
REM Newsletter 34/2022

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The Latest REM [Working Papers](#)

[Research in Economics and Mathematics](#) (REM) circulates research, notably by its affiliated members, as working papers intended for professional and public discussion and comment. The papers have not been peer reviewed.

Table of contents

1. [Public Spending and Government Performance in Europe and Asia: Tigers Today and in the Future](#), Ludger Schuknecht, *Working Paper 0233-2022*

2. [Optimal threshold taxation: an empirical investigation for developing economies](#), Lucas Menescal, José Alves, *Working Paper 0232-2022*

Events

[10th UECE Conference on Economic and Financial Adjustments](#), ISEG/UL – Lisbon School of Economics and Management/University of Lisbon, **July 22, 2022** (rooms and online).

Keynote speakers:

[Xavier Debrun](#) (National Bank of Belgium); [Cecilio Tamarit](#) (University of Valencia)



Papers presented at the conference can be considered for the Special Issue of the [European Journal of Political Economy](#), according to selected topical guidelines to be set up.

REM [Working Papers](#)

[Public Spending and Government Performance in Europe and Asia: Tigers Today and in the Future](#), Ludger Schuknecht, *Working Paper 0233-2022*

In this study, I will look at the spending role of government and the outcomes of government activity in Europe and Asia. Public spending and performance patterns differ hugely across countries. Asian “tigers” and some advanced countries show low public spending coupled with strong performance indicators. Central and Eastern European “tiger” countries are also catching

up strongly while featuring leaner and productive governments. Most advanced European Union (EU) countries feature higher spending with divergent performance. Several of the remaining European and Asian emerging economies have the potential to become the economic “tigers” of the future.

[Optimal threshold taxation: an empirical investigation for developing economies](#), Lucas Menescal, José Alves, *Working Paper 0232-2022*

In this empirical study we assess both linear and nonlinear relationship between total taxation and several tax items with real per capita GDP growth rates for 43 developing countries between 1990 and 2019. We use panel data techniques to evaluate the effects of taxation on economic growth for both short and long run perspectives, and to find optimal tax threshold values. We obtain evidence of nonlinear relationships between all tax items, except for corporate income taxation, as well as an optimal value for total tax burden around 23,5% of GDP for the whole sample. When the sample is subdivided by countries’ income levels, we find threshold values for all tax items and an optimal tax burden around 23,6% of GDP for high income countries and 21,3% of GDP for low income. Our results provide support regarding the existence of nonlinearities and about policies focused on raising certain tax revenues, as a percentage of GDP, without hampering economic growth.