Tax the rich? Taxation as a way to discourage regulations

¿Impuesto a los ricos? Los impuestos como una forma de disuadir la regulación

Oscar Augusto Súmar Albujar; Rubén Méndez Reátegui

RELIGACIÓN
REVISTA DE CIENCIAS SOCIALES Y HUMANIDADES
JOURNAL OF SOCIAL SCIENCES AND HUMANITIES
REVISTA DE CIÊNCIAS SOCIAIS E HUMANAS

ABSTRACT

Economic regulation is a way for interest groups to gain rent by reducing competition. However, regulations are often understood as anti-signatures. This is due to a lack of economic knowledge combined with an inability to process information about the real costs of average regulations on the part of the citizen. As a result, we often find ourselves in a dynamic where the real motivation behind regulations is rarely recognized and, in this way, interest groups benefit by not paying their costs. Traditional methods of dealing with regulatory quality are not working. Therefore, this article proposes a way to address this problem: to put the cost of regulation where the benefits are, i.e., on the industry or other stakeholders that are the main beneficiaries of the regulation, and to analyze the elements of the proposed regulation from an ius-economic approach and study case studies related to the situation of Peruvian universities. This is done through a descriptive, legal-theoretical, and economic methodology based on a review of contemporary literature. Finally, consider the creation of a tax for the interest groups that benefit from the regulations. While this idea is not new, it has not yet been implemented or described operationally. This commentary is an effort to bring this idea into academic and public debate.

Keywords: economic system; fiscal policy; public administration; price regulation; Peru.

RESUMEN

La regulación económica es una forma en la que los grupos de interés obtienen rentas reduciendo la competencia. Sin embargo, las regulaciones a menudo se entienden como anti-firmas. Esto se debe a la falta de conocimiento económico combinado con la incapacidad de procesar información sobre los costos reales de las regulaciones promedio por parte del ciudadano. Como resultado, a menudo nos encontramos en una dinámica en la que rara vez se reconocen las verdaderas motivaciones son detrás de las regulaciones y, de esta manera, los grupos de interés se benefician, no pagando sus costos. Los métodos tradicionales para lidiar con la calidad regulatoria no están dando resultados. Por ello, este artículo propone una forma de abordar este problema: poner el costo de la regulación donde están los beneficios; es decir, en la industria u otros grupos de interés que son los principales beneficiarios de la normativa, además, analizar desde un enfoque ius-económico los elementos de la regulación propuesta y estudiar caso de estudio relacionados con la situación de las universidades peruanas. Esto, mediante una metodología descriptiva, teórico-jurídica y económica a partir de una revisión de la literatura contemporánea. Para finalmente, considerar la creación de un impuesto para los grupos de interés que se benefician de las regulaciones. Si bien esta idea no es nueva, aún no se ha implementado ni se ha descrito de manera operativa. Este comentario es un esfuerzo por traer esta idea al debate académico y público.

Palabras clave: sistema económico; política fiscal; administración pública; regulación de los precios; Perú.

INFORMACIÓN:
http://doi.org/10.46652/rgn.v7i32.882
ISSN 2477-9083
Vol. 7 No. 32, 2022. e210882
Quito, Ecuador

Enviado: enero 4, 2022
Aceptado: abril 02, 2022
Publicado: abril 27, 2022
Publicación Continua
Sección Sur-Sur | Peer Reviewed

OPEN ACCESS

AUTORES:

Oscar Augusto Súmar Albujar
Universidad Científica del Sur - Perú
osumar@cientifica.edu.pe

Rubén Méndez Reátegui
Pontificia Universidad Católica del Ecuador - Ecuador
rcmendez@puce.edu.ec

Conflict of interest
No potential conflict of interest is reported by the author(s).

Funding
It was also supported by the Universidad de Salamanca (España) and the Colegio de América, Sede Latinoamericana (Universidad Andina Simón Bolívar, Sede Ecuador).

Acknowledgments
The authors thank Mrs. Lissangee García Mendoza for her research assistance.

Notes
This journal article is associated to the U. Científica del Sur and GIDE Research Group, Pontificia Universidad Católica del Ecuador – PUCE (Projects Be Latin Sistema Legales, Eficiencia y Justicia).

ENTIDAD EDITORA

RELIGACIÓN CICSHAL
Centro de Investigaciones en Ciencias Sociales y Humanidades desde América Latina

1. Introduction

Sometimes we think libertarians and progressives disagree about their views on the role of big business in the political or economic arenas. Slogans like "Tax the Rich!" are hallmarks of the left of the political spectrum. However, the idea of taxing – not the rich – and not just the interest groups that receive the benefits of altering the political process in their favor is no stranger to the economic right, at least in academia.

In this sense, for Nolasco (2021):

> It is necessary to change the paradigm, that is, to signify the fiscal issue; that it ceases to be seen as a technical or bureaucratic issue but that it is observed with the human rights approach, that citizens, when affected, participate in the discussions, that it occurs under the principle of non-discrimination, and this would allow the fiscal panorama of a nation to be expanded. (n. p.)

Since Stigler, we know that economic regulation is the way interest groups earn rents by reducing competition. However, regulations are often understood as anti-business due to a lack of economic knowledge combined with the inability to process information about the actual costs of regulations of the average citizen. As a result, we are often in a bootlegger and Baptist dynamic in which the actual motivations behind regulations are rarely recognized, and, in this way, stakeholders benefit, without paying their costs (1971) (Smith & Yandle, 2014). The Regulatory Impact Analysis (RIA) process, economic or rhetorical, and many other institutional and even constitutional measures have proven insufficient to address this problem (Shapiro and Schroeder, 2008). Even when the process has the real motivation to reduce regulations, it failed in the Reagan era (Meiners and Yandle, 1989).

Until the 60s approximately, most scholars on administrative law agreed on the goal of economic regulation. For them, economic regulation was enacted to serve the public good. Later on, this theory was refined, and the concept of "public good" was replaced by the concept of "market failure". According to this theory, regulations are enacted only when markets present failures that regulation can correct (Viscusi et al., 2005).

According to Viscusi et al. (2005), the problems with this theory are two: (i) It does not match reality, and (ii) It does not provide a theoretical framework to explain past regulations in detail and –even more critical- to predict the existence and scope of future regulations (p. 378). Since the good public theory is presented as a full positive explanation of regulation, to present one case in which regulation is not enacted for the public good –however, because of rent-seeking behaviour- is sufficient to prove the theory wrong.

The "market failure" theory preserves its value today, not only as a descriptive (positive) theory but on the contrary, a prescriptive (normative) one (Akinbogun y Jones, 2018). According to this –even though it can argue about the convenience of its current use- the market failure theory does not serve to predict economic agents.

In descriptive theories, these "public good" theories were replaced by the "capture" theory. According to the capture theory, all regulation is explained by lawmakers' corruption or regulators who respond to economic agents' interests, mostly firms. This theory is a clear –and extreme- response to the "public good" theories, and it makes the same mistake. The capture theory also fails in providing a procedure and a way to predict when and how regulations will be passed and implemented by the legal system (Viscusi et al., 2005).

In the Peruvian case, Meza (2020) mentions that:

> The sum of evasion and avoidance + exonerations + debts is alarming because we are talking about a lot of money that will be the subject of another article. Those in charge of hiding the PATRIMONY as a tax object will find several ways to divert attention to any of the issues in order not to "touch" the patrimonial issue, whose magnitudes are "unknown" by the National Superintendence of Customs and Tax Administration (SUNAT) are those that, precisely, allow the outrages. (...) But where are the RICH who should have a tax on their WEALTH? That, without a doubt, SUNAT knows, at a detailed level. But, as we know, SUNAT is not there to make the rich uncomfortable, but to persecute the thousands of taxpayers who, if they do not pay, prosecute them (...) Peru's RICH represents 1 or 1.2% of Peru's population. That is, if it were 1%, we would have 3 million rich Peruvians, approximately. But this is not very accurate, because behind that number hides a more useful indicator for our purposes: The number of families. Assuming an average of 5 members, we would have approximately 600 thousand wealthy families in Peru. (n. p.)

Although it is worth mentioning that "Peru had a tax on the wealth of natural persons, created in 1987 and repealed from 1992, which collected about 0.2% of GDP" (Jorratt, 2021, p. 32).

For this reason, a way of addressing this problem is proposed: to put the cost of regulation where the benefits are, that is, the industry or other interest groups that are the main beneficiaries (Méndez & Sumar, 2020, p. 384). In addition, we propose taxing interest groups whenever an agency – or Congress – enacts regulation of their relevant markets, even when it may seem – to the untrained eye – that the regulations already create a cost to them. In this way, stakeholders will be disciplined and ask for regulations only when they are ready to bear their costs (Sumar, 2018).

While this idea may sound odd or counterintuitive, it's not entirely novel: others have argued that putting the costs of taking them in the hands of owners will lead to less taking and thus protecting property rights (Ayres, 2009). Countries like Peru have already developed procedures to tax industries to finance regulatory bodies (regulatory tax) that should focus on allocating resources to academic quality to eradicate the low quality of Peruvian universities. Despite this, even when we can use the procedure as inspiration, their motivations are completely different.

2. Methods

For this research, we turned to sources of research and analysis of the problem with case studies, based on a review of the bibliography of scientific journals, books, and newspaper articles that will provide the theoretical and legal basis necessary to consolidate the aims of this study.

These sources were chosen with a predominance of contemporary literature considering the high scientific impact of the contributions and the novelty attributed to the article. Furthermore, an analysis was carried out based on these sources, from economic regulation to specific cases of application.

3. Current understanding of economic regulations: who benefits?

3.1. Economic theory of regulation

After the failure of the "public good" and "capture" theories, the regulation studies took a microeconomics turn (Laplane y Mazzucato, 2020). The new theory of regulation –born in Chicago- filled the gap of former theories by presenting a straightforward procedure by which regulation is created. In short, regulations are like any other good in society, which is demanded and offered. With this framework in mind, one can predict when the regulation would be enacted and its beneficiaries. (Viscusi, Harrington, & Vernon, 2005, p. 380).

In principle, the economic theory of regulation does not claim who is the beneficiary of regulation. Instead, it only asserts a basic principle: people, even in the public arena, respond to price incentives (Méndez, 2017).

Even in its simplicity, this has enormous implications for the study of economic regulation. Lawmakers and interest groups like a group of firms in each industry have an opportunistic approach to regulations. Regulation is often viewed to obtain rent or to impose more costs on competitors that involves adding a profit margin on costs, such as adding a standard percentage contribution margin to the products and services. According to Stigler (1971), "(...), every industry or occupation that has enough political power to utilize the state will seek to control entry" (p. 5), in the form of protective tariffs or standards for substitute products or new competitors in a specific industry.

Even when this is not the necessary outcome of any 'regulatory process, it is the most common outcome. There are exceptions, of course, like some environmental, safety, and health regulation, for which there is some evidence about the benefit for society it generates.

In more detail, related to bootleggers and Baptists, some scholars have identified specific situations in which individuals can expect a particular type of move from interest groups that can result in more regulations. One is the Bootleggers and Baptists dynamic. According to Smith and Yandle (2014), there are situations –mostly involving sin goods- where, on the one hand, there is a sincere interest in restraining the consumption of that good; on the other hand, there is an interest group who will benefit from this prohibition.

A typical case would look like alcohol prohibition. The prohibition itself creates a market for people particularly well suited for smuggling. Of course, there is a group who sincerely oppose drinking –the Baptists-, moreover, they are just serving the Bootleggers' interest.

Thanks to the Theory of Economic Regulation, we now know at least two things: (i) economic agents respond to price incentives, even in the political arena (Coase, 1988, p. 4); and (ii) most of the time, regulations favor interest groups (Stigler, 1971).

3.2. The difficulty of evaluation of the impact of regulations: behavioural and economic constraints

Apart from being a way to criticize some of the assumptions made by classical economics (and thus, provide us with more reasons to regulate Such as mandatory disclosure in product labeling and mandatory savings), Behavioral Economics could also be used to understand the regulatory process, better, why lawmakers enact irrational regulations.

In that sense, Breyer (1993, p. 11-29) has identified at least three ways in which regulations can fail because of the irrationality of regulators: tunnel vision, random agenda selection, and inconsistency.

Tunnel vision is when a lawmaker thinks the area, he is involved in is the most important. For example, officials in the consumer protection office interpret the scope of the office in such a way that most cases are consumer protection cases: when the firm and the consumer make a deal; when there is specific regulation of the industry that allows a firm to behave in some way; or when there is controversy about a small firm been a "consumer". Maybe the authority is right in each case. However, the tendency is to resolve every case possible, which could be seen to increase the office's power beyond the limits (of convenience).

The second bias is random agenda selection. It is easier to explain we see a high-profile criminal case on television, and the next morning Congress is debating over a more substantial penalty for that crime.

The third is inconsistency. On the one hand, Congress increases the penalty for automobile parts theft. On the other hand, it prohibited the importation of automobile parts. Thus, Congress is deterring and incentivizing auto-parts theft at the same time

Of course, the list is not a comprehensive one. The nature of regulation is to be a public good. Such us, it will only be created if people can extract value from it. On the other side, people will oppose regulation that generates a cost for them only when the cost of regulation is tangible and sufficiently large to generate a reaction.

Some studies have shown that regulations are more likely when the consumption of a good decreases. The paradigmatic case is tobacco. In a study comprehending 25 OCDE countries, Nelson

(2006) demonstrated that when tobacco consumption decreased in each country, it was more likely that a restrictive tobacco regulation will be passed. Then, it is counterintuitive if individuals are not familiar with the economic theory of regulation.

The theory is as follows, some people gain from regulation that creates entry barriers (producers), and some people bear the costs of these regulations (consumers of the product). Furthermore, when producers are few and well organized, and the consumption of a good diminishes, the chances of that given industry being regulated increases (Olson, 1971).

The findings are consistent with this theory. Economic regulation tends to be guided by private interests in contrast with the so-called social regulation, like environmental, health, and safety regulations.

3.3. Case study: standardization by regulation and universities

Before 1990, there were few private universities in Peru. Most of the offer was public. Then, President Fujimori –as a part of a broader privatization agenda- made some legal changes to increase the private offering of education, including tertiary education.

That is why we transited from 28 private universities in 1995 to 89 in the year 2017 (Del Pozo, 2017). Around 2013, the discussion shifted from access to quality in the public agenda. Some high-profile economists like Saavedra (2016) –who was the secretary of education- highlighted the need for regulation in the tertiary education markets. They pointed out –among other things- that: the education market was "special" and could not be treated like any other market; there were informational problems in this market, and there were positive externalities associated with education. Also, they presented a more straightforward argument for the audience, although probably not economic: they said that students had been conned by "garage universities".

According to this rhetoric, there is a need to give away information to prospective students-to eradicate the low-quality universities. To that end, the Peruvian Government created many regulations:

An Act that prohibited the creation of new universities for five years, starting in 2014.

The Universities Act created a regulatory body for universities: Sunedu (Congress of Republic of Peru, 2014).

The same Act created the (so-called) basic-quality standards for universities to be implemented by Sunedu (Congress of Republic of Peru, 2014).

These standards added to the existing regulation, including mandatory accreditation procedures for some careers (medicine, law, nursing, and education) carried out by another regulatory body, different from Sunedu (Congress of Republic of Peru, 2007; Peruvian Ministry of Education, 2007).

The prohibition on creating new universities was extended for five more years, in 2018 (Congress of the Republic of Peru, 2018).

Also, some private universities continue to receive a tax-exempt, according to the 19 provisions of the Peruvian Constitution (Democratic Constituent Congress–CCD, 1993).

A new Act expanded for five more years the prohibition to created new universities (Congress of the Republic of Peru, 2021).

Dozens of universities (public and private) that did not meet the standards were closed. One hundred sixty-five thousand students have been affected so far.

A Presidential Act Made an exception for public universities, so they do not close.

Another Presidential Act expands the budget of public universities so they can accommodate students from unlicensed universities.

To summarize, established universities will continue to operate under an exemption of taxes, without new competition and some of their new competitors in the race. This bunch of norms has been called the "university reform" (Legislative Decree No. 1496, 2020). The reform is likely to reduce the offer of education in Peru. In turn, this decline in the number of universities is likely to increase existing universities' prices and affect students. Nonetheless, the Government's actions have been regarded as one of the most critical and successful reforms in recent history.

The reform is partially explained by the rise of low-quality universities and a –sincere- preoccupation with education quality. Some universities were not only below the standards, moreover, suspected of being money laundries. Despite this, and contrary to popular belief, Fujimori's education reform was a success. More and more people were receiving a better-quality education. If time is a good predictor of academic quality, this is only natural: universities born in the 90s will start to thrive in the 2000s or more. So, if a few universities do not meet the quality standards, comparatively few people are affected. On the other hand, now society has more "middle table" universities, and professionals from these universities will gain from a restriction on newcomers.

3.4. How to create "good" regulation?

The discussion of how to improve regulation is not a new one. In 1980, President Reagan introduced something called "regulatory impact assessment" (RIA). Since then, versions of it have been used in Europe, OCDE countries, and recently even in South America. Despite the spread of their use, RIA analysis is far from being critic-free. Their criticism comes from a wide range, including critics of its credibility, numerical bias, and usefulness. As stated by Quah et al. (2021):

> The pursuit of economic growth is often coupled with a widening wealth and income gap, and brings about environmental and health threats, especially in developing countries. The economic theory stipulates that efficiency requires CBA (p. 237).

Also, according to Shapiro and Schroeder (2008):

> The inability of CBA to measure accurately regulatory costs and benefits in many situations is well known. It limits the usefulness of the CBA in determining the economic efficiency of proposed regulations. It also permits the White House to object to any regulation it finds politically objectionable (p. 24).

As was pointed out by some authors; RIA was sold as a magical formula. However, reality showed us that it is far from it:

> There are no facile rules of thumb, no quick fixes, and no simple indices of correctness in environmental regulation. A search for a facile decision rule-imposing upon the regulatory decision-makers a requirement to undertake analyses that are overly quantitative and restrictive-would, absolve regulators from accountability rather than force them to articulate the hard choices. What can be expressed in a cost-benefit equation is only a small part of the picture (Ashford, 1981, p. 137) (cited by Escobar et al., 2021, p. 176).

Also, as is well known, RIA started as a tool for deregulation. However, it failed in this effort (Meiners & Yandle, 1989). Apart from not being successful in advancing Reagan's deregulatory agenda, RIA was turn out to be a regulatory device as the opposite of a deregulatory device. If RIA is not neutral to political inclinations, its inclinations are found to be interventionist. We do not talk about less regulation when we talk about RIA. Instead, it focuses on "better regulation" (Baldwing, Cave, & Lodge, 2012, p. 317 Pinzón, 2016, p. 209).

Another approach, different from the regulatory assessment, is derived from the Public Choice literature, especially the Virginia School (Mitchell, 2001). According to this school, one can improve the political process by changing the constitution, i.e., basic procedural rules by which we make policy decisions. Inside this literature, it can find normative insights advocating for changes in the voting rules (Maloy y Ward, 2021), the composition of the legislative bodies, campaign financing, agenda-setting, and others. The baseline is a preoccupation with how regulations can serve the public interest.

As we will show in detail in the next section, this literature already provides a solution for the political process's rent-seeking behavior. However, it does not provide good rules about how the internalization of the costs of regulation should be made.

4. More precise rule against regulations: Taxing regulation gains

4.1. The idea, possible criticism, and alternatives

The idea is to tax firms when regulation is enacted. That is when an industry is regulated –at the same time- a tax for regulation will be created and imposed on firms that are defined as "established" firms. Tax will be annual and will depend on the healthy balance of each year. Furthermore, the tax will put the cost of regulations on the head of firms that are the beneficiaries of them and will deter them from lobbying for regulations that are not optimal.

The idea is not exempt from problems. First: how do establish what is an "economic regulation"? Some people make the distinction between economic and social regulation, for example. Also, there are alternatives to regulation, including general regulations like Torts or consumer protection laws (Widiarty, 2018). Some people could argue that we do not want to deter the Government from enacting socially valuable regulations. Moreover, we want that the cost of regulation –even if it is a "good" regulation- is internalized for the beneficiaries of such regulation.

Second, how to identify established firms? For example, in tertiary education in Peru, this country has universities of over 100 years, some of about ten years, some non-profit, some for-profit, some part of a group, some familiar companies, and others. Which should be the criterion to determine which companies are the ones to be taxed? Third, how do determine the tax rate? We want firms to internalize the cost of regulation, and we do not want to completely deter the Government from enacting regulations that could be good for society (going back to our first point).

Of course, we could think of other ways to apply cost-benefit analysis and charge the cost of regulations to established firms (Arellano et al., 2019, p. 674). For example, in the case of universities regulation in Peru, since universities are being closed due to failure in regulatory compliance, some students now need to start going to other universities. The remained universities could be forced to receive these students free of charge. The problem with this is that –apart from being a more substantial limitation of the liberty to contract- is only suitable for some years, and it does not cover the subsequent costs that the regulation will impose.

Also, the remained university will gain new students that will pay more because of the lack of competition. So why we do not make the payment (tax) an exact equivalent of that price increment? There are some problems with this idea: on the one hand, not all price increases will be a consequence of the shortened competition; and, on the other hand, firms will respond to this, for example, by creating ways to charge more without calling it a price.

4.2. Is this idea novel?

Public Choice scholars have dealt with the question: What is the "public interest"? Also, they tried to come out with a way to achieve it. According to Buchanan and Tullock (2004), the way to achieve it is by unanimity in voting on public policies. However, the second best is to make special interest groups pay for the costs of regulations that benefit them:

> One means of modifying the organizational rules to produce results akin to those produced under indeed "general" legislation would require that those individuals and groups securing differential benefits also bear the differential costs. (Buchanan & Tullock, 2004, pp. 277-278) (cited by Bour, 2018, p. 10)

Thus, the idea is not new; Buchanan and Tullock (2004) did not give us a precise way to implement it. We still must figure out a way to make interest groups bear the costs of regulations.

Also, Ayn Ayres (2009) have argued that the best way to reduce takings is not to compensate these government regulation victims. However, not only that, compensating takings creates a market for takings, in which public officials takes bribes to perform a taking and overcompensate the owners.

The idea behind this is to give owners of affected firms an incentive to oppose regulations and –in turn- eradicate or reduce the incentive to ask for regulations that will benefit them at the expense of the public interest.

In Peru, there is already in place a "regulatory tax" in the energy industry, which is already heavily regulated and concentrated. The tax was created to fund the regulatory body of that industry, so the goal of this tax is not to reduce regulation.

4.3. How will it work in practice?

Take the example of the "Universities Act" (Ley 30220 / Ley Universitaria). First, we must identify the relevant market being regulated. In the Universities Act, not only universities are potential beneficiaries, but also institutes that are substitutes for universities. We must not open too much the definition of "beneficiary", or the cost of regulation will impact heads that are not indeed beneficiaries and become an incentive to regulate those trying to impose costs on their competition.

Second, we must define the established universities within the group of existing universities. In the case of universities, "old" almost always means "good" and established. Of course, universities that are in the top 10 according to rankings are part of this group. Universities that are part of large economic groups or had many students.

Third and last, once we have identified universities that will profit from a prohibition, we must establish a way to tax them. For example, we can tax them as a percentage of their annual revenues. Of course, all of them will try to lobby their way out of the "established" list, and not all of them will be successful in the attempt. Also, there will be uncertainty about the result, so the risk itself will impose a cost on the regulated firms.

Once we have identified the relevant market, the relevant actors within this market must charge them the regulation's cost. We can expect that regulation will decrease in the future, and only firms willing to assume the regulation cost will promote it.

5. Conclusions

This study had to face certain limitations in the research, as it focused on the ius-economic study of tax regulations, which should focus on interest groups, especially the specific cases of universities in the Peruvian case.

The quality of regulation continues to be a puzzle for regulation experts and public officials. In recent years, attention has been put on different processes to evaluate regulatory quality, like RIA or CBA. The results have been not optimal. It is probably due to the nature of economic regulation: it is mostly a tool for firms to deter or reduce competition or obtain rents.

If we do not take the incentives seriously, all attempts to control the regulatory process's intrinsically interesting nature will fail. One way to perform it is by putting the costs of regulation in the heads of its beneficiaries of it.

Finally, we proposed to create a tax for the interest groups that benefit from regulations. This tax should reduce dramatically the number of regulations passed and leave us only with regulation that is not the product of rent-seeking.

References

Akinbogun, S. & Jones, C. (2018). Externalities and Planning Failure in the Housing Market. *International Journal of Housing Markets and Analysis*, *11*(2), 433-447. https://doi.org/10.1108/IJHMA-06-2017-0056

Arellano, O., Moscoso, Y. & Quispe, G. (2019). Valoración del costo – beneficio en la recuperación de residuos de materia prima en empresas industriales. *Economía, empresas e inclusión (CTEC)*, *3*(1), 669-685.

Ayres, I. (November 18, 2009). *Freakonomics.* http://freakonomics.com/author/ianayres/

Baldwing, R., Cave, M. & Lodge, M. (2012). *Understanding Regulation. Theory, Strategy, and Practice.* Oxford University Press.

Bour, E. (2018). *La teoría de "Public Choice"*. Ebour.

Breyer, S. (1993). *Breaking the Vicious Circle. Toward Effective Risk Regulation*. Harvard University Press.

Buchanan, J. & Tullock, G. (2004). The Calculus of Consent. Logical Foundations of Constitutional Democracy. In C. Rowley (ed.), *The Calculus of Consent: Logical Foundations of Constitutional Democracy*. Liberty Found.

Coase, R. (1988). *The Firm, the Market, and the Law.* The Chicago University Press.

Congress of the Republic of Peru. The law establishes a moratorium for the creation and authorization of operation of new public and private-public and private. [Law 31193]. (2021). El Peruano 481701 of May 14, 2021.

Congress of the Republic of Peru. The law establishes a moratorium on the creation of public and private-public and private. [Law 30759]. (2018). El Peruano 16016 of April 25, 2018.

Congress of the Republic of Peru. Law on the national system of evaluation, accreditation, and certification of the quality of education. [Law 28740]. (2006). El Peruano 348623 of August 12, 2006.

Congress of the Republic of Peru. The legislative decree establishes provisions to guarantee the continuity and quality of the provision of educational services in institutes and schools of higher education, in the context of the health emergency caused by Covid-19. [Legislative Decree No. 1496]. (2020). El Peruano 15413 of May 10, 2020.

Congress of the Republic of Peru. University Law. [Law 30220]. (2014). El Peruano 12914 of July 9, 2014.

Del Pozo, C. (2017). *Efectos de la Desregulación del Sistema Universitario en el Mercado Laboral en Perú*. UBA.

Democratic Constituent Congress – CCD. Constitution of the Peruvian Public. (1993). El Peruano of December 30, 1993.

Escobar Mamani, F., Argota Pérez, G., Ayaviri Nina, V., Aguilar Pinto, S., Quispe Fernandez, G. & Arellano Cepeda, O. (2021). Activity-based costing (ABC) in SMEs and innovative initiatives: possible option or expired? *Revista de Investigaciones Altoandinas*, *23*(3), 171-180. https://dx.doi.org/10.18271/ria.2021.321

Jorratt, M. (2021). Impuestos sobre el patrimonio neto en América Latina. *Serie Macroeconomía del Desarrollo,* (218).

Laplane, A. & Mazzucato, M. (2020). Socializing the risks and rewards of public investments: Economic, policy, and legal issues. *Research Policy, 49*. https://doi.org/10.1016/j.repolx.2020.100008

Maloy, J. & Ward, M. (2021). The Impact of Input Rules and Ballot Options on Voting Error: An Experimental Analysis. *The Politics, Promise and Peril of Ranked Choice Voting*, *9*(2), 306-318. https://doi.org/10.17645/pag.v9i2.3938

Meiners, R. & Yandle, B. (1989). Regulatory Lessons from the Reagan Era: Introduction. In R. Meiners, & B. Yandle (auth.), *Regulation and the Reagan Era. Politics, Bureaucracy and the Public Interest*. Holmes & Meier.

Méndez, R. (2017). *Essays on institutions, coordination and legal theory.* Centro de Publicaciones de la Pontificia Universidad Católica del Ecuador.

Méndez, R. & Sumar, O. (2020). Rule of Law Versus Soft Rule of Law. *Revista de Derecho Político, 109*, 373-400. https://doi.org/10.5944/rdp.109.2020

Meza, N. (May 6, 2020). Impuesto a la riqueza en el Perú. *Alainet*. https://www.alainet.org/es/articulo/206387

Mitchell, W. (2001). The old and new public choice: Chicago versus Virginia. In William F. Shughart II & Laura Razzolini (eds.), *The Elgar Companion to Public Choice*. Edward Elgar Publishing.

Nelson, J. (2006). Every industry or occupation with enough political power to utilize the state will seek to control entry. *International Review of Law and Economics*, 26.

Nolasco, S. (March 21, 2021). Gravar a multinacionales y súper ricos, necesario para la recuperación económica. *El Economista*. Retrieved from: https://www.eleconomista.com.mx/economia/Gravar-a-multinacionales-y-super-ricos-necesario-para-la-recuperacion-economica-20210321-0040.html

Olson, M. (1971). *The Logic of Collective Action. Public Goods and the Theory of Groups*. Harvard University Press.

Peruvian Ministry of Education. Regulation of Law Nº 28740, Law of the National System of Evaluation, Accreditation, and Certification of the Quality of Education. [Spreme Decree 018-2007-ED]. (2007). El Peruano 348782 of July 10, 2007.

Pinzón Camargo, M. (2016). Prácticas para mejorar la regulación en Colombia. *Revista de Economía Institucional*, *18*(35), 207-228. https://doi.org/10.18601/01245996.v18n35.11.

Quah, E., Siong, T. & Lee, Z. (2021). Cost-benefit analysis of developing countries. *Advances in Transport Policy and Planning, 7*, 235-260.

Saavedra, J. (May 15, 2016). Indispensable (e irrenunciable). *El Comercio*.

Shapiro, S., & Schroeder, C. (2008). Beyond Cost-Benefit Analysis: A Pragmatic Reorientation. *Harvard Environmental Law Review*, *31*.

Smith, A. & Yandle, B. (2014). *Bootleggers and Baptists: How Economic Forces and Moral Persuasion Interact to Shape Regulatory Politics*. Washington: Cato Institute.

Stigler, G. (1960). "Reply", The Quarterly Journal of Economics. *Oxford University Press*, *74*(4), 670-671.

Stigler, G. (1971). The Theory of Economic Regulation. *The Bell Journal of Economics and Management Science*, *2*(1).

Sumar, O. (2018). *La retórica del Intervencionismo: mano malvada, mercados especiales y conquistas humanas*. Centro de Publicaciones de la Pontificia Universidad Católica del Ecuador.

Viscusi, K., Harrington, J. & Vernon, J. (2005). *Economics of Regulation and Antitrust*, 4th edition. The MIT Press.

Widiarty, W. S. (2018). The Legal Analysis of Consumer Protection Against. The Circulation of Expired Food Products in Indonesia. *International Journal of Management and Bussiness Research*, *8*.

AUTHORS

Oscar Augusto Súmar Albujar. Decano de la Facultad de Derecho de la Universidad Científica del Sur. Fellow, Public Law and Policy Program, University of California, Berkeley.

Rubén Méndez Reátegui. Docente Titular Principal at the Pontificia Universidad Católica del Ecuador – PUCE; Ecuador, Facultad de Jurisprudencia. Profesor Visitante at the Universidad Tecnológica del Perú; Perú, Facultad de Derecho y Ciencias Humanas. He is a PhD candidate (researcher) at the Universidad de Salamanca (España). He is a participante at the 'Programa de Postdoctorado América Latina en el Orden Global' at Colegio de América Sede Latinoamericana – Universidad Andina Simón Bolívar, Sede Ecuador; Ecuador.