

Title: Tax Revenue Mobilization in Conflict-Affected Developing Countries

Citation: Van Den Boogaard, V., Prichard, W., Benson, M.S. and Milicic, N. (2018) Tax Revenue Mobilization in Conflict-affected Developing Countries, Journal of International Development; Vol 30

Official URL: <https://onlinelibrary.wiley.com/doi/full/10.1002/jid.3352>

More details/abstract: How does conflict affect tax revenue mobilization? This paper uses a newly updated dataset to explore longitudinal trends of tax revenue mobilization prior to, during and after conflict periods in a selection of conflict-affected states since 1980. This medium-N trend analysis provides greater insight into the relationship between tax revenue performance over time and the characteristics of the conflicts in question. Offering detailed snapshots of tax experiences prior to, during and after conflict, this paper provides an empirical counterpoint to theories about the role of taxation in war making and state building.

Version: Version of Record

Terms of use: © 2018 UNU-WIDER. Journal of International Development published by John Wiley & Sons, Ltd. This is an open access article under the terms of the Creative Commons Attribution-Non Commercial-Share Alike License, which permits use and distribution in any medium, provided the original work is properly cited, the use is non-commercial and the content is offered under identical terms.

This is a download from OpenDocs at the Institute of Development Studies

TAX REVENUE MOBILIZATION IN CONFLICT-AFFECTED DEVELOPING COUNTRIES

VANESSA VAN DEN BOOGAARD¹*, WILSON PRICHARD¹, MATTHEW S. BENSON² and NIKOLA MILICIC¹

¹*Department of Political Science, University of Toronto, ON, Canada*

²*Department of History, 43 N Bailey, Durham University, Durham, UK*

Abstract: How does conflict affect tax revenue mobilization? This paper uses a newly updated dataset to explore longitudinal trends of tax revenue mobilization prior to, during and after conflict periods in a selection of conflict-affected states since 1980. This medium-N trend analysis provides greater insight into the relationship between tax revenue performance over time and the characteristics of the conflicts in question. Offering detailed snapshots of tax experiences prior to, during and after conflict, this paper provides an empirical counterpoint to theories about the role of taxation in war making and state building. © 2018 UNU-WIDER. *Journal of International Development* published by John Wiley & Sons, Ltd.

Keywords: taxation; revenue mobilization; conflict

JEL Classification: H20; H11

1 INTRODUCTION

Taxation is central to the task of state building in post-conflict states. This reflects the urgent need for revenue during processes of post-conflict reconstruction, as well as the broader governance implications of taxation related to state capacity building and the expansion of governmental responsiveness and accountability. In European states, taxation was also historically central to enabling ‘war and the means of war’ (Tilly, 1990: 15). Correspondingly, a longstanding literature in the field of comparative politics suggests that conflict, or at least the threat of interstate conflict, may lead to increased tax collection. However, this a priori case for the centrality of taxation in conflict-affected settings is not reflected in existing practice or research. Little remains known about the role of

*Correspondence to: Vanessa van den Boogaard, Department of Political Science, University of Toronto, 100 St. George St. Toronto, ON, Canada M5S 3G3.
E-mail: v.vandenboogaard@utoronto.ca

taxation in enabling conflict or in supporting or hindering post-conflict state building today. In practice, tax issues have frequently been given a low priority, while little attention has been paid by researchers to understanding the unique challenges involved in building strong tax systems in post-conflict settings. It is thus unclear whether the theoretical findings about the relationship between conflict and taxation hold in contemporary developing countries, given the prevalence of intrastate conflict, weak national identities, weak states and access to external sources of funding (Centeno, 1997, 2002). In these contexts, it is likely that conflict will, in fact, reduce revenue mobilization on account of conflict's negative effects on economic activity, the tax base, tax collection efforts in conflict-affected regions and investment in effective public administration.

While these anticipated findings are intuitive, they have not, to our knowledge, been tested empirically using reliable data that isolates aid and resource revenues and disaggregates tax revenue type. Accordingly, this paper addresses an old question—*How does conflict affect revenue mobilization?*—with newly available, high-quality data on government revenues. The newly updated International Centre for Taxation and Development and United Nations University World Institute for Development Economics Research Government Revenue Dataset (GRD) allows for a robust analysis of taxation and state building in conflict-affected states. Indeed, the GRD has increased the quality, coverage and reliability of cross-country government revenue data, representing ‘the best possible source of cross-country revenue data for researchers’ (Prichard & McNabb, 2016).

Using the GRD, this paper explores longitudinal trends of tax revenue mobilization prior to, during and after conflict periods in a selection of cases that have experienced conflict since 1980. This medium-N trend analysis provides greater insight into the relationship between tax revenue performance over time and the characteristics of the conflicts in question. This paper offers detailed snapshots of tax experiences, providing a contemporary counterpoint to theories of the role of taxation in war making and state building.

2 THEORETICAL FOUNDATIONS

A longstanding literature suggests that conflict, or at least the threat of interstate conflict, may lead to increased tax collection. Based on the historiography, this literature suggests that, *ceteris paribus*, conflict will increase the desire of governments to raise tax revenues to meet the costs of war, while conflict may make citizens more willing to bear heavy tax burdens (Ertman, 1997; Tilly, 1990). Through its link to taxation, state formation in early modern Europe is rooted in war, with European states essentially the by-products of interstate war making with the relationship between coercion and capital defining state structures and organizations (Tilly, 1990: 11).

This incentive for taxation had three primary effects on the form of the state that emerged. First, taxation gave rulers a common interest in the economic development of the ruled (Moore, 2008; Prichard, 2015). Effective extraction alone was insufficient; instead, the promotion of capital accumulation was often necessary to ensure a sufficient resource base for extraction (Bates, 2010; Levi, 1988; Tilly, 1985; Tilly, 1990). Second, taxation led to the strengthening of state administrative capacity through the institutionalization of the routine to collect revenues (Brewer, 1989; Tilly, 1990). This occurred through three primary mechanisms: the centralization of authority, the expansion of an efficient, Weberian bureaucracy, and the stimulation of institution-building to

manage extraction and data collection (Bräutigam, 2008). Finally, taxation led to a more representative and accountable state, as the extraction of revenues created a fiscal social contract between states and citizens, wherein governments were inclined to bargain with taxpayers, exchanging representation and services for increased taxation (Bräutigam, 2008; Moore, 2008; Prichard, 2015).

Yet, the question remains as to whether this tax-driven bellicose theory of state capacity building is useful in illuminating the challenges of state formation in contemporary developing countries, particularly outside of Europe. There is some reason to think that the ‘risk of survival’ (Bates, 2010: 104) or ‘systemic vulnerability’ remains an important spur for state action (Doner, Ritchie, & Slater, 2005). For instance, Thies (2004, 2005) argues that external threats and rivals, if not war itself, have been important to state building in the 20th century, while Herbst (2000) sees the relative absence of existential threat as an important explanatory factor of state weakness in Africa. However, a brief glance over recent state conflicts makes clear that most contemporary conflict-affected states are not strong, effective or representative (Fukuyama, 2014: 79). This is embodied in the central puzzle: ‘How can war decisively help to make states in one part of the system and more or less systematically help to destroy states in another?’ (Sørensen, 2001: 342). Shedding light on the empirical realities of this puzzle’s intermediary mechanism—taxation—the following sections explore the link, if any, between the foundational fiscal pressures of war and tax mobilization in contemporary conflict-affected states, consider various explanations for why the conflict—taxation—state building relationship no longer holds and highlight modern challenges of creating incentives for taxation in divided and fragile contexts.

3 METHODS

Several expectations emerge from the theoretical literature, driving the following two sets of competing hypotheses regarding the relationship between contemporary conflict in low-income and middle-income countries and tax revenue mobilization. First, (*H1a*) *Tax revenues will increase prior to conflict*, as conflict creates incentives for governments to raise tax revenues to meet the costs of war, while making citizens more willing to bear heavy tax burdens (e.g. Tilly, 1990). Alternatively, (*H1b*) *Tax revenues will remain stable or decrease prior to conflict*, as the fiscal pressures of ‘war and the preparations for war’ (Tilly, 1990: 15) are no longer causally related to the necessity of taxation, and (*H1c*) *Tax revenues will decrease during conflict* on account of conflict’s negative effects on economic activity, the tax base, tax collection efforts and investment in effective public administration. Second, (*H2a*) *Taxation will increase following conflict* as a result of positive feedback loops of tax collection and the links between taxation and the expansion of state capacity and administration. Alternatively, (*H2b*) *Taxation will remain neutral or will decline following conflict*, as an effect of the path dependent institutional and political economic legacies of conflict.

There are three central challenges to exploring these questions empirically using the GRD: First, our time-series, driven by available data, covers 30 years, in contrast to the 1002-year time frame that Tilly’s seminal work analyses. This distinction, while obvious, is important because a shorter time frame complicates the ability to observe critical junctures relating to war and state making in the comparatively limited time frame covered in our dataset (Pierson, 2004). Second, and related to the limitations of focusing on the

recent past, it is difficult to isolate the impact of war from other factors such as broader economic shocks. These factors are potentially interrelated in many of the countries under review, given the tendency for the economies of many newly independent countries to be highly dependent on commodities, natural resources or other non-tax revenues. Finally, the data sources for the dataset are drawn from formal revenue sources rather than informal revenue sources, such as those collected by militias or other non-state actors. This distinction is important because it results in an intrinsic bias in our analysis towards changes in the revenue generated by the state rather than that generated by non-state actors who, at least in some of the cases, are likely to have collected taxes during the conflicts in question, as well as overlooking the importance on non-monetary forms of revenues in some cases (van den Boogaard & Prichard, 2016).

Notwithstanding these limitations, the GRD makes it possible to compare trends in tax mobilization in conflict-affected states against these hypotheses, allowing for a more robust analysis of key theories of taxation and state building, and key issues of taxation specific to post-conflict states. In using this dataset, a simple measure of tax revenue excluding social contributions is employed to analyse longitudinal trends of domestic tax revenue mobilization prior to, during and after conflict for a selected sample of conflict-affected case countries. Cases include all low-income and middle-income countries that have experienced conflict since 1980, with at least 1 year of significant conflict, as defined by the Uppsala Conflict Data Program/Peace Research Institute Oslo Armed Conflict Dataset 4.0 (UCDP/PRI, 2015) as resulting in at least 1000 battle deaths per at least 1 year.

These criteria include countries that have experienced multiple conflicts as well as different episodes of the same recurring conflict; these are treated independently within the analysis.¹ Cases were subsequently excluded for which revenue data are not available at the general or central government level for the period of study either before or after the conflict, or the conflict was of low intensity relative to the size of the country.² Additionally, countries that experienced multiple conflicts over an overlapping time period have been excluded on account of the difficulty of isolating correlative relationships between conflict and revenue trends in these cases. Ongoing conflicts are included, though, evidently, post-conflict trends are not captured. Likewise, conflicts are included even if they commenced before data availability, although pre-conflict trends are not captured.

What follows provides an overview of the key tax revenue mobilization trends that emerge before, during and after conflict periods.³ The goal of this trend analysis exercise is not to gain a deep understanding of individual cases; instead, the aim is to provide a broad overview of contemporary experiences to identify key issues, emerging hypotheses and interesting cases. This process to some extent mirrors a review carried out by the International Monetary Fund (Gupta et al., 2005), but is more extensive in its coverage and, more importantly, is aimed not at describing specific technical interventions, but at highlighting key trends and issues that may warrant greater policy and research attention.

¹Except for cases that for the same conflict (e.g. identified by the same conflict identifier) that have less than 1-year formal breaks between conflicts. It is anticipated that these formal breaks are too short to be reflected in revenue data; accordingly, they are considered as the same episode of conflict.

²This includes six internal conflicts in India, the India–Pakistan conflict, and the China–Vietnam conflict.

³Defining absolute criteria for inclusion in different categories is difficult due to variability in tax revenue from year to year, and problems of deciding what the relevant time frame should be. Our heuristic for ‘stability’ has been to include cases that experienced revenue changes (i.e. rate of change from the previous year) less than 1 per cent in either direction in the years before, during or after conflict. All larger increases or decreases in tax revenue are considered positive or negative trends, respectively.

Recognizing the limitations of a medium-N survey of this sort, brief case analyses are incorporated throughout to probe apparent trends and illustrate key findings.

4 TAX REVENUE MOBILIZATION PRIOR TO AND DURING CONFLICT

What is the relationship between conflict and tax revenue mobilization in contemporary conflict-affected countries? Looking at trends in different cases in the years immediately prior to conflict, no clear pattern emerges (Table 1).

In addition to the surface-level ambiguity, the increase in revenue prior to the second Liberian civil war is misleading, as these gains represent ‘revenue peace dividends’ at the cessation of the earlier round of hostilities, rather than ‘normal’ tax increases, or exceptional ones related to the preparation for war. Taking this into account, it is only in two cases that tax revenue increased relative to a ‘normal’ (peacetime) level prior to the outbreak of conflict.

Moreover, in the case of Sierra Leone, an increase in tax revenue in the 3 years prior to conflict represents only a marginal increase from an absolute low in 1986 of tax revenues at 1.8 per cent of gross domestic product (GDP). Immediately prior to conflict, tax revenues only increased to about 5 per cent of GDP, still a very low figure and not indicative of real state mobilization efforts in preparation for conflict. Rather, this period of absolutely and relatively depressed tax revenues in Sierra Leone was a symptom of the broader weakening of the state, and the increasing potential for the growth of rebel groups (Prichard & Jibao, 2010), contributing to the rise of civil conflict itself (Keen, 2005). Overall, declining revenue is likely to be a signal of the growing weakness of the

Table 1. Rate of change of taxes excluding social contributions 3 years prior to conflict ($N = 14$)

Decreased	Percentage change	Remained stable	Percentage change	Increased	Percentage change
Peru (Shining Path conflict) (1980–1981)	−2.92	Kuwait (Gulf War) (1986–1989)	−0.92	Second Liberian civil war (1997–1999)	5.45
Rwandan genocide (1986–1989)	−1.59	Rwandan war with the FDLR (2005–2008)	−0.91	Nepalese civil war (1992–1995)	2.33
First and Second Congo wars (1992–1995)	−1.62	Nicaraguan civil war (1980–1981)	0.63	Sierra Leonean civil war (1987–1990)	1.85
Angola civil war, part 2 (1995–1997)	−1.23	Burundian civil war (1987–1990)	0.82		
Eritrea (Eritrean-Ethiopian war) (1994–1997)	−1.12	Libyan civil war (2007–2010)	0.88		
		Second Republic of Congo civil war (1993–1996)	−0.13		

Source: authors' calculations based on the ICTD/UNU-WIDER GRD.

state or of growing ineffectiveness and corruption, which may thus increase the feasibility and motivation for civil conflict.

During conflict (Table 2), the trends of revenue mobilization likewise require more contextual analysis to parse individual outcomes and an ambiguous overall pattern. Indeed, the relatively large number of cases wherein revenue increased during conflict creates a misleading interpretation of the data for four reasons.

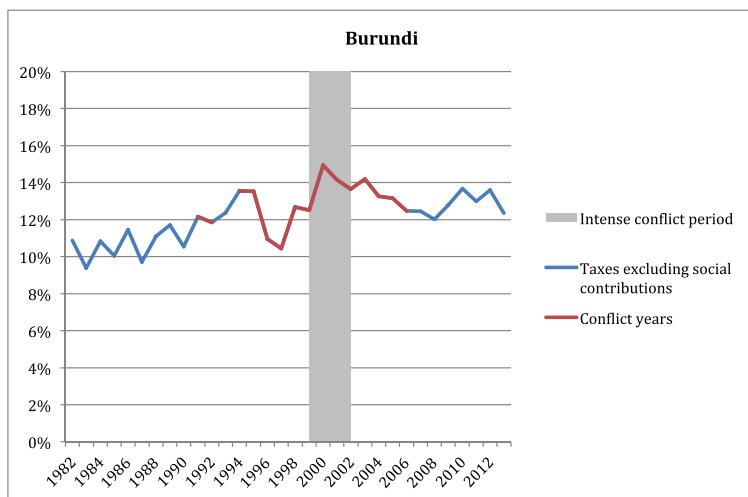
First, more localized conflicts can reasonably be expected to have less of an impact on the economy, with a correspondingly reduced impact on government revenues and capacity to tax. Accordingly, the South African Border War and the Western Sahara War do not accurately reflect the experience of more generalized conflict. By contrast, conflict that is geographically dispersed, or directly affects major economic centres, is particularly destructive, and correspondingly, devastating to state revenues. Particularly important is the situation in capital cities, where a large share of tax revenue is typically collected and where administrative functions are centred, while the loss of control of international borders and ports can have a major impact on tax revenues as well. For

Table 2. Rate of change of taxes excluding social contributions during conflict ($N = 20$)

Decreased	Percentage change	Remained stable	Percentage change	Increased	Percentage change
Nicaraguan civil war (1981–1990)	−10.96	Kuwait (Gulf War) (1989–1991)	−0.92	Angolan civil war, part 2 (2002–2012)	8.88
Rwandan genocide (1989–1994)	−6.51	Angolan civil war, part 1 (1985–95)	−0.54	Rwandan war with the ALiR (1995–2002)	5.18
Second Liberian civil war (1999–2003)	−5.57	Nepalese civil war (1995–2006)	0.41	Sierra Leonean civil war (1990–2001)	3.97
Salvadoran civil war (1986–1991)	−4.39			Mozambican civil war (1980–1992)	3.52
Second Republic of Congo civil war (1996–1999)	−3.59			South African Border War (1980–1988) ¹	3.44
Eritrea (Eritrean-Ethiopian war) (1997–2000) ¹	−3.49			First and Second Congo wars (1995–2001)	2.29
Peru (Shining Path conflict) (1981–1999)	−2.31			Morocco (Western Sahara War) (1980–1989) ¹	1.79
Libyan civil war (2010–2011)	−2.20			Rwandan war with the FDLR (2008–2011)	1.67
				Burundian civil war (1990–2008)	1.48

Source: authors' calculations based on the ICTD/UNU-WIDER GRD.

¹Localized conflict. Degree of localization is defined according to whether the conflict is coded by UCDP/PRIO 4.0 as being primarily a conflict over a specific territory. Despite being categorized as such, Kuwait is not considered localized, given the relatively extensive impact of the interstate conflict.



Source: authors' calculations based on the ICTD/UNU-WIDER GRD

Figure 1. Tax revenues excluding social contributions as a percentage of gross domestic product, Burundi. GRD, Government Revenue Dataset; ICTD, International Centre for Taxation and Development. [Colour figure can be viewed at [wileyonlinelibrary.com](#)]

example, repeated conflicts in the Republic of the Congo were relatively brief, but were particularly destructive of property, state institutions and economic infrastructure because their impact was concentrated in the capital Brazzaville—home to 25–30 per cent of the population at the time of conflict (Addison & Murshed, 2001; IMF, 2004).

Second, relatively small increases in tax collection over time masks greater volatility during conflict in certain cases, including Burundi, Mozambique and Sierra Leone. In Burundi, for example, we see that despite showing a slightly positive trend of tax revenue mobilization over the entire conflict period, the civil war in Burundi had a significant negative impact on economic performance and provoked an ‘unprecedented’ decline in government revenue (Nkurunziza, 2005 e.g. see figure 1). The overall growth rate of revenue collection remained positive, although with significant fluctuations in line with significant events in the course of the war, particularly in the tumultuous years of 1996 and 1997. These fluctuations are also telling in terms of the dependence of the tax system on trade taxes. For instance, the 1996 embargo on international trade resulted in a reduction of the volume of taxes on international trade by 41 per cent in absolute terms and by 34 per cent as a percentage of GDP (African Development Bank, 2010). Moreover, a positive trend of increasing revenue in the years after the 1996 coup d'état is more likely related to revenue pressures resulting from the decline of foreign aid transfers (Ndikumana, 2001; Nkurunziza, 2005), rather than a direct attempt by the government to fund a war effort.

Third, when we further specify the period of conflict under examination, to only consider the periods of intense conflict within the formal conflict period, the proportion of cases with negative revenue trends increases (Table 3).⁴ This is intuitively unsurprising: Chowdhury and Murshed (2016) find that war, and especially civil war, retard fiscal

⁴‘Formal’ conflict periods are defined according to UCDP/PRIOR start and end dates, which capture the years of observation of the conflict. Periods of ‘intense’ conflict are defined as ‘war’ rather than as ‘minor armed conflict’ by UCDP/PRIOR 4.0, based on having exceeded the threshold of 1000 battle-related deaths that year.

capacity, with high intensity conflict proving to be particularly destructive of state/fiscal capacity, while in low intensity wars, ‘other institutional factors may matter more for fiscal capacity formation compared with war’. For example, looking at the case of Sierra Leone, we see that the periods of increased intensity of conflict unsurprisingly have a much more detrimental effect than the entire period of conflict, which sees an overall increase in tax revenue (Figure 2). Likewise, in Rwanda, total tax revenue as a percentage of GDP, low in the conflict years leading up to the genocide, was virtually decimated in 1994 (Figure 3). This is unsurprising, given a loss of approximately 11 per cent of the country’s

Table 3. Rate of change of taxes excluding social contributions during periods of intense conflict ($N = 23$)

Decreased	Percentage change	Remained stable	Percentage change	Increased	Percentage change
Salvadoran civil war (1986–1989)	−5.70	Rwandan genocide, first period of intensity (1989–1990)	−0.94	Angolan civil war, part 2, (1997–2001)	15.33
Angolan civil war, part 1, first period of intensity (1985–90)	−5.26	Second Republic of the Congo civil war (1996–98)	−0.36	Angolan civil war, part 1, second period of intensity (1991–94)	10.94
Rwandan genocide, second period of intensity (1993–1994)	−5.24	Kuwait (Gulf War) (1990–1991)	−0.26	South African Border War (1980–1988) ¹	3.44
Peru (Shining Path conflict) (1982–1991)	−3.98	First and Second Congo wars (1995–2000)	−0.16	Mozambican civil war (1981–1991)	1.97
Eritrea (Eritrean-Ethiopian war) (1997–2000) ¹	−3.49	Nepalese civil war (2001–2005)	0.38	Rwandan war with the FDLR (2008–2009)	1.59
Second Liberian civil war (2002–2003)	−2.61	Rwandan war with the ALiR, first period of intensity (1997–98)	0.29	Burundian civil conflict (1999–2002)	1.13
Libyan civil war (2010–2011)	−2.20			Rwandan war with the ALiR, second period of intensity (2000–2001)	1.06
Sierra Leonean civil war, first period of intensity (1994–1995)	−2.10				
Sierra Leonean civil war, second period of intensity (1997–1999)	−2.03				
Nicaraguan civil war (1982–1988)	−1.88				

Source: authors’ calculations based on the ICTD/UNU-WIDER GRD.

¹Localized conflict.

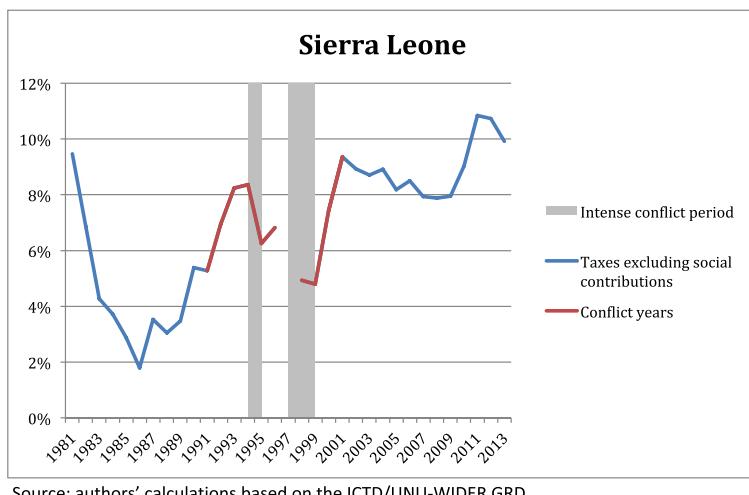


Figure 2. Tax revenues excluding social contributions as a percentage of gross domestic product, Sierra Leone. GRD, Government Revenue Dataset; ICTD, International Centre for Taxation and Development [Colour figure can be viewed at wileyonlinelibrary.com]

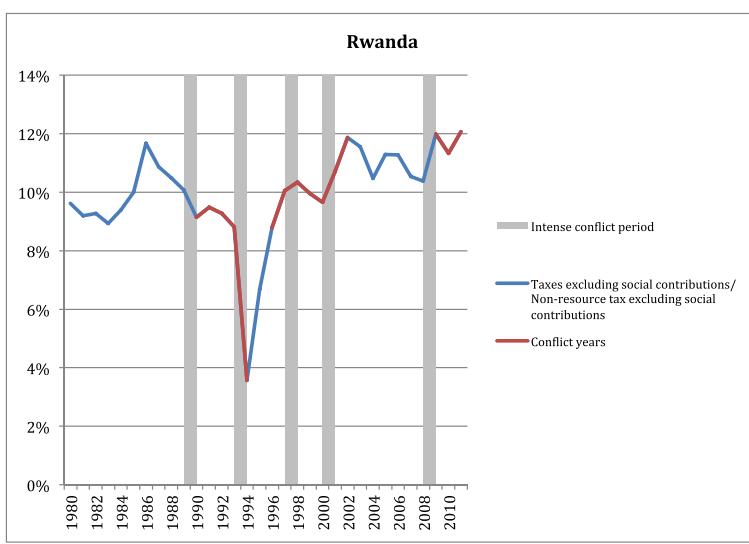


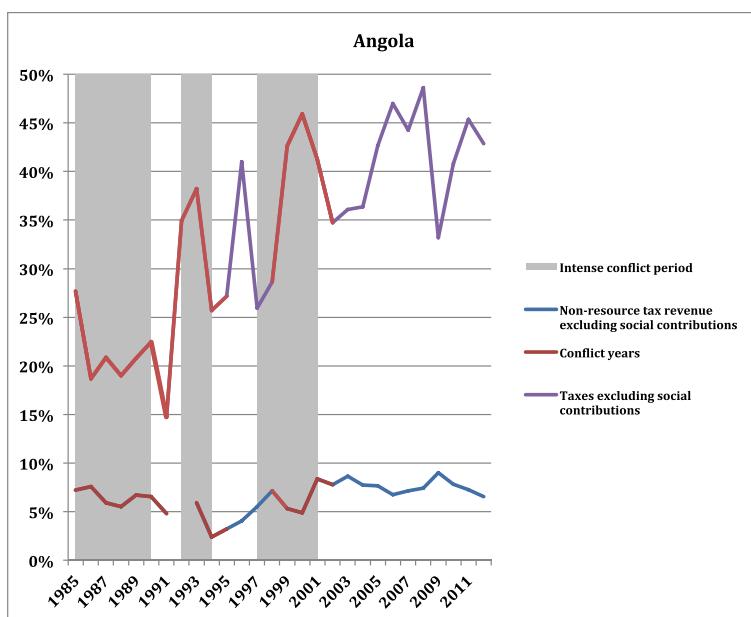
Figure 3. Tax revenues excluding social contributions as a percentage of gross domestic product, Rwanda. GRD, Government Revenue Dataset; ICTD, International Centre for Taxation and Development. [Colour figure can be viewed at wileyonlinelibrary.com]

population (Prunier, 1995: 255), with a further 4 million displaced internally or internationally (Magnarella, 2005: 816). At the same time, it is possible that this outcome has some relation to the potentially distortive incentives created by aid with respect to taxation, particularly given the massive inflow of humanitarian aid in 1994.

Finally, when considering non-resource tax revenues, proportion of cases with positive trends of tax revenue growth decreases, as, in the case of Angola, these increases do not

actually reflect an expansion of tax mobilization capacity or effort, but rather, revenue gains from a narrow portion of the economy (Figure 4). Looking only at non-resource tax revenues offers a clearer sense of whether an expansion of taxation corresponds to a deepening of direct taxation on citizens, or simply to short-term revenue gains from taxable resource rents. An increase in the former relative to the latter is expected to correspond to a greater extent to a deepening of state–society bargaining and development of institutional taxing capacity. Angola's civil war severely damaged the country's fiscal, monetary and public administrative infrastructure (Addison, Geda, Le Billon, & Murshed, 2001), with many commentators pointing to the 'resource curse' in limiting broad-based taxation outside of resource rents and associated royalties (Frynas & Wood, 2001; Mkandawire, 2002).

The cases surveyed here suggest that even where civil conflict has led to expanded revenue raising prior to or during conflict, this has tended to be of a short-term nature, rather than resulting in sustained gains in revenue and governance. Despite important exceptions, we find no clear evidence of a positive impact of civil conflict on state revenue collection prior to or during conflict, in contrast to the theory that revenue raising prompted by conflict may lead to gains in taxation and state capacity. This is intuitively unsurprising as conflict undermines economic activity, and thus the tax base; prevents tax collection in conflict-affected regions; and may force government to divert resources away from effective public administration. In the most extreme cases, conflict may disrupt public infrastructure, prevent the execution of government activities or lead to the destruction of public records, thereby dramatically undermining the potential for taxation by the state. On the other hand, it is possible that local taxes collected by non-state actors, such as rebel



Source: authors' calculations based on the ICTD/UNU-WIDER GRD

Figure 4. Tax revenues excluding social contributions as a percentage of gross domestic product (top line) and non-resource tax revenues excluding social contributions (bottom line), Angola. GRD, Government Revenue Dataset; ICTD, International Centre for Taxation and Development.

[Colour figure can be viewed at wileyonlinelibrary.com]

Table 4. Rate of change of taxes excluding social contributions after conflict ($N = 18$)

Decreased	Percentage change	Remained stable	Percentage change	Increased	Percentage change
Rwandan war with the ALiR, (2002–2008)	-1.48	Eritrea (Eritrean-Ethiopian war) (2000–2002)	0.66	Mozambican civil war (1992–2012)	12.16
Angolan civil war, part 1 (1995–1996)	-1.23	Sierra Leonean civil war (2001–2013)	0.56	Second Liberian civil war (2003–2013)	10.44
		Kuwait (Gulf War) (1991–2013)	0.35	Angolan civil war, part 2 (2002–2012)	8.13
		Burundian civil conflict (2008–2013)	-0.42	First and Second Congo wars (2001–2012)	7.96
				Nicaraguan civil war (1990–2012)	7.2
				Nepalese civil war (2006–2013)	6.56
				Morocco (Western Sahara War) (1989–2012)	5.59
				Salvadoran civil war (1991–2012)	5.43
				Peru (Shining Path conflict) (1999–2012)	3.32
				Rwandan genocide (1994–1995)	3.11
				South African Border War (1988–2012)	2.94
				Second Republic of the Congo Civil War (1999–2012)	1.58

Source: authors' calculations based on the ICTD/UNU-WIDER GRD.

groups, might actually increase during civil wars, but this is potential dynamic is not captured owing to the limitations of the GRD dataset.

5 TAX REVENUE MOBILIZATION AFTER CONFLICT

Do post-conflict countries benefit from a 'revenue peace dividend' or suffer limited growth as a result of persistent institutional and political economic legacies of conflict? We find that very few countries that have experienced negative rates of tax revenue collection after conflict (Table 4), seeming to point to a positive 'revenue peace dividend' following conflict.⁵ Evidently, there is the potential for two-way causation as strong economic recovery helps in tax revenue mobilization, while robust tax revenue mobilization fuels

⁵This finding holds even when considering non-resource taxes rather than total taxes.

economic recovery. Both factors are endogenous and interrelated, and cannot be parsed without more robust econometric analysis, which should be an important next step to this initial exploration of the data.

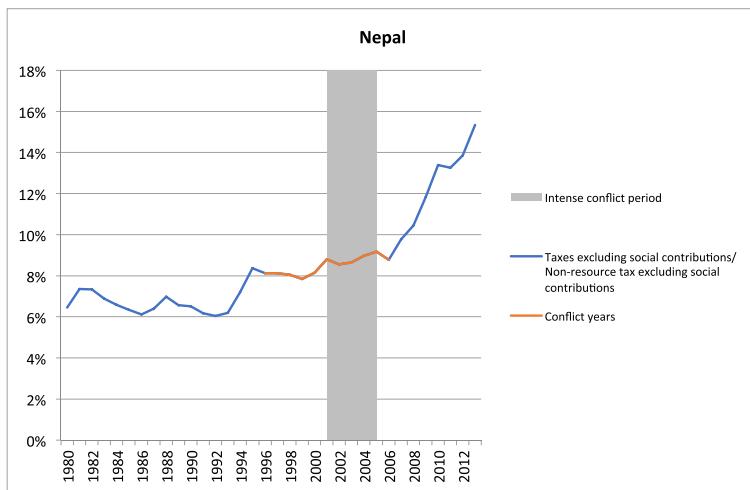
Regardless of the cause of the outcomes, there is an important distinction between countries that experienced only modest revenue gains, simply reflecting ‘revenue peace dividends’ and those that experienced more transformative revenue gains after conflict. Indeed, there are several states that experienced a sharp decline in revenue during conflict and only very modest recovery of revenue afterward. These cases are indicative of the unique tax challenges that may arise in post-conflict environments. For example, following conflict in Sierra Leone, tax collection was arbitrary and coercive, especially at the local government level, with widespread corruption and evasion, and little trust in the government (Jackson, 2005; Jibao, 2010). We also see a range of countries in which revenues sharply increased immediately following the cessation of hostilities, although without structural transformation of the underlying capacity to mobilize taxes.⁶ Many of these cases experienced dramatic revenue declines during conflict, with the gains at the end of hostilities representing primarily a recovery of pre-war tax capacity, rather than an expansion in tax mobilization, with overall tax collection remaining relatively low. Other cases, like the DRC and Angola, have overall positive tax trends after periods of conflict, but continue to have very low levels of non-resource tax revenues in absolute terms. Cases such as these speak to the existence of an important ‘revenue peace dividend’, but also suggest that the legacy of conflict poses enduring challenges to tax revenue collection.

By contrast, there are a handful of cases in which the end of fighting led to more transformative tax reforms, which then contributed to administrative and economic modernization and unprecedented revenue gains. For example, Peru made transformative investments in tax capacity during the conflict, leading to continued revenue growth as the conflict declined in intensity, due in part to a sustained political commitment to reforming the revenue authority and tax code. Likewise, Nepal experienced rapidly rising tax revenue following the peace treaty and Maoist electoral victory in 2006 (Figure 5), despite continuing political uncertainty. Such cases speak to the potential opening for reform that can be provided by the ‘post-conflict moment’, sometimes referred to as the ‘golden hour’ of post-conflict transformation (Mendelson-Forman & Mashatt, 2007).

6 THEORETICAL DISCUSSION

The evidence does not support the Tillian notions that civil war promotes the fiscal capacity of the state in contemporary developing countries. Why does the Tillian expectation of increasing revenue mobilization prior to and during conflict no longer hold in contemporary conflict-affected countries? Primarily, applying Tilly’s argument to contemporary cases of conflict is highly Eurocentric. Although there is an influential literature that examines the European state-building experience, there is a comparatively smaller evidence base examining experience in other parts of the world and snapshots in time. Moreover, much of the literature takes the European, and to a lesser extent the Chinese and Ottoman, experience as something of the benchmark by which to compare

⁶This includes cases wherein conflict eventually resumed.



Source: authors' calculations based on the ICTD/UNU-WIDER GRD

Figure 5. Tax revenues excluding social contributions as a percentage of gross domestic product, Nepal. GRD, Government Revenue Dataset; ICTD, International Centre for Taxation and Development. [Colour figure can be viewed at wileyonlinelibrary.com]

state building in other regions. This limits understandings of state formation in both Europe and non-European contexts as there are a smaller number of counterfactuals and a potential bias towards a select type of social phenomena that might contribute to state building, such as conflict or the threat of conflict, in this instance. Relatedly, we offer two potential explanations: contemporary developing countries are insulated to some degree from (i) external threats and (ii) the need for domestic taxation. These contemporary differences, due to a vastly different global structural context, disrupt the key causal processes that forced early modern European rulers to constrain their authority in exchange for tax revenue, fundamentally representing a shift from *internal* to *external* state formation (Spruyt, 2009; Tilly, 1985).

Following the destruction of the world wars, the norm of territorial sovereignty became an accepted and constitutive fact of the international system. Former colonized states were often 'superimposed on heterogeneous populations' (Spruyt, 2009: 223) and were 'internationally enfranchised'. These states were granted the same external rights and responsibilities as all other sovereign states, but many had not been empowered domestically and lacked the institutional features of sovereign states defined by classical international law. The accepted norms of territorial sovereignty in international relations have changed the strategies that states employ to accumulate wealth, with territorial aggrandizement no longer a prerequisite or a viable strategy (Bates, 2010; Jackson, 1995; Sørensen, 2001; Spruyt, 2009). Consequently, the competition for controlling the means of coercion is essentially internal, with contemporary conflict primarily occurring at the intrastate level. This type of conflict does not hold the same risks of survival for the nation-state and its boundaries as earlier European wars did (Centeno, 1997; Centeno, 2002; Leander, 2002; Moore, 2008 and Spruyt, 2009). Critically, interstate wars hold the potential to rally the nation in favour of expanded taxation while creating minimal domestic disruption of tax capacity, whereas civil wars are more likely to destroy domestic tax capacity and to create sharp internal divisions that may undermine support for taxation.

In the contemporary context, where state survival is guaranteed, systemic threat is more likely to lead to state plunder than to state–society bargaining or institution building (Moore, 2008).

Second, the contemporary global economic context—which, for low-income countries is characterized by development aid, pressures from international financial institutions and mobile capital—endows contemporary states with different incentives relative to those faced by early European states. Contemporary states, reliant if not dependent on international transfers of aid revenues, may face reduced incentives to tax (Bräutigam & Knack, 2004; Remmer, 2004). Indeed, international aid flows and the availability of economic rents from natural resources may suppress the pressures felt by rulers to engage with citizens (Chaudhry, 1997; Moore, 2008; Ross, 2004). This reliance on external financing often corresponds with an ‘externalization of political accountability’ (Clapham, 1996: 187). Further, while state mobilization for interstate war in early modern Europe had the effect of creating, mobilizing and consolidating internal markets, modern states face pressures related to the globalization of trade and capital markets, with disincentives to tax for fear of capital flight, in what Moore (2008) describes as ‘the disciplining power of mobile capital’.

The context for contemporary developing countries, including the norms of international law and the pressures of economic globalization, fundamentally alter the causal relationship between conflict and state revenue mobilization predicted by bellicose theories of state formation. The overall effect of this new context is that rulers do not face the same pressures to centralize the means of coercion and capital or to bargain with their citizens to tax domestically. Thus, rather than centralizing effective administrative structures, wars in contemporary developing countries tend to trigger a further dismantling, decentralization, privatization and criminalization of administrative structures (Leander, 2002). The insulation enjoyed by contemporary rulers from both external threat and domestic taxation underpin ‘the drift from “internal” to “external” state formation’ (Tilly, 1990: 195) in a way that fundamentally alters the central processes of taxation linking war and state building in early modern Europe.

7 POLICY DISCUSSION

Despite the foundational importance of taxation to broader development goals, within post-conflict settings, tax issues have often been given a low priority. This frequent (although not universal) lack of attention may reflect several factors: the prioritization of immediate humanitarian and service delivery goals; the absence of effective tax handles in the wake of conflict; a reluctance to impose new tax burdens on already struggling communities; the political difficulty of imposing taxes; and/or the existence of large aid flows that obviate the short-term need for tax revenue. Despite these competing challenges, tax mobilization is a key condition for successful state building—indeed, ‘taxation may play the central role in building and sustaining the power of states, and shaping their ties to society’ (Bräutigam, 2008: 1).

While tax policy and reform taxation in post-conflict states should be broadly similar to that in low-income countries more generally (Gupta et al., 2005), there are unique characteristics of tax in post-conflict settings that warrant greater attention from international actors. While conflict-affected countries are by no means a homogeneous group, certain common challenges necessitate distinctive policies. Considering the

different trajectories that states can take following conflict—whether achieving a short-term boost in revenue in the form of a ‘revenue peace dividend’ or long-term improvements in institutional tax collection capacity—we give attention to four distinct characteristics of post-conflict states that should inform sustained policy reform.

7.1 Identifying and Addressing the Legacies of Conflict

The legacies of conflict create distinct challenges for rebuilding fiscal capacity after conflict. Namely, weak economies, the destruction of infrastructure and the loss of control of important economic centres means that there are limited tax handles available. In each context, therefore, greater attention needs to be paid to the specific channels through which tax revenue declines in unique contexts, which may be understood as part of a country’s legacy of conflict. For instance, intense conflict is likely to cause more acute challenges for post-conflict tax reforms because of infrastructural damage and sustained weak tax bases, as well as greater disruption to bureaucratic capacity. Moreover, conflicts that remain in peripheral regions have generally had a much smaller impact on revenue, and are likely to leave a different legacy than conflicts that reached capital cities. Understanding the legacies of conflict—in terms of both economic destruction and broader political incentives and divisions—thus warrants greater attention as a starting point for identifying likely priorities for reform, and potential threats to the success of reform.

At the same time, the complex reality of tax collection and the informal forms of taxation that can arise or become institutionalized during conflict remains underappreciated by policymakers (Jibao, Prichard, & van den Boogaard, 2017; van den Boogaard & Prichard, 2016). During conflict, parallel systems of ‘taxation’ frequently emerge, ranging from relatively institutionalized and coordinated exactions by rebel groups to comparatively ad hoc, coercive exactions by armed individuals. Accordingly, there may be an urgent challenge to strengthen broader government authority, legitimacy and rule of law, in addition to strengthening tax administrations. Focusing attention on the informal realities of taxation and finding innovative ways to bring these under state control, including collaborations through hybrid institutions, may be a necessary starting point.

7.2 Focusing on Capacity Constraints

Conflict-affected countries face unique capacity constraints within the tax administration, as well as the private sector. Recent research also suggests that capacity reforms in weak and fragile states are unlikely to have much effect unless they address underlying power relations (Denney, Mallett, & Benson, 2017). These constraints limit the feasibility of ambitious reforms in post-conflict settings, suggesting that greater emphasis should be placed on thinking pragmatically about local political realities and trajectories. Other research indicates that the simplification, policy prioritization, sequencing and flexibility of reforms is also a key (Gupta et al., 2005). Capacity constraints are particularly important when thinking about decentralization, which is generally promoted with a peacebuilding logic: the desire to ensure a degree of autonomy for rival groups. However, while this peacebuilding logic is clear, it often conflicts with the technical realities of tax collection, as local government capacity is frequently limited and shaped by local politics, which are often poorly considered in reform initiatives. From the perspective of policymakers, the

goal has simply been to decentralize fiscal responsibilities as quickly as local government capacity can be developed (Gupta et al., 2005); however, developing local government capacity has consistently proven to be a major challenge and an area that has received comparatively little attention from international actors.

Moreover, there is now a general emphasis on phasing out trade taxes in post-conflict settings (as in low-income countries more generally) to support private sector development (Gallagher, 2007; Gupta et al., 2005). However, the administrative capacity to replace trade revenues with other sources is often not sufficient; accordingly, the revenue costs of shifting away from trade taxes can be significant, with an uncertain economic benefit (Boyce & Forman, 2010). There is some evidence that placing greater attention on administrative capacity within customs, and not just on tariff rates, can help to offset the impact of this shift. Mozambique, for instance, simultaneously reduced tariff rates and pursued radical reform of customs administration by contracting out certain customs services, with significant customs revenue gains despite a reduction in the average tariff rate (Addison & Murshed, 2001; Arndt & Van Dunem, 2009).

7.3 Balancing Economic and Peacebuilding Objectives

Despite pressing economic concerns in post-conflict settings, there is a need to balance economic goals, and the goals of an efficient tax system, with peacebuilding objectives. Several key risks deserve attention. First, there is a risk of unequal treatment, as tax systems may be deployed to deliver particularistic benefits to some individuals and groups through tax policy or administration. Second, there is a subtler risk of differential treatment, as uniformly applied taxes may in practice have a greater impact on some groups than others if former combatants tend to occupy differing economic sectors. Such differential impacts are an inevitable feature of any tax; recognizing them does not imply that such taxes should be abandoned. Instead, recognition of such potential tensions may point towards strategies for minimizing disagreement and encouraging reform. Third, even where taxes are applied fairly, and their effective incidence is not skewed towards any group, tax reform may become politically contentious because of pervasive mistrust and a perception among rival groups that they are being treated unfairly.

In these contexts, an ‘ideal’ tax policy from a technocratic perspective may need to be forgone if it is antithetical to the overriding need to sustain the peace. However, it is often unclear what this means in practice: while maintaining the peace must be the priority, it is equally essential that short-term measures motivated by security considerations do not undermine longer-term requirements for building effective tax systems (Boyce & Forman, 2010). As a foundation, rules-based policy-making and transparency should take priority to support the broader goal of equity-based tax policy and administration that are more difficult for interest groups to exploit (Fairfield, 2011; Gupta et al., 2005; Prichard, 2015). This might also mean grappling with the politics surrounding illicit or informal taxes and fees that parties to the conflict might have been collecting. Transparency measures can moreover guard against the perception of such abuse, implying that attention needs to be paid to both the actual and perceived equity of the system as an indicator of improvement, rather than simply levels of tax collection. Aside from the strategic value of transparency and equity in making tax reform more viable (Fairfield, 2011; Prichard, 2015), some research has suggested that such strategies may have the added advantage of strengthening the state building and governance-enhancing roles of taxation (OECD,

2010; Prichard, 2015), which may have value for peacebuilding efforts in divided societies. Attention to the unique context may furthermore allow actors to identify ‘windows of opportunity’ that are sometimes enabled by post-conflict environments; for instance, allowing for the introduction of politically contentious taxes because of elite fragmentation (Carnahan, 2007). Overall, the allocation of aid needs to balance the needs of peace consolidation and state building, needing to give due attention to the institutional reforms that will build state capacity—an important factor itself in preventing a relapse into conflict.

7.4 Minimizing the ‘Crowding out’ Effect of Aid

The influx of aid and international actors in post-conflict settings creates the risk of aid dependency, and the concurrent risk that policymakers’ incentives will be distorted away from investing in long-term tax collection capacity and politically costly forms of taxation (Bornhorst, Gupta, & Thornton, 2008; Boyce & Forman, 2010; Carnahan, 2007; Chowdhury & Mursheed, 2016). While recent research suggests that a negative connection between aid and tax collection is by no means guaranteed (Alonso & Garcimartín, 2011; Clist & Morrissey, 2011) and is highly context-specific (Prichard, Brun, & Morrissey, 2012), it is plausible that in post-conflict settings, the risk may be especially acute owing to relatively high levels of aid being introduced into relatively weak institutional contexts over short periods. At the same time, foreign aid may ‘crowd out’ tax collection capacity through the exemptions that exist for many international actors and aid-funded activities.

However, it is not simply the amount of aid that matters, but rather *how* that aid is delivered. As described by Ndikumana (2016), ‘targeted foreign aid can help build the capacity of the state to mobilize tax revenue by supporting reforms of tax administration and through technical capacity building’, requiring both innovation and willingness to adapt approaches to local conditions. Accordingly, there is a greater need for international actors to focus on the modalities of aid. At the same time, there remains a need for greater research about the effectiveness of revenue-related aid conditionality, including the types of conditions being employed and the incentives, both positive and negative, that they create (Bolnick & Hadler, 2011; Prichard et al., 2012).

8 CONCLUSION

Contrary to theoretical expectations, contemporary conflict is neither a necessary nor a sufficient condition for the rise of the fiscal state. Given the international, security and economic contexts faced by contemporary developing countries, war ‘at best leaves states where they are and at worst speeds up their unravelling’ (Leander, 2002: 14).

Nevertheless, the foundational importance of taxation to broader development goals indicates that strengthening tax systems should figure centrally in strategies for post-conflict state building. While this reflects the urgent need for revenue during processes of post-conflict reconstruction, it is equally important to consider the broader governance implications of taxation. In contexts in which state capacity has been eroded, broader state–society relations are strained, the basic legitimacy of the state is in question, and deep fissures exist between former combatants, efforts to strengthen taxation stand as a potentially unique entry point for rebuilding state capacity, legitimacy and bargaining over

the role and activities of government (Boyce & Forman, 2010; Gupta et al., 2005). Such processes are likely to be both politically challenging and conflictual, but reflect the centrality of taxation and budgeting to building effective governance and to strengthening ties between post-conflict states and their citizens.

REFERENCES

- Addison T, Geda A, Le Billon P, Murshed SM. 2001. *Financial Reconstruction in Conflict and 'Post-conflict' Economies*. UNU-WIDER Working Paper 90/2001. UNU-WIDER: Helsinki.
- Addison T, Murshed SM. 2001. *The Fiscal Dimensions of Conflict and Reconstruction*. UNU-WIDER Discussion Paper 2001/49. UNU-WIDER: Geneva.
- African Development Bank. 2010. *Domestic Resource Mobilization for Poverty Reduction in East Africa: Burundi Case Study*. African Development Bank: Abidjan.
- Alonso JA, Garcimartín C. 2011. *Does Aid Hinder Tax Efforts? More Evidence*. CREDIT Research Paper No. 11/04. Centre for Research in economic development and international trade: Nottingham.
- Arndt C, Van Dunem J. 2009. The empirics of evasion. In *Taxation in a Low-Income Economy: The Case of Mozambique*, Arndt C, Tarp F (eds). Routledge: New York.
- Bates R. 2010. *Prosperity and Violence: The Political Economy of Development*, 2nd edition. W.W. Norton: New York.
- Bolnick B, Hadler S. 2011. *Appropriate Aid Modalities for Supporting Tax Reform*. OECD: Paris.
- van den Boogaard V, Prichard W. 2016. *What have we Learned about Informal Taxation in sub-Saharan Africa? ICTD Summary Brief 2*. ICTD: Brighton.
- Bornhorst F, Gupta S, Thornton J. 2008. *Natural Resource Endowments, Governance and the Domestic Revenue Effort: Evidence from a Panel of Countries*. IMF Working Paper 08/170. IMF: Washington DC.
- Boyce JK, Forman S. 2010. *Financing Peace: International and National Resources for Postconflict Countries and Fragile States*. World Development Report 2011 Background Paper. World Bank: Washington DC.
- Bräutigam D. 2008. Introduction: taxation and state-building in developing countries. In *Taxation and State Building in Developing Countries: Capacity and Consent*, Bräutigam D, Fjeldstad OH, Moore M (eds). Cambridge University Press: Cambridge; 1–33.
- Bräutigam D, Knack S. 2004. Foreign aid, institutions and governance in sub-Saharan Africa. *Economic Development and Cultural Change* **52**: 255–285.
- Brewer J. 1989. *The Sinews of Power: War, Money and the English State, 1688–1783*. Alfred A Knopf: New York.
- Carnahan M. 2007. *Options for Revenue Generation in Post-conflict Environments*. Political Economy Research Institute Working Paper 137. University of Massachusetts-Amherst: Amherst MA.
- Centeno MA. 1997. Blood and debt: war and taxation in nineteenth-century Latin America. *American Journal of Sociology* **102**(6): 1565–1605.
- Centeno MA. 2002. *Blood and Debt: War and the Nation-State in Latin America*. Pennsylvania State University Press: University Park PA.
- Chaudhry KA. 1997. *The Price of Wealth: Economies and Institutions in the Middle East*. Cornell University Press: Ithaca NY.
- Chowdhury A, Murshed SM. 2016. Conflict and fiscal capacity. *Defence and Peace Economics* **27**(5): 582–608.

- Clapham C. 1996. *Africa and the International System: The Politics of State Survival*. Cambridge University Press: Cambridge.
- Clist L, Morrissey O. 2011. Aid and tax revenue: signs of a positive effect since the 1980s. *Journal of International Development* 23(2): 165–180.
- Denney L, Mallett R, Benson MS. 2017. *Service delivery and state capacity: findings from the Secure Livelihoods Research Consortium*. Secure Livelihoods Research Consortium: London.
- Doner R, Ritchie B, Slater D. 2005. Systemic vulnerability and the origins of developmental states: Northeast and Southeast Asia in comparative perspective. *International Organization* 59: 327–361.
- Ertman T. 1997. *Birth of the Leviathan: Building States and Regimes in Mediaeval and Early Modern Europe*. Cambridge University Press: Cambridge.
- Fairfield T. 2011. *Strategies for Passing Equity Enhancing Tax Reform*. IDS Working Paper. Institute of Development Studies: Brighton.
- Frynas JG, Wood G. 2001. Oil & war in Angola. *Review of African Political Economy* 28(90): 587–606.
- Fukuyama F. 2014. *Political Order and Political Decay: From the Industrial Revolution to the Globalization of Democracy*. Farrar Straus Giroux: New York.
- Gallagher M. 2007. *Building Fiscal Infrastructure in Post-conflict Societies*. Fiscal Reform and Economic Governance Project: Washington DC.
- Gupta S, Tareq S, Clements B, Segura-Ubiego A, Bhattacharya R, Mattina T. 2005. *Rebuilding Fiscal Institutions in Postconflict Countries*. IMF Occasional Paper 247. International Monetary Fund: Washington DC.
- Herbst J. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton University Press: Princeton.
- IMF. 2004. *Republic of Congo: Selected Issues*. IMF Country Report 14/273. IMF: Washington DC.
- Jackson R. 1995. International community beyond the Cold War. In *Beyond Westphalia: State Sovereignty and International Intervention*, Lyons GM, Mastanduno M (eds). Johns Hopkins University Press: Baltimore MD.
- Jackson P. 2005. Chiefs, money and politicians: rebuilding local government in post-war Sierra Leone. *Public Administration and Development* 25(1): 49–58.
- Jibao S. 2010. *Taxation and Development in a Post-conflict Sierra Leone*. National Revenue Authority: Freetown.
- Jibao S, Prichard W, van den Boogaard V. 2017. *Informal Taxation in Post-conflict Sierra Leone*. ICTD Working Paper 66. ICTD: Brighton.
- Keen D. 2005. *Conflict & Collusion in Sierra Leone*. James Currey: Suffolk.
- Leander A. 2002. Wars and the un-making of states: taking Tilly seriously in the contemporary world. In *Copenhagen Peace Research: Conceptual Innovations and Contemporary Security Analysis*, Guzzini S, Jung D (eds). Routledge: London.
- Levi M. 1988. *Of Rule and Revenue*. University of California Press: Berkeley CA.
- Magnarella PJ. 2005. The background and causes of the genocide in Rwanda. *Journal of International Criminal Justice* 3: 801–822.
- Mendelson-Forman J, Mashatt M. 2007. Employment generation and economic development in stabilization and reconstruction operations. Stabilization and Reconstruction Series 6. US Institute of Peace, Washington DC.
- Mkandawire T. 2002. The terrible toll of post-colonial “rebel movements” in Africa: towards an explanation of the violence against the peasantry. *Journal of Modern African Studies* 40(2): 181–215.
- Moore M. 2008. Between coercion and contract: competing narratives on taxation and governance. In *Taxation and State Building in Developing Countries: Capacity and Consent*, Bräutigam D, Fjeldstad OH, Moore M (eds). Cambridge University Press: Cambridge; 34–63.

- Ndikumana L. 2001. *Fiscal Policy, Conflict, and Reconstruction in Burundi and Rwanda*. UNU-WIDER Working Paper 62/2001. UNU-WIDER: Helsinki.
- Ndikumana L. 2016. The role of foreign aid in post-conflict countries. In *Building Sustainable Peace: Timing and Sequencing of Post-Conflict Reconstruction and Peacebuilding*, Langer A, Brown GK (eds). Oxford University Press: Oxford UK; 141–159.
- Nkurunziza JD. 2005. Political instability, inflation tax and asset substitution in Burundi. *Journal of African Development* 7(1): 42–72.
- OECD. 2010. *Citizen–State Relations: Improving Governance through Tax Reform*. OECD: Paris.
- Pierson P. 2004. *Politics in Time: History, Institutions, and Social Analysis*. Princeton University Press: Princeton NJ.
- Prichard W. 2015. *Taxation, Responsiveness and Accountability in Sub-Saharan Africa: The Dynamics of Tax Bargaining*. Cambridge University Press: Cambridge UK.
- Prichard W, Brun JF, Morrisey O. 2012. Donors, aid and taxation in developing countries: an overview. ICTD Working Paper 6. International Centre for Tax and Development, Brighton.
- Prichard W, Jibao S. 2010. *Building a Fair, Transparent and Inclusive Tax System in Sierra Leone*. TJN/BAN/NACE: Chesham.
- Prichard W, McNabb K. 2016. The ICTD government revenue dataset: still the best option for researchers. International Centre for Tax and Development Blog, 6 January. Accessed 11 December 2016. Available at: www.ictd.ac/blogs/entry/the-ictd-government-revenue-dataset-still-the-best-option-for-researchers.
- Prunier G. 1995. *The Rwanda Crisis: History of a Genocide*. Columbia University Press: New York.
- Remmer K. 2004. Does foreign aid promote the expansion of government? *American Journal of Political Science* 48(1): 77–92.
- Ross M. 2004. Does taxation lead to representation? *British Journal of Political Science* 34: 229–249.
- Sørensen G. 2001. War and state making: why doesn't it work in the third world? *Security Dialogue* 32(3): 341–354.
- Spruyt H. 2009. War, trade and state formation. In *Oxford Handbook of Comparative Politics*, Stokes S, Boix C (eds). Oxford university press: New York.
- Thies C. 2004. State building, interstate and intrastate rivalry: a study of post-colonial country extractive efforts, 1975–2000. *International Studies Quarterly* 48(1): 53–72.
- Thies C. 2005. War, rivalry and state-building in Latin America. *American Journal of Political Science* 49(3): 451–465.
- Tilly C. 1985. War making and state making as organized crime. In *Bringing the State Back In*, Evans P, Rueschemeyer D, Skocpol T (eds). Cambridge University Press: Cambridge.
- Tilly C. 1990. *Coercion, Capital and European States: AD 990–1990*. Blackwell Publishers: Oxford.
- UCDP/PRI. 2015. *UCDP/PRI Armed Conflict Dataset*. Version 4–2015. UCDP/PRI, Uppsala.

SUPPORTING INFORMATION

Additional Supporting Information may be found online in the supporting information tab for this article.