

# **Consensual Taxation without Institutional Development: The Contradiction of British Colonial Taxation in Benin (Nigeria), 1897-1945.**

**By**

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## **Abstract**

The British conquest of Benin in 1897, and the imposition of colonial rule brought Benin under British colonial administration. The means which the colonial government financed their expenditure was the imposition of taxes. The system of taxation or its process was organized around the colonial power and its ability to control the colonized, even in the face of resistance. This leads to a consideration of the political dimension of the colonial taxation in Benin. This study argues the British utilized the indigenous traditional authorities to legitimize its tax policies. Under this condition, the traditional chiefs or representatives were placed in charge of tax collection. The traditional hierarchy motivated by the huge salaries they obtained from the administration collaborated with the imperialists to exact wealth from the people. This enabled the British generated enough revenue to sustain their administration. Thus, contrary to the argument that British colonial taxation was modern and progressive, the absence of strong institutions especially in the Weberian sense made the system regressive. This study found out that the colonial bureaucracy revolved around the British Officers with illiterate traditional chiefs acting as implementers. Despite the clamor for political participation by the educated elements, the British admitted only a few into the administration. Thus, unlike the experience in Europe and America where taxation led to representative politics and a professional bureaucracy, the Benin example showed the appeal to tradition as a means of legitimizing tax policies. The study concludes that the failure of the British to establish effective public institutions for tax formulation and mobilization has had long term consequences for the economic and political development of the area.

**Keywords:** Tax administration and Institutions; Native Authority and Underdevelopment

## **Introduction**

There is the ongoing debate among historians about the nature, character and long term economic consequences of colonial tax institutions in Africa. Traditional arguments often depict colonial taxation as a despotic process of extraction at the expense of the indigenous people. Acemoglu et al. (2001) have argued that the colonial states were ruled by near absolutist governments who established extractive institutions for the exploitation of the people. He

contends that the colonial governments developed impressive institutions for tax collection. This position was reinforced by Mamdani (1996) who asserts that, “district level autonomy at times reached the level of fetish [...] The result was a pervasive revenue hunger all along the chain of command, from the central to the local state, leading to efforts to tax or impose fees on anything that moved”. Bush and Maltby (2004) also points out that the colonial states effectively turned Africans into “fiscal subjects”. The main argument of these scholars is that the colonial state established strong institutions for tax collection.

However, not all scholars support the aforementioned position as they identify practical limitations to the extractive capacity of colonial states. Jeffrey Herbst, (2000), for instances, observes that the porous borders and low population densities constrained the tax capacity of African states. For him, this turned the typical African colony into a “Night watchman” state, maintaining order at the lowest possible cost to the mother country. Drawing from the experience of Northern Nigeria, Moses Ochonu (2009) argues that the colonial authorities were unable to extract surpluses from the people during the Depression. Leigh Gardner (2012) also maintains that resource constraint was the most fundamental consideration which shaped colonial policies in Africa.

These studies however neglect the role of local institutions in shaping the tax capacity of African states. It is important to point out that the colonial powers particularly the British adopted the policy of self-sufficiency in the fiscal administration of its colonies. This made it imperative for the colonial governments to devise creative ways of raising revenue. The main strategy was to utilize traditional institutions for tax collection. Thus, the traditional authorities were integrated into the colonial bureaucracy for the purpose of tax collection. However, the contribution of these institutions has been largely neglected by scholars. This study will therefore

examine the role of traditional institutions in shaping the tax capacity of colonial Benin. It examines the extent to which the British developed the tax institutions of Benin. This study argues that the colonial authorities leveraged on the legitimacy of the traditional authorities to improve tax collection. It however points out that the dependence on traditional legitimacy negatively impacted on the institutional development of the area. The analysis is preceded by a discussion of the indigenous tribute system. This is followed by the main discussion of the colonial tax systems of Benin.

### **The Tribute system of Pre-colonial Benin**

Pre-colonial Benin was a traditional society where the Oba was regarded as a divine king with authority from the gods and ancestors. The very existence and prosperity of the people was thought to be tied to the elaborate state rituals performed by the Oba and his chiefs. The Benin communities were therefore bound together by the belief that their well-being depended on the proper deployment of the Oba's own divine energy, and of ritual authority as the intermediary with his predecessors; and upon their acceptance of the need for the king, chiefs, and people to cooperate in ensuring that these functions were fruitfully deployed (Bradbury, 1957:82). Indeed, the Oba was not only the source of authority but the embodiment of the Benin society, feared and revered by the people. As a matter of fact, the people considered themselves as slaves (subject) of the Oba. Thus, the payment of tribute was one of the people's obligations to the kingdom. It marked the people's allegiance to the political and religious authority of the Oba.

It is important to point out that the payment of tribute was organized at two major levels in line with the administrative structure of the kingdom. At the village level, levies of yam tubers and palm oil were demanded by the village heads on every production unit or at times on the

production units of only the members of the Edion age-grade, for the worship of the village or clan's ancestors (Erinmwini-Edion), and deity (Ebo), when the need arose (Usanlele, 1988:33). The village heads also demanded the forelimbs of some rare animals (categorized as *Ahanmwenu-Okhuen*) like antelops, warthogs and so on hunted down were equally given as tribute to the village heads (Usanlele, 1988:33). These items were considered as ritual gifts or vessels for the spiritual sanctification of the communities. Beyond this, all non-Benin settlers were equally required to pay a tribute of four tubers of yam. This type of tribute was called *Akorhore* and was paid as a token of gratitude for the land they received from the Benin community.

At the kingdom level, the village headmen were required to demonstrate their allegiance to the Oba through the payment of customary tribute. This form of tribute was referred to as *Imuohan* (state of fear tribute) or in some cases *Izohen* (gift). This tribute was levied bi-annually and usually consisted of yam tubers, livestock, antelope, kegs of palm-oil, mats etc. Furthermore, the Oba received tolls collected from traders at the entrance to the capital city. For this purpose, there were nine entrances gates into the city corresponding to the nine access routes to the Oba's palace. The amount paid by the traders was proportional to the value of goods carried. The revenue collected from all these sources were stored in a special section of the palace referred to *Owigho* (house of money). In addition to this, European traders were made to pay homage to the Oba with gifts. As observed by Captain John Adams:

*it is the practice here for masters of vassals to pay the king a visit soon after their arrival; and such a ceremony is seldom allowed to be dispensed with, as on these occasions the black monarch receives a handsome present, consisting of a piece of silk damask, a few yards of scarlet cloth, and some strings of coral... (Igbafe, 1979:3)*

The Oba equally reserved the right to demand labour tribute for his subjects for the upkeep of the royal buildings, and to recruit soldiers for the state army. As pointed out by Olfert Dapper in his account of 1668:

*(t)he kings of Benin can in a single day make 20,000 men ready for war, and if need be, 180,000 and because of this he has great influence among all the surrounding peoples... His authority stretches over many cities, towns, and villages. There is no king thereabouts who is in the possession of so many beautiful cities and towns, or is his equal (Girshick and Thornton, 2001:360).*

The variety of tributes received by the Oba is an illustration of the power wielded by the Benin monarchy in the pre-colonial period especially during the reign of the warrior kings. As noted in the records of D.V. Nyendaël who visited Benin between 1699 and 1702:

*the king has very good income for his territories are very large and full of governors and each one knows how many bags of boesjes (cowries) the money of this country he must raise annually for the king, which amount to a vast sum, which it is impossible for me to estimate. Others of a lower rank than the former, instead of money, deliver cattle, sheep, fowls, yams, and cloths, in short, whatever he wants for his housekeeping; so that he is not put to one farthing expense on that account and consequently he lays up his whole pecuniary revenue untouched...every place where he lives for the liberty of trading, he sends a part of it to the king hence the king can estimate what he has to expect annually (Igbafe, 1979:2).*

Beyond this, all leopards hunted down and one tusk of every elephant killed in the empire had to be submitted to the Oba. The Oba also had the prerogative of buying the second tusk of every elephant killed everywhere in the empire. The payment of different forms of tribute by the subordinate communities enabled the ruling aristocracy accumulate surplus products. This not only gave them access to wealth but also enhanced their social status in society. However, the importance of tribute did not lie solely in its economic value but the good fortune, prosperity and spiritual protection it guaranteed. This promoted quasi-voluntary compliance to tribute payment.

The Oba also carried out some secular functions which promoted peace and security in the kingdom. Some of these duties include preservation of Benin culture and traditions, the judicature, appointment of village heads etc. Apart from this, the fact that tribute payment (per household) usually took a token character meant that the tax regime was not geared towards the exploitation of the people. It is also pertinent to add that the act of tribute payment (gift-giving) permeated other aspects of the social fabric of Benin kingdom. For instance, it was common for the younger members of the society to give gifts to the elders during weddings, funerals and manhood initiation ceremonies. All these reinforce the non-exploitative character of the tribute system of Benin.

### **Introduction of Colonial Tribute Taxation in Benin**

The year 1897 was a watershed in the history of Benin as it marked the loss of independence of the kingdom. This resulted in the termination of the indigenous administration and the advent of British colonial rule in Benin. The British desire was to establish political control for effective economic exploitation of the area. In this regard, they enunciated policies that ensured the protection of metropolitan interest and the submission of the indigenous people to colonial rule. One of these measures was the introduction of tribute taxation. This was instrumental to the exertion of British suzerainty over the conquered people. This measure was also important in shifting the people's allegiance from the Oba to the new colonial state established by the British. This position was reinforced by Sir Ralph Moor on 7 September, 1897 when he made the following public declaration:

...Now this is the Whiteman's country. There is only one king in the country and that is the Whiteman; the only person therefore to whom service need be shown is the Whiteman... Overami is no longer the king of this country-the Whiteman is the only man who is king in this

country and to him only service is due. The Whiteman being the king of this country is the only person who can demand from the village in the form of chop, produce, service or anything (tribute)...<sup>1</sup>

This pronouncement emphasized the change in power relations in Benin and the need for the authority of the colonial regime to be upheld. In the implementation of this tax system, the colonial administrators depended on a few selected traditional chiefs who demonstrated their willingness to work with the new administration. This method was important for two major reasons. First, the desire to legitimize the colonial administration compelled the administrators to appoint some indigenous chiefs as tax collectors. It was believed that the people would be more in tune with the policy if the traditional chiefs were incorporated in the process. This system was not only applied in Benin but adopted in other administrative units of colonial Nigeria. For instance, Lord Lugard as Governor-General of Northern Nigeria made the point that natives will comply with tax payment as long as they were not collected from alien tax gatherers (Lugard, 1965: 232). Thus, the colonial officials aimed at exploiting the ideological influence and power of the traditional chiefs over the indigenous people in order to enhance the legitimacy of the tax regime, and make it less susceptible to local resistance.

Second, the adoption of the principle of self-sufficiency by the British government meant that the colonial administration had to minimize expenses in order to reduce the cost of governance. This made it imperative for the colonial authority to engage the services of indigenous chiefs for local administration and tax collection. As a result, the colonial administration placed the indigenous chiefs in charge of tribute collection. The administration also admitted a few selected chiefs (who demonstrated their loyalty to the new regime) into the Benin Native Council (which was the main administrative and judicial body for the Benin territories). Apart from this, the colonial authority permitted the indigenous chiefs to collect

tribute in order to induce them to submit to British authority. This measure was particularly successful in the early stages of British administration as a number of chiefs such as Ezomo and Iyase submitted to British rule.<sup>2</sup>

By 1902 when the Benin territories were sufficiently pacified, the Native Council (Rule of 20 November) promulgated the new tax rule. The tax was to be paid to the colonial state-appointed title holders (also referred to as paramount chiefs), who shared it with the colonial state (Usanlele, 1988:130). Under this tax regime, every house in each village was to pay an annual tax of five tubers yam in addition to one goat for every ten houses.<sup>3</sup> However, it is important to point out that the tax regime was not well accepted by the people despite the incorporation of a few traditional chiefs. This was owing to two fundamental factors. First, the humiliating manner in which the Oba was banished and deported to Calabar caused a lot of resentment and animosity among the people. Rather than seeing the colonial administrators as the harbingers of peace and prosperity, many of the colonial subjects saw them as aliens who forcefully imposed their authority on them. This eroded the legitimacy of the colonial regime.

Second, the appointment of paramount chiefs with wide powers over consolidated territories was at variance with the local tradition and also gave room for corruption. Many of the chiefs were guilty of extracting personal taxes from the villages under their control. This resulted in a series of resistance against the colonial administration. For instance, the people of Urhonigbe refused to pay taxes (tribute) to the colonial authority in 1905.<sup>4</sup> This took the intervention of armed troops before the people complied with their obligations. In a similar circumstance, the Ishan area was earlier dealt with by a military expedition under Captain Hogg in 1904 for refusing to recognize the authority of the Native Court to impose and collect taxes (Ikponmwoşa, 2014:131). In fact, between 1897 and 1914, the payment of tribute was highly involuntary due to



illegitimacy of the colonial administration. This made it necessary for the colonial authorities to institute reforms in the tax system. The financial crisis experienced during the First World War also necessitated the abolition of the tribute tax and its replacement with a system of direct taxation in 1918.

### **Direct Taxation and the Native Authority System**

The introduction of direct taxation was a major milestone in the political and economic history of colonial Benin. It not only marked a significant increase in British power but signaled the emergence of a new fiscal order in Benin. This tax system served as a viable substitute to tribute payment which fetched very little revenue for the administration. The new tax system was structured along the line of the Northern Nigerian model. This led to the extension of the key components of that model such as the Native Authority and the Native Treasury to Benin.

It was fortunate chance for the colonial government that the death of the dethroned Oba in January 1914 coincided with the period where modalities for the introduction of the Native Authority System were being discussed. This led to the installation of his son, Aiguobasimwin, as Oba (with the title Eweka 11) and head of the Native Authority. For the avoidance of doubts, the Native Authority was a form of local government administration where the system of indirect rule was operational. This involved the devolution of local powers to the indigenous chiefs who ruled with the guidance and assistance of British Political Officers. The Native Authority became the visible Black Hand servicing the seemingly inaudible voice of the white masters (Osadolor, 2011:56). The system of Native Authority was crucial to the success of British tax administration in Benin because it created a semblance of indigenous rule. This did not only help in granting some form of legitimacy to the colonial administration but created the enabling environment for

the collection of taxes. It was therefore in British interest to have a strong ruler in Benin who could exercise authority over his people and enforce the payment of taxes.

It must be stressed that considering the susceptibility of direct taxation to resistance and the huge cost involved in maintaining an imperial army, the installation of the Oba was deemed necessary in order to leverage on his traditional authority for the enforcement of colonial taxation. The implication of this was that the restored Oba was made a mere rubber stamp or a legitimizing agent for the British administration. This condition was giving legal backing by the colonial government who clearly spelt out in his letter of appointment that the “authority and power” over land, taxation, forestry and mines were vested in the Governor-General (Afolabi, 2010:65). The Oba’s position was therefore contingent on his continuous loyalty to the colonial administration. He was also to be assisted by District Heads who were placed in charge of the different regions of the Division. These officials were responsible for tax collection in the area under their jurisdiction.

Another important feature of the Native Authority system was the creation of a strong local government administration. This resulted in the reconstitution of the Benin province into three component units in 1914. These were Benin, Ishan and Asaba Divisions. These subordinate state structures were granted delegated powers to perform specific assignments for the central government of Nigeria. Some of these include collection of taxes and local rates. By this reconstitution, the Native Authorities became financially self supporting and quasi-independent of the central government. This enabled the Native Authorities assume part of the responsibilities which were hitherto borne entirely by the central government.

The other major component of the Northern Nigerian model was the Native Treasury. This agency was responsible for the custody and disbursement of the Native Authorities' funds. Some of the sources of revenue include fees (such as license and market fees), royalties, rents, court fines and taxes. The bulk of the revenue was utilized in the payment of salaries of the Native Authority officials and the provision of basic infrastructure such as roads. The remarkable feature of this arrangement was that the Native Authorities gained some financial autonomy which helped strengthen and develop the local administration. This enabled the local officials govern their territories without always seeking financial resources from the central government.

However, by the first half of the 1930s, the system proved inadequate in dealing with the fiscal crises unleashed by the Great Depression. This necessitated a reform of the tax system in order to raise more revenue for the administration. A new system was therefore introduced which decentralized the tax process. This had the advantage of simplifying the tax process and guarding against evasion. It was also considered as a better alternative to the district head system. One reason for this was the widespread cases of tax evasion and fraud under the district head system. The decentralization of tax collection was therefore seen as a solution to this problem. This point was emphasized by the Resident, Benin Province in this way: "it is found that the smaller the unit the easier tax collection becomes, for the small unit is probably better organized and more manageable than a large one".<sup>5</sup>

Another reason for the decentralization of the tax system was the unpopularity of the district headsmen. This stemmed from the fact that the districts heads had no traditional connection with the area under their jurisdiction. As a result, many villages refused to acquiesce to their authority. For instance, in 1918 the people of Owa, Isi and Ozah villages revolted against their district heads, Chief Ine (Igbafe, 1979:160). The District Heads were also reported to have

been inclined to accept services or payments from remote villages in return for which the parties in question were not enumerated on the tax register.<sup>6</sup> This was bound to affect the tax revenue of the administration. For instance, the colonial authorities were only able to collect 55 percent of its estimated collection for 1935. This reinforced the need for the reform in the tax system.

The new system made the village heads responsible for tax collection. This ensured that tax collection was assigned to the authority closest to the people. This deepened the tax process, and ensured that every taxable adult was captured in the tax net. The appointment of village heads as tax collectors also enhanced the legitimacy of the system. In the capital city (Benin City), the reforms led to the institution of the “Idumu” (traditional ward) method of tax collection in 1935. This was necessary in order to align the tax units with the indigenous territorial organization of the city.<sup>7</sup> This led to the recognition of 78 traditional wards in Benin City as separate tax units. They were headed by either an “Odionwere”, “Olotu” or “Okao” and entitled to 5 percent of the gross tax extracted from the units.<sup>8</sup> These headmen leverage on their traditional authority to mobilize taxes for the administration.<sup>9</sup>

All these emphasize the link between political legitimacy and tax collection. For a colonial administration struggling to gain popular acceptance, the need to utilize the legitimate traditional institutions for tax collection could not be overemphasized. The ward heads therefore utilized their ideological influence to compel quasi-voluntary compliance to tax payment. The colonial authorities also leveraged on this influence to increase the assessment rate in the Division<sup>10</sup>. This resulted in a progressive increase in tax revenue. For instance, the tax revenue rose from £2799:18 in 1936/37 to £3017:17 in 1937/38 and £12,001.1 in 1938/39.<sup>11</sup> This reinforced the place of traditional legitimacy in the tax system of colonial Benin. Even with the rise of educated elites in the late 1930s, the colonial authorities did not make any fundamental

change to the power structure in the Division. For a detailed understanding of the position of the British towards the educated elites, it would be necessary to examine the Water Rate Agitation of 1937/38<sup>12</sup>.

### **The Water Rate Agitation and the Struggle for Popular Representation**

This crisis was precipitated by the construction of a pipe borne water system in Benin City, and the question of how the water rate was to be assessed generated divergent response from the people. Many interest groups within the Benin society challenged the imposition of a 10 percent charge of the annual value of tenements. They were not only dissatisfied with the assessment rate but the autocratic manner in which the resolution was passed. The most visible group among these was the commercial/educated elements. These were educated young men and business merchants who took advantage of the new economic opportunities created by colonial rule to improve their economic position and invest in real estate. As a result, most of the modern and beautiful houses in Benin City during this period were owed by them. This gave them an intelligent self-interest in agitating for the abolition of the house valuation basis of assessment. In its place, they advocated for a flat rate of 3 shillings or an amount rate based on water consumption.

They also questioned the unilateral imposition of the water levy by the Oba without the assent of his council.<sup>13</sup> This was a major grievance of this group as they felt the Oba was promoting measures which stood against the welfare of the general tax-payers. They condemned the autocratic attitude of the Oba who willfully advanced the position of the government without consultation with his people. They complained that the general tax-payers were not only kept ignorant about how their money was spent but prevented them from contributing to issues which

affected their welfare. This agitation brought to the fore the relevance of the title basis of representation in an age of progress and participatory democracy. Many of the educated elites believed that the titled chiefs lacked the administrative training and competence to effectively represent the people. They argued that the chiefs in the Oba's council were lukewarm, reactionary and self-serving as they were only concerned about their personal interest. As a result, the larger majority of people was poorly represented and had no voice in the administration. In a society where taxes were levied for the sustenance of the administration, they argued that the people had a "right" to proper representation.

It can be argued that the demands of this group were greatly influenced by the characteristic differences between a tribute and a tax state. Under the former, the welfare of the people is predicated on the elaborate ritual performed by the traditional hierarchy to the national gods (ancestors). This makes the traditional chiefs indispensable under a tribute state. In contrast, the tax state is secular and the welfare of the people is the major responsibility of government. This gives the people an informed interest in knowing about government activities and programmes. It also justifies their demand for representation and accountability. This trend is evident from the state formation process in Europe. As Jonathan Di John notes, the effort to finance wars (through taxation) led to varying patterns of bargains between the state and societal actors. This in turn "led to uneven but mutually recognized rights: rights of citizens with respect to states as well as the right of state officials with respect to citizens" (Di John, 2006:9). The educated elites therefore objected to the demand for "consensual taxation without corresponding benefits" or a scenario where the colonial authorities merely "poured new wine in old bottles". They advocated for a truly progressive system of taxation where the tax-payers were represented

in government and their interest prioritized. They also believed that they were better placed than the traditional chiefs to represent the people as they understood the needs of a Benin society.

The colonial authorities initially clung to the principle of ‘annual value of tenements’ and viewed the Oba’s council as representative of public opinion. However, this position was reversed in 1938 due to the resilience nature of the agitation. This resulted in the reduction of the water rate from 10 percent to 5 percent. The colonial authorities also exhibited a lot of tact in dealing with the demand for political reforms. The taxpayers wanted a political system that was representative of the different interest groups in the Division. The colonial officials were however more comfortable with a system dominated by the old, experienced traditional chiefs. They were particularly skeptical of the educated elements as a result of their enlightenment and revolutionary tendencies. Their demand for a modern system of taxation was perceived as a threat to the conservative policy of the British. This informed the alienation of this group from the political system of Benin. The attitude of the British towards this group was aptly captured by the Chief Commissioner, Western Province in his address to the Oba’s Council in 1939.

According to him:

you would not wish your councils to be composed of the loud-voiced politicians who fondly imagine that people will mistake their noise and high sounding phrases for wisdom, who have learnt a few democratic catchwords from European newspapers and think they can apply principles which it has taken us in England several hundred years to work out to a society whose organization and structure is totally and entirely different and which today is only just beginning to change and develop.<sup>14</sup>

The colonial officials justified their position on the ground that the educated elements did not constitute the true representatives of the people. They also portrayed the educated elements as impulsive, reckless and too inexperienced to bear the responsibility of administering the affairs of the Division. Consequently, the British instituted an administrative reform that did not

grant full representation to them. Under this reorganization, the sole Native Authority system and representation by titled order were systematically upheld. The only major concession granted to the educated faction and the ordinary taxpayers was the right to sit on the newly established ward councils and nominate representatives to the City and Divisional Councils.

It is interesting to note that this modification only enabled very few and insignificant number of educated young men gain access into the administration.<sup>15</sup> As a result, the group were unable to influence the policies of the colonizers. This is attested to by the fact that at a time when the educated elements were demanding for the reduction of timber license areas and license duration granted to colonial firms (in order to enable them gain more access to the timber areas), the colonial administration used the illiterate title holders majority in the Divisional Council to increase the timber license areas and license duration period of the colonial companies (Usanlele, 1988:360). It can be argued that the goal of the colonial authorities was to grant some concessions to the educated elements without enabling them capture state power or control the policy-making machinery of the Native Administration. This point was echoed by the District Officer, Benin Division (Mr. Spottiswoode) in this way: “there is a very real danger that the chosen representatives from the City Council would be for the most part young men with little education but less balance who would regard themselves as the rulers of Benin and who might be intolerant of advice”.<sup>16</sup> The colonial authorities further broke the unity of the educated elites by granting salary increment to those who were on salaried appointment. This increased the loyalty of the nominated members to the administration.

From the forgoing, it is clear that the water rate agitation did not lead to any fundamental change in the tax philosophy of colonial Benin. The ‘progressives’ were unable to institute a tax system that was geared towards development. This meant that British interest continued to hold



sway in the tax policy formulation in Benin. As a matter of fact, the water rate agitation turned out to be blessing in disguise for the British as it improved the popular acceptance of the administration as well as method of tax collection in Benin City.<sup>17</sup> The British were able to legitimize their administrative and tax policies by incorporating a group of collaborators into the administration who consented to their programmes without constructive criticism. This facilitated British colonial exploitation in the Division.

Thus, contrary to the commonly held notion that British colonial taxation was modern and progressive, the absence of strong institutions and an effective tax bargaining process made the system regressive. As a matter of fact, the colonial tax bureaucracy (the Tax Office in Benin) continued to revolve around the British administration officers. Issues of budgeting and appropriating were not discussed in the local councils established during the period. This means that the Benin experience differed from those of many European states at the beginning of the modern period. In Britain for instance, taxation led to greater accountability in governance. This had two major political implications. First, it led to democratic reforms which allowed the taxpayers elect their political representatives. This helped stimulate a process of revenue bargaining where the citizens exchanged quasi-voluntary compliance for institutionalized influence over public policy. In this way, the policies of the government reflected the interest of both the political class and the ordinary citizens. This ultimately resulted in greater investment in social welfare programmes that benefitted the generality of people.

Secondly, the demand for accountability led to the emergence of a depersonalized tax bureaucracy. This ensured that the tax regime was structured along professional, hierarchical, impersonal and technocratic lines. This encouraged the creation of reliable records of taxpayers, their occupations and assets. It also obliged the states to establish relatively efficient and

professional career public service to assess and collect levies in line with the Weberian concept of bureaucracy. Through this process, the tax system became more bureaucratic than political. This ensured that the rules governing taxation were made in accordance with the interest of the state and not the political elites. This fostered greater state-society cooperation and quasi-voluntary compliance to tax payment. This also gave the tax bureaucracy some degree of permanence in its operation.

The Benin model clearly demonstrated the inadequacies of a politically dominated tax regime. Before 1945, there was no evidence to suggest that the local councils modified or rejected any proposal sent by the colonial officials. This implied that they functioned as a mere rubber stamp for British policies. Beyond this, the council members were not given any form of training by the Administration Officers. In this way, the colonial tax policies were neither negotiated nor “statist” in orientation. It was therefore difficult to divorce the tax policies with the core interest of the British. Even the administrative and tax reforms introduced after 1945 did very little to change this position. This reinforces the point that the colonial tax systems were geared towards facilitating British exploitation rather than developing the area.

## **Conclusion**

This study has discussed the tax administration of colonial Benin. It examined the process by which traditional institutions were utilized for tax collection. The study argues that the tax system was effective in stimulating quasi-voluntary compliance and increasing the revenue base of the government. It however argues that the colonial tax system was deficient in five major areas. First, the administration did not establish strong institutions for tax collection but mainly relied on the legitimacy of the traditional authority. It gave room for corruption and rent seeking

among the tax collectors. Second, the system gave the people very little opportunity to influence colonial tax policies. Third, here was also the absence of a professional class responsible for tax formulation. In addition to this, the tax bureaucracy was accountable to the British administrators rather than the people. Furthermore, the British provided very training to the local tax officials. This study therefore argues that the British provided a weak foundation for the tax administration of Post-Colonial Benin.

## NOTES

1. N.A.I., CSO1/1. Meeting with King Ovonramwen, 7 September, 1897.
2. N.A.I., Cal Prof 6/1/iii. Turner to Moor, 18 May 1897.
3. H.N. Nevins, "Intelligence Reports on Benin Division", 1924, p. 25.
4. *Ibid.*, p. 26.
5. N.A.I., B.D. 1675 Vol.11, Resident B.P to District Officer, Asaba Division, 05/06/1935
6. N.A.I., Vol. 11, Annual Report of Benin Province, 1925.
7. Under the quarter head system, the city was divided into 10 artificial wards in 1916, and a headman was placed in charge of tax collection in each of the units.
8. The "Odionwere" was appointed by virtue being the oldest man in the ward, the "Olotu" was the head of the guild or professional association in the ward while the "Okao" was a special appointee of the Oba. All these headmen were indigenes of Benin; H.F. Marshall, (Assistant District Officer), "Intelligence Report on Benin City, Benin Province, 12<sup>th</sup> August, 1939.
9. The Assistant District Officer made the point that tax collection was more successfully under the "Idumu" system than the previous method. See Macrae Simpson (Assistant District Officer), "A Political Intelligence Report on the Benin Division of the Benin Province", 26<sup>th</sup> April, 1936, p. 47.
10. The flat rate was increased from 6/- to 7/- in 1937 and the local rate for income tax was also increased from £1 to £1½ percent.
11. N.A.I. B.D. 113, Vol. IV, Tax Collection, 1938-39.
12. It is important to emphasize that the water rate charge was a service tax imposed by the Benin Native (local) Administration. It was categorized as an indirect tax. It was different from the flat-rate or income tax imposed by the central government of Nigeria.

13. Although the Oba claimed to have discussed the scheme with his council, many members denied agreeing to the tenement rate.
14. Marshall, "Intelligence Report on Benin City.
15. Edo, "The Benin Monarchy", p. 81-82. One of the reasons for this was that the ward councils constituted of the taxpayers in each of the territorial units of the city. This meant that the educated elements had to compete with other groups such as the traditional chiefs and the ordinary citizen for nomination into the City and Divisional councils.
16. Marshall, "Intelligence Report on Benin City", p. 95.
17. Based on the reform, the wards and city councils were responsible for tax collection in Benin City.

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