

Wilson Prichard 

doi:10.1017/S1537592725101503

Lucy Martin has written an ambitious account arguing that taxation is of critical importance to broader state-building in Africa, and that research should pay greater attention to (a) the political forces shaping taxation, and (b) the links between taxation, accountability and statebuilding. She makes three core arguments: First, the expansion of taxation can, and often does, give rise to new demands for accountability and stronger fiscal social contracts. Second, many governments—and particularly low-capacity states which struggle to deliver services—may forgo new tax revenues in order to avoid expanded public demand making. Third, in lower-capacity states democracy may sometimes weaken taxation as political leaders judge that the benefits of expanded revenues (which are comparatively difficult to collect) do not outweigh the costs of expanded public demands (which may be hard to meet).

Those arguments are persuasive, and the book is a very welcome contribution to an important and growing field of study. What I would have liked to see is deeper engagement with a large existing body of qualitative and multi-methods work on these questions that would add important nuance and completeness to the story presented in the book. I would highlight four things in particular.

First, a more complete model of the reasons for low tax collection in Africa: Martin writes that “Existing theories of taxation and state development have not been able to satisfactorily account for [why] tax collection remains so low in many lower-income countries” (pp. 192). That may be true to some degree. But there is a large literature on this question, only sparsely referenced in the book. It is widely accepted that tax collection tends to rise with incomes owing, among others, to changes in the structure of economies. We also know a great deal about the challenges of effective administration in contexts of limited capacity and data, about data sharing and digitalization, and about the impacts of tax exemptions, international tax rules, tax treaties, and other policies. Political factors are critical, but the nuanced role of politics is best understood in the context of a robust accounting also of the technical reasons for underperformance.

Second, a richer understanding of the politics of taxation: While the book argues for more politically informed analysis of tax challenges, there is limited engagement with a relatively large existing literature. There is existing literature on political budget cycles in low-income countries and the potential negative impacts of elections on taxation where trust and capacity are low. More important, there is a large qualitative and mixed-methods

literature about the politics of tax reform and tax administration in low-income countries (too long to cite here, but three illustrative references: Fairfield, *Private Wealth and Public Revenue*, 2015; Bird, “Improving Tax Administration in Developing Countries,” *Journal of Tax Administration*, 2015; Dom et al., *Innovations in Tax Compliance*, 2021). In focusing overwhelmingly on quantitative research, the book presents a model of tax politics centered on the general attitudes of a relatively homogenous group of taxpayers. Existing literature makes clear that tax politics is much more complex. Tax politics varies significantly across different tax types and taxpayer groups. It is not only shaped by the general attitudes of taxpayers but also by the politics of tax administration, the politics of inter-governmental cooperation, elite politics and political settlements, and more macro historical forces. We would not expect the model itself to capture all of that complexity, but attention to that broader complexity is critically important to any broader account.

Third, a focus on “ownership” rather than “loss-aversion”: Drawing on previous accounts, Martin’s core model suggests that government dependence on taxation may support expansion of accountability through two pathways. First, citizens may gain greater bargaining power through the threat of non-compliance. Second, the experience of being taxed may lead citizens to expand demands for reciprocity and accountability. Martin then argues that “loss-aversion” is the key mechanism driving that relationship. I worry that this focus is too narrow. In my reading, the dominant message from existing literature is that expanded demand making in response to taxation is best explained by idea that, when taxed, taxpayers come to feel a sense of *ownership* over government revenues and are thus more inclined and entitled to make demands on the state. That argument is summarized and reflected in Prichard (*Taxation, Responsiveness and Accountability in Sub-Saharan Africa*, 2015), but is reflected explicitly or implicitly in most qualitative and mixed-methods work on this topic in lower-income countries. In an early example, Bird and Vaillancourt (*Fiscal Decentralization in Developing Countries*, 1998: 10–11) reasoned simply that “people take more interest in what they have to pay for and are hence more likely to be interested in ensuring that they get value for their contributions.” This also reflects the way in which demand-making taxpayers themselves tend to talk about this issue, believing “that by reinforcing community ownership of public revenues they could encourage more active public engagement” (Prichard 2015: 282). It is also the conclusion of an excellent and more recent paper of which Martin is co-author (de la Cuesta et al., “Owning It,” 2022). In the book Martin notes briefly that “loss-aversion” is compatible with a story focused on ownership. Looking ahead, my reading of the evidence is that while loss aversion is part of the story, the broader idea of “ownership” is most central to processes of tax bargaining.

University of Toronto, wilson.prichard@utoronto.ca

Fourth, a politicization of the concept of tax bargaining: As in many accounts of the links between taxation and accountability, at times the model seems to imply (perhaps unintentionally) that “tax bargains” between citizens and governments are relatively structured and explicit agreements to exchange tax compliance for service delivery. But qualitative accounts make very clear that while some “bargains” are relatively explicit—for example, in markets, which Martin’s more recent work explores—the majority are not. Instead, stronger social contracts around taxation tend to arise from processes of protracted and repeated, often implicit, political contestation—what Moore has called “mutual behavior adjustment” (Moore, “Between Coercion and Contract”, 2008: 38). Formal models risk inadvertently painting a misleadingly formal picture of the messy political reality of how taxpayers demand accountability in exchange for taxation.

What is next for tax and development research? The central arguments of the book are very important but in many ways now quite widely accepted. As early as 2010–

2011, the IMF and OECD published high-profile policy papers, drawing on research noted above, arguing both that politics was central to tax collection and that taxation (and particularly direct taxation) could be a key driver of accountability and statebuilding. Research and policy writing on these questions has expanded since then.

New evidence to support those core arguments is extremely welcome, but what is most needed, I would argue, is work that goes beyond these broad arguments to explore how to achieve improved revenue collection and stronger social contracts in practice. My impression is that Martin shares that view. In the final pages she argues for more work seeking to understand how to build taxpayer trust and engagement and under what conditions taxation may spark sustained collective action and demand making. Successful research of that kind demands a deeply interdisciplinary and multi-methods approach, in order to fully capture the messy complexity of politics, tax administration, and social dynamics surrounding concrete efforts to expand taxation and to build stronger social contracts.