

Democracy, War, and Wealth: Lessons from Two Centuries of Inheritance Taxation

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December 2022

Abstract

This article replicates the empirical findings of Kenneth Scheve and David Stasavage's analysis on the political economy of inheritance taxation, covering over 19 countries and spanning around 2 centuries (1816 to 2000). I replicate their hypotheses that high taxation of inherited wealth hinges upon two factors a) democratization and the expansion of the franchise b) mass mobilization due to warfare. By employing a generalized Difference-in-Differences framework, extended by a Lagged Dependent Model, they find insignificant evidence for the democratization hypothesis but very compelling evidence favoring war mobilization. I extend their war mobilization hypothesis for Finland using the novel Synthetic Difference-in-Differences Framework and find results consistent with their findings.

Keywords: War; Democracy; Inheritance Taxation; Two-way Fixed Effects; Finland; Synthetic Difference-in-Difference

Introduction

Consensus on optimal inheritance taxation is a source of much contention amongst political philosophers and economists alike, where political partisanship, whether it may be in favor of egalitarianism or liberalism dictates the tussle. Political debates hinge on the equity versus efficiency trade-off while economic debates base their analysis on society's preference for redistribution and nature of economic shocks (Picketty et al. 2013). Philosophical and academic deliberations aside, it is interesting to investigate how does society itself dictate inheritance tax rates and what prompts a country to either levy, increase or decrease inheritance taxation. Motivated by this question, Scheve et al. (2012) investigated two alternative hypotheses on what might stimulate an increase in inheritance taxation, namely a) democratization and expansion of the franchise b) mass mobilization as a consequence by warfare.

The case for their first argument is albeit the most prevalent of the two hypotheses, where authors such as Acemoglu (2006) and Boix (2003) are the most heavily cited adherents of the notion that democracy consequents in equitable policies as governments try to appeal to the opinions of the masses. Indeed, empirically, incidence of democratization, conventionally taken as the employment of the universal male suffrage, is often concurrent with levying higher inheritance taxation (Scheve et al. 2012). However, more thorough empirical evidence suggests that the increase in inheritance taxation also goes hand in hand with wars of mass mobilization, where in order to ensure more equitable sharing of burden between those displaced and mobilized by war and those who are wealthy and have avoided conscription (due to age for instance) or will be making financial gains as a consequence of war are levied heavy taxes, often in the form of inheritance taxation (Scheve et al., 2012). The authors test both hypothesis under the colloquial Difference-in-differences specification and extend the empirical analysis using a lagged dependent framework, where inheritance taxation is modelled as a function of measures of war mobilization, democracy, country and time fixed effects, and several other time varying control variables in the DID framework, which is extended to the lagged DV framework with the addition of lagged value of inheritance taxation as an additional control to account for any remaining unobserved heterogeneity that could potentially bias their conclusions.

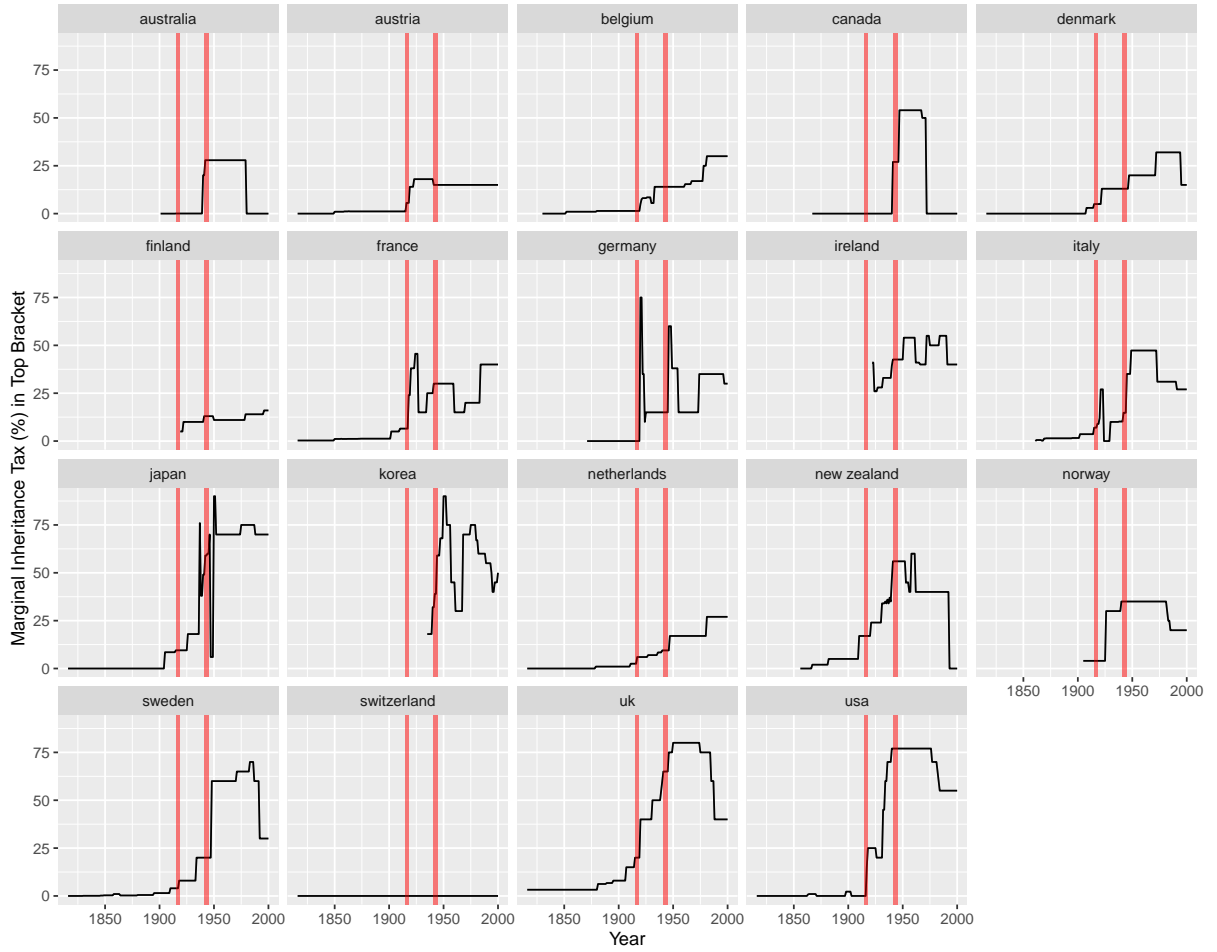
Scheve et al (2012) identify no substantive and statistically significant conclusion for their first hypothesis tpostulating that democratization results in an increase in inheritance taxation. Conversely, they find very strong empirical evidence that for countries mass mobilized because of warfare for 5 years, inheritance rate on average rose up by 14 to 25 percentage points. Motivated by the strength of the statistical significance of their second hypothesis, I extend the authors findings for the case of Finland, which experienced mass mobilization as a consequence of World War II. Given, the recent developments in DiD literature, I empirically investigate the war mobilization hypothesis using the novel Synthetic Difference-in-differences approach presented by Arkhangelsky et al. (2019). My analysis only helps further strengthen the Scheve et al. (2012) conclusions, where even after more stringent checks and perturbations on the standard DiD framework by taking into account probable violations of parallel trends assumptions, the conclusion of war mobilization increasing inheritance taxation still hold true, at least in the case of Finland!

Data Description

In order to conduct the empirical investigation on inheritance taxation and replicate and extend Scheve et al. (2012) findings, I use the data set constructed by the authors that records important characteristics of inheritance taxation for 19 countries, between 1816 to 2000. More specifically, the dataset focuses on a country's wealthiest individuals, that is, the top marginal rate applied to a single direct descendant inheriting an estate. Scheve et al. (2012) justify their choice of top rate on direct descendants based on the premise that a) data collection is more convenient and not subject to administrative heterogeneity across countries since "beneficiaries have an incentive to establish their property rights over bequests" and therefore it does not require much administrative capacity to collect these taxes b) top rates help indicate the level of progressivity of inheritance taxation c) focus on the top marginal rate of inheritance taxation for direct descendants is relevant because this would have the biggest impact on government revenue and wealth redistribution.

A quick survey of graphs comparing top rate in countries, across the years indicate that from the beginning of nineteenth century till the first decade of the twentieth century inheritance taxation rate for direct descendants have been particularly small. However, post nineteenth century there has been extreme variations in top rates both across time within countries and across countries. For example, three of the countries, namely Canada, Australia, New and Zealand, went from having no inheritance tax being levied, to top rates going as high as over 50% to complete repeal by 2000. In contrast, by the year 2000, there were still countries, (the United Kingdom, France, Ireland, United States, Japan, Korea), with top rates higher than 40%. Countries such as Germany, Japan and Korea went through the most extreme fluctuations across the years, where for Germany for instance, top rates shot from no inheritance taxation to over 70% around World War I, and falling to below 20% right after, before again skyrocketing to 60% around World War 2 and falling to below 20% a few years later. Switzerland on the other hand never levied inheritance tax. It also becomes clear from the graphs that increases in top rates for most countries occur during war times and continue to stay at those levels for a few years, before falling. This observation coincides with Scheve et al. (2012) hypothesis on war mobilization and its implications for inheritance taxation. Although for Finland, my setting for Scheve et al (2012) paper's extension, I don't observe extreme fluctuations in top rates, however, during the incidence of World War II, there is an observed increase in top rates, which is consistent with patterns observed in other war affected countries.

Figure 1: Top Rate of Inheritance Taxation, 1816 to 2000



Note: This figure shows the top marginal inheritance tax rate for direct descendants from 1816 (or independence) to 2000. For better exposition and comparison my graphs are repeated by country and highlight incidence of World War I II (red blocks), unlike Scheve et al. (2012)

Empirical Framework

This section describes the econometric models as postulated by Scheve et al. (2012) to uncover the implications of democratization and war mobilization on the top rates of inheritance taxation. Their first model follows the generalized difference-in-differences framework, alternatively referred to as Two-way Fixed Effects. Their second model utilizes the Lagged Dependent Variable Model as an empirical strategy. The section proceeds to define the econometric specification for my extension and justification for the modelling set up for the case of Finland specifically. I test the war mobilization hypothesis of Scheve et al. (2012) for Finland against control countries that did not experience war, by utilizing the novel Synthetic Difference-in-differences framework introduced by Arkhangelsky et al, (2019).

All the empirical specifications use the same measures for democracy and war mobilization. For the analysis on democracy, the authors construct two variables employing two different measures of democracy. The first variable, Universal Male Suffrage, takes the value of 1 in years all male adults are eligible to vote in national elections in country i and 0 otherwise. The second variable, Competitive Elections takes the value of 1 if “the legislature is

elected in free multiparty elections if the executive is directly or indirectly elected in popular elections and is responsible either directly to voters or to a legislature elected according to the first condition, and finally if at least 50% of adult males have the right to vote and 0 if not (Scheve et al, 2012).” To identify if a country suffered from mass warfare, the authors define a dummy variable for war mobilization, which takes the value of 1 if a country i engaged in interstate war and had 2% of the total population was in the military. The authors also consider several other constructions for measures of democracy and war mobilization, the results of which can be found in their paper.

Scheve et al. (2012) consider both of their specification on observations spaced at 1, 5, and 10-year intervals, from 1816 to 2000, with particular emphasis on 5-year intervals to account for lags in the incidence of democratization and war mobilization and responses in policy changes. For my extension, I consider only 1-year interval, from 1919 and 1944, that is, only 25 years, because a) my country of interest, that is Finland only gained independence in 1919, b) the current literature on Synthetic Difference-in-differences is still under development and only considers the case where treatment is in an absorbing state, implying that when it turns on, it cannot be turned off. Since World War II ended in 1944, my sample is restricted till that year. Furthermore, I construct my panels in STATA and then conduct analysis in R since R-constructed panels were resulting in different point estimates and were not consistent with Scheve et al.(2012).

Two-way Fixed Effects

Scheve et al. (2012) first model employing the usual difference-in-differences framework, has the following specification:

$$T_{ij} = \alpha + \beta_1 D_{it-1} + \beta_2 W_{it-1} + \gamma \mathbf{X}_{it-1} + \eta_i + \theta_t + \epsilon_{it} \quad (1)$$

Where each country is indexed by i and each time period is indexed by t . T_{it} is the top inheritance rate of direct descendants; D_{it-1} represents one of the two measures of democracy; W_{it-1} is a measure of war mobilization; \mathbf{X}_{it} is a vector containing the control variables; α , β and γ are the parameters of interest, that need to be estimated; η_i and θ_t are the country and time-fixed effects respectively; ϵ_{it} is the error term. In a few extensions of the above specification, the Scheve et al. (2012) also control for country-specific time trends, levels of development, and government partisanship. The model uses ordinary least squares (OLS) estimates, with standard errors clustered at the country level to discount for probable serial autocorrelation, and other correlations within a country.

Given that war mobilization is infrequent (refer to appendixr a), it makes empirically more intuitive sense to account for war mobilization for the entire preceding period. The specification, therefore, considers lagged measures of war mobilization. Since the effect for both democracy and war mobilization is expected to be more substantial the higher the number of years in the prior period, the measure for democracy is also lagged.

The estimates intend to measure the causal impact of democracy and war mobilization on taxation on the inheritance of the first descendants, by appealing to the general assumption of parallel trends and zero correlation

between the error term and the primary independent variables in a difference-in-difference specification. Although probable violations of these assumptions are warranted, Sheve et al. (2012) are confident that the ensuing bias is more plausibly positive, where they have overestimated the impact of both facts on inheritance taxation. They rebut the skepticism in their paper.

Lagged Depended Variable Model

Scheve et al. (2012) second econometric model takes the following specification:

$$T_{ij} = \alpha + \rho T_{it-1} + \beta_1 D_{it-1} + \beta_2 W_{it-1} + \gamma X_{it-1} + \theta_t + \epsilon_{it} \quad (2)$$

The model adds the lagged value of the dependent variable to the initial model and removes the country-fixed effects. It retains the time-fixed effects and the aforementioned time-varying controls to account for common shocks across countries. Their reported estimates are OLS in nature and utilize panel-corrected standard errors to adjust for country heterogeneity and correlation between countries. Including the lagged value of the top rate of inheritance, taxation allows further control of any other potential time-varying unobservables.

Synthetic Difference-in-Difference: A Case for Finland

Although the generalized difference-in-differences framework, (alternatively presented as a two-way fixed effect regression) is one of the most widely used empirical strategies to conduct causal inference using observational data, it hinges on some strong and often difficult to prove the assumption of parallel trends between the treated and the control group. This means that the TWFE point estimates are often skeptical of bias. The issue of probable non-parallel trends is dealt with by a canonical Synthetic Control estimator, where unit (country) weights are identified that minimize the difference between pre-treated outcome of the treated unit (country in our case) and the weighted average of the pre-treated outcome of the control units, where the weights are constrained to be positive and sum to one. By virtue of this optimization solution, the Synthetic Control method helps induct parallel trends, pre-treatment, in the treatment outcome, and the synthetic control outcome. In order to take advantage of the key features of both frameworks, Arkhangelsky et al, (2019) introduce a new method, termed Synthetic Difference-in-differences, where the unit weights of the Synthetic Control estimator have been incorporated into the Difference-in-differences estimate as well as time weights that help minimize the difference between pre and post-treated time periods. The Synthetic Difference-in-differences (SDID) estimator thus solves the following optimization problem:

$$\hat{\beta}^{sdid} = \sum_{i=1}^N \sum_{t=1}^T (T_{ij} - (\alpha + \eta_i + \theta_t + \beta W_{it})^2 \hat{w}_i^{sdid} \hat{\lambda}_t^{sdid} \quad (3)$$

Where w_i are the unit weights; λ_t are the time weights; η_i and θ_t are the country and time-fixed effects respectively;

T_{it} is the top inheritance rate of direct descendant and W_{it} is a measure of war mobilization. I use the above SDID estimator to estimate the following model:

$$T_{ij} = \alpha + \beta^{sdid} W_{it} + \eta_i + \theta_t + \epsilon_{it} \quad (4)$$

I re-estimate the model using the usual DID and Synthetic Controls method to draw comparisons across both point estimates and standard errors to help fix ideas and reinforce the benefit of using SDID over either of the colloquial DID or Synthetic Controls framework.

Estimation Results

Lessons on Inheritance Taxation from Around the World

Table 2 and 3 replicate the adjacent tables in Scheve et al. (2012) and presents their main findings. Both tables only differ in measure for democracy, where table 2 uses Universal Male Suffrage and table 3 uses Competitive Elections and are identical in specification otherwise. Columns 1-3 report the TWFE estimates for the 5-year panels, where column 2 adds time-varying controls to the model in column 1, and column 3 adds country-specific time trends. The next three columns (4-6) report the lagged dependent variable specification on the 5-year panels where column 5 adds time-varying controls to the model in column 4, and column 6 adds country-specific time trends. Columns 7 and 8 present estimates for the 10-year panels, for the TWFE specification and lagged dependent variable specification respectively, where both include time-varying controls and country-specific time trends. Columns 9 and 10 are the same as 7-8 with the specification on annual panels instead. I conduct all of my empirical analysis using Fixed Effect OLS estimate package in R, and although the point estimates match identically with those of Scheve et al. (2012), my standard errors differ but not substantially. The source of discrepancy is that the authors conducted their analysis on STATA which uses a different estimator for standard error calculations than R.

Cluster Robust Standard errors and reported p-values differ from those reported in the paper, but these differences are not substantive. These discrepancies arise because the original analysis was done with STATA, which uses a different estimator for Robust Standard Errors. Additionally, Stata calculates p-value for clustered standard errors using the degrees of freedom given by the number of clusters, while R uses the degrees of freedom from the number of observations.

The proposed hypothesis that the expansion of the franchise results in an increase in inheritance taxation remains undiagnosed, where for both measures of democracy namely Universal Male Suffrage (table 2) and Competitive elections (table 3), point estimates are inconsistent across specifications. Both measures have coefficient estimates insignificant at conventional levels and have alternating signs across specifications. The standard errors for these coefficients are also alarmingly large, preventing Scheve et al. (2012) to conclude any substantive and statistically significant impact of the incidence of democracy on the top marginal rate of inheritance taxation. The authors

Table 1: War Mobilization, Democracy, and Inheritance Taxation, 1816–2000: Universal Male Suffrage Measure of Democracy

	5 Year data						10 year data		Annual	
	Country Fixed Effects			Lag DV			Country FE	Lag DV	Country FE	Lag DV
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Top Rate t-1				0.868 (0.032)	0.871 (0.033)	0.653 (0.063)		0.367 (0.105)		0.931 (0.015)
War Mobilization t-1	23.017 (6.086)	21.464 (5.737)	18.468 (5.556)	14.456 (5.066)	14.651 (4.969)	14.490 (4.713)	26.153 (7.852)	23.606 (10.426)	5.532 (1.347)	1.578 (1.052)
Universal Male Suffrage t-1	3.505 (5.863)	6.024 (5.802)	0.934 (3.894)	-2.344 (1.151)	-2.638 (1.188)	0.751 (1.224)	0.959 (3.418)	3.060 (2.345)	-1.017 (0.948)	0.457 (0.323)
Left Executive t - 1		0.098 (5.344)	1.911 (3.515)		2.688 (1.256)	3.768 (1.991)	3.607 (3.882)	4.631 (4.051)	1.253 (0.684)	0.606 (0.374)
GDP per capita t - 1		0.001 (0.002)	0.001 (0.001)		0.000 (0.000)	0.001 (0.001)	0.002 (0.001)	0.001 (0.001)	0.001 (0.000)	0.000 (0.000)
Period Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	yes
Country-specific time trends	No	No	Yes	No	No	Yes	Yes	Yes	Yes	yes
Country Fixed Effects	Yes	Yes	Yes	No	No	No	Yes	No	Yes	No
Num.Obs.	544	516	516	543	515	515	254	253	2537	2536

Table 2: War Mobilization, Democracy, and Inheritance Taxation, 1816–2000: Competitive Elections Measure of Democracy

	5 Year data						10 year data		Annual	
	Country Fixed Effects			Lag DV			Country FE	Lag DV	Country FE	Lag DV
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Top Rate t-1				0.871 (0.032)	0.877 (0.033)	0.657 (0.063)		0.385 (0.105)		0.931 (0.014)
War Mobilization t-1	23.335 (6.115)	23.123 (6.303)	18.939 (5.921)	13.582 (5.087)	13.513 (5.157)	14.575 (4.859)	26.281 (7.956)	24.248 (10.706)	5.970 (1.361)	1.666 (1.047)
Competitive Elections t-1	-0.050 (5.997)	3.055 (5.083)	1.158 (3.391)	-1.327 (1.416)	-1.612 (1.424)	-0.030 (0.969)	0.010 (3.585)	-0.027 (1.675)	2.159 (0.933)	0.356 (0.482)
Left Executive t - 1		-0.015 (5.313)	1.906 (3.606)		2.524 (1.276)	3.809 (1.998)	3.684 (3.883)	4.937 (3.973)	1.165 (0.683)	0.588 (0.351)
GDP per capita t - 1		0.001 (0.002)	0.001 (0.001)		0.000 (0.000)	0.001 (0.001)	0.002 (0.001)	0.001 (0.001)	0.001 (0.000)	0.000 (0.000)
Period Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	yes
Country-specific time trends	No	No	Yes	No	No	Yes	Yes	Yes	Yes	yes
Country Fixed Effects	Yes	Yes	Yes	No	No	No	Yes	No	Yes	No
Num.Obs.	544	516	516	543	515	515	254	253	2537	2536

consider several alternative specifications for democracy (referred to in their appendix), where they again fail to identify evidence supporting the proposed hypothesis.

The argument favoring the effect of the incidence of warfare and associated mass mobilization on increasing inheritance taxation, however, does lend merit based on Scheve et al. (2012)'s empirical findings. The point estimates for war mobilization across all 10 specifications for both table 2 and table 3 are positive and statistically significant. For the 5 panel specifications, the point estimates across table 2 and 3 indicate, that on average, for a country that experienced mass war mobilization for an entire 5-year period increased its top inheritance tax rate by 18 to 23 percentage points. Alternatively, for conflicts lasting 1 year, war mobilization increased the top inheritance tax rate by around 5%. The empirical evidence presented allows Scheve et al. (2012) to conclude substantive and statistically significant positive impact of war mobilization on inheritance taxation.

War Mobilization: Implications on Wealth in Finland

In order to further extend Scheve et al. (2012) findings, I explore their hypothesis for specifically Finland, under both the colloquial DID and SC frameworks as well as the novel SDID specification. My results are presented in Table 3, where all estimates are positive, and increasing in order across specifications, from DID, to SC, to SDID. For the DID framework the point-estimate is disappointingly small with a relatively large standard error. Synthetic Control indicates a higher point estimate but a large standard error of 6.09. Although, the result is statistically insignificant, because of the large standard error, I cannot rule out the possibility of substantively meaningful effect of war mobilization. Indeed, for my SDID specification, the point estimate of 2.19 is statistically significant at the 90% significance level, with standard errors much smaller, and similar to Scheve et al. (2012). The fall in point estimate across specifications attests to two things: a) given both SC and SDID account for non-parallel pre-treatment trends, the DID estimate most definitely violated parallel trends and was thus subject to a bias b) the nature of the bias can be expected to be negative, where the DID estimate is actually underestimating the effect of war mobilization on top rates of inheritance, and the effect is in fact larger. This finding only further substantiates the proposed Scheve et al. (2012) hypothesis in the case of Finland. Since my sample size is very small due to the limitations covered in the subsection on, “Data”, I would expect the standard errors to fall further had I worked with a larger sample, possibly with more control countries. This would invariably strengthen the current conclusion.

Table 3: Effect of War Mobilization on Top Rate of Inheritance Taxation in Finland, 1919 to 1944

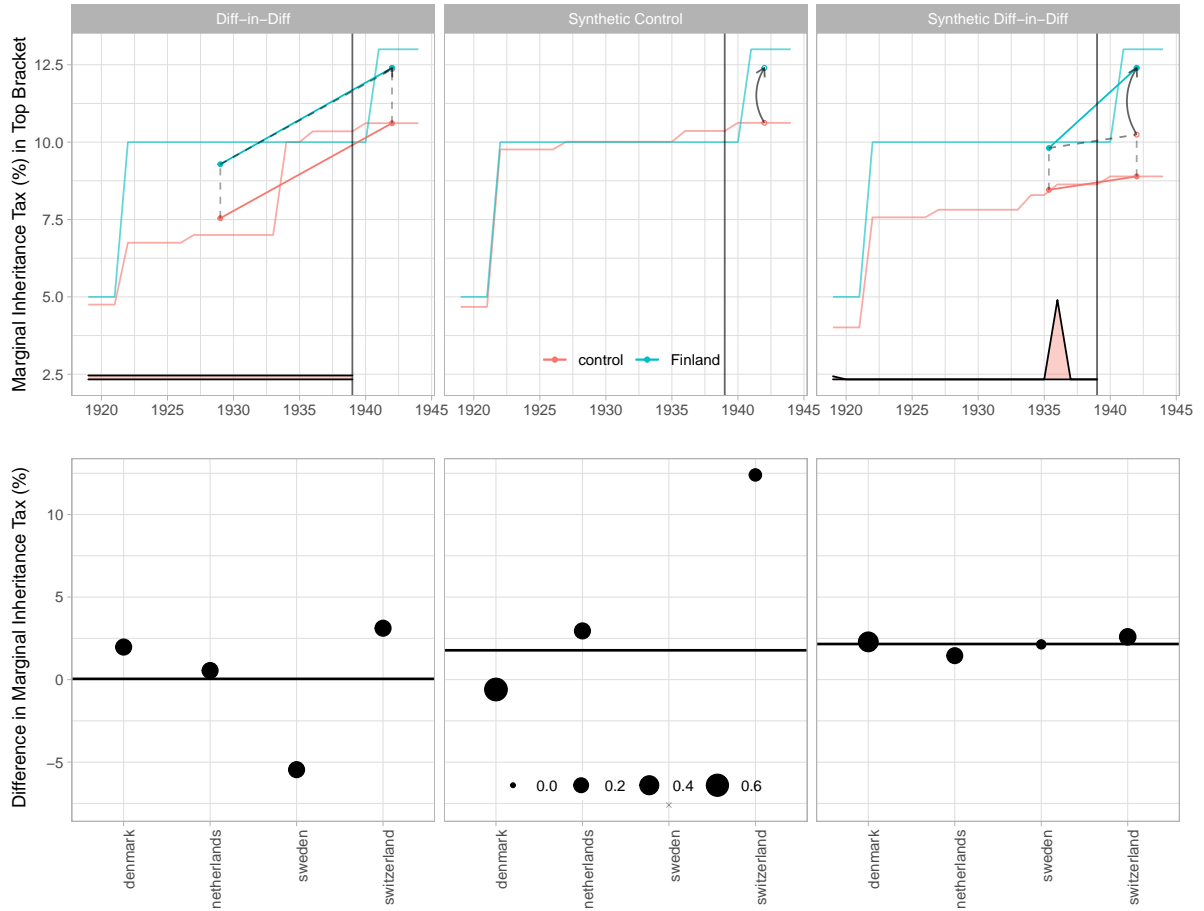
	Diff-in-Diff	Synthetic Control	Synthetic Diff-in-Diff
estimate	0.04	1.78	2.16
standard error	4.29	6.13	1.24
p value			<0.10

Note: Estimates for average effect of War Mobilisation on Top Rate of Inheritance Taxation in Finland, 1919 to 1944, based on Diff-in-Diff, Synthetic Control, and Synthetic Diff-in-Diff along with estimated standard errors using the “placebo method” employed by Arkhangelsky et al. (2012).

To further lend merit to my claim that the usual DID framework is violating parallel trends, and how this is subsequently adjusted in the SC and SDID framework, I plot the trajectories of Finland and weighted average of the Controls. Figure 2, depicts the parallel trends plot, where the vertical line indicates the onset of treatment and the plots at the bottom show the relative size of the weights on each control country when computing the average. As can be seen, under the DID specification, there is evidently no parallel pre-trends, where each control is weighted equally. For SC and SDID we can observe adjustment for pre-trends, and enforcement of parallel trends between treatment and synthetic control.

This empirical exercise thus reinforces Scheve et al. (2012) finding for positive impact of war mobilization on top rate of inheritance taxation, specifically for the case of Finland by a) affirming the direction of impact b) reevaluating the effect under the novel Synthetic Difference-in-differences framework which is robust to probable to parallel trends violations in the colloquial DID framework, and still getting results consistent with the authors’ hypothesis.

Figure 2: A Comparison Between DID, SC and SDID Estimates: Effect of War Mobilization on Top Rate of Inheritance Taxation in Finland, 1919 to 1944



Note: A Comparison Between DID, SC and SDID Estimates of effect of War Mobilization on Top Rate of Inheritance Taxation in Finland, 1919 to 1944

Conclusion

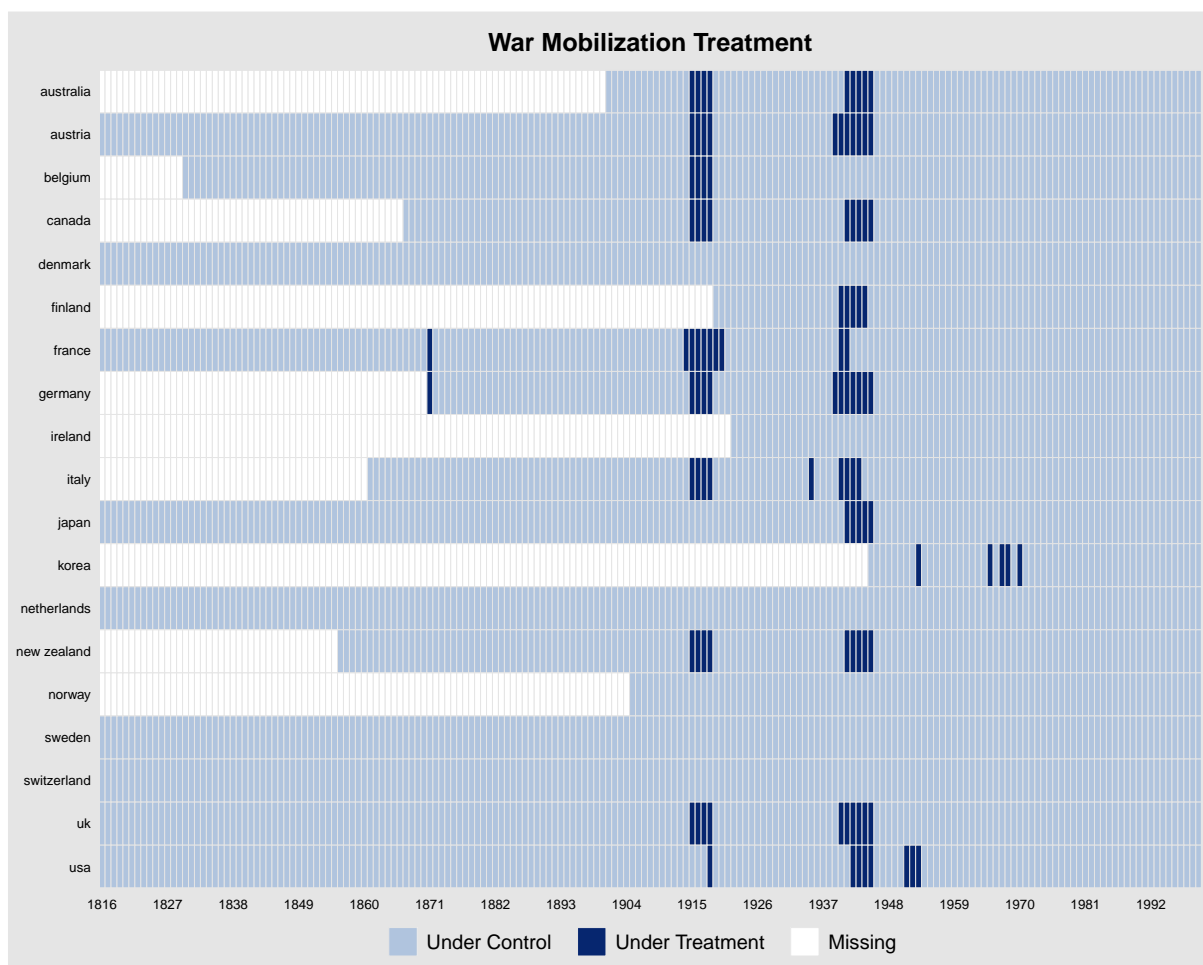
Although political, philosophical and economic debates often motivate opinions on whether inheritance tax should be levied and if so by what amount, it is often the socio-political circumstances of the country concerned that actually dictate the degree of inheritance taxation. Indeed, the purpose of Scheve et al. (2012)'s empirical exercise was to investigate two probable circumstances, namely democratization and war mobilization, which can prompt an increase in the top rate of inheritance taxation. As it becomes clear, only the later of the two plausible conditions hold substantive and statistically significant merit, where it can be argued that mass mobilization for war generates a political incentive to levy progressive inheritance taxes to equitably distribute sacrifice in war efforts.

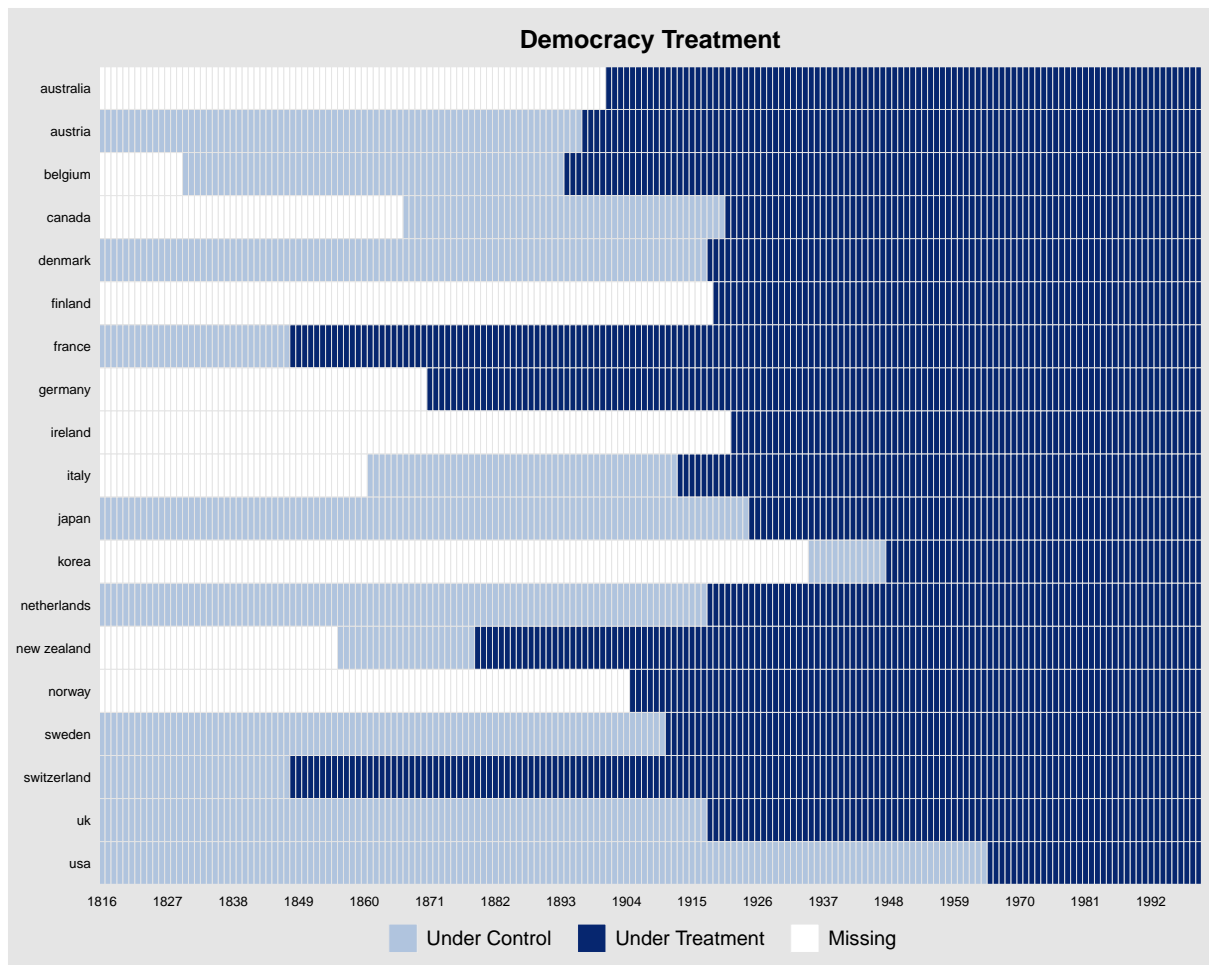
My extension of Scheve et al. (2012) results further reinforces their findings for war mobilization causing an increase in inheritance taxation in Finland. Even after adjusting for probable violations of parallel trends, the results still hold merit.

Appendix

Table A-1: Descriptive Statistics, 1816-2000, Annual Data

	Observations	Mean	Standard Deviation
top rate	2798	17.14	22.28
War Mobilization	2798	0.04	0.19
Universal Male Sufrage	2798	0.64	0.48
Competitive Elections	2798	0.67	0.47
No Upper	2795	0.50	0.50
Direct Elections	2795	0.86	0.35
Secret Ballot	2795	0.78	0.41
Electorate 25	2798	0.78	0.41
Electorate 50	2798	0.73	0.45
Electorate 75	2798	0.71	0.45
Left Executive	2798	0.17	0.37
GDP per capita	2555	6681.57	5603.12





	5 Year data			
	Country Fixed Effects		Lagged Dependent Variable	
	(1)	(2)	(3)	(4)
Top Rate t-1			0.830 (0.042)	0.834 (0.043)
War Mobilization t-1	17.247 (4.161)	18.207 (4.898)	15.144 (4.428)	14.602 (4.403)
Military Expenditure t-1	0.202 (0.063)	0.227 (0.066)	0.065 (0.024)	0.066 (0.023)
Universal Male Suffrage t-1	6.695 (7.447)		-2.119 (1.369)	
Competitive Elections t-1		8.962 (5.931)		-0.577 (1.244)
Left Executive t - 1	1.810 (5.124)	1.722 (5.230)	3.410 (1.277)	3.306 (1.303)
GDP per capita t - 1	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.000)	0.000 (0.000)
Period Fixed Effects	Yes	Yes	Yes	Yes
Country Fixed Effects	Yes	Yes	No	No
Num.Obs.	452	452	451	451

Table A2: War, Democracy, and Inheritance Taxation, 1816–2000: Conditioning on Military Expenditures

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