



# Competition in Fiscal Regulation and Financial Markets: the Italian False Friends

Regulatory Lectures 2006

The Adam Smith Society



# Outline

- Competition in Regulation and Capital Markets
- Fiscal Regulation and Financial Markets
- The Italian Case: Misunderstanding the Rules of Games
- Bipartisan Story: Tax Amnesty (Right), Free Tax Area (Left)



# Tax Amnesty

- Tax Amnesty: Max Multi-period Revenues.  
The Credibility Problem
- Tax Payer CBA and the Becker Model:  
Amnesty Today, Actual Enforcement  
Tomorrow
- US Experience ('80): amnesty &  
enforcement (33 on 50)
- The Italian Case



# Free Tax Area

- Free Tax Area: Max Multi-period Revenues. The Credibility Problem
- Demand and Supply: the CBA
- The OFCs Experience (40 on 222): Political Stability, No Crime and Terrorism, Market Regulation, No International Voice
- The Italian case