

THE DISTRIBUTION OF TAX BURDEN BY INCOME GROUPS IN GREECE¹

This article summarises the main results of a piece of research into the allocation of the tax burden for different income groups in Greece and on the distributive impact of the Greek tax and transfer payments structure. The main findings are shown in Tables II-IV and Figs. 1-3.

The procedure

In brief, the following procedure was used for the main estimates:

1. *Measuring Tax Shifting*: First, an attempt was made to measure the degree of tax shifting for the most important taxes. Here we try to avoid the examples of earlier empirical studies which used traditional assumptions about demand and supply elasticities in order to estimate tax shifting. The use of such

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1. Practically the whole of this research was carried out in the Averof and Itjedin prisons under extremely difficult conditions. The lack of references, the difficulties in collecting the statistical data and especially the impossibility of using any computing facility for the huge number of calculations involved, were serious obstacles which did not permit a more extensive analysis that otherwise would have been made.

For the empirical application of the theoretical model of this study, statistical data of the year 1964 were used. The reason for this was that the latest data on agricultural household budgets, essential for this analysis, referring to 1964 were published by the National Statistical Service of Greece in 1969. Nevertheless, it should be noted that the results of this research reflect the present situation in Greece, since the composition of taxes, the structure of the consumer expenditure and the distribution of incomes by size, on which these results are based, do not appear to have changed considerably.

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assumptions for this purpose has been rightly criticised by many authors as leading to contradictions². In the case of Greece, on the other hand, we could not apply recent models for measuring tax shifting, such as Krzyzaniak-Musgrave's multivariable function or Harberger's cross-section analysis model³, because of the lack of the necessary statistical information.

Some other way had therefore to be found for estimating the degree of tax shifting in Greece. After many attempts we succeeded in estimating the degree of shifting for the general sales taxes, excises and customs (58% of total tax revenues) and for the contribution to social insurance (24% of total tax revenues), by applying a multivariable Price Function of the following form:

$$\frac{Y_c}{Y_d} = \alpha + b_1 W + b_2 M + b_3 T + U \dots \quad (1)$$

where Y_c / Y_d stands for an Implicit Price Index (Y_c denotes G.D.P. in current prices and Y_d G.D.P. in constant prices), W stands for the index of wage rates, M for the price index of raw materials and T for the tax variable –the shifting of which we wish to measure– standardised by consumption, in the case of indirect consumption taxes, and by the number of persons insured, in the case of contributions to social insurance. The letters α and U stand for constant and stochastic variables respectively.

We estimated the function for indirect consumption taxes as:

$$\frac{Y_c}{Y_d} = \frac{78.3}{(44.5)} + \frac{0.639W}{(0.329)} + \frac{0.1018M}{(0.412)} + \frac{0.862T}{(0.264)} \dots \quad (2)$$

$$R^2 = 0.949$$

The meaning of the coefficient $b_3 = 0.862$ of the tax variable is that out of any increase of indirect consumption taxes, 86.2% results in price rises of goods and services and indirect taxes must be shifted forward to consumers in this proportion. The remaining 14% falls on producers. It should be noted that the numerical value of the shift coefficient, as estimated above, is a weighted average of the degrees of shift of all kinds of indirect consumption taxes in force in the country. However, the degree of shift for some excise taxes may be much higher and for some others much lower than the estimated average

2. See A. Prest, «Statistical Calculations of Tax Burdens», *Economica*, August 1955; A. H. Conrad, «On the Calculation of the Tax Burdens», *Economica*, November 1955 and A. Prest, «On the Calculation of Tax Burden, a Rejoinder», *Economica*, August 1956.

3. M. Krzyzaniak and R. Musgrave, *The Shifting of the Corporation Income Tax*, The Johns Hopkins Press, 1963; A. Harberger, «The Incidence of the Corporate Income Tax», *Journal of Political Economy*, Vol. LXX, No. 3, June 1962. See also R. E. Slitor, «Corporate Tax Incidence», in *Effects of Corporation Income Tax*, 1966.

shift coefficient and the application of the latter in the case of these taxes may considerably affect the actual result. It was not possible to get over this by making separate estimates of shift coefficients for individual indirect taxes, since time-series, necessary for calculating Price Functions for each tax separately, are not available. In view of these difficulties, a possible solution would be to make some adjustments for the most important cases of taxes for which there are strong indications that their degree of shift is considerably different from the above estimated average shift coefficient. Such indications do exist for the tobacco and sugar tax: we have observed that whenever in the past taxes on these goods were raised, their prices increased to an extent equal to the tax rise. This is a strong indication that the degree of shift of these taxes is close to unity. Full shifting to the consumers should, also, take place in the case of state monopolies on petroleum, matches and some other commodities. The above taxes with a degree of shift which, according to the existing indications, is close to unity, constitute 29% of the tax revenues from all indirect taxes. With this information, we could adjust $b_3 = 0.862$ for the remaining 71% of indirect taxes by solving the equation $0.71 X + 0.29 = 0.862$. The resulting average degree of shift for all indirect consumption taxes except from tobacco tax, sugar tax and state monopolies, is 0.81.

Estimating, further, the parameters of function (1) for contributions to social insurance, we found the following results:

$$\frac{Y_c}{Y_d} = -2.71 + 0.291W + 0.777M + 0.835T.. \quad (3)$$

(0.66) (0.744) (0.525) (0.240)

$$R^2 = 0.896$$

The coefficient of T is 0.835 which means that 83.5% of social security contributions is shifted forward on to the consumers and the remaining 16.5% falls on the producers.

Corporate and personal income taxes are too small in Greece (2% and 8% of total tax revenues respectively) to raise problems of measuring their degree of shift. Any assumption about shifting here would make no difference to the apparent degree of progressiveness of the total tax burden. So we avoided getting involved in measuring the shift here and we simply assumed that the corporate tax burden fell totally on shareholders –and this is not far from reality given that corporations in Greece have no strong monopolistic power because of foreign competition– and that personal income tax falls on people paying the tax.

Benefits from transfer payments –treated as negative taxes– accrue to people getting the money from the Fiscus, and so no problem of measuring degrees of shift arose here with the one exception of some subsidies for which we tried to find out who has benefited and how much from the lower prices of subsidised goods.

2. *Allocation of Tax Burden to Income Groups*: With the above estimated degrees of shift for indirect taxes and social insurance contributions and with the no-shifting assumption about personal and corporate income taxes, we were able to estimate how much tax burden was falling on income earners by factor shares and how much on the consumers of various commodities. The next problem was how to switch from «incidence by factor shares and consumption items» to «incidence by income brackets». In fact, this is a problem of selecting and applying proper bases for allocating tax burden and transfer payments by income groups. Table I shows the allocation bases used for this purpose.

With a few exceptions, all of the bases of allocation used in the study were taken from Household Surveys of Urban and Rural Population (the only available data are those of the year 1964 published by the Greek National Statistical Service in 1969). Some important allocation bases, like income distribution, have been derived by using data from the above source and from the Greek National Accounts as well.

Although income distribution by income brackets is the most crucial information for our estimates, no official data covering total population could be found. The only official information is that of the Household Survey of 1957 covering urban population only, but the general opinion is that these data are not statistically reliable. To overcome the difficulty we tried to estimate income distribution from the existing statistical information. From the distribution of consumer expenditure by income bracket taken from Household Surveys we derived the corresponding income distribution by income bracket by applying the family consumption function:

$$\log C = 0.24050 + 0.9038 \log Y$$

$$(0.05643) \quad (0.0139)$$

To estimate this consumption function we used the time series of private consumption and disposable income from the National Accounts, and divided each by the total number of families. It should be pointed out that the derived income distribution refers to the national income concept.

The distribution of total consumer expenditure by income brackets (see line 6 in Table I) was used as a base for allocating this part of general consumption tax and contribution to social insurance that is shifted forward on to the consumers. To allocate the part of excises, customs and other non-general-sales-taxes shifted forward, we also used the distribution of consumer expenditure for the corresponding taxed good or service (see lines 7-10 in Table I). It should be noted, however, that in the case of some excise taxes, such as crude oil, mazout, gasoline taxes and transport duties, the shifted burden of the tax falls partly on the consumers of the taxed commodity and partly on total consumption, to the extent that these commodities are used directly for consumption (for example central heating) or as an input for production in general. Using statistical information as to how much is consumed directly and

TABLE 1

**Bases for the Allocation of Tax Burden and Transfer Payments Benefits
by Income Brackets**

Allocation bases	Family income brackets in thousand Drs.						Total
	Under 15	15-28.4	28.5- 54.9	55-77	77.1- 119.9	120 & Over	
1. Total money income	1.3	6.2	16.2	15.2	23.4	37.7	100
2. Agricultural income	3.3	13.7	28.8	18.5	17.5	18.2	100
3. Non-agricultural income	0.8	3.1	11.8	14.3	25.4	44.6	100
4. Income from profits	0.5	2.2	15.7	9.8	13.6	58.0	100
5. Dividends	—	0.01	1.6	3.1	7.8	87.5	100
6. Total consumer expenditure	2.6	9.6	23.0	16.7	19.1	29.0	100
7. Tobacco	3.7	14.6	29.5	17.7	16.8	17.7	100
8. Sugar	0.5	15.9	30.9	19.6	16.5	16.6	100
9. Alcoholic beverages	2.0	11.0	28.8	18.0	17.2	22.1	100
10. Amusement and entertainment	0.1	3.4	14.4	14.4	22.1	45.6	100
11. Central heating	—	—	8.1	3.4	23.1	65.4	100
12. Auto purchases	—	—	1.0	2.5	5.1	91.4	100
13. Auto operation	—	0.8	7.6	6.4	14.5	70.7	100
14. Transport expenditures	1.9	8.9	23.2	17.4	20.2	28.3	100
15. Medicines etc.	1.9	6.8	19.9	16.4	22.4	32.6	100
16. Petroleum	2.0	22.1	33.7	18.0	15.4	8.8	100
17. Matches	6.7	16.8	27.1	17.2	15.0	17.2	100
18. Food (excluding sugar)	3.2	11.7	27.4	17.9	18.4	21.4	100
19. Durables	0.8	4.1	11.5	10.1	20.5	53.0	100
20. House purchases and housing expenditures	0.3	16.3	27.6	20.0	15.0	20.8	100
21. Total number of households	15.1	25.1	30.3	12.8	9.6	7.1	100
22. Agricultural households	16.1	27.0	31.3	12.2	8.2	5.2	100
23. Non-agricultural households	5.8	10.0	21.7	17.7	21.7	23.1	100

Source: a. Lines 1-3: Our estimates. See text pp. 438-9. b. Line 4: Household survey for Urban Population 1963/64. c. Line 5: Statistics of Taxable Income of Personal Income Tax, National Statistical Service, 1964. d. Lines 6-23: Household Surveys of National Statistical Services 1963/64.

how much is used as an input, we tried to allocate the tax burden accordingly.

The tax burden falling on income earners by factors shares (profits, dividends, wages) was allocated according to the distribution of incomes in question by income brackets (lines 2-5 of Table I).

We cannot set out here the difficulties and problems we faced in choosing proper bases for allocating transfer payments⁴. We shall only refer to the main bases used for this purpose. The number of agricultural families was used to allocate pensions, sickness allowances and subsidies to the rural populations, whereas pensions to war veterans were allocated according to the total number of families. Pensions to the urban population were allocated according to the distribution of non-agricultural income. Finally, welfare allowances were allocated among the three lowest income brackets (income below 55 thousand drachmas per year) in an inverse order to their income (*i.e.*, the lower the income bracket the bigger the sum allocated).

3. *Estimating the Redistributive Impact*: The last step was to estimate the redistributive impact of the Greek tax structure and transfer payments system. We have done this by comparing the degree of inequality of income distribution before the allocation of tax burden and transfer payment benefits to the degree of inequality after the allocation of these budget items. Inequality of income distribution has been expressed by using the traditional method of Lorenz curves: further, we used Gini coefficients to measure the degrees of inequality of income distributions.

The Effective Tax Rates

Table II shows the estimated effective tax rates for 1964, expressed, for each income bracket, as a ratio of tax burden to income received. Estimates for previous and later years could not be made because information on income distribution and consumption expenditure by income brackets is not available. Nevertheless, the results of the study must be not far from present reality. There are indications showing that the basic structures (distribution of income and consumption by income brackets), used for estimating allocation of the tax burden are not likely to have changed too much.

The effective tax rates for the whole tax structure (see line 25 in Table II) has been found highly regressive for families in low and middle income classes changing to slightly progressive in the upper income groups. To be precise, the effective tax rate declines sharply from 32.9% for families with income below 15,000 drs to 19.4% for families in the income class of 77,100 to 119,900 drs. For all families in the 120,000 drs-and-over class, tax rate rises to an average

4. See Tax Foundation Inc. *Tax Burdens and Benefits of Government Expenditures by Income Class, 1961 and 1965*, p. 62.

T A B L E 2
Taxes as a Percentage of Total Income by Income Groups
 Calendar year 1964

Taxes	Family income brackets in thousand Drs.						Total
	Under	28.5-	77.1-	120	Total		
	15	15-28.4	54.9	55-77		119.9	
<i>I. INCOME TAXES</i>	<i>9.61</i>	<i>8.90</i>	<i>9.30</i>	<i>8.80</i>	<i>7.91</i>	<i>10.4</i>	<i>99.33</i>
1. Personal Income Tax	—	0.67	1.38	1.95	2.04	2.87	2.12
2. Corporate Income Tax	—	0.01	0.05	0.11	0.18	1.27	0.55
3. Contributions to Social Insurance	9.61	8.14	7.65	6.31	5.04	5.19	5.96
4. Other Income Taxes	—	0.08	0.22	0.43	0.65	1.16	0.70
<i>II. INDIRECT CONSUMPTION TAXES</i>	<i>22.79</i>	<i>21.65</i>	<i>19.38</i>	<i>14.28</i>	<i>10.60</i>	<i>13.15</i>	<i>14.39</i>
5. General Sales Taxes (turnover tax, stamp duties, taxes on agricultural products, etc)	6.60	5.63	5.55	4.24	3.12	3.77	4.15
6. Tobacco Tax	5.78	4.96	3.66	2.31	1.44	0.94	2.02
7. Sugar Tax	0.36	1.60	1.21	0.81	0.44	0.28	0.63
8. Alcoholic Beverage Tax	0.42	0.42	0.44	0.30	0.19	0.20	0.26
9. Amusement Taxes	0.02	0.12	0.21	0.22	0.23	0.31	0.24
10. Crude Oil and Mazout Taxes	1.15	1.13	0.92	0.73	0.64	0.83	0.81
11. Gasoline Tax	0.20	0.36	0.46	0.42	0.48	1.27	0.75
12. Transport Duties	0.26	0.31	0.35	0.35	0.35	1.12	0.63
13. Taxes on Luxuries	0.09	0.10	0.11	0.11	0.13	0.24	0.16
14. State Monopoly of Petroleum	0.51	1.21	0.72	0.41	0.22	0.08	0.34
15. State Monopoly of Matches	0.52	0.27	0.17	0.11	0.06	0.04	0.10
16. Other excise taxes	2.44	2.05	2.05	1.55	1.18	1.38	1.52
17. Customs Duties on Food	0.91	0.65	0.63	0.44	0.30	0.30	0.49
18. Customs Duties on Motorvehicles	0.18	0.14	0.14	0.16	0.13	0.35	0.21
19. Customs Duties on Durables	0.07	0.08	0.10	0.09	0.11	0.20	0.14
20. Customs Duties on Medicines	0.01	0.03	0.05	0.06	0.07	0.08	0.06
21. Other customs duties	3.27	2.59	2.61	1.97	1.51	1.76	1.95
<i>III. PROPERTY TAXES</i>	<i>0.47</i>	<i>2.03</i>	<i>1.36</i>	<i>1.05</i>	<i>0.91</i>	<i>1.20</i>	<i>1.17</i>
22. Taxes on Property Transactions	0.44	1.70	1.14	0.88	0.43	0.38	0.67
23. Inheritance and gift taxes	—	—	—	—	0.40	0.75	0.37
24. Other Property Taxes	0.03	0.33	0.22	0.17	0.08	0.07	0.13
25. TOTAL TAXES	32.87	32.58	30.04	24.13	19.42	24.84	24.90

of 24.8%. Thus upper income groups in Greece are taxed more heavily than the middle income classes but more lightly than people with low incomes. This feature of the effective tax rates is the result of two elements co-existing in the Greek Tax System, a regressive and a progressive element.

Taxes with regressive effective tax rates prevail in the Greek tax structure, accounting for more than 80% of the total tax revenue. Tobacco tax, contributions to social insurance and general sales taxes (turnover, stamp duty, etc.) are the most important regressive elements of the tax structure, both because their effective rate, especially that of tobacco tax, declines sharply as we move to successively higher income levels and because their weight in the total tax revenue is relatively high. Other regressive taxes with smaller weights are alcoholic and sugar taxes, state monopolies of petroleum and matches, customs duties on goods and raw materials and other smaller excise and custom taxes. The regressiveness of almost all these taxes is due, mainly, to the fact that on average 86% of their burden is shifted to goods and services for basic consumption which, according to the Household Surveys' data, absorb successively higher proportions of income at the lower income levels.

Progressive taxes are numerous but unimportant, and account for only 20% of total tax revenue. According to estimates shown in Table II; effective rates of almost all progressive taxes are very low and the overall degree of their progressiveness very small, in spite of the fact that this group includes such significant taxes as personal and corporate income tax (lines 1 and 2), inheritance and gift taxes (line 23) and taxes on luxuries (lines 9, 13, 18 and 19), for most of which legislation provides tax rates with a high degree of progressiveness. The most striking case is that of personal income tax: it has been found that the estimated effective rates of this tax, especially for the middle and high income brackets (see line 1 in Table II), are three times lower than the statutory tax rate provided by the law. This difference is due, among other reasons, to the extensive evasion of income tax practised mainly in the high income levels, the great number of tax privileges granted, without any *economic* justification, to various income earners (agricultural people, royal family, journalists, actors, etc.) and the generous tax incentives to savers, investors and exporters granted with the intention of accelerating growth. It has been estimated that if all these tax privileges and exemptions were abolished and if a way could be found to eliminate tax evasion, the effective rate of personal income tax for the 120,000 drs-and-over class could possibly be increased from 2.8% to more than 8%. The same remarks hold for the corporate income tax. Taxes on luxuries and other similar goods (lines 9, 13, 18, 19 and 20) constitute an interesting case too: a great variety of goods and services ranging from black caviar, whisky and gin to motor-cars, air-conditioning and electric appliances are taxed heavily, in some cases with such high tax rates as 300%. It is certain that almost all these goods are largely consumed by high income groups as is shown by the household surveys' data (see lines 10,12, 13 and 19 of Table I), but their weight in total consumption

expenditure and hence their tax base is small, so that, in spite of the fact that they are taxed severely, their effect is small.

The above remarks are enough to show that Public Authorities in Greece have not succeeded in making the overall effective tax rate progressive, although they have equipped the tax structure with a highly progressive income tax (its statutory marginal tax rates range from 3% for the first 5,000 drs to 49% for that part of income which is over 1 million) and with many heavy taxes on goods and services consumed mainly by people with high incomes.

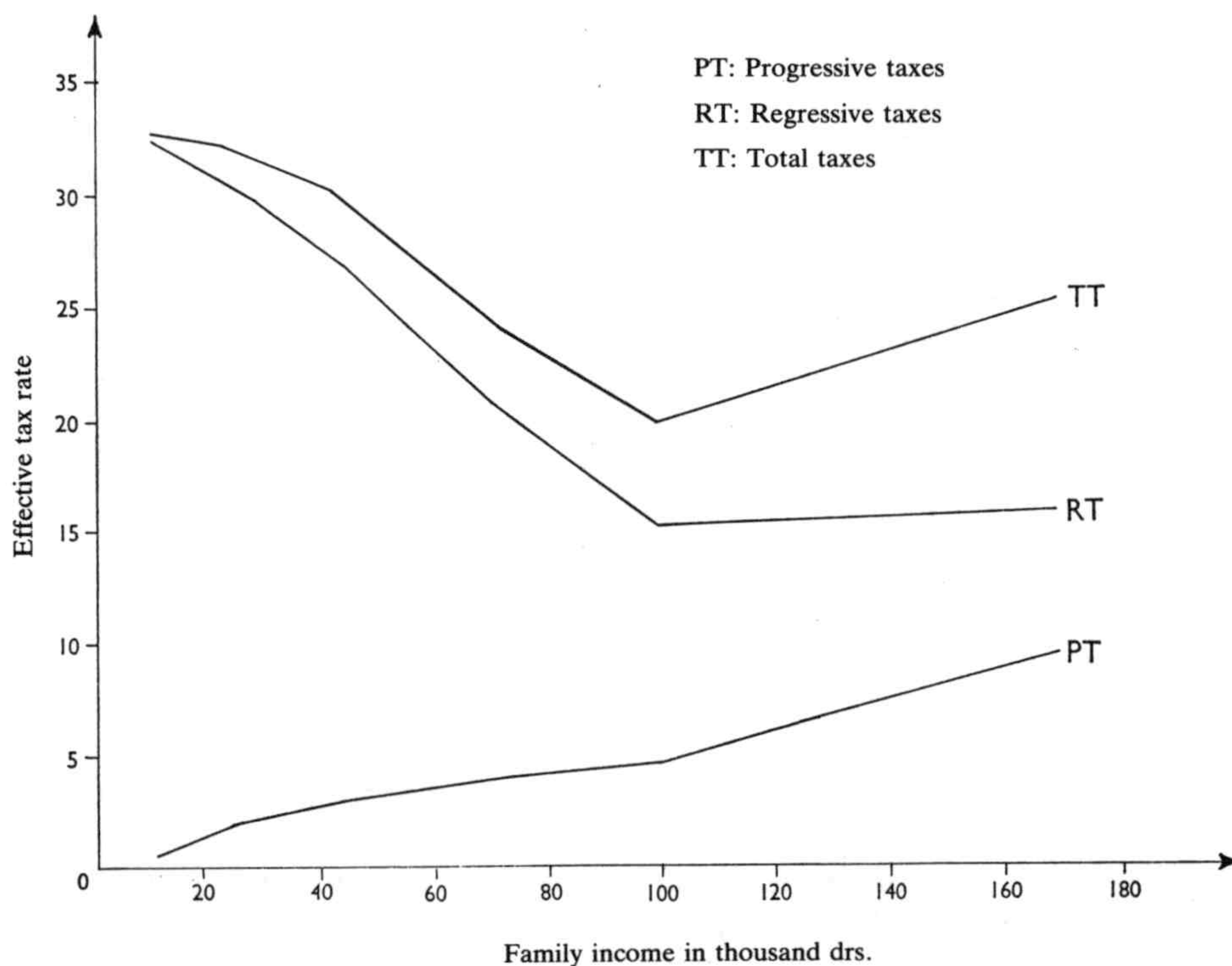


Fig. 1. Effective tax rates of the Greek tax structure.

In Fig. 1 effective rates of the various taxes have been aggregated into two groups, the regressive and the progressive ones. It is clearly shown in the figure how each group of taxes affects the overall effective tax rate of the Greek tax structure.

The whole picture is quite different if we take into account transfer payments, treated here as negative taxes. Table III shows transfer payment benefits by income groups as a percentage of income received. The pattern of total transfer payment benefits (line 6 of Table III) ranges from 68.9% of

income for families in the under 15,000 drs class to 2.5% in the 120,000 drs-and-over class. According to the estimates of Table III, a similar pattern is followed by nearly all categories of transfer payments.

TABLE 3

Transfer Payments as a Percentage of Total Income by Income Groups
Calendar year 1964

Transfer payments	Family income brackets in thousand Drs.						Total
	Under 15	15-28.4	28.5- 54.9	55-77	77.1- 119.9	120 & Over	
1. Pensions	33.3	16.5	8.7	7.6	2.2	1.3	4.7
a. Urban Population	(17.2)	(10.6)	(5.3)	(5.4)	(1.7)	(1.1)	(3.4)
b. Agricultural Population	(9.1)	(3.2)	(1.4)	(0.6)	(0.2)	(0.1)	(0.7)
c. Veterans	(7.0)	(2.7)	(2.0)	(1.6)	(0.3)	(0.1)	(0.6)
2. Sickness Allowances	7.6	2.7	2.0	1.6	1.2	0.8	1.4
a. Urban Population	(5.5)	(2.0)	(1.6)	(1.4)	(1.1)	(0.75)	(1.2)
b. Agricultural Population	(2.1)	(0.7)	(0.4)	(0.2)	(0.1)	(0.05)	(0.2)
3. Grants and Unemployment Allowances	2.2	5.2	0.4	0.6	—	—	—
4. Grants and Welfare Allowances	18.7	5.9	2.7	—	—	—	—
5. Subsidies	7.1	3.2	1.9	1.0	0.6	0.4	1.0
6. TOTAL TRANSFER PAYMENTS	68.9	33.5	15.7	10.8	4.1	2.5	8.7

Deducting transfer payment benefits received by each income group from the tax burden of the group we get the net tax burden (or net transfer payment benefits). The results are shown in Fig. 2. For all income levels over 28,500 drs, taxes exceed transfer payments. The rate of the net tax burden is almost proportional, at about 15% of income, for families in all the middle income classes ranging from 28,500 drs to 119,900 drs and it rises up to 22.3% for families in the 120,000 drs-and-over class. Transfer payment benefits exceed considerably the tax burden in the under 15,000 drs income class and the net benefit received by families in this class is 35% of their income. For families in the 15,000-28,500 drs class transfer payments exceed the tax burden very slightly.

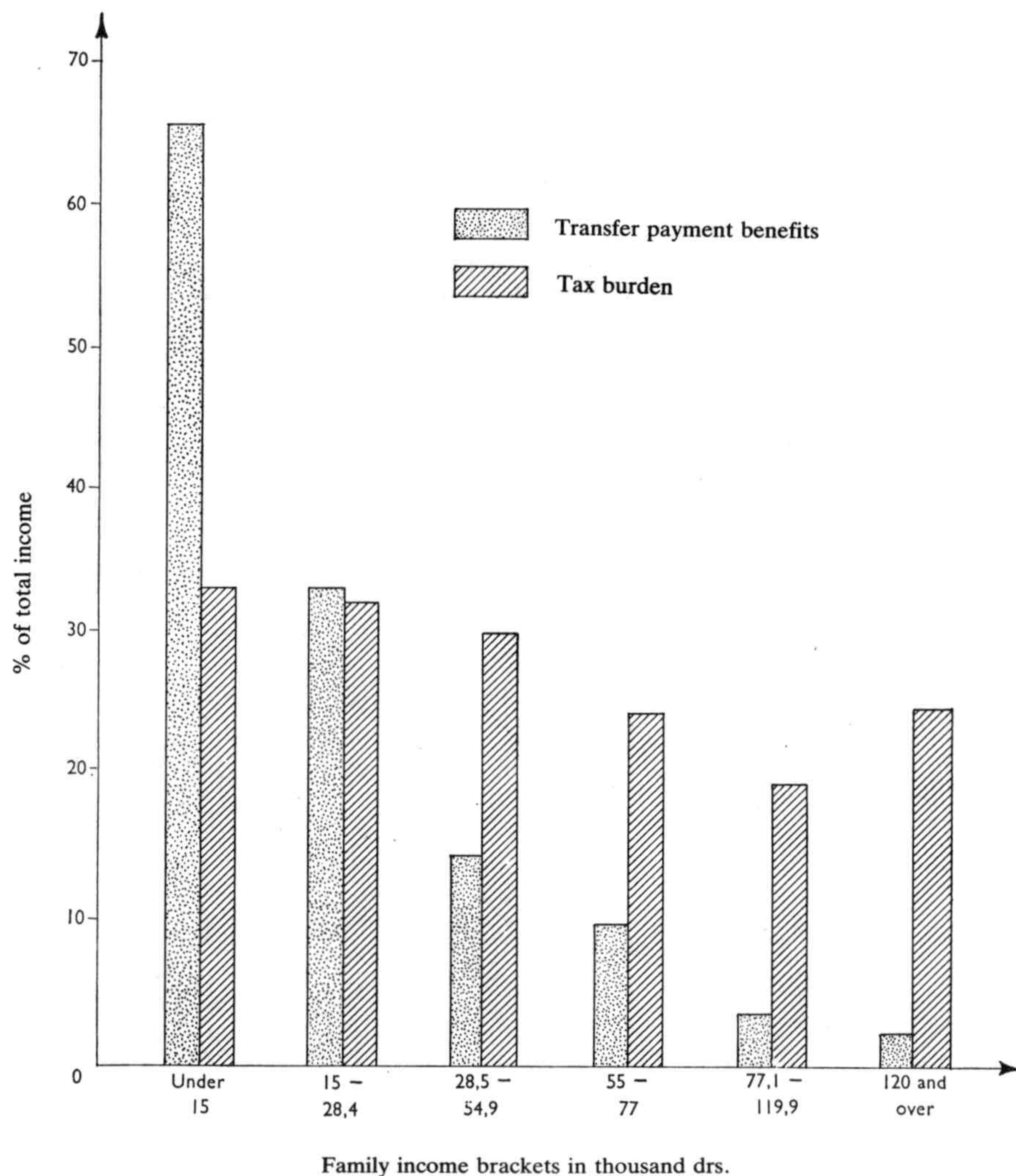


Fig. 2. Tax burden and transfer payments benefits as a percentage of total income.

The Redistributive Impact

Lorenz curves in Fig. 3 illustrate the nature of income distribution in Greece before and after the allocation of tax burden and transfer payment benefits. Estimates shown in Table IV were used as the basic material for plotting the curves. Lorenz curve *B* depicts the income distribution before the allocation of the tax burden and the transfer payment benefits. Lorenz curve *C* shows income distribution after the allocation of the tax burden. Finally, Lorenz curve *D*

shows income distribution after the allocation of both tax burden and transfer payment benefits.

The fundamental conclusion derived from Fig. 3 is that the Greek tax structure as such accentuates the inequality in the distribution of income; this is made clear by the shifting of Lorenz curve from *B* to *C*. By bringing transfer payments into the picture, however, the Lorenz curve is shifted to *D*, which means that, unlike the tax structure, the transfer payment system has the result of reducing the degree of inequality of income distribution, by redistributing income in favour of low income groups.

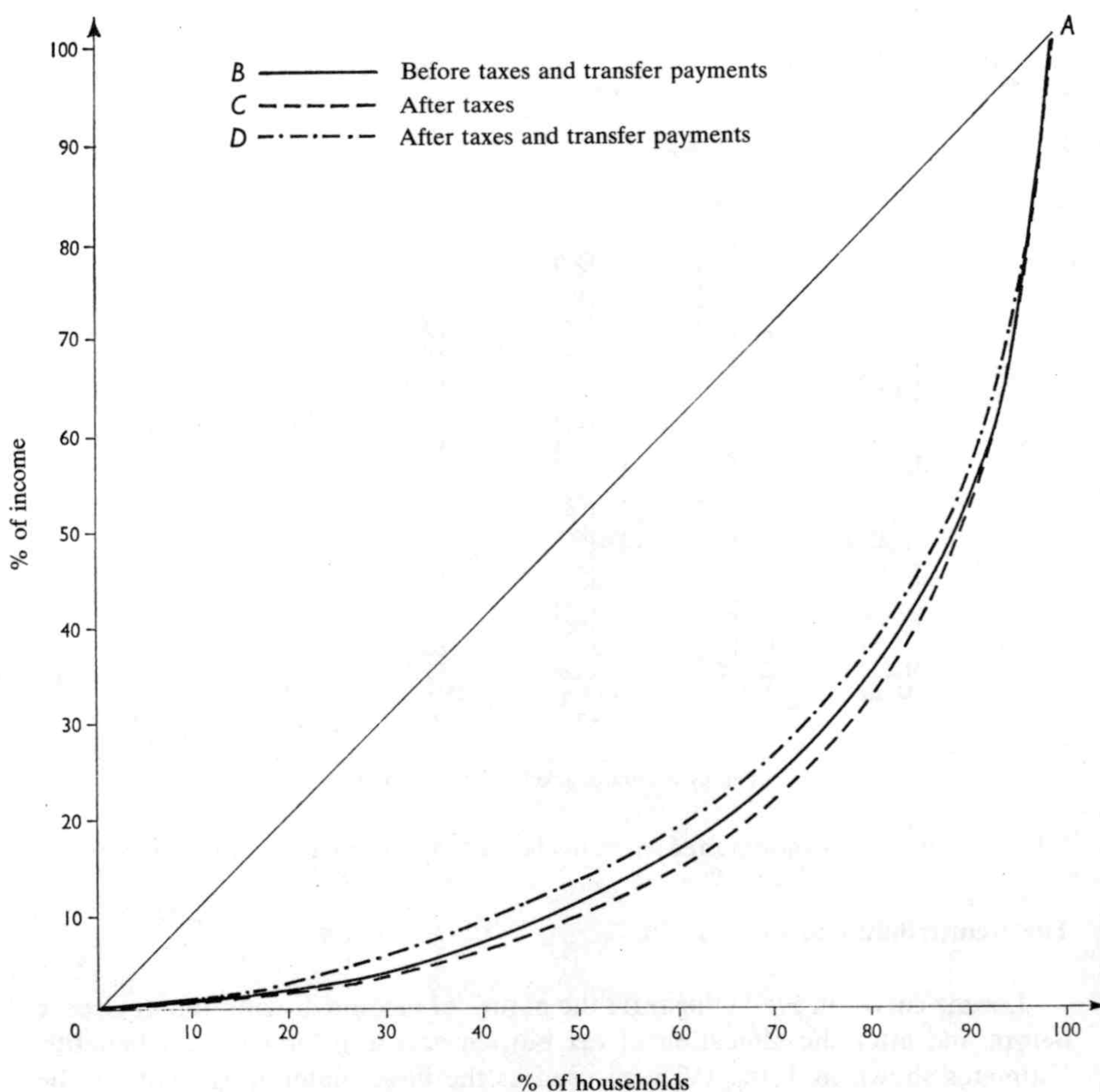


Fig. 3. Lorenz curves of income distribution in Greece in 1964.

We tried, further, to measure the degree of inequality in income distribution before and after the allocation of the tax burden and transfer payment benefit, by estimating Gini coefficients. For these estimates we used the statistical information of Table IV. The following numerical values have been found:

TABLE 4

Statistical Data for Plotting Lorenz Curves and Estimating Gini Coefficients

		Percentage contribution to the total.				Cumulative percentages.		
Family income brackets (in thousand Drs)	Households	Income before taxes and transfer payments	Income after taxes	Income after taxes and transfer payments	Households	Income before taxes and transfer payments	Income after taxes	Income after taxes and transfer payments
Under 15	15.1	1.32	1.16	2.05	15.1	1.32	1.16	2.05
15-28.4	25.1	6.21	5.60	7.50	40.2	7.53	6.76	9.55
28.5-54.9	30.3	16.23	15.11	16.41	70.5	23.76	21.87	25.96
55-77	12.8	15.20	15.35	15.82	83.3	38.96	37.22	41.78
77.1-119.9	9.6	23.35	25.00	23.45	92.9	62.31	62.22	65.23
120 and over	7.1	37.69	37.78	34.77	100.0	100.00	100.0	100.00
TOTAL	100.0	100.00	100.00	100.00				

Gini Coefficient of Income Distribution in Greece

B. Before taxes and transfer payments 0.5884

C. After taxes 0.6058

D. After taxes and transfer payments 0.5440

The Gini coefficient before the allocation of the tax burden and transfer payment benefits is high in Greece in comparison with that in many other European countries, where it does not exceed 0.45: this means that Greece is a country with extremely unequal distribution of income among people. Instead of improving the situation, the Greek tax structure increases the inequality of income distribution. This adverse distributional effect of taxation is shown by the fact that the Gini coefficient increases from 0.5884 before taxes and transfer payments to 0.6058 after the allocation of the tax burden. Among the reasons for such a redistributive impact is the regressive effective tax rates of almost all consumption taxes, the extensive tax evasion located mainly in high income levels and the great number of special tax privileges to various persons and social groups.

In contrast to the taxes, transfer payments reduce the Gini coefficient to 0.544: but we would not say that this is an important improvement: even after transfer payments, the degree of inequality of income distribution in Greece remains very high in comparison to that of other countries. These remarks suggest that important reforms in the tax and transfer payments structure are needed to correct the situation.

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