Administration and Taxation in Former Portuguese Africa

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1900-1945

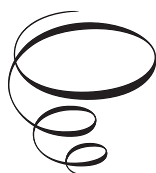
By

Philip J. Havik,

Alexander Keese and

Maciel Santos

Cambridge Scholars Publishing



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PREFACE

This book is very welcome on a number of counts. It is still the case that the Portuguese African colonies are consigned by many writers on Africa to the odd footnote or, at best, a throw away paragraph. It is also the case that, since Gervase Clarence-Smith's seminal work, *The Third Portuguese Empire,* there have been few studies which have considered all three of the Portuguese African territories together. This full length study by three of the leading authorities on Lusophone Africa will, therefore, make such neglect difficult to justify in future.

As the authors point out in the Introduction, understanding the history of the Portuguese African colonies has always been bedevilled by the belief in Portuguese "exceptionalism", a belief which has become at times an ideological battleground. The idea that Portuguese colonial rule was different in some fundamental way from German, French, Belgian and British colonial rule has become firmly rooted. Richard Hammond famously maintained that Portuguese imperialism was essentially "uneconomic" and was not tainted by the filthy lucre that lured the French and British and Belgians into Africa, while many in Portugal (notably during the Salazar regime) maintained that Portugal had a colonial tradition (lusotropicalism) that was qualitatively different from the racism of the other colonial powers. The opponents of the Portuguese also claimed that Portuguese colonialism was exceptional in the extent of its repression, cruelty, corruption and general backwardness. This contention is deeply embedded in the historiography, for most of those who carried out research into Portuguese colonial history prior to the 1974 Revolution were committed opponents of the New State and its policies. This book sets out to show that, although there were aspects of the Portuguese colonial story that set it apart, especially the "end game" of the wars of independence, the general trajectory of Portuguese colonialism was very similar to that of the other colonial powers. There is a good functional explanation for this. The problems faced by the Portuguese in pacifying, administering and ultimately developing their empire were very similar to those that confronted the other colonial powers. Faced by the same problems, the Portuguese inevitably adopted the same pragmatic solutions. Colonial administration (including the tax regimes) in Africa owed less to ideology and colonial theory than to conditions on the ground which might differ radically from one colony to another. It is important, therefore, that this book gets away from ideology

and takes a long and detailed look at what was actually happening in the three mainland territories that Portugal governed.

Once the microscope of historical research is focussed on taxation, an involved and complex picture is revealed. It may be true, as Benjamin Franklin said, that there are only two things that are certain in this world, death and taxes, but the latter come in all sorts of guises and are used to achieve a variety of different objectives. Imposing taxation can be a symbolic assertion of authority as well as providing the means necessary to pay for administration and services. However, it is clear that taxes have frequently had other purposes altogether. As the authors point out, taxation has been used as a way of carrying out the "civilising mission" of colonialism, as the payment of taxes required subject populations to earn wages and enter the money economy. Once society became fully monetised, the African population would become consumers and wage earners, thus providing the basis on which a modern economy could be founded. However, paying taxes did not always involve a monetary transaction. As the Portuguese and other colonial powers discovered, it was sometimes more advantageous to get people to meet their tax obligations by imposing compulsory labour or by forcing them to grow rice or cotton. It is in this context that the elaborate mechanisms of the *prazo* system in Mozambique were designed to meet all the various objectives of colonial rule–to attract foreign capital, to establish a system of administration that paid for itself, to secure a monopoly of commercial transactions and to provide a ready supply of labour. The way this system evolved and changed its *modus operandi* has been brilliantly described in Leroy Vail and Landeg White's *Capitalism and Colonialism in Mozambique.*

Collecting taxes, whether in the form of money or labour, presented the ill-equipped Portuguese colonial administration with severe problems. The solution they adopted was to involve African "traditional" authorities. This was not the form of indirect rule practised by the British in Nigeria or in the High Commission Territories. Instead it was indirect rule at the village level where *régulos* and *sobas* were given the task of collecting tax and recruiting labour on behalf of the government. This engagement with African "traditional" authorities as tax collectors and labour recruiters has had considerable importance in the post-colonial period. As Corrado Tornimbeni has shown for Mozambique, the Frelimo government initially replaced the *régulos* with party appointees but, after the civil war, reinstated them throughout much of rural Mozambique as intermediaries between the state and the people. Among their tasks were the allocation of land rights and the supervision of migrants, clearly reminiscent of the role assigned to them in colonial times.

The continuity between colonial and post-colonial society and government is one of the themes developed in this book. That independence has not brought about any fundamental page break in the narrative of African history is now widely accepted. The patrimonialism and extraversion which characterised the colonial society and economy has continued with little change in the years since independence and one of the reasons for this can be found in the story of taxation. Modern African states find it no easier to collect taxes from their citizens than the colonial regimes of the past and, like their predecessors, they are faced with extensive migration across porous frontiers–the traditional African way of evading taxation, forced labour and the dictates of the government. As direct taxes are so unpopular and difficult to collect, post-colonial states have remained highly dependent on other sources of revenue, namely customs duties on exported raw materials, foreign aid and loans, all of which feed the patrimonial networks of society and the state.

Historians have usually portrayed Africa and Africans as victims, passively enduring what is dealt out to them by an exploitative outside world. In a series of highly influential books Patrick Chabal set out to counter this deeply ingrained mindset and to emphasise African agency in all stages of the continent's history. Africa's position *vis a vis* the rest of the world, whether in the era of the slave trade, the high period of colonial rule or the post-colonial "globalised" world, has always been manipulated by African elites to their own advantage. And the same agency has been shown by ordinary Africans. Where there are taxes there has always been tax evasion and the story of taxation imposed from above has also been the story of taxes evaded by those below. The sophisticated ways in which the populations of the Portuguese colonies have made use of the porous external and internal frontiers to move around, hide their identities, find better wages, vacant land on which to settle or lower rates of tax, lighter labour obligations, access to affordable consumer goods, higher prices for their produce or access to education is part of the story of colonial rule which is particularly relevant to an understanding of the history of the Portuguese colonies.

Il faut compter was the motto of the French Annaliste historians and this book gets to grips with the statistical data relating to taxation as well as the legal frameworks in which the tax regimes were enshrined. For the first time the study of Portuguese colonial history has moved significantly beyond ideology and assertion and can be constructed on firm foundations of fact. This alone is a great achievement for which future generations of scholars will be very grateful.

Malyn Newitt

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INTRODUCTION

Taxation is one of the most durable phenomena related to the creation of structured communities and states. In the context of their historical development, the introduction of taxes appears to have often been a sign of establishing and consolidating structures of authority and domination, in which governments and administrations imposed regular payments. In the course of this process, the latter transformed unregulated tributes into taxation or invented new forms of taxes. Obviously, different systems of rule were characterized by different options for the imposition and collection of fiscal revenue. Taxes collected per head or per household competed with those on production or production units or assets such as land; in agrarian societies, a tithe or a similar contribution imposed on harvested crops or other agricultural production was for long a far more attractive means for political authorities to ensure revenue. Taxation could also be imposed on land, cattle, or goods: in the latter two cases, it was an alternative to tariffs that had to be paid for the importation or exportation of merchandise or livestock. And it was also imposed upon the ownership of real estate, and above all residential housing, which took on a new meaning with large scale urbanization. It comes as no surprise that in all these cases, the degree of monetization of a society plays an important role with regard to the practicalities of payment (for the early modern evolution in Europe, see Webber and Wildavsky, 1986; for the United Kingdom, Beckett and Turner, 1990).

Taxation could also have an egalitarian component, even in societies before the nineteenth and twentieth century, in which wealthy landowners were often exempted from the payment of contributions (and more so in the segmentary political entities that characterize much of the globe in the early modern phase). In more recent times, it took on a clearly redistributive aspect with the establishment of the modern, constitutional (nation) state which collected revenue by various means, as fiscal regimes became increasingly complex and differentiated between socio-economic groups on the basis of their earnings (Sabine, 1966). However, only increasing centralization on the level of the state and the expansion of functions taken over by it, for example in the context of the welfare state, created the conditions for the twentieth-century model of taxation based upon an intricate system of direct and indirect taxes (Shriver Jr and Knox,

1985). According to this model, direct taxes on individual citizens and taxes on property, businesses and commodities were employed to fund policies with a redistributive effect within society, i.e., favouring those with limited access to income, thereby allowing for their integration and development (Timmons, 2005). On the other hand, the idea of the law-abiding *and* tax-paying citizen only became a role-model for industrial societies after the Second World War (Likhovski, 2007).

In many contexts, the new dominance of neoclassical economic theory from the 1990s, combined with the end of the bipolar legacy of the Cold War and the collapse of the Soviet Bloc regimes, have redefined taxation—and particularly direct taxation—into an aspect of social life with mostly negative connotations. In this perspective, which has long been favoured by liberal, notably US American economic thought, taxes are regarded as instruments of an oversized state that (mis)manages excessive fiscal revenue to the detriment of both the overtaxed individuals (including both the wealthy tax-payers and the so-called "middle class") and of the economy as a whole. In the twenty-first century, many economists continue to advocate substantial cuts in tax levels—but the world-wide financial crisis which started at the end of the first decade of this century, jeopardized such hopes. States with considerable social welfare and service obligations are thus likely to encounter increasing problems with regard to public borrowing, which prevents them from (significantly) reducing existing tax levels and pressures. Thus, the debate on taxation in "modern industrial societies", currently appears to have ended up in an impasse—where daring new perspectives appear to be cancelled out by budgetary considerations and limits imposed upon deficit spending and public borrowing (Keen, Klemm, and Perry, 2012).

In the so-called emerging economies—exemplified by the BRIC countries such as China, India, or Brazil—tax levels (in general and in particular with regard to direct tax) are mostly very low in comparison, while the countries in question are often praised for these tax policies favouring rapid economic growth. However, sub-Saharan Africa has been at the margin of these debates. While the independent, postcolonial states on the African continent all have their fiscal systems which include a direct, individual tax on personal income, this form of tax has generally not been the principal source of public revenue. Indeed, it has in many cases been of relatively limited importance for the funding of state budgets (Zolt and M. Bird, 2005). On the whole, most African economies after 1960 continued to strongly rely upon revenue from indirect taxes such as customs duties (Mkandawire, 2010). The large majority of Africa's national economies have been dependent on one or two principal (non-

manufactured) export goods, a situation they inherited from colonial times, which meant that public revenues were therefore directly linked to (often considerable) price fluctuations on global markets (Uche, 2010). Public budgets that were so dependent upon customs tariffs, and above all those on export commodities, were naturally vulnerable to all kinds of global economic downturns, such as those triggered by the first oil crisis of 1973 (Cooper, 2002). Thus, the post-colonial era witnessed a proliferation of gatekeeper states, a phenomenon that was associated with their colonial predecessors. Institutional infrastructures and policy frameworks inherited from the late colonial state were geared towards a dual project of sovereignty and development that would largely determine postcolonial outcomes (Cooper, 2002:156). The recurrent crises of African gatekeeper states were above all related to their limited capacity to obtain domestic revenue and their reliance on foreign loans and aid and customs tariffs, giving rise to institutional paralysis and political instability (Newitt, 1999). African states that at the moment of independence had a well-funded public income and boasted a generously remunerated public sector in the early period after the transfer of power, experienced serious difficulties and frequently had to reduce public budgets and to freeze the salaries of public-sector employees. The paradigmatic example is Côte d'Ivoire, a country whose economy was specialized on and indeed a world leader in tropical export agriculture. Celebrated as an "economic miracle" with an impressive public sector in the 1960s, Côte d'Ivoire was strongly hit by the aftereffects of the two oil crises in 1973 and 1979, and the plummeting prices for its exports goods plunged it into economic and social turmoil. Public expenditure was dramatically reduced, thereby undermining the carefully crafted social consensus in Ivoirian society in the long run while contributing to the destabilization of the country, its society and its economy. As a result, during the first decade of the twenty-first century, this country experienced a prolonged civil war, causing serious hardship for its population and damaging its reputation as an apparently vibrant economy and concomitant "progressive" African state (Contamin and Memel-Fotê, 1997). Both Guinea and Zimbabwe could be mentioned here as economies and states whose dramatic economic downturn and declining tax revenues can at least in part been explained through the economic models they relied on (Phimister, 1974; Campbell and Clapp, 1995; Chiumbu and Musemwa, 2012:ix–xxiii). On the contrary, economies that diversified their production and export structure proved to be less vulnerable to the effects of world market fluctuations on their public income; Botswana, Uganda, and (in part) Ghana could be included in this group (Von Soest, 2009). Examples of "manageable" states like Senegal

appear to demonstrate a measure of success in avoiding the pitfalls of gatekeeping which has been ascribed to an "astute political elite" and its localized patrimonial strategies with regard to resource distribution (Cooper, 2002:168–171).

Generally, the short term solution for the problem of insufficient funding for increasing public expenditure lay in massive borrowing, which was typical for African states following independence until the early 1980s. Commitment of donors from both the "Western world" and the Soviet Bloc to modernization in the form of mechanization and import substitution allowed these African states to accumulate immense sovereign debts in comparatively short periods. Loans and aid thus formed viable alternatives to taxation—but their practice was obviously built upon the belief that public investment would generate increased income via export-led growth (Therkildsen, 2001; Adam and O'Connell, 1999). The crisis of the indirect, tariff-based model of public budgets was also seen to undermine expectations for a sustainable model of accelerated initial growth that was based on public debt. On the contrary, after a relatively short period, many African states were no longer able to service their debts, and the first dramatic and draconic measures taken by international Bretton-Woods institutions with regard to the spending behaviour of African governments were already in place by the early 1980s (Bowden, Chiripanhura and Mosley, 2008). The end of the Cold War and the emergence of rapidly growing "tiger" economies in East Asia and, in part, in Latin America made it clear that the trend away from the African type of large-scale public borrowing of the 1960s and 1970s was irreversible. Since then, new demands for raw materials on the new, mainly Asian production markets have tended to reverse the exclusive reliance upon export duties income in many African countries (Bräutigam, 2009; Auriol and Walters, 2002). However, this shift has so far proven to be insufficient to guarantee an expansion of state-based public services beyond very rudimentary structures. To the present day, the massive social inequalities within African societies have made it difficult to imagine a new model of expanding public budgets through the introduction of higher taxes on personal income or other direct taxes.

This, on the other hand, also serves to obscure the discussion on taxation as a legacy from the colonial era, and as a hallmark of colonial rule. While in other debates on the current state of African polities, economies and societies, the colonial heritage is regularly commented upon (and neo-colonial remainders are periodically highlighted and criticized), taxation has rarely found such a distinguished treatment. This lacuna contrasts with other phenomena associated with colonial rule,

which have attracted the attention of researchers, i.e., the continuity of slavery and forced labour practices and the cultivation of export crops. The hiatus with regard to the colonial legacy in tax policies, which is currently gradually being filled by economic historians and social scientists, was surprising insofar as the experiences of African populations with taxation were—as we will demonstrate in this book—an essential aspect of colonial rule which had a decisive impact upon relations between the colonized and the colonizers. Recent debates on the comparative legacies of the metropoles are now directing new research in order to establish typologies of colonial institutions and policies, which includes categories of fiscal administrations (Herbst, 2000; Bayart, 2009; Frankema, 2010;) In fact, a significant part of the fiscal apparatuses implemented by independent African governments during the second half of the twentieth century was directly inherited from colonial structures and practices, although policies of capturing tax payers did differ depending on the type of states. Originally, these were meant to guarantee the continued exercise of control over colonized populations and to serve purposes of inducing monetization, new consumption habits and social engineering—and whenever the need arose to take recourse to repressive measures—while extracting revenue from them in order to fund these states. Thus, taxation was a vital aspect of imposing colonial rule, with all its elements of both economic extraction and ideologies of the civilizing missions.

Colonial Taxation and Social “Transitions”

Taxation was a decisive factor in integrating social formations from the tropical regions into the world market. As such, it has widely been depicted as a means of fostering social change and accelerating the transition from the so-called “traditional” to “modern” societies. Yet, curiously, this role of taxation has long been absent from colonial historiography. It is worth dedicating some attention to this peculiarity, all the more because this may contribute to shedding light on one of the major interdisciplinary debates in the social sciences during the twentieth century.

Seen both by colonial officials and social theoreticians from the early twentieth century as a political tool, the role of taxation was then envisaged as qualitatively different from European fiscal issues. Taxation was part of the “struggle against societies with a natural economy” (Luxemburg, 1951: 369). It was included in the plans of social engineering for “natural societies” in order to expand “civilized society”, i.e. the capitalist mode of production. But, as the world market and its ideological

framework became hegemonic, colonial taxation turned into "economics". Once implemented either in colonial or in open foreign markets, the fiscal policies of the new territories no longer seemed to work out much differently than metropolitan ones. As a result, its extra-economic origins were ignored, the same way as the "political economy" of taxation fell into oblivion in orthodox textbooks.

In fact, colonial taxation formed part of the "primitive accumulation" of capital. Long before its apparent self-regulation, the world market operated mainly through the—often violent—agency of the state, another rather neglected actor of today's "economics". True, it is possible that the social disintegration of "natural" or "traditional" societies, when exposed to the world market, would sooner or later occur, especially because there was nothing particularly "natural" about them. Almost all of the societies that came under European domination were already commodity producers, and trade was the starting point of the world economy. And as to the "traditional societies" that were still not monetized, the combination of their own historical dynamics with foreign trade would necessarily lead them to change.[1]

However, "natural societies" did not necessarily agree to start selling what the foreign capitalist economy was most interested in: land, natural resources and the labour force. To wait patiently for this to happen was definitely not the policy of the European capital exporters at the time. Force—that is, the use of state power—was the final option used in all cases to speed up the opening of markets (including the labour markets) and the production of commodities. This occurred independently of the legal status of the intervention—be it in independent China or in colonial Africa.

Nevertheless, the complexity of each transition process is undisputed. For more than half a century the discussion on the "transition" models produced a vast amount of literature. One of its more notable offspring was the entry of "development studies" into respectable "economics". Although colonial taxation had meanwhile almost disappeared from the scene, it worth summarizing some of the basic concepts of these debates here in order to see how the "peasant tax" fit into the "transition" puzzle.

Until the 1950s, there was a broad consensus—naturally, not shared by the orthodox "economics" where the transition debate were meaningless—on the notion that the capitalist mode of production, once exported, would develop as it had before in Western Europe: "*De te fabula narratur*" (Marx, 1977: I 12). Although by this quotation Marx had meant to explain why the pureness of English capitalist society had made him pick so many English (and not continental) examples, for many others, it meant that a

replication of the English path would be expected everywhere else. Explanations of the "take off" up to the 1950s (from critical and from respectable academics) relied more on the dissolving effects of capitalist historical "superiority" than on the "primitive accumulation" process (which, needless to say, had also occurred in the "English transition"). Depending on the historical background of each case it was admitted that "modern" (capitalist) and "traditional" (pre-capitalist) societies would articulate themselves in a dual society over variable periods. In the aftermath of this abstract paradigm, the role of the state and of "extra-economical" processes were mentioned but, with few exceptions, played an increasingly smaller role in the transition models. Even the debate on the Russian case, which was more inclined to follow deviant contributions in line with its particular features—such as the original concept of the "peasant economy" (Chayanov, 1966)—were determined by the evolutionist view. From this perspective, the Eastern European peasantry would "ultimately" be dissolved into capitalists and wage workers mainly by market forces and enter into its predefined path (Kautsky, 1988; Lenin, n. d.).

Social change in Europe and Russia had meanwhile focused the "transition" debate on the agrarian issue; the historical processes of these regions made them more than academic disputes. In the 1920s and 1930s, the "peasantry"—which constituted the majority of the populations of almost every social formation—was seen to stand at the core of the social, class-based struggles, both in the new Baltic and Danubian states as well as in the Soviet Union. In this context, the expropriation of the aristocracy's estates of the former Empires and the appropriation of the peasant surplus in order to pay for industrial growth became the central conflict of the time. It is remarkable how such momentous social changes, which so intensely highlighted the role of the state and its peasant surplus appropriation, had few echoes in the "transition" debates outside of the Soviet Union. Clearly, Danubian and Soviet upheavals were not "economics".[2]

Regardless of that position, in the 1950s it was also acknowledged that agriculture was the productive sector in which the capitalist "class" relations had been less implemented. This applied even to Western European social formations (Goodman and Redclift, 1981: 68). By then, the uneven pace of capital accumulation and the world gap in income levels gained wider political visibility through some UN reports, mainly those by Raul Prebisch (Amin, 1988: 100–104). Latin America, more than any other non-European region, inspired the "underdevelopment" theories that were now based on heterodox views about the "invisible hand" of the

market. This called for the rediscovery of political factors and the role of the state in the value distribution, which included the role of the peasant surplus in the accumulation process. The famous debate of the 1950s on the transition from feudalism to capitalism already reflected the importance of peasant taxation, namely in Japan (Takahashi, 1986). Once more, these were no longer just theoretical debates: the experience of the 1930s world recession, of the two World Wars and, as regards Europe and Japan, the tasks of replacing their devastated production structure, had led the "developed" countries to engage in public planning, income transfer and much increased state investments at an unprecedented level.

Keynesian concepts and academic awareness of "underdevelopment" generated the "dependence" theories that brought about the rejection of the dualistic framework between modern and non-modern sectors. In that view, capitalist society was also the reproduction of pre-capitalist social relations. Moreover, the new models carried some implications about how "economics" mixed with "politics": accordingly, a hierarchy of exogenous dominance was regarded as necessary to explain the "world-economy".

New arguments were put forward, which were not necessarily common to all models: first, the world market had one centre, in which an excessive surplus production capacity called for an increasing state consumption; [3] second, much of the surplus appropriated by the main states in the centre was mainly diverted to feed a fast growing military complex; third, the combination of the first and the second element plus an unequal trade network blocked social transition in the politically dominated societies; finally, non-capitalist social relations in the peripheries produced surplus that was mainly exported to the centre and this drain aggravated the surplus plethora (Baran, 1977).

Some "dependence" theories even dated the blocking of the "transition" in the peripheries back to the onset of world trade, that is, long before capital exports and the monopolistic markets had developed in the centre (Frank, 1979). With such an open definition of production relations, it is therefore hardly surprising that the debate on the Indian transition, for instance, would come to consider all the "antediluvian forms" of peasant surplus appropriation (from tithe to usury rates) as capitalist relations and the selling prices of peasant output as wages (Banaji, 1977). Conversely, seeing the extra-economic factors in themselves (i.e., as permanent blockades in the failed implementation of full capitalist relations) allowed for models that could multiply the transition patterns: the colonial period was even presented as a "transitional mode of production" (Rey, 1973; Goodman and Redclift, 1981: 65)

It was difficult to come to clear-cut conclusions on such premises.[4] Notwithstanding, by focusing on the persistence of the peasantry in modern social structures and on the role of the dominant states, the late models of transition were closer to approaching colonial taxation as an empirical object. The earlier "dependence" models had been justly criticised for their excessively formal analysis, lack of data and, above all, for having focused on exchange rather than production relations. In short, they were criticised for not having found solutions for the problem of how the surplus was drained from the peripheries to the centre.

This book does not set out to propose fundamental contributions to the theoretical transition debates. But, if colonial taxation is viewed as a necessary function of capital exports it does require a brief clarification with regard to the starting points for an analysis of fiscal policies, their rationale and impact.

The first one regards the concept of profit. By assuming that capital accumulation already implies the realization of newly added surplus labour, the approach adopted in chapter 1 does not follow the Keynesian (and "dependence") ideas as regards capital exports and state expenditure. Explaining the first by the "plethora of capital" and the latter as a possibility against the falling rate of profit is not helpful. Conversely, it implies that when non-reproducible state consumption—like the bureaucratic apparatus, the production of military equipment or of any other non-tradable goods or services—were to be saved and paid by non-capitalist incomes, the average rate of profit would increase. This argument sets the framework for seeing capital exports as one of the key factors for the actual implementation of colonial taxation, as chapter 1 will demonstrate.

The second point follows from the first and entails a particular contradiction of any "transition" involving colonial dominance, which was soon grasped in the early stages of the discussion. In the formal cases of dominance, the process of capital exports generally included the export of state structures, a non-reproducible expenditure. As a result, peasant societies tended to be sustained in the condition of tax-payers but, at the same time, disintegrated and mobilised as a potential wage work force. While Rosa Luxemburg held that "capitalism needs non-capitalist social strata", she underlined that the "forms of production based upon a natural economy are of no use to capital" (Luxemburg, 1951: 368). The functional need of non-capitalist strata for capital accumulation has for long been considered to be one of Luxemburg's major logical errors regarding the process of capital accumulation. Capital accumulation is self-sufficient. Still, Luxemburg's intuition of that functional need and of the correlated

contradiction is compatible with the interpretation followed in some chapters of this book—that on the one hand a self-sustainable peasantry was made to pay for the colonial state apparatus; and on the other, that the development of the modern economy tended to undermine the ecological and social sustainability of those peasantries.

A third point should be added here, namely the question of the rationale of the bureaucratic state, the sustainability of its fiscal policies and their socio-economic implications. Weberian approaches to the state and its role in society have, besides political and social aspects, also taken into account economic and fiscal contexts (Swedberg, 1998: 57–62). By emphasising the relations between capitalism and ruling political elites, the question of the instruments of "legitimate domination" arises, as well as the monetisation of the economy, the "capture" of sources of state income and the impact of extraction on the economy. The well-known text by Schumpeter published at the end of the First World War on the relation between taxation, public debt and the decline of modern capitalist economies which served as a trigger for a debate on fiscal policies, emphasised the need for an understanding of fiscal sociology and history (Schumpeter, 1991; Musgrave, 1992). These concerns had a direct bearing upon the intricate linkages between the economy, the state and the social structure, and the "fiscal pressure" exerted by the state on populations and its "formative" role in shaping societies from a social and cultural perspective (Schumpeter, 1991: 101).

However, as a number of chapters in this book address, they also apply to the discussion of the colonial state's role in economic development, the use of fiscal tools to achieve that "transition", the tensions and conflicts they provoked and the quandaries of "adjusting" policies in a crisis situation (Gardner, 2012: 59). The destruction of previous ways of life, the state's need to reproduce itself by taxation but also its creative function by replacing the "old" with the "new", focused on the bureaucracy's power but also on its limits. "The tax state must not demand from the people so much that they lose financial interest in production or at any rate cease to use their best energies for it" (Schumpeter, 1991: 112). As a result, the sustainability of tax polices themselves was questioned and related to the way how these were viewed by tax payers themselves and society at large. Unwittingly, the distinctions made between a "competitive" and "administrative" economy were relevant not just for Europe at the time, but also for colonial situations and the logic and limits of the state's extractive and often un-economic fiscal strategies.

To understand how these different trends and apparent contradictions combined to reproduce themselves in colonial societies is one of the main

goals of this book. The key to an understanding of these changes is precisely to take a closer look at colonial administration which stood at the heart of the colonial fiscal project. It is to this end that the authors have gathered new empirical data, a task that allows this study to make a fresh contribution to the ongoing debate.

Taxes in Colonial Africa

The Hut Tax War of Sierra Leone, which erupted in 1898, became an instructive case for the pitfalls regarding the introduction of direct taxation, and for violent protest by local populations. At the time, the British government in Freetown had extended the geographical area where personal taxes were levied. They did so by moving from a very limited zone bordering the Sierra Leone Peninsula to neighbouring territories, into the so-called Sierra Leone Protectorate, which included all of the remaining regions of present-day Sierra Leone. This led to armed resistance of mainly Temne and Mende-speaking populations, in part under the leadership of the famous war leader, Bai Bureh. The resistance was quelled by the employment of colonial troops, but left bitter if not traumatic memories. The case of Sierra Leone is paradigmatic because in this territory, contrary to the large majority of regions on the African continent, a European colonial power had exerted direct rule over at least part of the territory from the end of the eighteenth century. For this reason, the application of tax policies as a gradual process towards achieving fiscal control can be studied in the Sierra-Leonean case as British authorities attempted to counter local resistance and local communities adapted to it; moreover, the war and its interpretation by contemporaries were directly linked to the question of taxation. It clearly showed the limits of European rule, the lack of knowledge on African societies and the opposition with which their extractive policies could be met. Thus, the enforcement of taxes and other contributions demanded from Africans was an important motive for organized resistance against colonial expansion before the 1920s (Redding, 1996 and 2006). The Hut Tax War therefore constitutes a prelude to a whole range of conflicts that emerged across the African continent, many of which were in one way or another associated with taxation (Abraham, 1974). The Bambatha Rebellion of Natal, in South Africa where the hut tax was first introduced in the mid-1800s, constitutes a second paradigmatic case of tax rebellions, as well as several others (Thompson, 2003; Redding, 2000; Burton, 2008).

Obviously, most precolonial state structures in sub-Saharan Africa had their own fiscal systems, and it is impossible to gloss over them when

discussing more general categories of the situation before the colonial conquest. Interestingly, one of the justifications for the "modern" hut tax was that it would replace—and put an end to—abusive practices committed under the guise of "tradition" by African authorities. By introducing standardized procedures and using revenue in order to fund the "civilizing mission", African subjects would contribute to their own development (Afigbo, 1972). Indeed, they were expected to contribute to the costs of their submission in the case of military expeditions sent to "pacify" and subjugate them to colonial rule by means of "war" and "administrative submission" to colonial tax regimes. At least, with regard to precolonial practices, it can be said that the very extremes of collection of contributions can be found in the different African regions at large. The differences between stratified and segmentary societies are often particularly relevant in this respect: while the former boasted some form of centralized rule and were divided into a number of professional or social strata, the latter were composed of more or less autonomous units at the village and compound level. Thus, on the one hand contexts abound in which taxation as such is largely absent and contributions are embedded in age-based hierarchies, and systems of reciprocity, while on the other hand, this contribution was in some cases typically organized in the form of the levying of tribute, sometimes collected in an ad hoc fashion (Makgala, 2004). However, more centralized political entities often based their system on revenue obtained from tributes collected through raids on an irregular basis, such as in the case of the so-called Wolof states of present-day Senegal (Searing, 2002: 4–12). On a more permanent basis revenues would also be gathered in kind, for example through farm labour performed for ruling lineages embedded in customary and ritualised hierarchical relations. Other examples of more elaborate fiscal systems in more or less stratified societies include the well-researched example of the Asante state in present-day Ghana. In the case of Asante, differentiated tax and tribute mechanisms were established and Arab-speaking, Muslim specialists (sometimes from northern Africa) were hired to assist with the accounting of the income generated for the state (McCaskie, 1995: 42–48; Kwame, 1990: 524–537). As James Fenske has shown, the Songhai, Oyo, Toro and Luba states all levied taxes on trade as they expanded their territory, and intensified collection with the long distance trade networks that were redirected towards the coast with the maritime slave and commodity trade (Fenske, 2014). In the nineteenth century, the inversion of these trends gained momentum with the "scramble" as European territorial control increased; by then, the degree of centralization and structural specialization had further advanced in many African political

entities, which often went hand in hand with a growing efficiency of administrative structures.

The European presence on the African continent before 1875 had few means at its disposal to enforce contributions from local populations. After an abortive attempt at territorial conquest during Europe's early modern period, Portuguese-led incursions in sub-Saharan Africa, European crowns and charter companies had mostly contented themselves with commercial activities. The one exception to the rule was Angola where Portuguese authorities carried out several military campaigns in the second half of the seventeenth century against Congo, Ndongo and Matamba kingdoms, and imposed the so called *dizima* or tithe on African populations. Generally, however, it was the Portuguese officials who were obliged to pay some form of tribute or dash (derived from the Portuguese *taxa*) for trade and settlement to African rulers as well as for travelling through their territories. Concentrating intervention on the trade in slaves meant that little or no control was exerted over populations bordering on European fortresses which dotted West and West Central Africa's coasts. There were some exceptions to the rule, for example individual attempts by Dutch fort commanders to obtain tribute from communities living close to the strongholds of the West India Company, like Elmina castle, and more generalized strategies to raise tribute such as in Portuguese Angola and in the Cape Colony under the rule of the Dutch East India Company. All in all, however, the quest for tribute was often seen as counter-productive for the commercial goals of the European presence, as good relations with African neighbours in coastal areas were helpful for smooth routines in the trade with human merchandise. This focus on commerce instead of territorial control is characteristic for European colonial activities in large parts of Africa (and Asia) before 1850 at the earliest. Some authors argue that particularly Great Britain was extremely reluctant to replace its commercial objectives with direct administrative control obtained through territorial conquest (Cain, 1993). From this perspective, it is unsurprising that for African and other non-European populations, the introduction of fiscal instruments and fiscal repression by Europeans with a view to extracting direct revenue from locals, was indeed a rupture—a rupture that provoked resistance such as in the case of the Hut Tax War.

The debate on taxation and colonial rule has generally made distinctions between settler and extractive states in terms of the nature of fiscal policies and the composition of direct and indirect taxes (see Acemoglu, 2001). Whereas in the former the state apparatus was far more elaborate providing a broad array of services for settler—and to a lesser extent for African—populations, in the case of the former it tended to be

more rudimentary, and almost solely focused on policing and the extraction of fiscal revenue and raw materials. Despite the recognized need for fiscal revenue by colonial states from the early 1900s, the conquest of African territories between 1870 and 1920 was rarely accompanied by clearly delineated plans for the establishment of efficient extractive structures. In many regions, the conquest in itself was improvised, and often relied on alliances with African rulers as well as on the military power of African mercenaries. Only in the aftermath of these complex and frequently confusing situations were European governments and ministries back in charge, in a concerted attempt at creating structures of local control and administration. Taxation then formed part of the priorities that the "conquerors" felt they had to tackle. But even then they often had to rely on appointed African paramount chiefs for tax collection: the creation of bureaucratic structures and procedures not only included the quest for regular information provided by African actors but also the collaboration of African dignitaries and auxiliaries who performed services "within" the new administrations, an issue which is still seriously under-researched (recent exceptions are Osborn, 2006, and Tuck, 2006, Lawrance, Osborn and Roberts: 2006). The Portuguese empire in sub-Saharan Africa was no exception to this rule.

Leigh Gardner's recent book, *Taxing Colonial Africa*, has provided novel momentum in the debate on taxation as an element of British colonial rule. Gardner explains how the British, at the moment of conquest, sometimes experimented with charter company administration but abandoned these strategies in the interwar period; in addition, she discusses different situations in which direct or indirect taxes were increasingly used to avoid local budget deficits. She then focuses on the development of trade taxes before the background of economic crisis, and the weight of colonial and imperial strategies in the definition of commercial taxes. Gardner also discusses the different means of creating frameworks of direct taxation, including in their relationship with "racial policies" and with African strikes and social movements. From the 1930s, fiscal policies also became contingent upon development goals, objectives of regional integration, and, later onwards, the preparation of autonomy and, finally, independence.

Gardner's book is an interesting first step. However, it is mainly an economic history, in which the experience of the "fiscal subjects" remains a marginal issue (Gardner, 2012: 26–30). Gardner analyses the main trends of fiscal strategies—and the same, macroscopic approach is used in Ewout Frankema's articles on the effects of British taxes in empire (Frankema, 2010 and 2011). This and other work by economic historians has been the

subject of criticism by "Africanists" on account of the limited attention paid to the agency of African actors and the need for rethinking colonial governance (Austin, 2008). Over the last decade, contributions by social scientists have paved the way for a view "from below" which focuses on fiscal citizenship and local perceptions of taxation and the counter and coping strategies devised by African tax payers (e.g. Roitman, 2004; Bush, and Maltby, 2004).

The present study intends to fill existing gaps in knowledge on colonial tax systems and practice with regard to sub-Saharan Africa by incorporating the views of both colonizers and colonized. It presents a social history of populations faced with colonial taxation and combines more detailed empirical studies of regional conditions with theoretical perspectives on colonial fiscal regimes. In other words: taxation was not only an exercise of adapting fiscal policies from the top; it was a broad framework rather than a system, which left room for improvisation and interpretation, as much as a process that had a direct impact over time on the livelihoods of and elicited reactions from African populations. Gaining a greater understanding of these conditions and connections is paramount for our understanding of African societies and their dynamics under colonial rule.

Why Portugal?

For many experts of British and French imperialism, the decision to study the impact of taxation in non-European regions, and particularly in sub-Saharan Africa, by focusing on Portuguese colonialism between the Scramble for Africa and the end of the Second World War, may appear as surprising. The Portuguese empire is still frequently treated as an anachronism, or at least considered to be a weaker type of the "real" or "grand" imperial activities on a global scale (Hammond, 1966; Clarence-Smith, 1979).

The debate on Portuguese rule in Africa has mainly focused on the motivations for Portugal's participation in the scramble and its timing, as well as on the effectiveness of its administration in controlling and extracting resources. The associations made with the British Ultimatum in 1890 and subsequent Portuguese nationalist fervour directed towards preserving its imperial ambitions by Hammond, and the economic rationale which guided the interventions of the first Republic (1910–1926) and the New State (1926–1974) argued by Clarence-Smith, have become the leitmotiv of much of the literature on the subject since the mid-1960s. Issues such as forced labour, an autocratic metropolitan regime and

protracted colonial wars all contributed to the reigning image of a "defective" or "deviant" Portuguese colonialism in Africa. This was so despite the fact that forced labour was a common feature in other colonial territories and that armed struggle was by no means exclusive to Portuguese colonies, such as the Algerian and Rhodesian cases testify. The reasons for this image are as much associated with its marginal position in Europe as with the difficulties Portugal faced in order to establish a "modern" empire and implement the "gains" made at the negotiating table of the Berlin Conference. Portugal's apparent inability to effectively occupy the territories allotted to it, and its ambitions to extend its influence beyond the borders drawn on the African map, caused European nations such as Great Britain, France and Germany to manoeuvre in diplomatic and also military terms to nurture territorial claims and divide Portugal's colonial assets between them.

But the notion also doubtlessly reflects a number of existing circumstances that characterized Portuguese imperialism, such as the often improvised nature of Portugal's control in the territories it claimed; a constant lack of personnel in general and of skilled cadres in particular; an underfunded colonial system that allowed for few investments in the colonies; and a metropolitan centre that failed to partake in Europe's modernization process over the long nineteenth century (Osterhammel, 2009). Moreover, colonial politics in Portugal were led by governments that operated either under extreme circumstances or under conditions that separated them from the mainstream of colonial planning. Between the last quarter of the nineteenth century and 1910, colonial expansion was one of the last resorts of a monarchic regime under constant pressure from growing domestic opposition. Successive governments under the monarchy believed they could cope with the severe economic crisis which hit Portugal in the 1890s through the conquest of new colonial territories. The failure to deliver on this expansive momentum no doubt shortened the life of the monarchic regime, which was overthrown in a revolution in 1910. Between 1910 and 1926, Portugal was an unstable democratic state that proved unable to secure its economic and political survival and suffered from chronic instability evidenced by constant policy changes and political infighting. Under these circumstances it was difficult for officials in the colonial ministry in Lisbon to elaborate continuous and coherent policies with regard to the country's colonies. Following the military *coup d'état* in 1926 and the establishment of the authoritarian *Estado Novo* (the "New State") under "Prime Minister" António de Oliveira Salazar from 1932 onwards, the main principles of Portuguese colonial rule were enshrined in the constitution and the Colonial Act in 1933. The divisive