

Reading List

Tax and Governance

Essential Readings

[Prichard, W. “What Have We Learned About Taxation, Statebuilding and Accountability?” ICTD Summary Brief](#)

This summary brief introduces the relationship between taxation, accountability and governance, reviewing contemporary literature and policy discussions. In addition, it advances specific recommendations for a more governance-focused tax agenda. This includes a focus on direct taxation that raises their political salience, on horizontal equity in enforcement, and on expanding transparency, including by earmarking. It highlights the importance of programmes that directly support popular engagement with taxation and the need for inclusive institutional spaces for tax bargaining that ensure that it is not dominated by larger actors. Finally, the paper highlights the particular risk and opportunities of taxation and governance on a local level.

[Quak, E. \(2019\). Taxation and accountability: how to improve the state-citizen social contract through taxation. K4D Helpdesk Report No 663. Brighton, UK: Institute of Development Studies.](#)

This K4D report summarises the debate on the relationship between taxation and social contracts. Drawing on a wide range of case study evidence, it discusses four key elements of the debate: the role of natural resources, foreign aid, tax bargaining and decentralisation. Building on these discussions, it then outlines key lessons learned from taxation interventions, highlighting the importance of transparency and participatory budgeting, strengthening taxpayers' rights and parliaments' capacity, and encouraging civil society engagement.

[Accountability through tax reform? Reflections from Sub-Saharan Africa. Siri Gloppen and Lise Rakner \(2002\). in IDS Bulletin vol. 33 no. 3 pp. 30-40](#)

Building on case studies in Sub-Saharan Africa, the authors investigate under which circumstances tax reform leads to more democratically accountable governments. They differentiate between three different levels of accountability: First, the internal accountability of the tax system, referring to whether the reforms have resulted in a system of taxation with greater reach, higher level of efficiency and transparency. Second, democratic accountability, referring to whether tax reforms have created closer links between African governments and their citizens. Third, external accountability refers to

the extent and ways in which external accountability relations between governments and international donors affect domestic accountability relations.

Paola Salardi, Wilson Prichard & Paul Segal (2014) Taxation, Non-Tax Revenue and Democracy: New Evidence Using New Cross-Country Data, ICTD Working Paper 23

This working paper begins by reviewing the most popular theory in modern political science on the role of taxation in governance. Rentier State Theory, or the theory of the 'resource curse' examines the political consequences of differences in the composition of government revenue, and argues that greater reliance on non-tax revenue, such as oil income, tends to undermine democracy (see Ross and Gervasoni in the additional readings). The paper then proceeds to test this theory with a newly created Government Revenue Dataset, finding significant support for the existence of a 'political resource curse'.

Unsworth, S. and Moore, M., "How Does Taxation Affect the Quality of Governance?", IDS Policy Briefing 34, 2007.

This paper summarises the policy implications of a growing debate about the connections between taxation and the quality of governance in developing countries. There are clear connections between how states obtain revenue, and the quality of their governance. If governments are not dependent on taxes for their finances, they are less accountable and responsive to citizen taxpayers, and have little incentive to build political and organisational capacity to negotiate and collect revenue and spend it effectively. The likely outcome is arbitrary governance and weak states. However, tax dependence does not necessarily guarantee better governance. Taxes may be collected coercively. This may poison relations between government and citizens. The good news is that there are some very practical ways of improving the tax relationship that could contribute to better governance.

Mark Miller, Bryn Welham and Abraham Akoi (2017). Fiscal governance and state-building. Overseas Development Institute. London, England.

This report aims to provide practitioners with an accessible guide to the existing academic and policy literature on the relationship between fiscal governance and state-building. Since the 1990s, there has been a stronger focus on the role of the state in development. As part of this discussion, some commentators have tried to reconceptualise what 'development' means to emphasise that it must include an increasingly sophisticated bureaucratic capability alongside traditional conceptions of greater economic output and more inclusive political institutions. 'State weakness' – an inability of the state to deliver basic public goods or undertake essential functions – is increasingly seen as a key challenge for global development.

Further Readings

Gervasoni, C. (2010) 'A Rentier Theory of Subnational Regimes: Fiscal Federalism, Democracy and Authoritarianism in the Argentine Provinces', World Politics 62.2: 302–40

Mirza Hassan & Wilson Prichard (2016) The Political Economy of Domestic Tax Reform in Bangladesh: Political Settlements, Informal Institutions and the Negotiation of Reform, The Journal of Development Studies, 52:12, 1704-1721, DOI: 10.1080/00220388.2016.1153072

Moore, M. "Tax and the Governance Dividend", ICTD Working Paper 37, 2015.

OECD. Governance, Taxation and Accountability: Issues and Practices, Paris: Organisation for Economic Cooperation and Development (OECD)

Prichard, W. "Taxation and State Building: Towards a Governance Focused Tax Reform Agenda", IDS Working Paper 341.

Ross, Michael (2004) 'Does Taxation Lead to Representation', British Journal of Political Science 34: 229–49

Tendler, Judith (2002) 'Small Firms, the Informal Sector and the Devil's Deal', IDS Bulletin 33.3