THE NEW FISCAL SOCIOLOGY

Taxation in Comparative and Historical Perspective

The New Fiscal Sociology: Taxation in Comparative and Historical Perspective demonstrates that the study of taxation can illuminate fundamental dynamics of modern societies. The fourteen chapters in this collection offer a state-of-the-art survey of the new fiscal sociology that is emerging at the intersection of sociology, history, political science, and law.

The contributors include some of the foremost comparative historical scholars in these disciplines and others. The editors conceptualize the institution of taxation as a changing social contract. The chapters address the social and historical sources of tax policy, the problem of taxpayer consent, and the social and cultural consequences of taxation. They trace fundamental connections between tax institutions and macro-historical phenomena – wars, shifting racial boundaries, religious traditions, gender regimes, labor systems, and more.

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Dedicated to the memory of Charles Tilly

The New Fiscal Sociology

TAXATION IN COMPARATIVE AND HISTORICAL PERSPECTIVE

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We dedicate this book to the memory of Charles Tilly, whose example continues to inspire us.

Foreword

CHARLES TILLY

John Locke philosophized in the midst of political action. From 1683 to 1690, he spent the last years of the Stuart monarchy in continental exile. Charles II died in 1685, opening Britain's royal succession to a Catholic, James II. But resistance from a largely Protestant Parliament, backed by London financiers and a generally anti-Catholic English population, brought on a succession crisis. In 1688, invited by English magnates, William of Orange (husband of Mary, James's Protestant daughter, and chief executive of the Netherlands) invaded the British Isles. The ensuing civil war continued until 1691. In retrospect, people called the transfer of power to William and Mary the Glorious Revolution. In 1690, Locke accompanied Queen Mary on the ship that brought her from Holland back to England. He brought with him a manuscript, composed in exile, destined to be a founding document of the new regime: his *Treatise of Civil Government*.

Locke stated a contract theory of government with exceptional clarity and force. Government, he declared, rested ultimately on property and on consent of the governed. A viable vision of relations between rulers and ruled required a legislature – read Parliament – that spoke for the people, or at least for propertied men. The executive – read the Crown – enjoyed some autonomy, but ultimately remained subordinate to the legislature. Yet the supply of funds to support the executive's action posed a problem. The executive offered protection in exchange for financial support:

> 'Tis true governments cannot be supported without great charge, and it is fit every one who enjoys a share of the protection should pay out of his estate his proportion for the maintenance of it. But still it must be with his own consent, i.e., the consent of the majority giving it either by themselves or their representatives chosen by them. For if any one shall claim a power to lay and levy taxes on the people, by his own authority, and without such consent of the people, he thereby invades the fundamental law of property, and subverts the end of government. For what property have I in that which another may by right take when he pleases to himself? (Locke 1937: 94–5)

Locke makes two main points here: that a proper compact between rulers and ruled involves a fair exchange of protection for financial support; and that the medium of negotiation between rulers and ruled should be a representative assembly.

No taxation without representation! Although the principle may seem banal to contemporary westerners, even in the Europe of the 1690s it declared a revolutionary counterfactual. Over most of human history, western or otherwise, rulers have extracted their means of rule from subject populations without consulting representative assemblies. Sometimes they have done so through simple predation or by bartering goods they already controlled for arms, labor power, and other means of rule. Yet they have done so mainly through one form or another of taxation – payments in money or kind that rulers could use to sustain their administrations, political control, and patronage.

Taxation raises a number of fascinating questions about political processes:

1. Although all of us sometimes feel that our governments are robbing us on behalf of unworthy causes, mostly we pay. So did our ancestors. How does tax compliance ever come about?
2. Like the Mongols, some regimes have lived largely by forcible seizure of resources from outsiders. Yet a state that depends on its own subject population for essential resources must assure that when it comes back a second time, the subjects will still pay. Brute force alone won't do the job. How do regimes compel or cajole their citizens to yield resources repeatedly?
3. Any regime's ambient economy strongly limits what forms of taxation could possibly yield net gains for rulers, but the form of taxation itself affects economic development. In the agrarian economy of China, the state could not rely on sales taxes and customs duties for revenue; over centuries of empire, taxes on rice solved the problem, especially when the state built up regional granaries to palliate supply failures. How does the interplay between economy and taxation work?
4. A durable tax regime rests on popular consent, however grudging. Popular consent to governmental performance almost constitutes a definition of democracy. To what extent and how does the development of taxation shape the likelihood and form of democratization?

A book published in 1965 sparked my own career-long obsession with taxation. In a massive, prescient, and unfortunately half-forgotten two-volume work whose title translates as *Sociological Theory of Taxes*, Gabriel Ardant laid out arguments on these questions that still deserve attention today (Ardant 1965; 1971–2). Ardant was an unusual scholar: a socialist, a collaborator of Pierre Mendès-France, and an *inspecteur général des finances*, the highest rank in the French fiscal civil service. When Charles de Gaulle took power in 1958, Ardant refused to resign despite his own antipathy to Gaullism. The de Gaulle regime then detached him from the domestic tax system to serve as fiscal advisor in Tunisia and other countries of the developing world. The *Théorie sociologique de l'impôt* laid out Ardant's conclusions from his broad comparisons of developing countries with France.

In a later essay, Ardant summed up his conclusions concerning the impact of taxation:

> As a matter of fact, the political repercussions of taxation are above all apparent during one particular period of history: the one which witnessed the development of the administrative framework of the modern state. Why was this so? Must one attribute it to the ignorance of the people of the times, or to their technical incompetence? To a certain extent this may be so. Nonetheless, even when they had capable finance ministers, rulers came up against an economy, the structure of which was poorly adapted to the levying of taxes by the state. Herein lies a basic phenomenon. An analysis of the system of taxation in contemporary times as well as in the past shows that *tax collection and assessment are indissolubly linked to an exchange economy.* The flow of goods and money are necessary for the understanding and especially for the evaluation of taxable materials. It is not enough to be aware of the volume of production because the economic structure sets a much lower limit. Agrarian societies of the past furnished the states with only minimal tax potential. (Ardant 1975: 165–6)

Thus, Ardant made two giant claims: First, that the effectiveness of any fiscal system depends intimately on its match or mismatch to the regime's ambient economy; second, that high-capacity contemporary regimes could only form if they built on exchange economies and created fiscal systems to profit from exchange. Ardant's prescient arguments set an agenda for today's students of fiscal sociology.

As the editors of this volume say, it is surprising, even shameful, that social scientists and historians have paid so little attention to taxation. It seems a dreary subject, all numbers and colorless bureaucrats. Yet we have three reasons to give taxation particular attention. First, over the long run it constitutes the largest intervention of governments in their subjects' private life, so much so that the history of state expansion becomes a history of violent struggles over taxes, and the history of state consolidation becomes a history of tax evasion by those who have the guile and power to frustrate the fisc. Second, follow the money: the circulation of resources from subjects to government-initiated activities provides a sort of CT scan for a regime's entire operation. Third, it dramatizes the problem of consent, John Locke's problem.

Recently, a relatively small but creative group of social scientists and historians have been rectifying the long neglect of taxation in their fields. They have started to build a cross-disciplinary effort we can call fiscal sociology, with the qualification that nonsociologists provide an important part of the theory and research. Displaying some of the best recent work, this volume accents three major questions in the description and explanation of taxation: the social bases of tax policy, the determinants of taxpayer consent, and the social consequences of taxation. These chapters establish the vitality and importance of recent work on the social and political processes involved in taxation.