

Not Paying Taxes: Tax Evasion, Tax Avoidance and Tax Resistance in Historical Perspective

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The history of taxation has recently been a growing field of research within economic and social historiography. Next to the works on national tax states¹, a new generation of modern historians and historical sociologists has started addressing specific elements of taxation, often using a transnational approach.² This stream of scholarship has mostly focused on the spread of tax ideas, on the role of party and power group competition, and on technical aspects related to the implementation of modern financial administration. With this, they tie in with older works by scholars of the early modern period and the classics of fiscal sociology on the links between tax raising and state building.

However, the various degrees and shades of non-compliance from avoidance to open resistance had so far hardly been covered.³ Filling such a gap has been the aim of the workshop. The symposium approached the problem through the analysis of a vast array of case studies both from inside and outside Europe, and from Ancient to Contemporary Times.⁴

Unusual and innovative was also the decision to group the 16 papers of the digital workshop in five thematic panels, each of which gathered case studies from different time periods and geographical areas. Such a structure stressed non-obvious similarities across wide time spans, showing how different solutions were implemented to address similar issues in different societies and time periods. In the case of the third panel, *Resisting and Opposing Taxes*, the cross-epochal approach appeared quite effective, since all

the three case studies – Roman Egypt, Axis-occupied Greece, and Colonial Nigeria in the 1920s – showed how the way in which taxes were administered was pivotal for taxpayers' consent. In these cases, the role of an external authority was crucial. However, in a few cases this proved to be quite hard to achieve due to the substantial differences between taxation in modern times and taxation in the earlier ages. The fourth panel (*Avoiding Tax Avoidance*) counterposed 1950s Germany and 1960s Switzerland with 13th-century England. In this case, comparison resulted much less straightforward. Nonetheless, the idea to keep together different time periods was generally productive, especially when the aim was to understand the broader dimension of

¹ Martin Daunt. 2001. *Trusting Leviathan: The politics of taxation in Britain, 1799-1914* (Cambridge: Cambridge University Press) and Id. 2002. *Just taxes: The politics of taxation in Britain, 1914-1979* (Cambridge: Cambridge University Press); Isaac W. Martin, Ajay K. Mehrotra, and Monica Prasad (eds). 2009. *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective* (Cambridge: Cambridge University Press); Pedro Lains and José L. Cardoso (eds). 2010. *Paying for the liberal state: The rise of public finance in nineteenth-century Europe* (New York: Cambridge University Press); W. Elliot Brownlee. 2016. *Federal taxation in America: A history* (Cambridge: Cambridge University Press).

² Marc Buggeln, Martin Daunt, and Alexander Nützenadel (eds). 2017. *The Political Economy of Public Finance: Taxation, State Spending and Debt since the 1970s* (Cambridge: Cambridge University Press); Gisela Huerlimann, W. Elliot Brownlee, and Eisaku Ide (eds). 2018. *Worlds of Taxation: The Political Economy of Taxing, Spending, and Redistribution Since 1945* (Cham: Springer International Publishing); Ewout Frankema and Anne Booth (eds). 2020. *Fiscal Capacity and the Colonial State in Asia and Africa, c.1850-1960* (Cambridge: Cambridge University Press).

³ Nicolas Delalande, and Romain Huret, 'Tax Resistance: A Global History?', in: *Journal of Policy History*, 25.3 (2013), 301-07 <https://doi.org/10.1017/S0898030613000122>; Vanessa Ogle, 'Archipelago Capitalism: Tax Havens, Offshore Money, and the State, 1950s-1970s', in: *The American Historical Review*, 122.5 (2017), 1431-58 <https://academic.oup.com/ahr/article-pdf/122/5/1431/22869489/zax1431.pdf>; Sven Steinmo (ed.). 2018. *The leap of faith: The fiscal foundations of successful government in Europe and America* (Oxford: Oxford University Press).

⁴ Instead of postponing the workshop due to Covid-19 restrictions, the organisers decided to adapt the format and convert it to a series of Skype-panel-sessions. This concept asked and allowed for a thorough re-reading of the pre-circulated papers, a requirement that is too often neglected at ordinary conferences.

taxation as a cross-cultural and trans-epochal phenomenon.

Furthermore, as a rule each panel was introduced by the comment of an experienced scholar whose research interests concern taxation either from a historical, a public-economic, or a tax-law perspective. In the panels dealing with relatively similar topics, the comments were highly constructive, especially when they drew upon non-historical expertise, since this provided a broader interdisciplinary perspective to the topic of the discussions.

Themes and discussions

The first aspect distinctly emerging throughout the papers was the crucial role of taxation and tax compliance in the expansion of modern statehood. Interestingly enough, several papers addressing this topic focused on non-European case studies. This is the case in YARUIPAM MUIVAH's (Paris) paper on tax avoidance and tax evasion practices in India's north-east frontier upon British colonial expansion at the end of the 19th century. He stressed how migration was the main means used by the local population to avoid fiscal demands, to which the British rulers reacted expanding their administrative control over the unoccupied territories.

A similar phenomenon appeared in the case of the Ottoman internal district of Mutki during the second half of the 19th century, as YENER KOÇ (Istanbul) explained. Here as well, Kurdish villagers fled to impervious areas to avoid central state's tax requests. In the Ottoman case, tax resistance resulted eventually in open military confrontation. The reaction of the government relied on the expansion of state physical presence, though the construction of road, barracks, and office buildings.

A third similar example was provided by DANIEL OLISA IWEZE (Benin City) who analysed the protests of women against colonial taxation in the Eastern Region of Nigeria at the end of the 1920s. Iweze argued that these protests expressed a profound malaise with the colonial disregard for traditional gender and societal roles and an outcry against the hardships endured by the falling prices for cash crops in the Great Depression. In all these cases, the central or colonial authority

tried to impose its rule over the local communities, thus triggering direct opposition. Both in the Ottoman hilly provinces and in British colonies, what was at stake was the expansion of state or/and colonial authority over the „periphery“, and not the legitimacy of the authority itself. These subjects had no means to change the tax structure but with resistance.

Several papers dealt primarily with the role of taxpayers (and their intermediate tax agents) in the definition of the tax constitution in the late medieval and early modern period. The first case is showed by the English Barons' „verbal resistance“ against the fiscal demands of King Henry III, discussed by CHRISTINA BRÖKER (Regensburg). Here, the central power had to negotiate with a competing authority, the Barons, who acted to contain the king's requests. The result was a compromise which gave the king part of the resources he had demanded, but at the same time it sanctioned the authority of the Barons, as stated in the Magna Carta.

Negotiation was also at the core of RACHEL RENAULT's (Le Mans) paper on imperial taxes in the German states Saxony and Thuringia during the 17th and 18th centuries. In this case, taxes were negotiated with the emperor by the princes, but they were actually paid by the subjects. While bigger states tried to contain the emperor's demands, smaller states were more willing to cooperate, in order to gain the protection of the imperial authority. However, less powerful princes had to deal with local communities' resistance, which usually took the form of lawsuits and appeals to imperial courts. As a result, on average only about a third of imperial tax demands were actually paid, at least in the three small states taken into account.

Finally, a third case is represented by the implementation of an imperial sale tax in Spanish Central America in the 18th century, described by RODRIGO GORDOA DE LA HUERTA (Mexico City). The sale tax affected primarily the class of the merchants, who developed a cooperative strategy to resist contributions. The richer merchants managed to become tax collectors themselves, so as to divert the payments from them to smaller merchants, who were not represented in the main traders associations and in the tax courts. This

strategy also included the abuse of tax exemptions of the indigenous population, by shifting some of the retail trade to indigenous sellers who were not affected by the sale tax. All these cases show how tax constitutions are the product of a negotiation between the central authority and the actual taxpayers. Such a negotiation usually happened via political compromises or through legal tools. Violent resistance existed, but was not the most effective tool taxpayers had to contain or even to avoid fiscal duties.

Furthermore, negotiating lower tax burdens and seeking for legal support are not something exclusively related to early modern history. Instead, the phenomenon is also present in modern democratic tax constitutions. This was well shown in the paper by PETER SCOTT (Reading) about the tax-avoidance industry in interwar Britain. After the First World War, Britain maintained quite a high level of taxation in order to repay the war debts. Nonetheless, rich stockholders were able to avoid at least part of the burden by means of distribution of profits via tax-free capital gains and reliance on courts, where conservative and property-rights friendly judges supported their claims.

Even in a democratic state, taxation did not simply result from the decisions taken at the central level (either by the government or after parliamentary discussions), but it was instead the outcome of the factual bargaining with social and economic actors within society. This was also the case for the land tax introduced by the liberal finance minister Lloyd George in 1910, analysed by ANNA GROTEGUT (Bielefeld). A few days after the law was passed, the opposers of the tax created a Land Union with the precise aim to abolish the tax. The Union's vociferous pressure, supported by around 50,000 members, and its substantial expertise in tax law at last succeeded in repealing the duty in 1920.

In other cases the process of bargaining took place exclusively within the political arena, as argued by ANIKO FEHR and SYLVAIN PRAZ (both Lausanne) in their paper about tax amnesties in 20th-century Switzerland. In the 1930s the Zurich government considered the idea to attenuate the increased, crisis-related taxation with a tax amnesty.

In contrast, the 1950s and 60s saw the demand for such a federal amnesty in a context of boom and relative fiscal abundance. While the political left was ready to accept an amnesty in exchange for more controls and sanctions against tax evasion, the right-wing parties were mainly interested in relieving taxpayers' burden. At the end, the amnesty was approved without any measures to foster compliance, even though in the following years it unveiled a significant tax evasion.

Final considerations

What are the general results of the conference for the scholarship on taxation? The papers discussed in the workshop demonstrated that tax history is a rapidly expanding field of research. We have a good knowledge about the main Western countries, especially the USA and the UK, but we still know very little about the European periphery and non-Western countries. Moreover, most of our actual knowledge concentrates on central-level tax policies, but it almost ignores the implementation of tax systems on the local scale, especially with respect to tax compliance. These elements have been thoroughly addressed in the workshop.

Secondly, taxation is usually considered a nation-history topic. Taxation needs a legitimate authority to be implemented, and this authority nowadays is usually the nation state. However, one-country narratives are almost meaningless without a comparison with other countries' experiences. Besides, taxation primarily deals with economic production, which is far from being a national phenomenon. Merchants, producers, bankers have always acted also on a transnational scale. This was well argued in the workshop: case studies have to be considered from a global and cross-epochal perspective.

Concluding, the workshop provided a great opportunity to gather historians from different areas and different periods. It showed how taxation was and is ubiquitous in human societies and how many fields it affects. And, not least, the historical study of tax compliance contributed to the understanding of our present-day tax systems and ultimately of our society.

Conference overview:

Panel 1: *Strategies for Evading and Avoiding Taxes*

Chair: Gisela Hürlimann (Karlsruhe)

Comment: Christopher Kopper (Bielefeld)

Lucia Cecchet (Mainz): The rhetorics of tax evasion in Attic oratory

Yaruipam Muivah (Paris): Tax avoidance by the hill people in the North-East Frontier of India in the early colonial period, 1875-1913

Yener Koç (Istanbul): Taxing the tribes: The resistance and adaptation of the tribes of the Ottoman East to the tax policies (1850-1900)

Panel 2: *Saving the Rich and Multinationals from Taxation*

Chair: Korinna Schönhärl (Frankfurt am Main)

Comment: Christine Osterloh-Konrad (Tübingen)

Anna Grotegut (Bielefeld): Vote against the radical-socialist government so long as it advances unfair land taxes and valuations. The Land Unions fight against the taxes imposed on land in Britain

Peter Scott (Reading): Saving the rich from soaking: The British elite, „tax-dodging“, and the genesis of the tax avoidance industry in inter-war Britain

Boris Gehlen / Christian Marx (both Munich): „I am a professional tax evader“. Multinationals, business groups, and tax havens, 1960s to 1980s

Mikael Wendschlag (Uppsala) / Thibaud Giddey (Lausanne): Colliding tax cultures: Tax avoidance as economic crime in 1970s Sweden and Switzerland

Panel 3: *Resisting and Opposing Taxes*

Chair: Korinna Schönhärl (Frankfurt am Main)

Comment: Wolfgang Franzen (Cologne)

Kerstin Droß-Krüpe (Kassel): (Not) paying taxes in Roman and Byzantine Egypt

Vasilis G. Manousakis (Rethymno): Taxes, tax avoidance and the black economy in Occupied Greece, 1941-1944

Daniel Olisa Iweze (Benin City): Women's

Protests Against Colonial Taxation in the Eastern Region of Nigeria

Panel 4: *Avoiding Tax Avoidance*

Chair: Eberhard Schnebel (Frankfurt am Main)

Comment: Philipp Lamprecht (Frankfurt am Main)

Christina Bröker (Regensburg): The struggle for money? Defending taxes in 13th century England

Korinna Schönhärl (Frankfurt am Main): Tax morales: How norms on paying taxes in West Germany developed after WWII

Aniko Fehr / Sylvain Praz (both Lausanne): An „exceptional“ tax amnesty: a usual Swiss way to fight the fraud in the 20th century

Panel 5: *Negotiating Low or Non-Taxation*

Chair: Dorothea Rohde (Bielefeld)

Comment: Eberhard Isenmann, Magnus Reszel (Frankfurt am Main)

Rodrigo Gordo de la Huerta (Mexico City): Resistance, negotiation and judicial controversy: Alternatives to fiscal evasion in the sale tax administration in early Bourbon New Spain (1723-1754)

Benjamin Müsegades (Heidelberg): Negotiating and evading taxation. Communes and lords in late medieval southwest Germany

Rachel Renault (Le Mans): Tax avoidance and tax resistance in 17th and 18th century Germany: Imperial taxation and local agency (Saxony and Thuringia)

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