Introduction:

The New Politics of Taxation and Accountability in Developing Countries

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1 New politics of taxation?

The new politics of taxation in developing countries? What then were the 'old politics?' The answer is, above all, 'thin'. They lacked body and substance. They were like the dog that did not bark. In most OECD countries, taxation issues have been prominently and continuously on the agendas of electoral politics and public policy making for several decades. For OECD governments and political parties, taxation issues are prominent, habitual aspects of the daily political landscape. They are as much a part of the policy making furniture as relations with the IMF and the World Bank are for governments of most developing countries. Since the 1970s in particular, domestic policy agendas within OECD countries have to a significant degree been shaped by a series of actual or incipient electoral revolts by taxpayers, and attempts to head them off.

The OECD countries are of course not homogenous. The political mobilisation of taxpayer concerns has been especially evident in the Anglophone and Scandinavian countries. The non-OECD or developing countries are far more heterogeneous. Our suggestion that taxation issues have not been prominent on their domestic political agendas will no doubt spark dozens of references to exceptions. There are indeed plenty of those. We refer to a few below. But we stand by the claim that, on average and in recent decades, taxation issues have been far less prominent in 'public politics' in the non-OECD countries – let us call them 'developing countries' – than within the OECD. Insofar as there has been a politics of taxation, it often has been narrow, specialised, and concentrated in non-public spaces. It has been the politics of small pressure groups lobbying for exemptions from import duties, or individual large companies bargaining with ministers and tax officials about their tax liabilities for the current year. Unlike in some OECD countries, in developing countries taxpayers have not mobilised politically: to win referenda that place tight caps on government spending (USA); to give new anti-state political parties enough parliamentary seats to directly influence government policy (Scandinavia); to force ruling centre-left political parties to cut drastically public welfare spending (the Clinton Democrats in the US) or to show an unprecedented willingness to hoard fiscal surpluses rather than to

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spend (UK); or even to establish that taxpayers' concerns about the uses of their money could be a legitimate constraint on public policy.

Further, taxation has been largely absent from development studies – the intellectual discussion about the character of and means to development. There are books and articles on the subject. But they are written by specialists – mostly a small sub-species of economists – for other specialists. Non-economists have not become interested or involved in debates about taxation to anything like the degree that they engage with other economistic concerns and concepts – economic reform, import substitution versus export orientation, liberalisation, or human resource development.

The old politics of taxation in developing countries was largely – and especially in comparative perspective – a politics of silence and absence. To talk of the new politics of taxation is to indicate that these issues are coming on to political and policy agendas to a degree not witnessed since, for example, resistance to highly coercive direct taxation of individuals (poll taxes, head taxes) was mobilised into independence movements in colonial Africa. Why is taxation coming on to the political agenda now? It reflects, as we explain below, a coincidence of factors more or less specific to particular regions. But one global issue underpins the whole story: the apparently conclusive defeat of the neo-liberal project to 'roll back the state'. Despite all the efforts of anti-tax and neo-liberal campaigners – and all the misplaced concerns that globalisation would somehow undermine the capacity of states to tax – the size of government, as measured by the proportion of GNP collected by the taxman, continues to edge up in most OECD countries.[1] The new American militarism, accompanied by very rapid increases in military expenditure and a much higher level of public and ideological support within the USA for the idea of authoritative and competent government, is likely to guarantee that there will be no general reversion to anti-statist ideas in the OECD countries for the foreseeable future. The ideological project to roll back the state has been replaced by an emphasis on increasing the competence of government. There is no longer a general bias in favour of cutting public spending. Governments of developing countries certainly experience pressures, self-imposed or external, to make better use of public money. That is an important dimension of improving the competence of states. More important to our concerns, developing country governments now have strong motivations to reform their taxation systems and, in many cases, to increase the overall tax take. There are broadly four different kinds of motivation. All except the first are mostly specific to particular regions.

First, most developing countries governments have at least embarked – and in some cases travelled a long way – on the road to replacing the import and export taxes that used to be a major source of income with levies that bear more directly and immediately on individual citizens or enterprises. High dependence on export taxes on primary commodity exports – coffee, cotton, sugar, tea, tobacco etc. – ceased, a few decades ago, to be a viable long-term strategy. The world market value of these products has long been in decline. It was already evident in the 1970s that the punitive rates of tax levied in developing countries were driving many commodity producers either out of business or into the black market, and out of the reach of the state (Bates 1977; Hyden 1980; Lipton 1977). Consistent attempts to replace trade taxes generally coincided with the adoption of structural adjustment policies from the 1980s onwards. The Value Added Tax (VAT) has been adopted – at least formally – in most developing countries, and has in many cases been a remarkably successful replacement for trade taxes. According to the standard categories employed by tax specialists, that are ill-suited to the political analysis of taxation, VAT is an 'indirect tax'. From a political perspective, it is rather 'direct'. It is levied directly on a substantial number of businesses, many of them small, and is generally perceived as particularly burdensome because of the record-keeping obligations it imposes. The anti-VAT strikes, riots and protests of small businesses are the contemporary equivalent of earlier consumer protests against increases in the administered prices of basic foodstuffs, fuel, bus fares, and water and electricity tariffs; the so-called 'IMF riots'.[2] Deborah Bräutigam cites (in this issue) the 1963 article by the British tax economist Nicholas Kaldor called 'Will underdeveloped countries learn to tax?' These VAT protests may be viewed as part of that learning process.

Second, many aid dependent states, which are thick on the ground in sub-Saharan Africa, now face twin pressures to raise more revenue from their own citizens, and through their own efforts.[3] Real aid levels declined sharply after the mid-1990s.[4] Many aid donors and especially the Washington-based international financial institutions, are strongly encouraging aid recipients to meet specific revenue targets, and giving technical assistance to help them to do so. Future aid might increasingly be conditional on the success of internal revenue-raising efforts (see especially the articles by Siri Gloppen and Lise Rakner, and by Ole Therkildsen in this issue).

Third, as Frank Gregory explains in his article, the former state socialist regimes – with the exception of the oil and gas rich 'Stans' of the Caucasus and Central Asia, and, to some degree, the Russian Federation – are all in the process of a radical reconstruction of their public revenue systems. Socialist states lived mainly from the surpluses they obtained through public ownership of economic enterprises. Their successors have had to start from scratch in finding ways of taxing businesses and citizens. Many still have a long way to go. The 'accession states' that are aspiring to join the European Union have received the greatest external support, and made the greatest progress in establishing a modern 'tax state': a state that finances itself from taxes on citizens rather than through the revenues from royal estates (pre-modern Europe); profits from state ownership of economic enterprises (the centrally-planned economies); incomes from control of concentrated mineral and oil wealth, or massive aid inflows.[5]

Fourth, many Middle Eastern oil states are now running into unprecedented fiscal difficulties.[6] In the long term, the real price of oil has declined, and there is little prospect of any reversal. Many Middle Eastern populations have become accustomed to generous state welfare expenditures in return for their acquiescence to paternalistic or authoritarian rule. But in recent decades, those populations have expanded faster than in any other region of the world. Oil regimes can no longer afford to provide the (relative) luxury to which some segments of their societies have become accustomed. Gross national product (GNP) per head in Saudi Arabia has halved since 1980. Reduced public expenditures and serious attempts to tax citizens are both on the cards. The political implications are potentially wide reaching. The previous deal – welfare spending for the masses in exchange for opulence and absolute authority for ruling families – no longer seems viable.

Developing countries are diverse and their emerging fiscal and taxation situations and concerns are equally disparate. The purpose of this Bulletin is not to predict for particular situations, but to draw attention to important and neglected issues. Our articles focus on two big questions, both summarised elegantly by Deborah Bräutigam in the lead piece:

- Will a greater fiscal dependence of developing country governments on tax revenues yield 'governance bonuses' in the form of greater accountability of states to their own citizens?
- What are the key political considerations involved in constructing arrangements that enable governments to tax their own citizens more effectively?

These two questions are intimately related. Many of the contributors deal with both. The articles have been ordered loosely according to their focus. Those that appear first deal mainly with the first set of issues – the link between taxation and accountability. The later articles focus more on the political dimensions of improving revenue collection.

2 Taxation and accountability

Why should we expect that a greater fiscal dependence of developing country governments on tax revenues might yield 'governance bonuses' in the form of greater accountability of states to their own citizens? What is the connection between the dry, boring, specialised subject of taxation and the important and stirring – at least for we political scientists – issue of how to induce greater accountability of states to citizens in the developing world?

Let us take the first question first. We might expect that greater dependence of oil or aid dependent states on revenues obtained from taxing their own citizens would enhance accountability to citizens because that seems to be the lesson of comparative history. The concept of the *tax state*, summarised earlier, provides one useful way of understanding this history. *Tax states* – unlike *domain states*, which are funded through the income from royal properties, *mineral states* or *aid-dependent states* – depend for their income on finding means of taxing – preferably reliably and at low cost – the wealth, income or purchases of some significant fractions of their own citizens. Taxation can be coercive. Indeed, the involuntary nature of taxation is part of the definition of the term. But coercion has its costs, and is not always very reliable. As Hlophe and Friedman emphasise, some kind of quasi-voluntary compliance, rooted in some notion of moral obligation to pay fair and legal tax demands, is central to effective and efficient tax systems. What factors historically have produced 'quasi-voluntary compliance', and reliable, low-cost national taxation systems? Historians provide an answer which, for Western Europe and North America at least, appears convincing: a bargaining process, through which rulers and potential taxpayers reached explicit or implicit agreements about who was to be taxed, how, at what rates, and how the revenues that resulted were to be used. This kind of state-society bargaining enhanced, in three ways, the effectiveness and legitimacy of the states where it took place, giving them a competitive advance, politically, fiscally and militarily, over other states. In particular:[7]

- Because taxpayers were consulted about the revenue raising system, compliance in tax collection was quasi-voluntary, the collection costs were relatively low, revenues were reliable and predictable – and could be used as a basis for large scale and relatively low-cost state borrowing – and the state was thus relatively well resourced.

- The fact that rulers and the more wealthy and influential sections of society bargained over the sources and uses of revenue helped generate consensus and coherence over national policy issues between groups that otherwise had the capacity to disable the state if they were to pursue strongly opposing policies and objectives.

- The fact that taxpayers had influence over national policy directly broadened the basis of support for the state and indirectly provided channels for further broadening in the long term. Taxpayer status became a valid basis for claiming political influence. Where the notion of giving political voice to taxpayers resulted in the establishment of formal, elected representative political institutions – classically, the British Parliament – a basis was laid for steady expansion toward electoral democracy.

Such a highly schematic history of Western Europe of course raises dozens of questions, and must be hedged with many qualifications. But this interpretation of history is very attractive to those of us concerned to explain 'governance problems' in developing countries. At the very least, it provides a framework for working out what might be the right questions to ask about 'the South'. Contemporary international development policy orthodoxies ask us to accept that there is a generic problem of poor governance in developing countries without any explanation of why this should be the case. Implicitly, 'poor governance' is inherent to the condition of underdevelopment, in the same way that, in previous generations of development theory, it was asserted that national poverty was caused and characterised by a particular, 'traditional' constellation of social relationships. It is a little surprising that it is only very recently that a number of development specialists have begun to assemble insights from the historical literature mentioned – and from a separate literature on 'rentier states' designed to explain the political dysfunctions of oil regimes – to suggest that an important part of the explanation of the prevalence of weak and relatively ineffective states in the South might lie in the fact that so many are not tax states, but live rather from oil and other minerals, or from high levels of aid. Deborah Bräutigam was one of the first scholars of development to suggest the importance of these issues of revenue and taxation to the 'good governance' agenda (Bräutigam 1991). It is appropriate that she should be the author of our lead article, that extends the analysis we have set out above, and finds that it rings true for one prominent recent case of all-round developmental success – Mauritius.

The contributors who discuss the link between state revenues and accountability are not dealing principally with history. They use the comparative historical arguments set out above to frame a much more pragmatic set of questions about policy options today. How close is the link between state dependence on internal taxation and accountability? Does it exist in all cases? Does the type of tax matter? Is it reasonable to expect that a shift toward more reliance of poor states on internal taxation would actually improve accountability to citizens and the quality of governance over the finite time periods within which policy makers must work? Is aid dependence really such a problem? How do the actions of aid donors impact on all this? Let us summarise what they have to say.

Odd-Helge Fjeldstad provides the most convincing empirical rejection – for a set of defined circumstances – of the argument that there is some intrinsic connection between revenue collection by the state and some kind of bargaining process or implied social contract between state and citizens. Most of the taxation experiences of ordinary Tanzanians are with local governments, which obtain their revenues in ways that are more often coercive and arbitrary. Press reports from China indicate that the situation there is broadly similar. The dominant drive behind local revenue systems, unregulated by law or higher levels of government, is to pay and benefit those who organise and conduct the collection. Fjeldstad's concluding comments on why the context of Tanzanian local government might generate such perverse linkages between taxation and accountability is an important contribution to mapping the field.

Siri Gloppen and Lise Rakner ask whether recent donor-driven tax reforms in Tanzania, Uganda and Zambia have contributed toward the goal of increasing state accountability to citizen-taxpayers. Their negative conclusion reinforces the view that taxation-accountability linkages are products of consistent, long-term political, institutional and cultural processes. There is no quick technical or organisational fix. More worrying from the perspective of aid donors, Gloppen and Rakner pinpoint the fact – also treated later by Ole Therkildsen and Florens Luoga – that donor insistence that states meet short and medium term targets for increasing or sustaining revenue collections can militate against accountability to citizens. Failure to submit tax policy to legislative or public approval can be defended on the grounds that policy conditions set by donors have priority. The arbitrary or coercive treatment of taxpayers by revenue officials may be motivated – or defended – on the grounds that the donor-imposed revenue targets have to be met. However, Gloppen and Rakner do find evidence of what may be a more positive connection, in the longer term, between these donor-imposed targets and accountability. Commercial businesses at least are beginning to use their associations to interact with government and revenue authorities over tax collection procedures. While there can be no doubt that this mobilisation is motivated principally by businesses' desire to reduce tax payments, the fact that these issues are being treated through formal, public organisations, rather than through bribery and private deals, could have very positive consequences for legality, legitimacy and accountability in environments where taxpayers have few or no legal or effective rights when the taxman calls. New central revenue authorities may treat commercial businesses less coercively than local government tax collectors deal with Tanzanian villagers, but the implications of their behaviour for the rule of law and for political culture are no less adverse.

Ole Therkildsen's question is in his title: from the perspective of keeping states accountable to citizens, is dependence on aid any less damaging than dependence on oil revenues? He re-visits some arguments – strikingly apparent to many people involved in the aid business, but never subjected to consistent research – that high levels of aid dependence can have perverse consequences for the polity, including the substitution of (latent) accountability of states to citizens with more visible and direct (and often also multiple and competing) accountabilities to donors.[8] Is aid worse than oil? Therkildsen does not actually rule on that. He points out that the scope for positive agency is higher in the aid case. Donors have the option of trying to understand some of the actual or potential perverse effects on governance of their own behaviour, and of trying to avoid or counter them. Oil does not have voice in the same way. In some policy areas, including the setting of revenue targets, donors are not always sufficiently aware of, or concerned about, their capacity to do harm as well as good.

While aid donors are not the subject of Florens Luoga's article, his argument strongly complements the suggestions made earlier about potential adverse consequences of donors' concerns with revenue targets. It would not be much of an exaggeration to say that in Tanzania – and also in many other countries – taxpayers have no effective rights. They are potentially subject to a great deal of coercion. At the local level, poor people are sometimes defenceless (see Fjeldstad's article). We know that businesses protect themselves from coercion mainly through bribery. Neither coercive taxation to meet revenue targets nor bribery aimed at mitigating that coercion are conducive to a democratic accountable polity. There are no easy solutions here, but Luoga argues convincingly that the recognition and protection of taxpayers' rights must be an important component of effective democratisation in countries like Tanzania.

Dirk Hansohm, Klaus Schade and Maano Nepembe test for Namibia a fairly specific hypothesis emanating from recent thinking about the taxation-accountability connection: Mick Moore's (1998) proposition that sources of government income can be scaled according to a concept of 'earnedness' – the degree of organisational, logistical and political effort that the state puts into interacting with citizens to raise revenue. The Namibian state actually appears relatively accountable despite depending principally on 'unearned' income. Clearly Moore's proposition cannot hold in a simplistic form. Hansohm, Schade and Nepembe suggest that it holds in a modified form: the state is actually much more responsive to small groups on which it depends heavily for revenue. In the article that follows, Dumisani Hlophe and Steven Friedman, writing principally on South Africa, make an additional point relevant to Namibia and to several other African states. The authority and legitimacy of existing governments derive principally from the fact that they are the liberators (from colonial or minority white rule). For as long as this situation endures, the linkage between taxation, accountability and legitimacy will be muted. Nevertheless, South Africa provides a very interesting test case for ideas about these issues. Under Apartheid, whites were willing to pay high levels of tax, including direct income taxes, while the non-payment of taxes or user fees to the state was a weapon in the liberation struggle. What happens now that the struggle is won? The South African Revenue Service has actually been successful recently in further increasing the tax take, and providing the new government with additional resources. At least some of this success can be attributed to procedural and organisational reforms. Hlophe and Friedman are still researching the question of whether and how it also reflects changes in political culture and attitudes to citizenship.

Hlophe and Friedman, like several of our other contributors, draw our attention to the fact that government revenue still derives very largely from the formal sector. The informal sector is largely untouched. Their article marks the transition in this *Bulletin* to a set of contributions that focus mainly on more nitty-gritty questions: how can governments in developing countries tax more effectively?

3 Politics and revenue collection

Our contributions are only partly of a practical how-to-do-it nature. They are more of a practical how-to-think-about-it character – dealing especially with how to think about it *politically* for practical purposes.

The big political question in Frank Gregory's article concerns the relative merits of two different traditions of collecting taxes – traditions that, with only a little over-dramatisation, might be labelled 'civic' and 'military', respectively. Both are found within Europe, although the first dominates there. This is the model that the accession states of Eastern and Central Europe are adopting as they prepare to try to join the European Union. Tax officials are unarmed. While they might for some activities have their own dedicated investigation bureaux, they rely mainly on the national police for cooperation in dealing with criminal activities and for such armed force as they might require. There are elements of the 'military' model, with a separate armed tax police, in Italy. However, Gregory focuses mainly on the Russian Federation, where recent attempts to build an effective direct taxation system have led to the granting of increased power and autonomy to the armed tax police. Drawing attention to the evidence that the tax police is a very effective tool for the harassment of opponents of President Putin, and for the silencing of independent media organisations, Gregory is in no doubt that the civic model of tax collection is to be preferred. But he leaves us with a question that can neither be easily answered nor lightly dismissed. In countries like the Russian Federation, where economic power is often very concentrated in the hands of a small number of large enterprises, including those that control oil, gas and mineral resources, might effective taxation not be dependent on some kind of semi-militarised tax police? How else can organisations like Gazprom, that wield so much financial and political power, be made to pay taxes? We cannot assume that the liberal model, that focuses on taxpayer rights, legitimacy, negotiation, and the development of quasi-voluntary compliance, will actually be effective in all circumstances without more authoritative back-up. At the same time, those coercive powers are deeply problematic. There are plausible rumours that the new, relatively powerful Revenue Authorities that aid donors have been helping to establish in Africa have become major conduits for accumulating and channelling unrecorded revenues into the wrong hands.

In exploring the links between taxation, legitimacy and accountability, most of our contributors have focused on the implications of the ways in which taxes are determined and collected. There is however another dimension of the practice of taxation that is no less central to legitimacy: the distributional questions of who is taxed, and by how much. This ought to be a major issue in developing countries. Speaking very broadly, the rich do not pay the taxes that, by both ethical and comparative criteria, they ought to be paying. One major set of loopholes lies in property taxation. Both urban property and rural property (and farm incomes) are grossly undertaxed in many developing countries. Recent tax reforms have achieved some successes in spreading the tax net, notably through the widespread introduction of value added taxes (VAT). However, extending property taxation has not been seriously on many agendas. It is certainly not on the agendas of International Monetary Fund and the World Bank, who have played such a major (and generally constructive) role in stimulating and shaping recent tax reforms in developing countries. Will improved property taxation come onto the policy agenda for other reasons? Martin Smolka and Fernanda Furtado give us some modest reasons for hope in relation to urban property taxation in Latin America. They examine this issue through the experience of attempts at 'land value capture': the appropriation for public purposes of some of the increase in the value of privately-held urban property that results from public decisions and public investments. Historically, 'land value capture' was placed on the intellectual agenda by the somewhat idiosyncratic nineteenth century economist, Henry George. 'Land value capture' taxes, which have long been on the books in several Latin American countries and elsewhere, rarely have raised much revenue. Smolka and Furtado suggest this might be changing. There is a new and more pragmatic interest in the issue, stimulated in part by the justification for land value capture that is inherent in neo-liberal economic theory, but mainly by the more mundane reality that, because of widespread administrative and political decentralisation, municipal governments are now casting around for new sources of revenue.

The *Bulletin* concludes with two articles dealing with one of the most problematic long-term dimensions of taxation in developing countries: the inability of governments effectively to tax the informal sector. These two articles have strikingly original things to say on this subject. Anuradha Joshi and Joseph Ayee have organised the first consistent research into a highly unusual arrangement for taxing the small scale road passenger transport system that has been in place in Ghana for almost two decades. The private association representing the transport operators, the Ghana Passenger Road Transport Union, collects income tax from its members on behalf of the state. Is this a viable model for wider replication? Joshi and Ayee do not take a stand on that. On the one hand, this is an effective mechanism for actually taxing individual micro-enterprises in ways that minimise their exposure to coercion and harassment. On the other hand, an embarrassingly small proportion of the estimated tax payable seems to reach the government's coffers. Suspend for the moment judgement about the replicability of this system. Joshi and Ayee provide us with an excellent analysis of the politics of how this system came about, and how it has been modified as a result of the change to a democratic political regime. If we want to think about the political feasibility of this 'associational' route to taxing the informal sector, here is an excellent place to start.

And an excellent point on which to finish is Judith Tendler's political analysis of 'the devil's deal'. Why is the informal sector so hard to tax? Tendler looks at some evidence that this is not simply because it is too burdensome for tax collectors to track down and pin down small enterprises that are unregistered, have no formal address, may not be easy to recognise, and individually may not be able to contribute much to meeting revenue targets. There is also a deal going on: politicians agree to keep groups and clusters of enterprises exempt from tax – and therefore informal in one of the standard definitions of the term – in return for votes, campaign contributions, muscle, or other forms of political support. Why is this a 'devil's deal'? Because, Tendler argues, this arrangement is a serious disincentive to the practice of the kinds of local industrial development policies that in some places have been successful in stimulating innovative local industrial clusters. The kinds of political institutions and alliances that support the devil's deal make it very difficult to generate political support for the strategic public interventions. We close at this point knowing that Tendler has opened up for exploration, a whole new set of questions about the political implications of taxation regimes.

4 Implications

We hope that no-one still thinks that taxation is a dry, technical topic that has no serious implications for development in the broad sense of the term. There are in fact many and it is unlikely that we are even aware of all of them. We also hope our contributors have demonstrated that the returns to thinking and researching politically about taxation systems are both high and exciting. We keep our own concluding comments brief, and limit them to the topic on which we have mainly focused – the link between taxation and accountability:

- The problems of low accountability of states to citizens in the developing world are not going to be solved in the short term if those states become less dependent on mineral and aid, and more dependent on taxes. However, there is sufficiently strong evidence of a medium or long-term connection between taxation and accountability for policy makers and researchers to take this issue much more seriously.

- The institutional context of interaction between state agencies and citizens in tax collection is in need of major improvements in most of the developing world (and elsewhere). States need to obtain legitimate revenue, and to have the authority to collect it. But the means currently employed tend to undermine that state authority and legitimacy in the long term. Taxpayers' rights are important to the construction of decent, effective and legitimate governance in both the short and the long term.

- In the OECD countries we have become habituated to viewing taxpayers' movements as a little reactionary. In our recent experience, they have been focused mainly on keeping 'their' money out of hands that they are quick to stigmatise as 'undeserving'. They have been more interested in minimising their own tax 'burdens' than in making taxation regimes more fair, honest and decent. We should be more open-minded about emerging taxpayer movements and organisations in developing countries. They will no doubt be self-interested. But, insofar as their interests are served by making the taxation process less arbitrary and coercive, and perhaps by opening up for greater public scrutiny the spending of tax revenues, then, in situations where there are few effective public restraints on state action, their actions could represent a genuine public good.

Notes

1. Studying 15 OECD countries at various intervals over the 1980s and 1990s, Crepaz (2002) finds that higher levels of exposure of national economies to the global economy are associated with *increases* in the extent to which national governments actually redistribute income through taxes and transfers.

2. A recent study suggests that these protests were largely the result of lack of political sensitivity in the introduction of VAT in Ghana (World Bank 2001).

3. This concern sparked the research programme by the Chr. Michelsen Institute (Norway) and the Danish Centre for Development Research: 'Taxation, aid and democracy. The evolution of tax systems in Namibia, Tanzania and Uganda'. Five of the contributing articles to this *Bulletin* are derived from this research programme, financed by the Norwegian Research Council and DANIDA.

4. At the time of writing it seems possible that total aid volumes are likely to increase again, but it is not clear which countries will benefit. Much of the increase may be concentrated on governments to which the US administration is sympathetic.

5. The concept of tax states is associated particularly with Joseph Schumpeter (1918/1991).

6. See 'A survey of the Gulf States', in *The Economist*, 23 March 2002.

7. For a more extended summary of these arguments, dealing also with the ways in which dependence on widespread internal taxation tends to enhance public service efficiency, see Moore (2001). See also Ferguson (2001); Moore (1998); Ross (1999, 2001); Tilly (1992).

8. For a good summary of the literature on aid dependence, see Bräutigam (1999).

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TAXATION & DEVELOPING COUNTRIES- Training notes EPS-PEAKS is a consortium of organisations that provides Economics and Private Sector Professional Evidence and Applied Knowledge Services to the DfID. The core services includeÂ This note includes a number of typical tax findings and challenges in developing countries. It first reports on ten tax findings and then discusses typical challenges. Overall tax performance. new insights and new theory. We consider that the debate about the politics of taxation in. developing countries can strongly benefit from these additional perspectives at this stage. Not least, the findings presented in the articles have important policy implications.Â Taxation, responsiveness and accountability in sub-Saharan Africa. The dynamics. of tax bargaining (Cambridge, UK: Cambridge University Press). Prichard, W., Salardi, P. and Segal, P., 2014. Taxation, Non-Tax Revenue and Democracy: New. Evidence Using New Cross-Country Data (Brighton: Institute of Development Studies). Profeta, P., Puglisi, R. and Scabrosetti, S., 2013.