

**Performance Budgeting, Fiscal Policy and Tax Revolts from the U. S.
and Canadian Subnational Government Perspectives**

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Paper for presentation at the annual meeting of the Canadian Political
Science Association, June 4, 2008, Vancouver, British Columbia

Primary support for this research came from the Canada-U.S. Fulbright
Program Foundation for Educational Exchange Between Canada and the
United States of America in the form of the Fulbright Visiting Chair in
Governance and Public Administration at the University of Ottawa I
occupied from January to August 2007. I thank especially and warmly my
colleagues at the University of Ottawa, Caroline Andrew, Monica Gattinger,
Michael Orsini, Francois Rocher and Genevieve Tellier as well as my
colleagues at the University of Laval Louis Imbeau, Francois Petry and Jean
Crete. Despite their help, any factual or interpretive matters are my
responsibility alone.

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Abstract

Why have there been no tax revolts in Canada? Do fiscal policy making conditions in U.S. states reverberate in Canadian provincial governments?

This project investigated the causes of “tax revolts.” The popular assumption underlying the project predicts: “. . . when the price of government gets too high, citizens let government know. . . . They oust incumbents, elect antitax candidates, and/or embrace antitax initiatives” (Osborne and Hutchinson, 2004, 42). Popular opinion assumes the price of government triggers “tax revolts.” Research suggests that U. S. tax revolts unfold as a process of complaint, effort to force a response, and creation of new tax regimes and government decision making elites when dissatisfaction remains over the political-administrative response. This research tests both assumptions.

This research tested a performance budget model in the subnational governments of the U.S and Canada as the primary tax revolt predictor. The existence of a performance budget should predict taxpayer acceptance of current fiscal policies; the performance budget’s absence should predict tax revolt. The performance budget model includes four index-like categories of data – the explicit price of government, implicit price of government, openness of government decision making, and incentives embedded in fiscal controls. This paper presents the general background of the project, the analytical basis for the four indexes, an explanation of the research methods used to investigate the problem, the project findings, and a discussion and interpretation of the findings.

The Problem

This project investigated the causes of “tax revolts.” The popular assumption underlying the project predicts: “. . . when the price of government gets too high, citizens let government know. . . . They oust incumbents, elect antitax

candidates, and/or embrace antitax initiatives” (Osborne and Hutchinson, 2004, 42). U. S. tax revolts often do unfold as a process of popular complaint, effort to force a response, and creation of new tax regimes and government decision making elites, but do burdensome taxes alone trigger revolts? This research tests the tax burden-revolt connection. Tax revolts, experience in two-thirds of the states suggests, result from contagion, mimicry, or simply yardstick competition. So far, research has failed to find a direct connection between tax revolts and high tax burdens. Case study and anecdotal research concludes that many other factors must exist, yet high tax burdens become part of the narrative used by pro-tax revolt stalwarts to recruit support. The high tax burden idea motivates a comparison of states with Canadian provinces. Burdens are heavier in provinces, and revolts have not occurred. Thus, the question: why is the price of government high enough to provoke revolts in states but not in provinces? Do fiscal policy making conditions in states differ significantly from those in provincial governments?

The Research Question and Framework

Why there have been no tax revolts in Canada is the research question investigated in this project. A fiscal performance management model proposed by Osborne and Hutchinson predicts revolt when the price of government exceeds benchmark governments, when a large, hidden, thus implicit price of government exists, when government decision making discourages citizen participation, and when fiscal controls do not incorporate, much less reward, program performance and results. Presence of a fiscal performance management approach to change should predict taxpayer acceptance of current fiscal policies (the fiscal regime); its absence should predict tax revolt. The fiscal performance idea includes five categories of data – political structures for challenging the fiscal status quo, the explicit price of government, the implicit price of government, openness of government decision making, and incentives embedded in fiscal controls to report government performance and results and motivate adjustment in public policies and programs based on outcome valuations.

Devising a research design to prove why an event did not occur poses challenges. Indirect evidence will dominate any direct evidence and must convince. A comparison of legislative and constitutional procedures to enact tax and expenditure limitations accounted for much of the research on political structures. The National Conference of State Legislatures provided

data on state tax and expenditure limitations. Reviews of current research and debate as well as statistical analysis of data from Statistics Canada, the Department of Finance in the Canadian federal government, the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund, and the U. S. Bureau of the Census support the explicit and implicit price of government research. The closed or open system of decision making research rested on opinion survey data – the World Values Survey – on citizen deference to authority over the period 1980-2000; these data included a strong battery of questions that help predict the likelihood of citizen protest in Canada and the U. S. Inferential data on public leader willingness to share decision making came from existing surveys on budget transparency and public budget consultation. The information on ex ante and ex post fiscal controls came from existing provincial and state surveys of budgeting practices as well as judgments of professionals about the balance that exists between ex ante and ex post controls.

Findings

The findings appear here in seven parts, definition of “tax revolts,” specification of tax and expenditure limitations, state and province experience with revolts and limitations, the explicit price of government, the implicit price, openness of government decision making, and fiscal control system performance incentives. Full references to research appearing in the text as last author names follow this “Summary of the project.”

1) This research incorporated a definition of a “tax revolt” used by Clemens and his colleagues at the Fraser Institute. In a revolt, the Clemens group specified a citizen initiative that results in legislative action and perhaps a referendum on changes to the existing tax regime. A citizen initiative requires a petition signed by a specific proportion of the voter population for a referendum on the question of a tax and expenditure limitation as specified in the petition; the petition process must follow the path specified in provisions of either a statute or a constitution. The referendum may require further action by a legislative body or may hold that the majority or supermajority vote for the petition-referendum question enacts the question as either a statute or constitutional amendment. Since many state limitations exist without petition and referendum, the definition produces an index-like variation – strong citizen initiation versus strong legislative initiation. The research focused on events that occurred between 1976 and 2005.

The most important finding dealt with political structures in provinces, specifically the initiative process, referendum, and the constitutional amendment process. The referendum exists in provincial law. Only one province, British Columbia, allows initiative. Amending the constitution, the chief aim of state fiscal limitation supporters, is quite different in the provinces. Clemens and his colleagues argue that “the Canadian constitutional system is vastly different from that in the United States.” Entrenching provincial tax and expenditure limitations might require “assent” by both provincial and federal Parliaments – a bilateral amendment -- with federal assent to amending the Canadian Constitution of 1982 more likely after convincing popular support in the province through a referendum.

2) The definition of a limitation measure also came from Clemens and his colleagues. The crucial part of the definition of an optimal limitation is one “initiated by citizens through a petition [a legal process called initiative and] approved by voters via referendum” (p. 6). An optimal limitation, they also said, has constitutional rather than statutory legal status, applies to spending and revenues broadly defined, limits growth in government spending to inflation plus population growth, includes state, municipality and other locality spending and revenues, requires mandatory tax refunds when a surplus exceeds a prescribed limit, and covers all government spending and revenue collection. The types of limitations differ across the states. The definition produces an index-like variation – strong limit versus no limit. The period for limitations studied was the same as for tax revolts.

3) The province and state experiences with limitations varied. Tax revolts occurred in Canada if a looser definition of revolts applies. MacKinnon (2003) and Boothe and Reid (2001) found what they call tax revolts in Saskatchewan, Alberta, and British Columbia. The definition becomes very important when researchers base limitation measurement and statistical analysis on a dummy, dependent variable – where analysts assign a value of “one” to what they consider a tax revolt, or the existence of a limitation measure, and a “zero” otherwise.

The tax revolt – when called such by MacKinnon (2003, 134) – may be limited to Saskatchewan but a broader, fiscal responsibility movement has roots in Canada’s prairie provinces – Alberta, Saskatchewan, and Manitoba in the early 1990s (Clemens et al., 2003, 9-12). The Canadian fiscal

responsibility movement research and the U. S. balanced budget requirements research have remarkable similarities (Smith, 2007).

Other events in Canadian provinces suggest tax limitation movements. A fiscal limitation named the Taxpayer Protection and Balanced Budget Act passed the Ontario Legislative Assembly on November 23, 1999 requiring a referendum for increasing taxes in the province. However, the next premier elected affirmed the law as a candidate but renounced the law in his first budget and gained a judicial decision supporting his retraction (Canadian Taxpayers Federation v. Sorbara, 2004). Also, there exists a tax and expenditure limitation in the form of the Alberta Advantage idea (Bergman, 2004). In Canadian history, grassroots protests appeared as the Social Credit movement that vied for power and prominence with a Cooperative Commonwealth Federation movement. Both initially advocated a larger government role in national economic affairs to pursue social and economic reform, politically conservative Social Credit through provincial supremacy, progressive CCF through both provincial and federal intervention (Mallory, 1976, 161-163). These movements had their greatest electoral impact at the provincial level and developed as provincial movements.

As for the states, whatever the popular idea of widespread tax rebellion may be, the data in the table below reveal more modest accomplishments. Only a small number of limitations – of the 36 measures in 31 states – remain after applying the criteria the Clemens group prescribes.

Table Optimal Tax and Expenditure Limitation Characteristics with Number of States Enacting, 1978-2006

Characteristics, Number of States

1. Initiated by citizens, 5
2. Approved by voters via referendum, 17
3. Have constitutional rather than statutory legal status, 19
4. Applies to spending and revenues, broadly defined, 2
5. Limits growth in government spending to inflation plus population growth, 5
6. Includes state, municipality and other locality spending and revenues, 2
7. Requires mandatory tax refunds when surplus exceeds a prescribed limit, 2

8. Comprehensive in coverage of government spending and revenue collection, 2

Source: Clemens et al., 2003, 17-20; National Conference of State Legislatures (U. S.), 2005.

While state referenda yielded constitutional amendments, far fewer resulted from initiatives and fewer by referendum. The constitutional limitations had a far narrower application. At their broadest, the U. S. tax and expenditure limitation efforts succeeded -- by optimal tax limitation standards -- in only one state, Colorado. There the movement succeeded in enacting the Clemens group's optimal limitation as the Taxpayer Bill of Rights. California's limitations closely resemble those in Colorado, but California does not require mandatory tax refunds when surplus exceeds a prescribed limit.

4) The explicit price of provincial governments exceeds by over one-third the explicit price in states. The comparison measure is the median of total subnational own-source revenue divided by personal income for the period 1989 to 2004. However, government responsibility -- defined as the proportion of taxes and spending at federal, provincial, and local levels -- lies more heavily on provinces than states. Provincial governments had almost twice the tax responsibility of states, spending responsibility, more than twice.

5) The research on the implicit price of government produced the strongest findings. Rodden's comparison of 44 countries (2002, 2003) (IMF) and then a smaller panel of 25 countries (OECD) found that the magnitude of intergovernmental transfers varied with and predicted larger government size, his measure of the difference between explicit and implicit prices of government, and a condition called "fiscal illusion." However, Rodden found that high state-provincial fiscal autonomy related to smaller government size overall, thus smaller differences between the explicit and implicit price of government, and, it follows, the impact of fiscal illusion.

Both provinces and states fell in the high fiscal autonomy category. If provincial governments' size tops the states', Rodden implies, intergovernmental transfers must be the most clearly related trend. In the only state research, Marshall's two studies and Garand's study examined the impact intergovernmental revenue had on expenditure per capita and its rate of change. The impact was positive but not statistically significant in

Marshall's studies, positive and statistically persuasive in Garand's study. Garand's study found that the state employee proportion of state population was even more compelling, logically following the intergovernmental grant effect (higher proportion of grants could lead to higher, relatively permanent government employment). Studies by Dickson and Yu and by Petry and his colleagues attribute size of government differences across Canadian provinces to intergovernmental transfers. Canadian taxpayer fiscal illusion also may have increased with corporate and other indirect taxation and government borrowing (Dickson and Yu) or voting power of government employees and the election cycle (Petry and his colleagues). Boessenkool recognized the influence of Canadian equalization – intergovernmental transfers – on minimizing economic dislocations when compared to the U. S. where equalization programs do not exist. Boessenkool also observed higher, sometimes far higher, tax rates in equalization's receiving provinces than donor provinces. The receiving provinces in Boessenkool's analysis were British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island. The donor provinces were Alberta and Ontario. (British Columbia has become a donor province since he published his research.) He attributes the difference to the incentive to increase taxes built into equalization formulas. Called the "flypaper effect," this incentive increases the implicit price of government. As a result, the flypaper effect, fiscal illusion theorists say, leads the electorate to see a reduction in tax prices needed to finance spending programs and to support higher levels of spending than they would if they correctly perceived tax prices and spending. In Canadian provinces, equalization may or may not have a distorting effect on perception, says Coulombe. Equalization, he argues, dampens economic dislocation. Thus, most provinces have higher implicit tax prices with equalization, while states have economic dislocation without equalization. Economic dislocation occurs with economic change, some regions win new and higher paying jobs, others lose them. Losing regions face falling incomes and growing unemployment. Government budgets in losing regions must contract with shrinking tax bases. Underinvestment in human and physical capital results; government disinvestment in education and healthcare as well as infrastructure illustrate underinvestment in losing regions. Economic change and dislocation often encourage migration from losing to winning regions. Thus, there is higher interstate mobility in the U. S. than Canada.

The causal chain needs elaboration. Equalization dampens economic change and perhaps relates to mobility. However, equalization may make yardstick

competition less possible. Taxpayers may have less information, and vote-seeking politicians may focus strategically to concentrate benefits and make taxes paid less visible to taxpayers. On the other hand, equalization can work as intended to improve information voters have. Equalization can work “to ensure that provincial governments have sufficient revenue to provide reasonably comparable levels of public services at reasonably comparable levels of taxation” (Canadian Constitution of 1982, Part III, 36 (2)). Voters can more easily compare otherwise heterogeneous jurisdictions as a result. Equalization may also have benefit in creating incentives to increase tax rates where they are too low or in minimizing the impact of living and working in a resource-poor region, reducing the risks in choosing where to live.

The implicit price of government research points toward two sources of tax revolts. First, in the states, economic change and dislocation encourage immobile firms and households to support anti-tax movements. Second, with equalization, economic change dampens dislocation and discourages immobile firms and households to seek tax price changes through limitation efforts in receiving provinces. In Alberta, Ontario, and now British Columbia, Canada’s equalization program donor provinces, firms and households face economic change as in the U. S. Most probably feel the pinch of high tax burdens relative to their winning the economic change and dislocation battle. In the equalization donor provinces, Alberta, Ontario, and now, British Columbia, we find a laboratory in which we can observe political reactions to economic dislocation in the form of fiscal regime change, citizen initiated or not as in the states. These reactions combined with the willingness of voters and taxpayers to participate and even protest plus the openness of leaders to participation and performance management help predict the route fiscal regime change takes, through conventional or unconventional processes. This discussion of findings explores the participation and performance management dimensions next.

6) In the comparison of provinces and states to reveal the effects of citizen participation on the probability of a tax revolt, sparse evidence exists. Based on the evidence on leader willingness to allow or encourage citizen participation, the comparison shows that provinces are more likely to facilitate citizen participation than states.

Evidence of leader willingness to facilitate citizen participation comes through inferences gained from budget transparency and budget consultation

surveys in both Canada and the U. S. A web survey of province websites for public consultation updates the information from Ryan-Lloyd, Schofield and Fershau (2005). All provinces and the federal government have public hearings of one sort or another, except for Alberta. Alberta and British Columbia depend solely on web-based and household surveys. With the same exceptions, all provinces and the federal government allow, perhaps solicit, written submissions. Since on-line or web-based surveys are characterized as web pages allowing anyone interested to submit answers to both forced-choice, modified forced-choice, and open-ended questions, there is no effort to randomly sample the population. Thus, much of the leader willingness in this instance might be called passive – willingness to accept information from anyone interested -- but not systematic or active in seeking it. Only British Columbia adds site visits and household surveys; Alberta uses household surveys. Both appear to take an active position in seeking information, to have more leader willingness to allow participation.

Participation evidence on states comes from Forsberg's state budgetary transparency research. She summarizes the data, saying, six states "have no provisions for public input; the rest allow public input at various times, often at the discretion of budget committee chairs." The states, therefore, have a far less systematic approach than provinces. In states, legislative leaders have significant discretion to allow public input. State decision makers are more passive in encouraging participation than provinces. States invest particular leaders with significant power to favor some participants over others or to allow participation at all. State budget leaders, Forsberg argues, are more likely to act either capriciously or opportunistically in soliciting participation, both characteristics suggesting high partisanship. Leader willingness to allow citizen participation, on this evidence from states alone, suggests a strategic and narrow definition of citizen participation.

The remainder of the state budget transparency data reveals state budget procedures as cumbersome, complex, and opaque. In fact, consider the frequency of the simplest budget process: an annual budget, accountable executive responsible for the revenue forecast, a single appropriation bill drafted by the executive, a simple majority required for passage of the budget in the legislature, and considerable executive veto power. These characteristics define an "executive budget," the focus of continual reform among states since the late 1800s and thought by many to be the essence of "good government." Only four states have even partial transparency, if the executive budget serves as a guide: California, Georgia, New Jersey, and

West Virginia. Leader willingness to facilitate citizen participation by the budget transparency standard appears weak in the states.

On the bottom-up question of whether citizens are willing to participate, more evidence exists. The voting evidence favors citizen willingness in the provinces. The minimal differences on World Values Surveys do not permit any conclusive answer; however a close reading of the trends found in the Surveys reveals that Canadians have become less enamored with protest and people in the U. S. more. The divergence in protest potential deserves more scrutiny.

The citizen participation aspect of the performance management approach to predicting tax revolts has many signals. The participation research reveals that Canadians participate more, get more encouragement to participate from leaders, have less "protest potential" and perhaps resist joining tax revolts as a result. The participation data in states provide a weak but positive inference for tax revolts – low voting in regular elections, an increasing appetite for protest, leader capriciousness, or opportunism in soliciting participation, and weak budget transparency.

7) The findings on ex ante versus ex post fiscal controls are weakest. Both provinces and states have reported performance management-for-results efforts. The British Columbia, Alberta, Ontario, Quebec, and Nova Scotia efforts rival those of the strongest states, Florida and Oregon. Despite interest -- 47 out of 50 states report performance management and budget efforts based on statutes and executive orders -- states fall short of provincial efforts. Provincial efforts to incorporate program and agency performance information in budget decisions and in reports to voters and taxpayers exceed similar efforts in the states. However, neither provinces nor states have aimed ex post fiscal controls toward neutralizing anti-tax efforts. No single goal appears in the data. Data reveal goals of restoring trust in government, strengthening democratic processes, slowing growth of government, increasing efficiency and effectiveness and, simply, achieving good government and public management. Achieving some of these goals could also help stem tax revolts. No clear balance between ex ante and ex post fiscal controls emerged in these data.

8) Summarizing this research, the findings help explain the absence of Canadian tax revolts in four ways. First, closer scrutiny of tax revolts -- tax and expenditure limitation efforts -- in the U. S. paints a different picture

than popular opinion would provide. Few were citizen initiatives although more became institutionalized through referenda. The definition of tax revolts as grassroots efforts describes the aims of limitations supporters rather than the supporters themselves. In efforts limiting the scope of the property tax -- the focus of most state limitations -- a generally local tax or a tax used to support local expenditures for primary and secondary education, "grassroots" correspond more to "local" than "citizen initiated." Only two limitations deal fundamentally with state fiscal policy regime change. State tax revolt data can help understand provincial anti-tax efforts only as state revolts are anti-property tax efforts aimed at local government tax prices, provoked by poor state legislator responsiveness in subsidizing local education systems, and initiated by legislators rather than citizen petition, strangely enough.

Second, Canada's equalization program and its federal-to-province transfers subsidize provincial efforts to confront economic dislocation. Like states, provinces have high fiscal autonomy. Unlike states, provinces have federal transfers that help neutralize the impact of economic dislocation on state support for human capital investment, especially education provided by local governments as in the U. S.

Third, the citizen participation aspect of the performance management approach to predicting tax revolts has many signals. The participation research reveals that Canadians participate more, get more encouragement to participate from leaders, have less "protest potential" and perhaps resist joining tax revolts as a result. The participation data in states provide a weak but positive inference for tax revolts – low voting in regular elections, an increasing appetite for protest, leader capriciousness or opportunism in soliciting participation, and weak budget transparency.

Finally, provincial efforts to incorporate program and agency performance information in budget decisions and in reports to voters and taxpayers exceed similar efforts in the states. However, neither provinces nor states have aimed ex post fiscal controls toward a goal such as balancing latent, salient opinion about taxes with performance information that produces evidence of value received for taxes paid.

Equalization, citizen participation, and performance management evidence suggests that leaders in the provinces have more means and have made greater effort to deal with the government budget impacts of economic

change and dislocation. Many questions remain, and each piece of research that helps answer them complements the performance management approach summarized here. The remaining questions and initial answers and future research plans appear below following the references in "Deviations from original proposal."

9) Postscript

Beyond the performance budgeting and fiscal policy approach to tax revolts, a number of other hypotheses appeared to explain the Canadian and U. S. differences in approach to fiscal regime change.

a) Do citizens have much to do with state tax revolts in the U. S.? Are business interest groups more likely to lead the anti-tax, tax and expenditure limitation movements in states?

Only five citizen initiatives created tax and expenditure limitations of the 31 states and 36 state limitations from 1978-2006. Citizens approved 17 limitations via referendum whether begun by citizen initiative or state legislative action. Citizen activity in legislative activity certainly existed in all limitation efforts, especially the limitation efforts that dealt with property tax limitations. However, Daniel Smith's research on anti-tax measures on statewide ballots in 1996 "questions the wisdom that they were populist undertakings. [Almost all] received the bulk of their financial support from a few wealthy individuals, vested economic interests, [and] out-of-state national nonprofits. . . . [The] organizations backing the 1996 initiatives were for the most part not grassroots operations." More research on the pivotal support of anti-tax measures by groups other than what would be defined as citizens groups in the U. S. and the structure of support for anti-tax measures in Canada could question the popular belief that anti-tax efforts grew as popular, citizen-based revolts.

b) Is a tax revolt another form of social movement similar to environmental and women's rights movements? How does social movement research account for the occurrence of tax revolts in the states and not in provinces?

While social movements supporting environmental sustainability and women's rights may bear some resemblance to anti-tax efforts in the U. S., Daniel Smith argues anti-tax efforts are not social movements. The later limitation efforts in the U. S. support that claim. However, Graetz and

Shapiro argue that the U. S. federal tax reductions are the fruit of a national movement. State limitation efforts and the federal tax reduction movement may overlap in narratives, exploit similar political opportunity structures, or interlock members and leaders. The movement issue as a research question deserves further scrutiny, especially in the Canada-U. S. comparative perspective.

c) Are tax revolts a product of evolving public opinion spurred by leaders to a right turn politically, a turn well-advanced in the U.S. but only beginning perhaps in Canada?

A political right turn in Canada that proceeds in the same direction and to the same degree as the turn in the U. S. is a phenomenon almost every Canadian political observer has tried to characterize. Some base their views on the shift the right in Canada has made from a position as "Red Tories," as Horowitz developed the term. While the Red Tory idea applies primarily to Ottawa, Jean Crete has done preliminary research on a province-by-province comparison of parties on a left-right dimension. Crete casts doubt on a Canadian provincial version of the right turn idea. Most of these questions could bottom on political culture in which case research using Douglas and Wildavsky's grid/group measures of culture applied to fiscal policy questions with random samples in each province and a comparison group of states makes sense.

d) With conditions in Alberta and Ontario so similar to tax revolt predictor conditions in particular states, why are Albertans and Ontarians different? Are Albertans more like taxpayers in Colorado, a tax revolt state, or Texas, a no-revolt state with large resource revenues? Are Ontarians more like citizens in Michigan, a tax revolt state, or New York, a state without a tax revolt? Beyond specific provinces, what does an analysis of matched states provide? Does matching states with provinces, following Boychuk and Vannijnatten's effort to chart cross-border policy convergence, make analytical sense?

The Boychuk and Vannijnatten effort might reveal the conditions that exist in Alberta and Ontario -- equalization donor provinces left to fend for themselves as economic change occurs. The conditions in Alberta and Ontario -- political culture, business, and wealth-based interest group structure, parliamentary responsiveness to particular interests via political parties, and voter interest in protest -- should get incorporated into later

stages of this research program. Research using matching groups of provinces and states makes sense.

e) Is healthcare expenditure the source for differences in state and province tax burdens? Is healthcare a source of pride and of a sense of value gained for taxes paid among Canadian taxpayers? Do differences in healthcare service delivery explain the differences in anti-tax sentiment between states and provinces?

Public opinion latency and saliency toward healthcare spending and tax prices might reveal "value received for taxes paid" in Canada and the opposite in the U. S. However, the risks of bias in a survey interview or written questionnaire are quite high. Not being a healthcare service delivery specialist or a public opinion measurement specialist, I yield to my colleagues who are specialists.

f) Finally, is a parliamentary system more responsive than a separation of powers system, especially on fiscal regime change?

My conversation with federal manager Brian Marson, who was also Comptroller in British Columbia in the 1980s and former President of the Institute of Public Administration of Canada, revealed his view: "In our system gridlock doesn't force the [tax] issue onto the taxpayers like it does in the U.S. Here, the executive (which generally also has a majority in Parliament/legislature) has the clear accountability to resolve chronic deficits." Many researchers, especially those in comparative politics make similar observations. This question requires analysis of divided state governments and the strength of so-called veto players. However, U. S. public finance observers have noticed state anti-tax movements often reacted to state-local fiscal imbalances matched by state legislative unwillingness to respond. For example, Musgrave argued in 1979, just after California's Proposition 13 became law, that "Voter resentment [over rapidly rising local property tax burdens] was the greater since, as property taxes rose, the state was accumulating a large surplus. Consensus that the surplus should be used for property tax relief was slow to emerge, state house leadership was ineffective, and political wrangling over the pattern of relief delayed action beyond taxpayers' patience. California voters, who in previous years had rejected various tax limitation referenda, now gave overwhelming approval to the much more drastic provisions of [Proposition 13]." Therefore, if circumstantial evidence suggests that government structure contributes to

state tax and expenditure limitation efforts, what other evidence could researchers find?

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