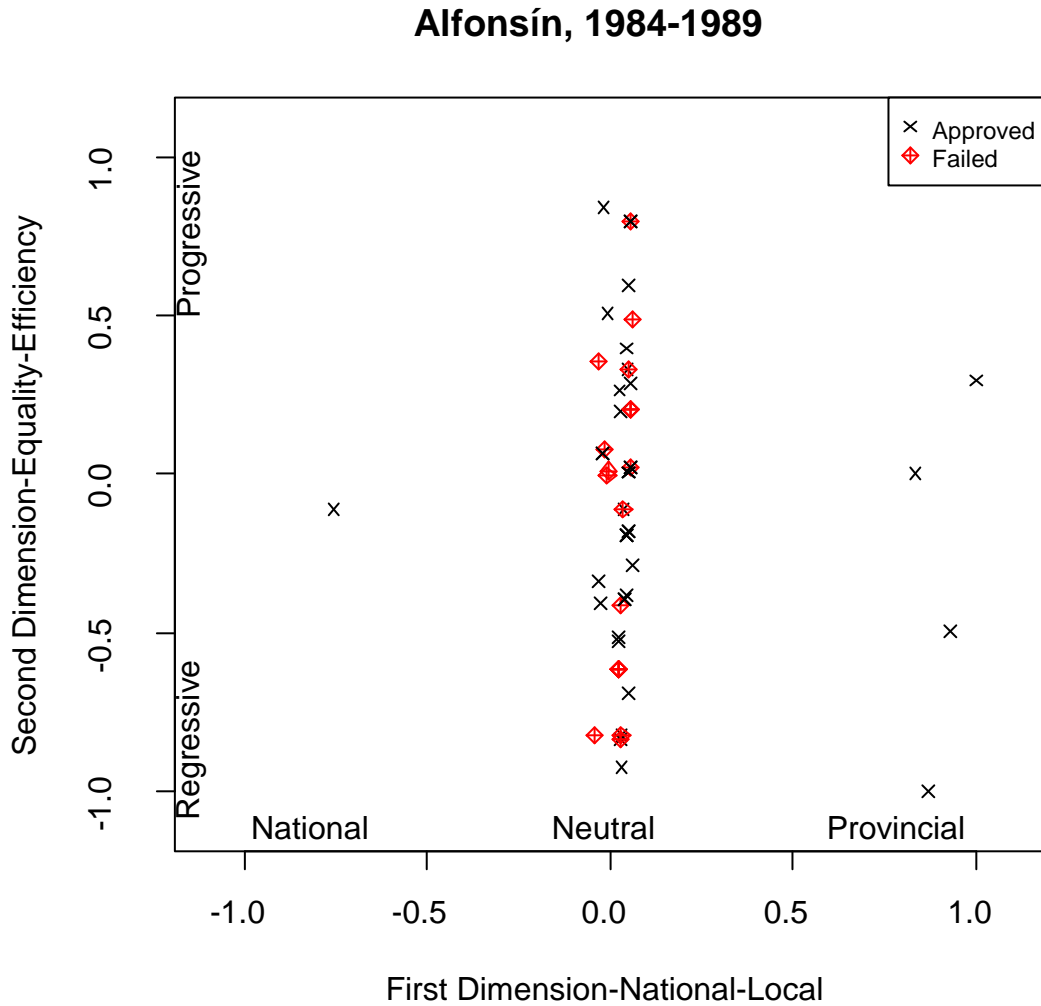
The patterns for each presidency show some variations for both Executive and Legislative-sponsored bills. The final location of Executive-sponsored bills during the Alfonsín presidency displays similar patterns to that for all legislators' bills: concentration in the neutral/sectoral zone, a few in the provincial corner, one in the national corner. Figure 10 suggests these were the outcomes of presidential anticipation of legislative preferences: Alfonsín

National

Neutral

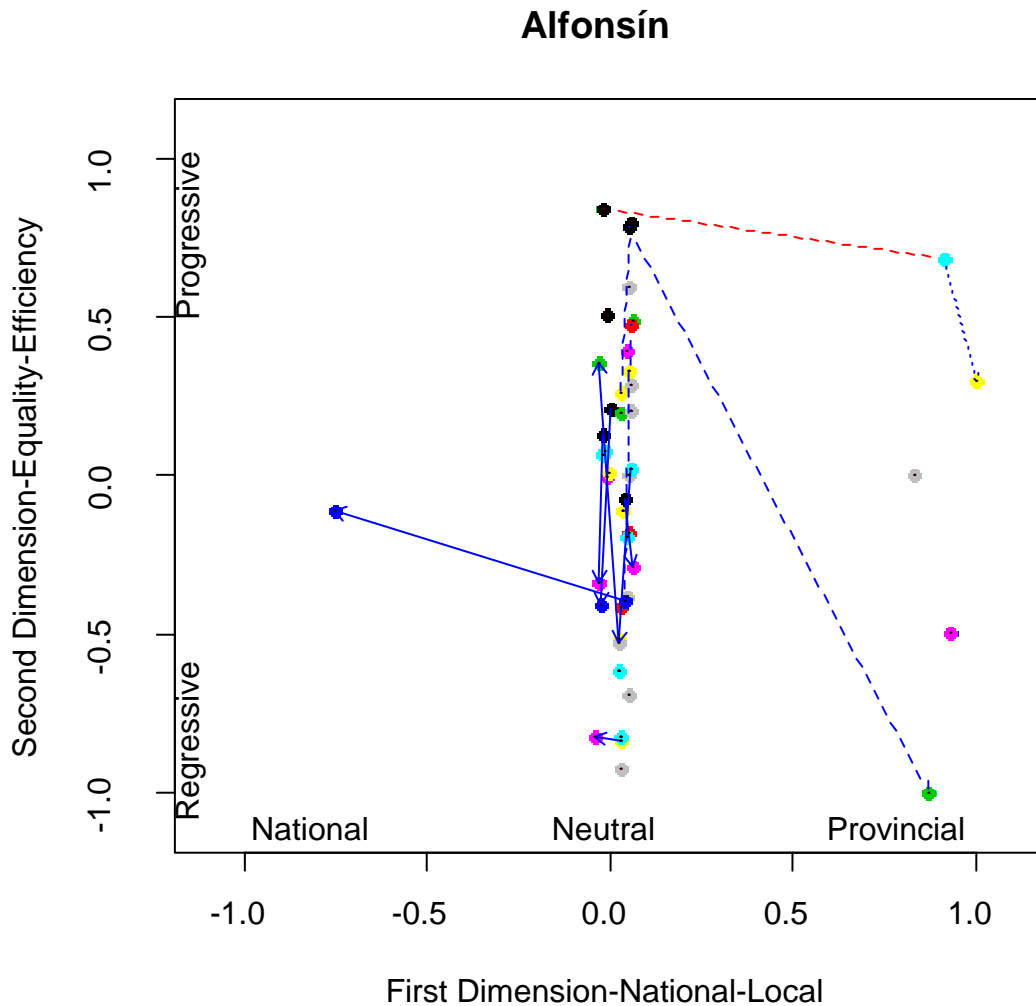
placed his bills where legislators tended to approve them, so bills received few amendments—mostly located within the same zone of the initial bill.

Figure 9. Final Location of Executive-Sponsored Bills, Alfonsín Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Figure 10. Direction of Amendments to Executive-Sponsored Bills, Alfonsín Presidency

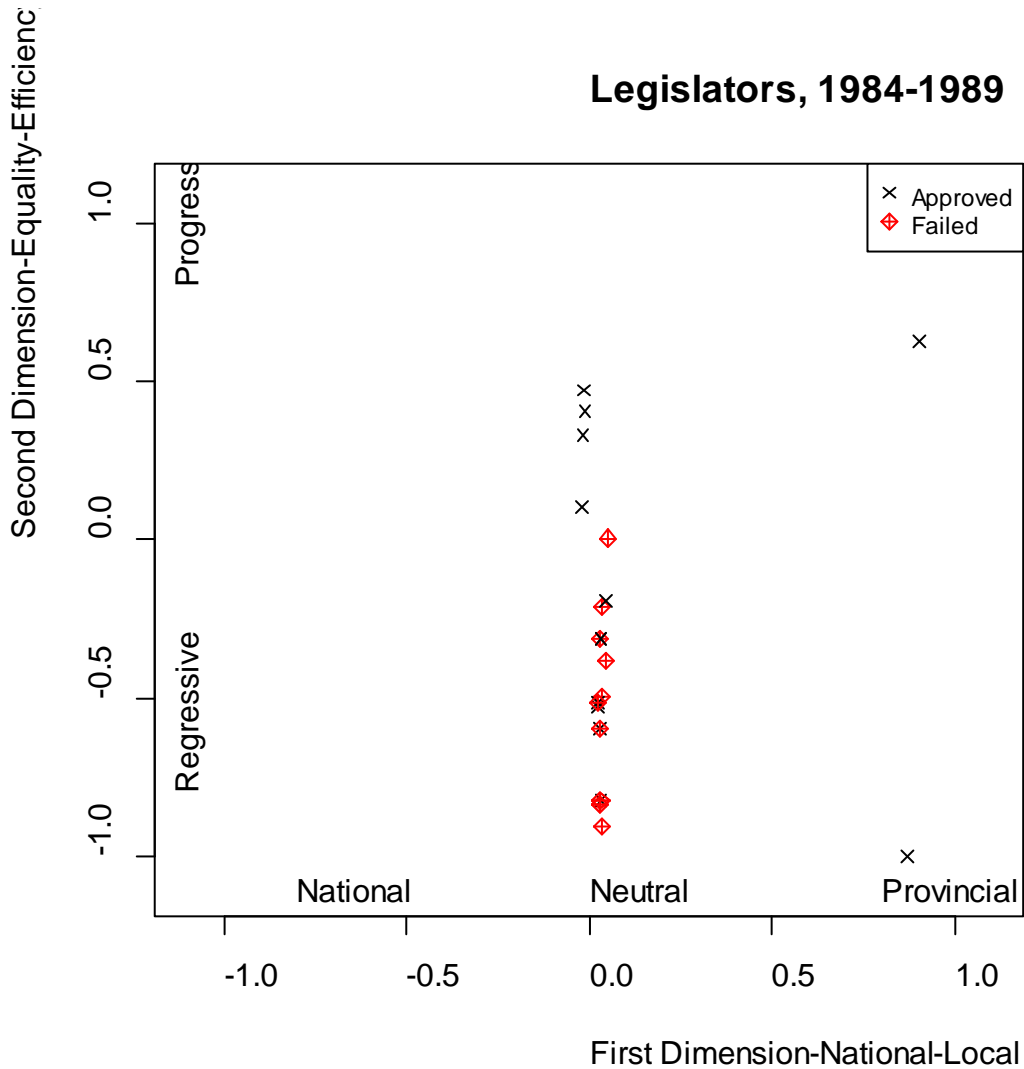


Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

References: Black dots = initial bill; Gray dots = final outcome; Blue dots = first chamber version; Red dots = second chamber version; Violet dot = presidential veto version; Full/dotted blue line = amendments in first chamber floor/committee; Full/dotted red line = amendments in second chamber floor/committee.

In contrast, though legislators during the Alfonsín presidency consistently placed their bills in the neutral/sectoral/regressive zone, they mostly failed at having them passed—regardless of the government party's first quasi-majority, then full minority, status in Congress.

Figure 11. Final Location of Legislative-Sponsored Bills, Alfonsín Presidency

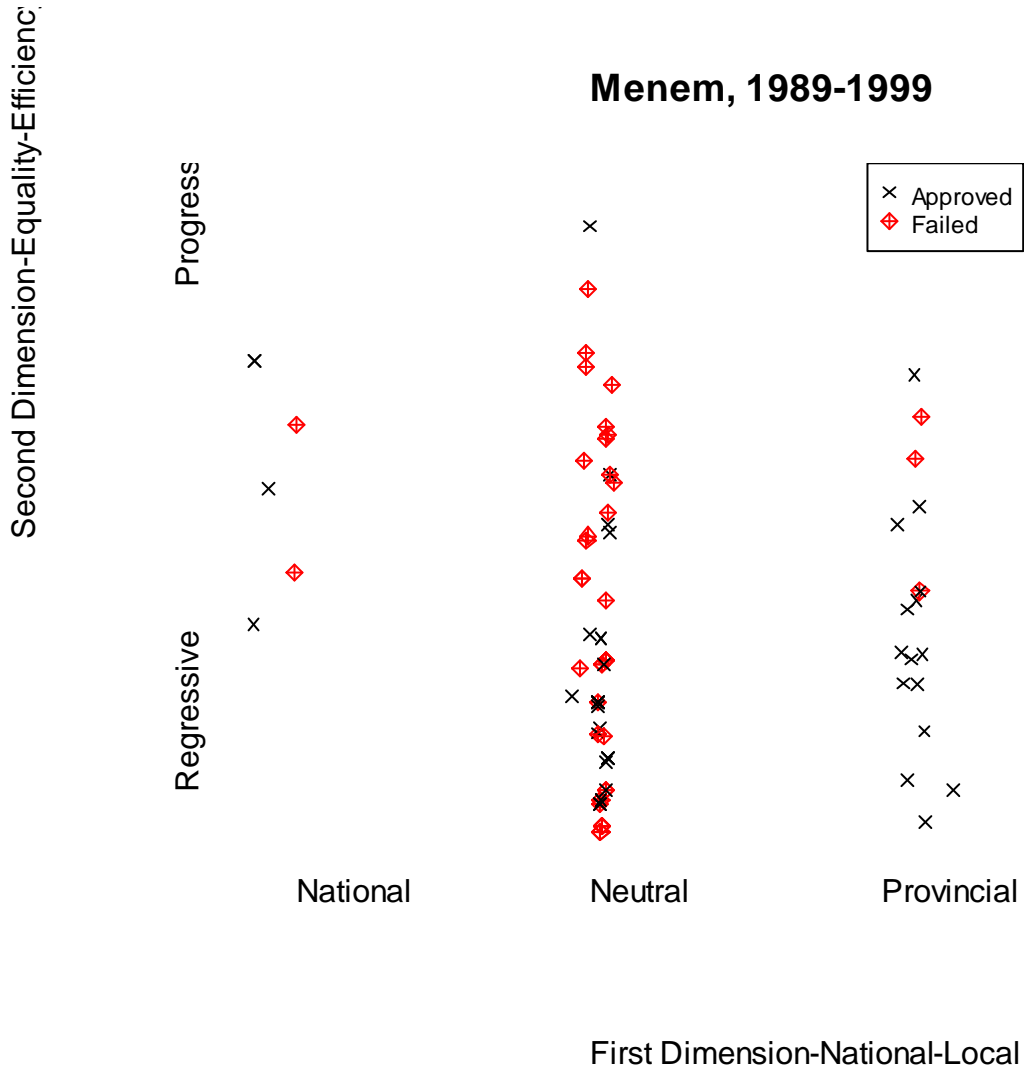


Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Executive-sponsored bills during the Menem presidency, as shown in Figure 12, were eventually located to a greater extent in the provincial/regressive and neutral/sectoral/regressive zones than the pattern for all presidencies. However, unlike Alfonsín's case, these patterns were the outcome of Congressional amendments, rather than presidential anticipation. As visible in Figure 13, bills were amended more frequently and in various, sometimes contradictory directions, though they eventually tilted towards the aforementioned zones. This indicates

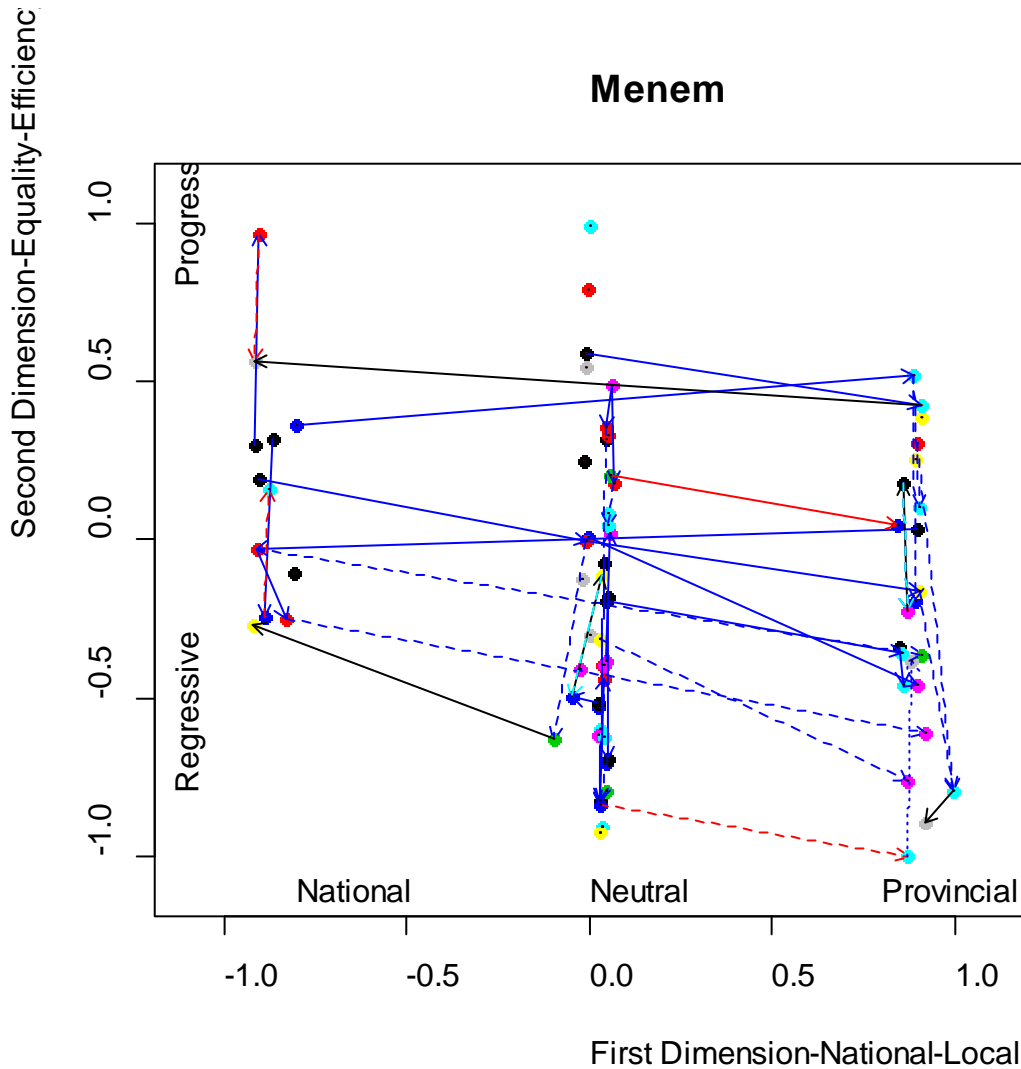
Menem had strong, practical disagreements with Congress over tax reforms, and both the Executive and the legislators were not shy about them.

Figure 12. Final Location of Executive-Sponsored Bills, Menem Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Figure 13. Direction of Amendments to Executive-Sponsored Bills, Menem Presidency



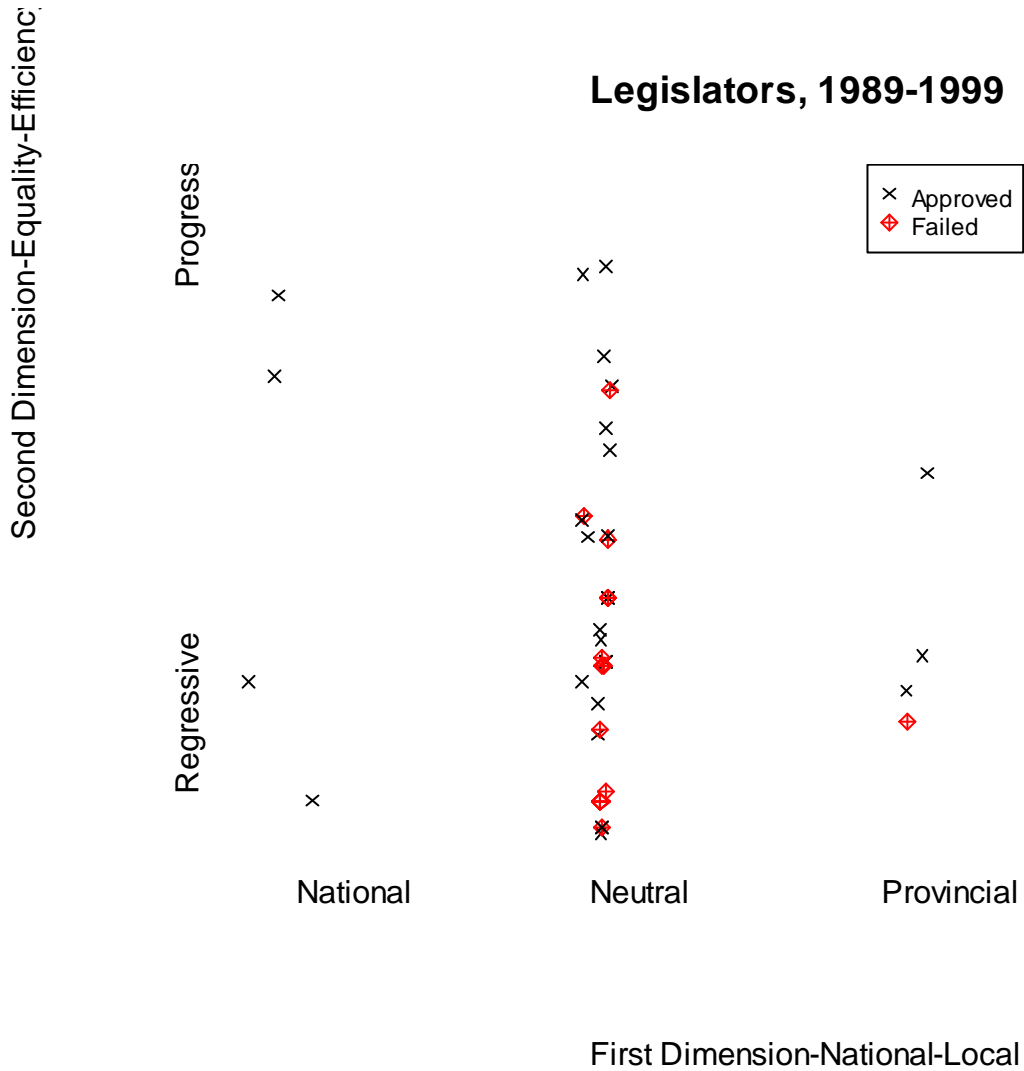
Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

References: Black dots = initial bill; Gray dots = final outcome; Blue dots = first chamber version; Red dots = second chamber version; Violet dot = presidential veto version; Full/dotted blue line = amendments in first chamber floor/committee; Full/dotted red line = amendments in second chamber floor/committee.

The patterns for Legislative-sponsored bills under the Menem presidency were consistent with both the patterns for all Legislative-sponsored bills, and those initiated during the Alfonsín administration: legislators succeed in approving bills in the neutral/sectoral/regressive and provincial/regressive zones. The distinctive traits of Legislative-sponsored bills between 1989

and 1999 are their success, which was higher than in any other presidency in the current democratic period, and the presence of successful bills tilted towards the national/progressive zone, which—considered alongside the charts for Executive bills—suggests presidential influence contrary to the original intent of legislators.

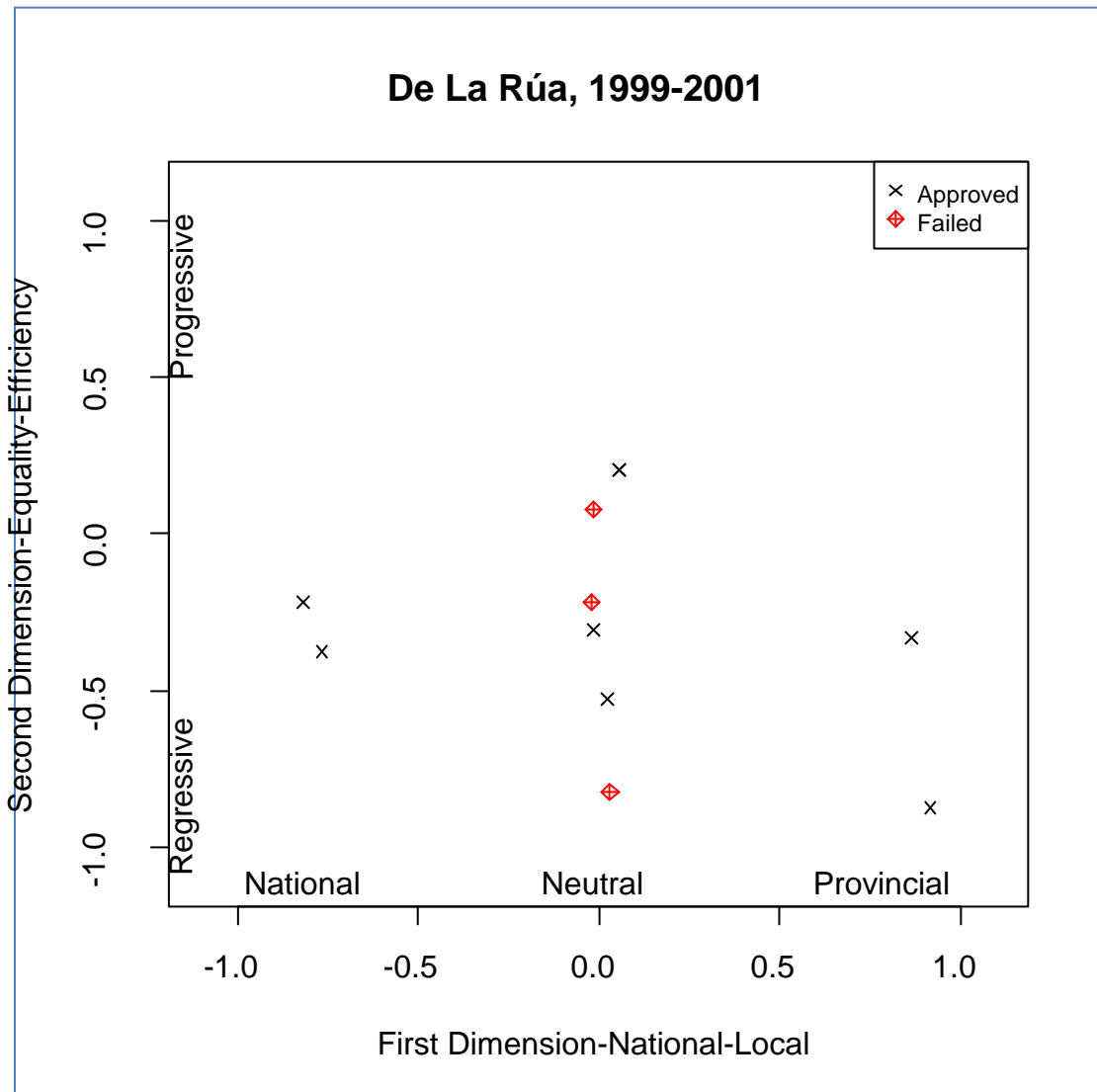
Figure 14. Final Location of Legislative-Sponsored Bills, Menem Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

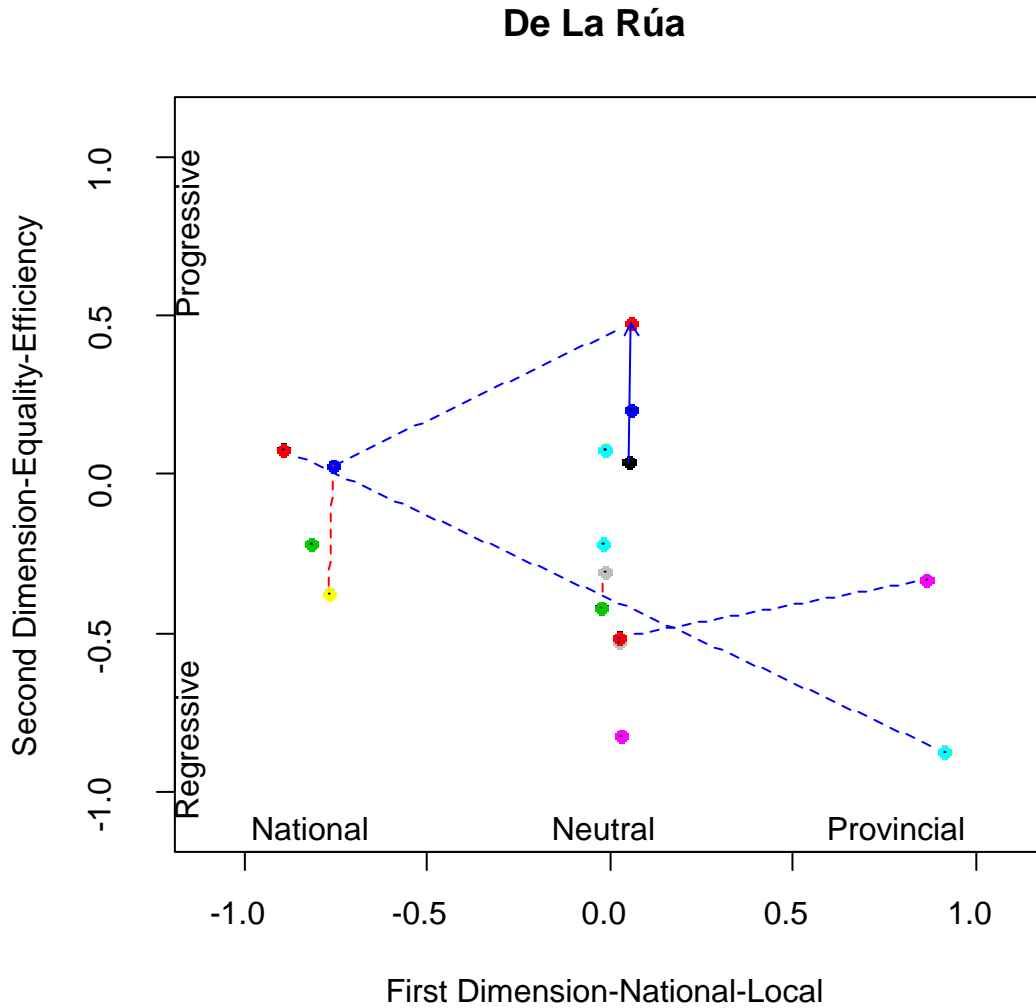
The patterns in the de la Rúa presidency appear to be more balanced in the location of final outcomes. As shown in Figure 15, while bills ended up tilted to the regressive zone in the second dimension, they were more evenly distributed in the first dimension. Figure 16 suggests this was the outcome of both presidential anticipation and effective bargaining to protect the Executive's original intent: the gray dots indicate some bills were placed within the sectoral zone from which legislators tend not to depart; others were successfully defended in the national-regressive corner; and the rest were effectively moved by Congress towards the provincial/regressive zone.

Figure 15. Final Location of Executive-Sponsored Bills, de la Rúa Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Figure 16. Direction of Amendments to Executive-Sponsored Bills, de la Rúa Presidency



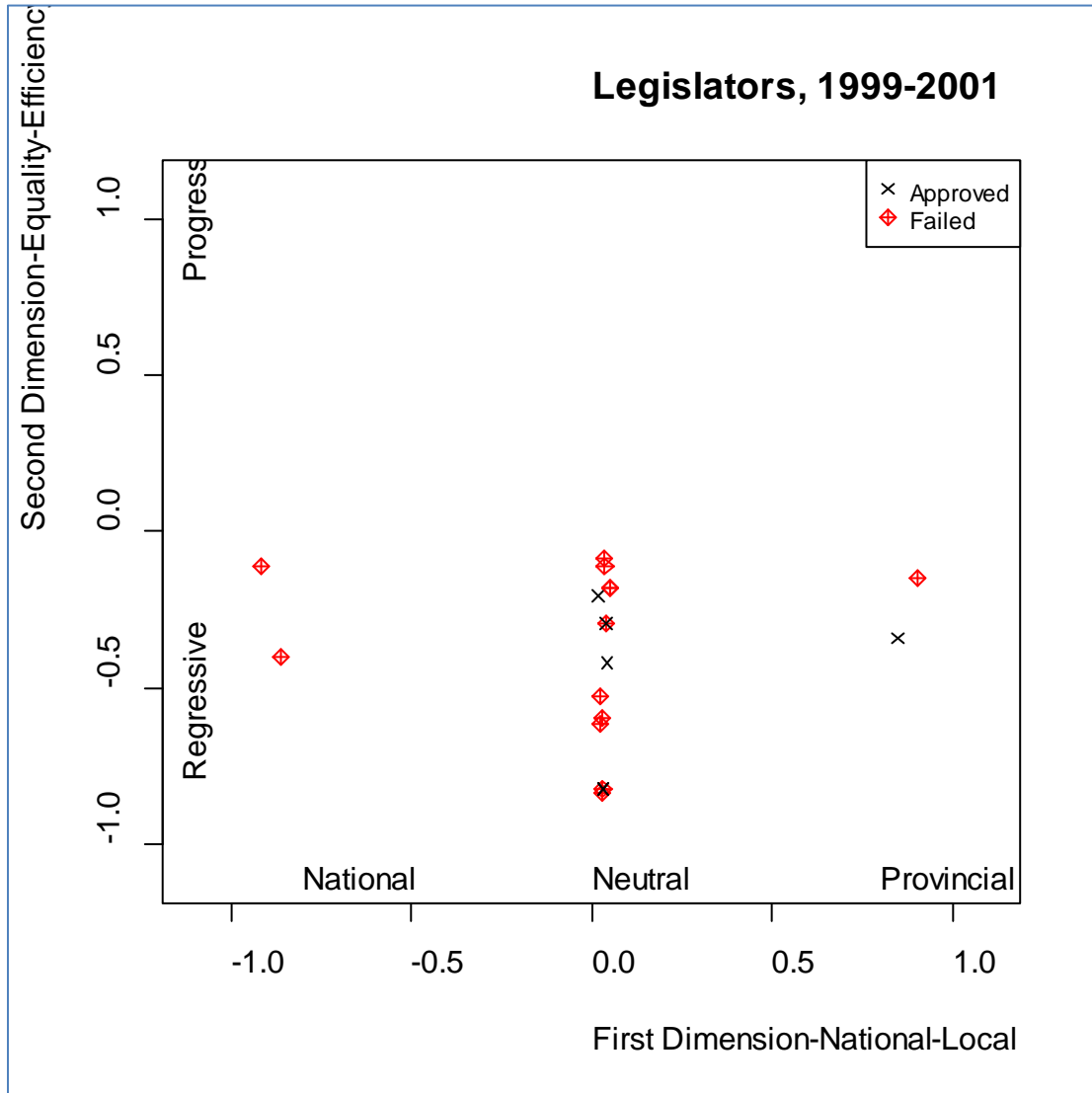
Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

References: Black dots = initial bill; Gray dots = final outcome; Blue dots = first chamber version; Red dots = second chamber version; Violet dot = presidential veto version; Full/dotted blue line = amendments in first chamber floor/committee; Full/dotted red line = amendments in second chamber floor/committee.

The patterns for Legislative-sponsored bills during the de la Rúa presidency resemble those of the Menem presidency in terms of the distribution of final outcomes: concentration in the neutral/regressive/sectoral zone with a few bills in the national/regressive and provincial/regressive corners. The difference is the rate of success, which is closer to the

outcome under the Alfonsín presidency than to the significantly higher rate in the Menem presidency.

Figure 17. Final Location of Legislative-Sponsored Bills, de la Rúa Presidency

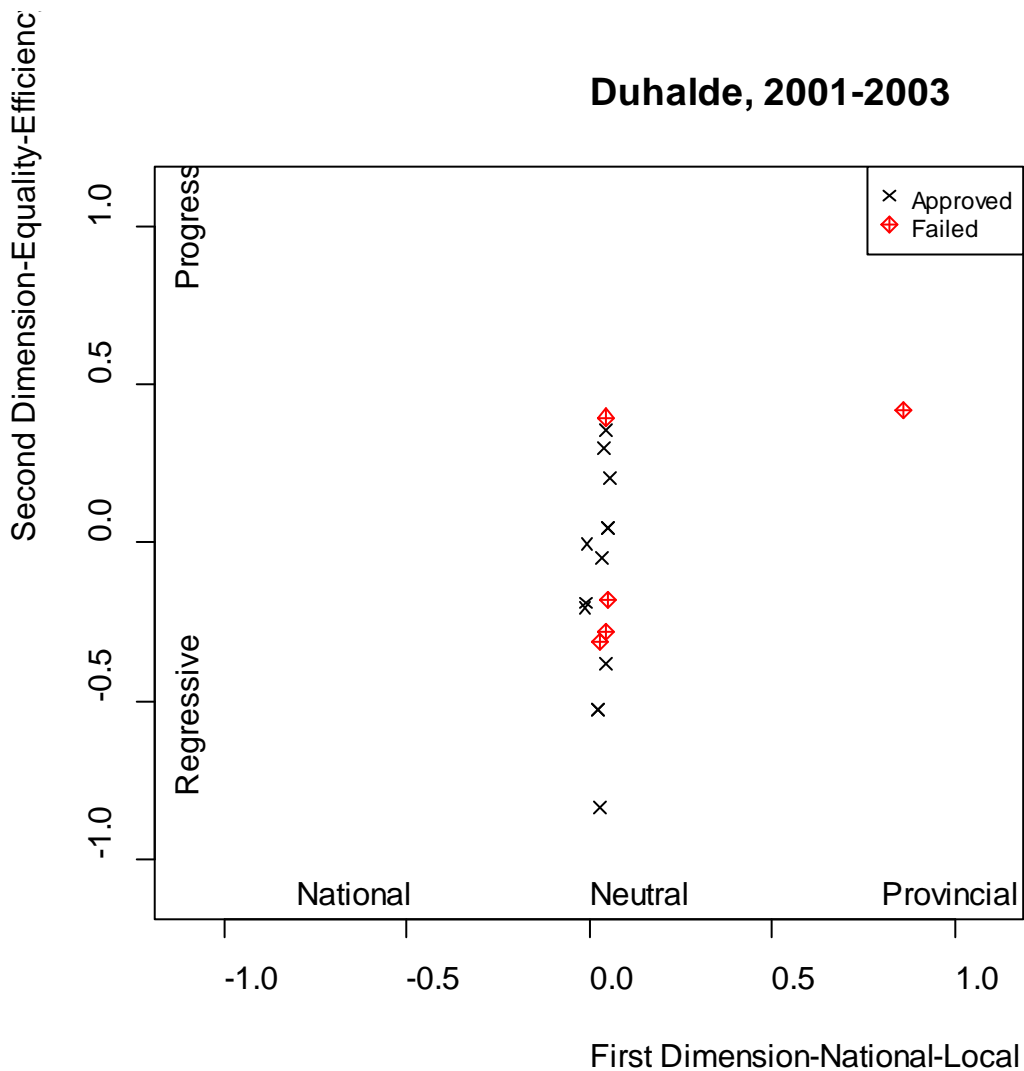


Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

The Duhalde presidency signals a break in the patterns of final location of Executive-sponsored bills, which as Figure 18 shows are now virtually concentrated in the neutral/sectoral zone, slightly tilted to the regressive side. While the direction of amendments, as depicted in Figure 19, resembles the Menem presidency in its movements and reversals, the distinctiveness

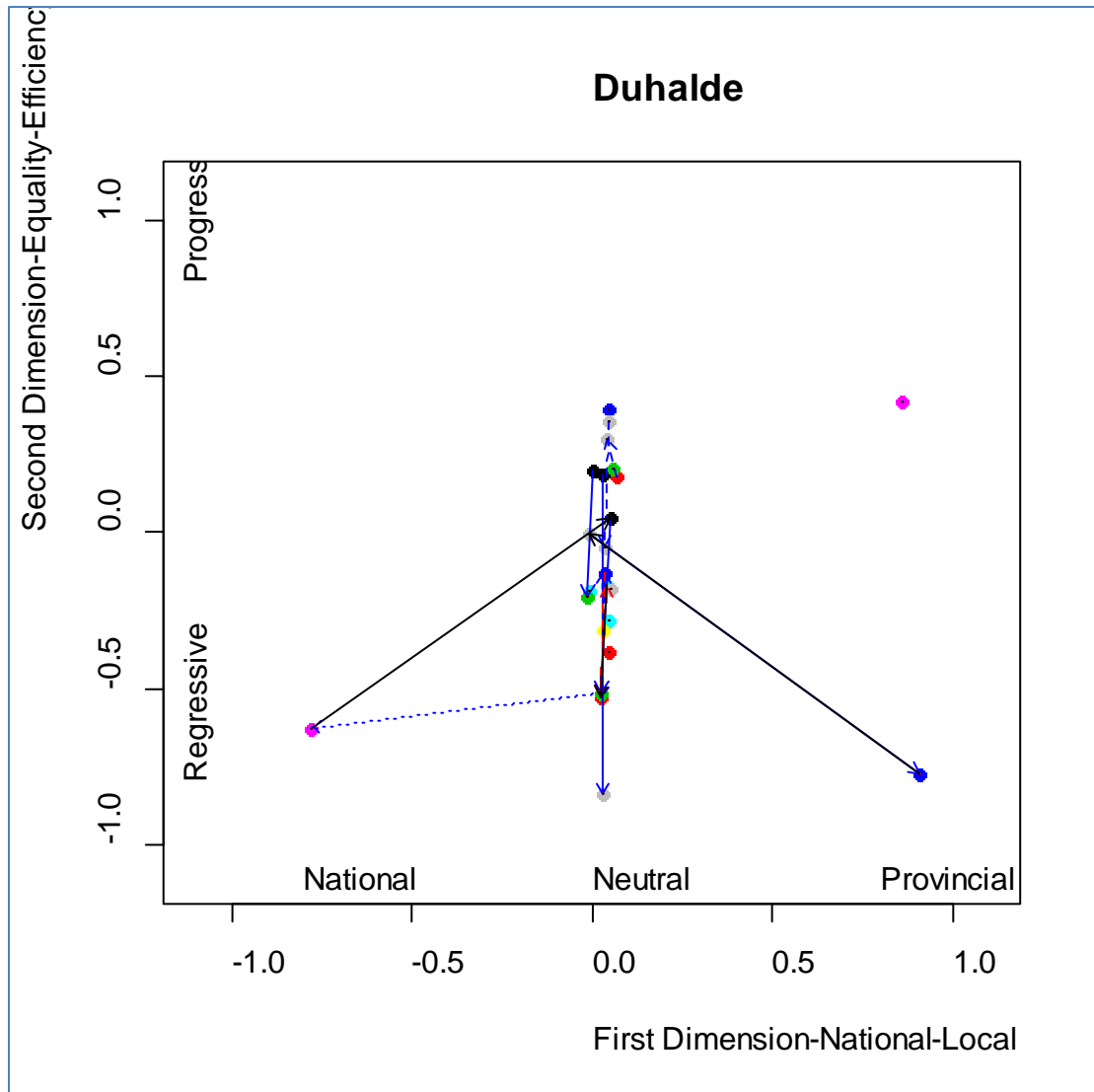
of the Duhalde administration is that despite those contradictions and reversals, the legislative process leaves bills in the same zone where the Executive initiated them. Given the fact that Duhalde had been appointed by Congress to end de la Rúa's term and depended on legislative support for survival, these outcomes might be due to presidential anticipation of legislative preferences and Congressional intent to price high their cooperation.

Figure 18. Direction of Amendments to Executive-Sponsored Bills, Duhalde Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Figure 19. Direction of Amendments to Executive-Sponsored Bills, Duhalde Presidency

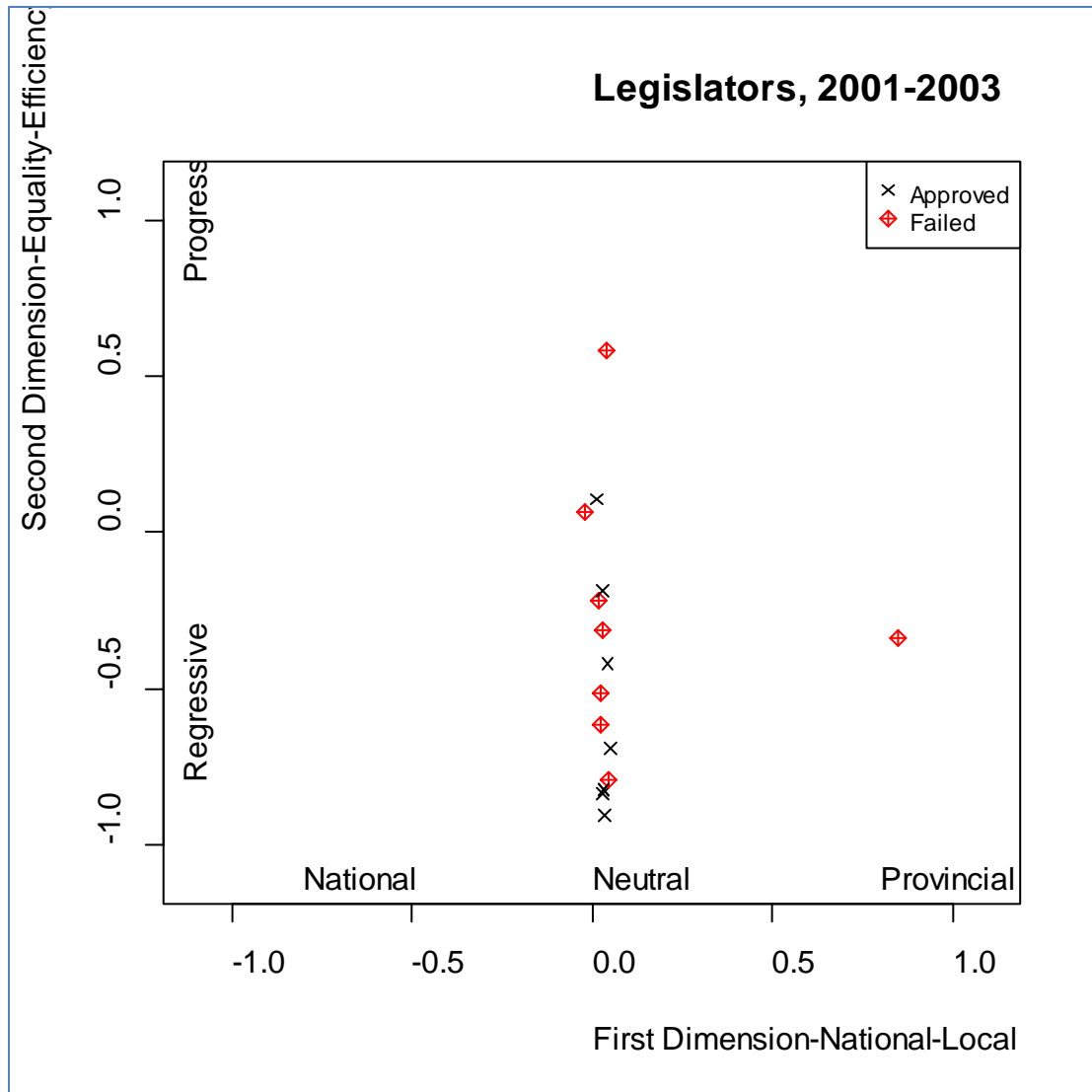


Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

References: Black dots = initial bill; Gray dots = final outcome; Blue dots = first chamber version; Red dots = second chamber version; Violet dot = presidential veto version; Full/dotted blue line = amendments in first chamber floor/committee; Full/dotted red line = amendments in second chamber floor/committee.

Legislative-sponsored bills are also concentrated in the neutral/sectoral/regressive zone just like Executive-sponsored bills, but their success rate keeps dropping when compared to the Menem and de la Rúa presidencies.

Figure 20. Final Location of Legislative-Sponsored Bills, Duhalde Presidency

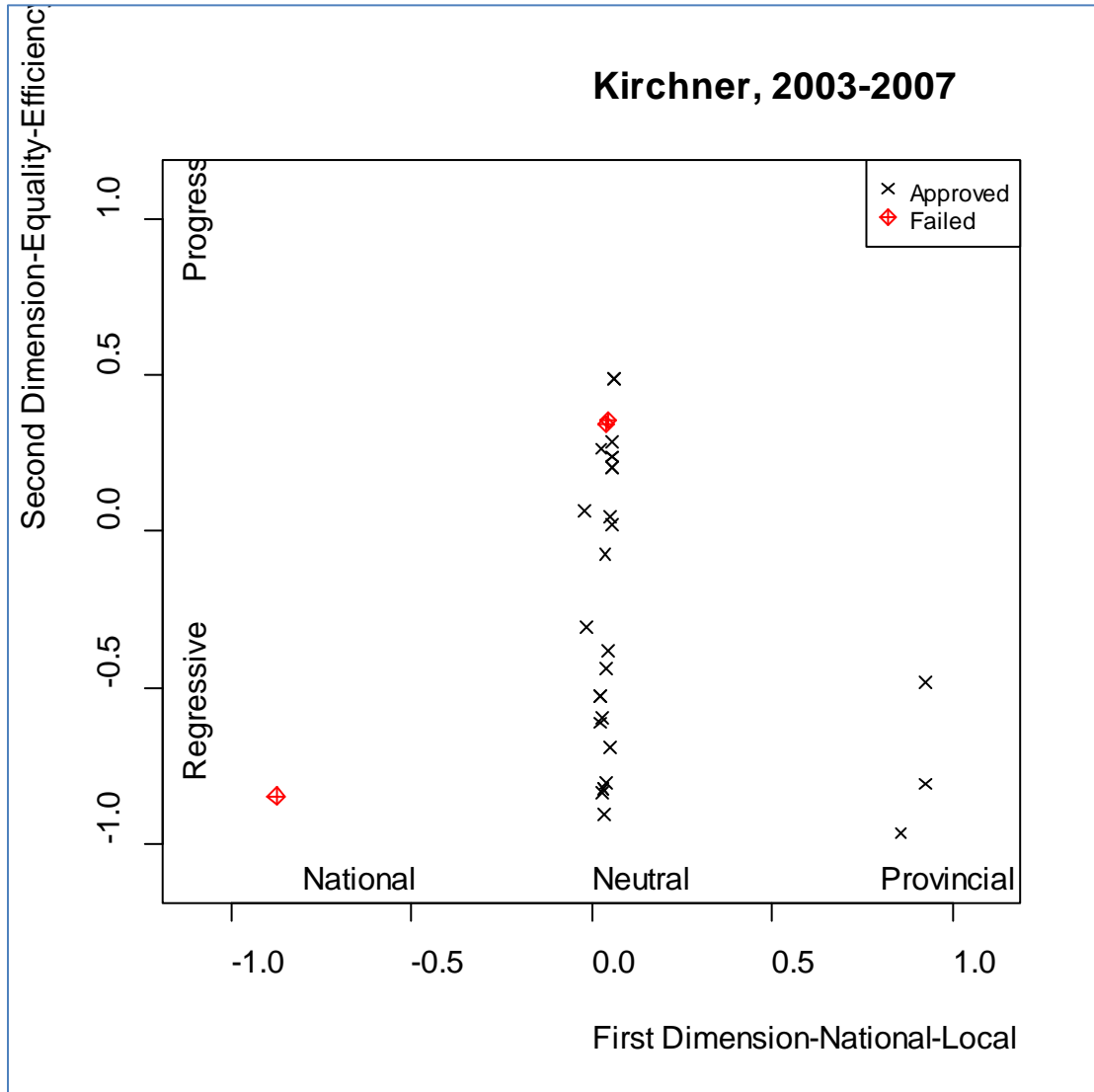


Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

Patterns for the Kirchner presidency are similar to those of both the Duhalde and Menem presidencies for both branches of government. Executive-sponsored bills, as shown in Figure 21, ended up located in the neutral/sectoral zone, tilted to the regressive side; and, as depicted in Figure 22, they did so—though in fewer cases—after the same sort of movements and reversals in the direction of amendments as experienced in the other Peronist administrations, though more confined—as in Duhalde's—to the neutral/sectoral/regressive area. Legislative-sponsored bills are mostly concentrated in the neutral/sectoral/regressive zone like in the Duhalde presidency,

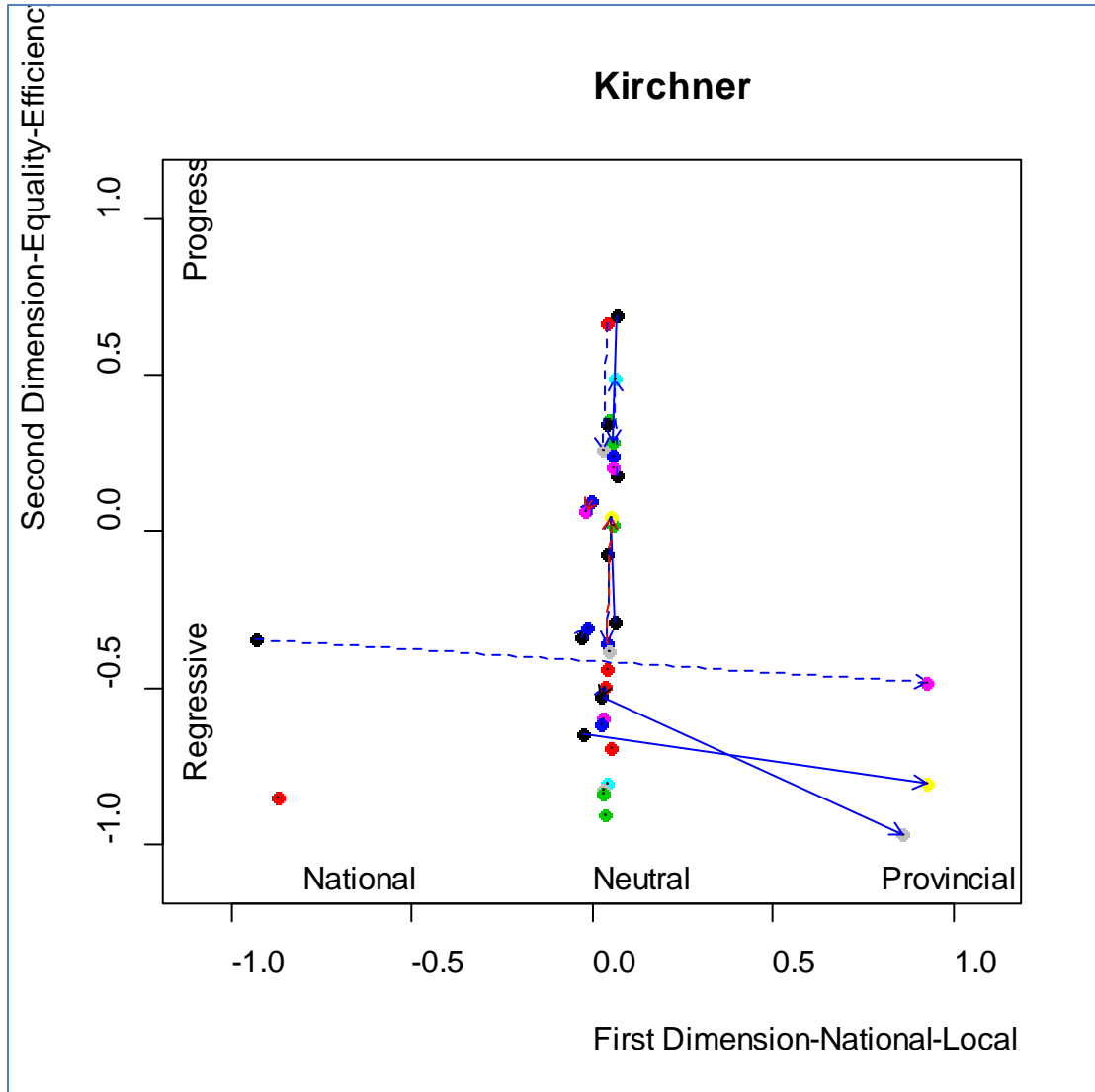
though there are—as during the Menem administration—some bills located towards the national/progressive space.

Figure 21. Final Location of Executive-Sponsored Bills, Kirchner Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

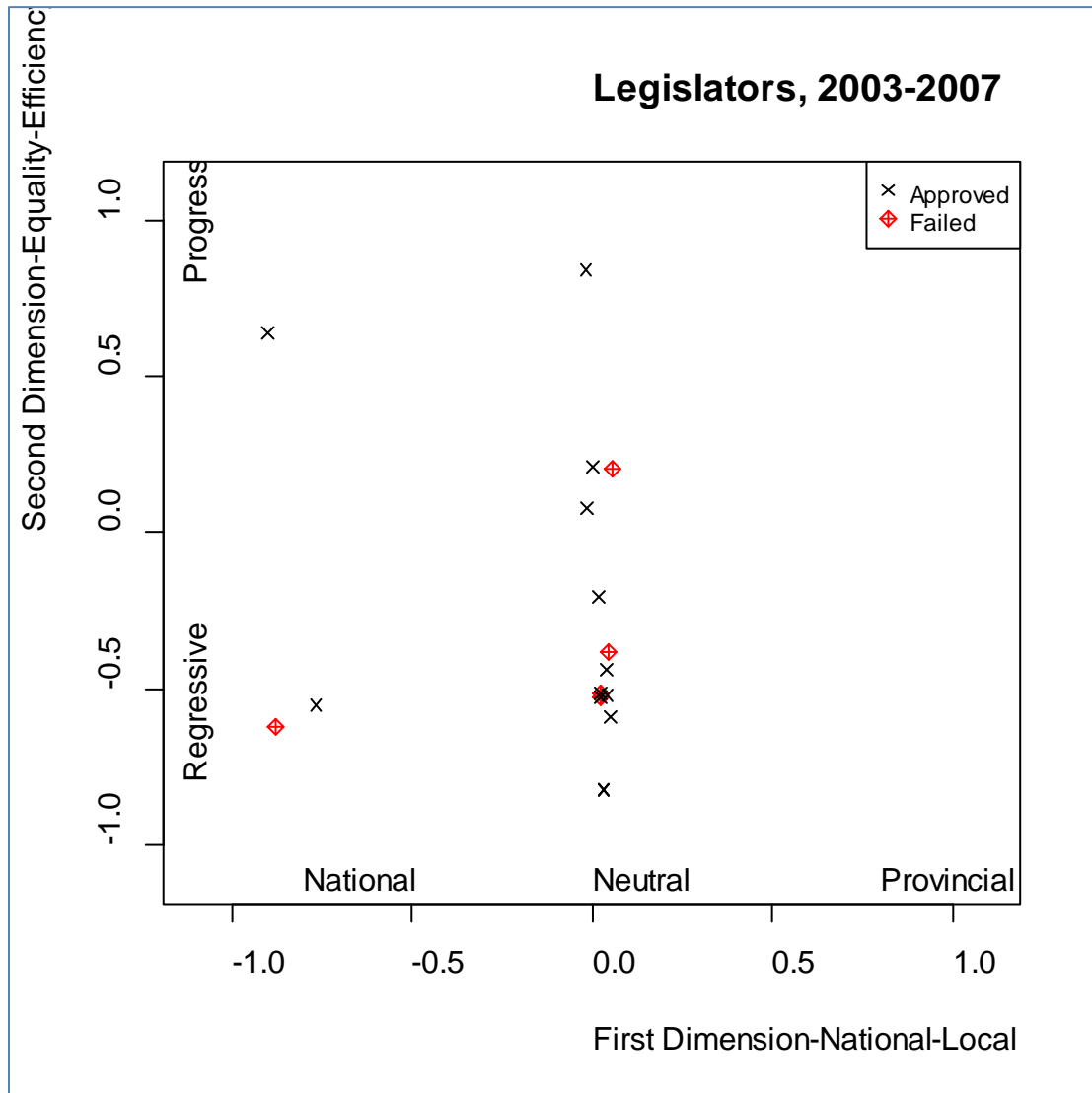
Figure 22. Direction of Amendments to Executive-Sponsored Bills, Kirchner Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

References: Black dots = initial bill; Gray dots = final outcome; Blue dots = first chamber version; Red dots = second chamber version; Violet dot = presidential veto version; Full/dotted blue line = amendments in first chamber floor/committee; Full/dotted red line = amendments in second chamber floor/committee.

Figure 23. Final Location of Amendments to Legislative-Sponsored Bills, Kirchner Presidency



Source: Authors' compilation on the basis of information from the Honorable Chamber of Deputies.

The comparison of the final location of legislative outcomes across presidencies suggests tax bills usually end up establishing or attempting to establish regressive rules, beneficial to specific sectors of economic activity, and either neutral or beneficial to the provinces in terms of revenue distribution. Peronist presidents appear to concentrate their bills in the regressive/sectoral/provincial zone to a greater extent than non-Peronist presidents. Legislators in non-Peronist presidencies—with the exception of Duhalde's—seem to have been less successful in passing their initiatives than under Peronist administrations.

The comparison of amendment orientations across presidencies and types of sponsor hints at the existence of three patterns. First, Executive-sponsored bills were more intensely and contradictorily amended in the Peronist (Menem, Duhalde, Kirchner) than the non-Peronist presidencies (Alfonsín, de la Rúa). Second, non-Peronist presidencies appear to have been more capable of shielding their bills from amendments than Peronist presidents. Third, Legislative-sponsored bills were typically amended towards the regressive category in the first dimension and the national category in the second dimension while Executive-sponsored bills were more amended towards the local-regressive corner.

The contrasts between Peronist and non-Peronist presidencies may be accounted for by three non-exclusive factors. On the one hand, Peronist presidencies have lasted longer than non-Peronist administrations, and therefore have generated more tax bills than the latter—so it is possible that patterns across presidencies would have converged had non-Peronist presidents lasted as long as Peronist presidents. On the other hand, non-Peronist presidents have consistently located their original bills in areas where legislators typically placed their own bills—which made Congress less keen on amending Executive initiatives. Finally, Peronist presidents have enjoyed larger legislative contingents than non-Peronist presidents as well as—with the exception of Duhalde—majorities in the Senate and quasi-majorities or majorities in the Chamber. The greater size of their Congressional support may have induced Peronist presidents more than non-Peronist presidents to run the risk of placing their original bills outside the areas preferred by legislators: if one chamber of Congress moved Executive bills towards those areas, Peronist presidents could still call on the second chamber to move them back towards their original location, or count on their majority and quasi-majority to sustain their veto—while non-Peronist presidents, typically lacking enough support in one chamber, could not afford such gambles.

The contrast between the orientations of amendments to Executive and Legislative-sponsored bills may be due to the different agenda objectives of presidents (national) and legislators (sectoral/local). Since presidents, as noted before, are typically more interested in national policy matters and legislators more focused on local/sectoral questions, the facts that the initial location of Executive bills is generally closer to the national area of the policy spectrum and that legislators typically strive to move the Executive's original bills towards the local/sectoral areas would be consistent with this division of labor.

5. Concluding Remarks

This paper has provided a novel methodology for studying the political economy of tax lawmaking and has applied it to Argentina in the current democratic period. Our systematic database of the tax lawmaking process and its contribution to the substance of legislation in Argentina has made possible a series of descriptive findings: i) the Executive has dominated the production of tax legislation; ii) presidents and legislators have focused on reforming taxes which cater to their respective nationally and locally-oriented legislative agendas; iii) significant amendments were introduced to one third of tax bills; iv) these amendments have shaped tax legislation by establishing permanent, inefficient, and regressive rules oriented to sectoral and particular beneficiaries, yielding negative revenues, and maintaining the status quo in intergovernmental relations or benefiting the provinces without earmarking tax revenues. Amendments to Executive-sponsored bills have pushed tax legislation along the lines of regressive and locally-oriented outcomes, while amendments to Legislative-sponsored bills have combined regressive outcomes with a rather more national orientation of benefits. These general patterns have been more straightforward under non-Peronist than Peronist presidencies: in the former, the Executive seems to have anticipated legislative preferences and played safe; in the latter, inter-branch disagreement about tax policy appears to have been more frequent.

These descriptive findings constitute but the initial outcomes of the systematic analysis of the political economy of tax lawmaking in Argentina and the debut of a novel methodological approach to the political economy analysis of tax lawmaking in a comparative perspective. As a study on Argentina, this paper opens a series of questions that remain to be addressed. First, the classic political economy question of what determines legislative outcomes: presidential popularity, government party majority in Congress, electoral cycle, economic context, level of legislative (dis)agreement about outcomes, etc.? Second, to what extent lawmaking dynamics and determinants differ per type of tax—Income VAT, etc.? Third, is there variation in outcomes and determinants between laws and presidential decrees? Fourth, the questions about partisan influence on outcomes: how, if at all, have the changes in the structure of the party system and the dynamics of party competition affected the nature and process of tax lawmaking? What, if any, are the effects of provincial origin and partisan affiliation on the nature and success of amendments to tax bills? Extant preliminary evidence of the influence of those factors on outcomes (Eaton, 2001a, 2001b, 2002a, 2002b; Bonvecchi, 2010) needs to be reassessed in light

of this paper's findings and methodological approach. This is exactly the research agenda we intend to follow in subsequent papers by exploiting the information provided by our dataset.

As a methodological contribution, this paper has re-stated the analytical fertility of the Legislative Substance Scale first proposed by Barrett and Eshbaugh-Soha (2007)—albeit in an amended version. The focus on the contents of legislation serves the purpose of providing a more accurate depiction of legislative outcomes. Our extension of LESS to all stages of the lawmaking process grounds the analysis of changes in legislative substance on a firmer, more precise foundation of data—that of individual amendments at each stage of the process. The analytical promise of this strategy begs the question of its replicability on a larger scale for comparative purposes.

The fundamental prerequisite to replicate this study of the political economy of tax lawmaking in a comparative perspective is access to information. The construction and use of the measures of influence on legislative outcomes employed here—the Legislative Substance Scale, the Legislative Input Score, and the Modification Rate—cannot be achieved without information on the proceedings of legislative committees and floor deliberations. The Modification Rate requires basic data on the occurrence of amendments to bills at each stage of the legislative process. The Legislative Substance Scale and the Legislative Input Score require information on the nature and authorship of amendments.

Access to the required information depends not only on the degree of transparency of Congressional activity across countries, but also on the format of the available sources. Information on committee proceedings in some countries may be extremely detailed as to include a list of proposed amendments and their authors, as well as records of committee deliberations, whereas in others it may include the reports and its signatories, or merely the notice that committees amended the reported bill. Floor debates may be transcribed literally and include a precise record of all votes by every legislator, or lack the voting records, or simply state that bills were voted on in amended versions. The more detailed the information, the easier the way to collect and process the information required to use the measures of influence on legislative outcomes employed in this study. MOR is the measure most likely to be easily replicated. LESS can be replicated as long as Congress records and provides access to the different versions of a bill produced at each stage of the legislative process. LIS is the most

detail-demanding measure; it cannot be calculated without access to at least the signatures of committee reports and the literal transcription of floor deliberations.

Replication of this study in a comparative perspective may require changes to the coding of some economic dimensions that constitute the basis for the Legislative Substance Scale. While duration, potential revenues, efficiency, equity, and scope have fairly non-problematic categories, the replicability of dimensions such as the impact on intergovernmental relations and the earmarking of tax revenues is not straightforward. In non-federal countries, the impact of tax bills on intergovernmental relations may be non-existent, because there are no subnational governments, or irrelevant, because even though subnational governments may exist, they may have no authority to tax and/or spend beyond whatever the national government may dictate. In some countries, financial administration rules may preclude Congress from earmarking tax revenues for specific expenditures; in other countries, rules may limit earmarks to the budget bill, so targeting revenues to particular beneficiaries would be impossible in any tax reform implemented via a specific statute other than the budget.

This suggests there would be two keys for the replicability of LESS across countries. One would be the search for functional equivalents of the non-applicable codes. If a country is unitary but decentralized, the administrative units to which competences are transferred may be the beneficiaries of tax reforms in a manner equivalent to provinces or states in federal polities. The other key would be the adherence to LESS' coding rules. Insofar as these rules are followed, LESS scores should be comparable.

Finally, replication of this study would require the formation of inter-disciplinary teams of economists and political scientists with expertise in each country. The economists must be experts in the country's tax legislation: in its structure and evolution, and, if possible, also in the art of writing it—an inside knowledge sometimes crucial for assessing the nature of the initiator's original intent. The political scientists must be experts in the legislative institutions and procedures of each country: both in the rules governing the legislative process, and in its actual practice—a qualitative knowledge sometimes necessary to establish which (potential) amendments are more relevant than others for the overall significance of an amended bill. The joint venture of these types of expertise is the proper mix for addressing the challenge of analyzing the political economy of tax lawmaking.

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