ONLINE APPENDIX

Fiscal windfall curse

Simon Berset & Mark Schelker[*]

August 2020

Table of content:

---

[*] Department of Economics, University of Fribourg, Boulevard de Pérolles 90, CH-1700 Fribourg, Switzerland. Email: simon.berset@unifr.ch, mark.schelker@unifr.ch.

OA.1: Replication of the equalization scheme and calculation of counterfactual transfers

The stated goal of the resources equalization scheme in the canton of Zurich is to reduce the differences between tax multipliers of municipalities (Kantonsrat des Kantons Zürich, 2010). The law specifies that the equalizing instrument should ensure that the resulting tax capacity of each municipality reaches at least the 95% of the cantonal average, i.e., the lower equalization threshold. To this purpose, poorer municipalities in terms of their tax capacity, receive unconditional transfers, which are financed by richer municipalities and by the canton. Municipalities are considered as financially strong if their tax capacity is above 110% of the cantonal average, i.e., the upper equalization threshold. The scheme is a dynamic redistributive instrument. It updates the municipality-specific transfers (positive or negative) each year t based on the relevant parameters in t–2.

For a financially weak municipality i, the transfer received in t ($T_{i,t}^+$) is formally defined as:

$$T_{i,t}^+ = \left(TC_{c,t-2} \cdot 0.95 - TC_{i,t-2}\right) \cdot Pop_{i,t-2} \cdot TM_{i,t-2},$$

where TC_c is the cantonal average relative tax capacity per capita, TC_i the municipal tax capacity per capita, Pop_i the number of municipal inhabitants and TM_i the municipal tax multiplier.

For a financially strong municipality j, the transfer paid in t ($T_{j,t}^-$) is formally defined as:

$$T_{j,t}^- = \left(TC_{j,t-2} - TC_{c,t-2} \cdot 1.1\right) \cdot 0.7 \cdot Pop_{j,t-2} \cdot TaxIndex_{c,t},$$

where $TaxIndex_c$ is a cantonal tax multiplier index that is equal to the cantonal average of the local tax multiplier in t divided by the cantonal average in year 2010.

The central parameter of the resource equalization scheme is the municipal tax capacity per capita, a measure of the local tax base. First, it is used to calculate the cantonal average relative tax capacity and the corresponding lower and upper equalization thresholds. The cantonal average relative tax capacity corresponds to the sum of municipal tax capacities per capita weighted by the municipal population. Secondly, the municipal tax capacity per capita determines the position of each municipality in the equalization scheme and it is used to calculate the amount that should be paid or received.[1]

Following the equalization rule and using the data at our disposal, we replicate the equalization transfers since its entry into force in 2012. Figure OA.1 shows that for the years 2013 to 2016, our replication corresponds precisely to the published official equalization transfers. Our replication for 2012 shows small differences with what has been published by the cantonal administration. These small differences are due to interim adjustments to the equalization rule in the year of its introduction (2012), in which a weighted average of the four previous periods of the relevant parameters are used for the calculation of transfers (see Article 34 of the Finanzausgleichsgesetz of July 12, 2010).

---

[1] Mauchle and Schaltegger (2018) provide a detailed analysis of this equalization scheme. They point out several shortcomings of the rule. Among them, they emphasize the inadequacy between equalizing the municipal tax capacities and the targeted reduction of disparities in local tax multipliers, the high reliance on the tax capacity that does not account for other sources of fiscal revenue (e.g., property gains tax), the asymmetric calculation in the positive and negative transfers, and the inclusion of the tax multiplier in the calculation of the positive transfers that result in a subsidy for setting high tax multipliers.

Figure OA.1: Observed and replicated resource equalization scheme.
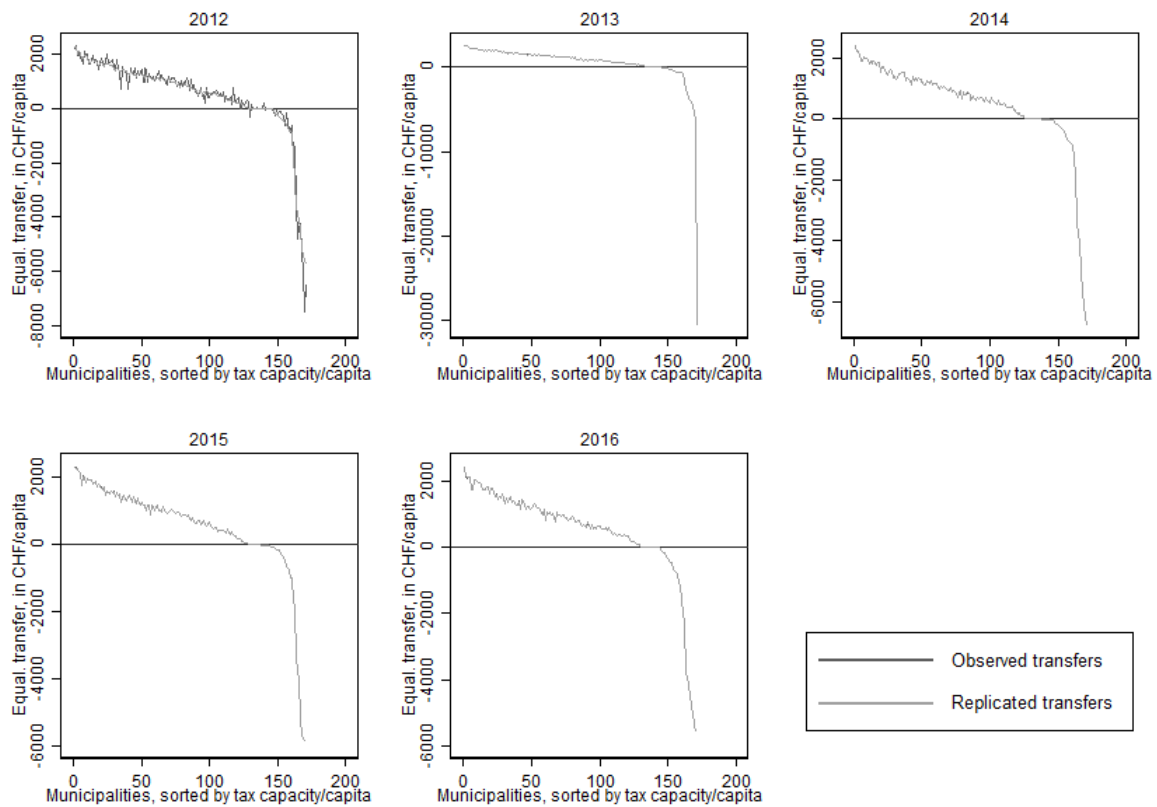
Our windfall measure consists of the difference between the observed municipality-specific equalization transfers in 2013 and the hypothetical, counterfactual transfers without the shock hitting Rüschlikon in 2011. The construction of the counterfactual equalization transfers requires correcting the parameters affected by Glencore IPO. Using these counterfactual parameters, we implement the equalization rule and re-calculate the entire equalization scheme for 2013 without the extraordinary contribution of Rüschlikon.

The Glencore windfall entered the equalization scheme in 2013 through a substantial one-off variation in Rüschlikon's tax capacity in 2011. From 2010 to 2011, Rüschlikon's tax capacity per capita jumped from CHF 11'687 to CHF 48'366 (+314%), before returning to 12'037 in 2012 (Table OA.1). This temporary variation in the tax capacity made Rüschlikon the richest municipality in the canton. In 2013, the municipality paid an unprecedented total amount of CHF 165 million to the equalization scheme. The Glencore IPO changed substantially the cantonal average relative tax capacity per capita, i.e., the relevant parameter to determine the upper and lower equalization thresholds. The calculation of the counterfactual equalization transfers requires to correct Rüschlikon's tax capacity as if there had been no shock.

The exact local income taxes paid by Mr. Glasenberg has never been officially released. We rely therefore on our accounting data and information provided by local newspapers to approximate and verify it. Assuming that the average tax capacity per capita would not have changed without the Glencore IPO, we chose to approximate the counterfactual tax capacity per capita by its value in 2010, a year prior to the shock. With the population of 2011, the approximated total tax capacity is CHF 62.9 million. Given the tax multiplier of 2011, this corresponds to an approximated counterfactual tax revenue of CHF 49.718 million. Taking the

observed tax revenues (CHF 206.3 million) and subtracting the counterfactual tax revenues (CHF 49.7), the extra tax revenue due to the Glencore IPO amounts to CHF 156.6 million. Based on information by local newspaper reports, which approximate the tax payment to about CHF 160 million (Baumann, 2012; Hotz, 2013), our calculations seem plausible.

Table OA.1: Rüschlikon's fiscal data, 2009-2016.

Year	Pop.	Res. Equal. in 1000 CHF	Tax capacity in 1000 CHF	Tax capacity in CHF/capita	Tax revenue in 1000 CHF	Tax multiplier in %
2009	5191	.	73'915	14'239	60'690	82
2010	5227	.	61'090	11'687	50'230	82
2011	5385	.	**260'452**	**48'366**	**206'280**	79
2011 (counterfactual)			*62'934*	*11'687*	*49'718*	
2012	5418	-39'127	65'219	12'037	47'351	72
2013	5542	**-164'877**	67'193	12'124	48'734	72
2013 (counterfactual)		*-29'044*				
2014	5573	-30'505	59'886	10'746	42'989	72
2015	5664	-31'510	59'435	10'493	44'606	75
2016	5720	-26'654	63'901	11'171	47'823	75

Source: Statistisches Amt des Kantons Zürich; counterfactuals based on our calculations.

We use the approximated tax capacity per capita of Rüschlikon to calculate the counterfactual equalization scheme in 2013. This consists of generating the counterfactual cantonal average relative tax capacity per capita and the two corresponding equalization thresholds. Only then can we calculate the municipality-specific transfers. The variation in Rüschlikon's tax capacity per capita contributed to an increase of the cantonal average relative tax capacity per capita of CHF 195 per capita (214 for the upper threshold, 185 for the lower threshold). Hence, the distance of each municipalities to the relevant threshold changed because of Glencore IPO. As a consequence, poorer municipalities were further away from the threshold and were to benefit from higher compensations. Richer municipalities came closer to the upper threshold and experienced a decrease in their contribution. In addition, a small number of municipalities even changed their relative position. Some municipalities that were supposed to be situated in-between the two thresholds and be "neutral" (neither receive nor pay transfers), happened to become recipients, while others switched from contributor to neutral.

Figure OA.2 pictures the observed and the counterfactual equalization patterns in per capita terms. From these two variables, we are able to compute the difference and, thus, obtain our windfall variable when multiplied with the population headcount. For poor municipalities, the difference corresponds to the additional amount received because of the shock, for rich municipalities, the amount saved.

Figure OA.2: Observed and counterfactual resource equalization transfers (per capita) in 2013.
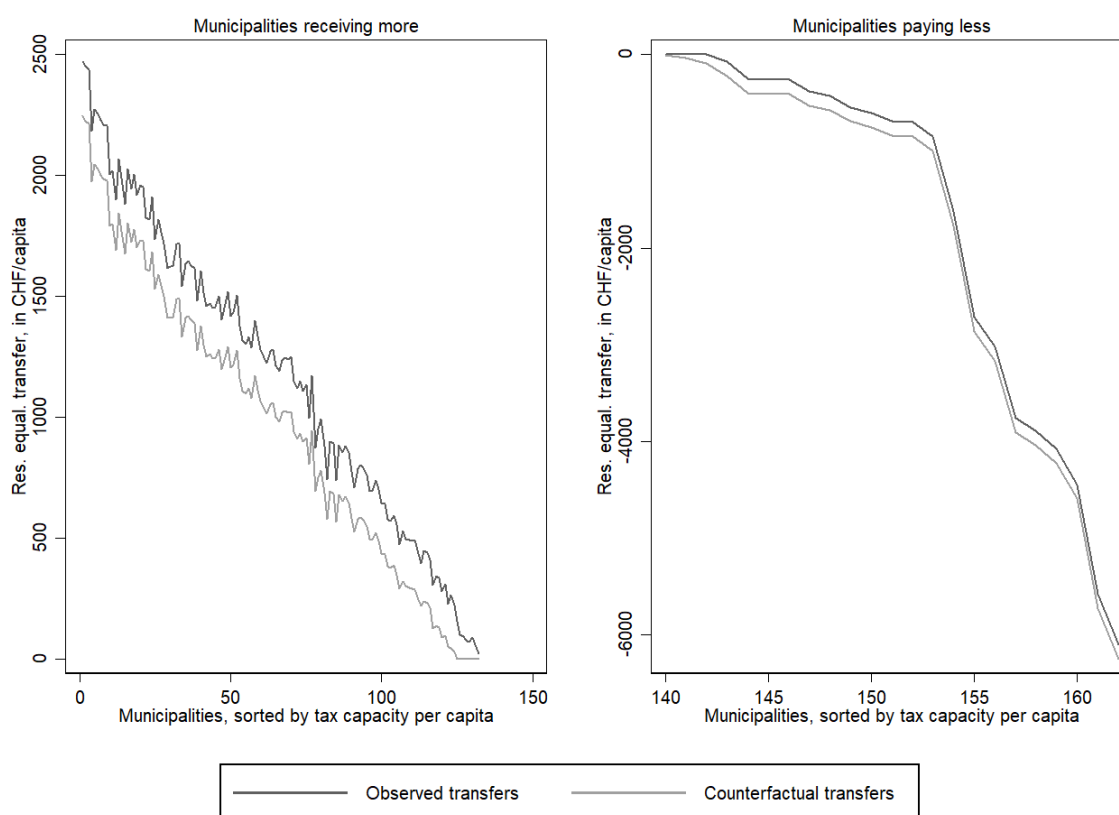
Our construction of the counterfactual equalization transfers has several implications. First, we keep the tax capacity of other municipalities in 2011 unchanged. If the Glencore IPO affected other municipalities (e.g., if other top managers or shareholders of Glencore reside in other municipalities of the canton), our measure would (rightly so) not include these spillovers. All such potential variation would be absorbed by the regular transfers for which we control in our regressions. Secondly, we know that other top managers of Glencore lived in Rüschlikon in 2011. Their incomes potentially also increased because of the IPO. Therefore, everything else being equal, we measure the total Glencore effect in Rüschlikon. However, it seems that—if anything—Mr. Glasenberg's contribution outweighed others by far.

Note once more, that the windfall measures the total additional transfers in absolute (CHF) rather than per capita terms (see equation on p. 2). The following left graph of Figure OA.3 plots the observed equalization transfers in CHF (incl. windfall) and the counterfactual equalization transfers (excl. windfall), while the right graph plots the windfall and the counterfactual equalization transfers. To improve readability and purely for presentational purposes Figure OA.3 only plots observations up to CHF 100 million tax capacity.

Figure OA.3: Observed and counterfactual resource equalization transfers (in CHF) in 2013.
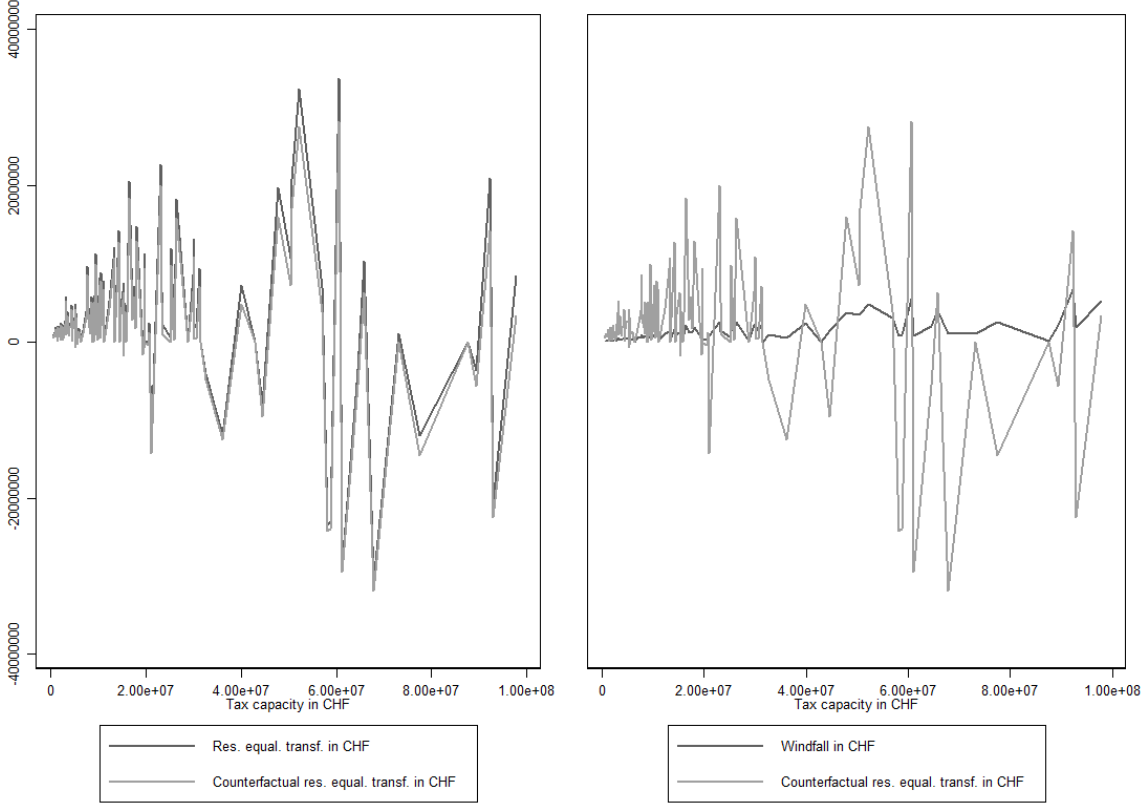
OA.2: Accounting framework

Figure OA.4: Accounting framework
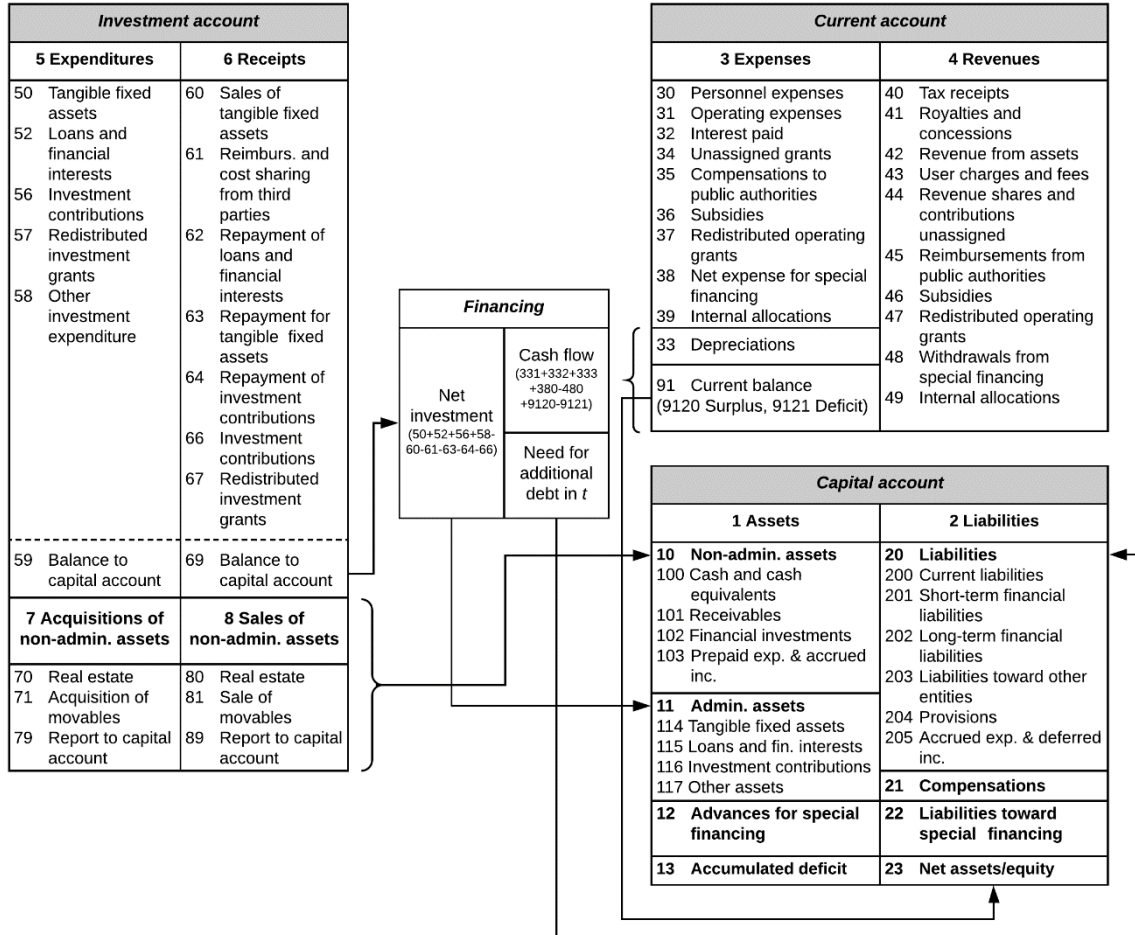
Source: Authors' elaboration based on information provided by the Direktion der Justiz und des Innern des Kantons Zürich (1984).

Note: The accounting framework uses a 3-digit numbering system that identifies any account and the respective subaccounts. The two first digits of a subaccount indicate to which main account it belongs (e.g., "301 Salaries of admin. & op. staff" is a subaccount of "30 Personnel expenses"). The subaccounts of the current and investment accounts are not presented in the figure.

OA.3: Sparse regression specification

Table OA.2: Impact on accounting aggregates when only including regular equalization transfers, population and tax capacity as covariates.

	(1) Current Expend.	(2) Current Revenue	(3) Current Balance	(4) Cash Flow	(5) Net Invest.	(6) Gross Debt	(7) Net Debt
Windfall$_{2012}$	3.898***	1.875***	-1.639***	-1.259**	0.575	0.949	2.100**
(β_{-1})	(0.396)	(0.470)	(0.547)	(0.485)	(0.466)	(1.301)	(1.021)
	[0.001]	[0.001]	[0.003]	[0.008]	[0.071]	[0.129]	[0.020]
Windfall$_{2013}$	3.794***	2.529***	-1.075***	-1.293***	0.231	1.008	3.097***
(β_0)	(0.451)	(0.454)	(0.270)	(0.303)	(0.392)	(1.388)	(1.080)
	[0.001]	[0.001]	[0.001]	[0.001]	[0.150]	[0.129]	[0.004]
Windfall$_{2014}$	3.662***	1.481***	-1.809***	-2.061***	0.130	2.535	4.972***
(β_1)	(0.467)	(0.416)	(0.295)	(0.379)	(0.433)	(1.646)	(1.321)
	[0.001]	[0.001]	[0.001]	[0.001]	[0.179]	[0.046]	[0.001]
Windfall$_{2015}$	3.388***	1.436**	-1.479***	-1.560***	0.432	4.368**	6.780***
(β_2)	(0.584)	(0.558)	(0.305)	(0.352)	(0.469)	(1.786)	(1.490)
	[0.001]	[0.008]	[0.001]	[0.001]	[0.103]	[0.010]	[0.001]
Windfall$_{2016}$	3.060***	1.888***	-0.938**	-0.979*	1.441	7.545***	6.931***
(β_3)	(0.619)	(0.576)	(0.414)	(0.511)	(0.881)	(2.411)	(1.914)
	[0.001]	[0.002]	[0.015]	[0.024]	[0.039]	[0.002]	[0.001]
Reg. equal. transfers	yes	yes	yes	yes	yes	yes	yes
Population	yes	yes	yes	yes	yes	yes	yes
Tax capacity	yes	yes	yes	yes	yes	yes	yes
Municipal FE	yes	yes	yes	yes	yes	yes	yes
Year FE	yes	yes	yes	yes	yes	yes	yes
N	1458	1458	1458	1458	1458	1458	1458
Municipalities	162	162	162	162	162	162	162
R2	0.765	0.737	0.447	0.451	0.0661	0.189	0.267

OA.4: Robustness tests

Table OA.3: Elimination of influential observations (minimum/maximum)

| Outcome | Windfall$_{2013}$ | | |
	(1) Full sample	(2) Smallest effect	(3) Largest effect
30 Personnel expenses	0.725***	0.659***	0.824***
	(0.177)	(0.180)	(0.151)
	[0.002]	[0.006]	[0.001]
31 Operating expenses	0.23	0.15	0.283*
	(0.147)	(0.138)	(0.146)
	[0.287]	[0.527]	[0.16]
33 Depreciation	-0.237	-0.365	-0.0909
	(0.274)	(0.257)	(0.259)
	[0.510]	[0.359]	[0.773]
36 Subsidies	0.907***	0.804***	1.039***
	(0.222)	(0.225)	(0.205)
	[0.002]	[0.008]	[0.001]
40 Tax receipts	-0.803***	-0.916***	-0.722***
	(0.217)	(0.196)	(0.208)
	[0.004]	[0.001]	[0.009]
43 User charges and fees	0.618*	0.432	0.758**
	(0.317)	(0.275)	(0.292)
	[0.190]	[0.345]	[0.045]

Heteroscedasticity corrected and clustered standard error are presented in parentheses.

* p< 0.10, ** p<0.05, *** p<0.01. False discovery rates [q-values] are reported in brackets.

Note: We run 162 regressions per outcome variable and always exclude one of the 162 municipalities. In this table we report the regression coefficients of the windfall variable in 2013 for the full sample and for the samples excluding the most influential observation (minimum and maximum effect size). Column 1 reports the effect based on the full sample of municipalities (as reported in the main text). Column 2 reports the smallest and column 3 the largest estimated coefficient obtained from regressions on each outcome excluding one municipality at a time. We only report the most important results according to our main analysis. The results are qualitatively similar for the impact in other years (2012, 2014-2016) and on other outcomes.

Figure OA.5: Municipalities receiving more *versus* paying less
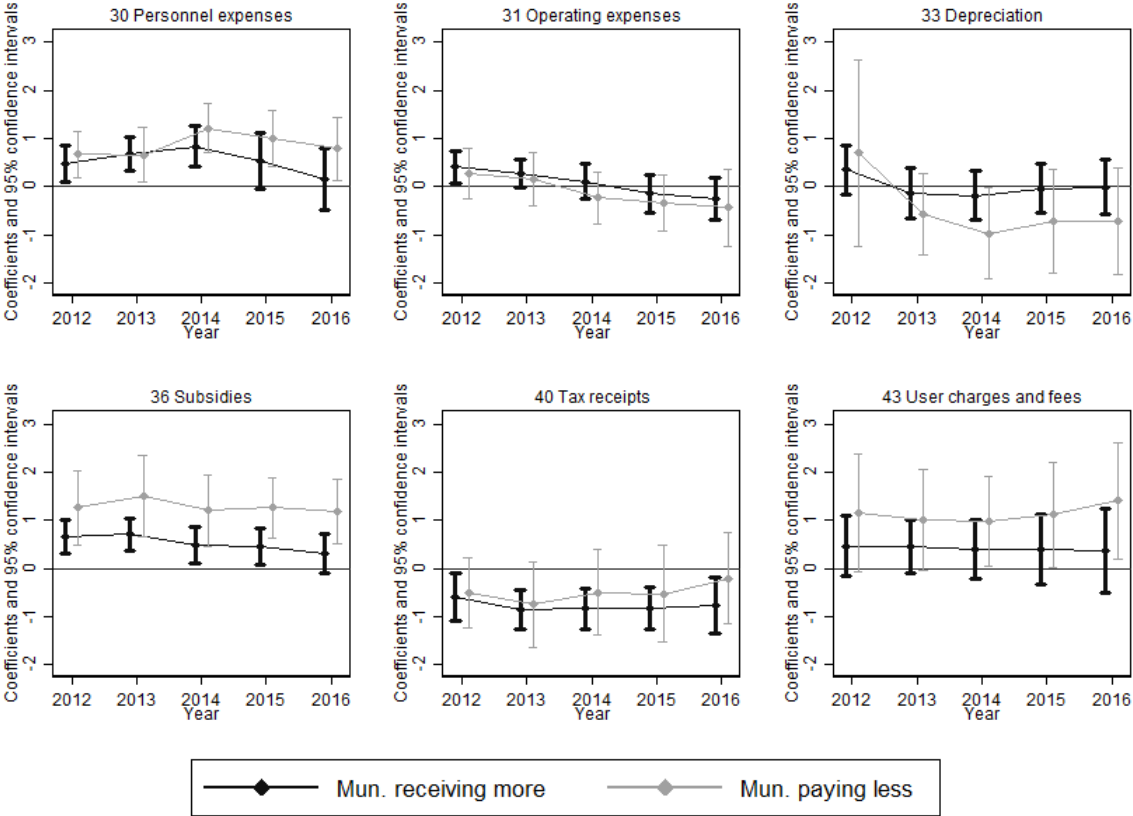
Note: The 95% confidence interval around the estimated coefficients for the municipalities "receiving more" (in black) tests against the null hypothesis of coefficients not being significantly different from zero. The 95% confidence interval around the estimated coefficients of those "paying less" (in gray) tests against the null hypothesis of coefficients not being significantly different from the baseline coefficients of those "receiving more" (in black). Definition: municipalities "receiving more" are those situated below the threshold of 95% average cantonal tax capacity. Municipalities "paying less" are those situated above the threshold of 110% of the average cantonal tax capacity.

Figure OA.6: Municipalities with a population size below *versus* above 10'000 inhabitants
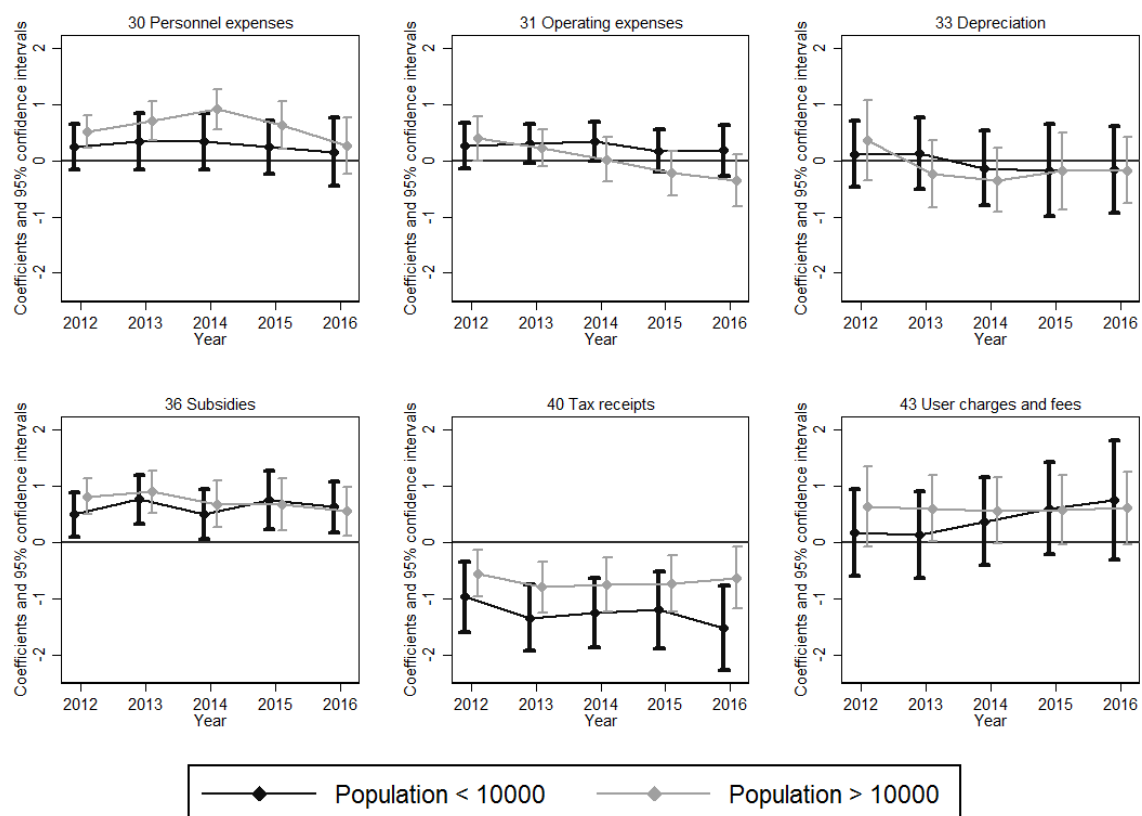
Note: The 95% confidence interval around the estimated coefficients for municipalities below 10'000 inhabitants (in black) tests against the null hypothesis of coefficients not being significantly different from zero. The 95% confidence interval around the estimated coefficients of those above 10'000 inhabitants (in gray) tests against the null hypothesis of coefficients not being significantly different from the baseline coefficients of those below 10'000 inhabitants (in black).

Table OA.4: Mechanical impact of the windfall

	(1)	(2)
	341 Resource Equalization (negative)	445 Resource Equalization (positive)
Windfall $_t$ (negative transfer)	-0.927***	-0.0134
	(0.191)	(0.201)
	[0.001]	[0.899]
Windfall $_t$ (positive transfer)	0.0682	0.919***
	(0.171)	(0.186)
	[0.853]	[0.001]
Controls	Incl.	Incl.
Municipal FE	Incl.	Incl.
Year FE	Incl.	Incl.
Observations	1458	1458
Municipalities	162	162
R^2	0.693	0.684

Note: Heteroscedasticity corrected and clustered standard error are in parentheses.
* p<0.10, ** p<0.05, *** p<0.01. False discovery rates [q-values] are reported in brackets.

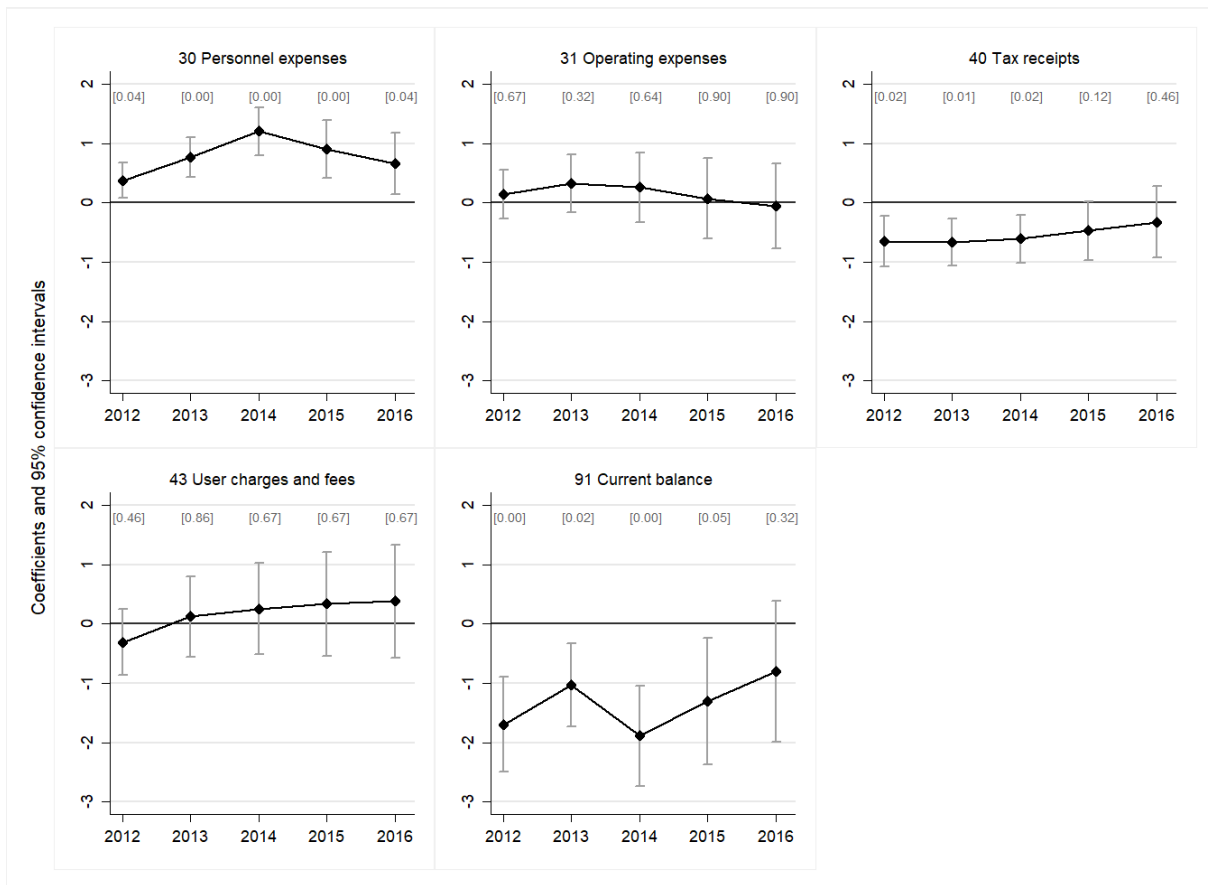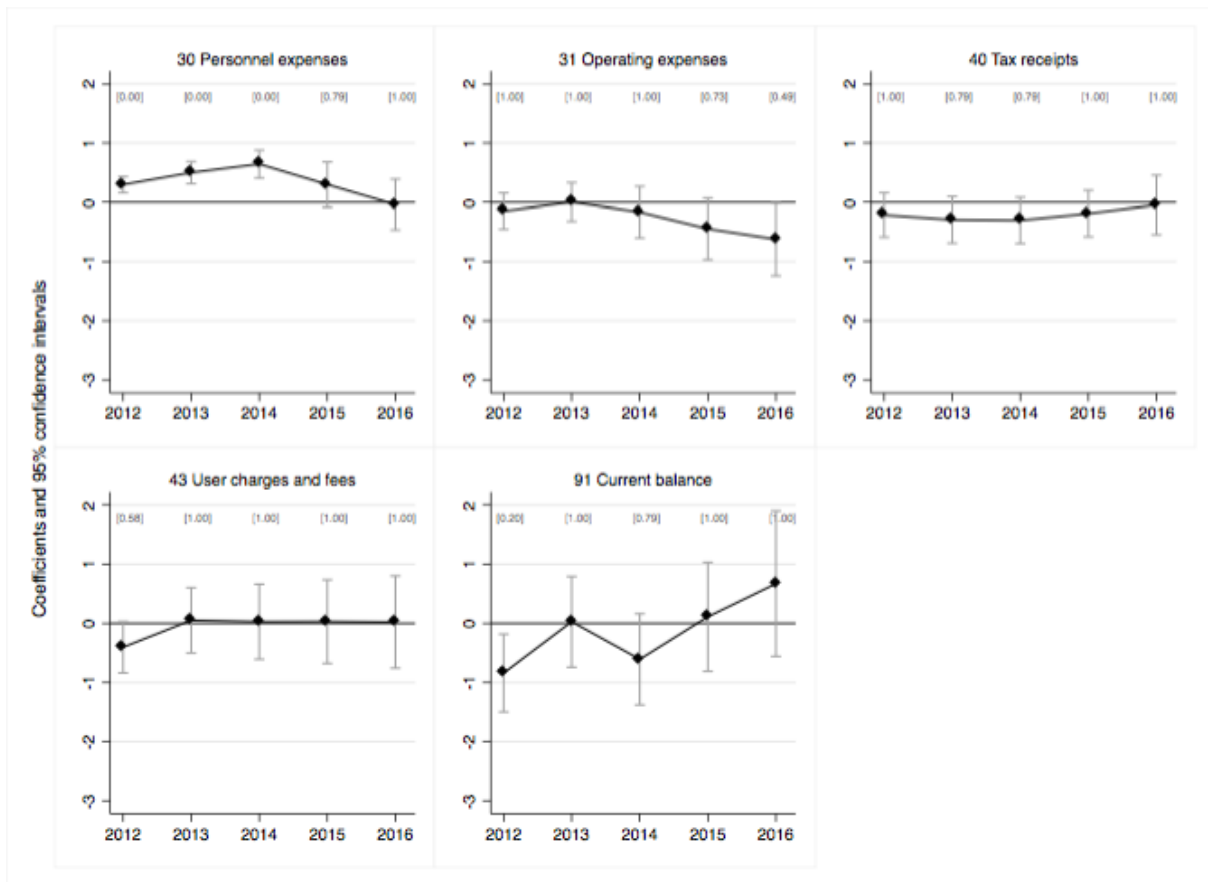Figure OA.7: Extended time period spanning 2000-2016

Figure OA.8: Extended time period spanning 2000-2016 and municipal time trends

OA.5: The political economy of the windfall

From a political economics perspective (e.g., Persson & Tabellini, 2000; Mueller, 2003; Besley, 2006), policy makers are not welfare-maximizing social planners, but rather individuals that maximize their private utility subject to some constraints. We assume that policy makers want to win elections[2] or—as in the case of local politics in Switzerland—win public votes and ballots, and that they want to provide rents to some specific groups close to their own preferences. In what follows, we concentrate on two constraints: Group size and heterogeneity, and information costs and asymmetries.

First, politicians want to win elections and ballots and, thus must appeal—at least partially—to local voters. However, voters are heterogeneous and have potentially very different interests and preferences. The ability to organize a political interest group to articulate the groups' preferences depends on the size of the group, its heterogeneity, and the intensity of its preferences (Olson, 1965; Mueller, 2003). Therefore, not all policy issues, and hence, not all voters, carry the same weight in policy makers' objective functions. Conclusively, the number of potential votes a specific group incorporates, and the group's ability to organize, are important features from a policy maker's perspective.

Second, in a standard principal–agent framework (e.g., Besley, 2006), information asymmetries provide politicians the necessary slack to deviate from voter preferences. The media are an important source of information. They affect information costs and information asymmetries and have a direct effect on policy makers' behavior (e.g., Besley & Burgess, 2002; Snyder & Strömberg, 2010).

Therefore, we analyze whether these politico-economic constraints can systematically explain the patterns in our data, and therefore policy makers' behavior. We derive four simple parameters: 1) group size, 2) degree of organization, 3) personal perceptibility and immediacy of policy, and 4) public information about policy via media coverage.

Group size: Larger groups carry more potential votes. More specifically in the context of our municipalities with a town meeting and potentially low electoral competition, larger groups still

---

[2] The literature typically assumes that politicians want to win elections. However, political competition at the local level in the canton of Zurich is not overwhelming. It is notoriously difficult to find enough candidates for political offices. Nevertheless, politicians are tied to the electorate at large, because they have to face citizens in municipal assemblies several times a year. Therefore, we assume, similar to the traditional assumption, that politicians want to cater to the electorate at large (at least partially).

wield a rather important influence in local town meetings. Thus, swaying large groups might be essential. *Degree of political organization*: However, large groups find it harder to organize. Therefore, small groups are known to be more effective in lobbying for specific favors. The capability to organize depends not only on the size of the group, but also on its homogeneity in preferences, the intensity of these preferences, and other factors that might help or impede organization (e.g., Olson, 1965; Mueller, 2003). For example, relatively heterogeneous groups of parents might be able to organize their common interest in the quality of education for their kids. However, it might be difficult for the residents of a nursing home to effectively organize and voice their preferences. They might have to rely on relatives to speak on their behalf.

The two remaining factors are more closely related to information asymmetries. *Personal perceptibility and immediacy of a policy*: How closely and directly a voter is affected by a particular policy and how quickly he perceives it constitutes the private information channel. For example, the perceptibility and immediacy of a tax reduction is high, because voters directly and immediately perceive it with their tax declaration and tax payment. The link between this specific policy and its effect on a voter's personal situation is easily identified. The same is true for a salary rise of a public administrator. However, a general increase in depreciations is hardly perceptible at the individual level and it does not immediately and tangibly affect voters. *Media coverage*: The ability to form a political opinion is contingent on the availability of information (e.g., Besley & Burgess, 2002; Snyder & Strömberg, 2010). This might directly depend on the media coverage of public policies. This is the public information channel.

a) Classifying politico-economic constraints

We independently categorize the financial flow of each account according to these four dimensions. For each account, we ask: Who is affected by the financial flow (small/large group, organized/unorganized)? Are they immediately affected by and aware of its implications? How often did the media cover the various financial flows in the respective accounts? We classify each account with four dummy variables: large/small group, organized/unorganized, high/low immediacy, and highly/low media. Table OA.6 summarizes the coding for each account.

Group size (L/S): Specifically, we code whether or not a specific group is affected by the account, and then decide if the group is large or not. For example, the account reflecting income tax revenues relate to taxpayers. We code taxpayers to form a large group. Personnel expenses relate to administrative staff, and operating expenses, such as fuel, concern local providers. We code those as small groups, etc. Unspecific accounts, such as the current account balance or depreciations, concern everybody and we categorize them as affecting a large group.

Organization (O/U): For small groups, we then determine whether the group is likely to be organized. Most of the small and specific groups are coded as being organized (O), for example, local employees, local private providers and firms, or payers of specific user charges such as local schools. We classify some small groups as being unorganized (U) if they involve heterogeneous agents like the buyers or sellers of non-administrative assets; if they are counterparts in highly regulated, technical, and rare local transactions (e.g., buyers or sellers of rights of forest use); and nursing home residents who are typically highly dependent on other people.

Immediacy/perceptibility: We then determine whether the account concerned a specific group that could immediately perceive the impact of an adjustment. Subsidies to private individuals or regular income taxes have a direct and tangible effect on local individuals and taxpayers (HI: high immediacy), whereas depreciations or deficits cannot be directly linked to a specific group (LI: low immediacy).

Media coverage: We measure the degree of media coverage by counting how often the content pertaining to a specific account category appeared in Swiss German newspapers between January 1, 2000 and December 31, 2017. The canton of Zurich provides a detailed description of the accounting model, which mentions each account with its title and a description including keywords. We make sure that articles unrelated to municipal accounts are not included in our counts. The large majority of the accounts were only rarely mentioned in the media, while a few accounts received much attention. For example, municipal tax revenues (2150 mentions), depreciations (861), and the current account balance (2884) received much attention. Other categories such as rental incomes (24), incomes from bank balances (24), or user charges for nursing homes and local school fees (20) received very little attention; other, more technical accounts were not mentioned at all. We would not trust the resulting count to reflect precisely the number of times newspapers reported on a specific account. However, we believe that an aggregated measure distinguishing between accounts with low and high media attention serves our purpose. We observe a highly skewed distribution of media coverage. Accounts falling in the top decile of the distribution are classified as "high media" (HM), the others as "low media" (LM).

Of the 16 possible combinations of the four categories, we find that not all actually exist in the data (Table OA.5). For example, we did not code any large and at the same time well-organized groups at the local level, and we did not code any combinations in which small groups were affected and the effect was not immediately perceptible for those groups. Note that we code

each dimension independently. To us it makes intuitive sense that these combinations do not materialize in our coding. The detailed classification of accounts is presented in Table OA.6 below.

Table OA.5: Politico-economic classification of accounts

Group	No. of accounts	Size of group (L/S)	Degree of organization (O/U)	Immediacy (HI/LI)	Media coverage (HM/LM)	Account examples
Gr. 1	1	L	U	HI	HM	tax receipts
Gr. 2	57	S	O	HI	LM	e.g., personnel exp., subsidies
Gr. 3	3	L	U	LI	HM	e.g. current balance, depreciation
Gr. 4	17	L	U	LI	LM	e.g. interests, financial revenues
Gr. 5	6	L	U	HI	LM	e.g. fines, general user charges
Gr. 6	24	S	U	HI	LM	e.g. home fees, sales of forests

b) Empirical traces of politico-economic tradeoffs

We want to test, whether or not the windfall patterns in our accounting data are related to these politico-economic factors. We sum up all the flow accounts according to the different group classifications described above and estimate the effect of the windfall on the total flows to and from these groups.

We exclude the predetermined mandatory contributions to other layers of governments (e.g., positive and negative transfers from, or to, the central government) and mechanically affected accounts (e.g., social welfare contributions due to increases in personnel expenses). To normalize the direction of the effects, we multiply all coefficients pertaining to the revenue side by -1 (the right-hand side of all current and investment accounts). This is necessary, because expenditures and revenues are inscribed on different sides of the accounts. Therefore, the effect points in different directions. We do not include the capital accounts because they measure the *cumulative* effect of the windfall and always affect the entire population of a municipality (and never specific groups).

The patterns in Figure OA.9 indicate that large unorganized groups (Gr. 1) tend to benefit from the windfall (about CHF +0.7 per CHF 1 of windfall) where the policy is easily perceived by voters (high immediacy) and highly mediatized (e.g., tax cuts). Large unorganized groups tend to lose (about CHF -2.0 per CHF 1 of windfall) from the windfall when immediacy is low, despite high media attention (Gr. 3). The results of this specific group are primarily driven by

the effect of the current balance reflecting the imbalance of the implemented policies, despite the fact that media attention is particularly high on this category. In contrast, small organized groups (Gr. 2) tend to benefit from the windfall (about CHF +2 per CHF 1 of windfall) if the flows are easily perceptible (i.e., if the beneficiaries know about the benefit and might be able to return the favor), and remain under the radar of the media (e.g., personnel expenses). In addition, the windfall tends to initially hurt small, but unorganized, groups (Gr. 6).

Our interpretations posit that policy makers react to their individual incentives to maximize political benefits. On the one hand, they want to be reelected and, thus, target the large, but unorganized group of taxpayers with highly mediatized and immediately perceptible benefits, such as tax cuts. On the other hand, they also want to target well-organized interest groups (e.g., local employees and private individuals) with benefits that are directly visible to the recipients, but remain generally hidden due to a lack of media attention. To compensate for the resulting imbalances, they shift the burden to less immediately perceptible dimensions and to possibly unorganized groups.

Figure OA.9: Effect on the windfall on politico-economic groups
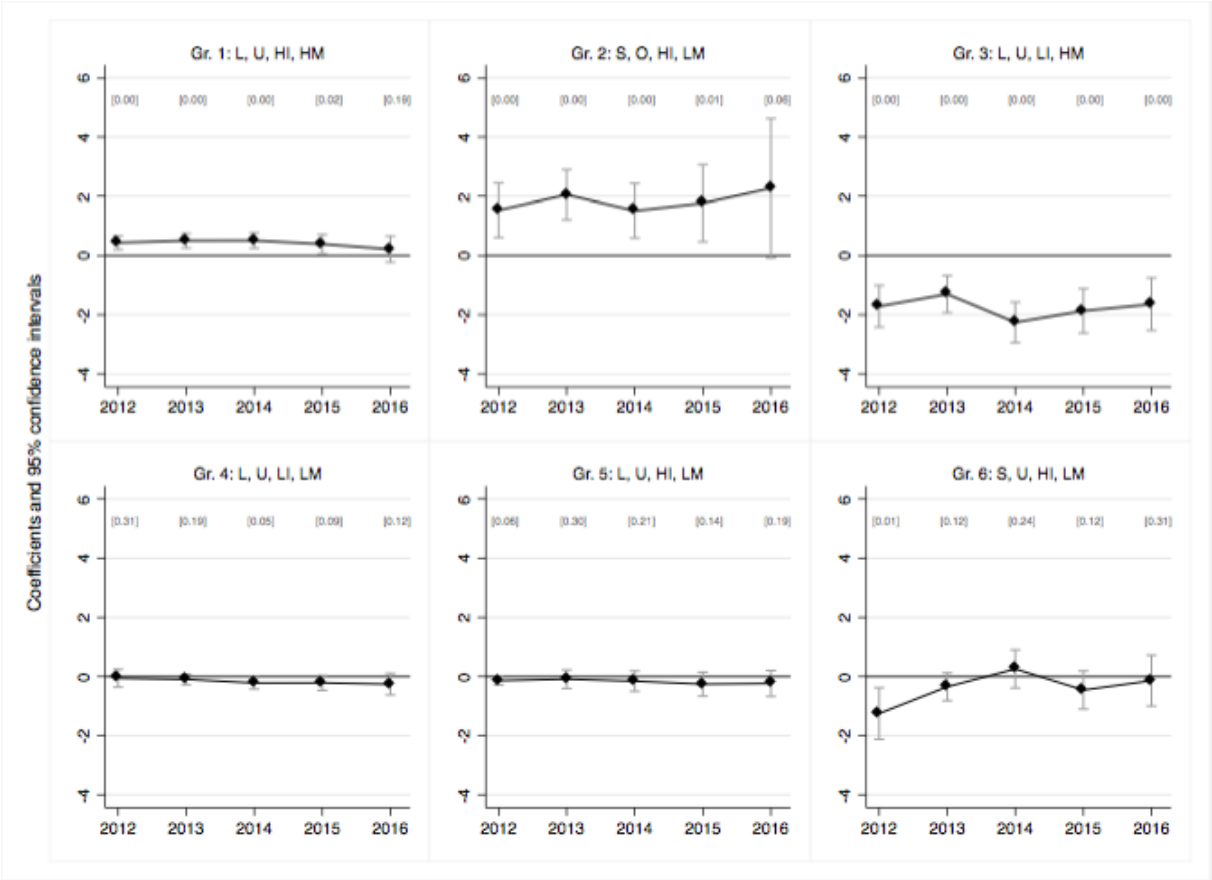
OA.6: Politico-economic accounts categorization

Table OA.6: Politico-economic accounts categorization

Account	Stakeholder	Size of group (L/S)	Degree of organization (O/U)	Immediacy (HI/LI)	Occurrence in media	Media coverage (HM/LM)	Group
300 Authorities and commissions	Staff	S	O	HI	85	LM	2
301 Salaries of admin. & op. staff	Staff	S	O	HI	85	LM	2
302 Salaries of teaching staff	Staff	S	O	HI	85	LM	2
305 Other employer contributions	Staff	S	O	HI	85	LM	2
306 Additional remuneration	Staff	S	O	HI	85	LM	2
308 Temporary work from third party	Staff	S	O	HI	85	LM	2
309 Other personnel expenditure	Staff	S	O	HI	85	LM	2
310 Office and teaching supplies and printing	Providers & Staff	S	O	HI	103	LM	2
311 Purchase of movables	Providers & Staff	S	O	HI	103	LM	2
312 Water energy fuel	Providers & Staff	S	O	HI	103	LM	2
313 Services and fees	Providers & Staff	S	O	HI	103	LM	2
314 Building maintenance	Providers & Staff	S	O	HI	103	LM	2
315 Upkeep of movables	Providers & Staff	S	O	HI	103	LM	2
316 Rental and user charges	Providers & Staff	S	O	HI	103	LM	2
317 Compensation for expenditure	Providers & Staff	S	O	HI	103	LM	2
318 Third party services and fees	Providers & Staff	S	O	HI	103	LM	2
319 Miscellaneous operating expenditure	Providers & Staff	S	O	HI	103	LM	2

320 Interest paid on current liabilities	.	L	U	LI	201	LM	4
321 Interest paid on short-term debt	.	L	U	LI	201	LM	4
322 Interest paid on long-term debt	.	L	U	LI	201	LM	4
323 Interest on liabilities toward other entities	.	L	U	LI	201	LM	4
329 Other interest paid	.	L	U	LI	201	LM	4
330 Depreciation on non-administrative assets	.	L	U	LI	861	HM	3
332 Additional depreciation (AA)	.	L	U	LI	861	HM	3
363 Subsidies to own companies	Providers & Staff	S	O	HI	183	LM	2
364 Subsidies to mixed companies	Providers & Staff	S	O	HI	183	LM	2
365 Subsidies to private companies	Providers & Staff	S	O	HI	183	LM	2
366 Subsidies to private individuals	Providers & Staff	S	O	HI	183	LM	2
367 Subsidies abroad	Providers & Staff	S	O	HI	183	LM	2
369 n.a.	Providers & Staff	S	O	HI	183	LM	2
380 Net expense for special financing	.	L	U	LI	115	LM	4
381 Net expense for other entities	.	L	U	LI	115	LM	4
400 Regular tax revenues	Taxpayers	L	U	HI	2150	HM	1
420 Interest on current accounts	.	L	U	LI	24	LM	4
421 Interest on receivables	.	L	U	LI	24	LM	4
422 Interest on financial investments	.	L	U	LI	24	LM	4
423 Interest on non-administrative assets	.	L	U	LI	24	LM	4
425 Revenue from loans (AA)	.	L	U	LI	24	LM	4

426 Revenue from financial interests (AA)	.	L	U	LI	24	LM	4
427 Building revenue (AA)	.	L	U	LI	24	LM	4
430 Exemption taxes	Users	L	U	HI	20	LM	5
431 Fees for administrative acts	Users	L	U	HI	20	LM	5
432 Nursing home fees	Users	S	U	HI	20	LM	6
433 School fees	Parents	S	O	HI	20	LM	2
435 Proceeds from sales	Buyers	L	U	HI	20	LM	5
436 Reimbursements and cost sharing from third parties	Buyers	L	U	HI	20	LM	5
437 Fines	Private individuals	L	U	HI	20	LM	5
438 Own work for investments	.	L	U	LI	20	LM	4
439 Other revenue from exchange transactions	Buyers	L	U	HI	20	LM	5
453 Reimbursements from own companies	Providers & Staff	S	O	HI	0	LM	2
463 Subsidies from own companies	Providers & Staff	S	O	HI	183	LM	2
465 Subsidies from private and institutions	Private individuals	S	O	HI	183	LM	2
480 Withdrawals from special financing	.	L	U	LI	115	LM	4
481 Withdrawals from trusts	.	L	U	LI	115	LM	4
91 Current balance	.	L	U	LI	2884	HM	3
500 Investment expenditure land	Providers	S	O	HI	0	LM	2
501 Investment expenditure civil engineering works	Providers	S	O	HI	83	LM	2
502 n.a.	Providers	S	O	HI	0	LM	2

503 Investment expenditure building construction	Providers	S	O	HI	74	LM	2
504 n.a.	Providers	S	O	HI	0	LM	2
505 Investment expenditure forests	Providers	S	O	HI	0	LM	2
506 Investment expenditure property plant and equipment	Providers	S	O	HI	7	LM	2
507 Compulsory stocks	Providers	S	O	HI	0	LM	2
509 Investment expenditure other tangible fixed assets	Providers	S	O	HI	0	LM	2
523 Loans and financial interests own companies	Providers & Staff	S	O	HI	216	LM	2
524 Loans and financial interests mixed companies	Providers & Staff	S	O	HI	216	LM	2
525 Loans and financial interests private institutions	Providers & Private	S	O	HI	216	LM	2
526 Loans and financial interests household	Providers & Individuals	S	O	HI	216	LM	2
563 Investment contributions own companies	Providers & Staff	S	O	HI	25	LM	2
564 Investment contributions mixed companies	Providers & Staff	S	O	HI	25	LM	2
565 Investment contributions private institutions	Providers & Private	S	O	HI	25	LM	2
566 Investment contributions households	Private individuals	S	O	HI	25	LM	2
569 n.a.	Providers	S	O	HI	25	LM	2
581 Planning spending	Providers	S	O	HI	0	LM	2
582 n.a.	Providers & Staff	S	O	HI	0	LM	2

589 Other investments	Providers & Staff	S	O	HI	0	LM	2
600 Sales of land	Buyers	S	U	HI	0	LM	6
601 Sales of civil engineering works	Buyers	S	U	HI	83	LM	6
603 Sales of building construction	Buyers	S	U	HI	74	LM	6
605 Sales of forests	Buyers	S	U	HI	0	LM	6
606 Sales of property plant and equipment	Buyers	S	U	HI	0	LM	6
607 Sales of compulsory stocks	Buyers	S	U	HI	7	LM	6
609 Sales of other tangible fixed assets	Buyers	S	U	HI	0	LM	6
610 Reimbursements and cost sharing from third parties	Buyers	S	U	HI	0	LM	6
611 Investissement exemption taxes	Buyers	S	U	HI	0	LM	6
623 Repayment of loans own companies	Providers & Staff	S	O	HI	216	LM	2
624 Repayment of loans mixed companies	Providers & Staff	S	O	HI	216	LM	2
625 Repayment of loans private institutions	Private individuals	S	O	HI	216	LM	2
626 Repayment of loans households	Providers & Staff	S	O	HI	216	LM	2
631 Repayment for civil engineering works	Providers & Staff	S	U	HI	83	LM	6
633 Repayment for building construction	Providers & Staff	S	U	HI	74	LM	6

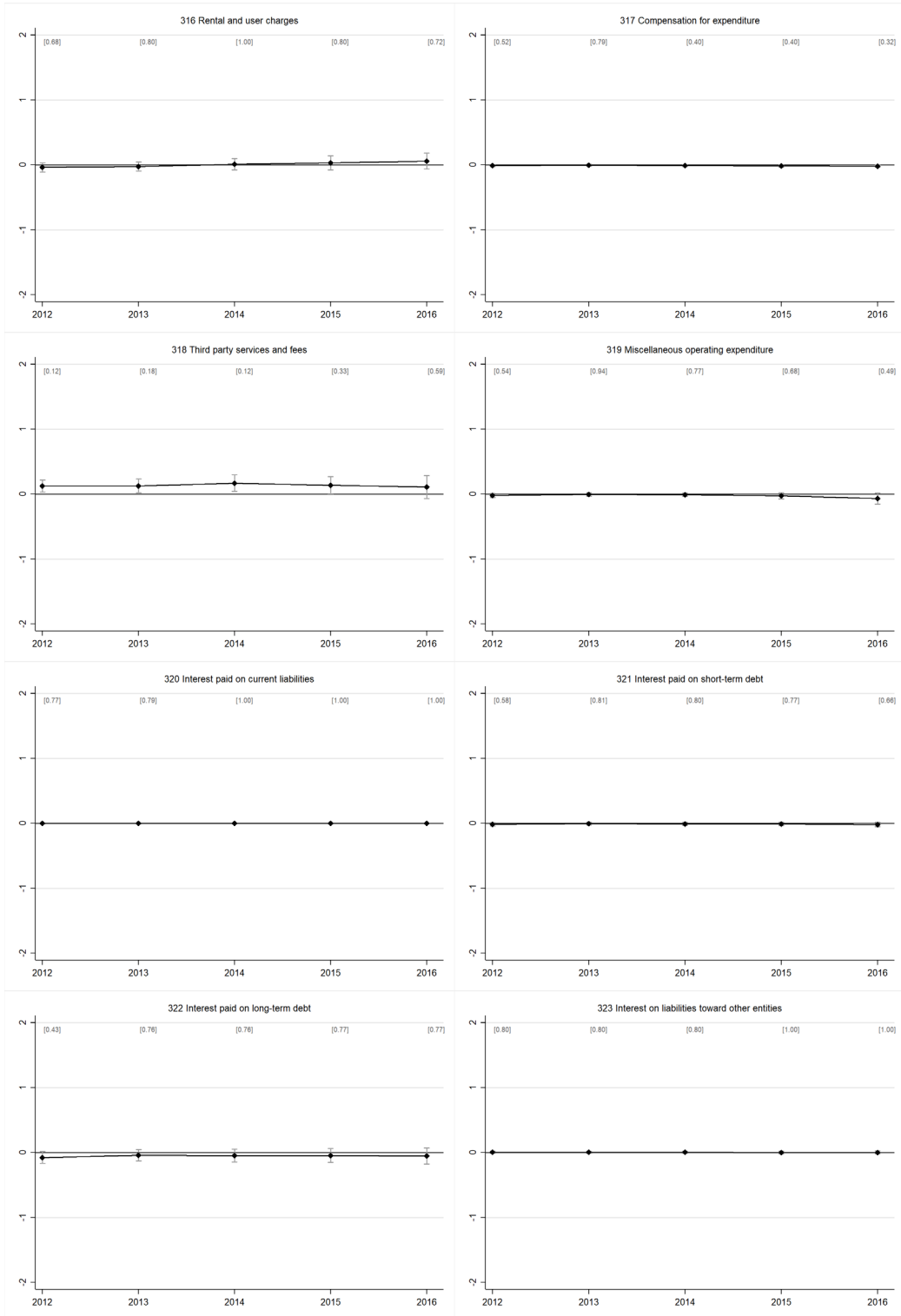|							
643 Repayment of investment contributions own companies	Providers & Staff	S	O	HI	25	LM	2
644 Repayment of investment contributions mixed companies	Providers & Staff	S	O	HI	25	LM	2
645 Repayment of investment contributions private institutions	Providers	S	O	HI	25	LM	2
646 Repayment of investment contributions household	Private individuals	S	O	HI	25	LM	2
663 Investment contributions own companies	Providers & Staff	S	O	HI	25	LM	2
701 Acquisition of real estate land	Seller	S	U	HI	59	LM	6
702 Acquisition of real estate building construction	Seller	S	U	HI	59	LM	6
703 Acquisition of real estate with building lease	Seller	S	U	HI	59	LM	6
704 Acquisition of share of real estate	Seller	S	U	HI	59	LM	6
709 Acquisition and selling costs	Seller	S	U	HI	59	LM	6
710 Acquisition of movables	Seller	S	U	HI	7	LM	6
801 Sale of real estate land	Buyers	S	U	HI	59	LM	6
802 Sale of real estate building construction	Buyers	S	U	HI	59	LM	6

OA.7: Estimated effects of the windfall on all subaccounts

Current Accounts

308 Temporary work from third party

309 Other personnel expenditure

310 Office and teaching supplies and printing

311 Purchase of movables

312 Water energy fuel

313 Services and fees

314 Building maintenance

315 Upkeep of movables

316 Rental and user charges

317 Compensation for expenditure

318 Third party services and fees

319 Miscellaneous operating expenditure

320 Interest paid on current liabilities

321 Interest paid on short-term debt

322 Interest paid on long-term debt

323 Interest on liabilities toward other entities

329 Other interest paid

330 Depreciation on non-administrative assets

331 Compulsory depreciation (AA)

332 Additional depreciation (AA)

333 Depreciation of accumulated deficit

360 Subsidies to the Confederation

363 Subsidies to own companies

364 Subsidies to mixed companies

365 Subsidies to private companies

366 Subsidies to private individuals

367 Subsidies abroad

380 Net expense for special financing

381 Net expense for other entities

400 Regular tax revenues

Other tax revenues (403+404+406)

410 Concessions

420 Interest on current accounts

[0.54] [0.02] [0.02] [0.03] [0.08]

421 Interest on receivables

[0.51] [0.12] [0.20] [0.12] [0.52]

422 Interest on financial investments

[0.76] [1.00] [1.00] [0.89] [1.00]

423 Interest on non-administrative assets

[0.39] [1.00] [0.78] [0.66] [1.00]

424 Book profits

[0.24] [0.94] [0.51] [0.12] [0.39]

425 Revenue from loans (AA)

[0.77] [0.72] [0.59] [0.63] [0.54]

426 Revenue from financial interests (AA)

[0.78] [0.76] [0.80] [0.80] [0.80]

427 Building revenue (AA)

[0.59] [0.76] [0.72] [0.40] [0.20]

31

428 Extraordinary financial revenue

429 Other financial revenue

430 Exemption taxes

431 Fees for administrative acts

432 Nursing home fees

433 School fees

434 User charges and services

435 Proceeds from sales

32

436 Reimbursements and cost sharing from third parties

437 Fines

438 Own work for investments

439 Other revenue from exchange transactions

450 Reimbursements from the Confederation

453 Reimbursements from own companies

460 Subsidies from Confederation

463 Subsidies from own companies

465 Subsidies from private and institutions

[0.65] [0.62] [0.59] [0.77] [0.76]

469 Miscellaneous transfer receipts

[0.76] [0.28] [0.68] [0.68] [0.58]

480 Withdrawals from special financing

[0.99] [0.78] [0.80] [0.68] [0.78]

91 Current balance

[0.09] [0.37] [0.09] [0.40] [0.78]

Investment Accounts

580 Expropriations

581 Planning spending

589 Other investments

590 Balance to capital account revenue

592 Balance to current account surplus

593 Balance to special financing

600 Sales of land

601 Sales of civil engineering works

603 Sales of building construction

605 Sales of forests

606 Sales of property plant and equipment

607 Sales of compulsory stocks

609 Sales of other tangible fixed assets

610 Reimbursements and cost sharing from third parties

611 Investissement exemption taxes

623 Repayment of loans own companies

624 Repayment of loans mixed companies

625 Repayment of loans private institutions

626 Repayment of loans households

631 Repayment for civil engineering works

633 Repayment for building construction

639 Other repayment

640 Repayment of investment contributions Confederation

643 Repayment of investment contributions own companies

644 Repayment of investment contributions mixed companies

645 Repayment of investment contributions private institutions

646 Repayment of investment contributions household

660 Investment contributions Confederation

663 Investment contributions own companies

669 Other investment contributions

690 Balance to capital account

701 Acquisition of real estate land

702 Acquisition of real estate building construction · 703 Acquisition of real estate with building lease · 704 Acquisition of share of real estate · 709 Acquisition and selling costs · 710 Acquisition of movables · 791 Report to capital account · 792 Report to current account · 801 Sale of real estate land

Capital Accounts

128 Advances for special financing

139 Accumulated deficit

200 Current liabilities
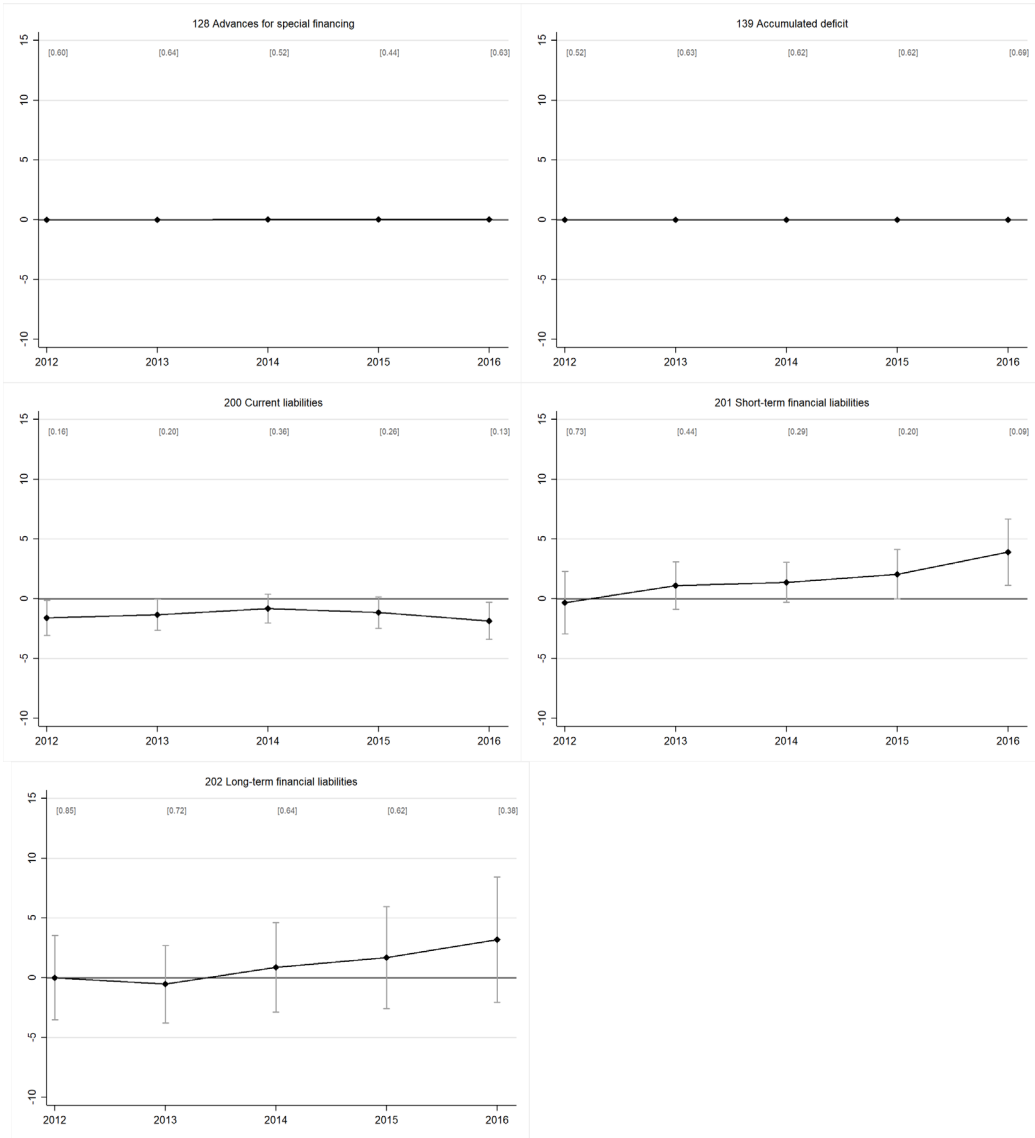
201 Short-term financial liabilities

202 Long-term financial liabilities

References

Baumann, R. (2012, March 2). Glencore-Börsengang spülte Ursula Gut 240 Millionen in die Kasse. *Tages-Anzeiger,* p. 15.

Besley, T. (2006). *Principled agents?: The political economy of good government*. Oxford: Oxford University Press.

Besley, T., & Burgess, R. (2002). The Political Economy of Government Responsiveness: Theory and Evidence from India. *Quarterly Journal of Economics, 117*(4), 1415-1451.

Direktion der Justiz und des Innern des Kantons Zürich. (1984). *Handbuch über das Rechnungswesen der zürcherischen Gemeinden*. Zürich: Direktion der Justiz und des Innern des Kantons Zürich.

Hotz, S. (2013, September 18). Glencore-Millionen hinterfragt. *Neue Zürcher Zeitung,* p. 15.

Kantonsrat des Kantons Zürich. (2010). *Finanzausgleichsgesetz (FAG)*. Zürich.

Mauchle, F., & Schaltegger, C. A. (2018). *Der Finanzausgleich des Kantons Zürich: Wirkungsanalyse and Reformvorschläge*. Bern: Haupt.

Mueller, D. C. (2003). *Public choice III*. Cambridge (UK): Cambridge University Press.

Olson, M. (1965). *The theory of collective action: public goods and the theory of groups*. Cambridge, MA: Harvard UniversityPress.

Persson, T., & Tabellini, G. (2000). *Political economics: explaining public policy*. Cambridge, MA: The MIT Press.

Snyder, J., & Strömberg, D. (2010). Press Coverage and Political Accountability. *Journal of Political Economy, 118*(2), 355-408.