

The Taxing Deed of Globalization: Online Appendix (Not for Publication)

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1 First-stage regressions

In Table OA.1, we present the complete regression results for the first-stage regressions of the two instruments for trade openness, as well as the instrument for migration openness. In each of these regressions, the dependant variable is the measure of globalization regressed on the vector of controls and the respective instrument.

Table OA.1: FIRST-STAGE REGRESSION RESULTS

Variable	$\ln(\pi_{i,t})$	$\ln(\pi_{i,t})$	$\ln(\pi_{i,t}^{mig})$
$\lambda_{i,t}^I$	0.332 (0.024)		
$\lambda_{i,t}^{II}$		0.007 (0.002)	
$\lambda_{i,t}^{mig}$			0.236 (0.041)
Primary Ed	0.001 (0.003)	0.010 (0.006)	-0.003 (0.003)
Secondary Ed	-0.001 (0.004)	0.008 (0.007)	-0.002 (0.004)
Tertiary Ed	-0.009 (0.006)	-0.022 (0.013)	0.020 (0.009)
Democracy	0.087 (0.069)	0.467 (0.186)	-0.160 (0.063)
Left-wing	-0.013 (0.027)	0.020 (0.055)	0.074 (0.028)
Right-wing	-0.038 (0.024)	0.010 (0.059)	0.099 (0.031)
$\ln(\text{Real GDPC})$	-0.443 (0.128)	-0.213 (0.204)	0.038 (0.170)
$\ln(\text{Pop})$	-0.925 (0.333)	-0.940 (0.545)	0.311 (0.500)
$\ln(\text{Real GDPC})$ $\times \ln(\text{Pop})$	0.009 (0.045)	0.092 (0.068)	0.141 (0.045)
Constant	1.255 (0.709)	-1.590 (1.048)	-2.051 (0.948)
R^2	0.973	0.920	0.966
Observations	728	728	728
Countries	26	26	26

Note: Standard errors in parentheses are robust to an unknown form of heteroskedasticity and autocorrelation and are clustered by country and year. For brevity, time and country fixed effects are suppressed. For ease of exposition, Instrument II is in millions.

2 Second-stage regression results

Table OA.2 presents the complete regression results for Figures 2 and 4, and Table 3 in the main text at the 75th percentile. Tables OA.3 and OA.4 present the complete regression results for Table 4 in the main text.

Table OA.2: REGRESSION RESULTS: TRADE OPENNESS AND PERCENTILE-SPECIFIC RELATIVE TAX BURDEN AT 75TH PERCENTILE

Variable	1980-1993			1994-2007				
	OLS	IV-I	IV-II	OLS	IV-I	IV-II		
Mixed Distribution	Primary Ed	-0.002 (0.003)	-0.003 (0.002)	-0.002 (0.003)	0.000 (0.003)	0.000 (0.003)	0.000 (0.003)	
	Secondary Ed	0.002 (0.002)	0.002 (0.002)	0.003 (0.002)	0.003 (0.002)	0.002 (0.002)	0.002 (0.002)	
	Tertiary Ed	0.000 (0.005)	0.001 (0.005)	0.000 (0.005)	0.007 (0.007)	0.007 (0.007)	0.007 (0.007)	
	Democracy	0.042 (0.028)	0.019 (0.025)	0.053 (0.039)	0.098 (0.041)	0.095 (0.045)	0.090 (0.049)	
	Left-wing	0.033 (0.015)	0.028 (0.016)	0.035 (0.013)	-0.005 (0.004)	-0.004 (0.006)	-0.002 (0.008)	
	Right-wing	0.025 (0.017)	0.019 (0.018)	0.029 (0.014)	-0.017 (0.008)	-0.015 (0.008)	-0.013 (0.013)	
	ln(Real GDPC)	-0.119 (0.060)	-0.093 (0.050)	-0.133 (0.079)	0.440 (0.105)	0.450 (0.107)	0.473 (0.117)	
	ln(Pop)	0.066 (0.228)	0.188 (0.175)	0.004 (0.338)	0.239 (0.389)	0.259 (0.391)	0.305 (0.431)	
	ln(Real GDPC) × ln(Pop)	-0.023 (0.020)	-0.025 (0.018)	-0.022 (0.022)	0.089 (0.024)	0.088 (0.025)	0.086 (0.028)	
	Constant	1.126 (0.288)	1.096 (0.267)	1.142 (0.323)	0.034 (0.639)	0.045 (0.643)	0.071 (0.610)	
	R ²	0.727	0.724	0.726	0.654	0.654	0.651	
	Log-normal Distribution	Primary Ed	-0.006 (0.003)	-0.007 (0.003)	-0.007 (0.004)	-0.001 (0.003)	-0.001 (0.003)	-0.001 (0.003)
		Secondary Ed	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.002 (0.002)	0.002 (0.002)	0.001 (0.002)
		Tertiary Ed	0.000 (0.004)	0.001 (0.004)	0.000 (0.004)	0.009 (0.007)	0.009 (0.007)	0.009 (0.007)
Democracy		0.068 (0.028)	0.049 (0.024)	0.066 (0.044)	0.073 (0.039)	0.072 (0.043)	0.069 (0.049)	
Left-wing		0.018 (0.015)	0.014 (0.017)	0.017 (0.013)	-0.005 (0.006)	-0.004 (0.008)	-0.003 (0.010)	
Right-wing		0.010 (0.016)	0.004 (0.019)	0.009 (0.014)	-0.017 (0.009)	-0.016 (0.010)	-0.015 (0.014)	
ln(Real GDPC)		-0.152 (0.057)	-0.129 (0.048)	-0.149 (0.086)	0.380 (0.110)	0.387 (0.115)	0.397 (0.120)	
ln(Pop)		-0.011 (0.237)	0.097 (0.188)	0.004 (0.396)	0.227 (0.386)	0.241 (0.392)	0.262 (0.449)	
ln(Real GDPC) × ln(Pop)		-0.007 (0.021)	-0.009 (0.020)	-0.007 (0.022)	0.088 (0.024)	0.088 (0.025)	0.087 (0.028)	
Constant		1.422 (0.293)	1.396 (0.275)	1.418 (0.322)	0.153 (0.641)	0.161 (0.644)	0.173 (0.614)	
R ²		0.656	0.653	0.656	0.602	0.602	0.602	
Pareto Distribution		Primary Ed	0.005 (0.003)	0.005 (0.003)	0.013 (0.005)	-0.001 (0.001)	-0.001 (0.001)	-0.002 (0.001)
		Secondary Ed	0.005 (0.001)	0.005 (0.001)	0.008 (0.003)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)
		Tertiary Ed	0.000 (0.005)	0.001 (0.005)	-0.007 (0.009)	0.000 (0.006)	0.000 (0.006)	-0.001 (0.006)
	Democracy	-0.041 (0.031)	-0.057 (0.036)	0.103 (0.093)	0.032 (0.029)	0.026 (0.031)	0.021 (0.030)	
	Left-wing	0.046 (0.012)	0.043 (0.011)	0.077 (0.032)	-0.013 (0.009)	-0.011 (0.008)	-0.009 (0.006)	
	Right-wing	0.048 (0.015)	0.044 (0.014)	0.091 (0.038)	-0.013 (0.008)	-0.010 (0.008)	-0.007 (0.008)	
	ln(Real GDPC)	0.005 (0.054)	0.024 (0.050)	-0.166 (0.127)	0.487 (0.078)	0.509 (0.075)	0.531 (0.087)	
	ln(Pop)	0.199 (0.177)	0.287 (0.154)	-0.591 (0.548)	0.121 (0.334)	0.167 (0.312)	0.210 (0.360)	
	ln(Real GDPC) × ln(Pop)	-0.023 (0.025)	-0.025 (0.025)	-0.010 (0.048)	0.067 (0.018)	0.065 (0.018)	0.063 (0.018)	
	Constant	0.206 (0.333)	0.184 (0.328)	0.401 (0.573)	0.122 (0.588)	0.148 (0.596)	0.172 (0.560)	
	R ²	0.844	0.843	0.755	0.809	0.808	0.805	
	Observations	364	364	364	364	364	364	
	Countries	26	26	26	26	26	26	

Note: Standard errors in parentheses are robust to an unknown form of heteroskedasticity and autocorrelation and are clustered by country and year. For brevity, time and country fixed effects are suppressed.

Table OA.3: REGRESSION RESULTS: TRADE OPENNESS AND TAX REVENUES (PART I)

Variable	1980-1993			1994-2007				
	OLS	IV-I	IV-II	OLS	IV-I	IV-II		
Total Tax Revenues	Primary Ed	0.256 (0.098)	0.185 (0.125)	0.221 (0.157)	0.016 (0.068)	0.011 (0.073)	0.023 (0.058)	
	Secondary Ed	-0.026 (0.104)	-0.058 (0.118)	-0.042 (0.122)	0.046 (0.055)	0.037 (0.054)	0.057 (0.053)	
	Tertiary Ed	-0.316 (0.144)	-0.305 (0.135)	-0.311 (0.138)	0.164 (0.168)	0.156 (0.156)	0.175 (0.194)	
	Democracy	0.357 (1.879)	-0.021 (2.139)	0.169 (2.155)				
	Left-wing	0.355 (1.416)	0.049 (1.210)	0.203 (1.485)	0.432 (0.381)	0.508 (0.341)	0.333 (0.473)	
	Right-wing	0.100 (1.209)	-0.241 (1.094)	-0.069 (1.358)	0.159 (0.207)	0.260 (0.127)	0.026 (0.395)	
	ln(Real GDPC)	0.749 (2.856)	1.579 (3.190)	1.161 (3.430)	-6.310 (5.913)	-5.678 (5.836)	-7.140 (5.457)	
	ln(Pop)	-21.155 (12.034)	-19.265 (11.913)	-20.217 (13.021)	33.625 (10.475)	35.471 (9.784)	31.202 (13.133)	
	ln(Real GDPC) × ln(Pop)	0.250 (1.094)	-0.043 (1.333)	0.105 (1.142)	-1.200 (1.646)	-1.280 (1.528)	-1.095 (1.839)	
	Constant	61.508 (20.556)	68.582 (20.812)	65.020 (19.704)	-11.279 (17.991)	-10.941 (17.133)	-11.723 (19.363)	
	R ²	0.973	0.973	0.973	0.971	0.971	0.971	
	Firm-borne Tax Revenues	Primary Ed	0.141 (0.044)	0.091 (0.046)	0.146 (0.056)	-0.187 (0.137)	-0.178 (0.125)	-0.167 (0.106)
		Secondary Ed	0.001 (0.043)	-0.021 (0.043)	0.003 (0.045)	-0.068 (0.089)	-0.053 (0.081)	-0.033 (0.070)
		Tertiary Ed	-0.160 (0.124)	-0.152 (0.117)	-0.160 (0.123)	0.202 (0.143)	0.216 (0.162)	0.235 (0.197)
Democracy		1.143 (0.932)	0.880 (1.042)	1.170 (0.919)				
Left-wing		-1.144 (0.737)	-1.357 (0.627)	-1.122 (0.828)	0.305 (0.544)	0.171 (0.563)	-0.001 (0.655)	
Right-wing		-0.909 (0.645)	-1.147 (0.582)	-0.885 (0.745)	-0.083 (0.479)	-0.263 (0.522)	-0.493 (0.673)	
ln(Real GDPC)		2.117 (1.201)	2.696 (1.087)	2.058 (1.352)	0.132 (4.733)	-0.992 (4.984)	-2.427 (5.501)	
ln(Pop)		-8.788 (5.296)	-7.470 (5.292)	-8.922 (5.425)	39.592 (12.744)	36.311 (13.906)	32.120 (15.112)	
ln(Real GDPC) × ln(Pop)		0.058 (0.429)	-0.147 (0.499)	0.078 (0.382)	-0.179 (0.989)	-0.036 (1.107)	0.146 (1.411)	
Constant		20.208 (9.150)	25.141 (8.227)	19.707 (10.177)	-54.614 (21.865)	-55.216 (22.767)	-55.984 (24.817)	
R ²		0.975	0.974	0.975	0.930	0.928	0.920	
Employee-borne Tax Revenues		Primary Ed	0.012 (0.076)	0.032 (0.077)	0.076 (0.088)	0.115 (0.061)	0.102 (0.054)	0.107 (0.058)
		Secondary Ed	0.036 (0.046)	0.045 (0.052)	0.064 (0.060)	0.075 (0.067)	0.053 (0.056)	0.062 (0.064)
		Tertiary Ed	-0.109 (0.089)	-0.112 (0.086)	-0.118 (0.087)	0.036 (0.140)	0.014 (0.136)	0.023 (0.134)
	Democracy	-1.055 (0.800)	-0.947 (0.831)	-0.714 (0.615)				
	Left-wing	-0.024 (0.470)	0.063 (0.474)	0.252 (0.665)	0.313 (0.474)	0.510 (0.499)	0.428 (0.505)	
	Right-wing	-0.155 (0.456)	-0.058 (0.443)	0.153 (0.668)	0.573 (0.407)	0.836 (0.457)	0.727 (0.478)	
	ln(Real GDPC)	3.155 (1.751)	2.919 (1.967)	2.406 (2.032)	-4.654 (3.688)	-3.015 (4.312)	-3.694 (4.244)	
	ln(Pop)	-3.303 (7.686)	-3.841 (7.450)	-5.007 (6.833)	-13.343 (8.586)	-8.556 (8.536)	-10.540 (8.639)	
	ln(Real GDPC) × ln(Pop)	0.311 (0.613)	0.395 (0.637)	0.576 (0.620)	-0.952 (0.745)	-1.160 (0.541)	-1.074 (0.615)	
	Constant	15.267 (11.003)	13.254 (12.549)	8.888 (15.347)	39.339 (15.755)	40.216 (15.466)	39.852 (15.350)	
	R ²	0.968	0.968	0.966	0.933	0.929	0.932	
	Observations	330	330	330	350	350	350	
	Countries	25	25	25	25	25	25	

Note: Standard errors in parentheses are robust to an unknown form of heteroskedasticity and autocorrelation and are clustered by country and year. For brevity, time and country fixed effects are suppressed. The coefficient on the Democracy indicator is not identified because the indicator is unity everywhere in the second half of the sample.

Table OA.4: REGRESSION RESULTS: TRADE OPENNESS AND TAX REVENUES (PART II)

Variable	1980-1993			1994-2007				
	OLS	IV-I	IV-II	OLS	IV-I	IV-II		
Goods Tax Revenues	Primary Ed	0.103 (0.047)	0.049 (0.047)	0.022 (0.076)	0.081 (0.048)	0.078 (0.044)	0.060 (0.028)	
	Secondary Ed	-0.040 (0.062)	-0.064 (0.071)	-0.076 (0.077)	0.044 (0.037)	0.038 (0.033)	0.007 (0.027)	
	Tertiary Ed	-0.005 (0.106)	0.002 (0.104)	0.006 (0.103)	-0.123 (0.058)	-0.128 (0.056)	-0.159 (0.093)	
	Democracy	0.545 (0.855)	0.258 (0.943)	0.116 (1.152)				
	Left-wing	1.254 (0.447)	1.022 (0.357)	0.907 (0.473)	-0.467 (0.183)	-0.421 (0.149)	-0.140 (0.227)	
	Right-wing	0.881 (0.342)	0.622 (0.322)	0.494 (0.480)	-0.519 (0.194)	-0.457 (0.150)	-0.080 (0.259)	
	ln(Real GDPC)	-4.056 (2.328)	-3.424 (2.375)	-3.112 (2.796)	0.048 (1.727)	0.435 (1.681)	2.783 (2.949)	
	ln(Pop)	-9.884 (5.663)	-8.446 (4.986)	-7.736 (5.099)	5.407 (5.314)	6.536 (5.234)	13.395 (5.382)	
	ln(Real GDPC) × ln(Pop)	0.018 (0.649)	-0.205 (0.764)	-0.316 (0.811)	-0.433 (0.236)	-0.482 (0.255)	-0.780 (0.634)	
	Constant	22.495 (9.838)	27.875 (9.432)	30.534 (9.794)	8.391 (6.193)	8.598 (5.840)	9.855 (8.236)	
	R ²	0.959	0.957	0.953	0.972	0.971	0.940	
	Other Tax Revenues	Primary Ed	0.001 (0.021)	0.014 (0.026)	-0.022 (0.037)	0.007 (0.018)	0.009 (0.018)	0.022 (0.030)
		Secondary Ed	-0.022 (0.022)	-0.017 (0.025)	-0.033 (0.026)	-0.005 (0.020)	-0.001 (0.019)	0.022 (0.027)
		Tertiary Ed	-0.042 (0.044)	-0.044 (0.045)	-0.039 (0.040)	0.049 (0.063)	0.053 (0.064)	0.075 (0.097)
		Democracy	-0.276 (0.193)	-0.211 (0.221)	-0.402 (0.307)			
Left-wing		0.269 (0.092)	0.322 (0.138)	0.167 (0.159)	0.281 (0.220)	0.249 (0.225)	0.046 (0.244)	
Right-wing		0.282 (0.134)	0.342 (0.166)	0.169 (0.188)	0.188 (0.234)	0.144 (0.240)	-0.128 (0.245)	
ln(Real GDPC)		-0.467 (0.551)	-0.611 (0.538)	-0.191 (0.793)	-1.836 (1.761)	-2.106 (1.863)	-3.802 (2.341)	
ln(Pop)		0.819 (2.523)	0.492 (2.627)	1.448 (2.796)	1.968 (4.337)	1.180 (4.264)	-3.773 (4.290)	
ln(Real GDPC) × ln(Pop)		-0.136 (0.308)	-0.085 (0.328)	-0.234 (0.338)	0.364 (0.406)	0.398 (0.447)	0.613 (0.791)	
Constant		3.538 (3.196)	2.312 (3.441)	5.891 (4.076)	-4.394 (6.253)	-4.539 (6.186)	-5.446 (8.161)	
R ²		0.940	0.940	0.937	0.798	0.796	0.704	
Observations		330	330	330	350	350	350	
Countries		25	25	25	25	25	25	

Note: Standard errors in parentheses are robust to an unknown form of heteroskedasticity and autocorrelation and are clustered by country and year. For brevity, time and country fixed effects are suppressed. The coefficient on the Democracy indicator is not identified because the indicator is unity everywhere in the second half of the sample.

3 Wage regressions

This section presents the wage regressions on trade and the two trade openness instruments, which produce the counterfactual wages and tax burdens.

Table OA.5: REGRESSION RESULTS: TRADE OPENNESS AND AVERAGE WAGE

Variable	OLS	IV-I	IV-II
$\ln(\pi_{i,t})$	0.116 (0.136)	0.295 (0.146)	0.516 (0.251)
Primary Ed	0.015 (0.006)	0.014 (0.006)	0.011 (0.006)
Secondary Ed	0.012 (0.008)	0.011 (0.007)	0.009 (0.007)
Tertiary Ed	-0.032 (0.020)	-0.027 (0.020)	-0.022 (0.019)
Democracy	0.123 (0.111)	0.022 (0.121)	-0.103 (0.136)
Left-wing	0.015 (0.050)	0.010 (0.048)	0.004 (0.050)
Right-wing	0.008 (0.051)	0.005 (0.049)	0.000 (0.050)
$\ln(\text{Real GDP})$	1.074 (0.262)	1.119 (0.247)	1.176 (0.274)
$\ln(\text{Pop})$	-1.292 (0.864)	-1.103 (0.867)	-0.871 (0.752)
$\ln(\text{Real GDP}) \times \ln(\text{Pop})$	-0.089 (0.083)	-0.105 (0.075)	-0.124 (0.065)
Constant	12.178 (1.184)	12.282 (1.124)	12.411 (1.197)
R^2	0.959	0.958	0.954
Observations	728	728	728
Countries	26	26	26

Note: Standard errors in parentheses are robust to an unknown form of heteroskedasticity and autocorrelation and are clustered by country and year. For brevity, the time and country fixed effects are suppressed.

Table OA.6: REGRESSION RESULTS: TRADE OPENNESS AND SELECTED WAGE SHARES

Variable	OLS			IV-I			IV-II		
	75 th	90 th	100 th	75 th	90 th	100 th	75 th	90 th	100 th
$\ln(\pi_{i,t})$	0.017	0.010	-0.750	0.021	0.015	-0.821	0.054	0.103	-1.971
	(0.008)	(0.021)	(0.632)	(0.009)	(0.032)	(0.724)	(0.040)	(0.078)	(3.564)
Primary Ed	0.001	-0.001	-0.062	0.001	-0.001	-0.061	0.000	-0.002	-0.050
	(0.000)	(0.002)	(0.026)	(0.000)	(0.002)	(0.027)	(0.001)	(0.002)	(0.030)
Secondary Ed	0.001	-0.003	-0.096	0.001	-0.003	-0.095	0.000	-0.004	-0.086
	(0.000)	(0.002)	(0.036)	(0.000)	(0.002)	(0.036)	(0.000)	(0.002)	(0.035)
Tertiary Ed	-0.001	0.008	0.186	-0.001	0.008	0.184	0.000	0.010	0.157
	(0.001)	(0.003)	(0.079)	(0.001)	(0.003)	(0.082)	(0.001)	(0.004)	(0.092)
Democracy	-0.004	-0.029	-0.254	-0.007	-0.032	-0.214	-0.025	-0.082	0.437
	(0.007)	(0.023)	(0.615)	(0.007)	(0.028)	(0.674)	(0.020)	(0.052)	(1.741)
Left-wing	0.004	0.012	-0.094	0.004	0.012	-0.092	0.003	0.010	-0.060
	(0.003)	(0.011)	(0.230)	(0.003)	(0.011)	(0.231)	(0.003)	(0.014)	(0.218)
Right-wing	0.005	0.018	-0.021	0.005	0.017	-0.019	0.004	0.016	0.003
	(0.003)	(0.009)	(0.217)	(0.003)	(0.009)	(0.218)	(0.004)	(0.012)	(0.207)
$\ln(\text{Real GDPC})$	0.025	-0.069	-2.500	0.026	-0.067	-2.518	0.034	-0.045	-2.811
	(0.015)	(0.042)	(1.159)	(0.014)	(0.043)	(1.142)	(0.019)	(0.047)	(1.504)
$\ln(\text{Pop})$	0.052	0.192	-0.299	0.057	0.197	-0.373	0.091	0.290	-1.583
	(0.051)	(0.121)	(3.636)	(0.050)	(0.128)	(3.589)	(0.070)	(0.170)	(5.379)
$\ln(\text{Real GDPC})$ $\times \ln(\text{Pop})$	-0.001	0.027	0.506	-0.001	0.026	0.512	-0.004	0.019	0.612
	(0.003)	(0.015)	(0.216)	(0.003)	(0.014)	(0.212)	(0.006)	(0.019)	(0.403)
Constant	1.122	1.430	6.113	1.124	1.433	6.072	1.143	1.485	5.403
	(0.075)	(0.196)	(5.078)	(0.075)	(0.192)	(5.104)	(0.075)	(0.213)	(5.104)
R^2	0.618	0.847	0.845	0.616	0.847	0.845	0.431	0.827	0.834
$\ln(\pi_{i,t})$	0.006	0.002	-0.292	0.011	0.008	-0.331	0.035	0.071	-0.296
	(0.006)	(0.031)	(0.298)	(0.007)	(0.043)	(0.368)	(0.018)	(0.132)	(1.588)
Primary Ed	0.000	-0.003	-0.028	0.000	-0.003	-0.028	0.000	-0.003	-0.028
	(0.000)	(0.002)	(0.014)	(0.000)	(0.002)	(0.015)	(0.000)	(0.002)	(0.015)
Secondary Ed	0.000	-0.005	-0.049	0.000	-0.005	-0.049	0.000	-0.006	-0.049
	(0.000)	(0.002)	(0.018)	(0.000)	(0.002)	(0.018)	(0.000)	(0.003)	(0.021)
Tertiary Ed	0.000	0.012	0.100	0.000	0.012	0.099	0.001	0.013	0.100
	(0.001)	(0.004)	(0.039)	(0.001)	(0.005)	(0.040)	(0.001)	(0.005)	(0.048)
Democracy	-0.003	-0.039	-0.181	-0.006	-0.042	-0.159	-0.020	-0.078	-0.179
	(0.004)	(0.033)	(0.320)	(0.005)	(0.039)	(0.362)	(0.010)	(0.076)	(0.815)
Left-wing	0.003	0.010	0.008	0.003	0.010	0.009	0.002	0.008	0.008
	(0.002)	(0.014)	(0.117)	(0.002)	(0.014)	(0.117)	(0.003)	(0.016)	(0.125)
Right-wing	0.004	0.016	0.057	0.004	0.016	0.058	0.003	0.015	0.057
	(0.002)	(0.012)	(0.103)	(0.002)	(0.012)	(0.103)	(0.003)	(0.014)	(0.104)
$\ln(\text{Real GDPC})$	0.010	-0.115	-1.304	0.011	-0.113	-1.314	0.017	-0.097	-1.305
	(0.009)	(0.059)	(0.564)	(0.009)	(0.061)	(0.563)	(0.011)	(0.068)	(0.703)
$\ln(\text{Pop})$	0.051	0.177	0.506	0.057	0.183	0.465	0.082	0.250	0.502
	(0.035)	(0.169)	(1.631)	(0.035)	(0.175)	(1.634)	(0.042)	(0.237)	(2.448)
$\ln(\text{Real GDPC})$ $\times \ln(\text{Pop})$	0.004	0.036	0.276	0.004	0.035	0.279	0.002	0.030	0.276
	(0.003)	(0.018)	(0.122)	(0.003)	(0.018)	(0.121)	(0.004)	(0.024)	(0.193)
Constant	1.156	1.534	3.579	1.159	1.538	3.556	1.173	1.574	3.576
	(0.060)	(0.261)	(2.287)	(0.058)	(0.258)	(2.286)	(0.057)	(0.275)	(2.329)
R^2	0.523	0.849	0.859	0.520	0.849	0.859	0.451	0.842	0.859
$\ln(\pi_{i,t})$	0.013	0.020	-0.785	0.016	0.028	-0.895	0.012	0.069	-0.586
	(0.012)	(0.009)	(0.840)	(0.014)	(0.015)	(1.038)	(0.059)	(0.021)	(4.279)
Primary Ed	0.001	0.000	-0.083	0.001	0.000	-0.082	0.001	0.000	-0.085
	(0.001)	(0.001)	(0.041)	(0.001)	(0.001)	(0.042)	(0.001)	(0.001)	(0.043)
Secondary Ed	0.002	-0.001	-0.141	0.002	-0.001	-0.140	0.002	-0.001	-0.143
	(0.001)	(0.001)	(0.052)	(0.001)	(0.001)	(0.052)	(0.001)	(0.001)	(0.060)
Tertiary Ed	-0.004	0.002	0.271	-0.003	0.002	0.268	-0.004	0.003	0.275
	(0.002)	(0.001)	(0.113)	(0.002)	(0.002)	(0.116)	(0.002)	(0.002)	(0.135)
Democracy	0.006	-0.015	-0.543	0.005	-0.019	-0.481	0.006	-0.042	-0.656
	(0.012)	(0.008)	(0.888)	(0.014)	(0.011)	(1.004)	(0.030)	(0.016)	(2.220)
Left-wing	0.000	0.007	0.055	0.000	0.007	0.058	0.000	0.006	0.050
	(0.004)	(0.005)	(0.326)	(0.004)	(0.005)	(0.327)	(0.005)	(0.006)	(0.355)
Right-wing	-0.002	0.009	0.185	-0.002	0.009	0.187	-0.002	0.008	0.181
	(0.004)	(0.004)	(0.284)	(0.004)	(0.004)	(0.283)	(0.004)	(0.006)	(0.292)
$\ln(\text{Real GDPC})$	0.048	-0.003	-3.431	0.049	-0.001	-3.459	0.048	0.010	-3.380
	(0.022)	(0.018)	(1.579)	(0.022)	(0.018)	(1.578)	(0.027)	(0.019)	(1.937)
$\ln(\text{Pop})$	-0.019	0.103	1.959	-0.016	0.111	1.844	-0.020	0.155	2.169
	(0.062)	(0.065)	(4.498)	(0.061)	(0.069)	(4.501)	(0.092)	(0.077)	(6.699)
$\ln(\text{Real GDPC})$ $\times \ln(\text{Pop})$	-0.010	0.010	0.793	-0.010	0.009	0.802	-0.010	0.005	0.775
	(0.004)	(0.007)	(0.352)	(0.004)	(0.007)	(0.347)	(0.007)	(0.009)	(0.536)
Constant	1.013	1.384	7.272	1.015	1.388	7.208	1.013	1.412	7.388
	(0.084)	(0.117)	(6.266)	(0.084)	(0.114)	(6.265)	(0.086)	(0.118)	(6.416)
R^2	0.864	0.776	0.862	0.864	0.775	0.862	0.864	0.736	0.862
Observations	728	728	728	728	728	728	728	728	728
Countries	26	26	26	26	26	26	26	26	26

Note: Standard errors in parentheses are robust to an unknown form of heteroskedasticity and autocorrelation and are clustered by country and year. For brevity, time and country fixed effects are suppressed.

4 Alternative approaches to decompose the effect of globalization on labor income tax burdens

In the main text, we isolate the effect of globalization on the tax schedule alone based on the effect of globalization on average wages in OLS and the two IV specifications. In addition, we consider two alternative ways of isolating that effect:

- (a) keeping the wage distribution (i.e., wages per percentile) constant at its level of 1980,
- (b) keeping the distribution between 1980 and 1993 constant at its level of 1993 and keeping the distribution between 1984 and 2007 constant at its level of 1994.

We present the results of OLS regressions for both approaches in the two rows of Figure OA.1.

Both of these alternative procedures confirm that, indeed, the driver behind the changes in the effect of globalization on the distribution of tax burdens between 1980-1993 and 1994-2007 is the response of labor income tax schedules, rather than the response on gross wages.

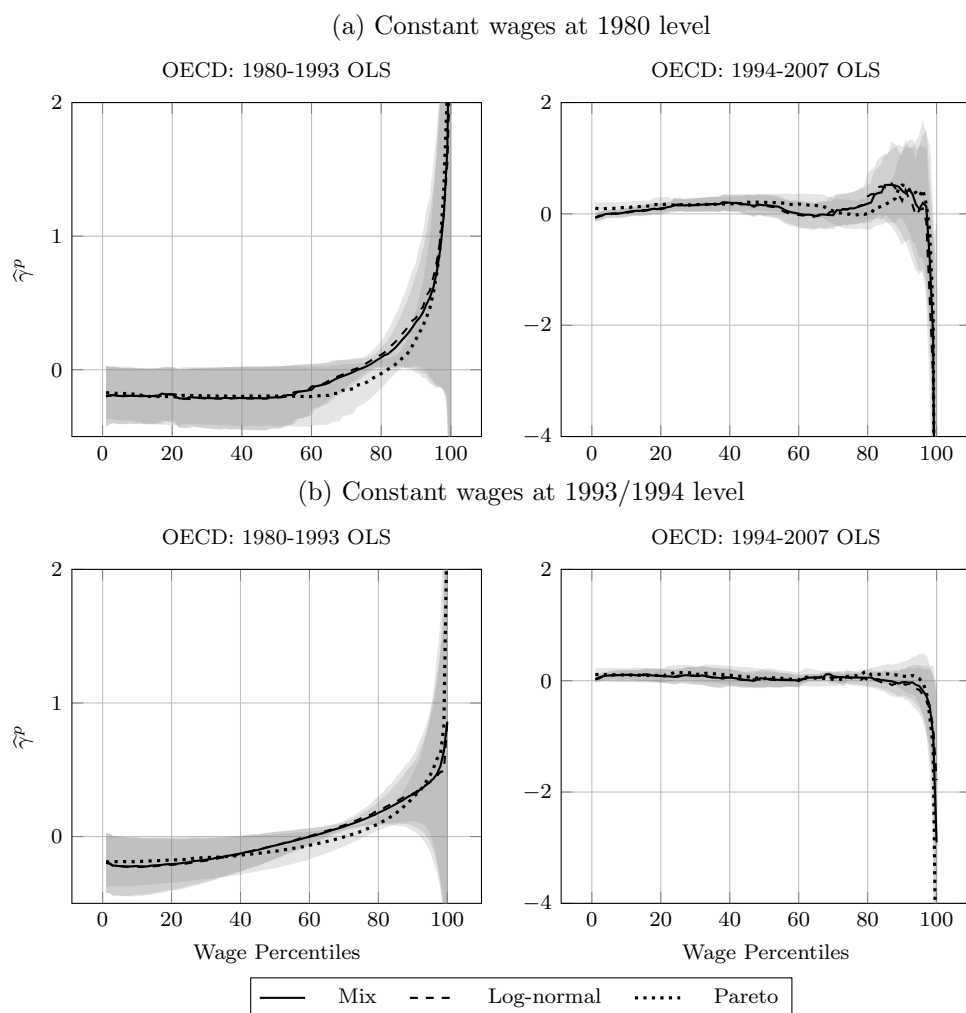


Figure OA.1: OLS COEFFICIENTS: TRADE OPENNESS AND ALTERNATIVE PERCENTILE-SPECIFIC COUNTERFACTUAL RELATIVE TAX BURDENS

5 Shift of employer labor tax burden onto employees

In the main text, we argued that our results are robust to including employer-based social security contributions. Here we repeat the analysis including social security contributions paid by the employers in the total tax bill. In Figure OA.2, we report the results that correspond to Figure 2 in the main text but now using the combined employee- and employer-based tax bill.

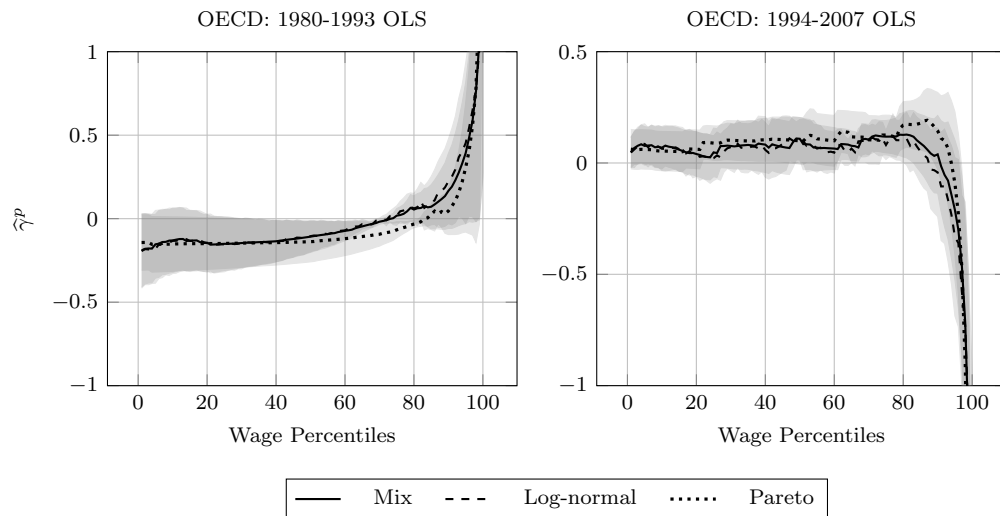
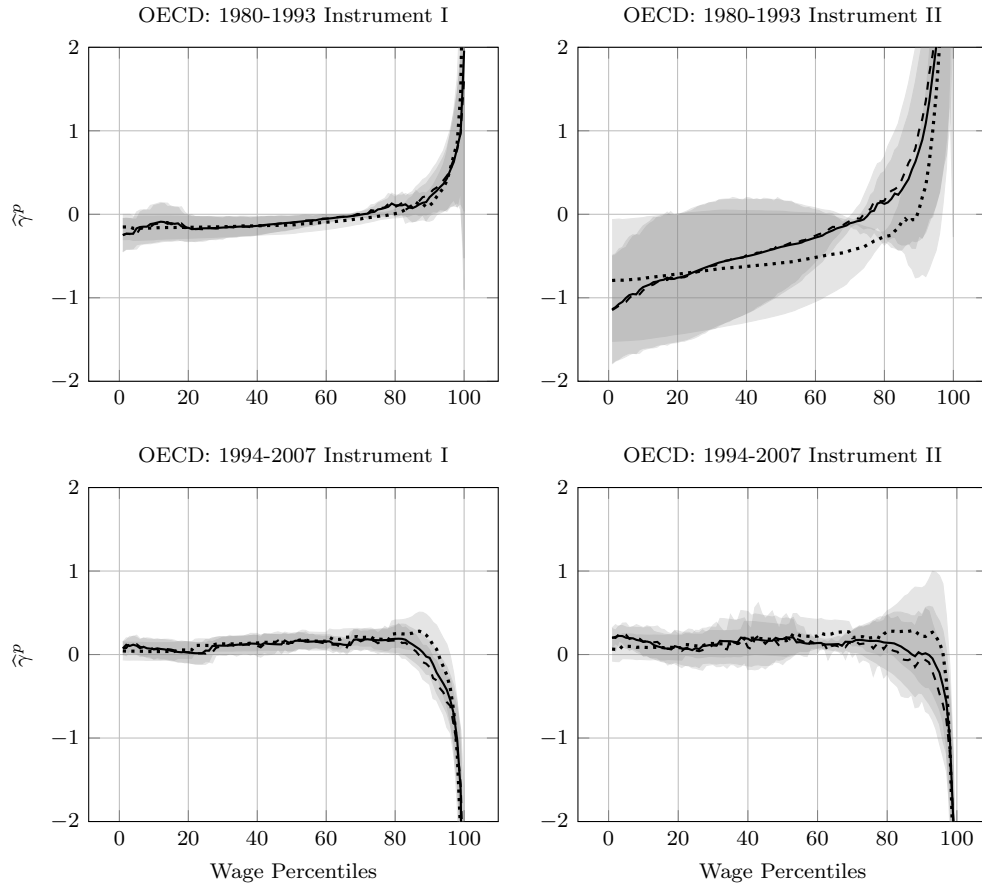


Figure OA.2: OLS COEFFICIENTS: TRADE OPENNESS AND PERCENTILE-SPECIFIC RELATIVE TAX BURDEN UNDER BURDEN SHIFTING

Next, we repeat the analysis reported in Figure 4 in the main text using employee- plus employer-based social security contributions and taxes and report them in Figure OA.3.



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Figure OA.3: IV COEFFICIENTS: TRADE OPENNESS AND PERCENTILE-SPECIFIC RELATIVE TAX BURDEN UNDER BURDEN SHIFTING

As the figure suggests, the results remain robust and are in line with those reported in the main text.

6 Non-OECD results

In this Online Appendix, we provide results for non-OECD countries that mirror those presented in the main text for OECD members. We repeat the estimation of equation (2) in the main text for the effect of globalization on the percentile-specific tax burden for non-OECD countries, presented in OA.4. We maintain the same time split as in the main text.

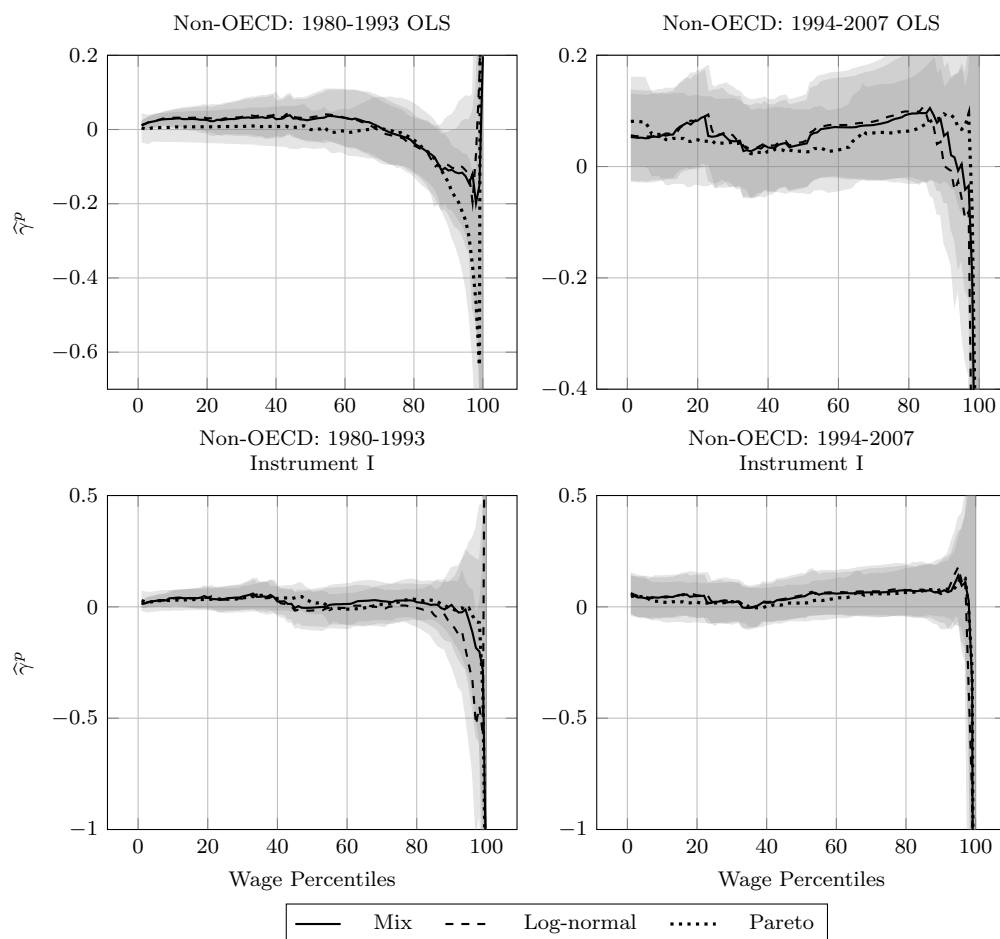


Figure OA.4: REGRESSION COEFFICIENTS: TRADE OPENNESS AND PERCENTILE-SPECIFIC RELATIVE TAX BURDEN AMONG NON-OECD COUNTRIES

Table OA.7 presents the results of trade openness on the total tax revenues and the composition thereof for non-OECD countries. Non-OECD countries rely on employee-based taxes to a much lesser extent; hence, the results that we obtain for this group are generally much less pronounced.

Table OA.7: TRADE OPENNESS AND TAX REVENUES: NON-OECD COUNTRIES

R_{it}^r	1980-1993					1994-2007				
	total	firm	employee	goods	other	total	firm	employee	goods	other
OLS $\hat{\psi}^r$	0.54	0.92	-0.58	-1.03	1.23	0.17	0.50	0.55	0.09	-0.96
	(0.80)	(0.56)	(0.27)	(0.46)	(1.09)	(0.82)	(0.39)	(0.27)	(0.56)	(0.49)
R^2	0.16	0.09	0.01	0.11	0.15	0.17	0.16	0.10	0.10	0.10
IV-I $\hat{\psi}^r$	0.28	0.90	-0.13	0.16	-0.65	0.58	0.25	0.79	0.85	-1.31
	(1.28)	(0.92)	(0.54)	(0.72)	(1.29)	(1.21)	(0.77)	(0.35)	(1.10)	(0.84)
R^2	0.16	0.09	0.01	0.11	0.15	0.17	0.16	0.12	0.10	0.12
Observations	311	311	311	311	311	383	383	383	383	383
Countries	33	33	33	33	33	35	35	35	35	35

Note: Standard errors in parentheses are robust to an unknown form of heteroskedasticity and autocorrelation and clustered by country and year. For brevity, the constant, time and country fixed effects and coefficients for education shares, democracy, left-and right-wing governments, log population, log real GDP per capita and the interaction between log population and log real GDP per capita are suppressed. The reported R^2 is adjusted and corrected for two-way fixed effects using the Frisch-Waugh-Lovell theorem.

7 Imputed employee-borne tax revenues vs. data

To check whether the estimates square well with other out-of-sample data, we compare the observed size of total employee-borne revenues with the implied employee-borne tax revenues based on the imputed data. As we have percentile-specific income data, as well as their respective tax rates (discussed below), we can calculate total employee-borne tax revenues as:

$$R_{it}^{employee} = \frac{lforce_{it}}{100} \times \sum_k \tau_{it}^k w_{it}^k,$$

where $lforce_{it}$ is total labor force in country i at time t obtained from the World Bank's World Development Indicators, with missing years interpolated using a polynomial regression on time. We compare the imputed and the actual data on employee-borne tax revenues in Figure OA.5.

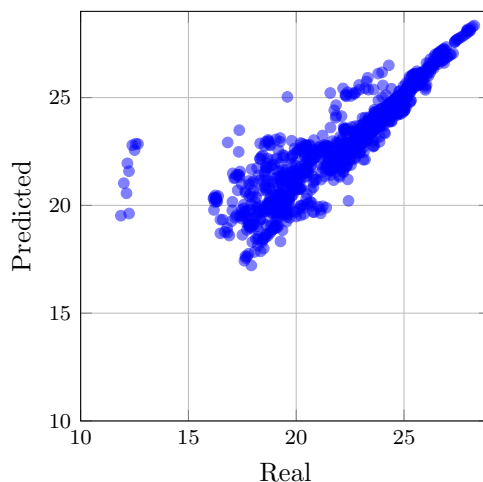


Figure OA.5: EMPLOYEE-BORNE TAX REVENUES IN LOGS: ACTUAL V. PREDICTION

While the predicted values of total labor tax revenues compare well with the data, the fit is better for OECD than for non-OECD countries. This can be explained by imperfect measurement of the active labor force and/or problems with tax collection in non-OECD countries. The overall correlation coefficients between the predicted and actual values (in logs) of $R_{it}^{employee}$ is 0.89 for the whole sample of tax revenues, while the coefficients for the individual groups are 0.98 for OECD countries versus 0.60 for non-OECD countries.