The Institutional Sources of Nationhood

Citizenship and taxation in a comparative perspective

Draft

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INTRODUCTION

Ever since the rise of modern nation-states that were able to govern effectively in Western Europe a few centuries back, these states have served as sources of inspiration and role models for other states. For the first time in history, state leaders had the ambition to go beyond the idea of the state only as a loose political entity; they aimed to shape people’s entire world orders – the content of the symbols and codes determining what matters most to them. In their ordinary lives, people should think of themselves as French, Italian, or Brazilian, and their primary loyalty should be to the state.

Today, almost all states today are, or at least claim to be, nation-states. As such, they subscribe to the legitimating doctrine of national sovereignty, and they also claim to derive state power from, as well as exercise it for, a nation, a people. However, despite this, states actually vary a lot in terms of how successful they are in governing their societies. In the world today, we find, on the one hand, states that have the capacity to extract huge amounts of revenues from their populations, adopt highly functional policies to avoid human tragedies such as mass starvation and civil war, and protect their borders from external, as well as internal, threat. On the other hand, there are states that do not have the capacity to do any of these things – states that are faced with prolonged and bloody civil strife, a weak state bureaucracy, dysfunctional policies, and low levels of economic growth. There are even states that stand on the edge of state collapse – Sudan, Sierra Leone, Angola, Burundi and the Democratic Republic of Congo are some of the most recent, and maybe also most tragic, examples of such a development. In fact, states today are actually more varied in their capacities and capabilities than they ever were. As a result, real states also vary considerably in how closely they fit Max Weber’s ideal type of a state, understood as an organization that has the authority to make and implement the binding rules for all the people in a given territory. How can we understand this gap between ideal and real states, i.e. the variation between states in terms of capacities and capabilities?

There is growing consensus that states vary in their effectiveness based on their ties to society. From this perspective, the ability to mobilize the society’s population in favor of state policies is hence what separates stronger from weaker states since individuals are often

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1 See also Kohli 2004: 1 for a similar argument.
4 Rotberg 2003: 2.
5 See also Migdal 1988: 19 for this argument.
6 Migdal et al. 1994.
willing to sacrifice their taxes and even their lives for territory considered part of their polity.\textsuperscript{7} A large number of empirical studies also support such a claim.\textsuperscript{8} What there is however less agreement about, are the factors that are able to account for more or less cooperative state-society relations and, ultimately; for different national trajectories of state development. This study explores the transformative role of mobilized political identities in shaping different paths of tax state development. The argument is an institutional argument in the sense that it relates the official definition of the national political community, as articulated by the leaders of the state during formative periods of state development, to the further development of the tax state. As such this work is by and large inspired by the “new institutionalism” in political science. According to the argument of this study, the state should not merely be understood as a political organization, but also as an “imagined political community”. This study explores how official state policies defining the cultural boundaries of citizenship have influenced majority-minority relations, and ultimately tax state development in the developing context, as well as in industrial welfare states.

The first section of this paper deals with the view of the state as an imagined political community. Secondly, I discuss the institutional approach towards varying paths of state development adopted in the study. In the last section of the paper, the institution of citizenship is further explored, and I also present the analytical framework of the study. The paper provides an outline of the theoretical framework of a larger study

The state as an imagined political community

According to most researchers on the subject, there is no ‘natural’ or genetic basis for nationhood. Instead, nations are most commonly perceived to be “imagined communities”.\textsuperscript{9} Following maybe the most prominent advocate of this view, Benedict Anderson, all nations are imagined since “the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them, yet in the minds of each lives the image of the communion.”\textsuperscript{10} In this context, the word “imagined” does not simply mean “invented” in the sense of the creation or invention of a myth of a common historical past as it is sometimes understood.\textsuperscript{11} Instead, it signifies a contemporary belief in shared cultural and

\textsuperscript{7} See, for example, Goemans 2005; Tilly 1990; Levi 1988; Levi 1997; Migdal 1988; Migdal 2001; Migdal et al. 1994.
\textsuperscript{8} See, among others, Andreoni et al. 1998; Bergman 2003.
\textsuperscript{9} Anderson 1983.
\textsuperscript{10} Ibid: 6.
\textsuperscript{11} For example has Hobshawm, arguing that “nations do not make states and nationalisms, but the other way around”, put forward the view that states have ‘invented’ traditions of a common historical/linguistic past as to survive. In the same vein, Gellner has argued that “Nationalism is not the awakening of nations and self-consciousness: it invents nations where they do not exist” (Hobsbawm 1990: 10. The quote from Gellner is taken from Anderson 1983: 6).
historical ties and a shared destiny created by myth. A group of people becomes a nation when it has an image of its collective past and when its members are aware of and responsive to that image.

However, as argued by Anderson, the nation as an imagined community is also limited because “even the largest of them, encompassing perhaps a billion living human beings, has finite, if elastic boundaries, beyond which lie other nations.” As such, national identities (as well as all other identities) are relational and shaped by the nature of the ‘relevant’ others in the social arena. That is, while a sense of membership in a given community involves recognition of certain features of the group which render it distinctive, implicitly, these attributes are also contrastive. Fredrik Barth makes this point well in his book on ethnic groups and boundaries. Contrary to the widely held view and that ethnic groups have clear and defined boundaries that make sense for political action, Barth instead argues for the view that the formation of groups makes sense only on the basis of differences of culture. One of Barth’s original claims is, in other words, that ethnicity, the production, reproduction and transformation of the social boundaries of ethnic groups, is a two-way process that takes place across the boundary between ‘us’ and ‘them’. The contrast between ‘us’ and ‘them’ is hence what is embedded in the organization of ethnicity, or as Barth puts it: “an otherness of the others that is explicitly linked to the assertion of cultural differences”. What matters are ‘imagined communities’ based on politically relevant categories rather than all cultural traits – the features that are taken into account are not the sum of objective differences but only those which the actors themselves regard as significant. Barth’s view gives us an insight that ethnicity is not necessary an immutable bundle of equal preferences and reciprocity which is sufficient to refer to in order to identify a person as an ‘X’ or a ‘y’ or locate the boundary between ethnic collectives. Rather, ethnicity should be seen as a situationally defined concept.

To claim that nations are socially constructed is not to say that they are not important or that they are perceived as less real by those who are included in them. Rather, the imagining of a nation has the potential to tie millions of people together and to create a bond between past and future generations. That is, more than merely serving as a form of political

12 See also Smith 1997: 609 for this point.
14 Young 1976: 41.
15 Barth 1969.
16 Ibid: 9-10.
18 Anderson 1983.
19 Barth 1969.
20 Young 1976: 43.
organization, the state as an imagined community appeals to fundamental needs of belonging and has as such also become central to the formulation of collective identities.\textsuperscript{21} Regardless of potential inequalities and exploitative behavior within the nation, the nation is, according to Anderson, always conceived as a deep, horizontal comradeship.\textsuperscript{22} According to this view, it is also the fraternity of the nation – derived mainly from the common set of symbols and cognitions shared by the group of people belonging to it – that ultimately makes it possible for so many millions of people to pay the taxes to, or even willingly die for, such an imagining.\textsuperscript{23} As such, in the words of Emerson, the nation is a “terminal community – the largest community that, when the chips are down, effectively commands men’s loyalty, overriding the claims both of the lesser communities within it and those that cut across it or potentially enfold it within a still greater society…”\textsuperscript{24}

**THE INSTITUTIONAL SOURCES OF NATIONHOOD**

Researchers focusing on the impact of formal institutions on paths of state development ask whether public institutions can be arranged as to shape state-society relations and, as a result, states’ capacity to collect taxes. The answer to this question, according to a large number of studies, is ‘yes’; it is only a matter of getting institutions ‘right’. The major challenge for studies focusing on the role of public institutions in explaining varying state capacity has hence been to pin down specific institutional traits in various countries to see what separates those with a high state capacity from those with a lower state capacity. In the next section, there will be a short presentation of what has been called the new institutionalism in political science.

**The new institutional approach**

While there has been some controversy regarding what counts as an institution, at the most basic level, according to the new institutionalism approach, institutions are most commonly understood as simply the rules of the political game.\textsuperscript{25} As such, the organization of political institutions systematically structures actors’ political preferences and behavior.\textsuperscript{26} They define who the legitimate actors are; the number of actors; the ordering of action; and to a large extent, also what information actors will have about each other’s intentions.\textsuperscript{27} In short;

\[\textsuperscript{21}\text{Anderson 1983.}\]
\[\textsuperscript{22}\text{Ibid: 7.}\]
\[\textsuperscript{23}\text{Young 1976: 38.}\]
\[\textsuperscript{24}\text{Emerson 1960: 95-6.}\]
\[\textsuperscript{25}\text{See, for example, North 1990; Steinmo 2001a; Steinmo 2001b.}\]
\[\textsuperscript{26}\text{March & Olsen 1984; March & Olsen 1989; Rothstein 1996; Steinmo et al. 1992.}\]
\[\textsuperscript{27}\text{Rothstein 1996; Thelen & Steinmo 1992.}\]
institutions define who can play and how they play. One of the most widely accepted definitions of an institution would be Peter Hall's understanding of institutions as "the formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the polity and economy." Douglass North provides a similar definition, viewing institutions as the “humanly devised constraints that shape human interaction". According to both these definitions, institutions are made up of either formal rules, such as constitutions, laws, and regulations, or informal ones, such as, for example, conventions, moral codes and other norms of social behavior. However, as argued by among others Rothstein, analytically it would be more fruitful to think of institutions as existing in a continuous dimension, spanning from, at the one extreme, formal institutions setting incitement structures to, at the other extreme, informal ones, functioning mainly as social norms.

However, different kinds of institutionalisms define different ways in which actors behave and are shaped by political institutions. For rational scholars, institutions are mainly seen as structuring actors’ strategies concerning certain political outcomes. According to this perspective, institutions are mainly important as features of a strategic context, imposing constraints on self-interested behavior. The rational choice approach to institutions begins with a set of individuals, each with a well-defined set of preferences which they are also able to rank in a rational manner. Actors are, in other words, utility maximizers. In the game that follows, institutions then determines the exchanges that occur among the actors, but the institutions as such do not influence the preferences held by the different actors. That is, according to rational choice institutionalism, institutions may very well induce a change in actors’ strategies, but the preferences, i.e. to maximize utility, stay the same, independent of context.

The starkest contrast to rational choice institutionalism would be sociological institutionalism. Scholars following this approach have most commonly been interested in understanding culture and norms as institutions, i.e. they are concerned more with informal institutions than they are with formal ones. As such, they study patterns of behavior and cognitive maps and argue that these social and informal institutions are critical for the

28 Steinmo 2001a.
29 Hall 1986: 19.
30 North 1990: 3.
31 See ibid: 4.
34 Rothstein 1996; Weingast 1996.
understanding of social, political, and economic interactions.\textsuperscript{36} According to this perspective, individuals cannot be considered to have the abilities necessary to be fully rational in their interaction with other agents. In a given institutional setting, individuals do in other words not calculate what action would enhance his or her utility most. Instead, individuals act according to a logic of appropriateness. That is, they follow templates given to them by the institutions in which they are acting. As pointed out by Rothstein, in this cultural understanding of institutions, institutions do not only determine actors’ preferences, but institutions do to some extent also create the actors themselves.\textsuperscript{37}

This study mainly draws upon an emerging stream of historical institutional analysis that shares a concern for explaining enduring, national patterns of variation in policies and outcomes. The most relevant examples in terms of the subject for this study would be Sven Steinmo’s Taxation and Democracy from 1993 and Evan S. Lieberman’s Race and Regionalism in the Politics of Taxation in Brazil and South Africa from 2003.\textsuperscript{38} In the next section, the historical institutional approach is further explored.

\textit{Comparative historical institutionalism}

The historical institutionalist view commonly uses both rational and cultural approaches to specify the relationship between institutions and behavior. According to this perspective, political institutions do not only distribute power and influence strategies, but they have also the potential to, over time, influence how various groups come to define their political interests and worldviews, as well as their very identities. The structure of a polity’s institutions hence also profoundly affects how actors develop their policy preferences. However, this is not to say that historical institutionalists have trouble with the rational choice idea that political actors are acting strategically to achieve their goals. Rather, what historical institutionalists turn against is the idea that actors and preferences are given from the beginning, before the game starts.\textsuperscript{39} According to the historical institutionalist view, institutions instead provide the context in which individuals interpret their self-interest and thereby define their policy preferences. Rationality in itself is, as such, embedded in context. In the words of Sven Steinmo, “[one] cannot even define what a rational act is without examining the context of that behavior.”\textsuperscript{40} As such, formal political institutions are not understood as simply neutral brokers among competing interests, but they are “social forces

\textsuperscript{36} See, for example, March & Olsen 1989; Steinmo 2001a.
\textsuperscript{37} Rothstein 1996: 147.
\textsuperscript{38} Lieberman 2003; Steinmo 1993.
\textsuperscript{39} Thelen & Steinmo 1992.
\textsuperscript{40} Steinmo 1993: 7.
in their own right”, mediating actors’ goals, their relations of cooperation and conflict and, as a result; they also determine varying patterns of political mobilization, leaving their own imprint on political outcomes. National political institutions have, as such, the capability to foster distinct clusters of norms, values, and subsequent behaviors that fundamentally structure policy processes and hence make particular policy outcomes much more likely than others. While some institutions tend to promote cooperation and consensus, as well as support for the state, others have the opposite effect.

Specific for the historical institutional approach is the ways in which it also emphasizes the lingering effects of early policy choices. The argument here is that initial policy choices will have a pervasive effect on future developments even once the initial conditions have changed. That is, while the exact idioms used for politics may change, the institutions that remain in form of the ideas and myths that sprung from the initial conditions may still be reinvented and adapted to new circumstances over time, hence be setting in motion path-dependent processes of state development. As such, also institutions that were only in place for a very short time, or even considered to be mistakes, might still cast a long shadow on the future, shaping political outcomes for a long period of time. As such, historical institutionalists tend to have a view of institutional development that emphasizes also unintended consequences.

However, while the institutions that are at the center of historical institutionalism have the potential to shape and constrain political strategies and outcomes in different ways, they are themselves also the outcome of different strategies, conflicts, and choices. As a result, institutions according to this view are never the only cause of different political outcomes. Rather, as has been pointed out by among others Peter Hall, what institutionalists claim is that institutions structure political interactions, and in this way, in the end, ultimately also affect political outcomes. Rothstein has, in the same vein argued that, by focusing on the intermediate institutions of political life, institutionalism provides the theoretical “bridge

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43 Rothstein 1998; Rothstein 2003; Rothstein & Stolle 2002; Rothstein & Stolle 2003.
44 Hall & Taylor 1996. Also Mettler and Soss have emphasized the ways in which public policy define membership, forge political cohesion and group divisions, and build and undermine civic capacities (Mettler & Soss 2004). Lately, some rational choice analysts have begun to incorporate ideas and values into their work to explain why actors move toward one outcome when a conventional analysis specifies many possible equilibrium outcomes. However, in these studies ideas serve almost only as ‘focal points’, i.e. ideas are unquestionably important to such analyses, but not ideas as ideas – that is, their content, valence, and intensity are less important than the role they play in a causal tableau (see Lieberman 2002: 699 for this critique).
46 See, for example, Peters 1996; Rothstein 1996; Thelen & Steinmo 1992.
47 Hall & Taylor 1996.
49 From ibid: 13.
between ‘men [who] make history’ and the ‘circumstances’ under which they are able to do so.”

THE INSTITUTION OF CITIZENSHIP

As the highest level definition of the nation (in a hierarchy of possible definitions of the nation advancing from how the public, elites, mainstream parties, and the state “imagine” the nation), the formal criteria for citizenship is frequently at the heart of the idea of a community and are hence intimately connected with sets of common values and a shared identity. As such, citizenship policies also provide an extraordinary opportunity for the state to tie people to specific geographic entities, as defined by territorial boundaries.

The relationship between the state and citizenship is far from a new topic in the social sciences. Already Aristotle defined the state as “a compound made up of citizens”, compelling “us to consider who should properly be called a citizen and what a citizen really is.” In the same vein, Aristotle also made the claim that human beings are by nature political animals, and that without full membership in some kind of state (polis), humans’ life is ‘less than fully human’. In other words, in the view of Aristotle, not only does the state need its citizens, but the citizens also need their state. For social contract theorists like Rousseau, Hobbes, and Locke, the very basis of the “social contract” through which the state evolved as a form of human organization, is the conferment and recognition of citizenship on those in the political community. As a consequence, from the perspective of social contractors, the notion of citizenship cannot be separated from the evolution of the state.

At the most fundamental level, citizenship can mainly be understood in terms of that it bestows upon individual membership in a national political community. Depending on the specific political system, the official membership in a state is also associated with certain goods, rights, and obligations. These could for example include such basic goods as security and access to the labor market. In a liberal democracy, citizenship is also associated with the right to vote, the right to run for office, and to participate freely in public activities. The obligations of citizenship would be such things as fulfilling demands for taxation, and possibly serving the military. However, as maybe most forcefully argued by Rogers Brubaker,

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50 Rothstein 1992: 35.
52 Taken from Beiner 1995: 15.
53 For this discussion, see Adejumobi 2001: 151.
54 Howard 2006; Lieberman 2003.
56 Howard 2006.
citizenship does not merely bestow on the individual membership in a national political community, but in terms of the larger international community, citizenship also serves as what Brubaker has called ‘a powerful instrument and object of social closure’ of the nation-state.\footnote{See Brubaker 1992: 23.} As such, citizenship is considered to be also the binding element of a national political community. According to Brubaker, citizenship serves as an instrument of social closure in at least two respects. First, national citizenship draws boundaries between states. It is, in other words, a powerful instrument of \textit{exclusion}. Every modern state identifies a particular set of persons as its citizens and defines all others as non-citizens, as outsiders or aliens. Additionally, citizenship also serves as an instrument of closure within states. As such, a conceptual, legal, as well as an ideological boundary between citizens and foreigners is established by every state. Every state discriminates between citizens and resident foreigners, reserving certain rights and benefits, as well as certain obligations, for citizens. Every state as such claims to be the state of, and for, a particular, bounded citizenry, usually conceived as a nation, i.e., as something more that a mere aggregate of persons who happen legally to belong to the state.\footnote{Ibid: 28.} In this sense, the modern nation-state can also argued to be inherently nationalistic since it claims legitimacy by claiming to express the will and further the interests of that citizenry.\footnote{Ibid: 21.}

By and large, Brubaker’s comparative historical study of nationalism and citizenship in Germany and France can be argued to have served as an important impetus for the renewed interest in the politics of ethnic relations.\footnote{See also Weldon 2006 for this argument.} However, Brubaker identifies only two types of citizenship regimes (i.e. nationalist images): ethnic and civic. As such, he by and large ignores the cultural rights dimension that has been central to the multiculturalism debate of concern for this study.\footnote{See ibid for this critique.} In the next section, the cultural rights dimension of citizenship is discussed.

\section*{Policy responses to diversity}

The need for a deeper understanding of how citizenship policies regarding the cultural boundaries of states structure politics could not be more urgent. Despite the fact that almost all states today are, or claim to be, nation-states, and do hence also subscribe to the legitimating doctrine of national sovereignty,\footnote{Brubaker 1992: 28.} very few states have nations in terms of what the word actually implies; i.e. “an intergenerational community, more or less institutionally
complete, occupying a given territory or homeland, sharing a distinct language and history.\textsuperscript{63} While it in the past was perhaps feasible to divide countries into those with ethnically homogenous societies and those societies defined by ethnic diversity, over the last half century, such polarities have been eliminated.\textsuperscript{64} Today, more or less all sovereign nation-states, including also the more well-established states, are, in some way or another, ethnically or culturally diverse.\textsuperscript{65} Along with this “new” reality, the discussion concerning how diverse states should best be governed has grown increasingly loud and infected.\textsuperscript{66} While, for some observers, the general lack of fit between political and ethno-cultural boundaries is at complete odds with the very idea of the nation-state, and hence means a threat to the strength and survival to the nation-state \textit{per se},\textsuperscript{67} the general debate regarding the subject has rather been concerned with how policies directed towards ethno-cultural minorities and immigrant groups should be designed as to best forge a sense of nationhood. It has commonly been argued that, when a cultural identity is triggered, it usually generates an important and non-universalistic set of views concerning appropriate collective goods and standards of fairness.\textsuperscript{68} However, while over the past fifteen years, communitarians and liberals have time and again engaged one another in philosophical discussions over the importance of individual and group rights, pluralism, self-determination, and nationalism, as means in order to forge a sense of community and belonging among diverse populations, these debates have only rarely engaged empirical social science research.\textsuperscript{69} As a result, the understanding of what kind of policies that have the potential to actually generate a sense of shared belonging, or nationhood, as well as an empirical understanding of those policies that do not have such potentials, is still rather limited.

\bibitem{63} Definition taken from Kymlicka 1995: 18.
\bibitem{64} Banting 1998.
\bibitem{65} Ibid; Kymlicka 1995.
\bibitem{66} However, as already discussed, Western European states, which have by and large served as models and ideal-type nation-states, were hardly natural from the beginning. As, among others, Michael Mann (Mann 1999) has pointed out, ethnic cleansing, genocide, and the reordering of territorial borders all served as means to establish ethnically homogeneous states at the time for Western European state formation.
\bibitem{67} In a study from 1986 for example, Gary Freeman predicted that immigration would lead to the “Americanization of European welfare policies”.\textsuperscript{67} Also Alesina and Glaeser, in a study from 2004, worry about whether the generous European welfare state can really survive in a heterogeneous society.\textsuperscript{67}
\bibitem{68} See, for example, Levi 1997: 24.
\bibitem{69} For this critique, see also Banting & Kymlicka 2004; Lamont & Molnár 2002. However, one significant exemption here concerning immigration policies is recent work of Banting and Kymlicka (Banting & Kymlicka 2004). In their article, they empirically examine the proposition that multiculturalism policies directed towards immigrants should negatively affect the degree to which states are able to provide welfare goods. Quite to the contrary to much of the critique directed towards multiculturalism policies, Banting and Kymlicka find no evidence that multiculturalism policies mean the scaling down of the welfare state over time. Weldon (Weldon 2003; Weldon 2006) has examined whether the degree to which the dominant ethnic traditions or culture is institutionalized in the laws and the policies of a nation-state affects citizen tolerance of ethnic minorities. In terms of countries outside the Western European and Commonwealth context, scholars have for example attributed the dramatic collapses of the USSR and Yugoslavia at least in part to ethnofederalism (Hale 2004). Researchers have also argued that ethnofederal arrangements do not work very well in the African context in general (Mozaffar & Scarritt 1999).
By and large, states today stand before two policy options in terms of how to handle their diverse societies. Either they can choose to accommodate and recognize ethnic difference by the adoption of multiculturalism policies or power-sharing arrangements, or they can attempt to assimilate ethnic differences through more serious nation-building policies. Multiculturalism policies may in turn be analytically conceived as having two variants, one which is more full-fledged and one that is more symbolic. The more full-fledged variant of multiculturalism policies is mostly relevant for the discussion of how to forge a sense of nationhood in so called pluralized states, i.e. states with ethno-national groupings. The other type of multiculturalism policies is more relevant for states that have multiple ethnic groups that share a set of integrative institutions and national values, but that still retain collective sub-state practices that do not compromise their loyalty to the unity of the state. This perspective is frequently referred to as ‘egalitarian multiculturalism’ and is concerned with the recognition of groups rather than with power-sharing arrangements. Such multiculturalism policies could for example consist of constitutional, legislative, or parliamentary affirmation of multiculturalism at the central and/or regional levels, the adoption of multiculturalism in school curriculum, exemptions of dress codes, the allowing of dual citizenship, the funding of bilingual education and affirmative action for disadvantaged groups.\textsuperscript{70}

\textit{The multiculturalism debate}

The major concern for the, by and large philosophical debate regarding how states should best deal with their diverse societies has been whether citizenship alone is a sufficiently strong element to hold together a state or whether it is also necessary for the citizens to share a cultural identity of the kind that common nationality provides. That is, will the adoption of group rights undermine the integrative function of citizenship? The adoption of multiculturalism policies remains controversial. Mainly two lines of critique can be distinguished against them. The first critique is a philosophical critique, which argues that multiculturalism policies are inherently inconsistent with basic liberal-democratic principles. The other critique, that is more relevant for this study, is worry that if groups are encouraged by the very terms of citizenship to turn inward and focus on their “difference” in terms of multicultural citizenship, then the hope of a larger fraternity of all the people living within the territorial borders of a nation-state will have to be abandoned.\textsuperscript{71} Citizenship will hence cease to be a device to cultivate a sense of community and a common sense of purpose, ultimately serving an disintegrative function. Rather than highlighting differences, the critics

\textsuperscript{70} Banting & Kymlicka 2004.  
\textsuperscript{71} Kymlicka & Norman 1995.
argue, one needs instead to emphasize the commonalities if a shared identity is to develop. By rejecting multiculturalism policies, David Miller for example argues that since national identity is not a fixed concept, a state-promoted inclusive national identity would be the best option in order to create trust and unity between different cultural groups. According to Miller, multiculturalism policies tend to fix individuals into essentialist cultural categories, over time preventing integration, as well as the development of a shared identity. Miller even argues that the politics of the common good will predominate only if there is a shared national identity. Similar arguments have been put forward by, among others, Brian Barry. In his book “Culture and Equality”, Brian Barry argues that a sense of belonging together provides the basis for social trust which, in turn, is essential for the smooth functioning of the state. Ernest Gellner argues that a shared culture is a prerequisite for any state as such, claiming that “Nationalism is a theory of political legitimacy, which requires that ethnic boundaries should not cut across political ones, and, in particular, that ethnic boundaries within a given state – a contingency already formally excluded by the principle in its general formulation – should not separate the power-holders from the rest.” With regard to the context of redistributive states, critique has been directed towards multiculturalism policies based on the motivation that such policies risk weaken pro-distribution coalitions by diverting time, energy and money from redistribution to recognition, weaken redistribution by eroding trust and solidarity amongst citizens, and hence also erode popular support for redistribution, leading to growing tax resistance, and misdiagnose the problems that minorities face as cultural rather than economic. Scholars have also attributed the dramatic collapses of the USSR and Yugoslavia at least in part to ethnofederalism. In terms of the developing parts of the world, researchers have argued that ethnofederal arrangements do not work very well in the African context.

However, there is also a camp of researchers that argue in favor of multiculturalism policies. Will Kymlicka would probably be one of the most well-known advocates for such an approach. According to Kymlicka, at least the multicultural rights directed towards immigrant groups are usually intended to promote integration into the larger society, and do hence not pose an immediate threat to the integrative function of citizenship. As such, multiculturalism policies directed towards these groups are policies supporting polyethnicity

72 Miller 1995.
73 Barry 2001.
75 For a good summary on these points of critique, see Banting & Kymlicka 2004.
76 See Hale 2004 for this argument.
77 Mozaffar & Scarrin 1999.
78 Kymlicka 1995.
within the national institutions of the dominant culture. To back up the argument that these types of cultural rights do not pose a threat to national unity, Kymlicka refers to research that point in the direction of that first- and second-generation immigrants who remain proud of their heritage are also among the most patriotic citizens of their new countries. Moreover, according to Kymlicka, it has also been suggested that immigrants’ strong affiliation with their new country seems to be based in large part on its willingness not just to tolerate, but to welcome, cultural difference. However, when it comes to multiculturalism policies aiming at self-government and other forms of power-sharing arrangements, Kymlicka is more restrictive in his conclusions. While multiculturalism rights directed towards immigrant groups have, according to Kymlicka, the ability to promote social integration and political unity, self-government rights pose a more serious challenge to the integrative function of citizenship. This is mainly because of the fact that the demands for self-government are thought to reflect a desire to weaken the bonds with the larger political community and indeed question its very authority and permanence. As such, in the case of self-government rights, the larger political community has a more conditional existence. As a result, national minorities may view their own political community as primary, and the value and authority of the larger federation as derivative. Thus, according to Kymlicka’s argument, it also seems unlikely that according self-government rights to a national minority can serve an integrative function. However, some scholars have argued also in favor of that power-sharing arrangements have the ability to shape national unity. Alfred Stepan has for example argued in favor of ethno-federal arrangements as the only policy option in countries with territorially concentrated national minorities if the state should stay intact. Today, ethnofederal arrangements that accommodate ethnic territorial differences are frequently recommended for countries torn by ethnic conflict, as well as for countries that risk ethnic conflict. Yet, recent scholarship tends to point in contradictory directions also when it comes to this kind of multiculturalism policy.

The aim of this study is to bring some clarity to how citizenship policies defining the cultural boundaries of states have actually shaped majority-minority relations, and ultimately tax state. In the next section, the analytical framework of the study is presented.

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79 ibid: 17.
80 ibid: 178.
81 ibid: 181.
82 ibid: 180-2.
83 Hale 2004: 165.
84 There are however more empirical studies evaluating the effects of ethnofederalism than of other types of multiculturalism policies, even though the effects of such arrangements on tax capacity still remains poorly understood.
ANALYTICAL FRAMEWORK

Not all communities and groups have the same degree of collective solidarity. That is, for every cultural cleavage that serves as a basis of political division and action, there are numerous others that have no political import at all. However, only when mobilized, the idea of collective identities also forms the basis for political organization.

This study recognizes the importance of official definitions of the national political community - i.e. the formal criteria for citizenship as specified in legal documents, typically including the constitution, various laws, and national policies - as determinants of how actors' loyalties, preferences, ideas, and strategies are shaped and aggregated as to become important political factors influencing national trajectories of tax state development. While the analytical framework of the study partly builds on what Evan S. Lieberman has called the "political community model of tax state development", the aspects of citizenship of interest for this study differ from the aspects studied by Lieberman. While Lieberman in his comparative study on tax state development in Brazil and South Africa focuses on the role played by mobilized racial and regional identities in so called "fragment" societies, this study instead focuses on the role played by the mobilization of ethno-cultural and immigrant identities in shaping different paths of tax state development in different types of states. More specifically, this study focuses on how institutions relating to the acquisition and expression of citizenship in terms of the cultural boundaries of the public sphere shape majority-minority relations, and ultimately, central state capacities to collect taxes.

A political community model of tax state development

In his study, Lieberman describes the political community model of tax state development is a critical junctures model that relates that emphasizes the role played by the official definition of the national political community – i.e. the formal criteria for citizenship - in shaping tax state development. A critical juncture should in this context be understood as a “period of significant change, which occurs in distinct ways in different countries…and which is hypothesized to produce distinct legacies.” According to this discussion, critical junctures follow periods of social, political and economic upheaval such as, for example, social

85 Laitin 1986; Posner 2004; Young 1976.
88 What the fragment societies share are political traditions in which a European-descended group retained political, economic and administrative control of territories simultaneously inhabited by themselves and other groups understood as belonging to different, inferior races. They have also, according to Lieberman, shared a set of pseudo-scientific claims and myths about racial difference that have been used to legitimate patterns of white or European racial domination. See ibid: 243.
revolutions, wars, migration, and annexation, as well as other major events that fundamentally disturb the political order. Following such periods, the old standards of politics, such as who should be included and excluded from membership in the national political community, and on what terms, may be debated, as well as negotiated.

Following the logic of historical institutionalism, the political community model of tax state development further suggests that, once embedded in the law, the formal criteria for citizenship, that is, the official definition of the national political community, have the potential to shape political conflict and development by creating opportunities and incentives for elites to mobilize certain groups in society. Moreover, they also help structure the very nature of the political discourse, as expressed in the media, in school books, maps and other public sources of information. For example, if special protections for certain groups are articulated in official state documents and policies, this provides strong incentives for political entrepreneurs to make claims based on such identities. When particular identities and cleavages are, on the other hand, ignored, they are also much less likely to become mobilized in the political arena. As a result, depending on how the national political community gets defined, certain identities, including ethnic and cultural identities, are more likely to become politically salient than others.

The political community model also argues that, once embedded in the law, the official definition of the nation acquires a force of its own in a path-dependent way. As such, over time, the official definition of who belongs to the community and who does not, as well as the terms of belonging, may also affect societal views and myths of the nation, shaping preferences as to include visions of a “common good”, collective identity, belonging, trust, and solidarity. These ideas and myths, holding some groups together and others apart, may, on the other hand, also be reinvented and adapted to new circumstances over time. As such, the formal criteria of citizenship as defined by the central state may ultimately function as a hegemonic power, understood as “the political forging and institutionalization of a pattern of group activity in a state and the concurrent idealization of that schema into a dominant symbolic framework that reigns as common sense.” That is, in the words of Lieberman; “the idea that some people are insiders and some outsiders, that some groups are allies and others adversaries, becomes a natural part of political life in a given society,

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91 Lieberman 2003; Weldon 2006.
93 ibid.
94 ibid: 20.
95 Laitin 1986: 19. This definition is, by and large, inspired by the work of Antonio Gramsci.
shaping reactions and counter-reactions to particular political orders.”\textsuperscript{96} In the end, these imaginations also have the decisive powers to shape the further development of the state.

This study

In this study, I explore how the formal criteria for membership in the political community, and more specifically – citizenship policies defining the cultural boundaries of states – adopted by developing Sub-Saharan African states after independence, and by industrialized welfare states in an era of great societal transformation in terms of substantial increases in immigration, have shaped national trajectories of state development in these contexts. For the Sub-Saharan African states, as well as for other former colonies, independence meant a great shift in the political order. For the first time in a very long period, former colonies were now able to govern for themselves, choosing their own constitutions and laws. When previous studies of state building have focused mainly on the experience of the European great powers, with only, in comparison, sporadic application to specific cases outside this part of the world,\textsuperscript{97} they have by and large dismissed the differences in state capacity that can be found not only between the industrialized parts of the world and the developing parts of the world, but also within states in the developing world, as well as between states in the industrialized world. This study is an attempt to fill some of this empirical gap. African state formation differs substantially from the experience of the Western European states. While European nations competed for their territory, African nation-state borders were constructed from the ‘outside’, by the colonial powers.\textsuperscript{98} As a result, the homogenizing processes that took place in Western Europe during the time for state formation, did not, to the same extent, take place in Africa and in other former colonies. At the time for independence, Sub-Saharan African states had to find ways to deal with ethnic diversity at a very early stage. The aim with this study is to further explore how the policy choices made by political leaders at this stage regarding the cultural boundaries of states have shaped majority-minority relations and ultimately; tax state development.

However, as indicated, the conditions of rule have changed over time also among the more well-established states. In the industrialized parts of the world, increased immigration during the past few decades have transformed the societies and, as a consequence, partly altered the ‘nation’ subsumed into the realm of the state. While the change towards more diversified societies has often been considered most dramatic for the states in the before more or less ethnically and culturally homogenous Western European countries, traditional

\textsuperscript{96} Lieberman 2003: 20.
\textsuperscript{97} Thies 2004: 53.
\textsuperscript{98} Herbst 2003: 171.
immigration countries, such as the U.S. and Canada, have actually experienced an even more significant increase in terms of new groups of people entering the countries. The last years actually saw record numbers of people moving into the OECD countries in general and into the Commonwealth countries in particular. That is, while territorial boundaries have persisted, nations have not. As a result, also these states have had to reconsider who should be included and who should be excluded from membership in the nation, as well as on what terms immigrant groups, to the extent they actually are included, should be members. Should diversity be recognized or assimilated? Should immigrants be allowed to become naturalized at all? And, depending on the choices states make, what will the effects of these decisions be in terms of state development? Whatever choices states made during these formative periods of state development, the new policies that were adopted are likely to have shaped state development also in these countries.

The different cases of interest for this study are very different types of states. The development of state welfare in important ways enhanced the capacity of the state to intervene in and shape the lives of its citizens and strengthened the networks of apparatuses and institutions through which conceptions of the nation could be constructed and communicated. As such, the welfare state also changed the standard of belonging to a nation since it increased the level of obligation on the part of states toward citizens by committing governments to maintaining a socially accepted minimum standard of living for all members of the community. That is, depending on if the state is a welfare state or a developing state, it plays very different roles in its society. However, different types of welfare systems also vary considerably in terms of the standards of citizenship. This study explores how the adoption of varying types of policies towards immigrant groups have affected state development in three types of welfare states, here referred to as liberal welfare states, conservative welfare states, and expansive welfare states. The typology by and large draws upon Gøsta Esping-Andersen’s welfare state regime typology. According to this typology, the liberal welfare state can, by and large, be understood as a regime where the capitalist market is the main provider of welfare for the larger number of citizens, and where benefits are means-tested. At the other extreme, we find expansive welfare states (or, in the

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99 The United States admitted more than a million permanent immigrants in 2001 and 2002, 25% more than in 2000. The stocks of foreign-born population in the Commonwealth countries in the beginning of the 21st century were about 20 percent of the total population in all Commonwealth countries except the United States, where the foreign-born population was about 11 percent of the total population. While the stock of foreign-born population varies more among Western European countries, there has been a significant increase in immigration also in these countries since the mid-1990s. In 2001 and 2002, several European countries admitted about 15% more immigrants compared to in 2000. Only Japan, Korea and Northern Europe saw smaller increases (OECD).

100 Moreno & McEwen 2005.

101 See Klausen 1995: 249. However, already in his seminal book “Citizenship and social class” from 1950, T.H. Marshall emphasized the ways in which social policies redefine the scope and meaning of citizenship.

102 Esping-Andersen 1990.
terms of Esping-Andersen; social democratic welfare states). In these states, most benefits provided by the state are both generous and universal in the sense that they are connected to citizenship. In a category between liberal and expansive welfare states, we find the conservative welfare state. In these states, benefits are both more encompassing and generous than in the liberal regime, but still benefits are typically related to past income, and differentiated according to occupational affiliation. In the study, I explore how the same kinds of citizenship policies regarding the cultural boundaries of states have played out within different contexts. Can we see that the same types of citizenship policies affect state development in similar ways in the different contexts, or should we be more careful in giving the same policy prescriptions to all types of states? Important to note, however, is that with this study I do not wish to explain why different states adopted different kinds of citizenship policies towards minority and immigrant groups in the first place. Instead, I want to explore how these institutions, once in place, have shaped more or less cooperative majority-minority relations, and ultimately, different paths of tax state development. In the figure below, the analytical framework of the study is presented.
Critical juncture

Welfare states
Definition of NPC
- Recognition / assimilation

Majority-minority relations
- Cooperative / non-cooperative

Tax state

Developing states
Definition of NPC
- Recognition / assimilation

Majority-minority relations
- Cooperative / non-cooperative

Tax state
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