


G I G A *Working Papers*

German  Institute of Global and Area Studies
Leibniz-Institut für Globale und Regionale Studien

GIGA Research Unit:
Institute of African Affairs

A Democratic Rentier State? Taxation, Aid Dependency, and Political Representation in Benin

Giulia Piccolino

No 253

September 2014

GIGA Working Papers serve to disseminate the research results of work in progress prior to publication to encourage the exchange of ideas and academic debate. Inclusion of a paper in the Working Papers series does not constitute publication and should not limit publication in any other venue. Copyright remains with the authors.

Edited by the
GIGA German Institute of Global and Area Studies
Leibniz-Institut für Globale und Regionale Studien

The GIGA Working Papers series serves to disseminate the research results of work in progress prior to publication in order to encourage the exchange of ideas and academic debate. An objective of the series is to get the findings out quickly, even if the presentations are less than fully polished. Inclusion of a paper in the GIGA Working Papers series does not constitute publication and should not limit publication in any other venue. Copyright remains with the authors.

GIGA research unit responsible for this issue: Institute of African Affairs
Copyright for this issue: © Giulia Piccolino
WP Coordination and English-language Copyediting: Melissa Nelson
Editorial Assistance and Production: Silvia Bücke

All GIGA Working Papers are available online and free of charge on the website
<www.giga-hamburg.de/workingpapers>.

For any requests please contact: <workingpapers@giga-hamburg.de>.

The GIGA German Institute of Global and Area Studies cannot be held responsible for errors or any consequences arising from the use of information contained in this Working Paper; the views and opinions expressed are solely those of the author or authors and do not necessarily reflect those of the Institute.

GIGA German Institute of Global and Area Studies
Leibniz-Institut für Globale und Regionale Studien
Neuer Jungfernstieg 21
20354 Hamburg
Germany
E-mail: <info@giga-hamburg.de>
Website: <www.giga-hamburg.de>

A Democratic Rentier State? Taxation, Aid Dependency, and Political Representation in Benin

Abstract

Drawing on the history of statebuilding in Western Europe, fiscal sociology has proposed the existence of a mutually reinforcing effect between the emergence of representative government and effective taxation. This paper looks at the case of Benin, a low-income West African country that underwent a fairly successful democratization process in the early 1990s. It finds, in contrast to previous studies that have emphasized dependency on aid rents, that Benin appears to have reinforced its extractive capacities since democratization. However, the effect of democratization has been largely indirect, while other factors, such as the influence of the International Financial Institutions (IFIs) and the size of the country's informal sector, have played a more direct role in encouraging or inhibiting tax extraction. Nevertheless, the hypothesis that effective taxation depends on a quasiconsensual relationship between government and taxpayers finds some confirmation in the Beninese case.

Keywords: Benin, taxation, rentier state, fiscal sociology, statebuilding, democracy, democratization

This paper has been drafted as part of the research project "The Economic, Social and Political Consequences of Democratic Reforms. A Quantitative and Qualitative Comparative Analysis" (COD), funded by a European Research Council Starting Grant (Principal Investigator Giovanni Carbone, Grant Agreement no. 262873, "Ideas," 7th Framework Programme of the EU). The paper is based on field research conducted in Cotonou, Benin between March 2013 and May 2013. The author would like to thank Alexander Stroh and participants of the COD workshop held at the Università degli Studi.

Dr. Giulia Piccolino

is a political scientist and a postdoctoral research fellow, sponsored by the Alexander von Humboldt Foundation, at the GIGA Institute of African Affairs.

Contact: <giulia.piccolino@giga-hamburg.de>

Website: <www.giga-hamburg.de/en/team/piccolino>

A Democratic Rentier State? Taxation, Aid Dependency, and Political Representation in Benin

Giulia Piccolino

Article Outline

- 1 Introduction
- 2 Taxation, Democracy, and Statebuilding in Historical and Contemporary Perspective
- 3 Democracy, Taxation, and Aid Dependency in Sub-Saharan Africa
- 4 Benin: From Fiscal Crisis to Democratization
- 5 Democratic Social Contract versus Technocratic Reform
- 6 Towards a Developmental Fiscal System?
- 7 Conclusion

References

1 Introduction

The development of effective taxation systems is regarded as a crucial phase in the process of statebuilding. Focusing on the European historical experience, fiscal sociology has emphasized the connection between political representation and taxation (Moore 2004) and highlighted the emergence of a twofold process of institutional development and the reinforcement of state accountability around the issue of revenue collection (Brautigam 2008).

As democracy diffuses around the globe, even to the poorest parts of the world, it is worth asking whether democratization is reinforcing the extractive capacities of developing states and fostering a social bargaining process between taxpayers and the state. Research on contemporary developing countries, however, paints a much more ambiguous and inconclusive picture regarding the possibility that democracy may favor effective taxation. Notably, it has been argued that the political economy of contemporary developing countries differs from the historical experience of early modern European states because of the widespread diffusion of natural resource rents and strategic rents in today's international system (Moore 2004).

Benin, a small country born out of decolonization with a fragile economy and a heritage of administrative weakness, is a good case study for exploring the interaction between democracy, taxation, and strategic rents. Benin occupies a privileged position in the history of democratization in sub-Saharan Africa: it was the first former French colony to undergo a successful democratic transition at the beginning of the 1990s (Banégas 2003; Heilbrunn 1993; Gisselquist 2008). Benin has been affected by fiscal crises in the past and has historically been overreliant on international trade taxes. It has been contended that democratization has done little to change the economic foundations of Beninese statehood, and Benin has been characterized as a democratic rentier state because of its dependence on foreign donors (Bierschenk 2009).

This paper explores the impact of democratization and democracy on a state's extractive capacity by looking at the evolution of the Beninese tax revenues and fiscal system. Through interviews with tax administrators, elected representatives, and taxpayer organizations, it also explores the representation/legitimacy/extractive-capacity link in the Beninese context. It argues that the impact of democratization on the collection of revenues is indirect and mediated, and it confirms that several theoretical hypotheses inspired by the history of Western Europe are not applicable to contemporary developing countries such as Benin. It also argues, however, that a democratic environment may still have a positive effect on enhancing effective taxation and reinforcing its statebuilding potential through various causal mechanisms.

2 Taxation, Democracy, and Statebuilding in Historical and Contemporary Perspective

The power to collect taxes has often been presented as one of the core, defining features of a modern state (North 1981; Levi 1989; Tilly 1993). The politico-economic approach to the study of taxation has considered the ability of states to tax their citizens as both a central phase in the process of statebuilding and a key indicator of a nation-state's capacities and consolidation (Di John 2010; Bates and Lien 1985; Levi 1989; Tilly 1993; Lieberman 2002).

Since the writings of Joseph Schumpeter (1918), a central tenet of fiscal sociology has been that "there is a causal connection between (1) the dependence of governments on broadly levied taxes, rather than other sources of revenue and (2) the existence of the kinds of binding constraints on governments and institutionalized political representation that constitute the foundations of liberal democracy" (Moore 2004: 298). The "tax state" – a state

that relies on broadly levied taxes as its main source of financing – will tend towards accountable, representative government. This is because effective tax collection requires a high level of compliance on the part of the taxpayers (Schumpeter 1918; Bates and Lien 1985; Levi 1989; Moore 2004). Thus, taxation is deemed to be intimately linked to the legitimacy of the state and to the existence of a “social contract” between the state and its citizens. Historical narratives emphasize the transition from ineffective forms of taxation based on coercion to effective taxation that requires consent and collaboration on the part of the citizens as a crucial stage in the process of statebuilding (Brautigam 2008). In a virtuous circle, higher levels of taxation extracted by consent can finance state-provided services and goods. Moreover, the process of effective tax collection itself, because of its administrative sophistication, will further stimulate the development of state capabilities (Moore 2004; Brautigam 2008).

These remarks suggest a strong relationship between the emergence of a tax state and of liberal democracy. This link has been emphasized by accounts focusing on Europe and Great Britain in particular (North and Weingast 1989; Levi 1989; Hoffman and Norberg 1994). The causal link is seen to have worked in both directions, as government reliance on tax revenues laid the foundations for the emergence of liberalism and later democracy, but parliamentarism also allowed for the increase in state revenues.

The proposition that democracy enhances tax collection has, however, been theoretically and empirically contested (Olson 1993; Mulligan, Sala-i-Martin and Gil 2004). Quantitative empirical research has reached contradictory conclusions, with some scholars finding that democracies collect more taxes than nondemocratic states (Boix 2001; Thies 2004: 65), others that democracies collect as many taxes as autocracies (Cheibub 1998; Schmitter et al. 2005: 8), and others that democracies collect fewer taxes (Mulligan, Sala-i-Martin and Gil 2004). However, general quantitative indicators, such as the tax ratio (government revenues as a share of GDP), are not as significant if one looks at taxation from a statebuilding point of view (Brautigam 2008; Lieberman 2002). In fact, the way taxes are collected is at least as important for understanding the evolution of state institutions as the amount of taxes collected. It has been argued that progressive and administratively sophisticated forms of taxation, such as direct taxes on income and profits, which require active collaboration on the part of the taxpayer, are particularly apt at spurring a dual process of statebuilding and the reinforcement of state accountability (Lieberman 2002; Moore et al. 2008). Given the fact that they enjoy more legitimacy in the eyes of the citizens and that they are usually under pressure to redistribute wealth, democracies may have the upper hand over autocracies in employing taxation as a statebuilding mechanism, irrespective of the actual amount of taxes collected.

3 Democracy, Taxation, and Aid Dependency in Sub-Saharan Africa

The relationship between democracy and state capacity is particularly important today, as some of the poorest and weakest countries of the world have adopted democratic institutions. In many of these countries, encouraging democratization has been seen by both inter-

national donors and local prodemocracy militants not only as an end in itself but also as a means to improve how they are governed, particularly in the politico-economic domain. This is particularly the case for sub-Saharan Africa, as most African states have, since independence, been affected by widespread corruption, poor economic management and political instability, and have also experienced periodic fiscal crises.

In spite of their general administrative weakness, African states' ability to extract taxes varies widely. The tax systems of most sub-Saharan African states were first established under colonialism (Fjeldstad, Therkildsen, Rakner and Semboja 2000; Mkandawire 2010), and it has been argued that the mode of economic exploitation in African colonies has had a substantial effect on the extractive capacities of today's African states (Mkandawire 2010). Labor reserve economies, characterized by a relatively large population of white settlers and by white-owned mining industries and plantation agriculture, allowed for the emergence of relatively strong states with high extractive capacities (Mkandawire 2010: 1651). On the other hand, former cash-crop economies, a category that encompasses most of the former French and British colonies of West Africa, experience more difficulties in collecting taxes today. In these latter countries, production during the colonial period was left to peasants and marketing was dominated by metropolitan mercantile houses or by state marketing boards. Taxation took place largely through the marketing channels and poll taxes (Mkandawire 2010: 1649). Former cash-crop economies generally exhibit a lower level of industrialization and a higher level of informalization of the economy with respect to former labor reserves. They tend to collect more trade taxes and fewer direct taxes.

Several former cash-crop economies, such as Benin, Senegal and Ghana, transitioned fairly successfully to democracy following the end of the Cold War. If the hypothesis of the existence of a "virtuous circle" between effective taxation and representative government is correct, democracy may have helped these countries to overcome a negative historical legacy and to reinforce their fiscal basis and administrative capacities. Empirically, Baskaran and Bigsten have studied the opposite causal relation – the effect of effective taxation on increasing democracy and decreasing corruption – and have found some evidence of a positive correlation (Baskaran and Bigsten 2013). However, the potential positive impact of democracy could be thwarted by the fact that many former cash-crop economies have a long history of dependence on natural resource rents and strategic rents (Clapham 1996).

Rents are "unearned" income: well-developed administrative capacities or a bargaining process between the state and its citizens are not necessary to collect them (Mandavy 1970; Karl 1997; Ross 1999; 2001; Moore 2004). Much scholarly attention has been devoted to natural resource rents, particularly oil (Ross 1999; 2001; Jensen and Wantchenkon 2004). However, strategic rents are also important (Moore 2004: 305). In the post-Cold War era, development aid has become arguably the most important strategic rent available to poor countries, and many institutionally weak and natural-resource-poor African countries have become heavily dependent on it (Moore 2004; Brautigam and Knack 2004; Moss, Pettersson and Van de Walle 2006).

Scholars have raised concerns that aid may undermine the “social contract” believed to stem from broad-based taxation, discourage the collection of taxes, insulate the government from citizen pressure, and inhibit the development of an efficient tax administration (Moss, Pettersson and Van de Walle 2006; Knack 2009). However, the way in which development aid is disbursed makes it different from natural resource rents (Collier 2006), and donors are increasingly making aid disbursement conditional on the capacity of the state to increase its own revenues. Even those authors who claim that a correlation between high levels of aid and low levels of taxes has been established recognize that low tax levels in aid-dependent states might be caused by factors that simultaneously determine both, such as low GDP per capita and a low level of industrialization (Moss, Pettersson and Van de Walle 2006). Others claim that while project aid can have some negative consequences on macroeconomic planning, there is no evidence of aid harming tax-collection efforts (Di John 2010: 26). Moreover, from an institution-building perspective, the fact that aid might displace taxes may not be always a problem. A deterioration in the quality of tax administration and policy would be a more worrying indicator (Knack 2009). To date, there exists only one large-N study about the relationship between aid and extractive capacities defined in these terms, and while it seems to confirm the existence of the aid curse, it is based on World Bank indicators available only for a relatively short number of years (Knack 2009).

This paper takes into account the impact of aid rents when exploring the relationship between democratization and taxation because, at least in principle, since the end of the Cold War donors have made aid available to democratizing states on a privileged basis. These states may have been discouraged from developing effective taxation systems by the reality or the expectation of expanded donor funding. Although some authors dispute the association of aid with democracy (Djankov, Montalvo and Reynal-Querol 2008), at least two cross-country studies based on African data have found a correlation between aid dependency and democratization (Jensen and Wantchenkon 2004; Pfeiffer and Englebert 2012). In particular, Pfeiffer and Englebert argue that the relative importance of aid vis-à-vis other strategic rents (what they call the “extraversion portfolio”) has been a major determinant of democratization in Africa (Pfeiffer and Englebert 2012). Low-income countries that are poor in natural resources, are not key security players, and have weak links to foreign patrons are more likely to become democratic. These countries need to demonstrate some commitment to democratic reforms in order to attract aid flows that they are unable to substitute with other rents. However, it can be argued that the fact that democracy becomes a product of aid dependency creates a displacement of accountability (Pfeiffer and Englebert 2012). From a political economy perspective, aid-dependent countries may become “democratic rentier states,” using their “democratic successes” to attract even more aid (Bieschenk 2009). In this way, the virtuous circle that was supposed to link taxation and democracy in the fiscal sociology literature is undermined. If the “democratic rentier state” hypothesis is correct, we cannot expect democratization to potentiate the state’s extractive capacities. Rather, we will see aid dependency reinforced by democratization.

4 Benin: From Fiscal Crisis to Democratization

A small coastal state in West Africa, Benin provides a good case study for investigating the relationship between democratization and extractive capacities in sub-Saharan Africa, for several reasons. A former French colony and cash-crop economy, Benin is a resource-poor country with a weak economy and a large part of its population employed in subsistence agriculture and small-scale informal trade. In spite of these handicaps, Benin holds at least one record, as it was the first former French colony in sub-Saharan Africa to initiate a successful democratization process at the beginning of the 1990s. In particular, its formula of convening a National Conference to manage the transition to democracy has provided a model for political liberalization for the rest of French-speaking Africa (Banégas 2003; Heilbrunn 1993; Gazibo 2005; Gisselquist 2008).

Benin's fiscal system was first established under colonial rule, but after the country gained independence in 1960 under the name of Dahomey, a series of reforms officially abolished the colonial fiscal system (Raynaud, Akuesson and Aliha 2007). However, these reforms were only partial: they removed the most repressive aspects of the colonial fiscal system, such as poll taxes, but did not comprehensively restructure it (Raynaud, Akuesson and Aliha 2003). The single-party Marxist-Leninist regime of Lieutenant Colonel Mathieu Kérékou, which lasted from 1972 to 1990, did not undertake any major reforms in the domain of tax policy and administration. Thus, taxation, especially internal taxation, remained underdeveloped. In 1990, on the eve of democratization, the Beninese state collected less than 4 percent of its GNP in internal taxes (excluding customs duties and other taxes on international trade). While most accounts of the end of single-party rule in Benin have concentrated on the spending side, highlighting factors such as the overexpansion of the public sector and corruption, the weakness of the Beninese revenue collection system was arguably one cause of the fiscal crisis that befell the Kérékou regime in the 1980s (Banégas 2003; Allen 1992; Nwajiaku 1994; Gisselquist 2008; Bierschenk 2009). Public debt accumulated, and by the end of the 1980s the state was so bankrupt that it could not pay its employees' salaries (Allen 1992). The banking system, which had lent to the government, collapsed (Banégas 2003). Democratization in Benin was also a response to this financial failure on the part of the state. It is worth asking if it has resulted in a better-funded state and has made another fiscal crisis in Benin unlikely.

Several authors have deplored the fact that democratic Benin is still affected by several governance problems, such as diffuse electoral clientelism (Wantchekon 2003), extensive corruption (Bako-Arifari 2001; Blundo and Olivier de Sardan 2006), and a heritage of weak institutional capacity (Bierschenk 2009; Olivier de Sardan 2004). It has been contended that the country's dependence on external rents is one of the main causes of Benin's problems (Bierschenk 2009). The so-called *Renouveau Démocratique* – the regime change of 1990 – is said to have reinforced the trend towards rentierism by encouraging a massive influx of aid to the country (Bierschenk 2009: 349).

If democracy has reinforced rentierism, however, we would expect tax revenues to have stagnated or even decreased since democratization and aid dependency to have increased. We would also expect no significant change in the quality of taxation – for instance, persistent overreliance on international trade taxes as opposed to direct taxes on income and profits – and no improvement in the fiscal administration’s capacity. If, on the other hand, state revenues have increased since democratization, we should try to understand whether this can truly be attributed to democratization and, in particular, if democracy has favored the emergence of some kind of “social bargaining” between taxpayers and the state with parallels to the emergence of a tax state in European history.

Table 1: Evolution of Tax Revenues in Benin

	<i>Customs duties (million CFA)</i>	<i>Internal taxes (million CFA)</i>	<i>Total revenues (million CFA)</i>	<i>Ratio (customs)</i>	<i>Ratio (internal taxes)</i>	<i>Ratio (total taxes)</i>
1992	30,715	30,739	61,454	5.39	5.40	10.79
1993	36,101	32,684	68,785	6.05	5.48	11.53
1994	46,985	48,484	95,469	5.65	5.83	11.49
1995	67,834	62,919	130,753	6.76	6.27	13.04
1996	79,157	71,481	150,638	7.01	6.33	13.34
1997	102,763	75,630	178,393	8.16	6.01	14.17
1998	119,294	90,240	209,534	8.66	6.55	15.21
1999	138,302	93,188	231,490	9.41	6.34	15.75
2000	155,752	107,788	263,540	9.70	6.71	16.42
2001	167,491	120,144	287,635	9.63	6.91	16.54
2002	183,999	142,539	326,538	9.40	7.28	16.69
2003	199,787	153,264	353,051	9.66	7.41	17.07
2004	214,895	163,275	378,170	10.05	7.64	17.69
2005	217,717	163,785	381,502	9.63	7.24	16.87
2006	245,846	174,301	420,147	9.93	7.04	16.97
2007	289,131	203,189	492,320	10.88	7.64	18.52
2008	341,384	240,801	582,185	11.41	8.05	19.45
2009	321,687	265,972	587,659	10.35	8.55	18.90
2010	309,719	264,187	573,906	9.54	8.13	17.67
2011	302,789	286,063	588,852	8.80	8.31	17.11

Source: DGID and DGDDI, Benin.

Data on revenues collected since the *Renouveau Démocratique* appears to contradict the hypothesis that democracy has reinforced rentierism and dependence on aid in Benin. The increase in tax revenues is one of the clearest trends. In 1992, Benin’s tax-to-GDP ratio was 10.79 percent. In 2011, it was 17.11 percent, which represented a decline in comparison to 2008, when the country achieved its best performance of 19.45 percent. Benin’s overreliance on trade taxes has indeed remained a problem: these taxes have consistently represented more than half of total tax revenues. However, internal revenue mobilization has also increased, from 5.40 percent in 1992 to 8.31 percent in 2011. The country is today in line with the 15 percent tax-ratio target that the World Bank recommends to low-income countries

(Gupta and Tareq 2008). Analyses of tax effort, rather than of the tax ratio, have even found that Benin overperforms slightly, collecting more than what would be expected given the size and structure of its economy (Gupta 2007; Mkandawire 2010).

Table 2: Official Development Assistance in West Africa*

Country	1990	1992	1994	1996	1998	2000	2002	2004	2006	2008	2010	2012
Benin	13.89	16.46	16.37	12.43	8.40	10.37	7.87	9.81	8.54	9.69	10.59	6.81
	..	..	..	..	..	..	66.38	77.06	62.19	68.54	74.36	48.82
Burkina Faso	10.55	19.41	23.00	16.15	14.27	6.90	13.80	13.36	15.43	11.99	11.54	10.81
	..	..	..	..	..	..	122.66	115.99	122.22	98.83	99.28	71.38
Cape Vert	29.11	26.96	24.62	19.98	21.19	15.86	13.77	14.24	11.62	12.73	20.61	13.25
	..	..	..	..	..	..	..	..	46.42	59.36	99.90	63.73
Côte d'Ivoire	7.45	7.71	21.13	8.59	8.05	3.61	9.88	1.09	1.49	2.79	3.85	11.13
	..	..	..	..	..	..	..	6.77	10.03	16.73	22.78	64.12
Gambia	33.36	15.65	9.46	4.33	4.82	6.60	12.02	10.90	11.90	9.99	13.04	15.91
	197.40	..	..	..	..	..	102.14	87.33	83.60	57.11	..	..
Ghana	9.69	9.71	10.24	9.57	9.57	12.37	11.37	16.34	6.13	4.60	5.35	4.69
	..	..	..	..	..	..	55.56	68.03	38.99	22.30	26.10	..
Guinea	11.58	14.23	10.82	7.88	10.36	5.23	8.70	8.20	6.79	8.22	5.06	6.53
	..	..	..	..	83.05	..	..	..	..	..	..	..
Liberia	..	..	..	..	22.43	13.12	14.55	69.15	57.62	181.19	127.28	36.10
	..	..	..	..	..	..	..	323.84	414.90	695.14	522.70	132.52
Mali	19.92	15.10	25.27	19.06	13.62	12.04	13.70	12.56	14.76	11.44	12.09	10.21
	..	..	..	..	..	102.42	93.47	79.04	94.10	82.12	79.76	..
Mauritania	24.59	14.23	21.25	18.63	11.88	17.14	25.07	10.24	7.62	11.83	10.39	10.04

Niger	15.99	15.41	24.34	12.86	14.23	11.73	14.00	18.01	14.92	11.37	13.12	13.55
	..	..	..	..	..	..	..	..	160.89	..	..	..
Nigeria	0.92	0.98	1.21	0.58	0.70	0.43	0.56	0.74	8.12	0.67	0.98	0.80
	..	..	..	..	..	..	..	6.65	98.97	6.71	9.36	8.05
Senegal	14.71	11.28	17.01	11.49	10.07	9.40	8.47	13.47	9.33	8.01	7.25	7.79
	..	..	..	..	..	..	..	..	..	..	46.17	45.25
Sierra Leone	10.23	21.98	34.28	20.07	16.70	29.32	31.69	26.89	20.59	15.57	18.48	11.67
	..	..	..	..	..	98.84	143.02	147.72	122.85	95.18	89.56	57.24
Togo	16.16	13.36	13.39	10.80	8.21	5.50	3.53	3.41	3.69	11.81	14.63	7.25
	..	..	..	..	..	..	..	21.89	20.92	75.36	88.31	34.28

Source: World Development Indicators (WDI), World Bank.

* First line refers to net ODA received as percentage of GNI and second line to net ODA received as percentage of central government expenses.

Moreover, Benin appears to have reduced its dependence on aid since the early 1990s. During this period, Benin was indeed highly aid dependent. In 1992, at the beginning of the Renouveau Démocratique, the amount of aid it received totaled 16.46 percent of its gross national income (GNI). Benin was treated comparably to Poland or East Germany by Western donors, and it has been argued that the massive influx of aid substantially contributed to democratization, creating the feeling among the population that democracy goes hand in hand with

improvements in daily life (Gazibo 2005: 80). However, the *prime de la démocratie* has dried up over the years due to donor fatigue and increasing frustration with the country's levels of corruption and public mismanagement. Benin still receives considerable aid and remains dependent on this aid for many important state investments (Gazibo 2012), but its level of aid dependency has to be seen in the context of West Africa, where it is far from exceptional (Table 2). Furthermore, when seen from a comparative perspective, Benin's aid dependency seems to have little to do with its democratic transition; authoritarian or semiauthoritarian West African states, such as Togo and Burkina Faso, have equivalent or greater official development aid (ODA)/gross national income (GNI) and ODA/government expenses ratios.

Benin is in fact often cited as an example of an African state with an essentially fiscal budget (Bako Arifari 2002). Beninese civil servants, as well as consultants and donors, acknowledge that the country's tax budget is its most important source of revenue, and something which has to be further developed if future fiscal crises are to be avoided (Interview with senior tax officer A, Cotonou, 8 April 2013).

The remaining possible justification for categorizing Benin as a "rentier state" is its overdependence on international trade taxes, which some authors parallel to rents (Bierschenk 2009). However, these revenues are volatile and could dry up in the coming years. These taxes are seen as stemming from "unproductive" speculative activities because a part of them is collected on goods imported to Benin and then reexported – often illegally – to Nigeria. The existence and the lucrative character of this business, however, has been made possible by the differences in Benin's and Nigeria's trade and monetary policies (Igue and Soule 1992). With the introduction of the Economic Community of the West African States (ECOWAS) customs union, planned for 2015, the situation could change. The customs union would bring Benin's and Nigeria's tariffs to the same level, eliminating the advantage of importing goods destined for Nigeria through the port of Cotonou. Another reduction in international trade taxes is likely to stem from the parallel implementation of the Economic Partnership Agreement (EPA) with the EU (Bilal, Dalleau and Lui 2012; Busse and Großmann 2007). Thus, there is a growing pressure on the government to undertake a fiscal transition and find a replacement for the customs revenues that may be lost.

5 Democratic Social Contract versus Technocratic Reform

5.1 Fiscal Reform and the Role of the International Financial Institutions

While democracy has not reinforced rentierism, interpreting the causes and the significance of Benin's increase in tax revenues and the relationship of this increase to democracy is more complex. In fact, at least at first sight, the main determinants of the improvements in Benin's extractive capacities appear to have been reforms undertaken as part of a global agenda supported by the International Financial Institutions (IFIs), particularly the International Monetary Fund (IMF), rather than democratization. These reforms focused on introducing broad-based consumption taxes, simplifying tax design, and improving tax administration (Fjeldstad and Moore 2008). Fiscal policy in Benin has been dominated by national technocrats supported by the IFIs rather than by democratic decision-making (Fjeldstad and Moore 2008).

The largest increase in the tax ratio in Benin can be linked to successful fiscal reforms undertaken in the 1990s, in the context of both the transition to democracy and a structural adjustment program (SAP). Some of these reforms had to do with fiscal policy – for instance, the introduction of the value-added tax (VAT) in 1993, of which Benin was a pioneer within the Union Economique et Monétaire Ouest-Africaine (UEMOA), and of other taxes, such as the tax on industrial profits and commercial profits and the tax on noncommercial profits (Interview with senior tax officer A, Cotonou, 8 April 2013; Interview with employer association, Cotonou, 26 March 2013). Other reforms addressed the way taxes were collected and introduced administrative rationalization – for instance, the assignment between 1989 and 1990 of tax-collection authority to the Direction Générale des Impôts et de Domaines (DGID, Directorate General of National Revenues and State-Owned Estates) (Interview with senior tax officer B, Cotonou, 25 March 2013).

The main protagonists of the first reforms were national and international technocrats, most notably the staff of the DGID and the IMF (Interview with senior tax officer A, Cotonou, 8 April 2013). Because of the essentially technocratic nature of these reforms, they were first adopted by Nicéphore Soglo's elected government in a top-down fashion, rather than through an open democratic debate. The government justified this approach as a response to the emerging fiscal crisis (Interview with senior tax officer A, Cotonou, 8 April 2013). Thus, while there was some dialogue with the private sector, the government had the first and last word on most decisions.

Nevertheless, democratization also played a less direct but important role. During the transition phase, democratization was an enabling factor for fiscal reforms. The legitimacy enjoyed by the post-1990 democratic governments, as well as the momentum created by the Conférence des Forces Vives, helped these governments push the reforms ahead and led to increased trust between the Beninese government and the IFIs (Interview with senior tax officer B, Cotonou, 25 March 2013; Interview with senior tax officer A, Cotonou 8 April 2013).

According to senior tax officers, democratization also facilitated efforts to bring the tax administration closer to the taxpayers (Interview with senior tax officer A, Cotonou 8 April 2013). Tax reform in Benin has aimed, at least on paper, to make the administration less distant from citizens and more consent-based via initiatives such as the introduction of simpler tax-payment procedures and the creation of an office for small and medium enterprises. The tax administration's official ideology has become one of treating taxpayers as "partners" and "clients" (Interview with senior tax officer B, Cotonou, 25 March 2013).

The significance of the transition from a more coercive to a more consent-based form of taxation under democracy should not be overstated. On the one hand, these reforms have followed a rather standardized global pattern, and authoritarian or semiauthoritarian countries have also applied similar solutions (Fossat and Bua 2013). On the other hand, the process of paying taxes in Benin has remained cumbersome, and the tax and customs administrations continue to be plagued by diffuse corruption and embezzlement (Bako Arifari 2001: 41). Several recent surveys have found that the tax administration enjoys a very low level of trust, both in comparison to other branches of the public administration and on its own (INS 2011: 77; Afrobarometer 2011: 60 f.).

However, the at least formal embracing of a consensual approach seems to have had some positive effects, particularly concerning the management of the Direction Générale des Douanes et Droits Indirects (DGDDI) (the customs administration). Under the Kérékou single-party regime, the customs administration was militarized and was seen as being primarily responsible for security. Little attention was given to its economic and fiscal role. In 1992, the new democratic regime took the decision to decouple customs-related activities from the security forces and called for broad consultations about the future of the customs administration, the so-called general estates of the customs administration (Interview with custom officer, Cotonou, 29 March 2013). The customs administration was reformed for a second time in 2011 with the simplification of customs procedures and the institution of a *guichet unique* (one-stop window) at the Cotonou Port. These reforms have helped the Beninese government collect more revenues, and there is reason to believe the democratic environment has been a key factor in determining the positive outcome (Interview with researcher, Cotonou, 19 March 2013).

5.2 *A Representation–Taxation Gap?*

If a technocratic approach to fiscal reform has prevailed in Benin to date, this is because of two issues that have weakened the impact of democratization on taxation. The channel of influence of democracy over taxation most frequently mentioned in the literature – the elected parliament – has had little to do with Benin's successful fiscal expansion. The powers of the Beninese National Assembly in the determination of fiscal policy have legal limitations: the National Assembly votes on the budget and can propose amendments, but it is required to

identify alternative resources to finance possible tax cuts. Moreover, in the event that the assembly blocks a budget, the president can adopt it by decree, bypassing the parliament. This power has been employed several times since the *Rénouveau Démocratique* (Akindés and Topanou 2005).

In addition to these legal constraints, other factors have weakened parliamentary representation. The functioning of the Beninese National Assembly, like such bodies in other states of the subregion (Lindbergh 2003), is deeply influenced by the neopatrimonial character of Beninese democracy (Interview with political analyst, Cotonou, 15 May 2013). In a neopatrimonial democratic context, MPs are under constant pressure to find the resources necessary to sustain a political clientele. This situation creates negative incentives. On the one hand, it encourages MPs to gravitate towards the political side that has more resources to offer, usually the governing coalition (Engels, Stroh and Wantchekon 2008). On the other hand, it facilitates the outright corruption of MPs (Interview with political analyst, Cotonou, 15 May 2013).

The connection between the principle of representation and taxation in Benin is also weak because few people pay taxes. At the beginning of the 1990s, the fact that there were few national taxpayers helped the new Beninese democratic regime to implement reforms with little opposition (Interview with senior tax officer A, Cotonou, 8 April 2013). The number of taxpayers has increased in the subsequent years, but the bulk of national-level taxation is still extracted from a small number of people and enterprises. According to a senior tax official, approximately 70,000 to 75,000 public employees and 700 to 800 large enterprises currently provide more than 80 percent of internal revenues (Interview with senior tax officer C, Cotonou, 23 May 2013). More citizens arguably pay local taxes, but, given the very recent introduction of decentralization in Benin, it is difficult to evaluate the importance of these taxes. The fiscal administration has undertaken a few initiatives to encourage small enterprises to register and pay taxes. In 2001, a decree providing for the creation of *Centres de Gestion Agréés* (CGAs), intended to support small enterprises and encourage their formalization, was adopted. However, in 2009, only two centers had been created and only 400 enterprises had adhered to the initiative (Gnansounou, Houetohossou and Houedokou 2010). There is reason to believe that the objectives of broadening the tax base and encouraging the formalization of enterprises have not been pursued with the same vigor as that of increasing tax revenues in the short term – all the more because the tendency to concentrate on a small number of taxpayers has been in line with global tax-reform trends (Fjeldstad and Moore 2008: 256). For instance, the tax on the registration of enterprises, abolished in 2009 with the aim of encouraging small enterprises to enter the formal sector, was reintroduced barely three years later (Interview with entrepreneur representative, Cotonou, 2 April 2013).

A cause and a consequence of the failure to enlarge the tax base is the fact that Benin has one of the largest informal sectors of the region. The 2010 enterprise census undertaken by the Institut Nationale de Statistique et d'Analyse Economique (INSAE) counted 143,031 informal enterprises versus only 2,047 formal enterprises (INSAE 2010: 21). In 2011, the informal

sector employed 90.4 percent of Benin's active population. Although a number of taxes are applicable to the informal sector, its contribution to fiscal revenues is in practice very limited. According to an official 2011 estimate, revenues from the informal sector represented less than 1 percent of total internal taxes collected by the DGID in 2010 (Republic of Benin 2011).

In the public debate, democracy has been accused of having favored the overexpansion of the informal sector by encouraging a *laissez-faire* attitude, but in fact the informal economy appears to have boomed before the transition to democracy (Igue and Soule 1992; Republic of Benin 2011). The impression that the informal sector was smaller under Kérékou stems rather from the fact that the informal sector was at the time a taboo subject and was kept out of the public debate. INSAE figures suggest that the sector has actually shrunk since democratization, from 99.6 percent of enterprises in 1991 to 95.7 percent in 2008. The formal sector, in contrast, has expanded in the last few years; in 2006 it employed only 4.4 percent of Beninese workers, and in 2011 it employed 10.5 percent. This trend is mainly due to the growth of the formal private sector, which employed only 1.4 percent of the Beninese in 2004 and now represents 6 percent of the workforce (INSAE 2012: 18).

To summarize, it appears that the expansion of fiscal revenues in Benin has taken place mostly through top-down technocratic reforms and as a consequence of the expansion of the formal private sector, while the electoral and representative mechanisms have been secondary. Although the upward trend in the collection of taxes is in itself beneficial, as it contributes to reducing the risk of a new fiscal crisis in a country that has little access to alternative resources, it does not appear to have substantially altered Benin's mode of governance or to have put in motion a "virtuous circle" of reinforcement of the state and of its accountability. This conclusion is in line with case studies of other countries, where the expansion of central state revenues through the implementation of externally sponsored technocratic reforms has been consistent with a neopatrimonial rationale (von Soest 2007; von Soest, Bechle and Korte 2011). In particular, the failure to expand the tax base has limited the possibility that citizenship and state-society relations are reinforced by the way revenues are collected (Fjeldstad and Moore 2008: 257).

6 Towards a Developmental Fiscal System?

The limits of technocratic fiscal reforms in Benin are nonetheless increasingly perceptible. Since the boom of the 1990s, fiscal revenues have expanded at a slower pace or have, in the last few years, contracted. The small group of registered taxpayers, who sustain the bulk of taxation, feel increasingly overburdened (Interview with entrepreneur representative, Cotonou, 2 April 2013), and there are signs that a negative circle may be in motion, with taxation pressure itself becoming a disincentive for informal economic operators to enter the formal sector (Interview with governance consultant, Cotonou, 21 March 2013).

A consequence of the fiscal squeeze on public sector employees and formal sector entrepreneurs is that these groups are becoming increasingly mobilized and increasingly prone to resist further requests of them. This could force the government to adopt a more comprehensive approach to fiscal policy and to open up a real democratic dialogue, both with them and with actors from the informal sector, who are currently undertaxed.

The syndicates, which in Benin essentially represent the public sector, have protested several times asking for reduced taxation of salaries (Interview with governance consultant, Cotonou, 21 March 2013). In 2006, the Conseil National du Patronat au Bénin (Beninese National Council of Employers, CNP-B) and the Conseil des Investisseurs Privés du Bénin (Council of the Private Investors of Benin, CIPB), together with other associations representing the formal private sector, launched the Working Group on Fiscal Issues (Groupe de Travail Fiscalité 2012). Their initiative was a response to what they saw as increasing “fiscal harassment” by the state, stemming from both the state’s need for revenues and corruption within the tax administration (Interview with entrepreneur representative, Cotonou, 2 April 2013). The working group, which also includes several associations of independent professionals such as lawyers and pharmacists and a team of international consultants, prepares a Platform of Fiscal Proposals every year. This is presented to the Ministry of Economy and Finance and to the Finance Commission of the National Assembly (Groupe de Travail Fiscalité 2012). Another preoccupation of the formal private sector has been to encourage the government to expand the tax base by engaging with the informal sector in a pragmatic manner. Within the framework of an EU-financed project intended to support the private sector, the CNP-B, the CIPB, the Chamber of Commerce and Industry of Benin, and two other associations have sponsored a major enquiry, involving more than 4,000 enterprises, into the informal sector (Igue and Puech 2008).

External partners have also been sensitive to the need to reform the fiscal sector. The German Agency for International Cooperation (GIZ) has a representative within the Working Group on Fiscal Issues, and the European Commission has cofinanced an evaluation of the Beninese fiscal sector (Raynaud Akuesson and Aliha 2007). This expert report came to quite critical conclusions about the Beninese fiscal system. It argued that the reforms had not been deep enough and that the Beninese fiscal system had yet to adapt to the country’s contemporary economic reality. It blamed the system’s lack of transparency on the number of taxes and on the insufficient provision of information to taxpayers about their duties. It also pointed out the excessive taxation of productive activities (Raynaud Akuesson and Aliha 2007).

The expression *fiscalité de développement* (developmental taxation) has since entered the Beninese political debate (Interview with governance consultant, Cotonou, 21 March 2013). It is used by taxpayers, employers, donors, and civil society activists to indicate a taxation system that is compatible with the promotion of economic growth and productive investment. The main elements of the developmental taxation agenda are the enlargement of the tax base,

the struggle against corruption within the tax administration, the promotion of fiscal equity, and the modernization of the fiscal system (Gnansounou, Houetohossou and Houedokou 2010). Relative to the fiscal reform agenda implemented by the government with the input of the IFIs in the initial post-democratization period, the developmental taxation agenda seems more promising with respect to improving state–society relations. It also takes a longer-term and more sustainable approach to the expansion of state revenues.

As a result of the private-sector initiatives, the Ministry of Economy and Finance was obliged to adopt a law in 2008 establishing an institutionalized channel for dialogue, the Public–Private Platform, regarding the relaunching of the economy (Republic of Benin 2008). The Platform meets every six months under the chairmanship of the minister of economy and finance and every two months under the chairmanship of the ministry’s cabinet director. It includes government representatives from the different branches of the ministry; the private sector is represented by the CNP-B, the CIPB, the Chamber of Commerce, and other professional associations included in the Working Group on Fiscal Issues.

As representatives of the formal private sector themselves recognize, the Boni Yayi administration has shown openness to dialogue (Interview with entrepreneur representative, Cotonou, 2 April 2013). Until now, however, the outcomes of initiatives aiming to promote fairer and more efficient taxation have been mixed. A new reform that abolished several taxes and substituted them with a single individual income tax was also undertaken in 2011. Although the formal private sector had long demanded the introduction of such a tax, the Working Group on Fiscal Issues has complained that the new *Impôt sur le Revenu des Personnes Physiques* (IRPP) is excessively high (Groupe de Travail Fiscalité 2012). The abolishment and subsequent reintroduction of the tax on the registration of enterprises has been another sign of the ambivalence of the Beninese government (Interview with entrepreneur representative, Cotonou, 2 April 2013). Moreover, the government has to date made no attempt to include actors from the informal sector in the Public–Private Platform or to open up another institutionalized, regular channel of dialogue. This would not be impossible, as some informal-sector operators, such as artisans or motorcycle taxi drivers, have their own professional associations.

The government indeed appears to be caught between pressures to make taxation more fair and sustainable and short-term concerns about increasing revenues, with the latter pressure coming partly from the IFIs. The potential reduction of customs revenues as a result of the introduction of the ECOWAS Common External Tariff (CET) and the conclusion of the EPA is a further source of pressure. However, the consequences of these developments could also be positive. The threat of losing external revenues could push the government to take one of the main points of the taxation for development agenda more seriously: the expansion of the internal tax base. While the informal sector used to be a “blind spot,” the Beninese government has in the last few years accumulated considerable knowledge about it (INSAE 2010; 2012; Republic of Benin 2011), and a new census specifically targeted at microenterprises

is in preparation (Interview with senior tax officer C, Cotonou, 23 May 2013). The tax administration prefers not to take part openly in initiatives aiming to improve knowledge of the informal sector, as it fears that showing too clearly that there is a fiscal objective beyond it could compromise its success (Interview with senior tax officer C, Cotonou, 23 May 2013). However, it follows them closely.

Persuading informal-sector actors to formalize their activities and pay taxes would be impossible without offering something in exchange. The potential expansion of the tax base through the inclusion of the informal sector would have to be based on some form of negotiated deal. Thus, the growing dependence of the Beninese government on internal tax revenues could ultimately lead to the development of a more meaningful social contract around taxation.

In conclusion, the emergence of a debate, followed by structured dialogue, on developmental taxation and of a more pragmatic approach to the issue of the informal sector represent other channels via which democratization could have a positive influence on revenue collection and statebuilding. In fact, these developments are at least in part a product of the atmosphere of openness and freedom of speech created by democratization. Under authoritarian rule, there was no debate in Benin on fiscal issues. Moreover, despite its expansion in the last decade of Kérékou's regime, the informal sector remained invisible to the public administration. However, the formal institutional channels of a democratic system, such as elections and representative bodies, do not seem to have had a significant impact on taxation. More important has been the generally positive influence of dialogue and freedom of speech.

7 Conclusion

The development of effective taxation has long been considered a key aspect of the statebuilding process. Looking at the historical experience of European states, some authors have made a strong case for the existence of a virtuous circle between accountable government and effective taxation. However, the current international economic environment, which is characterized by the diffusion of rents, differs in several important respects from the economic environment in the era of the European statebuilding process.

The case study of Benin suggests that even when democratization leads in the short term to an increase in the availability of international rents, democracy is not harmful to a state's extractive capacities and that the transition to and consolidation of democracy may be accompanied by a considerable increase in state revenues. However, it also highlights the fact that there is no clear and automatic causal connection between democratization and effective taxation. The positive effect of democracy appears to be indirect and mediated.

Political representation is not likely to have a clear impact on taxation due to two factors that reduce its significance. The first is the neopatrimonial character of politics and the weakness of parliaments in many low-income democracies. The second is the small number

of people who are effectively taxed in many developing countries, at least at the national-government level. In these countries, taxation for statebuilding means, to a large extent, the broadening of the tax base. The main obstacle to effective taxation in Benin does not seem to be its dependence on rents, but rather the informal nature of the economy and its fragmentation into microenterprises.

Most increases in revenues in Benin have been due to the application of reforms promoted by the IFIs and by national technocrats. While rentier state theories suggest that globalization is likely to have a negative impact on taxation because it generates rents, the Beninese case also suggests that there is a reverse effect that has to be taken into account. The global diffusion of a fairly standardized fiscal reform agenda and international pressures on states to increase revenues are a novelty that neither theories on the fiscal social contract nor theories on rentierism sufficiently take into account. The diffusion of this reform agenda is likely to influence taxation at least as much as the factors traditionally examined by political scientists, such as the existence of rents, the structure of the economy, and the political regime.

Nevertheless, the Beninese case also suggests that the technocratic path to the expansion of state revenues, although successful in some respects, is not likely to deliver fully in terms of statebuilding and good governance. One of the limits of the technocratic approach to reform has been the inability to expand the tax base, with the consequences that the bulk of the country's tax revenues are drawn from a small number of Beninese citizens and enterprises and that the country's economy continues to be predominantly informal.

The case of Benin suggests that democracy can have a positive impact on taxation, in two ways. First, democratic legitimacy can help a government push ahead a package of potentially controversial fiscal reforms. Second, the climate of civil freedoms and open debate generated by democracy can help put issues on the agenda that have previously received little attention, such as the impact of taxation on equity and economic development or the role of the informal sector. Thus, a democratic environment can create the preconditions for effective fiscal reforms.

Because the limits of the technocratic approach have become increasingly evident in Benin, space may be opening up for a more contractual approach to taxation and for an expansion of the role of democratic practices and institutions. This is evident in the establishment of formal channels of discussion between the government and large taxpayers and in the growing debate about developmental taxation. Indeed, the case of Benin may ultimately confirm that although the formal channels of democracy may matter relatively little for expanding extractive capacities, successful taxation ultimately depends on the consent of the taxpayers and quasicontractual relations between them and the state. However, the Beninese case also shows that the emergence of a contractual relationship is not, strictly speaking, dependent on democratic institutions as understood in a formal, procedural sense. Because it allows for public debate and the contestation of decisions taken by the government, democracy may offer a better environment for a consensual approach to taxation. The possibility cannot be ex-

cluded, however, that another type of political system (hybrid or authoritarian) may also be able to engage in dialogue and negotiations.

The case of Benin also lends weight to the hypothesis that a shrinking of rents and “low-quality” taxation, such as customs duties, could encourage the state to shift towards more consensual and contractual forms of taxation. Faced with the menace of reduced customs revenues as a consequence of the conclusion of the EPA and the introduction of the ECOWAS CET, the Beninese state will be forced to confront the problem of the fiscalization of the informal sector if it wants to compensate for the potential loss through internal taxation. This compensation can be attained only with the cooperation of informal-sector entrepreneurs themselves. While it is still too early to tell if the government will be able to develop a successful long-term strategy to address these problems, democracy could simultaneously contribute to its resolution and be reinforced by it.

References

- Afrobarometer (2011), *Summary of results Round 5 Afrobarometer survey in Benin*, Institute for Empirical Research in Political Economy (IREEP) and Michigan State University, online: <www.afrobarometer.org/data/data-by-country/benin/item/645-benin-round-5-data-2011-revised> (21 February 2014).
- Akindès, F., and V. Topanou (2005), *Le contrôle parlementaire de l'action gouvernementale en République du Bénin. Une lecture sociologique*, Programme Document 18 (October 2005), United Nations Research Institute for Social Development.
- Allen, C. (1992), Restructuring an authoritarian state: “democratic renewal” in Benin, in: *Review of African Political Economy*, 19, 54, 42–58.
- Bako-Arifari, N. (2001), La corruption au port de Cotonou: douaniers et intermédiaires, in: *Politique africaine*, 3, 38–58.
- Banégas, R. (2003), *La démocratie à pas de caméléon: Transition et imaginaires politiques au Bénin*, Paris: Karthala.
- Baskaran, T., and A. Bigsten (2013), Fiscal Capacity and the Quality of Government in Sub-Saharan Africa, in: *World Development*, 45, 92–107.
- Bates, R., and D-H. D. Lien (1985), A Note on Taxation, Development, and Representative Government, in: *Politics and Society*, 14, 1, 53–70.
- Bierschenk, T. (2009), Democratization without Development: Benin 1989–2009, in: *International Journal of Politics, Culture, and Society*, 22, 3, 337–357.
- Bilal S., M. Dalleau and D. Lui (2012), *Trade Liberalisation and Fiscal Adjustments: The Case of EPAs in Africa*, European Centre for Development Policy Management (ECDPM), Discussion Paper, 137.
- Blundo, G., and J. P. Olivier de Sardan (2006), *Everyday corruption and the state. Citizens and public officials in Africa*, London: Zed Books.
- Boix, C. (2001), Democracy, Development and the Public Sector, in: *American Journal of Political Science*, 45, 1, 1–17.
- Brautigam, D. A. (1999), *Aid Dependence and Governance*, Stockholm: Almqvist and Wicksell International.
- Brautigam, D. A. (2008), Introduction: taxation and statebuilding in developing countries, in: D. A. Brautigam, O. H. Fjeldstad and M. Moore (2008), *Taxation and State-Building in Developing Countries: Capacity and Consent*, Cambridge: Cambridge University Press, 1–32.
- Busse, M., and H. Großmann (2007), The trade and fiscal impact of EU/ACP economic partnership agreements on West African countries, in: *The Journal of Development Studies*, 43, 5, 787–811.

- Cheibub, J. A. (1998), Political Regimes and the Extractive Capacity of Governments. Taxation in Democracies and Dictatorships, in: *World Politics*, 50, 349–76.
- Clapham, C. (1996), *Africa and the international system: the politics of state survival*, Cambridge; New York: Cambridge University Press.
- Clist, P., and O. Morrissey (2011), Aid and tax revenue: signs of a positive effect since the 1980s, in: *Journal of International Development*, 23, 165–180.
- Collier, P. (2006), Is aid oil? An analysis of whether Africa can absorb more aid, in: *World Development*, 34, 9, 1482–1497.
- Di John, J. (2010), *Taxation, resource mobilisation and state performance*, Working Paper, 84, London: School of Economics, Crisis States Research Centre.
- Djankov, S., J. G. Montalvo and M. Reynal-Querol (2008), The curse of aid, in: *Journal of Economic Growth*, 13, 3, 169–194.
- Engels, J. N., A. Stroh and L. Wantchékon (2008), *Le fonctionnement des partis politiques au Bénin*, Cotonou: Friedrich-Ebert-Stiftung.
- Fjeldstad, O. H., and M. Moore (2008), Tax reform and statebuilding in a globalized world, in: D. Brautigam, O.-H. Fjeldstad and M. Moore (2008), *Taxation and State Building in Developing Countries*, Cambridge: Cambridge University Press, 235–260.
- Fjeldstad, O. H., O. Therkildsen, L. Rakner and J. Semboja (2000), *Taxation, aid and democracy. An agenda for research in African countries*, Working Paper, 4, Bergen: Chr. Michelsen Institute.
- Fossat, P., and M. Bua (2013), *Tax Administration Reform in the Francophone Countries of Sub-Saharan Africa*, Working Paper, 13, 173, International Monetary Fund.
- Gazibo, M. (2005), Foreign Aid and Democratization: Benin and Niger Compared, in: *African Studies Review*, 48, 3, 67–87.
- Gazibo, M. (2012), *Beyond Electoral Democracy Foreign Aid and the Challenge of Deepening Democracy in Benin*, Research Working Paper, 33, Helsinki: United Nations University, World Institute for Development Economic.
- Gisselquist, R. M. (2008), Democratic Transition and Democratic Survival in Benin, in: *Democratization*, 15, 4, 789–814.
- Gnansounou, S. U., S. Houetohossou and W. Houedokou (2010), *Problématique de l'élargissement de l'assiette fiscale au Bénin: analyse de la contribution des Centres de Gestion Agréés (CGA)*, Working Paper, 9, République du Bénin: Projet de Renforcement de capacités en conception et analyse des politiques de développement, online: <www.capod.org/IMG/pdf/CGA.pdf> (20 July 2014).
- Group de Travail Fiscalité (2012), *Plateforme 2012 des propositions fiscales du Secteur Privé Béninois au sujet du projet de loi de finances gestion 2013*, République du Bénin.

- Gupta, S., and S. Tareq (2008), Mobilizing Revenue. Strengthening domestic revenue bases is key to creating fiscal space for Africa's developmental needs, in: *Finance and Development*, 45, 3, 44–47.
- Heilbrunn, J. R. (1993), Social Origins of National Conferences in Benin and Togo, in: *The Journal of Modern African Studies*, 31, 2, 277–299.
- Hoffman, T., Philip and K. Norberg (1994), *Fiscal Crises, Liberty, and Representative Government 1450–1789*, Stanford: Stanford University Press.
- Igue, J., and B. G. Soulé (1992), *L'État entrepôt au Bénin: commerce informel ou solution à la crise?*, Paris: Karthala.
- Igue, J., and F. Puech (2008), *Plaidoyer pour la Structuration du Secteur Informel au Bénin*, Version finale, Projet d'Appui au Secteur Privé (PASP), European Union and Republic of Benin.
- Institut National de la Statistique et de l'Analyse Économique (INSAE) (2010), *Recensement Général des Entreprises*, 2e édition (RGE 2), Cotonou: INSAE.
- INSAE (2011), *Enquête de suivi Enquete Modulaire Intégrée sur les Condition de Vie des Menages (EMICoV)*, Enquête de Suivi 2010, Cotonou: INSAE.
- INSAE (2012), *Enquête Modulaire Intégrée sur les Conditions de Vie des ménages 2ème Edition (EMICoV 2011)*, Cotonou: INSAE.
- Karl, T. L. (1997), *The Paradox of Plenty: Oil Booms and Petro-States*, Berkeley and London: California University Press.
- Keen, M., and M. Mansour (2009), *Revenue Mobilization in Sub-Saharan Africa: Challenges from Globalization*, Working Paper, 9, 157, International Monetary Fund.
- Knack, S. (2009), Sovereign rents and quality of tax policy and administration, in: *Journal of Comparative Economics*, 37, 3, 359–371.
- Levi, M. (1989), *Of Rule and Revenue*, Berkeley: University of California Press.
- Lieberman, E. (2002), Taxation Data as Indicators of State-Society Relations: Possibilities and Pitfalls in Cross-National Research, in: *Studies in Comparative International Development*, 36, 4, 89–115.
- Moore, M. (2004), Revenues, State Formation, and the Quality of Governance in Developing Countries, in: *International Political Science Review*, 25, 3, 297–319.
- Moss, T., G. Pettersson and N. van de Walle (2006), *An aid-institutions paradox? A review essay on aid dependency and state building in sub-Saharan Africa*, Working Paper, 74, Washington DC: Center for Global Development.
- Mkandawire, T. (2010), On Tax Efforts and Colonial Heritage in Africa, in: *The Journal of Development Studies*, 46, 10, 1647–1669.
- Mulligan, C. B., X. Sala-i-Martin and R. Gil (2004), Do Democracies Have Different Public Policies than Nondemocracies?, in: *Journal of Economic Perspectives*, 18, 1, 51–74.

- North, D. C., and B. R. Weingast (1989), *Constitutions and Commitment: The Evolution of Institutional Governing Public Choice in Seventeenth-Century England*, in: *The Journal of Economic History*, 49, 4, 803–832.
- Olivier De Sardan, J. P. (2004), *État, bureaucratie et gouvernance en Afrique de l’Ouest francophone*, in: *Politique africaine*, 4, 139–162.
- Raynaud, M., S. Akuesson and S. Aliha (2007), *Etude sur le système fiscal Béninois. Rapport d’évaluation volume 1. Impact du système fiscal sur l’entreprise et le secteur privé. Projet d’Appui au Secteur Privé (PASP)*, Republic of Benin, Ministry of Industry and Trade, and European Commission.
- Republic of Benin (2008), *Arrêté n. 3177 portant création du cadre de concertation entre le Ministère de l’Economie et des Finances et le secteur privé*, Porto Novo: Ministère de l’Economie et des Finances.
- Republic of Benin (2011), *Le secteur informel au Benin: problématique et perspectives de contribution à l’économie nationale*, Report of the Conseil Economique et Social and of the Commission de l’Economie et des Finances.
- Ross, M. (1999), *Political economy of resource curse*, in: *World Politics*, 51, 297–322.
- Ross, M. (2001), *Does oil hinder democracy?*, in: *World Politics*, 53, 325–361.
- Peiffer, C., and P. Englebort (2012), *Extraversion, vulnerability to donors, and political liberalization in Africa*, in: *African Affairs*, 111, 444, 355–378.
- Schmitter, P. (2005), *Democratization and State Capacity*, Paper presented at the 10th Congreso Internacional of the Centro Latinoamericano de Administración para el Desarrollo, Santiago, Chile, 18–21 October.
- Schumpeter, J. (1954), *The Crisis of the Tax State*, *International Economic Papers*, 4.
- Sen Gupta, A. (2007), *Determinants of Tax Revenue Efforts in Developing Countries*, Working Paper, 7, 184, International Monetary Fund.
- von Soest, C. (2007), *How does neopatrimonialism affect the African state's revenues? The case of tax collection in Zambia*, in: *The Journal of Modern African Studies*, 45, 4, 621–645.
- von Soest, C., K. Bechle and N. Korte (2011), *How neopatrimonialism affects the tax administration in three world regions?*, in: *Third World Quarterly*, 32, 7, 1307–1329.
- Stotsky, J., and A. Wolde-Marian (1997), *Tax Effort in Sub-Saharan Africa*, Working Paper, 97, 107, International Monetary Fund.
- Teera, J. M., and J. Hudson (2004), *Tax performance: a comparative study*, in: *Journal of International Development*, 16, 785–802.
- Thies, C. G. (2007), *The Political Economy of State Building in Sub-Saharan Africa*, in: *The Journal of Politics*, 69, 3, 716–731.

- Therkildsen, O. (2001), *Understanding Taxation in Poor African Countries: A Critical Review of Selected Perspectives*, Forum for Development Studies, 1, Oslo: Norwegian Institute of International Affairs (NUPI).
- Tilly, C. (1993), *Coercion, Capital and European States: AD 990–1992*, Hoboken, NJ: John Wiley and Sons.
- Wantchekon, L. (2003), Clientelism and voting behavior: Evidence from a field experiment in Benin, in: *World Politics*, 55, 3, 399–422.

Recent Issues

- No 252 Wolfgang Hein und Robert Kappel: Raum, Welt, Wirtschaft: Andreas Predöhl – eine deutsche Wissenschaftlerkarriere, August 2014
- No 251 Anaïd Flesken: Researching Ethnic Relations as the Outcome of Political Processes, August 2014
- No 250 Nele Noesselt: China and Socialist Countries: Role Change and Role Continuity, August 2014
- No 249 Karsten Mau: Margins, Gravity, and Causality: Export Diversification and Income Levels Reconsidered, July 2014
- No 248 Hanspeter Mattes: Umfang und Reichweite sicherheitspolitischer Reformen in Marokko, June 2014
- No 247 Ina Peters: Too Abstract to Be Feasible? Applying the Grounded Theory Method in Social Movement Research, May 2014
- No 246 Anika Oettler: The Scope and Selectivity of Comparative Area Studies: Transitional Justice Research, May 2014
- No 245 Mariana Llanos, Cordula Tibi Weber, Charlotte Heyl, Alexander Stroh: Informal Interference in the Judiciary in New Democracies: A Comparison of Six African and Latin American Cases, April 2014
- No 244 Carlo Koos: Does Violence Pay? The Effect of Ethnic Rebellion on Overcoming Political Deprivation, March 2014
- No 243 Nele Noesselt: China's Multiple Role(s) in World Politics: Decrypting China's North Korea Strategy, February 2014
- No 242 Julian Culp and Johannes Plagemann: Hooray for Global Justice? Emerging Democracies in a Multipolar World, December 2013
- No 241 Henner Fürtig: Iran and the Arab Spring: Between Expectations and Disillusion, November 2013
- No 240 Angelika Rettberg: Peace is Better Business, and Business Makes Better Peace: The Role of the Private Sector in Colombian Peace Processes, November 2013
- No 239 Alexander Stroh and Charlotte Heyl: Diffusion versus Strategic Action? The Creation of West African Constitutional Courts Revisited, November 2013

All GIGA Working Papers are available free of charge at <www.giga-hamburg.de/workingpapers>. For any requests please contact: <workingpapers@giga-hamburg.de>.

WP Coordinator: Melissa Nelson