The Politics of Taxation and Redistribution in Autocratic Regimes

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Abstract

This thesis explores the politics of taxation and redistribution in autocracies. I consider autocrats as revenue-maximizing and survival-oriented rulers, who use fiscal policy strategically in a bid to consolidate their rule. I argue that rulers rely on coercive taxation and exploit the distributional properties of various fiscal instruments to discriminate between groups of taxpayers, making those least essential to their survival pay the lion's share of the fiscal burden. However, this strategy can backfire: From the French revolution to the VAT riots in Ghana, history has shown the disruptive potential of tax adoptions and reforms under dictatorship. I explore the conditions allowing for a politicization of taxation in autocracies, and study how fiscal design and the political inclusion or exclusion of specific groups interact to generate support for or opposition to the ruler's fiscal policy. This thesis is made up of three related papers.

The first article asks: What are the socio-political consequences of tax policies in autocracies? To address this question, I introduce the first database of tax protest events in ten Sub-Saharan African dictatorships, and conduct a comparative empirical analysis of the origins and dynamics of tax resistance movements. The analysis of this original data, combining descriptive and regression analysis, shows that that indirect taxes are the most unpopular, that tax resistance comes in many forms – from petitions to boycotts and riots –, and that it rarely succeeds.

The second article explores how fiscal policies can help entrench authoritarian rule. I revisit existing models of fiscal bargaining and shift the focus to ruler-elite relations: I argue that elites use their political and economic leverage to negotiate policy concessions in exchange for tax compliance. Using time-series cross-sectional analysis and fine-grained accounts on instances of elite-led resistance to taxation, I find that direct taxation can foster stability, through bargaining between the autocrat and regime elites.

Lastly, the third article asks: How does political inclusion affect economic inclusion, in the form of redistributive policies, in autocracies? I introduce a new measure of political inclusion: The presence of multiple parties in government. Exploiting fine-grained data on cabinet composition worldwide, for which I helped to code ministers' party affiliation, I find evidence of a substitution rather than complementarity effect between political and economic inclusion. The effect is amplified at higher levels of autocratic power-sharing across party lines.

Introduction

> "The art of taxation consists in so plucking the goose as to get the most feathers with the least hissing."
>
> Attributed to Jean-Baptiste Colbert

The general puzzle

Dictators of all stripes have used taxes in an attempt to strengthen their rule for as long as they have reigned over territories and people. Following his successful military campaign in Northern China in the 1230s, Ögödei, Genghis Khan's son and successor, was reportedly tempted to outright slaughter the inhabitants of the lands he had just conquered. However, his chief advisor Yelü Chucai suggested that he tax them instead, so as to both assert his power over them *and* generate more revenue. Ögödei went on to establish a formal bureaucracy and tax administration in the Mongol-controlled regions of Northern China, which would serve as the foundation for a centralized civilian administration.[1] Indiscriminate levies were replaced with a rationalized taxation system, including a land tax, poll tax, and sales tax, ensuring the ruler's control over the various provincial administrations (Bira, 1998). This fiscal policy thus served the Mongol leader's political interests, while expanding his wealth.

[1] See "Chucai" and "China - The Yuan, or Mongol, dynasty", *Encyclopedia Britannica* entries.

This example illustrates the nature of taxation in autocracies. In addition to being a means of raising revenue, taxes and the yields they generate are coercive, power-wielding instruments that shape the nature of state-society relations in dictatorships. Autocratic rulers can use taxation and redistribution strategically, in a bid to consolidate their rule. In so doing, they consider the distributional properties of taxes and transfers, including their incidence and the potential for political contention that they carry, when choosing a set of fiscal instruments. Still, redistributive policies can backfire, and taxes may end up undermining autocratic stability instead of entrenching it. Addressing this puzzle directly, this thesis investigates the mechanisms that underpin the politics of taxation and redistribution in autocracies specifically. What are the socio-political consequences of taxes under autocratic rule? Under what conditions does taxation help make or break authoritarian spells? These are the core questions that this thesis seeks to address.

Scholars of comparative politics and state-building generally tend to equate the rise of taxation and redistribution with the development of modern, efficient, and democratic regimes (see, among others, Levi, 1988; North and Weingast, 1989; Acemoglu and Robinson, 2005; Besley and Persson, 2011). I make three initial observations that are at odds with this conventional wisdom.

First, some the most redistributive regimes in history have been authoritarian (Albertus, Fenner and Slater, 2018). From the Soviet Union under Stalin to Nyerere's Tanzania, these instances suggest that some autocracies may actually be at least as able and willing to redistribute resources as their democratic counterparts. This also suggests that *how* we measure taxation and redistribution matters. Aggregate indicators such as tax-to-GDP ratios and total spending may not suitable for meaningful comparisons, while distinguishing between the redistributive features of various tax instruments may provide valuable insights into their economic and sociopolitical consequences.

Second, the binary distinction between dictatorship and democracy obscures important nuances in how autocrats under different sets of constraints use taxation and redistributive policies to accrue revenue and consolidate their rule (Kenny and Winer, 2006; Garcia and Haldenwang, 2016; Dodlova and Lucas, 2020). This, in turn, begs the question of which autocrats are better able and willing to use taxation and redistribution as power-wielding tools. In particular, one may wonder to what extent the nature of ruler-elite relations, which shapes how constrained the autocrat is in their decision-making, has an influence on redistributive policies and outcomes.

Third, taxes sometimes break states instead of building them: From the French Revolution in 1789 to the VAT riots that shook Ghana in the spring of 1995, history has shown the disruptive potential of tax introductions and reforms in non-democratic polities (Prichard, 2015). Yet, little is known about whether these examples reflect a systematic relationship, and about what kind of tax policies are more prone to contention.

Thinking of the conditions under which taxation may have a stabilizing or destabilizing effect highlights an important and often overlooked dimension of the political challenges that autocratic governments face when trying to expand revenue collection and consolidate their hold on power. In other words, under what conditions and through which channels does taxation help make or break autocratic regimes? This thesis builds and expands on these reflections to offer new insights into the determinants and consequences of fiscal and redistributive policies in dictatorships.

Theoretical framework

Rational rulers and autocratic taxation. The three articles that make up this dissertation draw on a common theoretical backdrop, which I briefly present in this section. As a starting point, I formulate three assumptions that underpin the conceptualization

of taxation, redistribution, and authoritarian rule in this thesis. My first premise is that autocratic rulers are rational, and design a fiscal system of taxes and transfers with a twofold aim: Accumulating revenue and staying in power (Wintrobe, 1998).[2] In their pursuit of these objectives, dictators differ from democratic rulers in that they have strong coercive means and repressive capabilities to overcome taxpayer resistance (Bastiaens and Rudra, 2016), as autocratic environments are characterized by the ever-present threat of the resort to violence (Svolik, 2012). Canonical models of the political economy of authoritarian regimes suggest that rulers can then allocate the resources collected via taxation as they wish, in the form of rents targeted to regime supporters (Olson, 1993). They may also appropriate part of the social surplus for their own private consumption.

In the real world however, few autocrats actually exhibit extreme predatory tendencies, or behave like the "roving bandits" described by Olson (1993). That is not to say that rulers do not care about accumulating revenue, but they also pursue other objectives such as popularity, legitimacy, or power for its own sake (Wintrobe, 1990, 1998; Bueno de Mesquita et al., 2003; Acemoglu and Robinson, 2005). It follows that autocrats, no matter how powerful they may be, must strike bargains with citizens whose assets they wish to tax (Bates and Lien, 1985).

In particular, they do so to balance out threats and support from both elites groups and the masses (Huang, 2020; Dodlova and Lucas, 2020). These are the two core problems identified by Svolik (2012), and constitutes the theoretical foundation for the conception of autocratic rule in this thesis. In this view, autocrats allocate the burden of taxation and rewards of redistribution strategically across groups in society, in order to accrue revenue all the while maximizing their chances of remaining in power. It follows

[2]Throughout this dissertation, the terms "autocrat", "dictator", "ruler" and "leader" are used interchangeably. So are the terms "dictatorship", "autocracy" and "authoritarian regime".

that, depending on the composition of the ruling coalition and the balance of threats, the resulting fiscal policy may not be efficient from an economic standpoint (Genschel, Lierse and Seelkopf, 2016). The type of autocratic regime thus influences the level and structure of taxation by "shaping the distributive interests of social actors and by regulating their access to and influence on redistributive policy-making" (Genschel and Seelkopf (2016), drawing on Cheibub (1998)). Specifically, because autocratic rule is based on minority support, regime type influences the nature and extent of taxation because only a select few have a say in government and policy-making, while other citizens are formally or *de facto* excluded from politics (Genschel, Lierse and Seelkopf, 2016).

Different taxes to different ends. The second key assumption in my research is that not all taxes are the same. Specifically, they differ in terms of their respective distributional and political design and effects – which is often overlooked in studies exploring redistribution and regime type (Winer, 2019). A regime's fiscal system is the setup of government taxes and transfers. It is equivalent to what I refer to in this thesis as "fiscal policy", or the choice of taxes and composition of government spending (Cukierman, Edwards and Tabellini, 1992). I adopt the OECD's definition of taxes as "compulsory unrequited payments to general government." Taxes are thus distinct from other sources of revenue, "including debt, entrepreneurial (parastatal) income, and user fees, in terms of obligations and administrative requirements" (Lieberman, 2002). Crucially, a tax is "the obligation to contribute money or goods to the state *in exchange for nothing in particular*" (Martin, Mehrotra and Prasad, 2009, p.3).[3] This non-reciprocity in tax remittance, coupled with the absence of institutions enabling the representation of the majority of taxpayers' interests, is characteristic of autocratic systems.

Like their democratic counterparts, autocracies have adopted modern taxes as revenue-

[3]Emphasis added.

raising tools (Seelkopf et al., 2019; Genschel and Seelkopf, 2016), as illustrated in Figure 1.[4] The main distinction found in the literature is between direct taxes (such as those on individual or corporate income, or on wealth and property) and indirect ones (e.g. on general consumption, or specific goods and services). The difference between the two is usually considered to lie in the remittance technique: Taxes paid directly by the taxpayer are direct, whereas taxes paid indirectly through the purchase of goods and services are indirect. The modern Public Economics literature also emphasizes taxpayers' characteristics as a defining feature: "[D]irect taxes may be adjusted to the individual characteristics of the taxpayer, whereas indirect taxes are levied on transactions irrespective of the circumstances of buyer and seller" (Atkinson and Stiglitz, 1980, p.427). This has implications for the incidence of taxes or, in other words, who ultimately bears the burden of taxation.

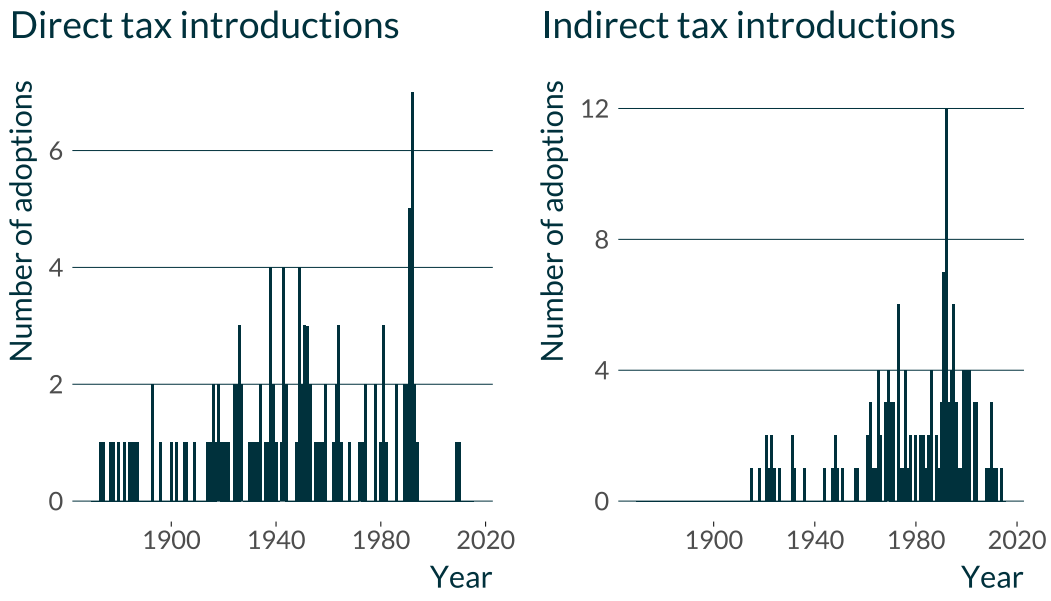


Figure 1: Tax introductions in autocracies, 1870-2018

[4]Data on tax introductions is from the Tax Introduction Dataset (Seelkopf et al., 2019).

Establishing the incidence of taxes across countries and over time is virtually impossible (Timmons, 2005, p.542). Instead, scholars rely on standard incidence assumptions, such that taxes on trade and on consumption are allocated to lower-income groups and considered regressive; whereas taxes on income, corporate gains and profits are allocated to higher-income groups and deemed progressive. Taxes on property, social security contributions and payroll taxes are usually non-assigned as it is more difficult to draw generalizations regarding their net incidence across countries and over time (Timmons, 2010). While simplifying, these assumptions are particularly relevant in autocracies, as regime type has been shown to affect how much rulers can use discriminate taxation to make those groups least essential to their survival in office pay the lion's share of the fiscal burden (Kasara, 2007; Dodlova and Lucas, 2020).

Throughout this thesis, I assume that in the context of autocratic polities, direct taxes fall primarily on elites – political or economic –, as these groups concentrate taxable personal and corporate income and wealth, and can thus be efficiently targeted to raise revenue. Indirect taxes, on the other hand, are indiscriminate, and thus affect every group in society. However, because they are levied on the consumption of goods and services, they ultimately fall disproportionately on poorer groups, who are also relatively deprived of political rights and influence (Acemoglu and Robinson, 2005; Boix, 2003).[5] I motivate this further in the first and second articles of the dissertation.

Furthermore, to avoid the pitfall which consists in conflating the outcome of fiscal capacity with capacity itself (Andersson, 2021), I use indicators capturing tax introductions and tax revenues as different measures of different concepts. For instance, Figure 2 suggests that there may be differences in direct and indirect tax revenue between au-

[5]The reasoning here is that the amount of these taxes makes up relatively more of poorer individuals' income, compared to richer individuals. It is also more difficult for the less well-off with low levels of financial literacy to resort to fiscal avoidance and optimization strategies.

tocracies and democracies, which the overall tax-to-GDP ratio would obscure.[6] This is an important contribution to existing research, which typically only uses aggregate tax revenue ratios and spending indicators (Cheibub, 1998; Boix, 2001; Ross, 2004; Mulligan, Gil and Sala-i Martin, 2004), or focuses on one type of tax (Scheve and Stasavage, 2012; Mares and Queralt, 2015; Andersson, 2021).

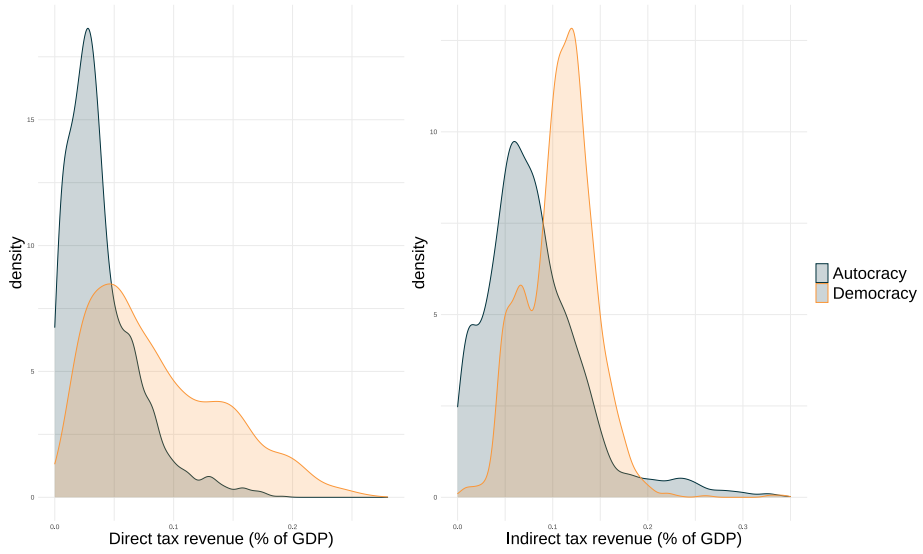


Figure 2: Direct and indirect tax revenue in democracies *versus* autocracies, 1980-2015

Coercive taxation and state-society relations The third theoretical premise is that taxation and redistribution under autocracy are essentially coercive, which sets them apart from their democratic counterparts (Moore, 2004, 2008). Here, I draw on the work of Albertus (2015) and Albertus, Fenner and Slater (2018), who argue that authoritarian governments use distributive policies strategically to consolidate their hold on power. In particular, they show that coercive distribution works through two channels: The undercutting of rival elites, and the enmeshment of the masses in relations of depen-

[6]Data for direct and indirect tax revenue is from the ICTD Government Revenue Dataset (Prichard, Cobham and Goodall, 2014).

dence to the state. However, while Albertus, Fenner and Slater (2018) focus on land reforms, I bring into the redistributive equation the main tool used by modern dictators to extract and allocate revenue: Taxes and transfers.[7]

Autocracies are characterized by the absence of regulation of tax bargaining processes via institutions ensuring the representation of the majority of taxpayers' interests, and are distinguished by the permanent threat of the use of violence (Svolik, 2012). This further motivates my focus on autocracies as a relevant analytical category, distinct from democracies regarding fiscal and redistributive policies and outcomes. This coercive dimension in turn shapes state-society relations and popular responses to taxation. As Tilly (2009) describes:

> [As states] "have extracted taxes, they have often initiated cycles of intervention, resistance, repression, and bargaining: State agents demand payment, citizens resist, the government applies armed forces, but in the process of overcoming resistance kills some of the leaders, buys off others, and announces justifications for the present intervention that imply rules for proper interventions in the future - in other words, repression combined with bargaining"(Tilly, 2009, p.180, cited in Baskaran (2014)).

Understanding the politicization of taxation in dictatorships

Based on the three premises outlined above, I theorize on the politicization of taxation in authoritarian regimes. My main argument is that the socio-political consequences of taxation vary along several dimensions, which I investigate in this thesis. In particular, I identify the conditions under which taxation can become politicized under autocratic rule, and explore the various forms that this politicization may take depending on the type of tax, its incidence, and the relations between the autocrat and the tax base. Fiscal design and the political inclusion or exclusion of specific social groups

[7] In 1900, 23 countries did not have any of the main modern taxes in the Tax Introduction Dataset of Seelkopf et al. (2019). In 2010, that figure was down to 2, Nauru and the Maldives being the only countries in the world that did not permanently adopt any of these taxes (source: TID, 2019).

then interact to generate popular responses along a continuum ranging from opposition to support for the ruler's tax policy. This section outlines the different components of my theory of the politics of taxation in dictatorships.

Because autocratic taxes are coercive and bargaining is not always feasible, taxation may trigger strong resistance from groups in the population who feel like they are being imposed too high a burden, and are excluded from institutional processes of interest representation. This is in particular true in the case of untargeted, regressive, and salient taxes, such as those on goods and services and value-added taxes. I show this in the first article of the thesis, which charts out a *repertoire* of popular responses to taxation in dictatorships. When taxes weigh disproportionately on those groups who are excluded from power and lack economic resources, I argue and find that they are more likely to trigger transgressive forms of resistance, such as economic boycotts, strikes, and riots (McAdam, Tarrow and Tilly, 2001). In this case, the mechanism is the following:

$$\text{fiscal overburdening} \times \text{political exclusion} \rightarrow \text{tax protests} \quad (1)$$

Nevertheless, not all taxes trigger popular discontent, nor do all groups find themselves out on the street to protest the ruler's fiscal policy choices. Unlike the masses, who have little direct say in decision-making and therefore are likely to mobilize through protests, elites may negotiate with the ruler to get more favourable fiscal policies. This is especially likely regarding the design of targeted taxes and transfers, which are aimed at asset-owning groups. The argument here builds on theories of fiscal contractualism under autocracy (Bates and Lien, 1985; Moore, 2004; Timmons, 2010). When elites manage to negotiate advantageous fiscal deals or trade fiscal compliance for political power, they increase their support to the ruler as a consequence. This is the main finding of the second article. Furthermore, as I argue and show in the third article, such

bargaining is especially likely when multiple elite groups are included in the highest instances of decision-making – such as the ministerial cabinet – and are thus able to pressure the ruler into concessions. In that case, the mechanism can be understood as:

$$\text{fiscal targeting} \times \text{political inclusion} \rightarrow \text{tax bargaining} \quad (2)$$

Ultimately, for a given revenue constraint, the fisco-political equilibrium thus depends on the composition of the ruler's support coalition, and on threats from outside of the coalition (Svolik, 2012). This dissertation explores the mechanisms behind this equilibrium, and the conditions under which it may break down.

The three questions

The three articles of this thesis explore interrelated aspects of the politics of taxation and redistribution in autocracies. The first two are focused on the effects of coercive taxation on regime stability and on the level of support for the government. I first investigate the origins of political frictions in response to taxation, using original data on tax protest events in ten countries. I then examine the conditions under which taxation can, on the contrary, foster autocratic stability when elites use their bargaining power to negotiate with the ruler. The last article explores how coalitional dynamics in dictatorships influence the extent and structure of redistribution. In other words, the first article investigates the politics of taxation in relation with the problem of authoritarian control (mechanism (1) above), while the other two focus on how authoritarian power-sharing influences redistributive policy and outcomes (mechanism (2) above) (Svolik, 2012). Taken together, these three pieces provide new insights into how taxation and redistribution contribute to shaping state-society relations in autocracies.

In the **first article**, I ask: What are the socio-political consequences of tax policies in autocracies? While we know that taxation often triggers political frictions, little

research has explored why, how, and which taxes become the object of popular mobilization under authoritarian rule. To tackle these questions, I conduct a comparative empirical exploration of popular responses to tax policies in autocracies. I argue that because taxation is fundamentally coercive in dictatorships, protests are especially likely to arise in response to non-targeted, salient, and regressive taxes, which are most prone to become a focal point in popular grievances. Taxation should be especially likely to spark resistance from segments of the population who bear a disproportionate fiscal burden while being excluded from political power. To test these hypotheses empirically, I introduce *ProtesTax*, an original dataset of tax protest events in ten Sub-Saharan African autocracies. I then combine descriptive statistics and regression analysis with illustrated examples to explore the origins and dynamics of tax resistance movements in authoritarian regimes. Results provide strong evidence that indirect taxes are the most unpopular, and are more likely to spark transgressive contention through protests and riots than direct taxes. I also find that popular resistance to taxation comes in many forms – from petitions to boycotts and strikes –, and that it rarely succeeds. These findings offer novel insights into the link between redistribution and contentious politics in non-democracies.

Having explored the disruptive effects of taxation in dictatorships, the **second article** sets out to explain how fiscal and redistributive policies have at times helped to entrench authoritarian rule, challenging conventional theories linking the rise of the fiscal state with increases in popular representation. Specifically, I ask: Under what circumstances does taxation favour autocratic regime stability? Starting from existing models of fiscal bargaining under dictatorship, I argue that elites use their political and economic leverage to negotiate policy concessions in exchange for tax compliance. Such bargaining mainly takes place around direct taxes with targeted incidence, as they disproportionately weigh on elite groups. As a result, elites' support for the incumbent

increases – and so does regime stability. I rely on a mix of quantitative and qualitative evidence to test this argument. First, a time-series cross-sectional analysis of the relationship between tax introduction and elite challenges shows that direct taxes have a stabilizing effect, which is especially pronounced in autocracies where elites are the main support group, and for taxes on corporate income and inheritances. Second, I exploit fine-grained data on instances of elite-led resistance to taxation to illustrate this bargaining channel. Taken together, my findings suggest that direct taxation leads to selective representation, and can foster stability under autocratic rule.

The **third article** turns to how coalitional dynamics shape redistributive policy and outcomes in dictatorships. In particular, I ask: How does political inclusiveness affect economic inclusiveness, in the form of redistribution? Building on research showing that coalitional dynamics influence the extent and structure of redistribution by shaping the interests of social actors and regulating their access to policy-making, I introduce a new measure of political inclusion in autocracies: The presence of multiple parties in government. I exploit fine-grained data on cabinet composition worldwide and measures of tax revenue and government spending to test whether political inclusion acts as a substitute or a complement to economic inclusion. Using time-series cross-sectional data and multivariate OLS models with country and year fixed effects, I find strong evidence of a substitution effect, with multiple parties in government being associated with less revenue from direct taxes. I probe the mechanism by examining how the level of power-sharing, proxied by a Herfindahl-Hirschman index of dispersion of power between parties in government, influences redistribution. I find that higher power-sharing across party lines lowers direct tax revenue and welfare spending. This suggests that co-opted parties use their bargaining power to channel funds toward their base outside of the institutionalized redistributive system of taxes and spending. These results challenge the widespread idea that increased political inclusion and broader

economic redistribution go hand in hand in dictatorships.

Research contributions

This dissertation contributes to the literature on the political economy of authoritarian regimes in three important ways: It challenges existing accounts of the role and effects of taxation in dictatorships, introduces relevant and hitherto overlooked theoretical distinctions, and makes significant headway into the empirical examination of the political economy of autocracies by using new data and a range of empirical methods.

First, I show that taxes do not systematically contribute to the making of more efficient and democratic states; and that the introduction of regressive and salient taxes in particular carries a destabilizing potential in dictatorships. To the best of my knowledge, this represents the first systematic account of protest movements against taxes in non-democratic states.[8] This thesis thus fills an important empirical gap by presenting and exploiting the first dataset on tax protests in authoritarian regimes. Studying tax protests highlights a key dimension of political challenges that autocratic governments face when trying to increase revenue collection. It also provides valuable new insights based on which to reconsider claims that the expansion of taxation can have a mobilizing effect and prompt demands – direct and indirect – for responsiveness and accountability. While *ProtesTax* currently covers ten countries in Sub-Saharan Africa, its vocation is to be extended to cover additional autocracies, so as to provide an increasingly refined picture of movements of resistance against taxes beyond advanced democracies.

Second, this dissertation departs from a still prevailing tendency in comparative research to consider autocracies as a monolithic category, or to rely on somewhat outdated typologies. Instead, I draw distinctions between authoritarian regimes based on

[8]Such data has been collected on 20 advanced industrial democracies by Martin and Gabay (2018), as I explain in more detail in the first article.

the structure of their government and the extent to which power is shared between elite groups at the highest level of decision-making. Building on a new and fine-grained measure of power-sharing in authoritarian government derived from data on the individual composition of ministerial cabinets, I show that autocrats adopt different fiscal and redistributive policies when they rule alone *versus* when they do not. My work thus offers a reappraisal of existing theories of fiscal bargaining by focusing on ruler-elite relations, and factoring in the composition of the ruling coalition when seeking to explain economic outcomes such as redistribution.

Third, I contribute to research advocating the use of disaggregated and theoretically motivated indicators for taxation and spending (Lieberman, 2002). Where much of the literature relies on aggregate measures of taxation and redistribution such as tax-to-GDP ratios and total government spending, I provide evidence that different taxes and transfers serve different purposes, and carry different implications for state-society relations and support for the incumbent. The exploitation of fine-grained data on tax introductions shows that direct and indirect taxes indeed have drastically different implications for regime support and stability. My work takes into account the incidence of taxes, and sheds light on the conditions that allow for the politicization of taxation across contexts. In this thesis, I make the case that this contributes to a better understanding of the political economy of taxation in non-democracies. More broadly, this is consistent with recent endeavours striving to provide a more accurate picture of government revenue and expenditures in non-democratic and less developed – and, incidentally, understudied – regimes (Albers, Jerven and Suesse, 2020; Wilson and Knutsen, 2020).

Lastly, my work provides some paths to bridge two strands of scholarship that study, although relatively independently, fiscal and redistributive politics in a comparative perspective: The public finance tradition and the political sociology literature (Martin

and Gabay, 2018). Bridging these two bodies of literature implies to go beyond merely taking into account institutional factors. In reference to the 1995 VAT riots in Ghana, Kato and Tanaka (2019) conclude that "taxation, although adopted based on technical advice from foreign specialists, cannot be insulated from domestic, political bargaining between citizens and the government" (2019, p.191). This is in line with the core argument underpinning this thesis that the ramifications and political consequences of fiscal policy cannot be analyzed outside of the broader societal and institutional framework which shapes state-society relations in authoritarian regimes.

Academic context

"Taxation inherently implies politics."

Bates (1989, p.479)

Overview

The narrative surrounding the rise of taxation has long been conceived as parallel to the story of the growth of the modern state (Levi, 1988; Musgrave, 1992; Lindert, 2004; North, Wallis and Weingast, 2009). In her seminal work, Levi (1988) formulated the hypothesis that, put bluntly, taxes build states. In her own words: "The history of state revenue production is the history of the evolution of the state" (1988, p.1).

Existing studies of the rise of the fiscal state have broadly focused on three factors (Seelkopf et al., 2019). First, international wars have historically driven tax revenues up, as they lead to increases in public spending that require fiscal innovations (Scheve and Stasavage, 2012), while increasing states' administrative capacity to collect taxes (Tilly, 1985). Second, scholars of the "modernization theory" have linked economic growth and development with the rise of the modern fiscal state (Hinrichs, 1966; Przeworski and Limongi, 1997). As societies get wealthier, states find themselves better able to tax their citizens, because both the tax base and taxable surplus are larger. They also face pressures to tax more as wealthier societies mobilize to demand more public goods

and redistribution (Hinrichs, 1966). The upshot is a virtuous cycle between economic outcomes and fiscal policy – which then translates into political outcomes. Third, some expect that the rise in taxation should go hand in hand with the evolution of political institutions towards more inclusive and democratic systems (Boix, 2003; Acemoglu and Robinson, 2005).[9]

Based on these accounts, we may expect the global rise in taxation to go hand in hand with the diffusion of democratization. This is at odds with the empirical observation that taxes can not only break autocratic regimes and lead to democratization, but also make and sustain them. This contradiction partly stems from the above-cited accounts being based almost exclusively on the history of early modern European states, and thus lacking external validity (Brautigam, Fjeldstad and Moore, 2010; Seelkopf et al., 2019). In particular, they overlook crucial structural factors such as the ability to borrow on international capital markets (Centeno, 2002; Queralt, 2019), and the existence of alternative sources of revenue such as seigniorage (Cukierman, Edwards and Tabellini, 1992) or rents from natural resources (Ross, 2001; Herb, 2005; Moore, 2007). These factors alter governments' political incentives and budget constraints. Importantly, they also tend to be more prevalent in autocracies.

What purpose do taxes serve in authoritarian regimes, and how can autocrats use redistributive policy to their advantage? Crucially, existing studies of taxation in a comparative perspective do not consider that non-democratic rulers could successfully respond to a new balance of power between groups in society by changing their fiscal system to prevent democratization, while raising more revenue and consolidating autocratic power (Seelkopf et al., 2019). To what extent do autocrats adjust their fiscal and redistributive policies to the preferences of elites? How successful are they in doing so?

[9]I get further into the debates regarding the effect of regime type on taxation later in this chapter and in the third paper of the thesis.

These are important and hitherto unanswered questions, which I explore in the second and third articles of this thesis.

Additionally, existing studies do not envisage an alternative path whereby the introduction of new taxes weighing disproportionately on some groups may result in social discontent and challenges to the regime – without precipitating a transition to democracy. Which taxes are most prone to trigger mobilization? What forms does opposition to taxation take, and what are its chances of success under autocratic rule? I address these questions in the first article. Ultimately, this dissertation investigates the mechanisms whereby taxation may affect political and economic outcomes in autocracies without systematically feeding into a process of transition to democracy, and instead resulting in a new political-economic equilibrium under autocratic rule.

Taxation and (autocratic) state capacity

The relationship between taxation and political outcomes relates directly to research on the determinants of fiscal capacity in authoritarian regimes. Many scholars have adopted a long-run perspective on fiscal capacity-building (Dincecco, 2009; Brambor, 2016; Garfias, 2018; Queralt, 2019; Beramendi, Dincecco and Rogers, 2018). Like state capacity – defined plainly as states' ability to implement policies – fiscal capacity is considered as a process resulting from long-run investments in the state's ability to extract and redistribute revenue through taxes and transfers (North and Weingast, 1989; Besley and Persson, 2009, 2011). Most of these theories set out to explain the general rise in overall taxation.

By contrast, relatively little attention has been paid to states' initial capital, namely the decision to introduce specific taxes. Exceptions include a handful of relatively recent works on inheritance taxes (Scheve and Stasavage, 2012), personal income taxes (Aidt and Jensen, 2009; Andersson, 2021), and all modern taxation tools (Seelkopf

et al., 2019; Seelkopf and Lierse, 2020). These studies often focus – once again – on interstate wars and economic development as key drivers of fiscal expansion. One exception is Andersson (2021), who focuses on the role of institutional factors, and in particular power-sharing institutions, to explain the adoption of the personal income tax in autocracies. As Andersson (2021) argues, focusing on one tax "reduces the risk of conflating fiscal capacity investments with a general willingness to pay, or taxation in exchange for representation" (2021, p.2). Tax adoptions can thus be viewed as starting investments.

Moreover, the timing and nature of tax introductions matter for longer-run outcomes such as political institutions, labour market structures, inequality, and state-society relations. Tax introductions are exceptional events in several respects. First, they can have critical consequences for regime stability – as the French and American Revolutions exemplify. Second, tax adoptions are rare events, if only because there exists a finite number of types of taxes that can be introduced. Third, they are almost irreversible: Except for a handful of cases, tax adoptions are "sticky" (Seelkopf et al., 2019).

As I argue in the first and second articles of this thesis, this has consequences for how we think of tax adoptions theoretically, and how we should operationalize them empirically. Recent research shows that institutions and institutional constraints shape investments in fiscal and redistributive capacity, and that they do so differently in autocracies and democracies (Knutsen, 2013) – but also *within* the group of authoritarian regimes (Eibl, 2020; Andersson, 2021). My research extends this important scholarship, and asks: What are the consequences of tax introductions for regime support and stability in authoritarian regimes?

Specifically, I consider tax introductions as critical junctures, defined as "situations of uncertainty in which decisions of important actors are causally decisive for the se-

lection of one path of institutional development over other possible paths" (Capoccia, 2016, p.1). Because rulers only ever have imperfect information and that autocratic politics are rife with commitment problems, the decision to introduce or increase a tax is always a gamble (North and Weingast, 1989; Svolik, 2012). Specifically, what happens in the small time window surrounding tax introductions? Which actors are able to mobilize to defend their interests or express their dissatisfaction with the ruler's policy choices? These are the questions I address in the first two papers of this thesis, with a particular focus on the incentives and constraints faced by different social groups.

Taxation and (autocratic) regime type

The empirical pattern of increased tax revenue over time and across countries in fact does not suggest it is systematically conducive to state-making in the sense of more efficient and more democratic polities. A large body of research has investigated whether democracies and dictatorships differ in their ability and tendency to extract taxes and redistribute resources – with no clear consensus emerging. In a recent review of the existing literature on the topic, Kammas and Sarantides (2019) underscore that that "the empirical evidence concerning the effect on taxation appears to be mixed" (2019, p.2).[10]

While some studies find a positive impact of democracy on the size of government revenue and/or the provision of public goods and transfers (Acemoglu et al., 2015; Boix, 2001; Ansell and Samuels, 2010), others fail to exhibit such a clear-cut relationship (Cheibub, 1998; Mulligan, Gil and Sala-i Martin, 2004; Profeta, Puglisi and Scabrosetti, 2013; Aidt and Jensen, 2009, 2013; Genschel and Seelkopf, 2016; Garcia and Haldenwang, 2016; Knutsen and Rasmussen, 2018). Others yet suggest that dictatorships may actually be better at certain aspects of redistribution (Mulligan, Gil

[10]Table 1 in Kammas and Sarantides (2019) presents a very efficient summary of the findings of recent studies and the variables used to measure democracy/autocracy and redistribution.

and Sala-i Martin, 2004). These contradictory results are compounded by the fact that studies investigating a causal relationship between (binary) regime type and aggregate indicators of taxation and redistribution show little consistency in their measures and methods, and suffer from sample dependence (Garcia and Haldenwang, 2016). Furthermore, they tend to employ binary distinctions between autocracies and democracies, which does not allow to further disaggregate the "mixed bag" of autocratic regimes along relevant analytical lines (Chang et al., 2011, p.50).

Some have argued that the *type* of autocracy matters for redistributive policies and outcomes, and that there is interesting variation within the group of authoritarian regimes. Analyzing a sample of democratic and undemocratic developing countries, Ricciuti, Savoia and Sen (2019) show that the extent of executive constraints affect the impartiality of the tax system, but not the overall ability of the regime to raise revenue. Specifically, I build on a strand of research which differentiates dictatorships based on how *inclusive* they are. This distinction is at the core of the selectorate theory of Bueno de Mesquita et al. (2003), and serves as a basis to much of the subsequent research (Eibl, 2020; Neundorf, Gerschewski and Olar, 2020; Pelke, 2020; Rasmussen and Knutsen, 2021). Inclusive autocracies are those that "rely on a broad support base" (Neundorf, Gerschewski and Olar, 2020, p.1893) or "broad coalitions" (Eibl, 2020). They grant access to political power and economic resources to various societal segments, cutting across economic, social and ethno-religious cleavages.

By contrast, exclusionary autocracies are those that rely on "a narrow societal basis that excludes from power most social, religious, and ethnic groups", and "rely more on redistributing particularistic goods to members of the ruling elite" (Neundorf, Gerschewski and Olar, 2020, p.1983). Nonetheless, existing works struggle to articulate clearly the political and economic dimensions of inclusion, and how they relate to each other. In particular, are autocracies with a larger, more diverse ruling coalition more or

less redistributive? In other words, are economic and political inclusion under autocracy substitutes or complements? In the third article of this dissertation, I develop a novel theoretical framework and propose a new measure of political inclusion to explore the relationship between the two dimensions. Specifically, I make the case that the partisan composition of authoritarian governments is a useful indicator of power-sharing in the highest instance of civilian decision-making, and can be used to examine the relationship between political inclusion and economic redistribution.

Taxation and (autocratic) fiscal contracts

While the link between taxation and state capacity has been established for developed, stable states with inclusive political institutions (Besley and Persson, 2009, 2011), similar mechanisms for less developed and non-democratic states have been largely overlooked. In particular, autocracies differ from democracies to the extent that sanctions may involve actual coercion rather than the threat thereof, and possibly the use of violence (Svolik, 2012). Hence it is relevant to analyse the relation between taxation, coercion, and state-society relations in non-democratic regimes specifically.

Historically, autocratic governments have relied primarily on coercion to enforce tax compliance (Brautigam, Fjeldstad and Moore, 2010). Because taxes are paid for the provision of no good or service in particular, the autocrat *a priori* has substantial leeway in deciding whom he wishes to tax, how and how much – especially so in the absence of competitive elections. Coercion can manifest itself in different ways: Through arbitrariness in the way tax liabilities are assessed, by the use of force in tax collection, and through the absence of representation of taxpayers' interests in fiscal policy-making. As Prichard (2015) explains, "[w]hile governments may choose to bargain over taxation, historically, states have relied overwhelmingly on coercion to enforce tax compliance among populations lacking the ability to resist" (2015, p.7). Further-

more, access to non-tax revenue sources such as foreign aid, international credit markets and revenue from natural resources, have changed the bargaining terms, often in the favour of authoritarian governments (Centeno, 2002; Albers, Jerven and Suesse, 2020).

The crux of the matter lies in the relation between taxation and revenue-bargaining processes in autocracies. Ansell and Samuels (2010)'s contractarian approach to democratization, for instance, suggests that when wealth inequality is high and income inequality low, the revenue-bargaining operates in favor of the rising but disenfranchised new economic elites who are able to negotiate to obtain guarantees against expropriation by the state. Bates and Lien (1985) make a similar argument in contending that revenue-seeking governments may find it beneficial to strike bargains with citizens whose assets they wish to tax, complying with their policy preferences to induce greater willingness to pay taxes. Because the owners of mobile assets constitute a more elastic tax base, they have more bargaining power (Boix, 2003; Freeman and Quinn, 2012). They will therefore either be taxed less, or trade higher taxation for greater control over public policy. The theoretical argument underpinning my thesis builds on the idea of undemocratic fiscal contracts emerging from revenue bargaining between the ruler and two groups: The powerful, politically included elites, and the poorer, politically excluded masses.

However, tax bargaining is not systematic: It is not the resort of all autocrats, nor does it involve all segments of society to an equal extent. Moore (2008) shows that tax bargaining is most likely when governments have long time horizons, the conditions for collective action are favourable, and the state is sufficiently developed and effective to provide incentives for bargaining with citizens. By contrast, a weak, poorly institutionalized state relying on alternative revenue sources makes coercive taxation more likely, especially at the local government level (Bernstein and Lü, 2000). The conditions favouring tax bargaining over coercion, and the implications of this trade-off

for regime stability and for the level of support for the autocrat's fiscal policy have been under-explored.

In response, individuals – especially the poorer and politically excluded segments of society – may choose to opt out of this fiscal contract if they deem it unfair (Castañeda, Doyle and Schwartz, 2020), and if they do not possess the means nor incentives to bargain with the authorities. Does bargaining operate differently for different groups in society? And do the socio-political consequences of taxation depend on the type of tax which is introduced or reformed? Existing research tells us little about this. In the second paper of this thesis, I thus explore the mechanism of undemocratic tax bargaining between the elites and the state; while in the first paper, I show how autocratic tax bargaining can fail, and open the way to popular contestation.

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First Article

Popular Mobilization Against Unpopular Taxes: A Study of Tax Protests in Autocracies

Abstract

What are the socio-political consequences of tax policies in dictatorships? Taxation is often generative of political frictions, yet little research has explored why, how, and which taxes become the object of popular mobilization. This paper conducts a comparative empirical exploration of popular responses to taxation in non-democracies. I argue that because taxation is coercive under autocratic rule, protests are particularly likely to arise in response to non-targeted, salient, and regressive taxes, which are most prone to being a focal point in grievances. Taxation should be especially likely to trigger resistance from segments of the population who bear a disproportionately high fiscal burden and are excluded from political power. I introduce an original dataset of tax protest events in ten Sub-Saharan African dictatorships, and explore the origins and dynamics of tax resistance movements, combining descriptive statistics and regression analysis with illustrated examples. I find evidence that indirect taxes are more unpopular, and spark more transgressive forms of tax resistance than their direct counterparts. Results also suggest that resistance to taxation comes in many forms – from petitions to boycotts and riots –, and that it rarely succeeds. These findings offer novel insights into the link between redistribution and contentious politics in non-democracies.

1 Introduction

The long-established idea that "taxes make states" has led a majority of scholars to either adopt a long-run perspective on fiscal capacity-building (Besley and Persson 2009, 2011; Levi 1988), or to focus exclusively on the processes and struggles leading up to specific tax introductions (Aidt and Jensen 2009; Scheve and Stasavage 2012). However, history has proven that while taxes may help make states, they can also break regimes. This typically happens when taxes are introduced or raised. Major historical events, from the French Revolution to the American war of Independence, illustrate the disruptive potential of tax introductions or reforms that were deemed widely unfair. This should be particularly true in non-democratic regimes, where citizens cannot hold the government directly accountable through the ballot box. In autocracies, tax bargaining is not regulated by institutions enabling the representation of the majority of taxpayers' interests. Instead, it benefits powerful groups key to the ruler's revenue accumulation and survival in office (Bates and Lien 1985; Timmons 2010), so that ordinary citizens may have no choice but to resort to protests to express their dissatisfaction and anger.

Modern tax introductions and reforms have occurred at a rapid pace in all regimes and regions of the world since the early 20th century (Seelkopf et al. 2019), and have been met at times with strong popular resistance (Martin and Gabay 2018; Prichard 2015). A *cas d'école* are the "VAT riots" that shook Ghana in the Spring of 1995 following the introduction of a 17 per cent VAT (Prichard 2015, Chapter 3). Violent protests emerged across the country, causing several deaths and dozens of injuries, and resulting in the provisional repeal of the tax (Kato and Tanaka 2019; Moore 2004; Osei 2000). However, no systematic, cross-national evidence exists to this day on movements of social unrest born in response to tax policy. This is true in particular in non-democratic and less developed countries, as most studies and the only existing database

of tax protests events all focus on democracies (Martin and Gabay 2018). This paper shifts the focus to the contentious politics of taxation in authoritarian, low-capacity settings, characterized by the coercive extraction of revenue and undemocratic state-society relations.

What are the social and political consequences of tax policies in authoritarian regimes? Does the extent and type of taxation affect the magnitude and nature of regime contestation? I argue that taxation remains essentially coercive in autocracies, where tax policy is not regulated by institutions enabling the representation of the majority of taxpayers' interests (Moore 2008). Instead, it benefits select, powerful groups key to the ruler's survival in office (Bates and Lien 1985). The autocratic nature of the regime shapes tax policy: These regimes are more extractive, enjoy wider access to alternative sources of revenue, and can credibly threaten to resort to violence to enforce tax compliance. It also delimits the universe of possible responses to tax policies, with increased barriers to collective action, and a lack of institutionalized channels for interactions between citizens and the state.

Consequently, some segments of the population cannot engage in fiscal bargaining with the ruler, because they do not have the economic and political leverage to do so. Unlike regime elites, these groups are politically and economically "inelastic": They cannot credibly threaten to withdraw their revenue nor support to the regime. An unequal distribution of the fiscal burden can then result in a politicization of tax policies under authoritarian rule. When these groups feel that they are imposed too high a fiscal burden, they may turn to means of tax resistance. Taxes then spur discontent and social unrest.

Building on existing scholarship in public finance and sociology, I expect that tax protests are especially likely to arise in response to highly visible and regressive taxes.

This is in line with research showing that indirect taxes are most likely to be a focal point in grievances as they are more cognitively salient, almost always regressive, and have a socially concentrated cost-to-benefits ratio (Dornstein 1987; Gemmell, Morrissey and Pinar 2004; Martin and Gabay 2018; Moore 2004). Furthermore, under authoritarian rule, the burden of these taxes falls disproportionately on poor and disempowered segments of the population, who do not benefit proportionately from the subsequent distribution of rents and other benefits (Gottlieb and Hollenbach 2020). I expect this combination of fiscal overburdening and political exclusion to give rise to a range of transgressive forms of tax resistance (McAdam, Tarrow and Tilly 2001).

I proceed to explore empirically the origins and dynamics of tax resistance movements in authoritarian regimes. I introduce an original dataset of tax protest events in ten Sub-Saharan African countries, for which I have gathered systematic information on tax protest events in the period 1990 to 2015, using newspaper and archival sources. I have combined automated search and manual coding of events to gather micro-level information about the time, location, origin, participants, and outcome of tax protests. With 230 events, *ProtesTax* is the most comprehensive catalogue of tax protests in non-democratic regimes to this date.

Exploration of this data shows that indirect taxes are the most unpopular: In almost 66 percent of cases, the tax protested is one on goods and services, which is in line with my theoretical expectations. Among direct taxes, income taxes spur more social unrest than property taxes.[1] Furthermore, I find that resistance to taxation comes in many forms, strikes being the most prevalent. Petitions and legal challenges to tax policy make up almost 25% of events. These contained forms of resistance to taxation require levels of financial and legal literacy characteristic of economic and political elites.[2] This

[1]This may be because income taxes can be regressive by design, and that their mode of collection can make them highly visible in some contexts.

[2]The term "contained" is from McAdam, Tarrow and Tilly (2001)'s *Dynamics of Contention*.

implies that there is some scope for tax bargaining for these groups, which I explore in the next article of this thesis. Using multinomial logistic regression analysis, I find that indirect taxes are significantly more likely than direct taxes to spark more transgressive forms of resistance, such as protests, riots, and boycotts – in line with my expectations. Lastly, I find that resistance to taxation rarely works: Only 12 percent of all instances see a successful outcome. Taken together, these results show that coercive taxation under autocratic rule generates explicit resistance from segments of the population who are excluded from political power, and bear a disproportionately high fiscal burden; but also suggests that popular resistance to taxation is of little consequence for overall regime stability.

This study contributes to a growing body of theoretical and empirical work on the politics of taxation in autocracies. I develop a novel argument on the determinants of the politicization of taxation under authoritarian rule, bridging theories from public finance and fiscal sociology. Studying tax protests highlights a key dimension of the political challenges that autocratic governments face when trying to increase revenue collection. It also provides valuable new insights to reconsider claims that the expansion of taxation can have a mobilizing effect and prompt demands – direct and indirect – for responsiveness and accountability. This is a high-impact argument given the ongoing prevalence of tax protests in non-democracies – as the recent waves of protests against the "Whatsapp tax" in Lebanon and "Social Media Tax" in Uganda show (Boxell and Steinert-Threlkeld 2021). I also contribute with new, detailed data on tax protests in ten Sub-Saharan African dictatorships, allowing for the relationship between taxes and social attitudes to be conditional on institutional and economic structures, and providing a useful source of data on a region still widely understudied in political science (Wilson and Knutsen 2020).

The rest of this paper proceeds as follows: After reviewing existing literature on

popular responses to taxation in dictatorships, I lay out my theoretical argument about exclusionary fiscal bargaining under autocratic rule and popular resistance to taxation. I then introduce *ProtesTax*, and proceed to present insights from the data, combining descriptive statistics and regression analysis with illustrated examples. The last section concludes, and reflects on what we can (and cannot) learn with this data.

2 Existing research on popular responses to taxation under autocratic rule

There is a consensus in the literature on the rise of the fiscal state that both levels of development and the quality of government shape the nature of fiscal contracts between states and citizens (see, among others, Besley and Persson 2009; Castañeda, Doyle and Schwartz 2020; Levi 1988; Moore 2004; Tilly 1985; Timmons 2005). More recently, scholars have turned to the question of whether and how taxation becomes politicized and can result in increased demands for state responsiveness in low-capacity and undemocratic settings (Brautigam, Fjeldstad and Moore 2010; Kato and Tanaka 2019; Prichard 2015). Despite a range of rigorous studies on the topic, the evidence on the existence of a so-called participation or accountability dividend at the micro-level remains mixed (Gottlieb and Hollenbach 2020; Paler 2013; Weigel 2020). Importantly, research on this subject tends to underestimate the coercive dimension of taxation in these contexts, and to overlook the specific constraints associated with fiscal policy-making which shape popular responses to taxation under undemocratic state-society relations.

A related but somewhat separate vein of studies has investigated *which taxes* are more likely to trigger popular resistance. An old tradition in fiscal sociology argues, from John Stuart Mill's early work to Wilensky (2002), that direct taxes on income

and wealth are most unpopular and subject to backlash because they are more visible. Fjeldstad and Ole (2008) provide evidence that coercive taxation in the form of poll taxes contributed to popular mobilization in rural areas of Uganda and Tanzania, and durably shaped relations between poor citizens and the state at the local and national levels. This form of mass taxation was perceived as greatly unfair, and its collection often entailed overt repression, met with increasing resistance (Bakibinga, Kangave and Ngabirano 2018). However, as indirect taxes have become increasingly common and represent a growing share of revenues, more recent research has highlighted the fact that these taxes require lower public consent and are generally more regressive, and thus more prone to triggering discontent. Among those, Dornstein (1987) finds that consumption taxes are the most unpopular, while Gemmell, Morrissey and Pinar (2004) find that they are the most likely to engender anti-government attitudes – both in the context of democratic polities. For their part, Kato and Tanaka (2019) show how VAT introductions result in a politicization of the tax burden, and increase the potential for collective action, which in turn affects the likelihood of democratization.

Building on some of these works, Martin and Gabay (2018) empirically test for the existence of systematic differences in the propensity of various taxes to engender discontent. Assembling a database of tax protest events in 20 advanced democracies, they find that "[t]he most protested taxes are those that impose concentrated costs on a well-defined social group in exchange for diffuse benefits, while the least protested are diffuse taxes that confer entitlement to benefits on a well-defined group" (2018, p.648). This paper draws in part on their methodology. Nonetheless, Martin and Gabay (2018) do not consider how political institutions and domestic factors shaping state-society relations may influence individuals' propensity to mobilize against taxation outside of the context of advanced industrial democracies.

With this in mind, I identify two shortcomings of existing studies when it comes to

addressing the specific research questions I have outlined – namely what are the social and political consequences of tax policies *in authoritarian states* specifically; and does the *type and structure of taxation* affect the nature and extent of contestation. From a theoretical standpoint, we lack a political economy-minded analysis of the political and social consequences of taxation under authoritarian rule, bringing insights from distributional analyses into the political sociology of taxation. On the empirical front, there is a sparsity of reliable data with extensive coverage to study popular responses to taxation comparatively in authoritarian and/or low-income settings in a systematic and rigorous manner. This is all the more important as both fiscal policy and popular responses to taxation are anchored in local institutional and labour market structures. My work contributes to both aforementioned avenues of research.

3 Taxation and social unrest in dictatorships

Coercive taxation under autocratic rule

Prichard (2015) writes that "[t]axation is, even at the best of times, a fundamentally coercive act" (2015, p.30). This is true to the extent that individuals generally would rather not, of their own free will, relinquish part of their wealth or income in the form of contributions to the state. Taxation thus always involves an imperative component. As Moore (2008) underscores, purely coercive taxation lies at one extreme of the continuum of fiscal state-society relations. It is characterized by arbitrariness in the assessment of liabilities, coercion in the actual collection process, and an absence of representation of taxpayers in the fiscal policy-making process (2008, p.37).[3]

[3]At the other end of the continuum lies what Moore (2008) calls "contractual taxation", which "involves a more or less explicit exchange of tax revenues for services, and a tax process characterised by institutionalised, negotiable methods of assessing and collective revenue; the "quasi-voluntary" compliance of taxpayers; and a voice for them in setting tax policy" (2008, p.37).

Autocracies are especially likely to be towards the coercive end of this spectrum, particularly regarding the taxation of segments of the population who do not get a voice in policy-making processes. This is the case for several reasons. First, the ever-present threat of violence can be used as a means to enforce compliance on citizens' part (Svolik 2012). When faced with unwillingness to remit taxes, tax collectors mandated by the regime frequently use force rather than legal and other nonviolent means to overcome noncompliance (Fjeldstad and Ole 2008). Research has also shown that regime type affects how much rulers can and do use taxation in a strategic and discriminatory manner, to weaken potential threats to the regime and reward groups of key supporters (Dodlova and Lucas 2020; Kasara 2007).

Moreover, modern autocratic regimes typically display a higher reliance on non-tax revenue, including natural resource revenue, foreign aid, and international credit markets (Centeno 2002; Herbst 2000). As a consequence, they are not as dependent on taxes for government revenue accumulation as European states were in their time of fiscal development. This bears implications for any supposed link between taxation and government accountability (Ross 2004). Rulers who benefit from access to non-fiscal revenue have less incentives to invest in fiscal capacity through the establishment of an effective bureaucracy in charge of tax education and collection. They are also less likely to trade political concessions for fiscal compliance, since the latter is relatively less important to revenue generation. Ordinary citizens, in turn, understand that the tax-benefit linkage is quasi-nonexistent in these settings. As I explain further below, this implies that they are aware that increases in taxes rates or collection are unlikely to translate into the production of public goods that they can enjoy.

Lastly, there are increased barriers to coherent and institutionalized tax bargaining for poorer segments of the population (Bernstein and Lü 2000; Fjeldstad and Ole 2008). In the specific context of developing and nondemocratic regimes, "tax bargaining may

be more limited, complex and contingent than in sometimes assumed" (Prichard 2015, p.6). This paves the way for more coercive extraction of revenue through taxation, with no concession in terms of political representation. Several factors feed into this last point: The fragmentation of tax systems, especially so at the local level (Bernstein and Lü 2000); as well as a general lack of trust in government. Combined with the absence of institutionalized channels for interaction between citizens and the states, this enhances the coercive dimension of taxation in nondemocratic contexts.

Unpopular taxation

Though taxation is generally coercive in non-democracies, I do not expect all taxes to be equally likely to become the object of contention. In their study of tax protests in advanced industrial democracies, Martin and Gabay (2018) find that "[r]egressive consumption taxes are among the most politically contentious" (2018, p.248). Nevertheless, some of the mechanisms they identify are likely to travel poorly given how state-society relations differ between democracies and autocracies. In the context of authoritarian rule, I expect several factors to inform the propensity of a tax to become politicized and generate contention. I review them in turn.

First, the extent to which a tax is perceived as coercive and its propensity to become an object of political contention should depend on whom its burden falls on – i.e. its *incidence*. Scholars usually rely on simplistic but useful standard incidence assumptions, such that taxes on trade and on consumption are allocated to lower-income groups, whereas taxes on income, corporate gains and profits, and property are allocated to higher income groups. Social security contributions and payroll taxes are generally non-assigned as it is more difficult to draw generalizations regarding their net incidence across countries and over time (Timmons 2010). The groups most likely to mobilize against a tax are those on whom the burden of the tax falls.

This should be all the more true as the taxable base is well-identified – for instance because it targets groups who concentrate given economic assets, or share common traits. Therefore, taxes that are assigned to specific groups, such as excise duties on particular products or taxes on the ownership of certain assets, may encourage the politicization of the issue because the cost of mobilization among the taxable base is lower than for broader-based taxes (Martin and Gabay 2018). In the context of autocratic polities, direct taxes fall overwhelmingly on elites – political or economic – as these groups concentrate taxable personal and corporate income and wealth, and can be efficiently targeted to raise revenue. Indirect taxes, on the other hand, are usually indiscriminate, and thus affect every group. Nevertheless, because they are levied on the consumption of goods and services, they fall disproportionately on poorer groups for whom the taxed amount represents a larger share of their income. In autocracies, these groups are also those who are relatively deprived of commensurate political rights and influence (Acemoglu and Robinson 2005; Boix 2003).

Second, taxes are more likely to be a focus point in popular grievances if they are highly *visible*. Taxes vary in how salient they are at the time of collection and remittance. This informs individual attitudes to taxation as it determines the extent to which individuals feel the burden of taxation. Research has shown that – at least in the context of democracies – indirect taxes are actually more cognitively salient than their indirect counterparts (Dornstein 1987; Gemmell, Morrissey and Pinar 2004). Extending this argument beyond democratic regimes, Moore (2004) contends that "[w]hile formally an "indirect tax", VAT is, in fact, highly visible to the people who have to pay it, in part because of the additional and relatively complex record-keeping obligations it places on them" – for instance in the case of small traders and other business owners (2004, p.191). According to this view, consumption taxes thus increase public awareness of tax burdens, and contribute to the politicization of the government's tax policy (Kato

and Tanaka 2019).[4] This goes against the view that indirect taxes are "stealth taxes". The salience of direct taxes, on the other hand, is highly dependent on their design and mode of collection. While Wilensky (2002) finds that countries that rely most heavily on direct taxes face more protest, Martin and Gabay (2018) show that it "it is not direct taxes as such that provoke protest" (2018, p.664), but the concentration of their economic burden, as well as their rate structure and mode of collection. One example are poll taxes, which were still widely used in developing countries until the 2000s, and were extremely unpopular. Indeed, authorities typically relied on coercive enforcement for poll taxes – making them highly visible and contentious at the time collection (Bakibinga, Kangave and Ngabirano 2018; Fjeldstad and Ole 2008).

Third, some taxes are more *regressive* than others, meaning that the average tax rate – or tax amount paid as a percentage of income – decreases as income increases. Regressive taxes generate feelings of unfairness, which may in turn prompt the politicization of taxation. If individuals are under the impression that others are not paying their fair share of the burden, conditional on their financial means, they are likely to feel that they are being abused. Typical examples of regressive taxes include poll taxes, which are levied per head, and hut taxes. While the latter are in decline today, they were still widely used in states under colonial rule and in developing countries until the 1980s (Fjeldstad and Ole 2008). Establishing the progressive or regressive nature of the schedule for each tax, country, and year is virtually impossible (Timmons 2005, p.542). However, we know from the public finance literature that consumption taxes (such as General Sales Taxes and Value Added Taxes) are generally regressive, while income taxes are usually progressive in relative terms (Messere et al. 2003).[5] I summarize the aforementioned factors and their influence on the politicization of taxation in Table 1.

[4]Though this may not be true to the same extent for trade taxes.

[5]By "relative", I mean compared to the aforementioned consumption taxes.

Feature of tax	*Effect on politicization*	*Examples*
Incidence	+	excise taxes property taxes
Visibility	+	VAT (esp. on specific goods) income taxes
Regressivity	+	poll taxes consumption taxes

Table 1: Features of taxation and politicization

When a given social group bears the whole burden of a salient and regressive tax while getting very little of the revenue generated, I refer to this as fiscal overburdening. This nurtures feelings of unfairness and resentment that translate into a politicization of taxation. This argument is in line with evidence suggesting that salient, regressive, and broad-based taxes should be most likely to become a focal point in grievances, as they trigger strong feelings of unfairness (Kato and Tanaka 2019; Moore 2004).[6] In other words:

fiscal overburdening

↓

politicization of taxation

As I detail in the following section, the nature and extent of the resulting political contention hinges on the type of autocratic tax bargaining process. In particular, it depends on whether the tax base is included or excluded from political processes.

[6]In saying this, I do not exclude that individual experiences of taxation may vary widely across contexts, and that the relationship between taxation and contention may be conditional on institutional and economic structures. Having micro-level data on popular responses to taxation partly mitigates this concern.

Exclusionary tax bargaining processes

Autocracies are characterized by the absence of representative institutions ensuring that tax policy represents the majority of taxpayers' interests. Dictators rely instead on minority support, and use their fiscal policy-making power to selectively reward the group on which their survival depends (Genschel, Lierse and Seelkopf 2016). I argue that this affects social groups differently. In particular, segments of the population who are excluded from political power and concentrate few economic resources cannot engage in direct tax bargaining with the ruler, because they do not have the political nor economic leverage to do so. They are politically and economically inelastic, meaning that they cannot credibly threaten to withdraw their support nor revenue to the regime. In other words, opting out of the fiscal contract is generally not an option given the coercive dimension of taxation and the unavailability of private substitutes (Castañeda, Doyle and Schwartz 2020).[7]

Consequently, politically excluded groups fail to meet the scope conditions for tax bargaining laid out in models of fiscal contractualism (Bates and Lien 1985). This is typically the case for poorer segments of the population, who are also largely excluded from political power in autocracies (Boix 2003). In addition, these groups do not have the financial literacy, economic resources nor political connections to engage in direct bargaining with agents of the state over issues of fiscal design. Means of "contained" contention such as petitions and legal challenges are usually outside of their reach.[8]

However, this does not entail that they have no means of expressing their discon-

[7]Like Castañeda, Doyle and Schwartz (2020), I analyze the factors leading to a fracture of the fiscal contract. Nonetheless, I focus not only on economic resistance through what is essentially tax boycott, but also on the other ways through which citizens may signal their dissatisfaction with the incumbent's fiscal policy.

[8]Again, the concept of "contained contention" is borrowed from McAdam, Tarrow and Tilly (2001), and refers to "those cases of contention in which all parties are previously established actors employing well established means of claim making" (2001, p.7).

tent on matters of fiscal policy. The introduction or increase of a tax that meets the above-listed criteria of incidence, salience, and regressivity provides an opportunity for increased awareness of the autocratic state's financial predation. When groups who are excluded from institutionalized tax bargaining processes feel they are imposed too high a fiscal burden, they may turn to means of "transgressive" contention (McAdam, Tarrow and Tilly 2001). Transgressive contention is defined as "episodic, public, collective interaction among makers of claims and their objects when [...] at least some parties to the conflict are newly self-identified, and/or [...] at least some parties employ innovative collective action." – where innovative action "incorporates claims, selects objects of claims, includes collective self-representations, and/or adopts means that are either unprecedented or forbidden within the regime in question" (2001, pp.7-8). Thus, unlike in the case of contained contention, not all parties are already established, nor do they use entrenched means of claim-making. The aforementioned mechanism can be summarized as follows:[9]

$$\text{fiscal overburdening} \times \text{political exclusion} \rightarrow \text{tax protests}$$

Taxes then spur social unrest – and anecdotal evidence suggests that these events can have strong negative effects on support for the incumbent and regime stability.

Popular mobilization(s) against taxes

Nationwide riots such as those that occurred in Ghana are only one expression of social unrest in the face of what are perceived as unfair taxes. In this section, I review the range of possible popular responses to tax policy in non-democratic regimes. Specifically, I build on the analytical framework of McAdam, Tarrow and Tilly (2001)'s

[9] In the second paper of this thesis, I investigate the parallel mechanism when taxes are concentrated on wealthy and powerful elite groups. In that case, fiscal targeting $\times$ political inclusion $\rightarrow$ fiscal bargaining.

Dynamics of Contention and on insights from Prichard (2015)'s theory of tax bargaining to develop a classification of acts of resistance to taxation. This can be thought of as an evolving collective action *répertoire*. Because taxation is coercive and that autocratic tax bargaining processes exclude some segments of the population, different taxes are likely to result in different types of contention from different segments of the population.

In some cases, claimants employ covert means contention such as petitions and legal recourses to challenge the government's tax policy. Prichard refers to "implicit" bargaining in these instances (2015, chap.6). Such actions are typically the resort of wealthier and more politically powerful groups, and I therefore expect them to occur primarily in response to an introduction or increase in direct taxes. They typically entail access to legal resources and some internal knowledge of the system, and/or the ability to amortize economic backlash from the act of resistance. Furthermore, these actions are generally harder to observe as they tend to occur behind the scenes, in environments characterized by high secrecy (Barros 2016). Contained resistance can emerge out in the open when it is aimed at preserving a taxation system that favours specific groups. For example, in 2005, drug producers in Uganda, Tanzania, and Zambia voiced concerns to their respective governments against plans by a regional grouping to quash a 10% tax on imported pharmaceuticals. Overall, contained tax resistance should therefore be more likely to emerge in response to increases in direct taxes, or indirect taxes targeted at specific and well-identified socio-economic groups.[10]

Contained resistance can also take the form of threats of collective action i.e. threats of explicit resistance to taxation, through calls for strikes or tax boycotts that do not necessarily materialize. Examples of such threats of tax protests include freight forwarders in Tanzania in August 2015 threatening to protest against a license tax,

[10]The second article of this thesis is devoted specifically to understanding elite tax bargaining processes and contained resistance to taxation.

transport unions calling for a strike in Cameroon in July 2014, and threats of mass social action against various taxes from the Zimbabwe Congress of Trade Unions in Zimbabwe in November 2011. In the first case, contained resistance was successful and the government abandoned the project of tax introduction. In the second case, civilians called off their planned social action, because the government threatened repression and collective action costs were too high. In the last case, as the threat of action did not deter the government from its plans and that all attempts at negotiations failed, the protesters went through with the social action, which resulted in the largest social movements the regime had known at that point. In that latter case, contained tax resistance became transgressive.[11]

Hence, when there is limited or unsuccessful bargaining between citizens and the state, tax resistance usually takes the form of tax protests that break out in the open. In the context of authoritarian politics, collective action going against the regime's interests is typically forbidden, and most contentious actions against tax policy are thus transgressive rather than contained (McAdam, Tarrow and Tilly 2001). Prichard (2015) talks about "explicit" resistance to refer to those instances where tax conflicts come to the forefront of political life, forcing the government to take a stance (2015, chap.6). As explained in the previous section, I expect this type of tax resistance to emerge most often against indirect, salient and regressive taxes; and to be carried out by social groups that are excluded from autocratic political processes.

Transgressive resistance to taxation can come in the form of economic actions. This is typically the case when taxes are bundled with other socio-economic issues, e.g. protests against high prices, wages, and the cost of living more generally, which are sometimes but not always linked to taxation of income or specific goods. These most

[11]These types of resistance are not necessarily mutually exclusive: Workers striking against taxes may also organize and/or participate in marches or sit-ins. Such an example is Gandhi's Salt March in the spring of 1930, which involved boycotts and *hartals* (strikes).

often take the form of stay-at-home strikes or refusal to pay taxes. These forms of resistance may occur in response to government bans on public demonstrations, and they are comparatively less risky for protesters. In Niger in 2005, after the government prohibited demonstrations, an anti-tax civil society movement initiated a nationwide stay-at-home strike against a 19% VAT. Transgressive resistance can also take the form of collective action such as protests, riots and proper rebellions against taxes. These movements vary in size, but often entail some degree of violence, and are more likely to be repressed (Davenport 2007).

Table 2 summarizes the scope of tax resistance actions by type, and provides illustrative case examples.

Type of resistance	*Actions*	*Examples*
Contained / Implicit	petitions	Farmers against tax on inputs, Uganda 2001
	legal challenges	Banks against tax on transfers, Tanzania 2013
Transgressive / Explicit	stay-at-home strikes	Farmers against tea tax, Kenya 1982
	refusal to pay taxes	Council tax on traders boycott, Zambia 2003
	demonstrations	ZCTU-led protests, Zimbabwe 1997
	riots	Graduated tax riots, Uganda 1994

Table 2: Typology of tax resistance types and actions

To recapitulate, my key theoretical expectation is the following:

> Taxes that are symptomatic of fiscal overburdening due to their incidence, salience and regressivity – typically indirect taxes on goods and services – should be more likely than targeted, direct taxes to engender transgressive forms of tax resistance in autocracies.

In the next sections, I present the original data I have collected on tax protest events in ten autocracies in Sub-Saharan Africa from 1990 to 2015; and proceed to examine empirically the origins and dynamics of tax resistance movements.

4 Collecting data on tax protests in autocracies: Introducing *ProtesTax*

Incidence and identification of tax protest events in dictatorships

I start from the basic definition adopted by Martin and Gabay (2018) to identify tax protest events. They define tax protests as: "[N]ongovernmental collective action at least partly in protest against existing or proposed taxes" (2017:656). There are thus two components to this definition: To qualify as a tax protest, an event needs to involve some degree of collective action, and needs to be directly related to taxes. This excludes, for example, instances when concerns are raised publicly against a tax on some occasion but there is no collective action, and instances when taxes were not among the primary motives behind the protest. To this, I add a criterion included in McAdam, Tarrow and Tilly (2001)'s definition of contentious politics, namely that a government must be the object of claims or party to the claims (2001, p.5). Lastly, to differentiate them from other forms of contentious politics, I specify that instances of political protest against taxes should not explicitly aim to use violence (Weidmann and Rød 2019, p.55). To summarize:

> *A tax protest is an instance of nongovernmental collective action at least partly against existing or proposed taxes, directed at a government, and which does not explicitly aim to use violence.*

In my effort to document the dynamics of contentious politics surrounding taxation in non-democracies, I have built an event catalogue of tax protests in a sample of ten Sub-Saharan African dictatorships.[12] Data comes from newspapers, news agencies, radio stations, journals and periodicals; accessed through the Lexis Nexis and Factiva databases. Using keyword and geography-based searches, I systematically read through over ten thousand newspaper articles, reports, news wires, and radio transcripts to extract information about the location, timing, motivation, and unfolding of each protest event. Ultimately, I have compiled an event catalogue of 230 events in ten countries, spanning the period from 1990 to 2015 at most.

Country selection was based on relevance, feasibility, and representativeness concerns. Since the focus of *ProtesTax* is tax protests in autocracies specifically, states that have been uninterruptedly democratic in most of the period of study are *de facto* excluded. I then sort countries based on their GDP per capita.[13] Two countries for which no reliable statistics are available (Eritrea and Somalia) are excluded, as well as countries at either extreme of the per capita income distribution in the region on average over the period under study. The ten countries retained are: Burkina Faso, Cameroon, Cote d'Ivoire, Kenya, Liberia, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. For each of those, the time coverage in the dataset is then determined by the country's democratic or autocratic status in Boix, Miller and Rosato (2012) and Polity.[14] I further detail the data coverage in Appendix A.2.

[12] An event catalogue is defined by Tilly as a "set of descriptions of multiple social interactions collected from a delimited set of sources according to relatively uniform procedures" (2002, p.249).

[13] GDP per capita PPP, in constant 2017 international $, from the World Bank Development Indicators.

[14] If a country is autocratic through most of the period, with (a) democratic interlude(s), I still code the whole period because democracy will not be consolidated enough for protests to become routine, institutionalized events. Events that take place in a year when the country is democratic are flagged in the data.

Methodological considerations

There are several concerns with the use of newspaper and other journalistic sources to identify protest events in the contemporary period. One is that protests have become increasingly institutionalized and normalized as means of legally and routinely expressing discontent in Western Europe and the US since the 1970 (Maney and Oliver 2001). As a result, the boundaries around the context of protest have become "permeable and fuzzy" (Oliver and Maney 2000, p.468). Nonetheless, the flipside of this is that where or when protest is less institutionalized, it will be more newsworthy: There will be more coverage and the newspaper data should be less susceptible to selection bias (Earl et al. 2004). As Weidmann and Rød (2019) underline, "open political dissent in the form of mass protest is not a regular occurrence in dictatorships" – yet when it does occur, it can have major consequences for regime stability (Weidmann and Rød 2019, p.2). Hence in dictatorships, and in particular in less economically advanced countries, it makes sense to think of protests as "hard news" (Tuchman 1973), to the extent that they are disruptive challenges to the public order – therefore worthy of attention and reporting as they disturb normal institutional processes.

I combine the automated pre-selection of source material based on search terms and geographic criteria with a manual reading of each report and final coding. I adopt an approach similar to that of Weidmann and Rød (2019), and gather data at two levels. I compile a list of protest events with protest-level information such as location, target, and outcome – which is the primary data of interest. For each event, I also gather a list of individual news reports, allowing to examine the coverage of individual events (Weidmann and Rød 2019, pp.9-10). This procedure increases the transparency and replicability of the analysis.

In addition, I take several steps to address well-known problems related to newspaper-

based event data collection, including selection and description bias, geographic bias and cross-country comparability (on this, see e.g. Earl et al. 2004; Franzosi 1987; Koopmans 1998; Maney and Oliver 2001; Oliver and Maney 2000). First, I systematically proceed to a localized contextualization of events in a political and media environment, using country reports on freedom of the press and the media environment and the annual volumes of *Africa South of the Sahara*.[15]

Additionally, to address selection bias, I use electronic archive searches and triangulation of multiple sources wherever possible; and to deal with description bias, I make use of international news wires and reports. Any researcher using news-based data is confronted with a trade-off between extent of coverage and feasibility of coding. Most existing databases of protest rely exclusively on reports from international news agencies such as the Associated Press and the Agence France Presse and/or major global news outlets such as the *New York Times*. By contrast, I extend the search to include reports from other international news agencies (including Xinhua News Agency, Inter Press Service, Reuters, and Deutsche Press Agentur), and international newspapers and broadcasters (including BBC Monitoring Africa, The *Guardian*, Radio France Internationale). Furthermore, I include reports from regional and national newspapers, news agencies and broadcasters. This is an important contribution, which mitigates the "major events" bias in international reporting. Lastly, in cases where the country's official language is French, I also conduct the search to identify events in this language.

Taken together, this data therefore allows for an account as systematic as feasible of tax protest events across these countries. I present the methodology for data collection,

[15]In particular, I researched the media environment of each country in the sample, and checked sources to gauge their reliability. Because autocratic regimes would have little incentive to fabricate anti-government protests, the potential bias of sources is of little concern for most of the analysis (if anything, it should result in a downward bias in the number and intensity of events). Caution should however be observed for variables such as the number of protesters and protest duration, which I do not analyse here.

coding choices, and description of variables for the event catalogue in more detail in Appendix A. I also conduct a validation of the data where I compare and cross-check event coverage with a relatively similar dataset, the Social Conflict Analysis Database (Salehyan et al. 2012). Results are reported in Appendix D.

5 Empirical analysis of tax protests in dictatorships: Exploring *ProtesTax*

Mapping the incidence of tax protest events

I first use *ProtesTax* to map the incidence of tax protest events over the period of study (1990-2015) in the countries covered by the data, as shown in Figure 1 below. Results show substantial variation in the number of events recorded by country, from less than 10 (2 in Togo) to almost 100 (87 in Uganda) recorded instances of tax resistance. Figure 2 displays the distribution of events over time, showing an increase in reported protests towards the end of the 1990s, and a relatively stable evolution thereafter.[16]

Using the data on individual news reports, I inspect the coverage of events. The corresponding graphs can be found in Appendix C. The mean number of news reports per event is 3.45, with a median of 1 and a maximum of 79. The latter corresponds to the mass strike launched by workers and the Zimbabwe Congress of Trade Union following the government's announcement of the introduction of/hike in three levies – an income tax, a sales tax, and a duty on fuel. The strike ended with the repeal of the so-called "veteran's levy" and fuel tax, while the increase in the sales tax was maintained. It was widely documented both domestically and abroad.[17] The main

[16] In Appendix B, I disaggregate the distribution of events by country over time.

[17] See the photo and video archives from the Associated Press: http://www.aparchive.com/metadata/youtube/253fa3f91579d93f965e358d8f94dcd5.

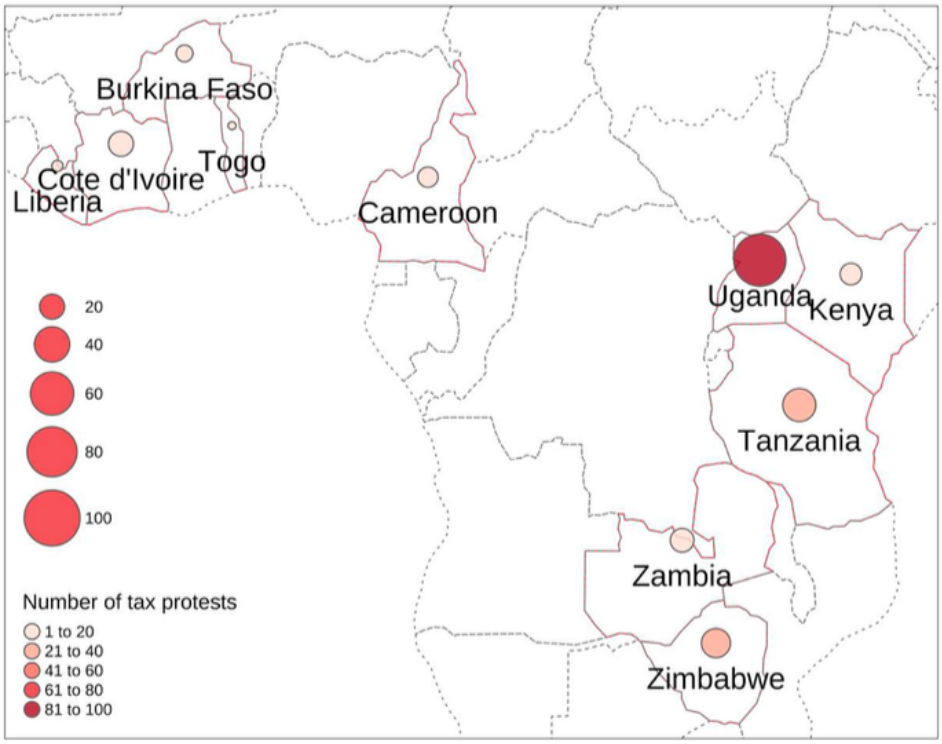


Figure 1: Incidence of tax protest events, 1990-2015

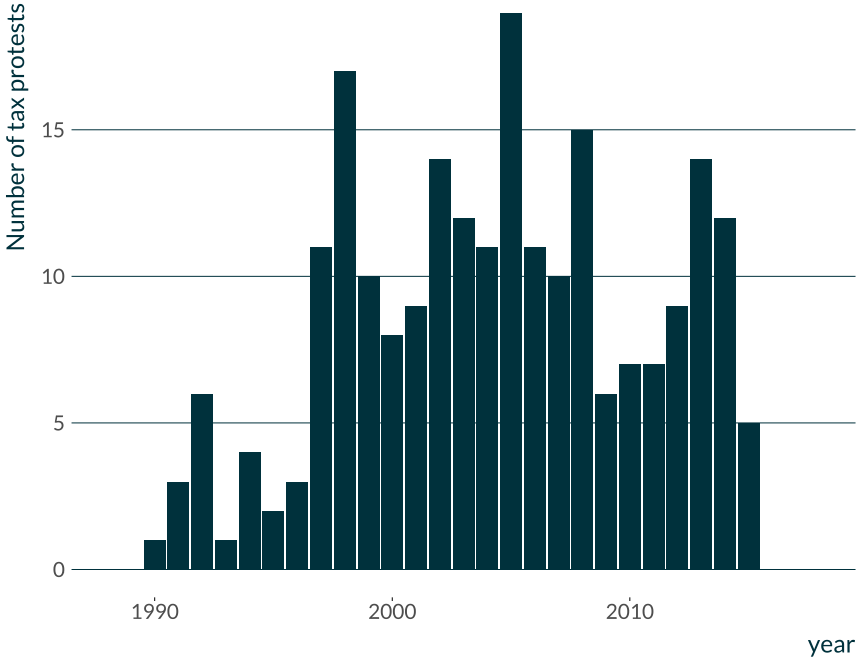


Figure 2: Distribution of events in *ProtesTax* over time

source of reports on tax protest events is AllAfrica, a website which aggregates and broadcasts daily information from over 100 African news outlets. The inclusion of results from AllAfrica is an important advantage over protest data which only relies on a handful of globally-distributed newspaper and wires from news agencies, as is the case for SCAD (Salehyan et al. 2012) and the comparative tax protest database of Martin and Gabay (2018). It allows to capture events exclusively reported in national and regional news.

Unpacking tax protests: Descriptive analysis

Which taxes are protested? I proceed to investigate which taxes are most widely contested, and what type of resistance they engender. Table 3 displays the distribution of taxes protested, using the official OECD classification.[18] Strikingly, 65.7 percent of the time, the tax protested is one on goods and services – i.e. indirect taxes such as sales tax, VAT, but also import and export taxes. This is in line with my theoretical expectations, as these taxes are more cognitively salient, and more regressive in nature. Furthermore, they fall disproportionately on those segments of the population which are largely excluded from political power in the regimes in the sample.

In a number of cases, resistance emerges against general sales tax and VAT (20 events). In Uganda in 1996, merchants and traders in large cities across the country went on strike following the introduction by the government of a 17 percent VAT. Though their news coverage was minor compared to the events in Ghana the previous year, they still involved police intervention and the arrest of at least four protesters. Other times, taxes on specific goods and services have crystallized protesters' claims. In 11 cases, people protested against introductions or increases of fuel taxes for instance. Similarly, taxes on personal and collective vehicles – cars, buses and bicycles in partic-

[18]For details, see https://www.oecd.org/tax/tax-policy/oecd-classification-taxes-interpretative-guide.pdf.

Type of tax protested	*OECD classification*	*Number of events (and freq.)*
Income taxes	1	32 (13.9%)
Social Security Contributions	2	1 (0.43%)
Taxes on payroll and workforce	3	1 (0.43%)
Taxes on property	4	6 (2.6%)
Taxes on goods and services	5	151 (65.7%)
Other taxes	6	16 (7.0%)
Unclassified / multiple taxes	NA	23 (10.0%)

Table 3: Types of taxes protested in *ProtesTax*

ular – appear to be extremely unpopular (23 instances, 10 of which relate to taxes on bicycles). I interpret this as the result of the high visibility and cognitive salience of these taxes (Martin and Gabay 2018).

The contested taxes are not unrelated from the structure of the economy: In Cote d'Ivoire, taxes on the production of cocoa and coffee – basis for the country's key economic sector – increased on various occasions in the 1990s and 2010s, under the supervision of the all-powerful and government-sponsored Conseil du Cafe-Cacao (CCC). At the same time, 7 out of the 20 recorded tax protest events in the country from 1990 to 2015 relate to taxes on cocoa and its export. Tax protests are thus anchored in local labour market structures.

More generally, individual experiences of taxation may vary across contexts. In Sub-Saharan Africa specifically, informal labour markets are prevalent among the active labour force, so that a relatively smaller fraction of the population may be exposed to direct taxes (Castañeda and Doyle 2019). Additionally, if the prevalence of protests

against taxes on goods and services contradicts the idea that economic activity may simply move to the black market as a response to hikes, the higher incidence of protests against indirect taxes could still partly be a consequence of this economic reality. This does not stand in contradiction with my argument, but rather echoes the importance of situating fiscal policies and their social consequences in context, and allowing for their relationship to be conditional on the structure of the economy.

How are taxes protested? I proceed to map the protest events recorded in *ProtesTax* onto the tax-induced collective action repertoire outlined in Section 3. Results are shown in Table 4 below, and I present a cross-tabulation of types of taxes protested and nature of contentious action in Appendix E.

I find that contained resistance to taxation – in the form of petitions and other legal action against regime authorities – makes up 23 percent of cases. Among these, almost 40 percent were initiated by people in the trade and business sector, which bolsters my claim that this mode of action is privileged among elites with access to the required legal and financial resources. I explore this further in the second article of this thesis.

In the remaining instances, resistance to taxation is transgressive. Economic protests, such as boycotts, turn out to be relatively rare (only 11 events), though that could be due to the fact that the keyword search was not particularly well-suited to capture these events. However, strikes, which are also partly economic in nature, are the most common form of protest, making up 44 percent of events. Protests and riots are relatively rare in comparison (6.9 percent of events), which is likely due to the higher cost of this type of collective action for the protesters. However, these events get substantially more coverage than other acts of resistance, and are also more likely to be reported on by regional and international press agencies. Tax riots are most often initiated by civilians, and triggered either by indirect taxes or a bundle of different taxes. Gov-

ernment response to these events is often fierce: In January 1994, in Iganga (Eastern Uganda), the police opened fire against hundreds of people protesting against the poll tax, leaving two individuals dead while dozens were jailed. The rioters were eventually pardoned by the President – but were still obliged to pay the tax.[19]

Nature of disruption	*Type of contention*	*Number of events (and freq.)*
Strikes	Transgressive	96 (44.0%)
Protests and riots	Transgressive	15 (6.9%)
Boycotts	Transgressive	11 (5.0%)
Peaceful demonstrations	Unclear	39 (18%)
Petitions and legal actions	Contained	50 (23%)
Other	Unclear	7 (3.2%)

Table 4: Types of tax resistance actions recorded in *ProtesTax*

Type of tax and types of popular resistance

I proceed to assess empirically my argument that some taxes should be more conducive to some forms of resistance than others. Specifically, I expect that indirect taxes, such as those on the consumption of goods and services, should be more likely to spark transgressive forms of contention, because they are more cognitively salient and regressive, and they weigh disproportionately on poorer segments of the population who are excluded from institutionalized political processes. To test for this, I run a multinomial logistic regression model of the nature of the resistance to taxation observed on the type of tax introduced, for each event in *ProtesTax*. The reference category for the

[19]Fjeldstad and Ole (2008) provide a compelling account of the rise and fall of poll taxes in Tanzania and Uganda – but are limited in their attempt to provide systematic and comprehensive empirical evidence on the social movements that emerged in reaction to these taxes.

dependent variable is "petition or legal action", which represents a total of 50 observations, and captures contained resistance to taxes. The main independent variable is a binary variable which takes the value 1 if the tax protested is indirect, and 1 if it is direct.[20] I also control for the year of observation. Because I have few observations, these estimates should be taken with caution, and interpreted as correlational rather than causal. Results are presented in Table 5 below.

	Dependent variable: Nature of disruption					
	other	boycott	peaceful demonstration	protest	riot	strike
	(1)	(2)	(3)	(4)	(5)	(6)
Indirect tax	-0.253^{***}	1.371^{***}	-0.852^{***}	10.711^{***}	2.194^{***}	-0.425
	(0.009)	(0.006)	(0.191)	(0.00000)	(0.001)	(0.272)
Year	0.040^{***}	0.004^{***}	-0.077^{***}	0.014^{***}	0.025^{***}	-0.030^{***}
	(0.0002)	(0.0002)	(0.0001)	(0.0002)	(0.0003)	(0.0001)
Constant	-81.372^{***}	-10.732^{***}	155.242^{***}	-41.416^{***}	-54.546^{***}	60.823^{***}
	(0.00000)	(0.00001)	(0.00002)	(0.00000)	(0.00000)	(0.0001)
Akaike Inf. Crit.	543.852	543.852	543.852	543.852	543.852	543.852

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Type of tax resistance recorded in *ProtesTax*, with "petition or legal action" entering as the reference category. "Indirect tax" is a binary variable which takes the value 1 if the tax protested is indirect (tax on goods and services), 0 if it is direct (tax on income, tax on property, payroll tax), and missing otherwise.

Table 5: Type of tax and nature of political contention

The reported estimates are the logit coefficients relative to the reference category, "petition or legal action". It appears that when the tax is indirect rather than direct, the logit coefficients for "boycott", "protest", and "riot" respectively all significantly increase (by an amount equal to the coefficient), while that of "peaceful demonstration", "strike", and "other" forms of resistance all decrease. In other words, when the tax is on goods and services rather than on income or property, the chances of moving from contained to more transgressive forms of popular resistance are significantly higher than those of

[20]Specifically, this variable takes the value 1 if the tax protested is one on goods and services, 0 if it is a tax on income, property or payroll, and missing otherwise (so as not to bias the results either way by including social security contribution and other taxes in one or the other category).

remaining in more moderate types of contention – which is in line with my expectations. This suggests that indirect taxes, which are generally perceived as more unfair, are also more unpopular, and that the poorer and excluded groups on which they weigh resort to open contestation of the ruler's fiscal policy, rather than more covert means of resistance.

As I detail further in the discussion section, I am not able to leverage *ProtesTax* to test which taxes do *not* lead to protest, since I only have data on instances when resistance to taxation was reported (in a sense, there are no "zeroes" in the data). Nonetheless, the above analysis confirms that some taxes are more likely to trigger social uproar than others, thus highlighting important political challenges faced by autocratic governments in their attempts to increase revenue collection.

Tax protesters and autocratic governments

This naturally begs the question: Are tax protests and other means of tax resistance effective? I investigate the interaction between protesters and the authorities during these events by cross-tabulating protesters' main demands and protest outcomes in Table 6 below.[21] In the vast majority of cases, protesters are demanding the reduction (65 percent) or outright repeal (29 percent) of the tax in question – and, the vast majority of the time, they fail to get what they want. Indeed, 64 percent of these protests result in the maintenance of the tax protested. Only in 12 percent of cases do protesters get what they ask for (repeal or reduction).

Furthermore, while some actions of resistance result in a suspension of the tax or some form of compromise, accounts of these events suggest that very often, the suspended taxes are later reintroduced, and that any negotiations following the protests

[21]The claim recorded in the data and tabulated here refers to the protesters' main demand according to the news reports. However, one may think that people would generally prefer a repeal over a reduction, a reduction over some other compromise, and some other compromise over the tax being maintained. This does not alter the fact that claimants rarely get what they wished for.

	claim			
outcome	other	reduction	repeal	All
compromise	0	10	4	14
	(0.0%)	(8.9%)	(3.6%)	(12.5%)
maintenance	5	48	18	71
	(4.5%)	(42.9%)	(16.1%)	(63.4%)
reduction	1	10	2	13
	(0.9%)	(8.9%)	(1.8%)	(11.6%)
repeal	1	3	3	7
	(0.9%)	(2.7%)	(2.7%)	(6.2%)
suspension	0	2	5	7
	(0.0%)	(1.8%)	(4.5%)	(6.2%)
All	7	73	32	112
	(6.2%)	(65.2%)	(28.6%)	(100.0%)

Table 6: Demands and outcomes of tax protests

are systematically biased in the government's favour. In Cote d'Ivoire, after thousands of cocoa producers marched out on the streets in Yamoussoukro to protest yet another increase in taxes on cocoa in April 2004, the government ended up granting protesters a 4 percent wage increase, without overturning the tax hike. Because producers depend directly on the state for their wages, this further reinforced their dependence on the regime for their livelihood, following the logic identified by Albertus, Fenner and Slater (2018).

In Appendix E.1, I also present results on the interactions between the initiators and targets of tax protests, showing that half of the time, protests target the central government, against 16 percent of collective action against local authorities, and almost 20 percent against revenue authorities.[22] The latter are known to be particularly unpopular in Sub-Saharan Africa due to their perceived role in implement austerity

[22]This may be due to respective domains of tax authority of the various levels of government. In Appendix E.2, I cross-tabulate the type of tax protested with the target of the protest, which shows for instance that local authorities are targeted almost exclusively for indirect taxes, which fall under their mandate in many cases.

measures designed by International Financial Institutions and donors.

The territorial dynamics of tax protests

Lastly, and although I have not explicitly formulated hypotheses about this, *ProtesTax* allows to investigate where social movements against taxes take place. Using the newspaper articles and other reports, I have coded the location where the protest takes place as precisely as possible.[23] Among events for which the location is known, 65% took place in urban areas, against only 2% in rural ones, and 33% in both at the same time (in particular, this is the case when a protest is reported to have affected a whole district). The urban bias in protest behaviour and reporting is well-known (Ong and Han 2019; Wallace 2013). However, as shown in Table 7, I also find that protests against indirect taxes on goods and services are the most likely to take place at least partly in rural areas, which is consistent with the literature (Bernstein and Lü 2000).

	type of tax							
location	1	2	3	4	5	6	other taxes	All
both	12	1	0	4	42	5	4	68
	(5.9%)	(0.5%)	(0.0%)	(2.0%)	(20.6%)	(2.5%)	(2.0%)	(33.3%)
rural	0	0	1	0	3	0	0	4
	(0.0%)	(0.0%)	(0.5%)	(0.0%)	(1.5%)	(0.0%)	(0.0%)	(2.0%)
urban	16	0	0	2	89	10	15	132
	(7.8%)	(0.0%)	(0.0%)	(1.0%)	(43.6%)	(4.9%)	(7.4%)	(64.7%)
All	28	1	1	6	134	15	19	204
	(13.7%)	(0.5%)	(0.5%)	(2.9%)	(65.7%)	(7.4%)	(9.3%)	(100.0%)

The classification of taxes follows the OECD framework, where 1 = Taxes on income; 2 = Social Security Contributions; 3 = Taxes on payroll and workforce; 4 = Taxes on property; 5 = Taxes on goods and services; 6 = Other taxes. The category "other" refers to unclassified and/or multiple taxes at once.

Table 7: Location of protests and type of tax

In cases where enough information is recorded, I can explore the subnational dis-

[23] In some cases, the protests move from one neighborhood or city to another – in which case I record both as protest location. This means that one cannot use *ProtesTax* to study the movement of protesters or how protests unfold geographically, but because very often this information is imprecisely reported, I view it as an inevitable downside.

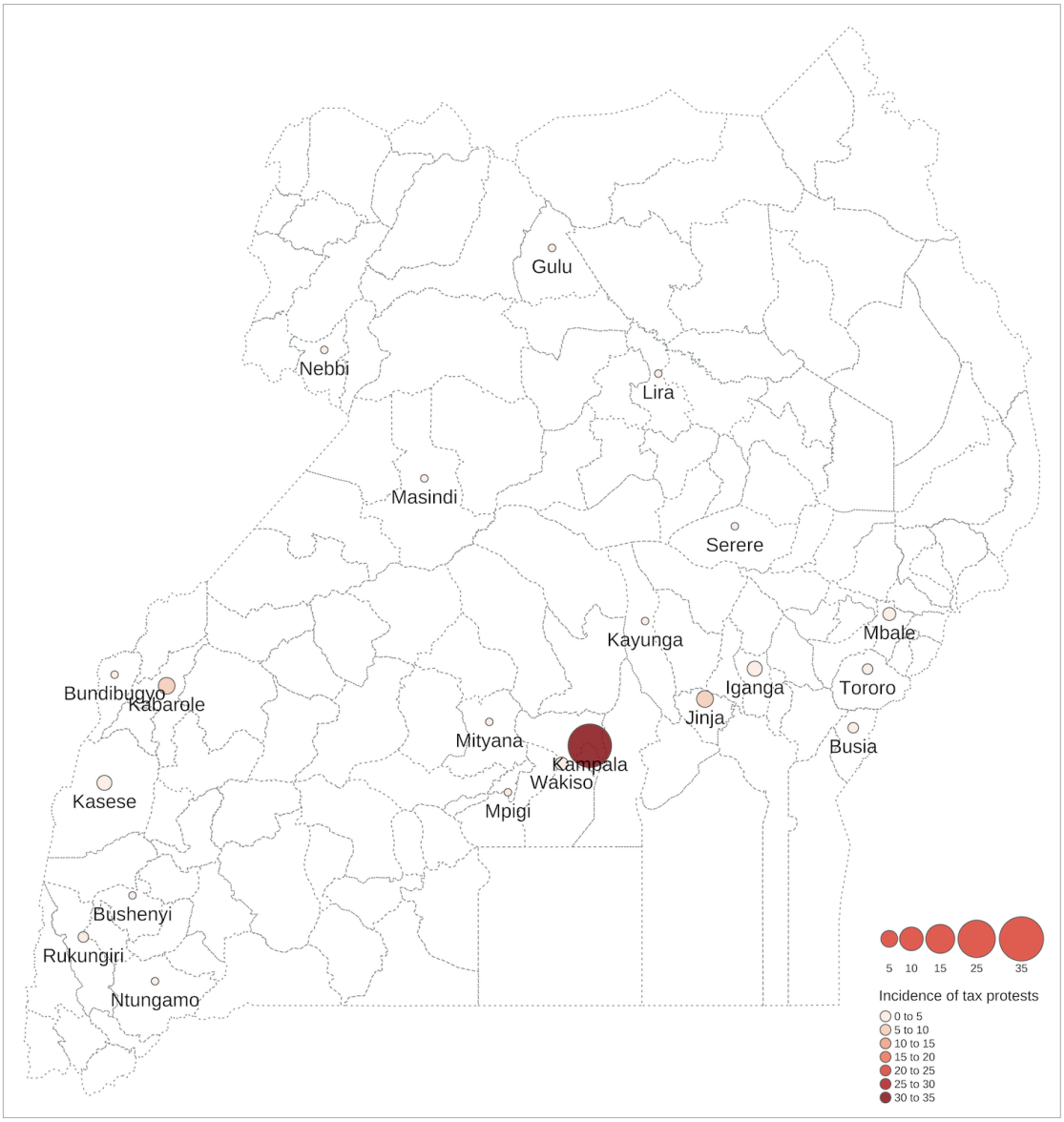


Figure 3: Incidence of tax protests across Ugandan districts, 1990-2015

tribution of protest events. I consider the case of Uganda, which is the country with the highest protest incidence in the sample over the study period. The country is also known to have one of the lowest tax-to-GDP ratios of East Africa, and exhibits low levels of tax compliance attitudes among citizens (Ali, Fjeldstad and Sjursen 2014).

Figure 3 below displays the geographic distribution of events across Ugandan dis-

tricts, from 1990 to 2015. If protests are largely concentrated in the capital Kampala, the map also reveals that tax resistance is not unrelated to underlying social and economic factors. The Central district, which has a relatively low incidence when excluding Kampala, was the stage of growing peasant rebellion against the second Obote regime in 1984 that helped bring Musevini's ruling National Resistance Movement to power two years later (Fjeldstad and Ole 2008; Mamdani 1991). In September 2008, a protest by residents of Wakiso district against a tax on natural resources was encouraged by Kyadondo South MP Issa Kikungwe, a member of the Democratic Party. He openly incited citizens not to pay taxes deemed illegal, and the protesters went on to block roads and march on.[24] This shows how tax resistance can also interact with other political struggles, and how the territorial dynamics of tax protests may be conditioned by pre-existing support or opposition for the incumbent.

The Eastern region, by contrast, exhibits a higher protest incidence. It was the most closely administered by colonial authorities, and saw a sharp fall in tax revenues and compliance, compounded by a rise in general instability, following the transfer of power from local chiefs to politicians after independence (Fjeldstad and Ole 2008). This region notably experienced many protests against the graduated tax and its unfair assessment, before its repeal in 2005 (Bakibinga, Kangave and Ngabirano 2018). This suggests there may be learning effects and path dependency in noncompliance behaviour and anti-tax sentiment. Future research should delve further into how these mechanisms of regime support and tax compliance play out at at the subnational level.

[24]The protest was reported in this article by *The Monitor* on September 10, 2008.

6 Conclusion and discussion

This paper aims to shed light on an understudied phenomenon: Popular mobilization against unpopular taxes in non-democracies. I start from the premise that taxation remains essentially coercive under autocratic rule, which paves the way for exclusionary tax bargaining processes. Because the vast majority of citizens is unable to credibly threaten the regime with withdrawal of economic or political support, they turn to resistance when the fiscal burden that weighs on them is too high. Specifically, I expect and find evidence that transgressive forms of resistance – such as protests, riots and boycotts – emerge when taxes are highly visible and regressive, and weigh on well-identified segments of the population who are excluded from political processes.

I explore the origins and dynamics of tax resistance movements in authoritarian regimes using a new dataset of tax protest events in ten Sub-Saharan African countries, from 1990 to 2015. Based on newspaper data, *ProtesTax* is the most comprehensive dataset of its kind, and aims to be expanded to cover more countries and years. Results suggest that resistance to taxation emerges primarily in response to indirect taxes, and comes in many forms which can be mapped onto a *repertoire* of collective action against unpopular taxation. More broadly, the evidence presented in this study gives further credence to the overarching argument of my thesis, namely that the political consequences of taxation should be considered in the institutional and societal framework which shapes interactions between autocratic states and their citizens.

A key take-away is that while tax protests are widespread and understudied, they rarely succeed. Historically, only a handful of taxation-induced instability resulted in regime breakdown. Meanwhile, many tax introductions and reforms have contributed to autocratic longevity. In particular, this happens when fiscal policy serves the interests of

key regime supporters, but also because taxes and even tax protests can further entrench poor segments of the population into dependence toward the state for redistribution (Albertus, Fenner and Slater 2018). Increasingly, taxes are being used by dictators to censor the opposition and increase collective action costs – as was the case with the 2018 "Social Media Tax" in Uganda. This gives rise to new forms of contestation, such as online campaigns against taxation, which are outside the scope of this paper, but deserve further investigation (see Boxell and Steinert-Threlkeld 2021). Autocratic taxation thus remains essentially coercive, and more research is needed to understand how it shapes individual perceptions of fairness and support for autocratic rule.

These findings also raise further questions, which I cannot fully address using this data on tax protests. In particular, it would be interesting to investigate which taxes do *not* lead to protest, or whether some taxes are more likely to result in any protest at all compared to others. Because *ProtesTax* only contains instances of resistance to taxation, I am unable to directly examine the relative propensity of different taxes to trigger political frictions, since I do not have the counterfactual. In other words, there are no zeroes in the event data. I partly address this in the second article of this thesis. Building on the finding that direct taxes are contested mainly by wealthier and narrower groups using contained means of resistance, I develop and test an argument about ruler-elite relations and tax bargaining over direct taxation specifically. Looking beyond, an promising avenue for research building on this would be to complement *ProtesTax* with data on instances of tax reforms and introductions that were not followed by popular contention.

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Appendix

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A Data collection protocol for *ProtesTax*

A.1 Overview

ProtesTax is a dataset of tax protest events in ten Sub-Saharan countries, from 1990 to 2015. In order to collect data in the most exhaustive and unbiased way possible, I use a combination of automated searches and manual coding. Events are first identified and coded from newspapers searches using two global and widely-used news database search engines – Factiva and LexisNexis. Automated search for specific combinations of keywords, geographic focus and time span allows to substantially reduce the number of candidate news pieces. I then manually read through each entry to identify whether it correspond to a tax protest event. In a second step, once the event has been identified, I code a number of variables related to the protest, including its date, location, tax motive, origin, target, and outcome. The following sections describe the data coverage and coding methodology.

A.2 Geographic and time coverage

Table A8 below summarizes the dataset's country-year coverage.

A.3 Protest event coding procedure

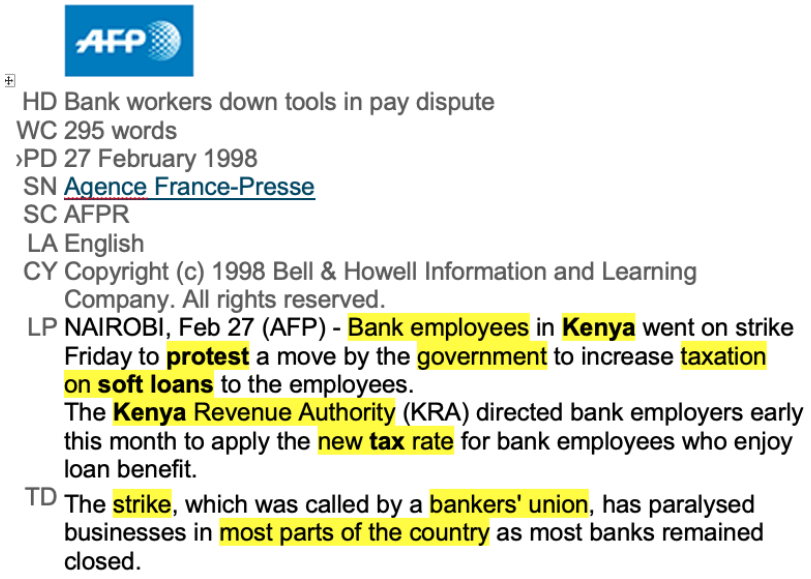
News Databases keyword searches The first step to identify a tax protest event is to establish a list of candidate events using automated keyword searches of news databases. The order in which the databases are searched does not matter. Table A9 below describes, for each database and country, the combination of words which was used, the year range and geographic criterion specified, and the number of distinct sources returned by the search (i.e. newspapers, radio, news agencies etc.) The identification of tax protest events and coding of other variables is then done through a thorough manual reading of each search result. Figure A4 below shows an example of news report from the AFP about a tax protest in Kenya in 1998, with relevant information highlighted.

Country List		
Country name	**Time coverage**	**Notes**
Burkina Faso	1990-2015	autocratic in Boix et al. and Polity = -7 throughout
Cameroon	1990-2015	autocratic in Boix et al. and Polity between -8 and -4 throughout
Ivory Coast	1990-2015	autocratic in Boix et al. throughout and Polity between -9 and -1 from 1990 to 1999 and between 0 and 4 after
Kenya	1990-2001	autocratic in Boix et al. and Polity $<$ -2 until 2001, democratic in Boix et al. with Polity $>$ 6 after
Liberia	1990-2005	autocratic in Boix et al. and Polity jumps between -7 and 5 until 2005, democratic in Boix et al. with Polity $>$ 6 after
Tanzania	1990-2015	autocratic in Boix et al. and Polity between -6 and 3 throughout
Togo	1990-2015	autocratic in Boix et al. and Polity $<$ -2 throughout
Uganda	1990-2015	autocratic in Boix et al. and Polity $<$ -1 throughout
Zambia	1990-2007	autocratic in Boix et al. until 2007, Polity jumps between -9 and 6 until 2007, and = 7 after
Zimbabwe	1990-2015	autocratic in Boix et al. and Polity jumps between -6 and 4 throughout

Table A8: ProtesTax country and year coverage

	Search (EN)	Year range[3]	Geographic criterion[4]	Number of sources
LexisNexis	tax AND (protest OR "demonstration") AND countryname	1990-2015	Africa	222+
Factiva	tax AND (protest OR demonstrat*) AND countryname	1990-2015	Africa	104+

Table A9: Automated keyword searches for the two global news databases used in ProtesTax



HD Bank workers down tools in pay dispute
WC 295 words
›PD 27 February 1998
SN Agence France-Presse
SC AFPR
LA English
CY Copyright (c) 1998 Bell & Howell Information and Learning Company. All rights reserved.
LP NAIROBI, Feb 27 (AFP) - Bank employees in **Kenya** went on strike Friday to **protest** a move by the government to increase taxation on **soft loans** to the employees.
The **Kenya** Revenue Authority (KRA) directed bank employers early this month to apply the new **tax** rate for bank employees who enjoy loan benefit.
TD The strike, which was called by a bankers' union, has paralysed businesses in most parts of the country as most banks remained closed.

Figure A4: Example of AFP news report with relevant information highlighted

[3]1990-2015 by default, or the relevant year range in case the country has not been authoritarian throughout the period, e.g. for Kenya the search spans the period 1990-2002, year in which the country stops being classified as an autocracy in Boix et al. (2013) and Polity.

[4]The specification of the geographic criterion does not exclude sources from other countries (e.g. the BBC, Associated Press, Agence France-Press etc.), but filters out a large number of irrelevant search results by focusing on news pieces that have *something* to do with Africa.

Step-by-step coding of tax protest events

1. Let's assume you are starting with [*country name*].
2. Go to the website of [*first database*][25], log in and go to the search page as displayed it the screenshots above. Specify the search terms with the correct connectors, date range,[26] geographic filter, and [*country name*]. Sort the search results from oldest to newest.
3. Read through each search result. In most cases, keywords will be highlighted, so that you can easily determine whether it might be a relevant event. When reading a specific result:
   (a) If you read through the news item and it is not relevant (i.e. it does not refer to a protest event about taxes specifically), just move on to the next search result.
   (b) If the news item refers to a tax protest event, go to the sheet [*first database*] in the Excel file for [*country name*]. **In this sheet, one line = one record of tax protest event**. Code the relevant variables for the news record: event number, newspaper, primary source (when relevant), country, year, article title, article report date, primary report date (when relevant), event starting date, number of days event lasted, section (when relevant), flag. See the Codebook section for details on how to code these variables. In the "comments" column, write a short summary of the information about the event contained in the news piece and/or copy paste the relevant bits. Finally, copy/paste the URL for the news piece in the "link" column.
   (c) If you are in doubt about the relevance of the event (e.g. if the protest is not only about a tax, if it is about non-domestic taxes or food prices etc.),

[25] Where [*first database*] is LexisNexis or Factiva.
[26] E.g. for Liberia, 1990-2005 means 1/1/1990 to 31/12/2005.

include it anyways, but code flag = 1.

(d) After you've included the news item, go to the sheet[*country name*]_events to add details about the event. **In this sheet, one line = one protest event in [*countryname*]**. Code the relevant variables for the event: event number, year, country, event starting date, number of days event lasted, flag, primary motive, location, location type, size, magnitude, disruption, material damage, human damage, revenue loss, initiator, industry, against, demands, tax protested, IMF-backed, outcome, outcome notes, reason for flag, exclude, [*first database*] (number of news results about this protest event in that database). See the Codebook section for details on how to code these variables. In the "comments" column, write a short summary of the information about the event contained in the news piece and/or copy paste the relevant bits. Do not fill the "exclude" column at this stage.

(e) Once you have filled all the columns in the [*first database*] sheet and added the information about the event contained in this search result in the [*country name*]_events sheet, move on to the next search result.

i. If the next search result refers to the same tax protest event, enter it as a separate line but with the same event number in the sheet [*first database*] in the Excel file for [*country name*]. Several lines/records can refer to the same event in the [*first database*] sheet, but not in the [*country name*]_events sheet.

ii. If the next search result refers to a different tax protest event, enter it as a separate line with a different event number.

4. Once you have gone through all the search results for this [*first database*] and [*countryname*] combination, proceed to the [*second database*] and repeat steps 1 and 2.

5. Once you have gone through both databases for a [*countryname*], check that you have an Excel file with three sheets: [*first database*] and [*second database*] which list for each database all the search results referring to tax protests events in [*countryname*]; and a [*country name*]_events sheet which lists all the tax protest events in [*countryname*].
6. Move to the next [*countryname*], and repeat steps 1 to 4.

Measures of uncertainty. Some of the tax protest events included may come with a certain degree of caution, because of the method employed to identify them. Newspaper articles and reports come with varying degrees of richness of information and precision. It is not always possible to determine with absolute certainty whether the tax is the primary motive for the protest, or whether threats of protests result in actual protests. In case of uncertainty about whether an event should indeed be included as tax protest, code **flag = 1** in both the [*database*] sheet and the [*country name*]_events sheet; and include the reason in the "reason for flag" column in the [*country name*]_events sheet. See the Codebook below for further details.

A.4 Codebook

event number [*numeric*]: unique tax protest event identifier at the country level.

year [*numeric*]: year of the tax protest.

country [*character*]: country name.

event starting date [*date dd/mm/yyyy*]: date of start of the event. If no date indication and the source is a daily report, this should be the same as **primary report date** (alternatively, **article report date**). When no record of when exactly the protest event started but only the month, code as starting on the 15th of that month.

nb days event lasted [*numeric*]: number of days the protest lasted.

newspaper [*character*]: name of the newspaper or news agency in which the article appears.

primary source [*character*]: if relevant, name of the primary news source on which the present newspaper article is based (e.g. if BBC Africa relates an event based on a KTN TV report, then "newspaper" should be BBC and "primary source" should be "KTN TV").

article report date [*date dd/mm/yyyy*]: date of the news article.

primary report date [*date dd/mm/yyyy*]: if relevant, date of the primary news report (see **primary source** above).

flag [*numeric*]: 1 if there is uncertainty over whether the event should be included in the data, 0 otherwise.

reason for flag [*character*]: reason why the observation is flagged. Includes "no collective action", "not only about taxes", "threat of protest", and "other".

primary motive [*character*]: primary motive of the protesters. If not "tax", then flag should equal 1.

location [*character*]: location of the protest. Can be one city or village, multiple cities, a region or other sub-national entity, or nationwide. Use English/European spelling wherever possible.

location type [*character*]: type of protest location. Includes "urban", "rural", or "both".

size [*numeric*]: number of protesters.

disruption [*character*]: nature of the disruption induced by the protest. One of "boycott", "peaceful demonstration", "petition or legal action", "protest", "riot", "strike", or "other".

material damage [*character*]: nature and amount of material damage (if any) resulting from the protest. If none, "none".

human damage [*character*]: amount of human damage - including arrests, casualties and deaths - resulting from the protest. Should be phrased so that can be disaggregated into further categories later on, e.g. "four arrests and one death", or "24+". Should contain any information deemed useful to establish the human cost of the protest.

initiator [*character*]: initiator of the protest movement. Whenever possible, this should be a direct quote from one or several of the newspaper sources, e.g. "trade unionists and residents", "tea farmers", "CDPM MPs", etc.

industry [*character*]: industry area of the protest initiators, e.g. "civil society", "trade", "private-sector banking", "transport", "agriculture" etc. as detailed as possible.

industry broad [*character*]: broad industry area of the protest initiators. One of "agriculture", "banking and finance", "civil society", "education", "mining", "oil", "politicians and opposition", "tourism", "trade and business", "trade unions", "transport", and

"other".

against [*character*]: at whom the protest is directed, at a detailed level. Includes "central government", "Ministry of xxx", "MPs", "City Council of xxx". If not one of these, report the name of the authorities targeted in the protest, e.g. "Kenya Revenue Authority" or "Confederation of Tanzanian Industries".

target [*character*]: target of the protest, one of "central government", "local authorities", "revenue authority", and "other".

demands [*character*]: main demand of the protesters. Includes "repeal", "reduction", "reestablish", and "other" (if "other", specify in the comments).

tax protested [*character*]: nature of the tax subject to protest. This should be as detailed as possible based on the available information, e.g. "export duty on scrap metals", "tax on low-interest loans", "tax on tea".

type of tax [*numeric*]: type of tax protested according to the OECD classification of taxes. 1 = taxes on income, profits and capital gains (includes corporate and personal income); 2 = Social Security Contributions; 3 = taxes on payroll and workforce; 4 = taxes on property (includes taxes on immovable property, net wealth, estate, inheritance, and gift, financial and capital transactions, and other recurrent and non-recurrent taxes on property); 5 = taxes on goods and services (includes taxes on production, sale, transfer, leasing and delivery of goods and rendering of services – such as VAT and sales taxes – and taxes on specific goods and services – such as excises, customs and import duties, taxes on exports, international trade and transactions, and taxes on the use of goods, or on permission to use goods or perform activities – such as taxes paid by others in respect of motor vehicles); 6 = other taxes. For more details, refer to this document.

IMF-backed [*numeric*]: was the tax backed by the IMF. 1 = Yes, 0 = No.

outcome [*character*]: outcome of the tax protest. If not NA, one of “compromise”, “maintenance”, “reduction”, “repeal”, “suspension”.

outcome notes [*character*]: notes about the outcome of the protest based on the available information, e.g. “suspended by court for another 2 years at president’s initiative" or “rejection of initial offer to pay the tax in two installments; then negotiation and agreement of the two parties on the modalities of tax collection".

exclude [*numeric*]: should the observation be excluded from the data.

records LexisNexis [*numeric*]: number of records for this event in LexisNexis.

records Factiva [*numeric*]: number of records for this event in Factiva.

comments [*character*]: descriptive comments about this observation based on the available information. Include here any relevant information from the newspaper articles that may help understand the causes, unfolding and outcome of the event.

B Distribution of tax protests events by country over time

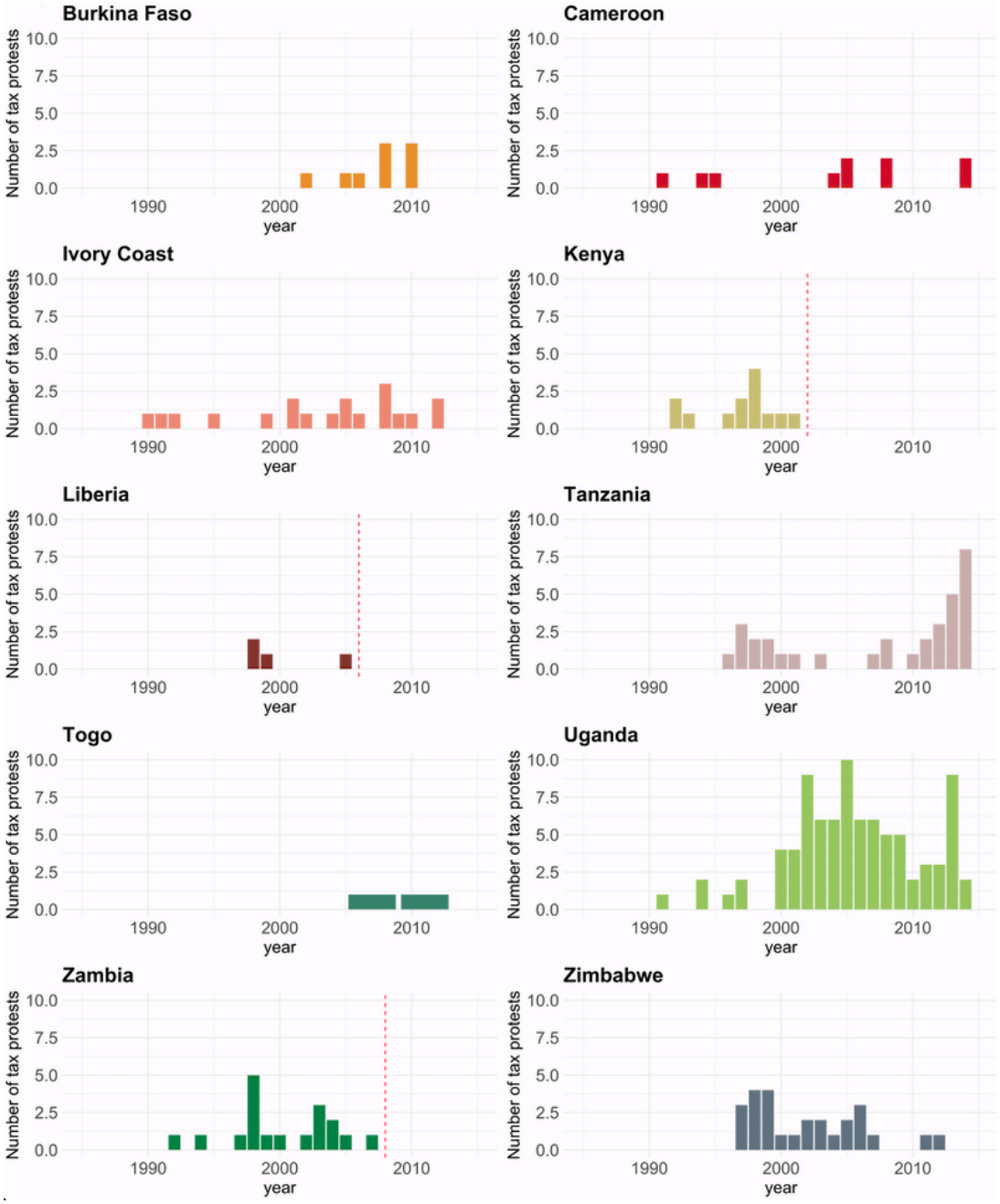


Figure B5: Distribution of events in *ProtesTax* by country, 1990-2015

C Protest events coverage and sources

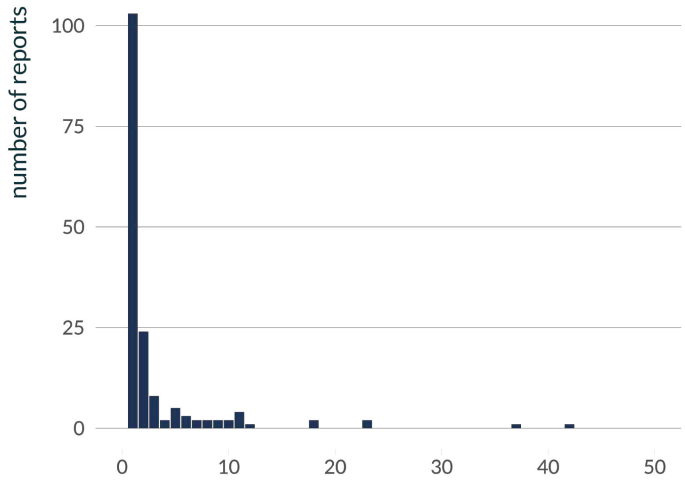


Figure C6: Coverage of events

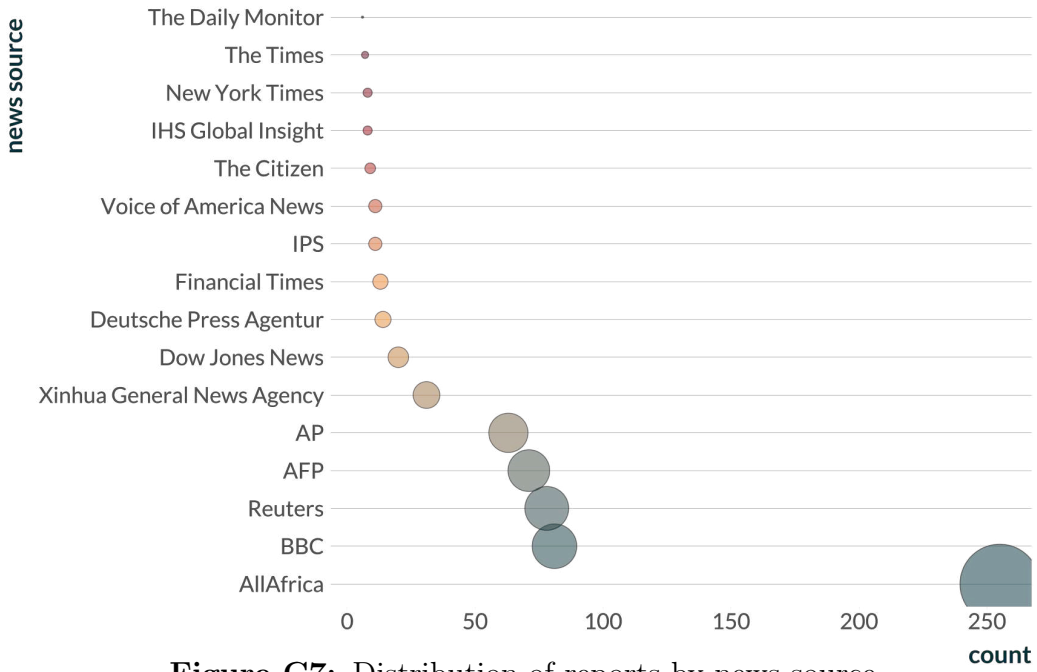


Figure C7: Distribution of reports by news source

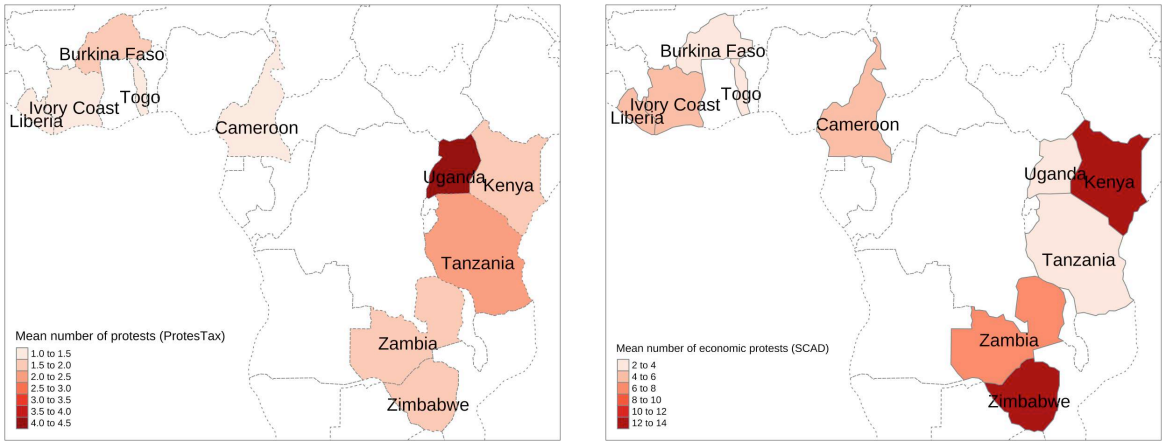
D Comparing and cross-checking *Protestax* with another conflict dataset

This section seeks to validate *ProtesTax* by comparing it to another dataset of social conflict with similar coverage, the Social Conflict Analysis Database (SCAD). The latter "includes protests, riots, strikes, inter-communal conflict, government violence against civilians, and other forms of social conflict" from 1990 to 2017, and covers all African countries (Salehyan et al. 2012).[27]. Another candidate dataset for validation was the Armed Conflict Location and Event Data (ACLED). While ACLED is widely used in political science, it only covers the period since 1997 for African countries, hence its time coverage is too limited for the present purpose.[28]

Figure D8 below displays the average yearly protest prevalence in both *ProtesTax* and SCAD, from 1990 to 2015. For the latter, I only kept events where the main issue was economic in nature (coded as "economy, jobs" or "economic resources/assets"). There is substantial variation in the absolute and relative values by country, which makes sense considering that not all economic protests are about taxes. Nevertheless, it is interesting to note that some of the countries that present the lowest prevalence of economic protests over the period of study – such as Togo and Burkina Faso – also experience fewer tax protests (though the same is not true for Uganda nor Tanzania).

[27]The citation is from the SCAD website.

[28]Furthermore, ACLED's terms of use explicitly state that it is not meant to be used for benchmarking purposes.



(a) *ProtesTax* **(b)** SCAD

Figure D8: Protest prevalence in *ProtexTax* and SCAD

I proceed to conduct a validation exercise where I estimate the overlap in the events included in *ProtesTax* and SCAD respectively. To this end, I manually go through all the events in *ProtesTax* and check whether they are in SCAD. I find that only 13% of the events in *ProtesTax* are also included in SCAD (meaning that 87% of *ProtesTax* events are not covered). Meanwhile, I identify tax protest events in SCAD by filtering from the main dataset all the social conflict events that include a term related to taxation in their description, for the 10 countries covered in *ProtesTax*.[29] This search returns 38 events, among which only 15 are actually related to taxes (the others are typically about school and university fees). Out of those 15 entries, 14 are included in *ProtesTax*. The only events which is not covered when it should be occurred in Cameroon in May 1998, when students protested against a new student tax. In other

[29]Specifically, I search for the following terms in the "issuenote" variable from SCAD, which contains a description of the event: "tax", "taxes", "fee", "fees", "levy", "VAT", "duty", "tariff", "toll", "excise", "contribution", "tribute", "customs".

words, 93% of tax protests included in SCAD are captured by *ProtesTax*. Table D10 below summarizes the overlap between the two datasets.

Overlap	
In *ProtesTax* not SCAD	87% (of PT events)
In SCAD not *ProtesTax*	7% (of SCAD events)
In both	6% (of all events)

Table D10: Overlap between SCAD and *ProtesTax*

Overall, it therefore seems that *ProtesTax* does quite a good job at identifying protests that are specifically about taxation – where other, similar datasets on social conflict and protest are best-suited to capture other instances of instability. Looking specifically at the events which are included in both datasets, I find that these are mostly large-scale events, and protests that are often not only about taxes, but also about general economic conditions, wages, and living costs. This big-event bias makes sense given that SCAD exclusively relies on reports from Associated Press, Agence France-Presse and the BBC to identify events, while I rely on a much wider range of international and domestic sources when collecting information in *ProtesTax*.[30]

[30]SCAD codebook and Salehyan et al. (2012).

E Additional analyses

E.1 Initiators and targets of tax protests

	type of tax							
type of protest	1	2	3	4	5	6	other taxes	All
boycott	1	0	0	0	10	0	0	11
	(0.5%)	(0.0%)	(0.0%)	(0.0%)	(4.6%)	(0.0%)	(0.0%)	(5.0%)
other	1	0	0	0	4	0	2	7
	(0.5%)	(0.0%)	(0.0%)	(0.0%)	(1.8%)	(0.0%)	(0.9%)	(3.2%)
peaceful demonstration	9	0	0	0	19	0	11	39
	(4.1%)	(0.0%)	(0.0%)	(0.0%)	(8.7%)	(0.0%)	(5.0%)	(17.9%)
petition or legal action	7	0	0	0	38	4	1	50
	(3.2%)	(0.0%)	(0.0%)	(0.0%)	(17.4%)	(1.8%)	(0.5%)	(22.9%)
protest	0	0	0	0	6	0	0	6
	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(2.8%)	(0.0%)	(0.0%)	(2.8%)
riot	0	0	0	0	4	2	3	9
	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(1.8%)	(0.9%)	(1.4%)	(4.1%)
strike	12	1	1	6	60	10	6	96
	(5.5%)	(0.5%)	(0.5%)	(2.8%)	(27.5%)	(4.6%)	(2.8%)	(44.0%)
All	30	1	1	6	141	16	23	218
	(13.8%)	(0.5%)	(0.5%)	(2.8%)	(64.7%)	(7.3%)	(10.6%)	(100.0%)

Table E11: Type of protests and type of tax

E.2 Type of protest and type of tax

	target				
industry group	central gov.	local authorities	other	revenue authority	All
agriculture	13	4	2	1	20
	(5.7%)	(1.8%)	(0.9%)	(0.4%)	(8.8%)
banking & finance	6	0	0	1	7
	(2.6%)	(0.0%)	(0.0%)	(0.4%)	(3.1%)
civil society	24	7	4	4	39
	(10.6%)	(3.1%)	(1.8%)	(1.8%)	(17.2%)
education	0	4	0	3	7
	(0.0%)	(1.8%)	(0.0%)	(1.3%)	(3.1%)
mining	0	1	3	0	4
	(0.0%)	(0.4%)	(1.3%)	(0.0%)	(1.8%)
oil	2	0	0	1	3
	(0.9%)	(0.0%)	(0.0%)	(0.4%)	(1.3%)
other	9	2	1	7	19
	(4.0%)	(0.9%)	(0.4%)	(3.1%)	(8.4%)
gov. & opposition	6	1	0	1	8
	(2.6%)	(0.4%)	(0.0%)	(0.4%)	(3.5%)
tourism	4	0	0	0	4
	(1.8%)	(0.0%)	(0.0%)	(0.0%)	(1.8%)
trade & business	16	10	14	24	64
	(7.0%)	(4.4%)	(6.2%)	(10.6%)	(28.2%)
trade unions	26	0	1	1	28
	(11.5%)	(0.0%)	(0.4%)	(0.4%)	(12.3%)
transport	6	8	8	2	24
	(2.6%)	(3.5%)	(3.5%)	(0.9%)	(10.6%)
All	112	37	33	45	227
	(49.3%)	(16.3%)	(14.5%)	(19.8%)	(100.0%)

Table E12: Initiators and targets of tax protests

References for the appendix

Salehyan, Idean, Cullen S. Hendrix, Jesse Hamner, Christina Case, Christopher Linebarger, Emily Stull and Jennifer Williams. 2012. "Social Conflict in Africa: A New Database." *International Interactions* 38(4):503–511.

URL: *https://www.strausscenter.org/ccaps-research-areas/social-conflict/database/*

Second Article

Taxation, Dictator-Elite Relations, and Autocratic Stability

Abstract

Theories linking the rise of the fiscal state with increases in popular representation struggle to explain how fiscal and redistributive policies have at times helped to entrench authoritarian rule. Under what circumstances does taxation favour autocratic regime stability? Starting from existing models of fiscal bargaining under authoritarianism, I argue that elites use their political and economic leverage to negotiate policy concessions in exchange for tax compliance. Such bargaining primarily takes place around direct taxes with targeted incidence, as they disproportionately weigh on elite groups. As a result, elites' support for the incumbent increases, and so does regime stability. I rely on a mix of quantitative and qualitative evidence to test this argument. First, a time-series cross-sectional analysis of the relationship between tax introduction and elite challenges shows that direct taxes have a stabilizing effect. The relationship is especially pronounced in autocracies where elites are the main support group, and for taxes on corporate income and inheritances. Second, I exploit fine-grained data on instances of elite-led resistance to taxation to corroborate and illustrate this bargaining channel. Overall, my findings suggest that direct taxation leads to selective representation and can foster stability under autocratic rule.

1 Introduction

A well-established vein in the state-building literature holds that when rulers tax more, it results in higher responsiveness to citizens' demands and increased representation of taxpayers' interests (Besley and Persson 2009, 2011; Levi 1988; Moore 2007; Timmons 2005). Research has shown the empirical limits of this argument when applied beyond the context of state-building in Early modern Europe (Brautigam, Fjeldstad and Moore 2010; Centeno 2002). We know that almost all contemporary regimes now use modern taxation as a major revenue-raising tool, yet half of the world's regimes are still undemocratic (Seelkopf et al. 2019). Furthermore, while taxes can trigger resistance from some segments of the population which are overburdened with taxes while being excluded from political processes, tax protests rarely succeed, and seemingly redistributive policies can end up further entrenching autocratic rule (Albertus, Fenner and Slater 2018; Eibl 2020).[1] This begs the question: Under what conditions does taxation foster autocratic regime stability?

In this paper, I revisit existing models of fiscal bargaining under authoritarianism, and propose an argument centered on ruler-elite relations. Specifically, I argue that with the rise of modern taxation, autocrats do not necessarily become more responsive to the population at large. Instead, they increasingly cater to the interests of resource-rich groups whose assets they wish to tax, and whose political and/or economic support they rely on for the continuation of their rule. A rational autocrat's primary concern is to keep those elites on whose support their survival depends content (Genschel, Lierse and Seelkopf 2016, p.294). I introduce the concepts of political and economic elasticity of regime elites, in reference to the extent to which elites can pressure the ruler by threatening to withdraw political support and/or revenue. Because these groups

[1] I refer the reader to the first paper of the thesis for further details.

constitute a more elastic tax base – both economically and politically –, the ruler must offer some policy concessions to ensure their compliance and reduce the threat they represent (Dodlova and Lucas 2020; Svolik 2012). The combination of asset-specific taxation and elasticity of the tax base allows for a politicization of taxation. Because the groups targeted by taxation benefit from political inclusion and can exert leverage over the ruler, this politicization takes the form of fiscal bargaining.[2]

I expect such bargaining to take place primarily around taxes with targeted incidence, away from the public eye. In particular, taxes on income from corporations (CIT) and taxes on wealth, property and inheritances (INH), and, to a certain extent, taxes on income from labour (PIT), all fall disproportionately on those who concentrate these assets. They are also typically the richest segments of society, and benefit from privileged access to the ruler's inner-circle. Crucially, tax bargaining under autocracy is not regulated by institutions enabling the representation of a majority of taxpayers' interests – instead, it benefits powerful groups key to the ruler's revenue accumulation and survival in power. Rulers and regime elites strike mutually beneficial bargains around direct taxes that target specific assets such as wealth and income. Policy concessions can be fiscal – in the form of tax exemptions, a more favourable tax schedule – or political – such as decision power over policy-making. This process of fiscal bargaining between regime elites and the autocrat ultimately increases elites' support for the incumbent, and consolidates autocratic rule.

I rely on a mix of qualitative and quantitative evidence to explore these questions empirically. First, I conduct a Time-Series Cross-Sectional analysis of tax introductions and regime instability. Results suggest that the introduction of direct taxes has a stabilizing effect, with fewer elite-instigated challenges to the regime, which is consistent

[2]By contrast, as I show in the first article of this thesis, when fiscal overburdening is combined with the political exclusion of the groups that form the tax base, it results in resistance to taxation through tax protests and other means of contention.

with the existence of *ex ante* tax bargaining between the ruler and economic elites. I further probe the mechanism, and show that the effect is especially pronounced in autocracies where elites are the regime's main support group. Lastly, I investigate whether the effect varies across different types of direct taxes. In line with my expectations, I find that the stabilizing effect is stronger for the CIT and INH, which fall exclusively on new and old elites respectively; while it is weaker for the PIT, the burden of which is more broadly spread across segments of the population.

Second, I analyse accounts of specific forms of elite resistance to taxation recorded in *ProtesTax*, an original dataset of tax protest events in ten Sub-Saharan African autocracies. The data is presented at length in the first article of this thesis. Here, I use it to identify specific instances when elite groups use contained means of resistance to taxation – such as petitions, legal challenges, or threats of socio-economic resistance – to negotiate better fiscal deals with the autocrat. These pressures typically subside if the government satisfies elites' demands, and becomes transgressive resistance otherwise, meaning that the claimants employ innovative, often forbidden, means of collective action such as open protests and riots (McAdam, Tarrow and Tilly 2001). The exploration of this micro-level data gives further credence to the claim that elites engage in bargaining with the ruler over certain taxes, and that this has downstream effects on their support for the regime.

Taken together, these results offer novel insights into dictator-elite relations in general, and allow for a reassessment of the link between taxation and authoritarian regime stability. In particular, I contribute to the literature on autocratic state-building by challenging the idea that increased taxation systematically favours government effectiveness and accountability, and suggest instead that rulers and elites are able to strike mutually beneficial bargains around direct taxes, thereby consolidating autocratic rule. My results suggest that, counter-intuitively, *more* taxation of elites allows for *less* con-

testation from these groups. This sheds light on an understudied aspect of authoritarian power-sharing, a topic which is gaining renewed scholarly attention (Meng, Paine and Powell 2022). By placing the focus on elites, I provide new arguments to the scholarship which argues that identifying the groups to which an autocrat is responsive is key to understanding authoritarian regimes' social policies (Eibl 2020; Mares and Carnes 2009); and extend this to fiscal policy and regime stability. In addition, I contribute to the study of contentious politics in dictatorships with novel data on instances of resistance to taxation, which allows to complement the quantitative, macro-level evidence with qualitative, micro-level evidence on tax bargaining in select cases.

The rest of this paper is structured as follows: I start by reviewing existing scholarship on dictator-elite relations and taxation, before laying out my argument about elite fiscal bargaining and support for the incumbent. I introduce my data and empirical strategy, before presenting in turn the results from time-series cross-sectional analysis and the micro-level data on instances of elite-led tax resistance. The last section concludes, and discusses the implications of these findings for research on the political ramifications of tax policy in non-democracies.

2 Existing research on elites and taxation under autocratic rule

Theories of tax bargaining in dictatorships

Studies of redistribution in a comparative perspective build on the common premise that regime type shapes the level and structure of taxation by defining social actors' distributive interests and influence over redistributive policy-making (Bueno de Mesquita et al. 2003; Genschel and Seelkopf 2016). In order to maintain themselves in office,

revenue-maximizing authoritarian leaders use their policy-making power to pay off their supporters and/or members of the opposition. Because autocracies rest on minority rule, the groups on which most rulers rely are first and foremost economic and political elites (Bueno de Mesquita et al. 2003; Geddes et al. 2018). Relations between rulers and elites are thus key to understanding fiscal policies and redistributive outcomes in dictatorships (Garfias 2018).

Because these groups have direct access to the higher spheres of power, these relations often take the form of negotiated processes – in other words, bargaining around fiscal and redistributive policies (North and Weingast 1989).[3] The canonical model by Bates and Lien (1985) posits that economic elites can secure policy concessions and access to power by threatening market defection. In particular, asset-owning elites can leverage the elasticity of their tax base to pressure the ruler into concessions. Scholars often use the degree of capital mobility or land concentration (Boix 2003; Freeman and Quinn 2012; Mares and Queralt 2015) to proxy for economic elites' bargaining power, with the idea that a higher concentration of mobile, taxable assets entails a greater bargaining power for the owners of said assets.[4] By contrast, groups who mainly own immobile capital such as land are less able to pressure the ruler into concessions, and may end up facing higher taxes on those immovable assets. This is especially the case if they do not have credible outside options other than supporting the ruler, for instance because of co-ethnicity, as shown by Kasara (2007) and Magiya (2022).

[3]By contrast, as I argue and show in the first paper, it is harder for poorer segments of the population, who are typically deprived of political power and resources, to resort to negotiation.

[4]These studies tend to show less concern for the specific leverage and interests of political elites such as members of the opposition in parliament and government. I address this gap more specifically in the third paper.

Fiscal policymaking, elite competition, and authoritarian survival

More recent theories of fiscal contractualism have emphasized that elites can constrain rulers through political channels as well as economic ones. Specifically, Timmons (2005) argues that "tax compliance itself serves as a means for regulating public authority because citizens can constrain states by withholding public revenue" (2005, p.534). When making credible commitments to competing economic and political interest groups – by giving them a say in policy-making or channelling benefits directly to them –, rulers ensure they do not have to rely on coercion alone, thereby reducing the cost and risks incurred in the process of revenue accumulation (Albertus, Fenner and Slater 2018; Thomson 2017). It follows that the more the ruler depends on the taxation of wealthy and/or powerful citizens for revenue, the more it is likely to cater to their interests.

Building on this, another strand of studies introduces distinctions based on strategic interactions within elite groups and between the elites and the autocrat to explain how state-society relations shape redistributive policies and outcomes in dictatorships. In particular, some scholars have underscored the role of competition between different elite groups for redistributive policy and political influence (Ansell and Samuels 2010, 2014; Beramendi, Dincecco and Rogers 2018; Eibl 2020; Emmenegger, Leemann and Walter 2021), and how survival-minded autocrats can take advantage of existing rivalries to consolidate their hold on power (Albertus 2015; Mares and Queralt 2015). Furthermore, capital mobility alone cannot explain tax policy, and considering the strategic interactions between interest groups and autocratic governments can offer valuable insights (Chen and Hollenbach 2022).

Overall, the focus has mainly been placed on economic considerations, with less

concern for the political ramifications of fiscal policy. In particular, elites disappointed with the ruler's tax choices may withdraw their support to the incumbent, or even turn to the challenger if such an option exists. In the case where asset-owning elites represent the main threat to the autocrat, the latter may rather lose some tax revenue than risk upsetting its core group of political supporters. As a result, revenue *and* power-maximizing rulers often sacrifice economic efficiency on the altar of revenue accumulation and survival in power. That being said, we know little about *how* ruler-elite relations shape fiscal policy-making and redistributive choices. Furthermore, there is a tendency in existing scholarship to consider taxation as *one* revenue-raising instrument. By contrast, I argue that there is much to learn by distinguishing between tax instruments based on the design and distributional features of different taxes – in particular, their incidence, salience, and pro/regressivity. I address these points and present my main argument in the following section.

3 Rethinking autocratic tax bargaining and its consequences for regime stability

Political and economic elasticity of autocratic elites

Two types of factors determine elites' propensity to engage in fiscal bargaining with the ruler. The first are economic. Regime elites typically hold specific assets that confer them with bargaining power. This is in particular the case for mobile capital, which can easily be used as leverage to gain policy concessions (Bates and Lien 1985; Boix 2003; Freeman and Quinn 2012). Elites thus constitute a more elastic tax base than the rest of society, because they can credibly threaten to withdraw their economic support in the form of taxable revenue from these assets and contribution to economic growth,

which is key to the ruler's survival in office. As Timmons (2005) underscores, "[t]ax compliance itself serves as a means for regulating public authority because citizens can constrain states by withholding revenue." I argue that, because they concentrate mobile assets such as financial wealth and corporate income, elites are considerably better able than ordinary citizens to exert this pressure on revenue-maximizing rulers. I refer to this as *economic elasticity*.

Second come political factors: Elites are in a privileged position to exert constraints on the autocrat because they constitute in most cases the primary threat to the leader's rule (Meng 2020; Svolik 2012). Some elites enjoy a closeness to the ruler and direct access to their inner circle, which allows them to push for their interests. This is in particular true for elites who are from the same launching organization as the incumbent (Haber 2009; Magaloni 2008). Nonetheless, even elites who are not ideologically aligned with the ruler are in a better position than poorer segments of society to negotiate before a tax is introduced or raised, because they are endowed with financial and legal literacy. They are thus more informed overall, and better able to understand the ins and outs of fiscal policy and its consequences for their own economic position in society. When elites use this leverage to pressure the ruler by threatening to withdraw their support, I refer to this as *political elasticity*.

Thanks to this leverage, regime elites can thus exercise some level of control over public policy in general, and fiscal policy in particular. As Genschel, Lierse and Seelkopf (2016) underline, "[t]he best way to serve the interests of the elites is often by targeted discrimination and redistribution in their favor" (2016, p.294). Elites can focus their efforts on obtaining fiscal concessions, such as a favourable tax schedule, or the granting of targeted tax exemptions (Dharmapala and Hines 2009, p.1063). Under the *Ancien Régime* in pre-revolutionary France, the nobility, clergy, and the *bourgeoisie* in cities across the country were simply exempt from paying the *taille*, which was the main

direct tax at the time (Hincker 1971).

Concessions may also be political in nature: This is in line with Bates and Lien (1985)'s model, where some elites gain control over segments of public policy as a result of tax bargaining.[5] Talking about rational rulers, they contend that "[...] a variety of considerations, including the elasticity of the tax yield, made it necessary for them to bargain with those who possessed property rights over the moveable tax base and to share with them formal control over the conduct of public affairs" (Bates and Lien 1985, p.57). They thus allow for the economic elasticity of the tax base to influence the extent to which rulers have to engage in bargaining with specific groups. I add to this the notion that elites can be *politically* elastic: Even if they don't own mobile assets key to revenue generation, they can threaten to withdraw their support to the ruler, and thereby attract policy concessions in their favour.

Conditions for fiscal bargaining under autocratic rule

Such bargaining is not always and everywhere equally feasible: Whether taxation helps or undermines autocratic rule ultimately hinges on the nature of the process which leads up to tax introductions and reforms (Moore 2004). Bargaining should be easier where there are small and well-identified elite groups, constituted as organized interests, who possess the financial and legal literacy necessary for bargaining, and who can exert leverage over the ruler by waging threats to withdraw their political or economic support to the incumbent. I thus identify two scope conditions for fiscal bargaining to influence elite support for the regime.

First, the regime's degree of reliance on elites should be factored in. I expect that autocratic governments are keener on engaging in tax bargaining around direct taxes,

[5]Both elements are sometimes intertwined: Such is the case, for instance, where voting rights and tax liability are explicitly related. Elites may then use their internal knowledge of the legal ramifications of fiscal policies to safeguard their political rights while maximizing their economic gains, as Mares and Queralt (2020) show was the case with the 1893 reform in Prussia.

the more they rely on those citizens whose assets they wish to tax for the continuation of their rule. Indeed, the more the incumbent relies on elites for revenue extraction and regime continuation, the more leverage elites can exert on the ruler by threatening defection (Bates and Lien 1985). It follows that the degree of elite dominance in the regime apparatus influences redistributive outcomes such as the degree of progressivity of taxation and social spending (Albertus and Menaldo 2014; Genschel, Lierse and Seelkopf 2016). The logic behind this argument is similar to that of Dodlova and Lucas (2020), who distinguish between autocrats based on the nature of the threats to regime security. According to them, when autocrats are threatened by elites – for instance, the morning after a coup attempt –, they will adopt tax policies that favour those elites, and weigh disproportionately more on the masses.[6] This contrasts with cases where regime's main support groups are middle and lower classes – as for instance in some party-based regimes like Mexico under the Partido Revolucionario Institucional (PRI), and in regimes that rely heavily on public bureaucrats like Singapore under the rule of the People's Action Party (PAP). In those cases, the ruler should be more tempted to cater to the interests of these groups as the threat of mass rebellion is relatively more important. In other words – and although most autocracies depend on minority support – a more binding "revolution constraint" entails that elites should be less able to pressure the ruler into granting them favourable fiscal deals (Acemoglu and Robinson 2005, p.120).

Second, such bargaining should take place primarily around those taxes that weigh disproportionately on elite groups in society. Following standard incidence assumptions, I argue that this is generally the case for direct taxes, as these groups concentrate

[6]An important distinction between my argument and that of Dodlova and Lucas (2020) is that they view personal income taxation as weighing mostly on the masses. By contrast, I follow standard incidence assumptions, and consider it to be a burden on wealthier segments in society – though less so than taxes on corporate income and inheritances, as detailed below. However, like them, I consider that the burden of land/property taxes falls mostly on elites.

taxable personal and corporate income, as well as wealth in most of its forms (Timmons 2010). I highlight two features of direct taxes which make them especially likely to be the object of negotiations: Their salience and their incidence. First, direct taxes such as those levied on property and inheritances enjoy a relatively low public scrutiny: Those that do pay them are highly aware of it, but those that are not liable – because they do not own (enough) taxable assets such as income and wealth – can be oblivious to it. This means that those negotiations can happen away from public scrutiny, behind closed doors. This is especially relevant given the secrecy that characterizes autocratic polities (Barros 2016). Second, because of their design, direct taxes tend to be more narrowly targeted. This is especially the case for taxes on income from corporations, as well as taxes on specific forms of wealth, such as land and inherited assets. The latter fall disproportionately on those who concentrate those assets, who are typically the richest and better-connected segments of society.

Elites who are granted targeted policy concessions – in the form of advantageous fiscal design and exemptions, or more political rights and power – should thus become more supportive of the incumbent as a result. This, in turn, makes for more stable regimes at the aggregate level, as I explain in the next section. To summarize, the mechanism which results in the politicization of tax policy through tax bargaining at the top of the regime is the following:

Asset-specific taxation + political/economic elasticity of the tax base

$\downarrow$ (1)

bargaining & policy concessions

$\downarrow$ (2)

increased elite support and regime stability

where (1) is moderated by the degree of the autocrat's reliance on elites.

Tax introductions as critical junctures

Before turning to the testable implications of the above argument, I proceed to motivate my subsequent focus on tax introductions – rather than tax reforms more generally. This makes sense from a theoretical standpoint: Because tax introductions are rare and "sticky" events, tax policy usually exhibits high levels of path dependency (Seelkopf et al. 2019). Bargaining is thus especially relevant at the time of introduction, as elites have a limited window to negotiate in their best interest. If they fail to do so at the time, it may be much more difficult to obtain concessions later on. Empirically indeed, tax repeals are very rare. In other words, elites' leverage is never as high as it is right before a given tax is introduced for the first time.

Similarly, for the government, tax introductions come at some risk. The introduction of a new tax is "usually quite a public event" (Levi 1988, p.49). Because rulers only ever have imperfect information, and due to the commitment problems inherent to autocratic politics, deciding to introduce or increase a tax is always a gamble (North and Weingast 1989; Svolik 2012). In order to minimize the risks of discontented elites coalescing against them, rational incumbents therefore have an interest in gauging elites' motivations and estimating the price – economic or political – in exchange for which they are willing to accept this change. Here, as elsewhere in this thesis, I view tax introductions as critical junctures.[7] These events challenge the existing political-economic equilibrium. Because taxes necessarily weigh relatively more on some groups than on others, and because they are highly salient policy issues, they easily become a point of focus in grievances.

An key element on which to reflect is which tax introductions actually happen,

[7]Following Capoccia (2016), critical junctures are "situations of uncertainty in which decisions of important actors are causally decisive for the selection of one path of institutional development over other possible path" (2016, p.1).

and which ones do not. The argument is twofold. First, it is possible that some tax adoption proposals may not even be tabled precisely because the ruler knows that they will upset certain elite groups, and generate instability. In that case, a rational ruler eager to consolidate their hold on power may not want to risk it, and will prefer to find other sources of revenue. Second, there may be attempts at direct tax introductions that do not go through because elites are opposed to it and express their discontent with the autocrat's policy, for instance through legal challenges or calls to boycott, or via more radical forms of contention. In that case, some tax adoptions may be aborted because they trigger political frictions with elites that may later on engender regime instability. The ruler, knowing that elites are the primary threat to their rule, will then backtrack rather than risk widespread instability (Svolik 2012).[8] In both cases, the upshot is that no tax introduction is observed.

This does not constitute a threat to my proposed mechanism, which centers on bargaining around the introduction of direct taxes. Rather, it is an invitation to reflect on the scope of the argument, and on what the zeroes in the data capture.[9] Based on the premise that rulers are rational and seek to maximize both revenue and power, I expect them to attempt to introduce a direct tax only if they believe that the gamble will work out to their advantage. Once the process starts, elites mobilize in a defense of their interests, and support for the ruler then evolves with this bargaining process. Nevertheless, precisely because it is a gamble in a low-information environment and that both sides know that negotiations are an option, this process is not entirely deterministic. I detail the empirical implications of this argument in the next section.

[8]For example, in Kenya in 1998, the government announced the introduction of a tax on low-interest loans. The whole private banking sector mobilized, with unions calling for a general strike against the tax. Ultimately, the government was forced to announce a deferral of the proposed tax before parliamentary examination.

[9]Specifically, "zero" direct tax introduction in a given year may mean that no tax adoption was attempted, or that one was attempted but did not go through.

Consequences for regime support and stability: Testable implications

As previously mentioned, fiscal bargaining under autocratic rule is not regulated by representative institutions ensuring the representation of a majority of taxpayers' interests. It is therefore difficult to observe empirically, as it typically happens behind the scenes, in environments characterized by low levels of transparency (Barros 2016). However, according to my argument, the condition for the implementation of such a fiscal policy is *ex ante* bargaining with the elites who bear the burden of the tax, and negotiate concessions in exchange for the new burden. Hence the observable implication at the aggregate level is that we should observe fewer elite-instigated challenges against the incumbent following direct tax introductions. This translates into the following main hypothesis:

> **Hypothesis 1 - Direct tax introductions and regime stability**: direct tax introductions are negatively associated with challenges from regime elites.

Moreover, the distributional features of direct taxes entails that I expect variation in the strength of the relationship between tax introductions and elite contestation depending on the type of direct tax under scrutiny. Specifically, my argument should be most compelling for those taxes which are most strongly concentrated on elite groups, as is the case for taxes on corporate income and personal wealth – including taxes on property, net wealth taxes, taxes on transactions, and inheritance taxes. It may not be as strong in the case of personal income taxes, which are levied on broader segments of society and, depending on the design of the tax, may not be as progressive as is oftentimes assumed.[10] I therefore test the following hypothesis to probe the mechanism:

[10]As I detail in the next section, in the empirical analysis, I am only able to distinguish between

Hypothesis 2 - Type of tax and regime stability: the relationship between a tax introduction on regime stability should be stronger for taxes on corporate income and personal wealth, and weaker for taxes on personal income.

Lastly, I do not expect this effect to be uniform across autocracies. Instead, fiscal bargaining at the top of the regime is more likely where economic and political elites are key to the ruler's survival in office, which grants them more leverage in the negotiations leading up to a change in fiscal policy affecting their economic position. By contrast, in regimes that heavily rely on other groups – such as lower and middle classes, or the military –, there should be less pressures on the ruler to concede better fiscal deals and control over policy to elites in exchange for direct tax compliance. As a result, I expect that:

Hypothesis 3 - Degree of elite reliance as moderator: the relationship between direct tax introductions on elite support for the regime should be stronger in autocracies where elites are the main support group.

4 Data and empirical methods

Measuring direct tax introductions

Data for the occurrence of a direct tax introduction in a given year comes from the Tax Introduction Dataset (TID thereafter, Seelkopf et al. 2019), which is the most comprehensive dataset of its kind. It contains information on the date of first permanent introduction of the six major revenue-raising taxes that are the Personal Income Tax,

personal income taxes, corporate income taxes, and inheritance taxes – which are the main direct revenue-raising tools used by modern states (Seelkopf et al. 2019).

Corporate Income Tax, Inheritance Tax, General Sales Tax, Value Added Tax, and Social Security Contributions. In my analysis, I focus on the first three, as they are most uncontroversially direct in nature. The TID covers 220 countries, including autocratic regimes, from 1750 to 2018, and is based largely on historical and legislative sources. The TID limits introductions to the first national-level permanent introduction of a tax. In the analysis, I look exclusively at *sovereign* tax introductions.[11] In total, the analysis includes 103 distinct direct tax introductions, of which 35 are PIT introductions, 49 are CIT and 18 are INH. I present further descriptive statistics, as well as a complete list of tax introductions by country and year in the data, in Appendix A.

Measuring elite contestation and regime instability

The main variable used to capture elite-instigated regime instability is a composite count variable constructed from the Cross-National Times-Series event data of Banks and Wilson (2015). The events listed are each linked to a specific text source form the *New York Times*. Though a number of issues come with relying on international newspaper coverage of events to investigate regime instability in dictatorships and less-advanced countries generally, CNTS remains one of the most widely-used data sources on domestic instability.[12] It presents the advantage of disaggregating domestic conflict events in categories that can easily be mapped onto the concept of elite-induced or non-elite-induced regime instability. Specifically, in the main empirical specification, I operationalize elite-related instability in any given year as the log of the number of reported government crises, assassinations, and purges.[13] I use a log transformation

[11]The TID also records instances where taxes are introduced under colonial rule or otherwise inherited from a previous state. As a consequence, regimes that are autocratic but introduced the main direct taxes under colonial rule are excluded from the analysis, as they do not meet the scope conditions of my study.

[12]It does not cover the Second World War period, from 1939 to 1945.

[13]Where government crises are "[a]ny rapidly developing situation that threatens to bring the downfall of the present regime - excluding situations of revolt aimed at such overthrow"; assassinations are "[a]ny politically motivated murder or attempted murder of a high government official or politician";

because the distribution of the variable is skewed. Descriptive statistics for this variable are presented in Appendix A. As an alternative measure of elite contestation of the regime, I use the occurrence of a successful coup (see Appendix B.2 for the corresponding results).[14]

Empirical specifications

To maximize coverage, the analysis covers the period from 1925 to 2015. The country-level analysis of the relationship between direct tax introductions and elite contestation consists of time-series cross-sectional models, estimated by OLS using the following equation:

$$Y_{i,t} = \varphi T_{i,t} + \beta X_{i,t} + \alpha_i + \lambda_t + \varepsilon_{i,t} \tag{1}$$

for $i = 1, ..., n$ countries and $t = 1, ..., T$ years, where the outcome denotes the intensity of elite regime contestation, $Y_{i,t}$, captured by the logged discrete count of the number of events in a given year. $T_{i,t}$ is the main independent variable, tax introduction, taking the value 0 in years without a direct tax introduction and 1 in years with a direct tax introduction, with data from the Seelkopf et al. (2019) dataset. $\varepsilon_{i,t}$ is the error term. The sample is restricted to autocracies, defined by the dichotomous indicator in Boix, Miller and Rosato (2012) in the main model.[15] I also estimate the same model disaggregating by type of direct tax, where $T_{i,t}$ is a dummy variable for either the PIT, the CIT or the INH being introduced in that country-year – to investigate Hypothesis 2, which posits that the relationship may differ across direct taxes.

and purges are "[a]ny systematic elimination by jailing or execution of political opposition within the ranks of the regime or the opposition" (Banks and Wilson 2015).

[14] I use successful coups rather than all coup attempts or failed attempts because the latter two are more mixed categories of events which less obviously captures instances where elites strategically come together to overthrow the ruler.

[15] A replication of the results using the Democracy-Dictatorship index from Cheibub, Gandhi and Vreeland (2010), and extended by Bjørnskov and Rode (2019), is presented in Appendix E.

To probe the mechanism, and assess whether the relationship is stronger or weaker in regimes where elites are the ruler's core support group as suggested by Hypothesis 3, I also estimate the following model with OLS:

$$Y_{i,t} = \theta T_{i,t} \times E_{i,t} + \varphi T_{i,t} + \gamma E_{i,t} + \beta X_{i,t} + \alpha_i + \lambda_t + \varepsilon_{i,t} \tag{2}$$

for $i = 1, ..., n$ countries and $t = 1, ..., T$ years, where the outcome denotes the intensity of elite regime contestation, $Y_{i,t}$, captured by the logged discrete count of the number of events in a given year. $T_{i,t}$ is takes the value 0 in years without a direct tax introduction and 1 in years with a direct tax introduction, and $E_{i,t}$ is a dummy or categorical variable capturing whether elites are the main regime support group, with data from V-Dem (Coppedge et al. 2020).[16] θ captures the extent to which elite support moderates the relationship between direct tax introduction and regime instability. $\varepsilon_{i,t}$ is the error term.

The main models are estimated with OLS. Because the main outcome is a count variable, this may raise some concerns. I choose this specification mainly for ease of interpretation, and because the distribution of the outcome variable, once logged, does not look too far from normal. Furthermore, there is a high risk of count correlation, since more instability in a given year is likely correlated with more instability the following year(s). Still, I estimate the same models with a Poisson estimator, and present the results in Appendix B.1 and Appendix D.2.

I also take several steps to address endogeneity concerns. First, all models include both country fixed effects, α_i, and a full set of year dummies, λ_t. This is key for identifying the relationship of interest, since autocracies with a history of instability

[16] I run two specifications: One with a dummy variable for Elite v. Non-elite core regime support group, and one with a categorical variable disaggregating further between the different values that the variable "Main regime support group" can take. Appendix F.1 explains this in further detail.

(e.g. Argentina) are likely different from generally stable countries (e.g. Singapore) along a range of unobservable confounding characteristics – such as political culture and historical legacies. By including country fixed effects in the models, I eliminate the variation that stems from such country-specific, time-invariant factors. Meanwhile, I include year dummies to control for common yearly shocks such as the oil crises in the 1970s, and the fall of the Soviet Union in 1991. However, this means that I focus on a potentially small remaining variation in the outcome. I present results of the same specification without year fixed effects but with a simple time trend instead in Appendix C.2.

Second, I include a set of relevant control variables in $X_{i,t}$, which represents a $k \times 1$ vector of all control variables, lagged by one year. I include the most important confounders, without inducing risks of post-estimation biases. In particular, to account for state capacity, I control for income per capita measured as the log of GDP per capita from the Maddison Project Database (Bolt et al. 2018), and include as control a count of all past inter-state wars (Center for Systemic Peace 2018). Because resource-rich states may differ from non-rentier regimes in both their need for tax revenue and the level of reliance on elites, I control for the log of oil income per capita from Ross and Mahdavi (2015). Lastly, I include the proportion of urban population from Coppedge et al. (2020), as it is known to affect both fiscal policy and state-society relations (Menaldo 2016; Wallace 2013).

Third, I present models where the dependent variable lagged by one year is included as control. This more restrictive model controls for previous trends and developments in regime instability leading up to the time when the tax is introduced. This addresses potential reverse causality as it accounts for developments in stability at the top of the regime before any given year, with or without a tax introduction. In this context, reverse causality would entail that direct tax introductions result from instability at

the top of the regime. This would for instance be the case if a ruler introduces a tax in response to or to quash elite challenges – a mechanism I deem possible but unlikely to be systematic given that tax introductions are rare and "sticky".[17] The next section presents the results.

5 Results

Main results

Table 1 below shows the results of the main model, which estimates the relationship between direct tax introductions and elite-related regime instability. I find an estimated coefficient that is negative and statistically significant at least at the 5% level across the specifications. This implies that on average and all other things equal, direct tax adoptions are associated with an observed decrease in elite-related instability of 11 to 19% occurring the next year – which arguably represents a substantial decrease.[18] The effect nearly doubles when including the vector of controls, which suggests the presence of suppression effects (Lenz and Sahn 2021). Nevertheless, the sign remains the same and the estimate is statistically significant at the 5% level when no controls are included. To guard against model misspecification and assess the robustness of these results, I perform a sensitivity analysis, following the framework laid out in Cinelli and Hazlett (2020). Results are presented in Appendix C.3.

These main results are robust to a number of alternative specifications and checks. In particular, I run the same models using a Poisson estimator to account for the count nature of the dependent variable. Results are unchanged in direction and statistical

[17] In Appendix B.3, I also present results where the dependent variable and main independent variable are contemporaneous, and find no effect.

[18] As the dependent variable is logged but the independent variables are not, I apply the following formula to get this figure: Effect in $\% = (\exp(coefficient) - 1) \times 100$

	No controls	All controls	Lagged DV and controls
Direct tax adoption	-0.12^{**}	-0.21^{***}	-0.21^{***}
	(0.04)	(0.06)	(0.06)
GDP per capita (log)		-0.08	-0.05
		(0.07)	(0.05)
Oil income per capita (log)		-0.05^{*}	-0.04^{*}
		(0.03)	(0.02)
Past years with wars (count)		-0.05^{***}	-0.04^{***}
		(0.01)	(0.01)
Urban population (%)		-0.05	0.01
		(0.16)	(0.12)
Regime instability in t-1			0.26^{***}
			(0.03)
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Num. obs.	3439	1911	1895
R^2 (full model)	0.25	0.27	0.32
R^2 (proj model)	0.00	0.03	0.09

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table 1: Direct tax introductions and regime instability

significance, as shown in Appendix B.1. I also estimate the main model by OLS with an alternative measure of elite-related regime instability, taking the occurrence of a successful coup as outcome variable.[19] Results remain unchanged in direction and statistical significance, as shown in Appendix B.2. I also use an alternative measure for resource reliance, taking total income per capita instead of oil income, with similar results (see Appendix C.1). To ensure that results are not driven by conjonctural economic conditions – and in particular economic crises – which could influence both fiscal policy and elite support for the incumbent, I also replace GDP per capita with GDP growth, and find similar results in Appendix C.1. In addition, Appendix C.2 presents the results of the estimation of the same models by OLS with country fixed effects and clustered standard errors but without year fixed effects – with very little change in the results. Lastly, varying the time windows confirms that the change is felt

[19]Data on coups is from Powell and Thyne (2011).

right after the tax is introduced – not right before nor at t+2 after the introduction – which grants further support to my argument, as exhibited in Appendix B.3.

This leads me to probe the mechanism whereby it is *ex ante* ruler-elite bargaining which results in overall increased stability. I do so in two ways: First, I disaggregate the results by type of direct tax, and second, I test whether the degree of elite support moderates the relationship between direct tax introductions and instability.

Disaggregating by type of tax

First, I run the same models for each type of direct tax introduction separately. Results are shown in Figure 1 below, and the full table is reported in Appendix D.[20] I find that the negative relationship between introduction and elite-related instability holds for inheritance taxes and corporate income taxes, but fails to reach statistical significance for the personal income tax.[21] This confirms the expectations formulated in Hypothesis 2.

Corporate income taxes are a very important revenue-raising tool, which very few countries have not yet implemented. As Genschel and Seelkopf (2016) underline, "[e]specially in poor countries with large informal sectors and limited administrative capacity, big companies constitute a rare source of reliable tax revenue" (2016, pp.325-326). However, the economic interests heading such companies are often very powerful, and can therefore credibly threaten to move their capital and withdraw valuable taxable revenue from the government, in a logic similar to Boix (2003). Looking at how political institutions affect corporate income tax rates, Genschel, Lierse and Seelkopf (2016) find that in autocracies specifically, the schedule reflects the fiscal contract between the

[20] Again, I also estimate this relationship with a Poisson model, and results remain similar in terms of the direction and statistical significance of the estimated coefficients. Results are reported in Appendix D.2.

[21] The coefficient for inheritance tax introductions is less precisely estimated, which partly stems from the fact that there are fewer introductions of this kind in the sample.

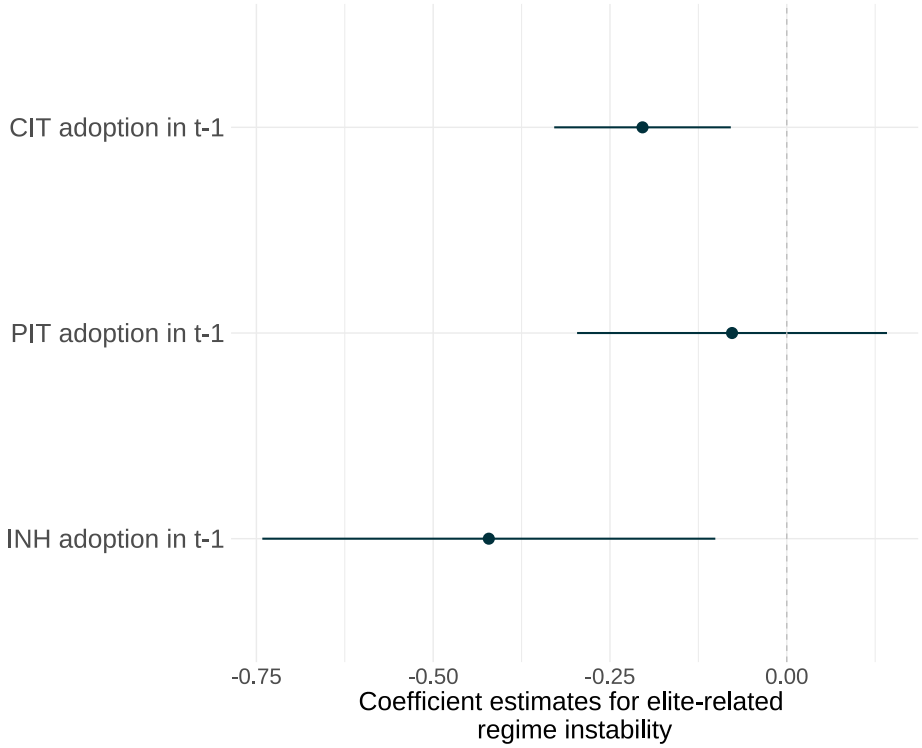


Figure 1: Disaggregating the effect of introduction on regime instability by type of direct tax (95% confidence intervals)

incumbent and domestic elites – where the dictator uses selective tax incentives to buy off support. Corporate taxes target new, emerging elites, who may have relatively less bargaining power than the old, landed elites who pay most of the burden of inheritance taxation.

Inheritances taxes, on the other hand, exhibit the largest – though least precisely estimated – relationship to regime instability "from the top". This makes sense if we think of inheritance taxes as targeting the most narrow segment of society which concentrate wealth in the form of property and other financial and non-financial assets. These are typically old/landed elites, with strong ties to the state apparatus, and the means to exert political pressures on the ruler in addition to economic ones. On the other hand, such taxes may remain attractive to the ruler because they typically require less administrative capacity than taxes on income, while having the potential to raise revenue

quickly. To this day, very little research has explored the origins and consequences of wealth taxation specifically in non-democracies.[22] These findings suggest that wealth taxation may shape ruler-elite relations in specific ways.

Lastly, the absence of a significant coefficient for PIT introductions could be due to the fact that personal income taxes exhibit a lot of variation across countries in terms of their design, mode of collection, and revenue generation.[23] In particular, personal income taxes are not as targeted as corporate income and inheritance taxes, because the underlying taxable asset is more widespread across social groups. Depending on the design of the tax, personal income taxation may actually affect as much or even more relatively poorer and less politically empowered segments of society in some cases (Dodlova and Lucas 2020; Fjeldstad and Ole 2008). Personal income taxes are also generally more salient than other direct taxes, which makes them less well-suited to behind-closed-doors bargaining processes.

Influence of regime elites as moderator

I then turn to the last part of my argument, which posits that if the effect works through a bargaining channel. If that is indeed the case, then the relationship between direct tax introductions and regime stability should be stronger in regimes where the autocrat overwhelmingly relies on elite groups for their survival. I estimate equation (2) by OLS, using a binary variable for elite *versus* non-elite-based regimes, with data from V-Dem (Coppedge et al. 2020). The results, presented in Table 2, provide support for Hypothesis 3: In the year following a direct tax adoption, elite-based regimes see a stronger decrease in instability from the top than non-elite-based autocracies.[24]

[22] In their seminar study, Scheve and Stasavage (2012) do not focus on the role of political institutions, and the sample on which their empirical analysis is based only includes democracies.

[23] Genschel and Seelkopf (2016) talk about the "two worlds of personal income taxation" to refer to this considerable diversity.

[24] The full table is reported in Appendix F.2.

	Main regime support group: Elite v. non-elite
Direct tax adoption	0.98^{***}
	(0.12)
Elite-based regime	-0.01
	(0.07)
Direct tax adoption × Elite	-1.03^{***}
	(0.15)
Controls	Yes
Country FE	Yes
Year FE	Yes
Num. obs.	1110
R^2 (full model)	0.34
R^2 (proj model)	0.02

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table 2: Elite-based regimes, direct tax introductions and regime instability

I also run the same model with "Elite-based regime" entering as a categorical rather than binary variable, allowing for further distinctions in which group is the core support of the ruler. Figure 2 below shows the marginal effect for different regime support groups in years of direct tax introductions v. year without introduction.[25] In line with Hypothesis 3, I find that the difference in observed instability between years of direct tax introduction and years without introduction is negative and statistically significant for some elite-based regimes (those where business elites and ethnic or religious groups are the ruler's key supporters), while it is positive for non elite-based regimes supported by the middle and working classes. Because the number of observation drops quite a lot for some of these categories, these results should be interpreted with caution. Still, they corroborate the hypothesis that the effect works through an elite-bargaining channel.

To sum up, the findings from the time-series cross-sectional analysis provide robust evidence that the introduction of new direct taxes has a stabilizing effect and seemingly increases elite groups' support for the government. I also show that this effect is stronger

[25]The corresponding table is found in Appendix F.3.

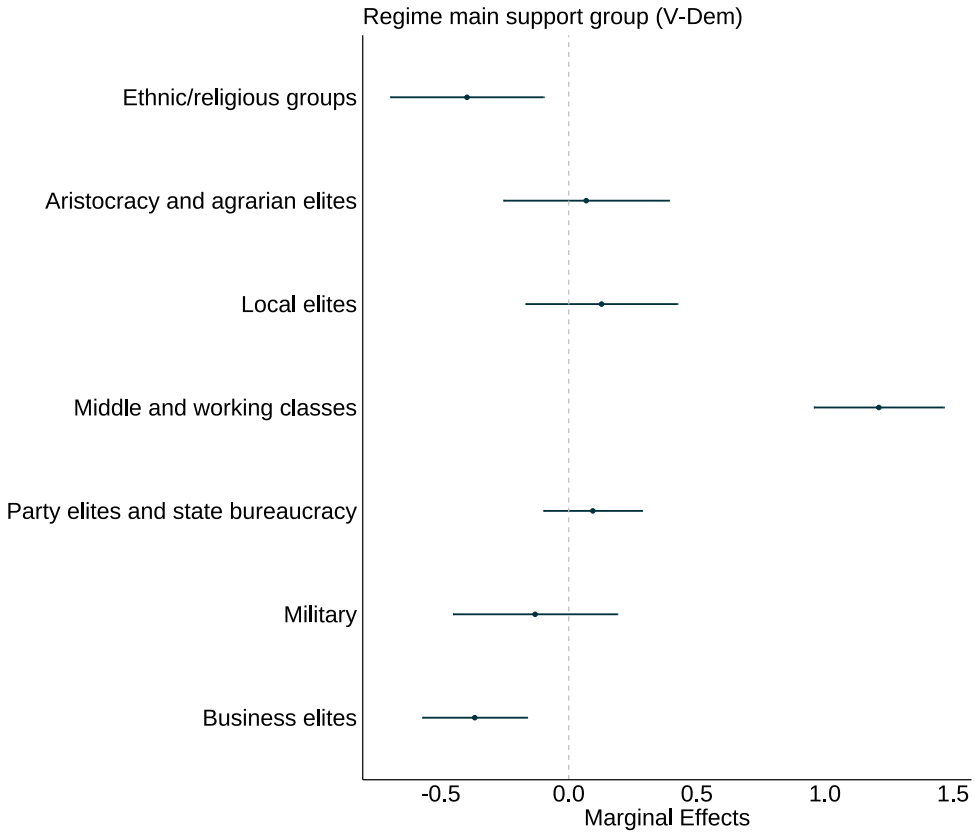


Figure 2: Core regime support group, direct tax introductions, and regime instability (95% confidence intervals)

in autocracies that rely on elites as the main support group of the regime, and differs across direct taxes.

6 Exploring cases of elite fiscal bargaining using *ProtesTax*

Lastly, to further shed light on the mechanism and grant credibility to my claim that the effect goes through bargaining between elites and the ruler, I examine detailed accounts of specific forms of elite resistance to taxation. The latter are recorded in *ProtesTax*, an original dataset of tax protest events which I collected, covering ten dictatorships in

Sub-Saharan Africa. The data, based on newspaper and other news reports, covers the period from 1985 to 2015, and is presented at length in the first article of this thesis. It contains micro-level information of events of popular resistance to taxation. Here, I use it to identify instances when political or economic elites actively attempt to use of their leverage over the government to influence fiscal policy-making to their advantage.

Although fiscal bargaining typically happens behind the scenes, I record several cases where there is evidence of bargaining between political or economic interest groups and the central government or the country's Revenue Authority. Specifically, I only consider those instances where the initiators of movement use means of "contained resistance" (McAdam, Tarrow and Tilly 2001) – such as threats, petitions and legal challenges – to object to the government's fiscal policy. As I argue in the first article of the thesis, these means of resistance are characteristic of political and economic elites, as they require economic leverage and higher levels of financial and legal literacy.

Turning first to situations where political elites express their discontent at specific tax policies, Table 3 below details selected instances.[26] Tellingly, political elites are reported to resort to informal pressures and threats of tax boycott to push their interests. This bargaining usually happens right after the announcement of a new tax or a hike in existing taxes: Elites then have a limited time window to convince the government to either backtrack, or grant them concessions in exchange for their compliance. Such bargaining also appears to happen at every level of government, from local politicians to members of Parliament and representatives of parties other than that of the ruler.

Political elites' bargaining can take several forms. On several instances, politicians from the opposition have threatened to encourage popular resistance through tax boycotts (Cameroon 1994; Uganda 2004 on two occasions; Uganda 2007). They thereby mobilize their support bases to defend their interests. In other cases, politicians are

[26]Note that most, but not all, instances involve direct taxes.

reported to have pressured the government through informal means in order for them to backtrack on planned tax increases (Tanzania 2008); and challenges to the government's fiscal policy are sometimes reported anonymously (Cameroon 2004). This is indicative of a process whereby bargaining between political elites and the highest levels of decision-making happens largely behind the scenes, as is often the case in the low-transparency environments that characterize autocratic regimes (Barros 2016).

Political elites are not a monolithic group with a single, well-defined set of interests. Instead, elites from inside the ruling coalition may have both different sets of means and objectives than those outside of the ruler's inner-circle. In one particular instance, in Cameroon in 2004, an MP from President Biya's own CDPM party was reported to have explicitly challenged the government regarding an increase in income tax not being accompanied by increases in salaries for those affected by the tax. By contrast, in Zimbabwe in 2009, it is a group of MPs from the opposition who filed a petition against the government's plan to introduce a capital gains tax. This shows how political elites across the political spectrum may resort to tax bargaining to push for their interests. In the last paper of thesis, I investigate how power-sharing across party lines affects fiscal and redistributive policies and outcomes in autocracies.

Country	Year	Tax protested	Elite group	Target	Event description
Cameroon	1994	tax on trade	SDF party	Central government	SDF chairman urges traders not to pay taxes.
Cameroon	2004	income tax, other taxes	CPDM party	Central government	A CPDM MP reports anonymously having asked the Finance minister why it increased taxes without increasing salaries accordingly.
Uganda	2004	several taxes	Local government	Central government	Local councils protest sub-counties' tax revenue allocation and threaten tax boycott.
Uganda	2004	several taxes	Local politician	Central government	Local councils threatens to resign and threats of tax boycott against central government.
Uganda	2005	tax on computers	Local MP	Central government	MP stages a sit-in at an airport against tax on computers.
Uganda	2007	local services tax	MPs	Central government	MPs oppose the local services tax and threaten strike; results in march the following year.
Tanzania	2008	direct and indirect local taxes on farmers	MPs	Central government	Parliamentary committee said to pressure the government.
Zimbabwe	1999	capital gains tax	MPs	Central government	Opposition MPs file a petition against capital gains tax.

Table 3: Examples of instances of negotiation between political elite groups and the government

Lastly, I analyze accounts of resistance to taxation led by economic elites. Table 4 presents instances where tax bargaining was initiated by economically powerful and well-off groups. Interestingly, in the majority of the instances, representatives of such interest groups resort to petitions and legal challenges, either directly to the government or to the country's Revenue Authority, to express their objection to the incumbent's fiscal policy. Challenges most often come from federations and other associations representing business interests in given sectors – such as tourism, telecommunications, natural resources, and banking.

This suggests that a precondition for fiscal bargaining is that economic elites are sufficiently well-organized to be able to collectively push for their interests, in particular in sectors that are key to the country's economic growth. This indicates that the relationship between taxation and political contention may be conditional on economic and labour market structures, something which I also underscore in the first thesis article. In cases when the complaint actually goes to the Revenue Authority's court – which makes up almost 20% of all cases recorded in *ProtesTax* –, this can be followed by a ruling in favour of either side. The fact that these odds are not more tilted in favour of the government further demonstrates the real bargaining power of economic elites when it comes to fiscal decision-making.

Thus, if tax protests rarely succeed, as my findings from the first paper of the thesis suggest, the same does not go for tax resistance from the more well-off and connected segments of the regime. Instead, the latter are able to use their influence over the incumbent to negotiate more advantageous fiscal deals. Taxation – and direct taxation in particular – are thus conducive to selective representation: Only those groups that are politically and/or economically elastic effectively achieve the protection of their interests through fiscal policy.

Country	Year	Tax protested	Elite group	Target	Event description
Kenya	2001	airport taxes	Kenya Tourism Federation, other key actors in tourism industry	Central government	Federation and associations issue statement condemning the government's move and demanding grace period.
Tanzania	2007	tax on revenues in energy sector	Confederation of Tanzania Industries, business community	Energy and Water Utilities Regulatory Authority, Central government	Banks, telecom companies and consumer lobby group file petitions against new tax on money transfers, and win against the TRA.
Tanzania	2013	tax on money transfers	Banks and telecommu-nications company	Tanzania Revenue Authority	Banks and telecom groups file petitions against new tax on money transfers, and win against the TRA.
Tanzania	2013	telecom tax	Mobile Operators Association of Tanzania	Central government	Mobile operators against imposition of sim card tax, government engages in talks with executives. Ends in compromise.
Uganda	2002	withholding tax on dividends	Rwenzori Highlands Tea Company Limited	Uganda Revenue Authority	Tea corporation challenges the URA, and loses.
Uganda	2013	tax on land transactions	Uganda Real Estate Developers Association	Uganda Revenue Authority	Land dealers file a petition against "illegal" tax, and lose.

Table 4: Examples of instances of negotiation between economic elite groups and the government

7 Conclusion and discussion

This paper challenges the view that the global growth in taxation – and, in particular, direct taxation targeting assets such as income and wealth – goes hand in hand with increases in popular representation. I revisit existing theories of fiscal bargaining under authoritarian rule, and propose an argument centered on the role played by elites in the determination of fiscal policy, and the continuation of the autocrat's rule. I use a mix of cross-national and micro-level evidence to show that autocratic elites use their political and economic leverage to negotiate policy concessions in exchange for tax compliance. Such bargaining primarily takes place around direct taxes with targeted incidence, which mostly weigh on elites; and the effect is stronger in regimes where the autocrat relies primarily on elites for the continuation of their rule. As a result of this bargaining, elites' support for the incumbent increases, and so does regime stability: There are significantly fewer challenges to autocratic rule in the year following the introduction of new direct taxes, especially corporate income taxes and inheritance taxes. Direct taxation thus leads to selective representation in non-democracies.

Factoring in ruler-elites relations and the weight of elite preferences in fiscal policy-making allows to understand how seemingly redistributive policies, such as the introduction of modern direct taxes, can further entrench autocratic rule. While Albertus, Fenner and Slater (2018) identify a logic whereby autocratic redistribution entrenches poor segments of the population in a relation of dependence to the state, I shift the focus to the wealthier, well-connected segments of society with whom the ruler has no choice but to engage. These findings, in turn, have implications for expected socioeconomic outcomes following transitions out of autocracy. One may expect a logic similar to that identified by Albertus and Menaldo (2014) in transitions where elites exert and retain a considerable influence: Because the emerging democratic institutions will be

elite-biased, the policies that emerge will not be income- nor wealth-equalizing. My findings suggest that this is compounded by fiscal policy-making processes even *before* any transition takes place.

The finding that elites negotiate policy concessions in exchange for tax compliance, and that the effect varies across types of taxes and types of elite groups, also opens fruitful avenues for research. In particular, one could delve further into the other ways in which elites may pressure the ruler into granting them advantageous tax regimes, for instance by leveraging their role as public goods providers through philanthropy (Cansunar 2021), or threatening to stop performing their duties as tax collectors and enforcers at the local level (Magiya 2022). Another way forward would be to theorize further on the role that tax progressivity may play in defining elites' interests and in shaping their response to changes in fiscal policy. While there is currently no global data on tax progressivity allowing for meaningful cross-national comparisons – especially for less developed, non-democratic regimes –, it would be extremely interesting for future research to focus on whether and how the extent of tax progressivity moderates the relationship between taxation and levels of support for the regime.

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Appendix

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A Description of variables and coding choices

	Observations	Mean	Median	SD	Min	Max
Direxit tax adoptions (all)	4265	0.02	0.00	0.15	0.00	1.00
CIT adoption	3688	0.01	0.00	0.11	0.00	1.00
PIT adoption	3020	0.01	0.00	0.11	0.00	1.00
INH adoption	2064	0.01	0.00	0.09	0.00	1.00
Elite-related regime instability (CNTS)	5641	0.52	0.00	1.34	0.00	37.00
GDP per capita (log)	5620	8.04	7.83	1.01	4.90	12.30
Oil income per capita (log)	5593	1.79	0.00	2.73	0.00	11.27
Count of past wars	5339	0.68	0.00	2.24	0.00	19.00
Urban population (%)	4739	0.32	0.28	0.22	0.00	1.91

Table A5: Summary statistics of the main variables used in the analysis

Variable	**Source**	**Reference**
Direct tax adoption	Tax Introduction Dataset	Seelkopf et al. (2019)
Elite-related regime instability	Cross-National Time-Series Archive	Banks and Wilson (2015)
GDP per capita	V-Dem dataset	*Clio Infra* (2014)
Oil income per capita	Oil and gas data, 1932-2014	Ross and Mahdavi (2015)
Past wars	Major Episodes of Political Violence	Center for Systemic Peace (2018)
Urban population	World Development Indicators	

Table A6: Source for the main variables used in the analysis

Country	Tax(es) introduced and year of introduction
Afghanistan	PIT (1943); CIT (1943)
Angola	PIT (1981)
Argentina	PIT (1932); CIT (1943)
Armenia	PIT (1992); CIT (1992)
Bhutan	CIT (1982)
Bolivia	CIT (1927)
Brazil	CIT (1926)
Burkina Faso	CIT (2010)
Burundi	CIT (1963)
Chile	CIT (1925)
China	PIT (1936); INH (1939); CIT (1950)
Colombia	CIT (1927)
Costa Rica	PIT (1931)
Croatia	INH (1993); PIT (1994); CIT (1994)
Dominican Republic	INH (1938); PIT (1949); CIT (1949)
Ecuador	PIT (1925); CIT (1972)
Egypt	INH (1938); PIT (1939); CIT (1981)
El Salvador	CIT (1951)
Ethiopia	PIT (1944); CIT (1956)
Georgia	PIT (1992); CIT (1992)
Ghana	INH (1965)
Guatemala	CIT (1938)
Honduras	INH (1938); PIT (1949); CIT (1963)
Iran	PIT (1930); CIT (1930); INH (1937)
Iraq	INH (1959)
Japan	CIT (1940)
Kazakhstan	PIT (1992); CIT (1992)
Kenya	INH (1964)
South Korea	INH (1948)
Kyrgyzstan	PIT (1992)
Lebanon	PIT (1944); CIT (1980)
Liberia	PIT (1951)
Libya	CIT (1955)
Madagascar	CIT (1978)
Mexico	CIT (1964)
Morocco	INH (1958); CIT (1986); PIT (1989)
Mozambique	CIT (1978)
Nepal	PIT (1959); CIT (1986)
Nicaragua	PIT (1952); INH (1962); CIT (1974)
Oman	CIT (1981)
Panama	PIT (1934)
Paraguay	PIT (1943); INH (1953); CIT (1991)
Peru	PIT (1926); CIT (1968)
Romania	CIT (1990)
Samoa	CIT (1974)
Saudi Arabia	PIT (1950); CIT (1950)
Sudan	PIT (1964)
Syria	CIT (1949); INH (1952)
Taiwan	INH (1973)
Tajikistan	CIT (1991); PIT (1992)
Thailand	INH (1933); PIT (1934); CIT (1951)
Tunisia	CIT (1989)
Turkey	INH (1926); CIT (1949)
Turkmenistan	PIT (1991); CIT (1993)
Uzbekistan	PIT (1992); CIT (1992)
Venezuela	PIT (1942); CIT (1943)
Vietnam	CIT (1990); PIT (1991); INH (2009)
Yemen	CIT (1991)
Yugoslavia	CIT (1953); PIT (1957)

Table A7: List of tax introductions by country and year in the data

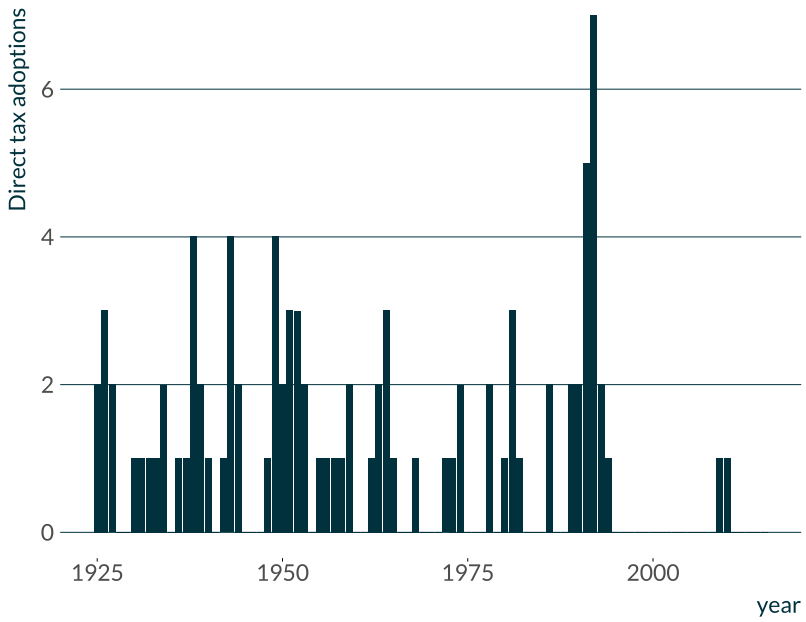


Figure A3: Distribution of direct tax adoptions over time

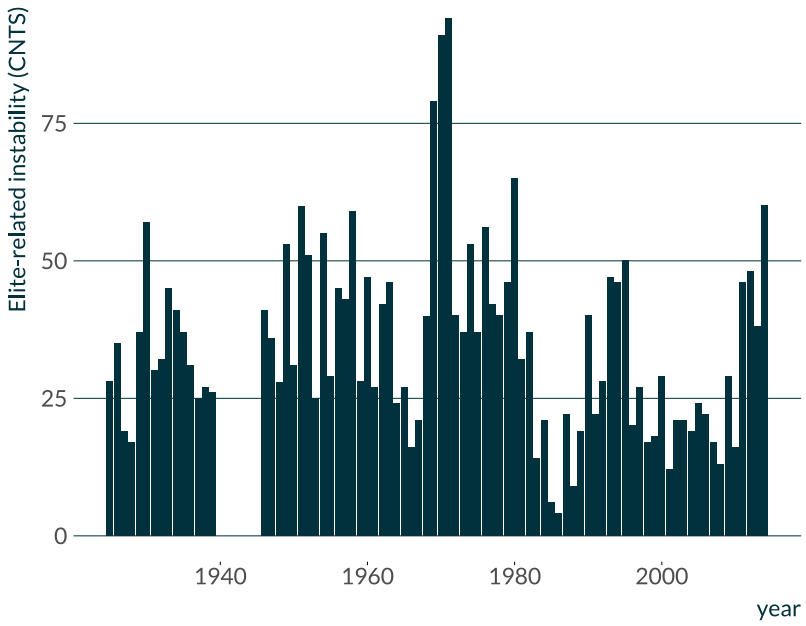


Figure A4: Distribution of elite-related instability (CNTS data) over time

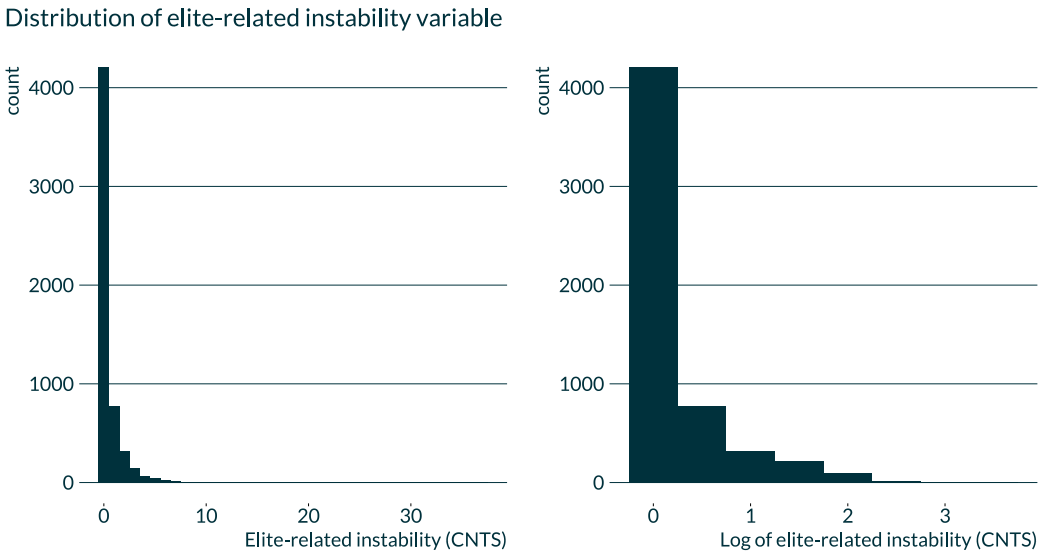


Figure A5: Distribution of the main outcome variable

B Alternative specifications – main model

B.1 Poisson model

Since the outcome variable is a count of events, it has restricted support, which may lead to problematic predicted values when the model is estimated with OLS. I therefore also estimate the relationship between direct tax introductions and elite-related instability using a Poisson model. I choose Poisson over negative binomial after testing for over-dispersion, and finding that there is no risk. Results, presented in table D16 below, are unchanged in terms of the direction and statistical significance of the estimated coefficients of interest.

Substantively, I find that, on average and all other things equal, country-years immediately following a direct tax introduction see 0.24 to 0.62 times fewer elite-related instability events than their tax-less counterparts.[27]

[27]For each estimated coefficient, its exponential is the rate ratio, that is the multiplicative increase or decrease in the rate of instability for observations following a direct adoption compared to observations without tax introduction..

	No controls	All controls	Lagged DV and controls
Direct tax adoption	-0.48^{*}	-1.35^{***}	-1.42^{***}
	(0.26)	(0.46)	(0.47)
GDP per capita (log)		-0.30	-0.18
		(0.27)	(0.22)
Oil income per capita (log)		-0.24^{**}	-0.17^{**}
		(0.09)	(0.08)
Past years with wars (count)		-0.12^{***}	-0.09^{***}
		(0.04)	(0.04)
Urban population (%)		-0.08	0.26
		(0.73)	(0.55)
Regime instability in t-1			0.56^{***}
			(0.09)
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Num. obs.	3334	1866	1851
Deviance	4582.61	2540.51	2371.76
Log Likelihood	-3646.69	-2031.80	-1938.01
Pseudo R^2	0.18	0.19	0.22

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a count, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table B8: Poisson models - Direct tax introductions and regime instability

B.2 Another measure of regime instability

In this appendix, I use as alternative measure of elite-induced regime instability the occurrence of a successful coup attempt. Coups are frequent events, particularly in autocracies, and they are the single most frequent way dictators are removed from power (Svolik 2012; Goemans, Gleditsch and Chiozza 2009). Importantly, coups originate from regime insiders – including the military, but also civilian elites. I use the coup data from Powell and Thyne (2011), which covers all coup attempts since 1950; and run the same models, using a dummy variable for the occurrence of a successful coup as dependent variable.

	No controls	All controls	Lagged DV and controls
DirexT tax adoption	-0.04^{***}	-0.05^{***}	-0.05^{***}
	(0.01)	(0.01)	(0.01)
GDP per capita (log)		0.01	0.00
		(0.02)	(0.02)
Oil income per capita (log)		-0.01	-0.01
		(0.01)	(0.01)
Past years with wars (count)		-0.00	-0.00
		(0.00)	(0.00)
Urban population (%)		-0.05	-0.04
		(0.05)	(0.05)
Regime instability in t-1			0.03
			(0.03)
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Num. obs.	3106	1992	1975
R^2 (full model)	0.09	0.10	0.10
R^2 (proj model)	0.00	0.00	0.00

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Dummy variable for the occurrence of a successful coup, from Powell and Thyne (2011). All covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table B9: Direct tax introductions and successful coups

Results are displayed in Table B9. Though the coefficient is smaller, it remains in the same direction and is still statistically significant ($p < 0.01$). The reduction in size could be explained by the fact that the coup data does not cover the period 1925-1950, which is included in the main models. Direct tax introductions significantly reduce

the likelihood that a successful power grab ousts the dictator the following year, which gives further credence to my main argument and findings.

B.3 Varying the time windows

In this appendix, I test for different time windows, allowing for lags and leads in the effect of tax introductions on regime stability. First, I look at the change in elite-related regime instability in the same year as the tax introduction, then two years after the tax introduction. The main estimated coefficient of interest is statistically insignificant in both cases, which implies that there is no contemporaneous effect nor any long-lasting effect of direct tax introductions. This is in line with my theoretical argument, which posits the existence of a small window for bargaining right before the introduction of a new tax on elites, with the effect on elites' support for the incumbent being felt most strongly right after the introduction. Nevertheless, it also shows that the posited effect of introductions on stability does not persist over time: Once the fiscal deal has been made, elites are no longer compelled to show their good will to the ruler by actively supporting him/her more.

	No controls	All controls	Lagged DV and controls
Direxit tax adoption	0.01	0.02	0.03
	(0.06)	(0.08)	(0.08)
GDP per capita (log)		−0.08	−0.05
		(0.07)	(0.05)
Oil income per capita (log)		−0.04	−0.03
		(0.03)	(0.02)
Past years with wars (count)		−0.05***	−0.04***
		(0.01)	(0.01)
Urban population (%)		−0.04	0.01
		(0.17)	(0.12)
Regime instability in t-1			0.26***
			(0.03)
Country and year FE	Yes	Yes	Yes
Num. obs.	3491	1911	1895
R^2 (full model)	0.25	0.27	0.32

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. DV: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015), in the current year. The number of events enters as a log, and all covariates except tax introduction are lagged by one year. SE clustered by country in parentheses.

Table B10: Direct tax introductions and regime instability - contemporaneous effects

	No controls	All controls	Lagged DV and controls
Direxst tax adoption	0.00	−0.02	0.02
	(0.06)	(0.05)	(0.05)
GDP per capita (log)		−0.08	−0.04
		(0.07)	(0.05)
Oil income per capita (log)		−0.04	−0.03
		(0.03)	(0.02)
Past years with wars (count)		−0.05***	−0.04***
		(0.01)	(0.01)
Urban population (%)		−0.04	0.01
		(0.17)	(0.12)
Regime instability in t-1			0.26***
			(0.03)
Country and year FE	Yes	Yes	Yes
Num. obs.	3377	1906	1890
R^2 (full model)	0.25	0.27	0.32

***$p < 0.01$; **$p < 0.05$; *$p < 0.1$. DV: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015), two years after the tax introduction. The number of events enters as a log, and all other covariates are lagged by one year. SE clustered by country in parentheses.

Table B11: Direct tax introductions and regime instability - effects at t+2

C Robustness checks

C.1 Robustness to other controls

	Total resource income	GDP growth
Direxit tax adoption	-0.20^{***}	-0.21^{***}
	(0.06)	(0.06)
Total resource income per capita (log)	-0.01	
	(0.03)	
Oil income per capita (log)		-0.15
		(0.18)
GDP growth (log)		-0.05^{**}
		(0.03)
GDP per capita (log)	-0.12	
	(0.08)	
Past years with wars (count)	-0.05^{***}	-0.04^{***}
	(0.01)	(0.01)
Urban population (%)	0.06	-0.08
	(0.15)	(0.15)
Country FE	Yes	Yes
Year FE	Yes	Yes
Num. obs.	1906	1893
R^2 (full model)	0.27	0.27
R^2 (proj model)	0.02	0.02

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table C12: Direct tax introductions and regime instability - alternative controls for GDP and resource income

C.2 Removing year fixed effects

	No controls	All controls	Lagged DV and controls
Direxst tax adoption	-0.10^{*}	-0.20^{***}	-0.20^{***}
	(0.05)	(0.05)	(0.06)
Time (year)	-0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)
GDP per capita (log)		-0.09	-0.05
		(0.07)	(0.05)
Oil income per capita (log)		-0.04^{*}	-0.03^{*}
		(0.02)	(0.02)
Past years with wars (count)		-0.04^{***}	-0.03^{***}
		(0.01)	(0.01)
Urban population (%)		-0.09	-0.04
		(0.12)	(0.08)
Regime instability in t-1			0.26^{***}
			(0.03)
Country FE	Yes	Yes	Yes
Year FE	No	No	No
R^2	0.19	0.22	0.28
Num. obs.	3439	1911	1895
N Clusters	84	71	70

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table C13: Direct tax introductions and regime instability – no year FE

C.3 Sensitivity analysis

Aiming at causal inference using observational data is challenging: It typically requires to adjust for observed covariates, while making the assumption that there are no unobserved confounders. This assumption is untestable, and rarely holds in practice. Though I am careful to discuss qualitatively the relevance of the controls included and provide several tests for the robustness of my findings to unobserved confounding elsewhere in the paper, I also conduct a quantitative analysis of the fragility of my estimates.

This appendix shows the results of a sensitivity analysis following the framework laid out in Cinelli and Hazlett (2020). They extend the omitted variable framework, and propose tools to assess and discuss quantitatively the reliability of causal estimates when there are potential challenges to the underlying assumption of no unobserved confounders. In other words, they allow me to evaluate the robustness of my findings to unobserved confounders. I implement this analysis in R using the package sensemakr, developed by the same authors. I estimate a model by OLS with the same dependent and independent variables as in the main specification, with year and country dummy variables, but where the standard errors are not clustered by country.[28] Results are reported below.

Outcome: *Elite-related regime instability*

Treatment:	Est.	S.E.	t-value	$R^2_{Y\sim D\|\mathbf{X}}$	$RV_{q=1}$	$RV_{q=1,\alpha=0.05}$
Direct tax adoption	-0.212	0.086	-2.475	0.3%	5.7%	1.2%
df = 1776				*Bound (1x Oil inc pc (log))*: $R^2_{Y\sim Z\|\mathbf{X},D} = 0.6\%$, $R^2_{D\sim Z\|\mathbf{X}} = 0.1\%$		

Table C14: Sensitivity analysis to unobserved confounding

The interpretation is as follows.

[28] The reason for this is that sensemakr does not take as input models estimated with fixed effects and clustered standard errors.

- The robustness value for bringing the point estimate of "Direct tax adoption" exactly to 0 ($RV_{q=1}$) is 5.7%. This means that only unobserved confounders that collectively explain 5.7% of the residual variance of both the treatment *and* the outcome are strong enough to explain away the observed effect.
- The robustness value for testing the null hypothesis that the coefficient of "Direct tax adoption" is 0 ($RV_{q=1,\alpha=0.05}$) is 1.2%. This entails that unobserved confounders that collectively explain 1.2% of the residual variance of both the treatment *and* the outcome are strong enough to bring the lower bound of the confidence interval to 0, at the chosen significance level of 95%.
- The partial R^2 of "Direct tax adoption" with "Elite-related regime instability" means that, in the extreme scenario where unobserved confounders collectively explain all of the left out variance in the outcome, the former would need to explain at least 0.3% of the residual variance of the treatment to fully explain away the observed effect.

Furthermore, given the nature of tax introductions, it is difficult to imagine that unobserved confounding would overall explain more of instability than what is explained by the observed variable oil income per capita. The lower-corner of the table provides bounds on a counfounding as strong as that variable, $R^2_{Y\sim Z|\mathbf{X},D} = 0.6\%$ and $R^2_{D\sim Z|\mathbf{X}} = 0.1\%$. Both of these are below the RV, which implies that confounders as strong as oil income are not sufficient to explain away the estimate. Lastly, the bound on $R^2_{D\sim Z|\mathbf{X}}$ is below the partial R^2 of the treatment with the outcome, $R^2_{Y\sim Z|\mathbf{X},D}$. According to Cinelli and Hazlett (2020), this means that even an extreme confounder that would explain all the residual variation in the outcome and be as strongly associated with direct tax introduction as oil income would not be enough to overturn the results.

D Tables for the model with each type of direct tax as main IV

D.1 Main specification - OLS model

	Inheritance Tax	Personal Income Tax	Corporate Income Tax
INH adoption	-0.42^{**}		
	(0.16)		
PIT adoption		-0.08	
		(0.11)	
CIT adoption			-0.20^{***}
			(0.06)
GDP per capita (log)	-0.07	-0.09	-0.11
	(0.11)	(0.09)	(0.09)
Oil income per capita (log)	-0.07^{*}	-0.10^{**}	-0.04
	(0.04)	(0.04)	(0.03)
Past years with wars (count)	-0.05^{**}	-0.05^{***}	-0.05^{***}
	(0.02)	(0.02)	(0.01)
Urban population (%)	0.05	0.41^{*}	-0.01
	(0.61)	(0.24)	(0.18)
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Num. obs.	991	1318	1616
R^2 (full model)	0.26	0.29	0.29
R^2 (proj model)	0.04	0.03	0.03

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table D15: Direct tax introductions by type of tax and regime instability

D.2 Alternative specification - Poisson model

	Inheritance Tax	Personal Income Tax	Corporate Income Tax
INH adoption	-13.80^{***}		
	(0.19)		
PIT adoption		-0.67	
		(1.16)	
CIT adoption			-1.22^{**}
			(0.53)
GDP per capita (log)	-0.37	-0.33	-0.45
	(0.37)	(0.36)	(0.34)
Oil income per capita (log)	-0.24^{**}	-0.37^{***}	-0.23^{**}
	(0.10)	(0.14)	(0.11)
Past years with wars (count)	-0.17^{***}	-0.11^{*}	-0.14^{***}
	(0.07)	(0.07)	(0.05)
Urban population (%)	-0.21	1.23	-0.05
	(1.47)	(1.37)	(0.74)
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Num. obs.	990	1302	1572
Deviance	1344.62	1865.56	2191.79
Log Likelihood	-1142.75	-1516.11	-1752.07
Pseudo R^2	0.15	0.19	0.20

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a count, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table D16: Poisson models - Direct tax introductions and regime instability

E Replicating the results with the D-D index

This Appendix replicates the main results of the paper with an alternative binary variable to identify autocratic regimes, using the Democracy-Dictatorship index of Cheibub, Gandhi and Vreeland (2010), extended to 2015 by Bjørnskov and Rode (2019). A caveat is that the data only starts in 1950, which means that it does not include a substantial number of tax introductions. Table E17 shows the results for the main model specification, while Figure E6 below displays the results for the model which considers each direct tax introduction separately as main independent variable. Results are overall unchanged in direction and statistical significance when considering the full specification with controls. Remaining discrepancies may be explained by the difference in time coverage.

	No controls	All controls	Lagged DV and controls
Direxst tax adoption	−0.08	−0.21***	−0.21***
	(0.06)	(0.06)	(0.06)
GDP per capita (log)		−0.03	−0.03
		(0.07)	(0.07)
Oil income per capita (log)		−0.04	−0.04
		(0.03)	(0.03)
Past years with wars (count)		−0.04***	−0.04***
		(0.01)	(0.01)
Urban population (%)		−0.05	−0.04
		(0.15)	(0.15)
Regime instability in t-1			0.08
			(0.08)
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Num. obs.	2605	1765	1765
R^2 (full model)	0.27	0.28	0.28
R^2 (proj model)	0.00	0.02	0.02

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table E17: Direct tax introductions and instability, DD democracy indicator

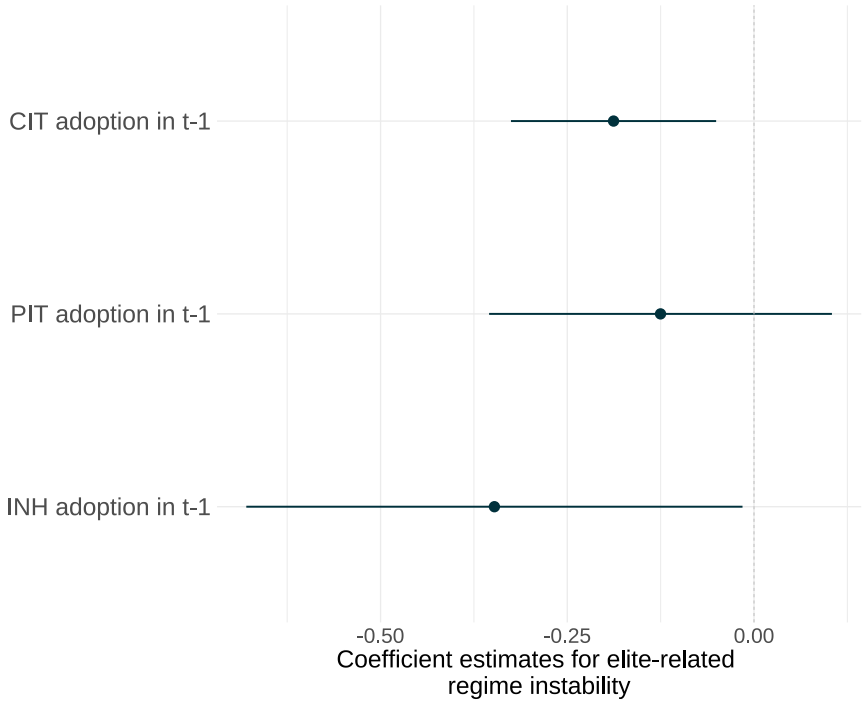


Figure E6: Disaggregating the effect of introduction on regime instability by type of direct tax (95% confidence intervals), DD democracy indicator

F Validation of the mechanism

F.1 Definition the regime's main support group

I use data from V-Dem (Coppedge et al. 2020) to identify whether an autocracy's main support base is made of elites groups. The variable v2regimpgroup codes the response to the following question:

> *Which (one) group does the current political regime rely on most strongly in order to maintain power? Do not code for years denoted as "interregnum" for the previous, pre-coded question on regime information. Clarification: Choose the group that, if it were to retract its support to the regime, would most endanger the regime (most strongly increase the chance that it loses power).*

It is thus a suitable, regime-specific measure of the degree of reliance of the ruler on elites, defined based on the level of threat emanating from the group, in line with Svolik (2012)'s view of authoritarian politics. For the sample, the values are:

Regime most important support group	*Observations*	*%*
Aristocracy	647	10,73
Agrarian elites	178	2,95
Party elites	1790	29,7
Business elites	203	3,36
State bureaucracy	136	2,26
Military	1742	28,9
Ethnic/racial group	179	2,97
Religious groups	158	2,63
Local elites	160	2,66
Urban working classes	135	2,24
Urban middle classes	73	1,21
Rural working classes	199	3,30
Rural middle classes	0	0
Foreign government/colonial power	426	7,07

Table F18: Summary statistics for v2regimgroup variable

For the binary definition of elite v. non-elite support group, I take the following

values to be elite: Aristocracy, agrarian elites, party elites, business elites, state bureaucracy, and local elites. The following are non-elite: Urban working classes, urban middle classes, rural working classes, and rural middle classes. The rest are coded as NA, since they are not easily assigned.

F.2 Table for the model with regime support group as binary variable (elite v. non-elite)

Table F19: Elite-based regimes, direct tax introductions and regime instability

	Elite v. non-elite main regime support group
Direct tax adoption	0.98^{***}
	(0.12)
Elite-based regime	-0.01
	(0.07)
Direct tax adoption × Elite	-1.03^{***}
	(0.15)
GDP per capita (log)	-0.17
	(0.11)
Oil income per capita (log)	-0.01
	(0.03)
Past years with wars (count)	-0.00
	(0.02)
Country FE	Yes
Year FE	Yes
Num. obs.	1110
R^2 (full model)	0.34
R^2 (proj model)	0.02

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

F.3 Table for the model with regime support group as categorical variable

	Main regime support group (V-Dem)
Direxst tax adoption	-0.13^{**}
	(0.05)
Business elites	0.22
	(0.15)
Military	-0.13
	(0.13)
Party elites and state bureaucracy	-0.13
	(0.13)
Middle and working classes	-0.12
	(0.15)
Local elites	0.13
	(0.23)
Aristocracy and agrarian elites	-0.36^{**}
	(0.14)
Ethnic/religious groups	0.09
	(0.17)
GDP per capita (log)	-0.11
	(0.07)
Oil income per capita (log)	-0.05^{*}
	(0.03)
Past years with wars (count)	-0.02
	(0.02)
Direct tax adoption x Business elites	-0.37^{***}
	(0.10)
Direct tax adoption x Military	-0.13
	(0.16)
Direct tax adoption x Party elites and state bureaucracy	0.09
	(0.10)
Direct tax adoption x Middle and working classes	1.21^{***}
	(0.13)
Direct tax adoption x Local elites	0.13
	(0.15)
Direct tax adoption x Aristocracy and agrarian elites	0.07
	(0.16)
Direct tax adoption x Ethnic/religious groups	-0.40^{**}
	(0.15)
Country FE	Yes
Year FE	Yes
Num. obs.	2132
R^2 (full model)	0.30
R^2 (proj model)	0.04

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: Elite-instigated regime instability in the form of government crises, assassinations, and purges from CNTS (Banks and Wilson 2015). The number of events enters as a log, and all covariates are lagged by one year. Standard errors clustered by country in parentheses.

Table F20: Regimes by main support group, direct tax introductions and regime instability

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Third Article

Multiparty Governments and Redistributive Politics in Autocracies

Abstract

This paper explores how political inclusiveness in autocracies shapes redistributive policy and outcomes. Building on research showing that coalitional dynamics influence the extent and structure of redistribution by shaping the interests of social actors and regulating their access to policy-making, I introduce a new measure of political inclusion in autocracies: The presence of multiple parties in government. I exploit fine-grained data on cabinet composition worldwide and measures of tax revenue and government spending to test two competing hypotheses: Political inclusion as a substitute to economic inclusion *versus* one as a complement to the other. Using time-series cross-sectional data and OLS models with country and year fixed effects, I find evidence of a substitution effect, with multiple parties in government being associated with less revenue from direct taxes. I further probe the mechanism by examining how the level of power-sharing in government influences redistribution, and find that higher power-sharing across party lines lowers direct tax revenue and welfare spending. These results challenge the common idea that increased political inclusion and broader economic redistribution go hand in hand in dictatorships.

1 Introduction

It is a well-known puzzle that, in spite of the conventional wisdom which equates democracy and redistribution of resources toward equality, some of the most redistributive regimes in the history of the world have been authoritarian (Albertus, Fenner and Slater 2018, p.1). Much research has thus strived to bring an answer to the question of "who is better" at taxation and redistribution between democracies and dictatorships (see, among others, Boix 2003; Kammas and Sarantides 2019; Mulligan, Gil and Sala-i Martin 2004; Profeta, Puglisi and Scabrosetti 2013). However, only recently has a renewed interest emerged for the question of whether and how autocratic regime types may also differ in their redistributive policy and outcomes.

Following an academic tradition born with the work of Wintrobe (1990, 1998) and Olson (1993), dictatorships have been primarily distinguished based on how inclusive they are. Inclusiveness theoretically varies on its political dimension – how many people or groups are included in the ruler's support coalition and enjoy political resources and power – and its economic dimension – how widely people or groups benefit from economic resources being channelled toward them (Bueno de Mesquita et al. 2003; Eibl 2020; Neundorf, Gerschewski and Olar 2020). However, the articulation of these two dimensions in existing works is often ambiguous. Recent studies have mainly explored how autocratic institutions shape income redistribution and government spending patterns, with a focus on electoral uncertainty and ruling party institutionalization (Pelke 2020; Rasmussen and Knutsen 2021). Nonetheless, decision-making in autocracies is rarely concentrated in electoral institutions. It lies instead in the hands of the group closest to the ruler: Cabinet ministers (Meng 2020).

I thus propose to shift the focus to the partisan composition of autocratic govern-

ments. Drawing on research which shows that the composition of the ruling coalition and the competition between different groups is key to explaining redistributive politics in dictatorships (Ansell and Samuels 2010; Genschel and Seelkopf 2016; Mesquita, Downs and Smith 2017), I make the case that the inclusion of parties other than that of the ruler in government reflects power-sharing dynamics that likely shape redistributive outcomes.

I introduce a new analytical category that can be used to measure political inclusion in dictatorships: Authoritarian Multiparty Governments (AMGs thereafter). An AMG is a government in which at least one party other than that of the ruler is represented. It therefore captures power-sharing in decision-making specifically better than measures of political inclusion that focus on voting rules and electoral institutions. Exploiting global data on cabinet composition from Nyrup and Bramwell (2020) for which I helped to code the party affiliation of individual ministers, I am able to further distinguish between AMGs depending on the degree of dominance exerted by the ruler's party through the allocation of cabinet positions.[1]

I use this new measure of political inclusion to test two competing hypotheses: Either political inclusion is a substitute to economic inclusion, which entails that the presence of multiple parties in government would result in less direct taxation and redistributive spending; or the two are complements, in which case one would expect more of one to mean more of the other.

Using global and disaggregated data on direct and indirect tax revenue from the ICTD (ICTD 2021), and data on government spending by category of expenditure from the GSRE (Richter and Lucas 2016), I find empirical support for the hypothesis that political inclusion acts as a substitute to economic inclusion. Authoritarian multi-

[1]I provided research assistance for the project, and focused on coding the party affiliation of cabinet members in French-speaking countries worldwide.

party governments extract less direct tax revenue than their single-party counterparts, which suggests that co-opted elites use their influence in government to short-circuit institutionalized means of redistribution, and pressure the ruler into decreasing the tax burden that weighs on them. By contrast, I find no such difference for indirect tax revenue.

I further probe the mechanism by testing whether the level of power-sharing between the ruling party and other parties in government affects redistributive outcomes. Using a Herfindahl-Hirschman index of power concentration weighted by the importance of the portfolios allocated to different parties in the cabinet, I find that higher levels of power-sharing are associated with lower levels of direct tax revenue and welfare spending. This further supports the idea that deeper political inclusion of former outsider elites does not favour broader redistribution through taxes and redistributive spending – to the contrary.

These findings contribute to a strand of research which argues that power-sharing in autocracies works not only through the adoption of nominally democratic institutions such as parliaments and elections, but also through the strategic inclusion of groups beyond the ruler's inner-circle of faithful supporters. The use of fine-grained and global data on the partisan composition of cabinets to model how coalitional dynamics affect redistributive policy-making at the highest levels of government supports the argument that the composition of the ruling coalition matters for public policy. I also contribute to research on inequality and redistribution in dictatorships by showing that increased political inclusiveness at the highest levels of the regime does not seemingly translate into broader economic inclusion through institutionalized channels of redistribution, which challenges existing views on the link between the two dimensions of inclusiveness in non-democracies.

The remainder of this paper proceeds as follows: I start by reviewing existing studies on redistributive policy in authoritarian regimes, before presenting my argument introducing a new measure of political inclusion in autocracies, which I then use to examine whether political inclusion and economic inclusion through redistributive policies are complements or substitutes. I present the results of the TSCS analysis, before testing the mechanism by using an original measure of power-sharing in autocratic governments. The last section concludes and discusses the implications of these findings.

2 Existing research on authoritarian institutions and redistribution

Autocratic regime type and redistribution

The question of whether dictatorships redistribute more than democracies has attracted a lot of scholarly attention. Reviewing the existing literature on the topic, Kammas and Sarantides (2019) start off by noting that "the empirical evidence concerning the effect on taxation appears to be mixed" (2019, p.2).[2] While some studies find a positive impact of democracy on the size of government revenue and/or the provision of public goods and transfers (Acemoglu et al. 2015; Ansell and Samuels 2010; Boix 2003), others fail to exhibit such a clear-cut relationship (Aidt and Jensen 2009, 2013; Garcia and Haldenwang 2016; Genschel and Seelkopf 2016; Knutsen and Rasmussen 2018; Mulligan, Gil and Sala-i Martin 2004; Profeta, Puglisi and Scabrosetti 2013). Others yet suggest that dictatorships may actually be better at *some* aspects of redistribution (Mulligan, Gil and Sala-i Martin 2010), and that dictators may favour overtly redistributive policies and spending right before elections (Han 2022).

[2]See in particular Table 1 in Kammas and Sarantides (2019) for a summary of the findings of recent studies, and the variables used to measure democracy and redistribution in existing research.

This paper builds on a related strand of research that explores, within the group of authoritarian states, the factors that inform taxation and redistributive policy.[3] Dictatorships are first and foremost differentiated on the basis of how *inclusive* they are. This distinction is at the core of the selectorate theory of Bueno de Mesquita et al. (2003), and serves as basis to many subsequent studies (Eibl 2020; Neundorf, Gerschewski and Olar 2020; Pelke 2020). Inclusive autocracies "rely on a broad support base" (Neundorf, Gerschewski and Olar 2020, p.1893) or "broad coalitions" (Eibl 2020). They grant access to political power and bestow economic resources to various societal segments, cutting across economic, social and ethno-religious boundaries. By contrast, exclusionary autocracies rely on "a narrow societal basis that excludes from power most social, religious, and ethnic groups", and "rely more on redistributing particularistic goods to members of the ruling elite" (Neundorf, Gerschewski and Olar 2020, p.1983).

In these theories, inclusiveness thus refers at once and indifferently to *economic inclusiveness* – or how widely rulers need to distribute resources in society in order to secure their hold on power – and *political inclusiveness* – or the extent to which leaders need the support of many individuals from different groups and thus incorporate them in their narrow coalition. Indeed, in the formal model underpinning the selectorate theory, the broadness of redistribution (in the form of public goods provision, as opposed to club goods supply) is a direct function of the size of the "winning coalition". The corollary is that more of one type of inclusion should go hand in hand with more of the other.[4] I challenge this assumption by putting forth the possibility of autocracies that are highly inclusive economically, yet very politically exclusionary (Mexico under the PRI), and vice versa (Lebanon after the civil war).

[3]Here as elsewhere in this thesis, I emphasize the relevance of distinguishing further between authoritarian regimes, moving beyond binary distinctions.

[4]While Neundorf, Gerschewski and Olar (2020) draw a theoretical distinction between economic inclusiveness and political inclusiveness, they ultimately only consider two ruling authoritarian strategies in their testable hypotheses and empirical strategy: Inclusive and exclusive.

How autocratic institutions shape redistributive politics

In this line, some studies have suggested that institutions may moderate the relationship between the political and economic dimensions of inclusiveness in autocracies. Andersson (2021) demonstrates that the personal income tax is more likely to be introduced as an investment in state capacity in autocracies with power-sharing institutions, where it can serve as a credible commitment device on the ruler's part; while Huber (2017) shows how economic inequality and ethnic diversity interact with levels of electoral competition to produce a range of redistributive policies and outcomes.

Building on the selectorate theory and the work of Rasmussen and Knutsen (2021) on party institutionalization and welfare states, Pelke (2020) presents an argument according to which the degree of electoral uncertainty moderates the effect of political inclusiveness and party institutionalization on income redistribution. He finds that more inclusive ruling coalitions have higher levels of income redistribution in competitive multiparty autocracies, but that the effect of party institutionalization is positive in closed autocracies, and non-existent in more competitive autocracies. These findings beg the question of whether the focus on electoral institutions is justified.[5] In particular, if what matters for redistributive policy is the composition of the ruling coalition and the conflicts that emerge between different elites involved in policy-making, then it is not obvious that suffrage rules and electoral competition in parliament are (the only) relevant measures of political inclusion in dictatorships (Eibl 2020). In what follows, I reflect on the concepts of political and economic inclusion under authoritarian rule, and propose an argument centered on effective power-sharing between the ruler and other elite groups in society, captured by the partisan composition of governments.

[5]The focus on electoral competition does make sense if one studies specifically the effect of authoritarian elections on fiscal policy (Pepinsky 2007*a*).

3 Rethinking political and economic inclusion in autocracies

Elite competition, political inclusion, and redistribution

In autocracies as in democracies, redistributive conflicts are shaped by the interests and goals of societal groups, including but not limited to the preservation of their respective wealth. As Ansell and Samuels (2014) argue and show, the core redistributive conflict in dictatorships may emerge between groups who hold different kinds of assets – such as old, landed elites *versus* modern, economic elites (Ansell and Samuels 2010, 2014). This competition between groups who are differentiated not only by their level of income, but also by their interest in fostering or not the continuation of the incumbent regime, then shapes redistributive incentives. The inclusion or exclusion of these elites from the ruling coalition in turn determines the likelihood of regime transitions and the overall level of redistribution (Albertus 2015).

However, in more contemporary regimes and outside of Europe, so-called "redistributive" theories of regime change have been shown to have limited explanatory power (Brautigam, Fjeldstad and Moore 2010; Centeno 2002); and not all regimes have known episodes of mass land redistribution. Consequently, not all societies can be neatly divided along the lines identified in Ansell and Samuels (2014) and Albertus (2015), and it is difficult to quantify how the respective power of these groups inform redistributive politics in a comparative perspective.

Although they put coalitional dynamics and elite splits at the core of their arguments, these theories leave aside a crucial segment of autocratic policy-making: The government itself. Top government officials, such as cabinet ministers, take an leave

part in decision-making, and are key to understanding the distribution of power between the ruler and regime elites more broadly (Meng 2020). In spite of this, studies that use the inclusionary nature of autocratic regimes on the political dimension as a relevant explanatory variable almost systematically focus on electoral competition, voting rules, institutional constraints and/or ruling party institutionalization (Pelke 2020; Rasmussen and Knutsen 2021). However, as Albertus underlines, a pre-requisite to large-scale redistribution in autocracies is for "those in *government* to have both the incentive and the capacity to implement redistribution" (Albertus 2015, p.15).[6] The strategic inclusion into government of individuals from political parties representing different segments of society thus regulates the access of these groups to redistributive policy-making, as well as the influence they exert over it.

Redistributive policy-making in autocracies

I expect the partisan composition of the government to shape redistributive politics in autocracies. Thereby, I extend to dictatorships the canonical public economics model which posits that, in equilibrium, democratic governments are forced by competition between parties to adjust the structure of the fiscal system to raise as much tax revenue as feasible with the smallest possible loss of support (Kenny and Winer 2006). The outcome may not be efficient from an economic standpoint, while being optimal from the viewpoing of a ruler who is both revenue *and* power-maximizing. As Genschel, Lierse and Seelkopf (2016) put it: "Depending on the structure of the winning coalition, efficient taxation may simply be politically unattractive for autocratic governments" (2016, p.296).

This is in line with the model developed by Mesquita, Downs and Smith (2017), who argue that both the size and composition of the "winning coalition" influence the

[6]Emphasis added.

level of income tax rates, and the progressive or regressive structure of the tax schedule. Specifically, they expect that when the winning coalition is made up of relatively low-income individuals, tax rates should be higher than when the typical member of the coalition has a high income. Size also matters, as larger coalitions encompass individuals from various income groups, and thus implies differentiated, progressive rates. This theory thus allows for heterogeneity in the winning coalition to influence the extent of redistribution. However, the practicality of the selectorate theory to identify the individuals who form part of the winning coalition has been disputed (Gallagher and Hanson 2015). Furthermore, this model limits the dimension along which members can be distinguished to income, which is insufficient to explain redistributive policy beyond income tax schedules.

Building on these approaches that emphasize power dynamics between regimes elites, I propose that political parties may be an important vector in shaping the latter, and that this is especially likely to be the case at the highest levels of government. Political parties are known to play a crucial role in the life of authoritarian regimes (see, among many others, Geddes 1999; Magaloni and Kricheli 2010). Research on authoritarian politics generally assumes that when there is a ruling party, it governs alone – in the sense that executive power is concentrated in the hands of the regime-sanctioned party (Geddes, Wright and Frantz 2014).

Looking beyond the ruling party, scholars have talked about "multiparty regimes" to designate those dictatorships in which the ruling party allows the creation of parties by opposition groups, who then participate in elections and sit in the legislature (Hadenius and Teorell 2007; Magaloni, Chu and Min 2013). Still, these definitions put the emphasis on formal rules and electoral competititon.[7] They are thus inadequate to capture

[7]In that respect, they are close to the concepts of "electoral democracies" (Diamond 2002; Linz 2000; Schedler 2002) and "competitive authoritarian" regimes (Howard and Roessler 2006; Levitsky and Way 2002).

political inclusion at the highest levels of decision-making in autocracies.

Introducing Authoritarian Multiparty Governments (AMGs) as a measure of political inclusion

Granting outsiders access to the government is generally seen as a risky and costly strategy for the ruler, as it opens alternative sources of revenue and influence which can then be used to challenge the incumbent. Nonetheless, recent research shows that authoritarian ruling parties are weaker than we often take them to be (Meng 2019). Thus, in order to prevent a unified opposition from emerging and challenging the regime, autocrats can strategically grant cabinet positions to outsiders (Arriola, DeVaro and Meng 2021; Van De Walle 2006). Data on cabinet composition worldwide also shows that autocracies increasingly include multiple parties in government: In 2016, close to 50% of autocracies did so, up from 15% fifty years earlier (Bokobza and Nyrup 2022). Furthermore, these regimes are not more likely to breakdown or democratize than their single-party counterparts, which suggests that they are not inherently weaker nor less capable than other autocratic states.

I build on this emerging literature, and propose a new measure of political inclusion in dictatorships: "Authoritarian Multiparty Governments" (AMGs thereafter). A regime is defined as an AMG if it is an autocracy where at least one party other than that of the ruler is included in government. AMGs are power-sharing arrangements between parties that represent different (ethnic, political, economic) groups in society (Arriola, DeVaro and Meng 2021; Meng 2020; Van De Walle 2006). One or several of the groups decide that they are better off entering into a governing coalition than competing with each other, or challenging the incumbent. AMGs are advantageous for the co-opted parties, who benefit from the financial and non-financial perks of being in office, without compromising their status as distinct from the ruling party (Gandhi

and Lust-Okar 2009). They get the financial and political means to cater to their base, through rent allocation or policy changes.[8] A key reason why outsider parties may choose to enter government rather than remaining in the opposition or challenging the incumbent is thus to provide increased economic benefits to their base.

The presence of multiple parties in government does not in itself imply that power is actually shared between different groups with an effective say in policy-making. As Magaloni and Kricheli (2010) underscore, "[t]he mere existence of parties [...] does not necessarily mean that office-holders in these institutions have power and influence over policy outcomes", since the dictator can renege on their promises, and banish the dissenting opinion. However, research shows that authoritarian multiparty governments often exhibit features of *bona fide* power-sharing, meaning that the coalition partners are distinct entities with independent party structures and their own political agenda (Bokobza and Nyrup 2022). In particular, the examination of portfolio allocation across autocracies reveals that dictators grant positions of importance to members of coalition parties to a greater extent than we would expect if there were no real power-sharing across party lines.

This makes AMG a suitable measure of political inclusion: It captures the fact that several groups representing different segments of society are ruling together with the dictator at the highest level of decision-making. Because the threat of the opposition coalescing against the regime never completely disappears, the ruler is forced into concessions. Granting cabinet positions to other parties serves their survival strategy. These appointments serve as buy-offs: They entrench the co-opted outsiders into dependence towards the ruling party, while preventing the emergence of a unified opposition front.

[8]It is also advantageous for the incumbent, who prevents the emergence of a unified opposition. Both sides are better off than under full democracy, where they risk losing control of government.

Furthermore, the concept of AMG allows for nuances in the degree of power-sharing entailed by the presence of multiple parties in government based on the number and nature of portfolios granted to outsiders. Here, I follow Cheeseman (2011) in his definition of power-sharing as "the creation of an inclusive government in which cabinet posts, and hence executive power, are shared by the major parties (although not always all of the parties) in a given conflict" (2011, p.339). The question is then whether and under what conditions the inclusion of challenger parties in government entails wider economic inclusion in the sense of more redistribution of resources outside of the ruling coalition through taxes and transfers.

Testable implications

In theory, the effect of political inclusion – captured by the presence of multiple parties in government – on redistributive policies and outcomes can go one of two ways.

On the one hand, the inclusion of select opposition fringes in government can facilitate bargaining between the ruler and the opposition in the form of targeted policy concessions (Gandhi and Przeworski 2007, p.7). In particular, the presence of representatives from other parties in the cabinet may make it easier for these groups to negotiate with the ruler, and to channel funds to them away from the public eye. As suggested in models of fiscal contractualism under authoritarian rule, elites tend to rely more on behind-the-scenes bargaining to secure their preferred fiscal policy, as opposed to open contestation (Bates and Lien 1985; Moore 2004). This is in line with a patronage logic underpinning political co-optation (Arriola 2009; Arriola, DeVaro and Meng 2021; Van De Walle 2007), and is supported by my findings from the second paper of the thesis.

This mechanism short-circuits institutionalized pathways for fiscal bargaining – such as those taking place during parliamentary debates, or through collective action such as tax protests. As a consequence, redistributive policy in an inclusive government

is more likely to go through direct transfers and rent allocation, and less likely to go through programmatic redistribution through taxes and transfers – so that overall taxes and redistributive spending should decrease as a consequence (Hausken, Martin and Plümper 2004; Kitschelt and Kselman 2012). This does not imply that the individuals who form the base of the co-opted parties do not get some of the financial benefits downstream, but only that it will not go through programmatic means of redistribution.

Furthermore, elites in government may be able to negotiate a more advantageous fiscal bargain with the ruler. I thus expect that direct taxes specifically – as they are more progressive and thus weigh disproportionately on richer, well-connected groups – should decrease when the ruler faces pressure from other elites included in government. The same should be true for redistributive spending such as broad-based welfare expenditures. In this sense, political inclusion acts as a substitute to economic inclusion. This translates into the following testable hypothesis:

> **Hypothesis 1 - Substitution Effect**: the inclusion of multiple parties in government should result in less direct taxes and less redistributive spending.

On the contrary, one may think that the inclusion of multiple parties in the cabinet should favour broader redistribution through institutionalized means such as taxes and government spending. As the ruling coalition extends beyond the ruler's inner-circle of faithful supporters, more groups need to reap the financial benefits of their representatives being in government. Each of the co-opted party must cater to its base. Since indirect taxes are the most unpopular, one may expect that wider political inclusion should result in a decrease in the indirect tax take of the state (Martin and Gabay 2018; Moore 2004). Moreover, party representatives in government may use this platform to push towards the channeling of benefits to their base through programmatic redistribu-

tion in the form of government investment in public goods and welfare spending. More parties included in government also likely means higher levels of party institutionalization, which has been shown to correlate with more extensive and universal welfare spending (Rasmussen and Knutsen 2021). If this is indeed the case, political inclusion and economic inclusion are complementary rather than substitutes, which leads to the following alternative hypothesis:

> **Hypothesis 2 - Complementarity Effect**: the inclusion of multiple parties in government should result in less indirect taxes and more redistributive spending.

Lastly, I expect the relationship between political and economic inclusion to depend on the degree of power-sharing between the ruler's party and other parties in government. This can be understood as how "deep" political inclusion is. Indeed, the mere presence of other parties in government alongside the ruler's party does not imply that the former get a say in redistributive policy-making. Still, one may think that the less power is concentrated in the ruling party's hands in government – through the allocation of major portfolios to coalition parties –, the more the ruler will be forced to adjust their redistributive preferences to accommodate the interests of co-opted partners, and prevent the risk of the opposition coalescing against them. In other words, where many and/or important portfolios in government are allocated to members of outsider parties, the ruling party has to accommodate the preferences of the latter to a larger extent. This leads me to formulate the following testable hypothesis:

> **Hypothesis 3 - Degree of Power-sharing**: the effect of political inclusion on taxes and spending should be stronger for higher levels of multiparty power-sharing in government.

Alternative explanations and redistributive trade-offs

There are a number of caveats to the above-mentioned mechanisms. The first is that the presence of multiple parties in governments could be an indication of a weaker executive power and lower state capacity. If such were the case, the finding of a lower direct tax intake and welfare spending in AMGs could reflect lower state capacity when power is shared between different parties, rather than the purported substitution or complementarity effect. Borrowing Eibl (2020)'s terminology, observed fiscal policies and redistributive outcomes are a function not only of the autocrat's "incentives", but also of their "ability" to provide social welfare. Said ability is defined by the nature of political coalitions and elite conflict, but also by external constraints such as natural resource revenue, path dependency, and the level of international threats. In other words, this is a concern for my argument if weak autocrats self-select into forming multiparty governments out of fear or due to threats, and the observed decrease in social spending and direct tax intake stems from an inherently lower extractive capacity of this kind of autocrat.

I bring two answers to the aforementioned point. The first one is empirical: If such were the case, then one should expect to see a similar decrease for security spending as for welfare spending – which I can test for empirically. Security and defense spending being a good more obviously public in nature than social spending, it is a useful and complementary measure of state capacity. Second, existing research suggests that autocracies with parties are more resilient and have better economic outcomes than their party-less counterparts (Cox 2009; Geddes, Wright and Frantz 2014; Gehlbach and Keefer 2011; Rasmussen and Knutsen 2021; Wright 2008), and that allocating government positions to outsiders actually strengthens incumbents in the medium and long run (Arriola, DeVaro and Meng 2021). Ricciuti, Savoia and Sen (2019) also show that

stronger constraints on the executive foster the impartiality of the tax system, but not its effectiveness in raising revenue. Overall this comforts me in my interpretation that a difference in outcomes between AMGs and non AMGs reflects a substitution or complementarity between political and economic inclusiveness, rather than an overall lower extractive capacity of AMGs.

The second caveat is that all multiparty governments are not the same – even when accounting for the degree of power-sharing entailed by the allocation of cabinet position between the different parties. In particular, the strength of ideological divides between the parties in government may matter, since ideology likely informs redistributive preferences of the parties in government.[9] For instance, a two-parties government where the ruler's party is "right-wing" and the co-opted party is "left-wing" (and vice-versa) may not have the same preferences for taxation and redistribution than an AMG where both parties are broadly of the same political inclination. Observed substitution or complementarity effects may instead reflect ideological divides and inclinations – though it is not entirely obvious in which direction the effect would then go. I address this question empirically, as explained in the next section.

Lastly, one may be concerned about the relationship between my two outcomes of interest, namely taxation and spending, as they are not mutually exclusive. Indeed, though debt is often an option, governments tend to balance their budgets on the short and medium run by operating trade-offs between levels of taxation and spending – such that less tax revenue undermines the feasibility of more public spending. However, because my argument is about types of taxes and categories of spending rather than aggregate levels, I should be able to disentangle how this trade-off operates.[10] Under

[9]In Bokobza and Nyrup (2022), we show that AMGs are more likely where there are deep societal cleavages such as those along ethnic, linguistic or religious lines; and in countries with a history of civil war.

[10]This is in line with Eibl (2020)'s claim that, in the context of MENA dictatorships and conditional on the level of natural resources available, military spending for external interventions and domestic

lower tax revenues, autocrats may still choose to decrease redistributive *versus* non-redistributive spending – and my argument suggests that rulers who share power in government with other parties will behave differently.

4 Research design and data

Data and measurement

I build a measure of authoritarian multiparty governments using *WhoGov*, a novel and comprehensive dataset on cabinet composition worldwide compiled by Nyrup and Bramwell (2020) based on CIA records. The dataset contains information on cabinet members in 177 countries in the period 1966-2016, including most of the world's autocracies. It also has individual-level information including the portfolio and party affiliation of each minister, which I helped to code for French-speaking countries.[11] For each year and country, I thus create a binary measure of whether more than one party is represented in the cabinet.

To measure the degree of power-sharing, I build a weighted Herfindahl-Hirschman index (H-H index hereafter) of concentration, where more important cabinet positions receive a higher weight. This is to account for the fact that not all ministerial posts entail the same amount of prestige and responsibilities. The H-H index ranges from 0 to 1, where 1 means all positions are held by the same party; and a lower score mean that many parties control few posts each.[12] The weights are assigned by dividing cabinet positions into three categories: High, medium, and low prestige (Nyrup and Bramwell

social spending are complementary, so that when the regime is under external threat, social spending will decrease.

[11] I provided research assistance to the creators of *WhoGov*.

[12] Mathematically the index is constructed as $H = \sum_{i=1}^{N} m_i^2$ where m_i is the share of scores belonging to party m and N is the number of parties. Hence if there are two parties in government and they each have half of the cabinet positions, $H = 0.5^2 + 0.5^2 = 0.5$.

2020). I refer the reader to Appendix A.2 for further details on the classification of portfolios by importance.

To distinguish between autocracies and democracies, I rely on the binary indicator from Boix, Miller and Rosato (2013). They classify a country as democratic if key executive offices are filled via free and fair elections, with at least half of all men enfranchised. This relatively minimalistic definition presents a twofold advantage. First, it does not conflate aspects of the government with features of democracy itself, meaning that the number of parties in itself has no direct influence on the classification. Second, unlike the DD-index of Cheibub, Gandhi and Vreeland (2010), it does not require a peaceful transition of power for a country to be classified as democratic. It thus prevents mistakenly including democratic multiparty governments where one dominant party has remained in power since democratization.

To measure redistributive policy, I use two types of measures. The first one focuses on taxes: I use tax revenue data from the ICTD Government Revenue Dataset (ICTD/UNU-WIDER), which covers 197 countries from 1980 to 2018.[13] This constitutes the best-quality data source for globally comparable disaggregated tax data. Importantly, it provides fiscal information at the general government level whenever available, preventing the systematic underestimation of revenue collection in federal states (Kammas and Sarantides 2019; Prichard, Cobham and Goodall 2014). Specifically, I use two indicators: The first is the revenue from all direct taxes, excluding resources and social security contributions, in % of GDP. I draw on the usual incidence assumptions in the public finance literature, and consider that this measure captures how much the tax burden weighs on elite groups who concentrate assets subject to targeted taxation through direct levies (Dodlova and Lucas 2020; Timmons 2010). The

[13]Extensive coverage is obtained by combining information from the OECD Revenue Statistics, OECD Latin American Tax Statistics, IMF Government Finance Statistics and Article IV Reports, and CEPALSTATS Revenue Statistics.

second measure is the revenue from all indirect taxes, excluding resources and social security contributions, in % of GDP. As these taxes are knowingly broad-based and more regressive, I consider this as a proxy for how much the fiscal burden weighs indiscriminately broader segments of the population, and particularly on poorer groups, relatively deprived of political influence (Acemoglu and Robinson 2005; Boix 2003).

The second range of measures focuses on government spending to capture redistributive policy. I use data from the Global State Expenditures and Revenues Dataset (GSRE) from Richter and Lucas (2016). Data on government spending for authoritarian countries is notably sparse, and the GSRE presents the advantage of covering all the countries that have been authoritarian for at least one year between 1946 and 2006. It covers a total of 161 countries over that period, and uses data from the IMF archives. Unfortunately, some GSRE indicators that would have been relevant suffer from very limited coverage (such as expenditures for subsidies, pensions and other transfers). I therefore choose two indicators with relatively good coverage.

The first is total expenditures for social welfare, which includes education, health, social protection, housing, and other welfare contributions. It captures redistributive spending aimed at broad segments of the population through the provision of welfare-oriented public goods. The second is total security spending, which covers all expenditures for defense and public order. Defense and security are archetypal public goods (Olson 1993). This proxy captures non-redistributive government spending, and allows me to check that changes in redistributive expenditures following the inclusion of more parties in government are not just due to changes in overall spending patterns, for instance due to a modified budget constraint. Both spending indicators are expressed in percent of total government expenditures to allow for meaningful comparisons. Summary statistics and detailed sources for the main variables used in the analysis are presented in Appendix A.1.

Empirical specification

In order to test Hypothesis 1 and Hypothesis 2, I rely on time-series cross-sectional OLS models estimated using the following equations:

$$Y_{i,t+1} = \varphi M_{i,t} + \beta X_{i,t} + \alpha_i + \lambda_t + \varepsilon_{i,t} \tag{1}$$

for $i = 1, ..., n$ countries and $t = 1, ..., T$ years, where the outcome $Y_{i,t}$ is the measure of taxation and/or redistribution. $M_{i,t}$ is the main independent variable, which captures multiparty government. I use a rolling mean with a window of 5 years instead of a simple binary variable for multiparty government in year t, to account for potential lags in the effect of increased or reduced political inclusion on redistributive outcomes (Acemoglu et al. 2015; Kammas and Sarantides 2019). Furthermore, this reduces the risk of reverse causality running from redistributive patterns to level political inclusion.

In order to test Hypothesis 3, the analysis consists of time-series cross-sectional OLS models estimated using the following equations:

$$Y_{i,t+1} = \varphi P_{i,t} + \beta X_{i,t} + \alpha_i + \lambda_t + \varepsilon_{i,t} \tag{2}$$

for $i = 1, ..., n$ countries and $t = 1, ..., T$ years, where $Y_{i,t}$ is the measure of taxation and/or redistribution. $P_{i,t}$ is the main independent variable, which captures the level of power-sharing. I divide autocracies into four categories: No power-sharing where the autocracy does not have multiparty government, high power-sharing when the weighted H-H index is between 0 and 0.5, medium power-sharing when it is between 0.5 and 0.75, and low power-sharing when it is between 0.75 and 1 – reflecting a very high concentration of power in the hands of the ruling party in government. No power-sharing is the reference category.

In all cases, the sample is restricted to autocracies, defined by the dichotomous indicator in Boix, Miller and Rosato (2013), and to regimes where political parties exist.[14] [15] I take further steps to address endogeneity concerns.

First, all models include both country fixed effects, α_i, and a full set of year dummies, λ_t. This is crucial for identification, since autocracies with higher taxation and redistribution levels may differ from their counterparts along a range of unobservable confounding characteristics – such as political culture and historical legacies. By including country fixed effects in the models, I eliminate the variation that stems from such country-specific, time-invariant factors. Meanwhile, I include year dummies to account for common yearly shocks such as the oil crises in the 1970s and the fall of the Soviet Union in 1991.

In addition, I include a set of relevant control variables in $X_{i,t}$. In particular, to account for the fact that the inclusion of multiple parties in government could reflect a lower extractive capacity of AMGs, I control for factors that contribute to long-term state capacity in autocracies, and jointly shape taxation and spending systems. I thus control for the log of GDP per capita from the Penn World Tables (Feenstra, Inklaar and Timmer 2015); and for the cumulative sum of non-domestic armed conflicts in the past up to year t, using data from the Center for Systemic Peace (Marshall 2019). In addition, I control for the level of urbanization, in percent of the total population, from the World Development Indicators. Urbanization is known to be correlated with levels of income redistribution, and makes distributive issues more salient (Pelke 2020). Lastly, natural resource revenue may confound the relation between power-sharing and

[14] For comparability purposes, I restrict all analyses to autocracies where at least one cabinet member, of any rank, is affiliated with a political party. This excludes autocracies where all parties are banned, and thus no parties are in government and AMG would not be an appropriate measure of political inclusion.

[15] A replication of all results using the DD index from Cheibub, Gandhi and Vreeland (2010) and extended by Bjørnskov and Rode (2019) is presented in Appendix C – with no substantial change in results.

redistribution, as regimes with resources may be less politically inclusive and have less need for tax revenue. I thus control for the log of oil income per capita from Ross and Mahdavi (2015).

I further account for government ideology, which is an alternative mechanism mentioned above. Due to the scarcity of reliable data on the ideology of heads of governments and parties other than that of the ruler in autocracies, I rely on the best available proxy: The strength of the government's ideological standpoint, from V-Dem (Coppedge et al. 2020). As AMGs are dominated by the ruler's party, I take this as an indicator of how strongly the government is dominated by one guiding ideology in terms of policy, including its redistributive choices. Results are reported in Appendix E. In the following section, I present the results of the main model estimations.

5 Results

Redistributive policy-making and authoritarian multiparty governments

I begin by presenting descriptive evidence to motivate the relevance of looking at governments to understand power-sharing and policy-making in autocracies. According to *WhoGov*, fourteen autocracies in the period from 1966 to 2016 have had at some point a cabinet position specifically dedicated to taxation, revenue and fiscal affairs (Nyrup and Bramwell 2020).[16]

Figure 1 below shows the share of autocracies where at least one ministry in charge

[16]Armenia (1994-2004); Azerbaijan (2000-2016); Bangladesh (1972-1973); Belarus (2002-2016); Czechoslovakia (1969-1970); Ethiopia (2002-2016); Georgia (2000-2001); Kazakhstan (1999-2002); Kyrgyzstan (2007-2008); Philippines (1966-1970); Russia (1999-2003); Somalia (1987); Tajikistan (2002-2006); Uzbekistan (1994-2005).

of economic affairs is in the hands of a party other than that of the ruler.[17] It appears that this proportion is steadily growing over time, to reach 15 to 30% between 1990 and 2016. This is in line with the more general trend which has seen the rise of authoritarian multiparty governments worldwide since the late 1980s (Bokobza and Nyrup 2022). It entails that in up to 30% of cases, the conduct of economic and fiscal affairs is granted to an individual who is not from the ruler's party. This confirms that AMGs are a relevant measure of political inclusion when investigating the determinants of redistributive policy-making.

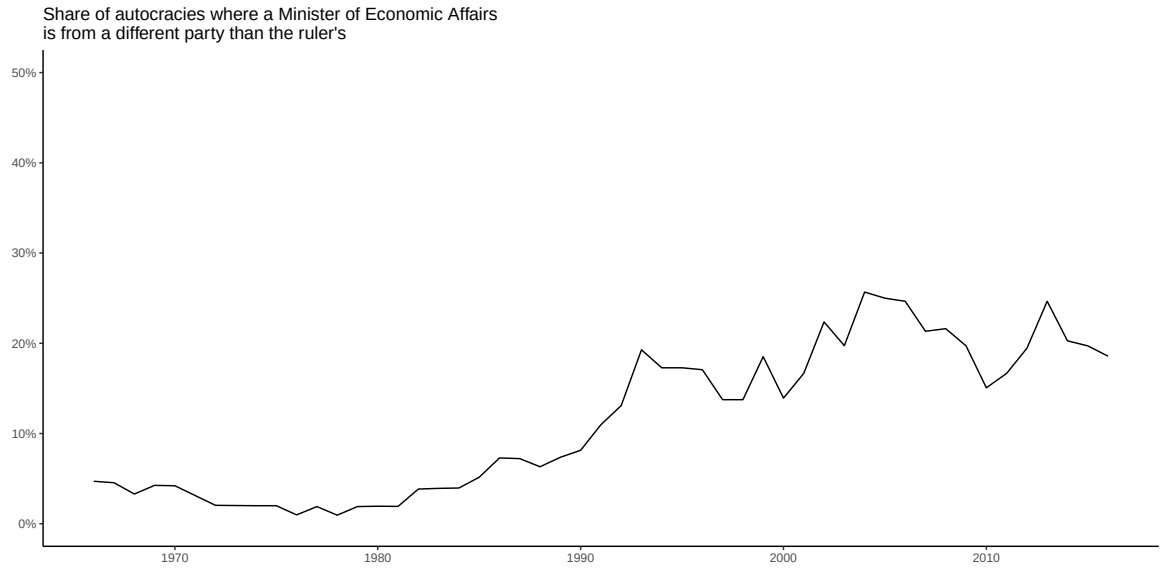


Figure 1: Share of autocracies where redistributive policy-making is in the hands of another party

Before turning to model estimation, I also plot the distribution of the main outcomes of interest by regime type in Figure 2. I split all regimes into democracies and autocracies using the indicator by Boix, Miller and Rosato (2013), before splitting autocracies into AMGs and non-AMGs (i.e. authoritarian regimes with no or only one party in

[17]This includes Ministers of Finance, Budget and Treasury, Entreprises, Companies and Business, Foreign Economic Relations, General Economic Affairs, Industry and Commerce, and Tax, Revenue and Fiscal Policy.

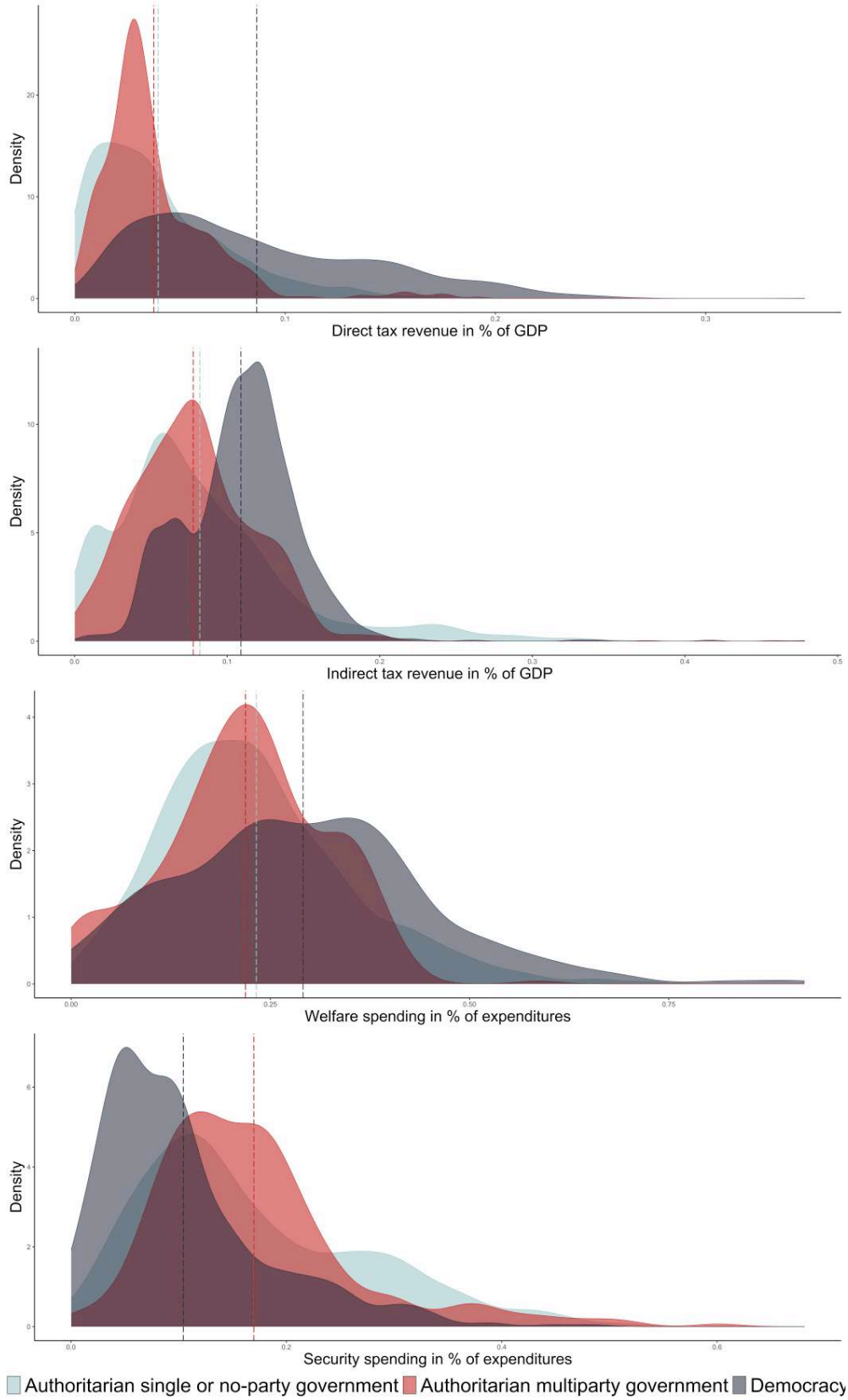


Figure 2: Distribution of outcomes by regime type

government). The dashed vertical lines represent the mean by group.[18] These graphs provide some reassurance that AMGs are not simply (flawed) democracies going by another name. Indeed, for each fiscal and redistributive outcome under consideration, there is less overlap between the distributions of AMGs and democracies than between AMGs and autocracies with one or no party in government. Any difference between the redistributive policies and outcomes of authoritarian regimes with several *versus* one or no party in government therefore cannot be explained by the fact that the former are misclassified as being autocratic in nature.

Some illustrative examples and descriptive statistics

Before moving on to testing my hypotheses, I consider examples of autocracies meeting the criteria I defined for political and economic inclusion respectively, displayed in Table 1 below.[19] Tellingly, I find that fewer cases fall into the High/High cell, which goes against the hypothesis of a complementarity between the two dimensions.

		Political inclusion	
		High	*Low*
Economic inclusion	*High*	Chad Malaysia after 2006	Cote d'Ivoire Kenya Singapore Uzbekistan
	Low	Malaysia until 2006 Uganda Lebanon	Djibouti Guinea Namibia Tunisia

Table 1: Examples of inclusive/exclusive regimes on the political and economic dimensions

[18] For security spending, the mean for AMGs and single or no-party authoritarian governments is (almost) exactly the same.

[19] "High" political inclusion refers to those regimes that have high or medium levels of power-sharing based on the Herfindahl-Hirschman index defined above; "Low" refers to regimes with low or no-power sharing on that index. Similarly, regimes score "High" on the economic inclusion scale if they have a value above the median for direct tax revenue or welfare spending, and "Low" otherwise.

A prime example of politically inclusive yet economically exclusive autocracy is Malaysia. The ruling United Malays National Organization (UNMO) uninterruptedly dominated political life from the country's independence in 1957 until the 2018 elections (Pepinsky 2009). This exclusively-Malay party ruled with several coalition partners.[20] Meanwhile, the main opposition parties were excluded from the ruling coalition, and struggled to coalesce into an organized opposition front. Nonetheless, the allocation of ministerial positions to outsider parties did not favour increased redistribution through institutionalized channels (Slater 2012). Instead, until the mid-2000s, the ruling party overwhelmingly relied on private resources to distribute patronage, particularly so ahead of elections, with the twofold aim of bolstering the regime's legitimacy and deterring opposition groups (Pepinsky 2007*b*). This led to consistently lower direct tax revenue and redistributive spending.

On the opposite end of that matrix, an illustration of politically exclusive but economically inclusive regime would be Singapore, after the authoritarian shift in governance that occurred in 1965. Like Malaysia, Singapore is a strong, dominant-party state, which saw its extractive capacity rise sharply after the Second World War (Slater 2012), particularly regarding direct tax collection. From 1966 to 2016, Singapore has been under the uninterrupted rule of the People's Action Party (PAP), the only party included in government. Yet, over that same period, as Slater, Smith and Nair (2014) note, the regime successfully and increasingly extracted direct taxes from economic elites – with direct taxes making up around 80% of total tax revenue in the 1980s.[21]

Lastly, Table 2 shows some descriptive statistics about the characteristics of AMG and non-AMG regimes in the sample. These are purely descriptive, but allow to get

[20]The main ones being the Malaysian-Chinese Association and the Malaysian Indian Congress (which were both part of the Alliance Party), the United Bumiputera Heritage Party (PBB). Together with UNMO they formed an extended governmental coalition with the Sabah's People United Front and many other small opposition parties over the years.

[21]See Figure 2 in Slater, Smith and Nair (2014).

a grasp of what kind of polities adopt this form of government.[22] Specifically, AMGs tend to be significantly richer, more populated, and more ethnically fractionalized than autocracies with only one party in government. Clientelistic relationships tend to be more widespread – which indirectly and indicatively supports the substitution hypothesis. Lastly, ministerial cabinets in AMGs are on average significantly larger – by around three ministers – and more unstable, as they exhibit a lower retention rate of ministers from year to year.[23]

Type of autocratic regime	*non-AMG (0)*			*AMG (1)*			
Variable	N	Mean	SD	N	Mean	SD	Test
GDP per capita	2030	8.101	0.993	946	8.241	1.008	F= 12.714***
Population	2030	2.388	1.376	946	2.577	1.099	F= 13.704***
Ethnic fractionalization	2227	0.513	0.262	934	0.545	0.267	F= 9.702***
Clientelism	2258	0.587	0.217	997	0.636	0.192	F= 38.625***
Number of ministers in the cabinet	2375	20.33	8.174	997	23.796	7.592	F= 131.658***
Retention rate of ministers	2372	0.739	0.276	995	0.69	0.313	F= 20.628***

Statistical significance markers: * p<0.1; ** p<0.05; *** p<0.01

Table 2: Summary statistics about AMGs *versus* non AMGs

Results I: Multiparty governments and redistribution

I proceed to present the results of the time-series cross-sectional analysis. Table 3 shows the output an OLS regression of tax revenue in % of GDP on the presence of authoritarian multiparty government, with year and country fixed effects, and a range of controls. I find support for Hypothesis 1: Total tax revenue and direct tax rev-

[22]This table was built using sumtable from the vtable package in R. The independence test performed is an F-test, with anova(lm()). The fact that the (substantively small) differences are highly statistically significant may partly stem from the fact that the test performed does not take the clustering of the data into account.

[23]Sources for the variables included in the table are as follows: GDP per capita and population from the Penn World Table V9.0 (Feenstra, Inklaar and Timmer 2015); ethnic fractionalization from Alesina et al. (2003); clientelism index from Coppedge et al. (2020); number of ministers and retention rate in the cabinet from Nyrup and Bramwell (2020). The retention rate is adjusted for yearly changes in cabinet size.

enue decrease when the average number of years that a regime has had a multiparty government for in the past 5 years increases. The effect is consistently negative and statistically significant at the 10% level, and suggests that there is indeed some substitutability between the political and economic dimensions of inclusion. I interpret this as evidence that newly included elites in government effectively pressure the ruler into decreasing the tax burden that weighs on them. I find no such effect for indirect tax revenue, which challenges the validity of Hypothesis 2 that political and economic inclusion can be thought of as complements.

	Total	Direct	Indirect	Total	Direct	Indirect
Multiparty (5y rolling mean)	-0.01^{*}	-0.01^{*}	-0.00	-0.02^{**}	-0.01^{**}	-0.01
	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)
GDP per capita				-0.00	0.00	-0.01
				(0.01)	(0.01)	(0.01)
Past years with wars (count)				0.00	0.00	0.00
				(0.00)	(0.00)	(0.00)
Urban population (%)				0.00	0.00^{***}	-0.00
				(0.00)	(0.00)	(0.00)
Oil income per capita				-0.00^{*}	-0.00	-0.00^{**}
				(0.00)	(0.00)	(0.00)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Num. obs.	1799	1521	1491	1553	1341	1298
R^2 (full model)	0.86	0.83	0.87	0.85	0.87	0.87
R^2 (proj model)	0.01	0.02	0.00	0.06	0.07	0.06

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: all tax revenues are expressed in % of GDP, excluding resources and social contributions. Source: ICTD. The comparison group for multiparty is all other autocracies conditional on having at least one party in government. Standard errors clustered by country in parentheses.

Table 3: AMGs and tax revenues

In Table 4, I present the results of the same models, using the measures of government spending from GSRE as outcome variables. There, I find no effect for total welfare spending (in % of expenditures): The coefficient is negative, which would tend to support Hypothesis 1 over Hypothesis 2, however it fails to reach statistical significance. I also find no effect on security spending (also in % of expenditures), which captures non-redistributive social spending. This goes against the argument that the

lower direct tax intake and welfare spending reflect lower state capacity in governments where power is shared between different parties. AMGs do not exhibit lower state capacity across the board – instead, they exhibit different fiscal outcomes in redistributive matters specifically.

	Welfare	Security	Welfare	Security
Multiparty (5y rolling mean)	−0.03	−0.02	−0.02	−0.01
	(0.03)	(0.03)	(0.02)	(0.03)
GDP per capita			0.06***	−0.00
			(0.02)	(0.02)
Past years with wars (count)			0.01*	−0.01**
			(0.01)	(0.00)
Urban population (%)			−0.00	0.00
			(0.00)	(0.00)
Oil income per capita			−0.00*	0.00
			(0.00)	(0.00)
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Num. obs.	1062	899	934	792
R^2 (full model)	0.77	0.73	0.79	0.75
R^2 (proj model)	0.01	0.00	0.07	0.04

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: government spending per category, expressed as % of total government expenditures. Source: GSRE. The comparison group for multiparty is all other autocracies conditional on having at least one party in government. Standard errors clustered by country in parentheses.

Table 4: AMGs and government spending

However, all autocratic multiparty arrangements are not the same: They differ in the extent to which the ruler's party dominates through the number and importance of the ministerial positions it keeps for its members. In particular, office-holders in government are more limited in their influence on policy outcomes if all major portfolios are in the hands of the ruling party, which may explain why there is no overall effect on redistributive spending patterns.

Results II: Degree of power-sharing and redistribution

I thus proceed to test Hypothesis 3, and examine whether the level of power-sharing in government, measured by the H-H index of power concentration in the hands of the ruling party at the cabinet level, influences redistributive outcomes.

Looking at tax revenues, I find support for Hypothesis 3 in Figure 3, the table for which is reported in Appendix B. Compared to autocracies with no multiparty power-sharing at all, I find a negative and statistically significant effect of low, medium and high power-sharing on direct tax revenue, at a 95% confidence level. Crucially, the effect becomes stronger, the higher the degree of power-sharing across party lines in government. This constitutes further evidence that not only does multiparty government negatively affect the revenue collected from direct taxes – further supporting Hypothesis 1 against Hypothesis 2 – but also that the effect goes through policy bargaining in favour of the outsider elites who have gained access to government. I find no such gradient for indirect tax revenue. The degree of power-sharing in government does not affect indirect tax collection, which again challenges the idea of a supposed complementarity between political inclusion and economic redistribution in favour of broader segments of the population.

Turning to government spending, the results plotted in Figure 4 show a similar pattern, with a negative and statistically significant effect of higher levels of power-sharing between parties in government on welfare spending (the coefficient estimates are negative and statistically significant at the 95% confidence level for medium and high power-sharing compared to no power-sharing).[24] Here, there is no statistically significant difference between low power-sharing governments and those with no power-sharing at all. This provides further support for Hypothesis 3: The difference in redis-

[24]The corresponding tables are found in Appendix B

tributive spending, proxied by total welfare expenditures, is significantly more marked for governments characterized by higher levels of inter-party power-sharing.

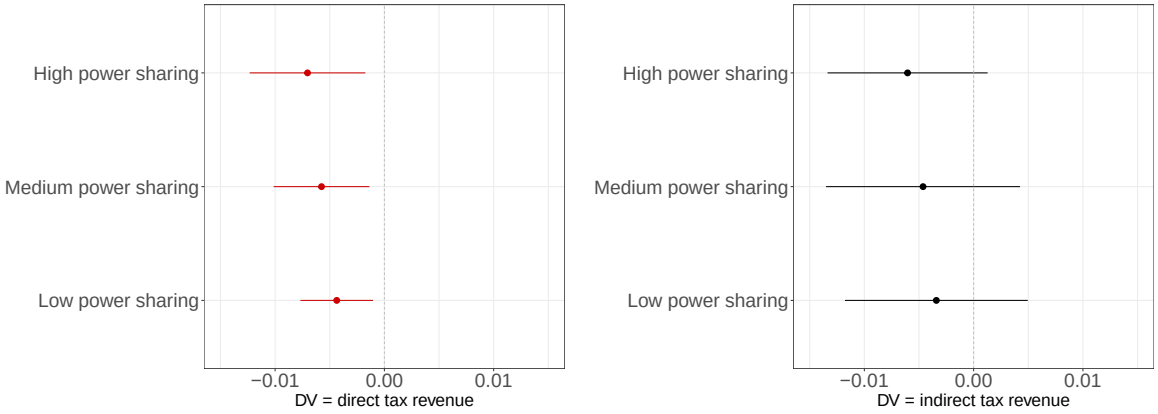


Figure 3: Power-sharing and tax revenue (95% confidence intervals displayed)

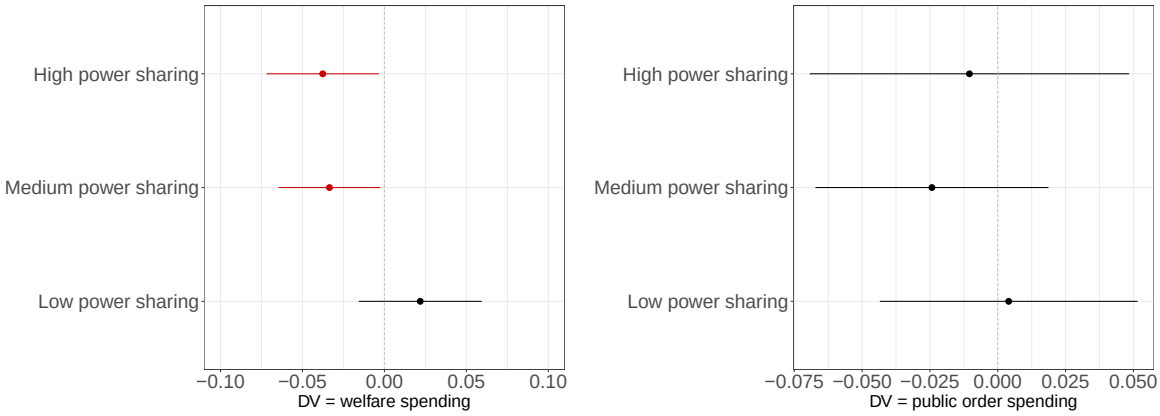


Figure 4: Power-sharing and government spending (95% confidence intervals displayed)

Again, this is evidence of substitutability between multiparty inclusion in government and economic redistribution, moderated by the degree of power-sharing. Once in government, newly co-opted partisan elites pressure the ruler to channel funds to them away from public scrutiny. To do so, they rely less on the institutionalized system of transfers and redistributive spending, and likely more on direct rent allocation. This is

compounded by the fact that there is no discernable effect of increased power-sharing on non-redistributive spending, proxied by security expenditures. Hence it is not the case that governments with more power-sharing just spend less overall.[25] Instead, these findings are an indication that co-opted parties use their bargaining power to channel funds toward their base outside of the institutionalized redistributive system of taxes and spending.

In Appendix D, I replicate the analysis using the SWIID data from Solt (2020). The dependent variables are then absolute redistribution (difference between the market and net Gini indices) and relative redistribution (that same difference divided by the market Gini). In line with my expectations, I find no statistically significant effect.[26]

Lastly, I do not find evidence supporting either of the two alternative explanations outlined in the theory. First, I find no significant decrease in security spending when multiple parties are included in government, which would have been expected had AMGs had systematically lower extractive capacity than their politically exclusive counterparts. This comforts me in my interpretation of the observed difference between AMGs and non-AMGs as a substitution effect. Second, I run a model controlling for the strength of government ideology, and results are virtually unchanged (see Appendix E). This suggests that while the strength of the relationship may vary in regimes of different ideological leanings, this variable does not confound the main results.

[25] One way to interpret the fact that security spending does not vary is that quite often in multiparty governments, control of the armed and security forces remains in the hands of the ruling party. The distrust of coalition partners and/or fear of the opposition coalescing against the ruler may incentivize them to continue investing in security to equally high levels.

[26] I do not make these my main measures of redistribution due to the issues associated with the multiple imputation method on which the SWIID relies (see Kammas and Sarantides 2019, for a detailed explanation), and because there are many missing values for the measure of relative redistribution, which should not be filled using the existing Gini values (Solt 2020). Further details are presented in Appendix D.

6 Conclusion and discussion

This paper explores the link between the political and economic dimensions of inclusiveness in autocracies. I propose a novel measure of political inclusion: The presence of political parties other than the ruler's in the highest instance of autocratic decision-making, the cabinet. Using a range of indicators for tax revenue and government spending to capture economic inclusion, I show that the presence of multiple parties in government reduces total tax revenue and direct tax revenue, which suggests that this co-optation short-circuits institutionalized means of redistribution, and replaces them with direct transfers and rent allocation, in a well-documented patronage logic (Arriola 2009). The exploration of the mechanism using a weighted Herfindahl-Hirschman index to proxy for the degree of power-sharing in government further shows that the more power is shared between the ruler's party and other parties, the lower direct tax revenue and welfare spending. Political inclusion at the highest levels of government in dictatorships can thus happen at the expense of broader economic inclusion in the form of redistribution of resources.

These findings leave the door open to several avenues for future research. First, one could delve further into the substitution effect evidenced here, and explore the ways through which elites in government channel resources to see whether they redistribute it to their constituents downstream, or whether it results in pure appropriation of the funds acquired through their inclusion in power. In other words, it would be interesting to assess the potential effect of authoritarian multiparty governments on the type and prevalence of clientelistic practices.

Second, while I attempt to account for the effect of ideology on redistributive patterns among multiparty authoritarian governments, better data is needed to inves-

tigate whether, just as in democracies, different combinations of partisan ideologies (for instance a multiparty government made up exclusively of conservative parties *versus* a multiparty government including conservative and more liberal parties) result in markedly different fiscal and redistributive outcomes.

Third, although I account for the existence of natural resources in all empirical models, studies could build on the newest developments of the "resource curse" literature (Cuesta et al. 2019). In particular, research could delve further into how it factors in the relationship between political and economic inclusion in dictatorships – given that the presence of natural resources affects the incentives to form a multiparty government, the ruler's capacity to redistribute wealth, and the amount of rents that they can share with both their partners and the population at large.

Last, it remains an open and important question whether the population in authoritarian regimes where power is shared between parties is aware of the effect that the trade-off between political and economic inclusion has on its well-being. Given that autocratic ruling strategies have been shown to durably shape individual attitudes (Neundorf, Gerschewski and Olar 2020), this is likely to have an effect on popular support for incumbent autocrats and the survival of authoritarian regimes.

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Appendix

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A Description of variables and coding decisions

A.1 Summary statistics for the main variables

	Observations	Mean	Median	SD	Min	Max
AMG (5-y rolling mean)	3891	0.23	0.00	0.39	0.00	1.00
Weighted Herfindahl Index	3384	0.87	1.00	0.23	0.09	1.00
Total tax revenue in % GDP	2280	0.12	0.11	0.07	0.00	0.42
Direct tax revenue in % GDP	1935	0.04	0.03	0.03	0.00	0.19
Indirect tax revenue in % GDP	1970	0.08	0.07	0.05	0.00	0.35
Total welfare spending in % expenditures	1828	0.23	0.22	0.12	0.00	0.73
Total security spending in % expenditures	1609	0.17	0.14	0.10	0.00	0.68

Table A5: Descriptive statistics

Variable	Source	Reference
AMG	WhoGov dataset	Nyrup and Bramwell (2020)
Tax revenue	International Center for Tax and Development	ICTD (2021)
Welfare and security spending	GSRE	Richter and Lucas (2016)
GDP per capita	Penn World Tables	Feenstra, Inklaar and Timmer (2015)
Oil income per capita	Oil and gas data, 1932-2014	Ross and Mahdavi (2015)
Past wars	Major Episodes of Political Violence	Center for Systemic Peace (2018)
Urban population	WDI	World Bank (2019)
Ideology head of government	V-Dem dataset	Coppedge et al. (2020)

Table A6: Source for the main variables used in the analysis

A.2 Quantifying the importance of ministerial portfolios

The Herfindahl-Hirschman index which serves as basis for my measurement of power-sharing in government is weighted by the importance of cabinet positions, to account for the fact that not all portfolios came with the same amount of responsibility and prestige. Prestige depends exclusively on the nature of the portfolio (Energy, Defence, Sports etc.), while importance combines the nature of the portfolio with the rank of the associated position (full-ranking minister, deputy minister etc.). I follow the methodology of Nyrup and Bramwell (2020) and Bokobza and Nyrup (2022) to classify portfolios by prestige and importance.[27] Below I reproduce the two tables found in Appendix C of Bokobza and Nyrup (2022) for the reader's convenience.

[27] In particular, I make the same exceptions as them to the general rules of importance classification: I consider ministries having to do with natural resources and energy be high prestige in OPEC member countries; and I consider ministries of religious affairs as high-prestige positions in Iran, Afghanistan, Mauritania and Pakistan.

Leader (1)
Leader
Prime minister/President (not leader) (2)
President, chief of state, prime minister, who is not the leader
Vice-president, deputy prime minister, and top minister (3)
Vice-president, deputy prime minister, deputy chief of state
Full ranking minister of high prestige portfolio
Medium-ranking minister (4)
Full ranking minister of medium prestige portfolio
Attorney general, chief justice, or legal official
Governor (Military)
Member, royal family
Member, ruling group
Low-ranking minister(5)
Full-ranking minister of low prestige portfolio
Director of government agency
Government spokesperson
Governor (Regional)
Junior minister or other low-ranking post (6)
Junior minister (independent of prestige)
Advisor
Ambassador to the United States
Assistant advisor
Chief of staff
Deputy director of government agency
Governor (Central Bank)
Representative to the United Nations

Table A7: Rules for classification of importance

Portfolio	Prestige	Portfolio	Prestige
Defense, Military & National Security[1]	High	Foreign Relations[1]	High
Government, Interior & Home Affairs	High	Finance, Budget & Treasury[1]	High
Agriculture, Food, Fisheries & Livestock	Medium	Audit, Oversight & Internal Affairs	Medium
Civil Service	Medium	Communications & Information	Medium
Construction & Public Works	Medium	Correctional Services & Police	Medium
Culture & Heritage	Medium	Education, Training & Skills	Medium
Energy	Medium	Enterprises, Companies & Business	Medium
Environment	Medium	Executive & Legislative Relations	Medium
Foreign Economic Relations	Medium	General Economic Affairs	Medium
Health & Social Welfare	Medium	Housing	Medium
Industry & Commerce	Medium	Justice & Legal Affairs	Medium
Labor, Employment & Social Security	Medium	Local Government	Medium
Natural Resources	Medium	Planning & Development	Medium
Political Reform	Medium	Properties & Buildings	Medium
Religion	Medium	Regional	Medium
Tax, Revenue & Fiscal Policy	Medium	Transport	Medium
Ageing & Elderly	Low	Children & Family	Low
Immigration & Emigration	Low	Minorities	Low
Science, Technology & Research	Low	Sports	Low
Tourism	Low	Veterans	Low
Without Portfolio	Low	Women	Low
Youth	Low		
Other	Low		

Table A8: List of portfolios and level of prestige

B Table for power-sharing models

	Direct tax revenue	Indirect tax revenue	Welfare spending	Public order spending
High power-sharing	-0.01^{**}	-0.01	-0.04^{**}	-0.01
	(0.00)	(0.00)	(0.02)	(0.03)
Medium power-sharing	-0.01^{**}	-0.00	-0.03^{**}	-0.02
	(0.00)	(0.00)	(0.02)	(0.02)
Low power-sharing	-0.00^{**}	-0.00	0.02	0.00
	(0.00)	(0.00)	(0.02)	(0.02)
GDP per capita (log)	0.00	-0.01	0.05^{***}	0.00
	(0.01)	(0.01)	(0.02)	(0.02)
Past years with wars (count)	0.00	0.00	0.01	-0.01^{**}
	(0.00)	(0.00)	(0.01)	(0.00)
Urban population (%)	0.00^{***}	-0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Oil income per capita	-0.00	-0.00^{**}	-0.00^{*}	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Num. obs.	1343	1300	937	796
R^2 (full model)	0.87	0.87	0.80	0.74
R^2 (proj model)	0.08	0.06	0.09	0.05

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: all tax revenues are expressed in % of GDP, excluding resources and social contributions. Source: ICTD. All government spending is expressed in % of total expenditures. Source: GSRE. The comparison group is no power-sharing, restricted to autocracies that have political parties. Standard errors clustered by country in parentheses.

Table B9: Power-sharing, tax revenues and government spending

C Results with democracy indicator from Cheibub, Gandhi and Vreeland (2010)

This appendix replicates the main results, using as democracy binary variable the indicator from Cheibub, Gandhi and Vreeland (2010). Results are unchanged in magnitude and statistical significance across the specifications.

C.1 AMGs, tax revenue, and government spending

	Total	Direct	Indirect	Total	Direct	Indirect
Multiparty (5y rolling mean)	-0.01^{*}	-0.01^{**}	-0.00	-0.01^{*}	-0.01^{**}	-0.01
	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)
GDP per capita				-0.00	0.00	-0.01
				(0.01)	(0.01)	(0.01)
Past years with wars (count)				0.00	0.00	0.00
				(0.00)	(0.00)	(0.00)
Urban population (%)				0.00	0.00^{**}	-0.00
				(0.00)	(0.00)	(0.00)
Oil income per capita				-0.00	0.00	-0.00
				(0.00)	(0.00)	(0.00)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Num. obs.	1788	1500	1463	1527	1316	1263
R^2 (full model)	0.88	0.86	0.88	0.86	0.89	0.88
R^2 (proj model)	0.01	0.02	0.00	0.04	0.06	0.03

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: all tax revenues are expressed in % of GDP, excluding resources and social contributions. Source: ICTD. The comparison group for multiparty is all other autocracies conditional on having at least one party in government. Standard errors clustered by country in parentheses.

Table C10: AMGs and tax revenues – DD democracy indicator

	Welfare	Public order	Welfare	Public order
Multiparty (5y rolling mean)	-0.03	-0.03	-0.02	-0.02
	(0.03)	(0.03)	(0.02)	(0.03)
GDP per capita			0.06^{***}	0.00
			(0.02)	(0.02)
Past years with wars (count)			0.01	-0.01^{**}
			(0.01)	(0.00)
Urban population (%)			-0.00	0.00
			(0.00)	(0.00)
Oil income per capita			-0.00^{*}	0.00
			(0.00)	(0.00)
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Num. obs.	1080	910	938	789
R^2 (full model)	0.76	0.74	0.78	0.76
R^2 (proj model)	0.01	0.01	0.07	0.05

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: government spending per category, expressed as % of total government expenditures. Source: GSRE. The comparison group for multiparty is all other autocracies conditional on having at least one party in government. Standard errors clustered by country in parentheses.

Table C11: AMGs and government spending – DD democracy indicator

C.2 Power-sharing, tax revenue, and government spending

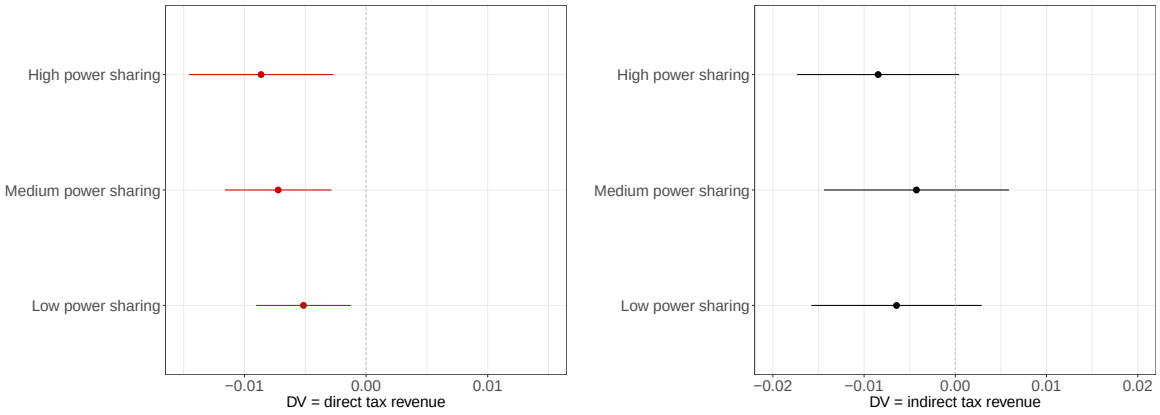


Figure C5: Power-sharing and tax revenue (95% CI displayed) – DD democracy indicator

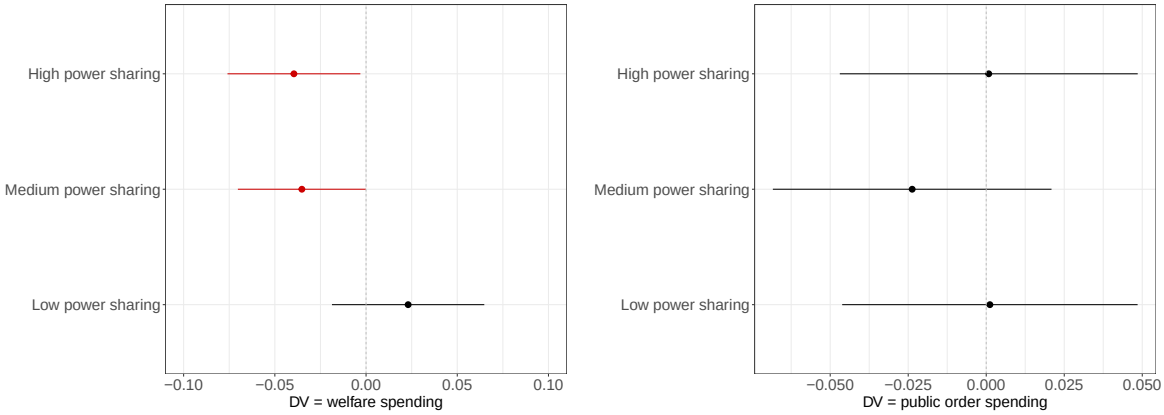


Figure C6: Power-sharing and government spending (95% CI displayed) – DD democracy indicator

D Results with measure of redistribution from Solt (2020)

This Appendix replicates the main results of the paper using as dependent variable the measures of absolute redistribution and relative redistribution from Solt (2020), which are themselves based on data from the Luxembourg Income Study (LIS). The definitions of these concepts are as follows:

$$absolute\ redistribution = Gini_{market\ income} - Gini_{disposable\ income} \tag{3}$$

$$relative\ redistribution = \frac{Gini_{market\ income} - Gini_{disposable\ income}}{Gini_{market\ income}} \times 100 \tag{4}$$

The measure of *absolute redistribution* captures the percentage by which the market-income Gini is reduced post taxes and transfers. An issue with these measures is that they are only available for those country-years with at least one observation in the data for both Gini measures. A lot of the data is relies on imputation, and the reliability of the imputation technique for lower-income countries has been questioned, casting doubt on the suitability of SWIID for cross-country analyses of income inequality (Jenkins 2015). Since my empirical focus is on non-democratic and overall less developed states, I thus choose not to use these measures in the main analysis.

I find null results when using either absolute or relative distribution as dependent variable in the main models. This implies that there is no evidence that either the inclusion of more parties in government nor higher levels of power-sharing across party lines (relative to no power-sharing) imply more income redistribution in absolute and relative terms – which is broadly in line with my main findings. I do not delve further in this paper into specific expectations regarding power-sharing and levels of inequality – and leave this fascinating question to future research.

	Absolute redistribution	Relative redistribution	Absolute redistribution	Relative redistribution
Multiparty (5y rolling mean)	0.28	0.58		
	(0.26)	(0.61)		
High power-sharing			0.17	0.33
			(0.18)	(0.40)
Medium power-sharing			0.08	0.26
			(0.16)	(0.37)
Low power-sharing			0.30*	0.61
			(0.17)	(0.41)
GDP per capita (log)	0.18	0.22	0.15	0.12
	(0.27)	(0.67)	(0.26)	(0.63)
Past years with wars (count)	0.01	0.03	0.01	0.03
	(0.05)	(0.13)	(0.04)	(0.13)
Urban population (%)	−0.02	−0.03	−0.02	−0.04
	(0.02)	(0.05)	(0.02)	(0.05)
Oil income per capita	−0.01	−0.01	−0.01	−0.01
	(0.02)	(0.05)	(0.02)	(0.05)
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Num. obs.	1374	1374	1371	1371
R^2 (full model)	0.99	0.99	0.99	0.99
R^2 (proj model)	0.05	0.03	0.07	0.05

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. Dependent variable: effective redistribution and relative redistribution indicators from Solt (2020). In the last two models, the comparison group is no power-sharing, restricted to autocracies that have political parties. Standard errors clustered by country in parentheses.

Table D12: AMGs, power-sharing and SWIID redistribution measures

E Accounting for government ideology

This Appendix shows the results when the strength of government ideology is included as control in the main models. I use data from V-Dem (Coppedge et al. 2020). The variable v2exl_legitideol codes the experts' response to the following question:

> *To what extent does the current government promote a specific ideology or societal model (an officially codified set of beliefs used to justify a particular set of social, political, and economic relations; for example, socialism, nationalism, religious traditionalism, etc.) in order to justify the regime in place?*

Where the response is coded by an ordinal scale, from 0 (= Not at all) to 4 (= Almost exclusively). As shown in table E13 below, I find no effect of this variable in itself, and no change in the direction nor statistical significance of the main results when including it. Nevertheless, it is a coarse proxy for regime ideology, and finer measures would be needed to capture whether the ideological leanings of the head of the regime exert an influence on fiscal policy and redistribution – or, perhaps, moderate the relationship between power-sharing and the former. This is beyond the scope of this specific paper, and I thus leave it to future research.

	Direct tax revenue	Indirect tax revenue	Welfare spending	Security spending
High power sharing	-0.01^{***}	-0.01	-0.04^{**}	-0.01
	(0.00)	(0.00)	(0.02)	(0.03)
Medium power sharing	-0.01^{**}	-0.00	-0.03^{**}	-0.03
	(0.00)	(0.00)	(0.02)	(0.02)
Low power sharing	-0.00^{**}	-0.00	0.02	0.00
	(0.00)	(0.00)	(0.02)	(0.02)
GDP per capita	0.00	-0.01	0.06^{***}	0.00
	(0.01)	(0.01)	(0.02)	(0.02)
Past years with wars (count)	0.00	0.00	0.01	-0.01^{**}
	(0.00)	(0.00)	(0.01)	(0.00)
Urban population (%)	0.00^{***}	-0.00	-0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Oil income per capita	-0.00	-0.00^{**}	-0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Strength of government ideology	0.00	-0.00	-0.00	0.00
	(0.00)	(0.00)	(0.02)	(0.01)
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Num. obs.	1339	1300	911	796
R^2 (full model)	0.87	0.87	0.80	0.74
R^2 (proj model)	0.08	0.06	0.09	0.05

$^{***}p < 0.01$; $^{**}p < 0.05$; $^{*}p < 0.1$. The comparison group is no power-sharing, restricted to autocracies that have political parties. Standard errors clustered by country in parentheses.

Table E13: Power-sharing, redistribution and strength of government ideology

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Conclusion

This thesis sets out to explore the determinants and consequences of fiscal and redistributive policies in autocracies. Specifically, I ask: Under what conditions and through which channels does taxation help make or break authoritarian spells? I offer a reflection in three parts on the conditions under which taxation may become politicized, and have stabilizing or destabilizing effects in dictatorships. I show that the type of taxes on which the regime relies, as well as the relationship between the ruler and the elites and the coalitional dynamics in government, jointly inform the socio-political consequences of taxation. Thereby, I highlight important and overlooked aspects of the challenges that autocrats face, to this day still, when seeking to expand their revenue collection while consolidating their rule.

In this final chapter, I summarize the main findings of the thesis, and outline its key implications. I proceed to highlight some limits of my argument and results, and build on them to suggest ways forward for research on the political ramifications of tax policy in dictatorships. Lastly, I underscore why this research matters for our understanding of the political economy of authoritarian rule.

Summary of findings

The **first article** investigates the socio-political consequences of taxation, with a focus on the political frictions triggered by tax reforms. I argue and present evidence that taxation is essentially coercive under autocratic rule, meaning that it paves the way for exclusionary tax bargaining processes and popular mobilization against tax policy. The majority of citizens, unable to credibly threaten the autocrat, turns to resistance to taxation when their fiscal burden becomes too heavy. Leveraging an

original dataset of tax protests in ten Sub-Saharan African autocracies from 1990 to 2015 based on newspaper searches, I find that transgressive forms of resistance – such as protests, riots and boycotts – emerge when taxes are highly visible and regressive, such as indirect taxes on goods and services, and target poorer segments of the population who are excluded from political processes. Additionally, I find that popular resistance to taxation is rarely successful. Instead, most tax introductions and reforms end up further entrenching autocratic rule.

In the **second article**, I demonstrate how autocratic elites can use their political and economic leverage to negotiate policy concessions in exchange for tax compliance. Using time-series cross-sectional analysis on global data on tax introductions and detailed analysis of instances of elite resistance to taxes, I show that tax bargaining takes place primarily around direct taxes with targeted incidence, such as taxes on income and wealth. I also find that the effect is stronger in regimes where the autocrat relies primarily on elites for the continuation of their rule. As a result of this bargaining, elites' support for the incumbent increases while challenges to autocratic rule become less frequent, enhancing regime stability overall. This highlights an important channel through which taxes can favour autocratic stability and durability.

Lastly, the **third article** shows that the political and economic dimensions of inclusiveness in autocracies act as substitutes. I introduce a new measure of political inclusion: The inclusion of several parties in government, based on the novel *WhoGov* dataset which I helped to assemble (Nyrup and Bramwell, 2020). Using cross-national time-series analysis, I show that the presence of multiple parties in government significantly reduces total tax revenue and direct tax revenue. This entails that co-optation in the cabinet short-circuits institutionalized means of redistribution, and replaces them with direct transfers and rent allocation (Arriola, 2009). The exploration of the mechanism using a weighted Herfindahl-Hirschman index to proxy for the degree of power-

sharing in government further shows the effect is more pronounced, the more power is shared between the ruler's party and other parties. Political inclusion at the highest levels of government in dictatorships thus happens at the expense of broader economic inclusion in the form of redistribution of resources.

Key implications

The main arguments and results of this doctoral research make one central contribution: The political consequences of taxation should be considered within the broader institutional and societal framework which shapes interactions between autocratic states and their citizens. This core implication can be subdivided into four key takeaways, which I detail in turn.

First, *all taxes are not the same.* Specifically, taxes vary in their distributional features and salience, so that they weigh on different segments in society, and can be perceived as more or less unfair. This bears consequences for how we think of the political economy of taxation under autocratic rule (Winer, 2019). Specifically, I argue that we should use more disaggregated and theoretically informed indicators of taxation and spending (Lieberman, 2002). While aggregate tax-to-GDP ratios may be a good indicator of fiscal capacity, they do not allow to infer which group(s) in society bear the burden of taxation, and therefore do not allow to relate fiscal policy to social and political outcomes. By contrast, distinguishing between tax instruments makes for a better understanding of why and when rulers choose specific fiscal policies, and of who pays what in the balance.

Second, *the type of autocracy matters.* In my thesis, rather than resorting to the usual typologies of autocratic regime types, I provide evidence that the degree of political inclusiveness of a dictatorship is key in shaping its fiscal and redistributive policies and outcomes. Findings from the second article show that the degree of reliance on

elites moderates the relationship between direct tax introductions and regime stability, so that rulers who rely on elites see fewer challenges after they introduce new levies on income and wealth. Similarly, the novel measure of political inclusion I develop in the third article, based on the inclusion of parties other than the ruler's in government, focuses on logics of elite co-optation at the highest levels of decision-making. It allows for a reappraisal of traditional arguments such as the selectorate theory of Bueno de Mesquita et al. (2003), and contributes to research underscoring that the composition of the ruling coalition matters for public policy (Mesquita, Downs and Smith, 2017; Nyrup, 2020). More broadly, this is an invitation to reflect on the relevant measures to distinguish between non-democracies when studying economic and political outcomes.

Third, *taxation can become politicized in several ways.* In each article of this thesis, I highlight how the socio-political consequences of taxation vary along several dimensions. Indirect taxes, which are more regressive and weigh on poorer segments of the population who are excluded from power, generate more political frictions than direct taxes on income and wealth. The latter, on the contrary, are the object of tax bargaining between well-connected and wealthy elites who negotiate policy concessions in exchange for tax compliance and support for the ruler. Fiscal design and the political inclusion or exclusion of specific groups in society interact to generate responses along a continuum that ranges from opposition through means of tax resistance, to support for the ruler's tax policy following fiscal bargaining. The conditions that allow for a tax to become politicized directly relate to the first two points mentioned above: Some taxes are more likely to become objects of contention, and some internal power dynamics and institutional settings will make it easier for groups to defend their economic interests.

Last, *taxes can make autocratic states, but they can also help break them* when autocrats make the wrong calculations about fiscal policy under imperfect information. Consequently, taxation can threaten autocratic order or, on the contrary, foster regime

stability. It all depends on the fiscal policies at stake, and on the balance of power between different actors within and outside of the ruling coalition. Overall, my findings suggest that, while there is no obvious relationship between the rise of global taxation and autocracies democratizing, the links between fiscal policy and political outcomes undoubtedly warrant further investigation.

Avenues for future research

While this dissertation has addressed several important questions for the political economy of dictatorships, it also points to new questions that deserve further attention. I review some of them in turn, addressing some of the legitimate criticisms and concerns that may stem from each article. I then build on this to suggest ways forward for this strand of research.

First, while the first article makes the case that indirect, regressive and salient taxes are more likely to trigger major political frictions and social contestation under autocracy than their direct counterparts, it remains to be examined which taxes do not lead to protest. This is one of the limitations of *ProtesTax*, which only contains instances of resistance to taxation, but does not include the counterfactual scenario where a tax is introduced or reformed, yet no social response arises. I partly address this question in the second article, which compares years with and without direct tax introductions. Collecting data on tax reforms and introductions generally – for instance based on legislative sources – would be a fruitful way to extend *ProtesTax* and explore the conditions under which taxes do *not* become politicized.

Second, building on the findings from this dissertation, the question of tax progressivity also offers new avenues for research. While I put a lot of emphasis on the distributional features of different tax instruments based on their tax base, the assets that they weigh on, and their salience, I do not fully integrate the design of the sched-

ule into the argument and analysis. The main reason for this is that, to the best of my knowledge, there is no global data on tax progressivity allowing for meaningful cross-national comparisons. This is all the more the case for less developed and non-democratic regimes (Albers, Jerven and Suesse, 2020). Tax progressivity likely matters because it shapes individuals' interests, their perception of fairness, and their responses to changes in fiscal policy. The coercive dimension of taxation is therefore related to the extent to which wealthier groups in society, who are also better connected in general, carry a (dis)proportional share of the fiscal burden. This, in turn, has implications for the relationship between fiscal policy and inequality – a topic which remains vastly understudied outside of advanced industrial democracies. While a cross-national empirical exploration may be unfeasible, it would be worthwhile to theorize further about whether and how the extent of tax progressivity matters for the relationship between taxation and levels of support for autocratic regimes.

Third, this thesis focuses on the programmatic side of redistributive politics, which works through taxes and transfers. Additional research should investigate the distribution of rents and other financial and non-financial perks as a means for the ruler to allocate resources and consolidate their hold on power (Van De Walle, 2007; Arriola, 2009; Stokes, 2011). Consequently, while the findings of the third article exhibit a substitution effect between political and economic inclusion in autocracies, and suggests that the effect works through increased rents and direct transfers to co-opted elites, I do not delve into the non-programmatic side of redistribution. Doing so would require leveraging data on clientelistic practices and rent-seeking behaviour among elites, which is knowingly hard to gather in a systematic and comparable manner across countries. Nevertheless, it would allow to explore the other side of fiscal and redistributive policies. Specifically, it would provide for ways to test whether the inclusion of outsider elites in government results in the channelling of resources to their constituents downstream, or

whether it leads to pure appropriation of the financial benefits of being in power. As the number of authoritarian multiparty governments worldwide is on the rise (Bokobza and Nyrup, 2022), exploring the effect of this type of autocratic rule on economic outcomes and distributive practices becomes increasingly and urgently relevant.

Why this research matters

Overall, this research makes important contributions to our understanding of the political economy of authoritarian rule, and is relevant to contemporary audiences beyond academia.

In May 2018, the Parliament of Uganda passed a law which introduced a daily tax of 200 Uganda Schillings on the use of "Over The Top" platforms, including Facebook, Twitter, Whatsapp, and Snapchat.[1] Domestic critics and international observers were quick to condemn this move as an overt attempt by President Musevini, who had been running the country for over thirty years, to silence the opposition and quash anti-regime "gossip" circulating on these platforms. The announcement of the tax triggered widespread opposition in July 2018, led by opposition figure Kyagulanyi, alias Bobbi Wine. These protests were violently repressed by the police (Curtice and Behlendorf, 2021).

With the bill coming into force, Ugandans massively resorted to Virtual Private Network (VPN) softwares, allowing them to use the taxed social media platforms from elsewhere in the world. In particular, they resorted to the massive use of three hashtags, #ThisTaxMustGo #NoToSocialMediaTax, and #MobileMoneyTax, to voice their discontent on Twitter and organise popular opposition to the policy. Boxell and Steinert-Threlkeld (2021) show that the tax reduced the number of users using geo-referencing in Uganda by 13%, while tweets referencing collective action increased by 31% and

[1] See this article from *The Guardian* on July 14, 2018.

observed protests recorded increased by 47%.[2] The tax was ultimately repealed – only to be replaced with a direct 12% levy on the net price of internet data.[3]

This recent example is a perfect illustration of how contemporary dictators may use taxes as a tool of repression. Taxes on social media and means of communication effectively increase the cost and ease of access to information, and allow for a crackdown on freedom of expression. A similar pattern was at work in Lebanon following the introduction of the "WhatsApp tax" in October 2019, which generated widespread popular anger, and is considered by many as the spark that started the social and political crisis which ensued, plunging the country in instability once more. These instances show how specific indirect taxes can become contentious and trigger popular mobilization, both online and offline. They also demonstrate that coercive taxation is not a thing of the past, nor is it limited to the least developed parts of the world.

In both cases, non-democratic governments have resorted to a strategic use of taxes, making it harder for regime opponents to identify the incidence of taxation, and more difficult for them to coalesce and organize against the regime. They do so by raising the costs of information and collective action through taxation. This, in turn, gives rise to new forms of popular contestation, both on the streets and online; and signals deep and long-lasting changes in the landscape of popular mobilization against unfair fiscal policies in authoritarian regimes.

[2]They use a synthetic control framework, so that these percentages should be interpreted compared to compared to the counterfactual of non-treated countries with similar pre-treatment trends in these variables.

[3]See this report from the ICT Policy Center for Eastern and Southern Africa (CIPESA).

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