

Metropolitan vision under question: colonial policies and fiscal practices in Portuguese Africa

Abstract

This paper aims to shed light on the colonial policies and fiscal practices in Portuguese Mozambique and Angola from the early colonial period (1890s) until their independence (1970s). Its added value derives from its comparative approach to long-term state (trans)formation, fiscalisation and citizenship in a rather understudied region. How concrete and dominant was the metropolitan vision on fiscalisation and state formation in Portuguese Africa? To what extent were fiscal patterns in Mozambique and Angola context-dependent? This paper contributes to the existing literature on colonial Africa by demonstrating various dimensions of colonial taxation and public investments, based on novel data from primary sources, such as the Statistical Yearbooks of Mozambique and Angola, covering more than half century. Tax per capita levels, types of taxation imposed, main revenue sources and expenditure patterns are identified. This aims to indicate trends, continuities, ruptures and varieties within Portuguese Africa as well as with respect to British and French Africa.

Introduction

According to new fiscal sociology, state budgets not only reflect but also shape political priorities and social realities (Martin, Mehrotra et al. 2009). New evidence has shown that colonial rule in British and French Africa aimed at maintaining order at the lowest possible cost rather than maximizing revenue extraction or contributing to institutional capacity building (Frankema 2011, Gardner 2012). Is this also applicable to the case of Portuguese Africa? Depending on their colonial policies and fiscal practices, can Portuguese Mozambique and Angola be considered as “developmental”, “benevolent”, “minimalist” or “extractive” states, following Frankema’s classification (2011)? Each of these options has significant historical and social implications. Either critical or supportive arguments towards colonisation can be built upon these options. The paper investigates: first, how colonial fiscal policies evolved, affected by regime changes in Portugal as well as within the colonies; and second, how actual fiscal practices

developed, influenced by regional disparities and other context-dependent factors. Particularly in the case of Mozambique, the shift from the dominance of concession companies' private interests to the governance of colonial public administrators is highlighted.

A comparative method is adopted, both in spatial and temporal terms. A cross-country (Mozambique - Angola) comparison is conducted from a long-term perspective, covering different phases of Portuguese colonialism. This is achieved through systematic research of primary and secondary sources, combined with mixed types of analysis. The impact of regime changes on colonial policies is demonstrated mainly by qualitative documentation, while quantitative data show the transformations of fiscal practices over time. Annual time series of statistical data are constructed, in order to conduct a year-by-year analysis that assures the consistency of the results.

The period under examination expands from the incorporation of Mozambique and Angola to Portuguese Empire in the last decade of the 19th century until their independence in the decade of 1970s. In line with the developments in British Africa, during the years of the First Portuguese Republic (1911-1926), the Portuguese rule adopted a "decentralisation" policy that gave administrative and financial autonomy to the colonies. In contrast, after the establishment of the "New State" of Salazar (1933 onwards) the adopted "self-sufficiency" policy propagated the sufficiency of the Portuguese Empire as a centralised system, resembling more to the French system of direct rule. In the context of the Great Depression in the 1930s and the growing deficits in the colonies' budgets, this policy shift implied also an increase of revenue from direct and indirect taxation in both Mozambique and Angola. Despite certain continuous disparities between the colonies in regard to indigenous tax collection as well as revenues from import and export taxes, the general trends seemed to be similar in the colonial states of Mozambique and Angola, according to the metropole's will.

Crucially, the shares of revenue invested in securing order, infrastructure development and human resources reveal the priorities of colonial rule at a given time. It is argued that initially the colonial rule redistributed the public income in favor of the metropole's interests in sovereignty mechanisms, such as public administration and military forces. However, gradually the colonial states shifted to infrastructure development, which took place mainly in the important harbour cities, as precondition for the facilitation of trade with the metropole and

the extraction of resources. Eventually, in both colonies investments on public works exceeded spending on security and human resources, such as education and health care. The public spending on education and other social services increased relatively only in the late colonial period, after the decade of 1950s, under the dominance of assimilation schemes, the international pressure towards welfare state building and the relative liberalisation of the regime in Portugal during Caetano's governance.

Given the importance of present Mozambique and Angola's state capacity and social structures to handle the growth that currently takes place, there is a significant historical and societal scope underlying this paper: To confirm or challenge dominant conceptions regarding the historical determinants of the post-colonial state and fiscal failure in former Portuguese Africa.

Views on fiscal regimes as mirrors and engines of social change

In recent decades the importance of taxation has been recognised by many scholars in history, economics, sociology, political science, and law. Tax revenues formalise the obligations of individuals to society, presuppose legitimacy and set the limits of governments' powers, redistribute wealth and allocate income, make investments in collective goods possible, develop bureaucratic administration and property rights institutions, secure law and order and prevent social conflicts over resources (Frankema 2010).

The "new fiscal sociology" has placed taxation at the center of social change, by considering taxation not only as a symptom of social change but also as a cause or engine of change (Martin, Mehrotra et al. 2009). As engine of change, the fiscal institutions are the key to the whole of state institutions, since it is tax revenue that allows the existence of sovereignty mechanisms and determines the size of central administration, defense forces and public services (ibid). As symptom of change, the development of fiscal institutions in the modern nation state is an indicator for the development of state and economic institutions in general (Gardner 2013), since it requires the growth of the public sector and a certain level of economic development. In a social contract framework, taxation has been presented by Schumpeter as the outcome of a historic bargain between the rulers and the ruled (Musgrave 1992). The level of consent from the side of the governed and the level of

progressiveness of fiscal systems have been connected to democratisation processes, presupposing the sense of an “imagined community” in Anderson’s terms (Anderson 1991).

Furthermore, “the history of state revenue production is the history of the evolution of the state” (Levi 1989) and this applies not only to Europe but also to Asia and Africa. Anne Booth stresses that none of the known concepts of “contractual”, “predatory”, “night watchman” or “developmental” state is entirely satisfactory in the Asian context (Booth, 2007). Over the last few decades, enlightening studies have been also conducted on public finance in British and French Africa. In British Africa, the “self-sufficiency” policy was adopted relatively early, implying the need for colonies to construct fiscal systems and fund their own administration, defense, public works and social services (Gardner 2012). In addition, as Frankema and Waijenburg show, the endogenous colonial institutions and the agency of political officers and native authorities played an important role in the development of tax systems in British and French Africa (2013).

According to some scholars, colonisation played a positive role and the benefits for British and French colonies were related on the one hand to state building and protection and on the other hand to public investments in social services and infrastructure made by the empires. Plus, the subsidies and loans provided to the colonies burdened the British and French taxpayers (Davis and Huttenback 1986). In contrast, Huillery in her most recent paper on the colonisation cost of French West Africa takes into account the financial transfers between French West African colonies and France and claims that the profit of colonisation for the metropole was much higher than the cost of it. As she characteristically states, “most revenues were collected on an African basis while being spent on a French basis” (Huillery, 2014).

In the literature, it is considered a commonplace fact that besides its financial function of raising revenues, taxation in Sub-Saharan African colonies had also crucial indirect socio-economic objectives, such as the monetisation of economy and the raising of productivity and wage labour. In the case of Mozambique, the connection between direct taxation and wage labour, also in the form of forced and migration labour, have been analysed by Ishemo and O' Laughlin, (1989, 2002). Also, taxation can be seen as a “discipline” and penal tool, in Foucauldian terms (Foucault 1979), that aimed at moralisation and stimulation of Africans’ industriousness (Bush and Maltby 2004). Nevertheless, that can be seen also as the cultural

argument that colonial rule used, in order to dress its materialistic motivation to rationalise the local economies and facilitate resource extraction.

The birth of the Portuguese colonial states of Mozambique and Angola

Compared to the other colonial powers, the peculiarity of the Portuguese case is that although Portuguese explorers and merchants were present in Africa further back in time, Portugal started building colonial states and fiscal institutions rather late. In the same vein, the independence of the Portuguese African states from the metropole was achieved quite late (mid 1970s), compared to the British and French colonies, which were already liberated in the decade of 1960s. In each stage of its colonial course Portugal seemed to follow what was already inevitable. Starting from the “Scramble for Africa”, Portuguese Empire had to compete Britain and France by establishing colonial states, in order not to lose control of valuable territories and trade connections.

Three main factors, related to international circumstances, led the Portuguese government after the mid-19th century to develop a new interest in its African territories: First, the independence of Brasil in the 1820s had harmed Portugal economically, given that for most of the 18th century over fifty percent of Portugal’s revenues derived from Brasil (Maxwell, 2000, p.1). Africa had the potential, according to Portugal’s expectations, to replace Brasil and restore Portugal’s income. Second, the abolition of slave trade in 1875 and the promotion of legitimate commerce caused a major crisis to Portugal, since its most important revenue source was the transfer of slaves from Angola to the New World (Smith, 1979, p.169), usually to the mines and plantations of Brasil. On the contrary, Britain gained ground by the expansion of free trade and the increasing protestant missions, such as the famous explorations conducted by Livingstone. Therefore, Africa was the only chance of Portugal to free itself from British domination (Newitt, 1995, p.333). Third, the underway formation of a bourgeoisie class, benefited by free trade, in the metropolitan urban centers such as Lisbon and Porto, encouraged industrialisation, the establishment of capitalist enterprises and the rise of the banking sector (Smith, 1979, pp.167 and 170). In this context, African territories offered a new valuable ground for capital investments by the liberals, who however realised the need for a government policy regulating exploration and wealth extraction (Newitt, 1995, p.334).

In the period of the “New Imperialism” and the “Scramble for Africa”, all the above factors in combination with the increasing competition with other imperial powers, such as King Leopold in Congo and Germany in the south of Angola, led the Portuguese government to take action against the “international threat to the informal Afro-Portuguese commercial empire” and secure its physical occupation as well as create the conditions for a “more direct exploitation of the African territories” (ibid, p.332). In the Berlin Conference in 1884-85 the Portuguese stressed that their rights were based on prior discovery. Nevertheless, In the General Act of the Berlin Conference, which can be seen as the formalization of the Scramble for Africa, the principle of “effective occupation” stated that powers could acquire rights over colonial lands only if they possessed them or had treaties with local leaders, flew their flag there and established an administration in the territory to govern it with a police force to keep order (Herbst, p. 71-72). These terms could be damaging to Portuguese claims, particularly in Mozambique, where other powers were active. British questioned Portuguese colonisation and government in the areas under question, due to the few scattered Portuguese settlements across the coastal line. In 1884 Joaquim Carlos Paiva de Andrada, administrator of the Company of Mozambique, was commissioned to establish effective occupation and became active in four areas: the town of Beira, the Sofala and Manica provinces as well as the Mashonaland province (now Zimbabwe).

Despite the failure of bilateral negotiations with Britain in the Berlin Conference, in 1885 the Foreign Ministry in Lisbon produced the so-called “Rose-coloured” or “pink” map, which defined the extent of Portugal’s claims in central Africa, all the way from Angola to Mozambique. This map “represented a dramatic extension of Portugal’s claims” (Newitt, 1995, p.341), however in 1886 the negotiations of the Portuguese diplomats with France and Germany were quite successful. After a series of negotiations, the British Ultimatum of 1890, a type of memorandum, was sent to the Portuguese Government by Lord Salisbury, who demanded the withdrawal of the Portuguese troops from Mashonaland and Matabeleland and the area between the Shire river north of the Ruo and Lake Nyasa, where Portuguese and British interests overlapped (Pinto Coelho, 2006, p.1). Between the British issuing this ultimatum to Portugal in 1890 and the signing of a treaty in Lisbon in 1891, both Britain and Portugal tried to occupy more of the disputed areas and assert their authority. The General Act

of the Berlin Conference required disputes to go to arbitration, therefore after the Ultimatum Portugal asked for arbitration. Nevertheless, Lord Salisbury refused and demanded a bi-lateral treaty (ibid, pp.4-5). This is how the boundaries of the two main Portuguese colonies, Mozambique and Angola, were finally agreed with Britain in the treaty of 1891. Besides defining the boundaries, the treaty provided Portugal the possibility of navigation on the Zambezi and Shire rivers, but it did not give Portugal special rights along the north bank of the Zambezi (ibid, pp.6-7).

Until the 1870s, European states controlled only ten percent of the African continent, all their territories being near the coast. A decade later, colonialism was introduced across nearly all the African continent. The Scramble for Africa gave birth to over fifty new polities. The territory of Mozambique had already passed from the control of powerful merchants' families and groups of early settlers called "prazos" (Newitt 1969, Isaacman 1972) to the control of concession companies such as "Companhia de Mocambique" and gradually it passed to the exclusive control of the Portuguese colonial government. In the early colonial period, chartered private companies with special privileges, played also the role of tax collectors and treasury managers. Eventually, these tasks were performed only by colonial officials, appointed by the Portuguese government. These transfers of power affected colonial fiscal policies, in regard to the types and rates of taxes imposed, the main revenue sources and patterns of public spending.

In the next sections emphasis is given to the regime changes and transition periods in Portugal as well as their impact on colonial administration and fiscalisation in both Mozambique and Angola. In 1910 the Republican revolution ended Monarchy and expressed to a certain extent a more liberal view on colonisation, while in 1926 the military dictatorship re-arranged once again the priorities of the Empire. In 1933 the "Estado Novo" of Oliveira Salazar was established and the vision of a pluricontinental empire dominated. A shift from indirect rule to assimilation policies and a more strict control of the Empire's provinces was favoured, especially in economic and financial terms. This "policy reversal" by Salazar's regime (K. Smith, 1974), consisting by austerity measures and social repression, determined the development of state and fiscal institutions in Mozambique and Angola.

Imperial competition and trade as the driving forces of Portuguese colonisation

In the 1890s Portuguese colonial rule started to build state apparatuses and strengthen the existing fiscal institutions in its African colonies. As everywhere in the world, for Portuguese colonial rule the payment of taxes was considered as the principal obligation of citizens to the state (Castro, 1948, p.37). Whether the colonies were worth the required effort and investments, done first by international companies and then by the Portuguese state and the colonial states themselves, was in constant debate. In the following paragraphs, speeches in the Portuguese parliament and reports written by colonial officials and intellectuals show that heated discussions took place, concerning both the actual and potential contribution of the colonies, throughout the colonial period.

The motivation for such a strategic choice, to expand colonisation through state formation and fiscalisation, seemed to consist of three elements: the economic importance of trade between the metropole and the colonies, the military and economic competition between the imperial powers as well as the national pride deriving from the fact (or belief) that Portugal could still be one of them. The element of national pride and imperial prestige was highlighted by Richard Hammond, in order to show the “uneconomic” character of Portuguese imperialism (1966). The argument of “uneconomic imperialism” was questioned by several scholars, such as Greg Pirio, Valentim Alexandre and Clarence-Smith. The latter deconstructed the notion of “irrational nostalgia for imperial greatness” and gave prominence to the rational economic motivation of Portugal to participate in the partition of Africa, in view of the capitalist recession starting in the 1870s (Clarence-Smith, 1985, p.81). In this paper the economic profit is indeed recognised as the principal motive of Portugal to expand colonisation. However, the national pride and the imperial prestige are taken into account as well, since throughout the colonial period they were important elements of the ideological discourse and the rhetorics concerning colonisation.

In Europe military competition between states and the consequent growing expenses of warfare led to the development of productive tax systems and the bureaucratisation of society (Tilly 1975; Mann 1980). In Sub-Saharan Africa “states never had to fight to survive, so they never had to build effective fiscal institutions” (Herbst 2000). Nevertheless, the military and economic competition between the imperial powers, namely Portugal, England and France, definitely played a role in their mutual decisions to establish fiscal institutions in their colonies.

The importance of competition as a predicate factor for building colonial states is apparent in various incidents, especially in the case of Mozambique. For instance, there is evidence showing the competition between the companies of “Companhia de Mocambique” and “British South Africa Company” and the consequent rivalry between the states of Portugal and Britain, concerning the exploitation of mines in the areas of Zambezia, Manica and Sofala. Besides the effort of the Company of Mozambique to attain an agreement with the British SA Company, helping also the negotiations between the states, another important result came out of this conflict: the decision of Portuguese rule to imitate British rule and establish administration and infrastructure that would strengthen its position against the British claims in this territory (Congresso Colonial, 1902, p.9). The decision of Portuguese rule to build sovereignty mechanisms in Mozambique was made under the pressure of the economic and military competition with British South Africa.

In the same vein, the argument that the trade with the colonies was of major importance for Portugal, was stressed regularly by different authors in different periods. From the 1870s to the 1910s, the new-born bourgeoisie in Portugal was mainly interested in monopolising the fields of transport and credit in the colonies rather than in raw materials, due to the falling prices of these commodities (Clarence-Smith, 1979, p. 172). However, in the 1910s-1920s, when the prices of the tropical commodities recovered, the raw materials such as rubber, sugar, coffee and cotton regained a central position at the argumentation for maintaining and investing in the colonies. The colonies supposed to provide the metropole with raw materials and at the same time be crucial markets for its products, making Portugal self-sufficient and independent from other European powers, such as Spain. Both in a report signed by the Secretary of Sociedade de Geografia in 1918, during the First Portuguese Republic (Vasconcelos, 1920, p. 93), and in a study conducted by Prof. Ferreira in 1932, after the military coup d’etat in Portugal (Ferreira, 1932, p.21-23), the same old argument emerges, supporting the maintenance of the African colonies: Economic independence of Portugal was achieved thanks to the contribution of the colonies as providers of raw materials and markets for Portugal’s export goods.

In fact, the state of trade was perceived by Portuguese rule as the most important indicator for measuring the undertaken economic development in the colonies from the early years of colonialism. In 1898 a report of the Ministry of Marine and Overseas Affairs, states that “in

countries, such as Portuguese colonies, where the agriculture and industrial sectors are least developed, commercial movement is the best indicator of their economic progress” (Dias Costa, 1898, p.9). The number one priority for Portuguese rule in the colonies was trade. And the second most important one was infrastructure development that could further encourage trade with the metropole as well as favour production and general economic prosperity (ibid, p.10). Between the two main African colonies, Angola was the one that Portuguese rule expected the most from. Not only its land fertility, but also its trade relations with the metropole and its role as a market for the most valuable industries of Portugal, made Angola unique (ibid, p.56).

Continuity in taxation patterns of Mozambique and Angola throughout colonialism

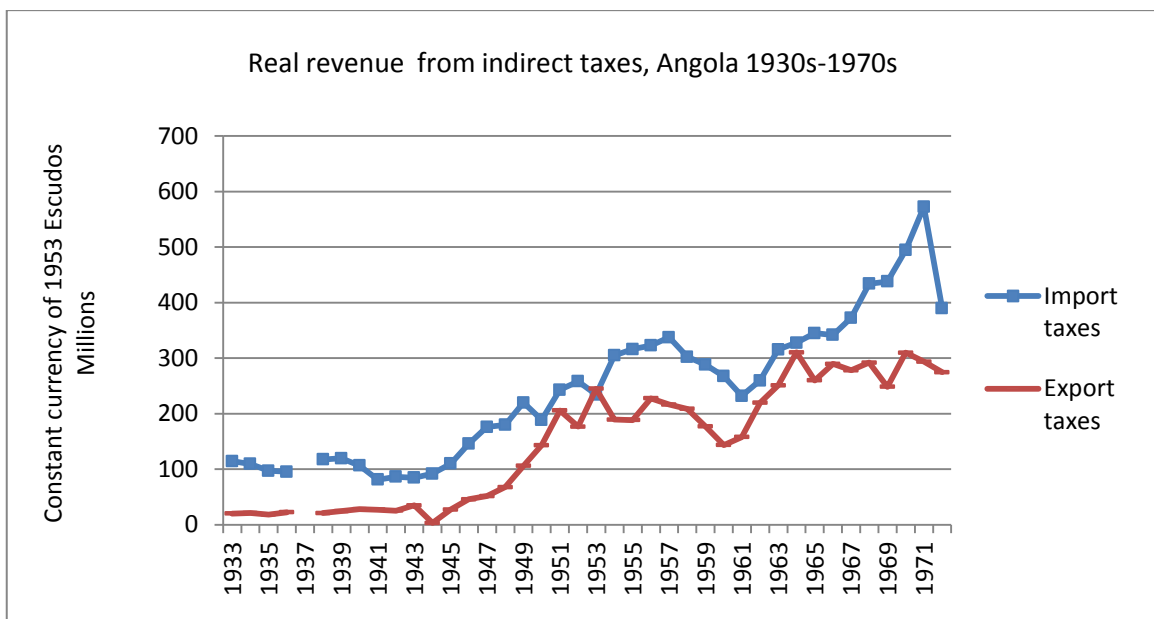
Naturally, when trade increased, revenue coming from custom tariffs also increased in the colonies. Throughout the 19th century, the most important source of public revenue for Portugal was indirect taxes collected at the so-called “alfandegas” (custom houses). The revenue coming from custom duties used to be even the double of the revenue coming from other administration sectors of the “Fazenda Nacional”, meaning the national treasury (Monteiro, p.46). During the early years of the tariff system in the mid-19th century, “the main colonial strategy of the liberals was rather to maximise revenue by encouraging trade”, while “direct taxation was always a much smaller source of revenue than custom duties” (Clarence-Smith, 1979, p.168). The collected revenue was mainly invested in the infrastructural equipment of Portugal (ibid, p.167). However, in the recession years of 1890s protectionist tariffs were promulgated for both the metropolis and the colonies, favouring the routing of colonial commodities through Lisbon (Clarence Smith, 1985, pp.85-86).

In the following decades, the course of revenue raised by indirect taxes in the two colonies was dependent on two factors: the developments and fluctuations in trade and the imposition of protective measures, introducing principally high import duties. As it can be seen in Graph 1, in Angola for the period 1932-1972 import and export taxes contributed analogously to state revenue. Moreover, the revenue from import taxes and the one from export taxes increased in a parallel manner cross time. On the contrary, as Graph 2 shows, in Mozambique for almost the same period (1929-1973) only the custom duties on import goods seemed to contribute in a

noticeable degree to state revenue. In addition, the distance between these two revenue sources kept increasing cross time and the revenue from export taxes remained considerably low throughout the colonial period.

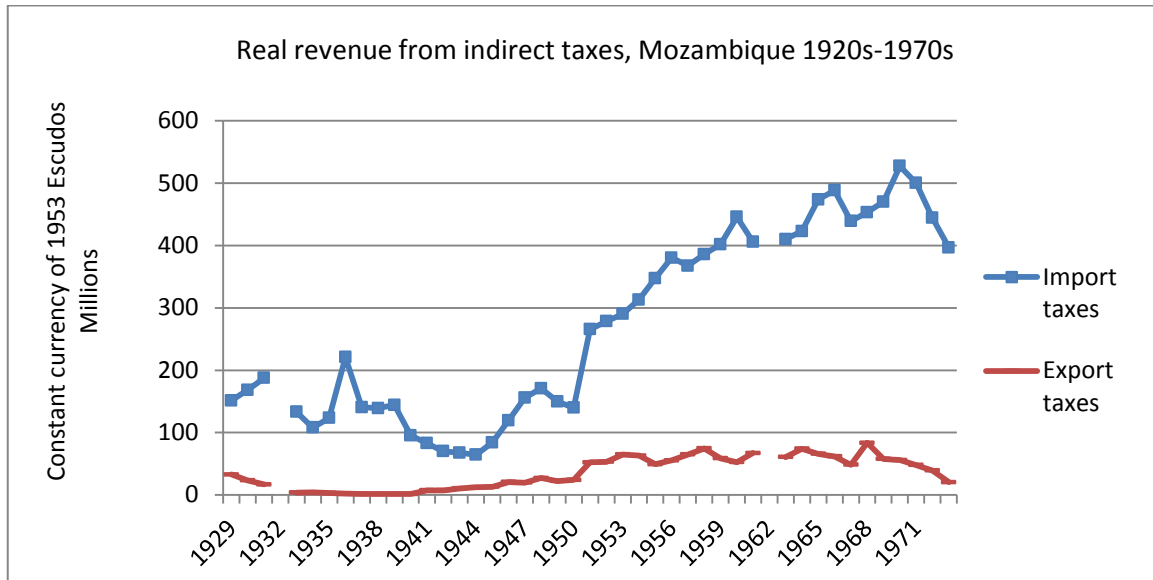
A possible explanation is that the state of Mozambique was less successful at collecting revenue from export taxes, simply because Mozambique performed worse in exports. For instance, it is known that Mozambique was a food importer, while Angola was a food exporter (Kyle, 1999, p.2). However, the figures from the Statistical Yearbooks of Mozambique show that the export sector in general was not in decline and the gap between imports and exports in both value and volume terms was not so big, to permit this difference between the revenue from import and export taxes.

Graph 1



Source: Statistical yearbooks of Angola, Accounts of Angola

Graph 2



Source: Statistical yearbooks of Mozambique, Accounts of Mozambique

On the other hand, from the mid-19th century the so-called “interventionists” argued for the extension of direct taxation imposed on Africans, in order to cover the costs of military expeditions (Wheeler and Pelissier, 1971, pp.52-56 in: Clarence-Smith, 1979, p.171). In the late 19th century various forms of direct taxes emerged, paid either by companies and industries operating in the colonies or exclusively by the indigenous population. In any case, in the early colonial years the capacity both of the concession companies and of the colonial administration, especially in Angola, to collect this type of taxes and manage the treasuries (fazendas) was limited. Companhia de Mossamedes at the southern part of Angola did not even manage to obtain the right to levy custom duties and taxes on the indigenous people, like the chartered companies in Mozambique did, and in 1923 the charter was finally abolished (Clarence-Smith, 1979, p.173 and 177). According to Maciel Santos, the delay of Portuguese rule to impose direct taxes was caused by the late military occupation of the hinterland. In the period 1901-1908 the main direct tax named as “peasant tax” (imposto campones), though in growth, represented only the 13% of the total revenue of the overseas provinces Mozambique, Angola and Guinea (Santos, 2013, p.2).

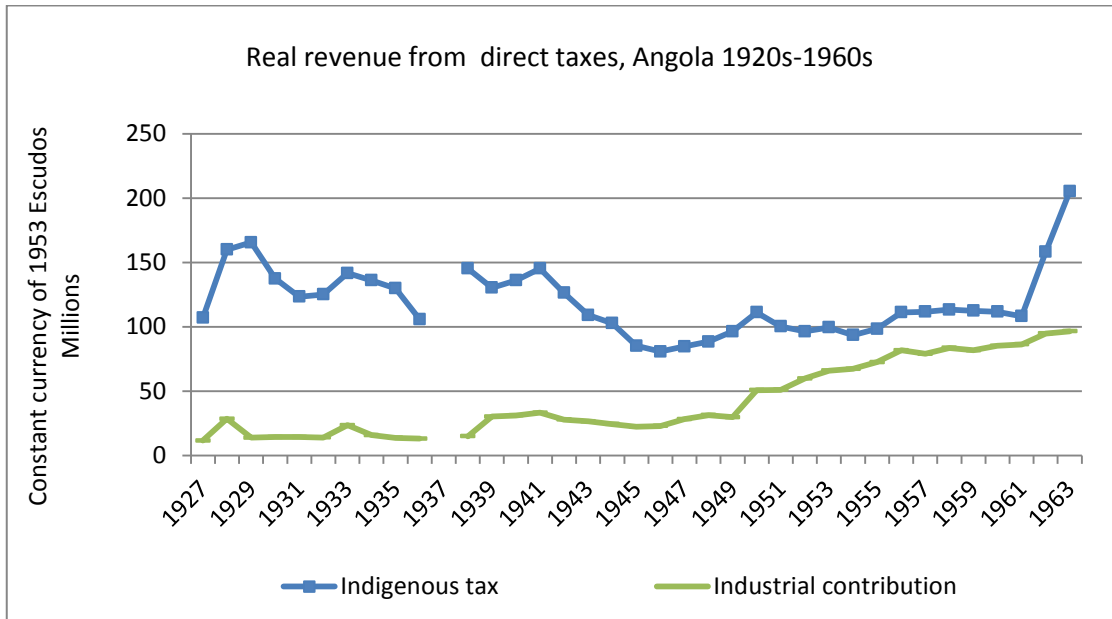
In Angola, the implementation of direct taxation and particularly of the hut tax proved to be a slow process with a lot of policy and regulation changes interfering. Direct taxation in the form of property tax (contribuicao predial) was (re)established in 1880, after a short period of giving

prominence to the indirect tax “ad valorem” on exported and imported goods. The so-called “tributos” collected by local tribal chiefs and the “dizimos” collected by the colonial government, soon were replaced by the hut tax (“imposto sobre cubatas” or “imposto de cubata”), introduced in 1888 and then reformed in 1907 (Melo, 1953, p.72). There is evidence showing that in the late 19th century poor indigenous families used to even burn their houses and leave their villages in order to avoid paying the “dizimos” (Governo Geral de Angola, 1920, p.7), which was a fixed annual tax on each household (palhota) and on each unit of cattle the household owned, plus a percentage of the value of its crop production and of its property income each year.

In 1919 the hut tax was renamed as tax per capita (imposto de capitacao) and in 1920 as indigenous tax (imposto indigena), which was paid in money and continued to exist with the same name, according to the legislation of 1931 (Melo, 1953, p.72). In 1920 the individual tax in Angola was set at 2 Escudos and concerned “all black or of mixed race residents”. The general (colonial) governor was responsible for the collection of taxes, while native chiefs were responsible for the payment of the taxes by the people of their community. 70% of the collected revenue had to be kept at the national treasury, to be extracted by the state, and only 10% could be spent by the municipalities on public assistance (Governo Geral de Angola, 1920, p.14-15). Finally, in 1949 the indigenous tax was replaced by the personal annual tax (taxa pessoal anual), which was applied only to the “black, non-civilized” men, who didn’t contribute through other types of taxation (Melo, 1953, p.73).

Graph 3 demonstrates the revenue from the two most important types of direct taxation: the indigenous tax and the industries’ contribution. During the period 1927-1964, the indigenous tax was the dominant source of revenue from direct taxation for the state of Angola.

Graph 3

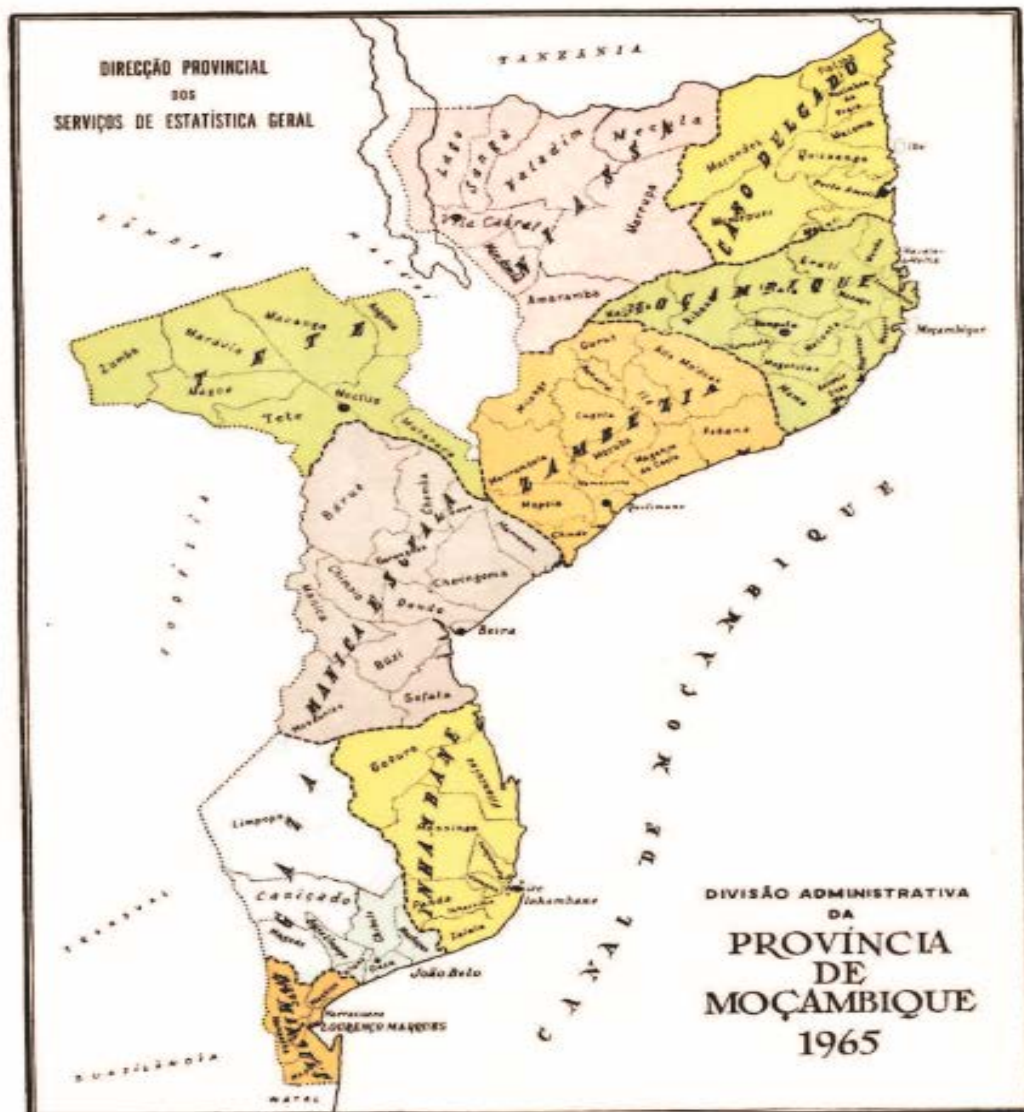


Source: Statistical yearbooks of Angola, Accounts of Angola

In contrast with Angola, where the application of direct taxes was uniform each period, in Mozambique it differentiated depending on the geographical and economic zone. The geographical zones (north, center, south) represented also distinct zones of agricultural production (Bowen, 2000, p.32). The north (Cabo Delgado, Niassa and Nampula provinces) consisted of a peasant economy organised mostly by indigenous people. During the period 1891-1929 the British-owned “Niassa Company” was active there. Based on the “chibalo” system of coercive labour, the company forced the indigenous to work on plantation production and on public works projects as well as pay hut taxes that kept them in debt. The chibalo system enabled the Niassa Company to prevent the indigenous from growing their own crops for sale.

The center (Zambezia, Manica, Sofala and Tete provinces) represented a plantation economy of export crops (sugar, sisal), controlled by the also British-owned companies “Company of Mozambique” and the “Zambezi Company”. The Company of Mozambique was granted the exclusive right to collect taxes, but was itself offered a 25-year tax exemption (Isaacman et al., 1983). The so-called “Guarda fiscal”, a branch of the public police, was authorised to inspect the collection of the indirect taxes such as customs, in the territory of the Mozambique Company (Dias Costa, 1898). Last, the south (Inhambane, Gaza and Maputo provinces) was a

settler farm economy and the origin area of the vast majority of the migrant workers in the mines in South Africa.



Source: Statistical Yearbooks of Mozambique 1965

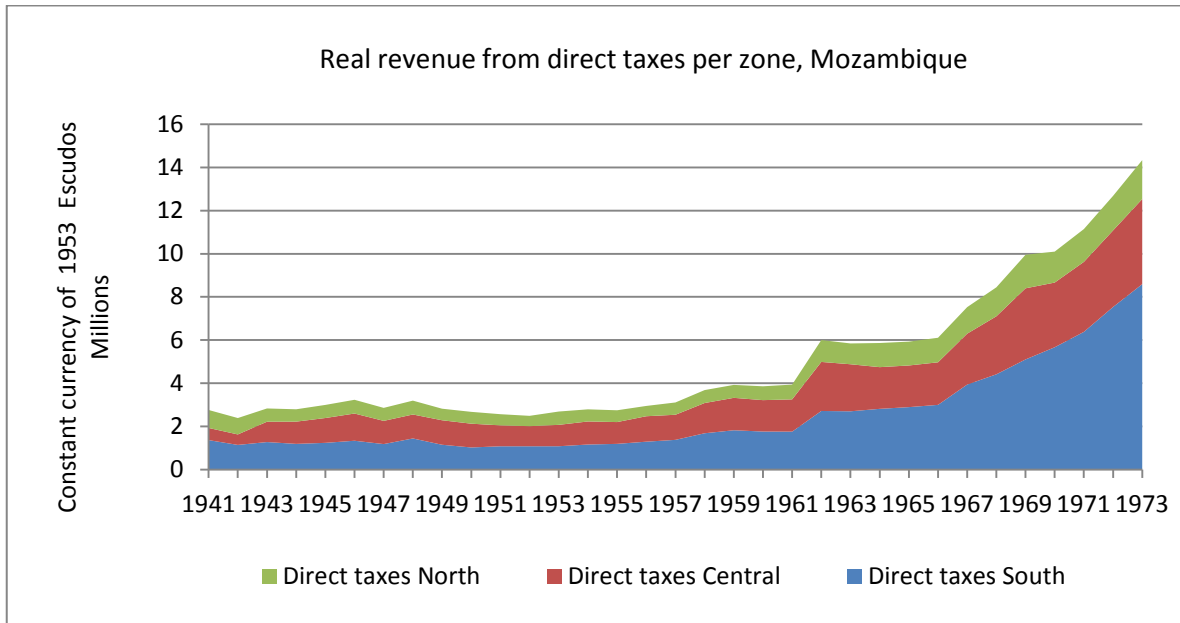
While the southern part of Mozambique had the characteristic features of a labour reserve economy, the central part was much more alike to the “Africa of concessions” (Hinderink and Sterkenburg 1987). The non-labour reserve economies tended to rely more on trade taxes than the labour reserve economies, which in turn had higher domestic taxes and depended more on direct taxes (Mkandawire, 2010, pp.6-7). In the decade of 1910s the administrative districts of Sul do Save (Lourenço Marques and Inhambane) represented the 90% of the hut tax revenue, collected directly by the government, while the center and the south together did not exceed

the 10% of the total (Santos, 2014, p.18). The successful control of these areas was attained by the military campaigns of 1895 as well as by the fact that around 90% of the workers migrating to the mines of Rand were originated from this area, so they were wage-earners and therefore able to pay the tax (Santos, 2013, p.3). In contrast, the north was not fully controlled by the colonial state, the value of the hut tax there was the half of the one paid in the south and peasants were still not able to pay it. Especially in the decade of 1930s, the fiscal tension increased, but the “problem of Niassa” existed even before the economic crisis (ibid, p.5).

Graphs 4 and 5 show that despite the end of concessions in the decade of 1930s, this disproportionate contribution of the three distinct zones to both direct and indirect tax revenue of Mozambique continued also in the following decades 1940s-1970s until the independence. This continuity can be perceived as an example of path dependency, caused by the special context-dependent realities of these zones in the early colonial period. Although from the decade of 1930s onwards the colonial state of Mozambique increased both its military and administrative control of the territory, the taxation patterns of the past decades were maintained and even intensified as the years passed.

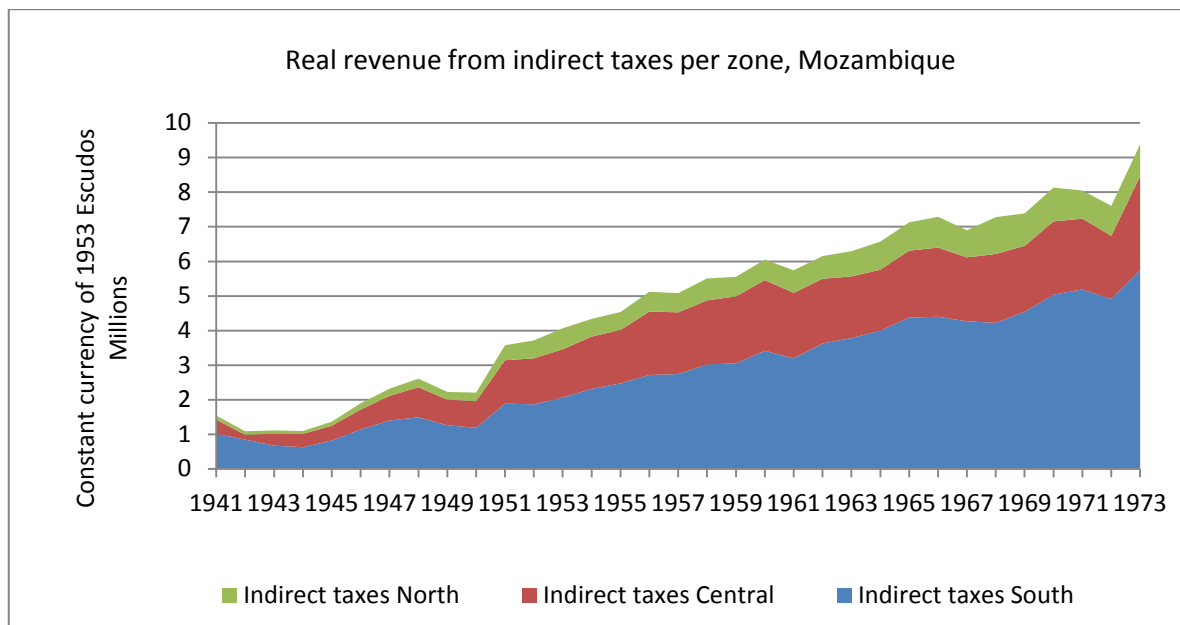
Explaining fully the intensifying character of the fiscal inequality between the three regional zones of Mozambique requires further research. However it can be argued that the intensification of the taxation patterns was caused by the intensification of the same factors that caused initially the phenomenon of disparity: First, the further intensification of migration labour originated from the southern zone of Mozambique enabled the indigenous workers of that zone to continue paying direct taxes to the state. Second, the increase of state assistance to Portuguese settlements after 1930s (O’ Laughline, 2000, p.10) and the escalation of settler migration from the metropole in the 1940s caused the development of the settler farm economy of the southern zone, making it more competitive in terms of production and trade and thus increasing the collected indirect tax revenue. On the contrary, in the other two zones (north and center), the concessions ended and forced cropping of cotton was introduced, particularly in the north (ibid). This shift of colonial policy, instead of reversing the dynamics that were already developed by the limiting geographical and economic conditions of the past, it intensified them and the divergence between the north and the south enlarged even more.

Graph 4



Source: Statistical yearbooks of Mozambique, Accounts of Mozambique

Graph 5



Source: Statistical yearbooks of Mozambique, Accounts of Mozambique

In accordance with the literature on British and French Africa, direct taxation had multiple functions for the Portuguese colonial rule, besides raising revenue: it was used as a sovereignty measure and identification tool, while it encouraged monetisation of economy and

productivity. In the “regulation on registration and collection of indigenous tax” in Angola, it is stressed that the direct tax paid by indigenous people was “a valuable element of politics for the affirmation of Portuguese sovereignty, and a practical means of collecting subsidies for the organisation of provincial censuses” (Governo Geral de Angola, 1920, p. 5). Moreover, from 1870s to 1900s the direct taxes could be paid either in kind (*em generos*) or in money (*em dinheiro*), depending on the local circumstances (Castro, 1948, p.37-38). However, the advantages of direct taxes paid in money became gradually undisputable. In the early years of the 20th century the governor of Lourenco Marques in Mozambique argued against the payment of taxes in kind. In his notes he highlighted, among other things, the transportation and storage costs derived from such transactions as well as the fluctuating prices and thus the questionable value of the exchangeable products. But most importantly, he emphasised on the scarcity of labour in the area, caused by the fact that indigenous people did not need to pay taxes in money, so they did not need to work for companies to get wages (Aguiar, p.75-76). Therefore, according to the author, the payment in kind harmed both the colonial rule and the agricultural development of the region.

Already in the 1890s, the prominent regional commissioner of Mozambique, Antonio Enes, had expressed these ideas on the crucial role of indigenous people as tax payers and (either free or unfree) wage workers, in the process of monetisation and labour intensification. The latter would eventually contribute to agricultural development and expansion of “civilisation” (Ferreirinha, 1947, p. 5). Actually, this was for Enes the principal mission of colonialism. Regarding the relations between Mozambique and the metropole, Enes supported the idea of administrative autonomy, which was finally implemented during the First Portuguese Republic: “I want the province to be able to be governed and administrated in the province” (my translation) (*ibid*, p.7).

For decades, Mozambique was characterised by a dualistic system of local governance. As Mamdani observes, the so-called “Indigenato” was a political system similar to what existed elsewhere in Africa: it subordinated Mozambican subjects to tribal chiefs and Portuguese citizens to colonial administrators (Mamdani, 1996 in: O’ Laughline, 2000, p.16). The code of the Indigenato was formally adopted in 1928 and it concerned principally labour relations (O’ Laughline, 2000, p.12), but it was based on previous perennial arrangements of citizenship and

governance. As in British Africa, it aimed at legitimising the new system of governance by drawing in existing political structures. “Regulos” and “cabos” were responsible for hut tax collection, land distribution and forced labour recruitment and were paid by the colonial state through commissions (ibid, p.17). Apparently there was some room for power bargaining and negotiations between them and the colonial officials in regard with the boundaries of the land, but in taxation affairs they were used mostly as instruments by the colonial state, for the implementation of policies that were formed by the metropole.

Ruptures in colonial policies and fiscal practices under metropolitan regime changes

In the early 20th century the colonial states of Angola and Mozambique and their fiscal institutions started to become more visible, taking over taxation and investment responsibilities that were previously undertaken by chartered companies. The crucial turning point was the adoption of the so-called “decentralisation” policy, which was introduced by the Republicans and was similar to the “self-sufficiency” policy that Britain followed in its own African colonies. Oliveira Marques refers to the “decentralisation” strategy at the very beginning of his book on the Portuguese expansion “O imperio Africano 1890-1930”, as the fruit of the Republican ideology dominating the years after the revolution against Monarchy (2001, p.22). In the broader perspective of the Portuguese empire, decentralisation meant the autonomy of the African “provinces” from the metropole, in administration and financial terms. The term “provinces” was used at the times of Monarchy, in order to show that the colonies were an integral part of Portugal. *Leis Organicas* in 1914 and *Cartas Organicas* in 1917 demonstrated the legal dimension of the colonies’ autonomy, aiming to provide each colony with legislation suitable for its cultural context (ibid). According to these laws, the colonies should have their own police, military and marine forces as well as fiscal and transportation services (Vasconcelos, 1920, p. 179).

Oliveira Marques considers the shift to decentralisation as an exclusive achievement of the Portuguese Republican ideology that came to an end after the military dictatorship and the establishment of the Salazar’s “New State” (2001, p.23). However, this Republican ideology was not a parthenogenesis: a more precise evaluation of the ideological principles leading to the “decentralisation” policy would recognise the tendency of Portuguese rule to borrow

selectively elements of both the British and the French model of colonial governance, based either on economic motives or on sophisticated arguments concerning citizenship and civil rights. Specifically, Portuguese Republic attempted to balance between the British system of indirect rule and the French model of assimilation: On the one hand, it gave administrative autonomy to the colonial governors and the local chiefs, who were involved in taxation affairs; and on the other hand the Republicans established a “native policy” that encouraged the civilisation of the native people, however through civil law and not clerical missions. Moreover, in 1917 Almeida Ribeiro wrote a report that accompanied the bill (proposed law) on the “financial administration of the overseas provinces”, where it is claimed that Portuguese government should learn from the experience of France and Belgium and follow their initiative on delegation of powers (1917, p. 154-155). The governor of each colony should exercise the executive power, while the metropole could be involved only in the legislative power and maintain the right to intervene in administrative and financial issues of the colonies, under the condition that those issues would affect directly the metropole.

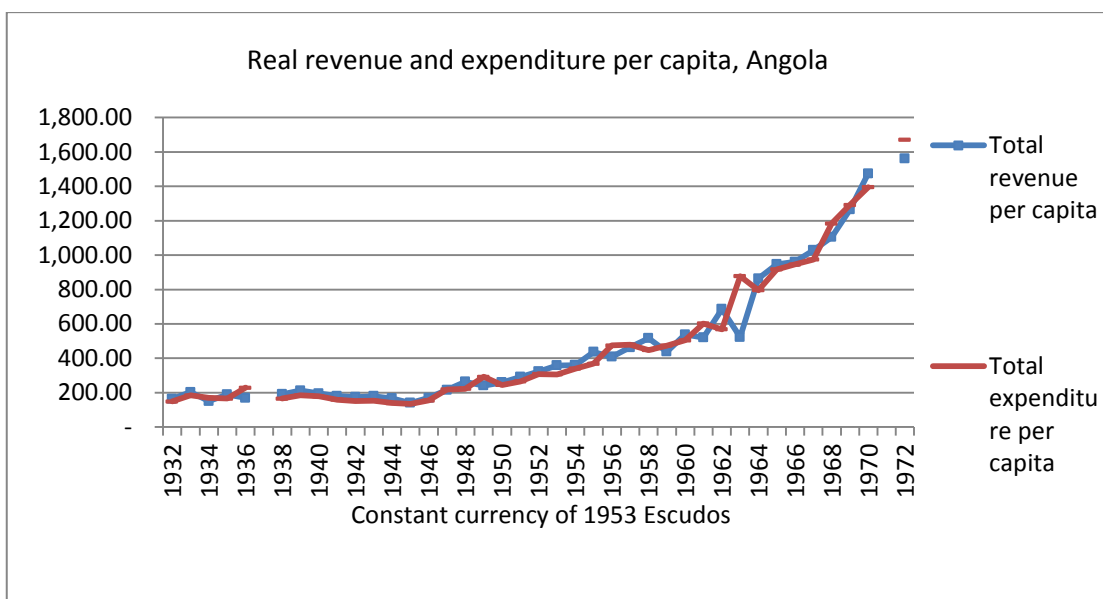
In any case, the fact remains the same: the decentralisation policy was abandoned as soon as Salazar rose to power. Ironically enough, Salazar used extensively the term “self-sufficiency” (*autossuficiencia*), which was used also by the British government to signify the administrative and financial autonomy of the British colonies. Nevertheless, for Salazar the term “self-sufficiency” meant the sufficiency of the Portuguese Empire as a whole, as a united economic system. The point of reference for all the colonial policies, concerning either the state or the economic institutions in the colonies, should be the national interests of Portugal. Regardless the geographic position of the colonies, the authority had to be one: that of the metropole. The Portuguese empire was, according to the Colonial Act of 1930, a juridical and political union, which had to promote also the economic unity and thus the harmonisation of interests in trade and production between the colonies and the metropole (Salazar, 1933 in: *Antologia Colonial Portuguesa*, 1946, p. 331-332).

In theory, the administrative decentralisation and autonomy that Republicans had promoted could be maintained in the new legislation, but in practice the Portuguese Ministry of the Colonies had to approve every year the general budgets of all colonies. The main financial principle of the “New State” (*Estado Novo*) with respect to the economy of Portugal as well as

the local economies of the colonies was the so-called “politica de equilibrio orcamental”, in other words the policy of budget balance (Conceicao, 1967, p.3). Starting from 1931-32, a more centralised system of controlling financially the colonies was introduced aiming to surpass the administrative “chaos” and the financial deficits, caused by the republican policies.

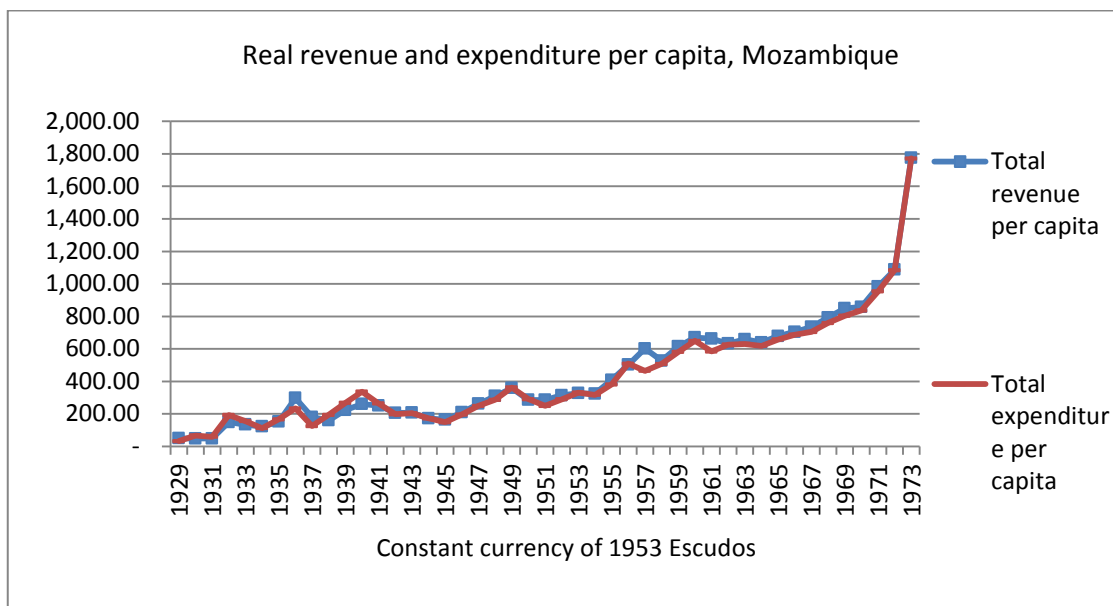
The balance between revenue and expenditure per capita in Angola and Mozambique during Salazar’s governance is shown in Graphs 6 and 7. The colonial records of both countries demonstrate an almost absolute equation of revenue and expenditure. It is difficult to judge, whether these records represent fully the actual fiscal reality of the colonies in that period, or they are to a certain extent artificial “constructions” of the colonial governments, in order for them to prove that they followed closely the metropolitan directives.

Graph 6



Source: Statistical yearbooks of Angola and Accounts of Angola

Graph 7



Source: Statistical yearbooks of Mozambique and Accounts of Mozambique

In theory again, the new regime proposed a balanced system of minimum expenses and minimum taxation as well, aiming at order, punctuality and continuity. The colonial officials in key positions were reshuffled by the metropole with people of its confidence (K. Smith, 1974, p.663), in order to be ensured that the metropolitan view would be materialised immediately. In that case, the colonial states of Mozambique and Angola could be classified as “minimalist” states, aiming at the maintaining of order at the minimum cost. In practice, in both Angola and Mozambique revenue from direct taxation increased right from the start, while public investments -especially in human resources- remained low until the 1940s. “No matter how pressing their needs, areas such as rural development, the health services and education would have to wait until the necessary surplus was in hand” (ibid, p.662). Salazar denied any financial aid to Angola and he propagated stability over growth (ibid, p.663).

In the case of Angola, the first attempt to increase direct taxes (impostos directos) to a significant extent was done in 1929, but eventually it did not succeed. It cannot be overlooked that this was the year of the Great Depression and the reform was done in order to diminish the deficits caused not only by Salazar’s Republican predecessors, but also by the effects of the international crisis. Once again after the World War II, in 1949, a tax reform was introduced for deficit reasons. In public rhetoric it was claimed that the decision to increase direct taxation

was based on the idea that in terms of wealth and income redistribution, property and income taxes are more efficient than indirect taxation¹ (Conceicao, 1967, p.10-11). Moreover, according to the reports of that time, the increase of the total revenue from direct taxes represented also the increase of Angolan population and consequently of tax payers; and not solely the increase of tax rates (ibid, p.14). Finally, it was argued that by applying direct taxes (incl. industrial contribution) more revenue could be raised for the colonial state of Angola, deriving from industrialisation and mining exploitation.

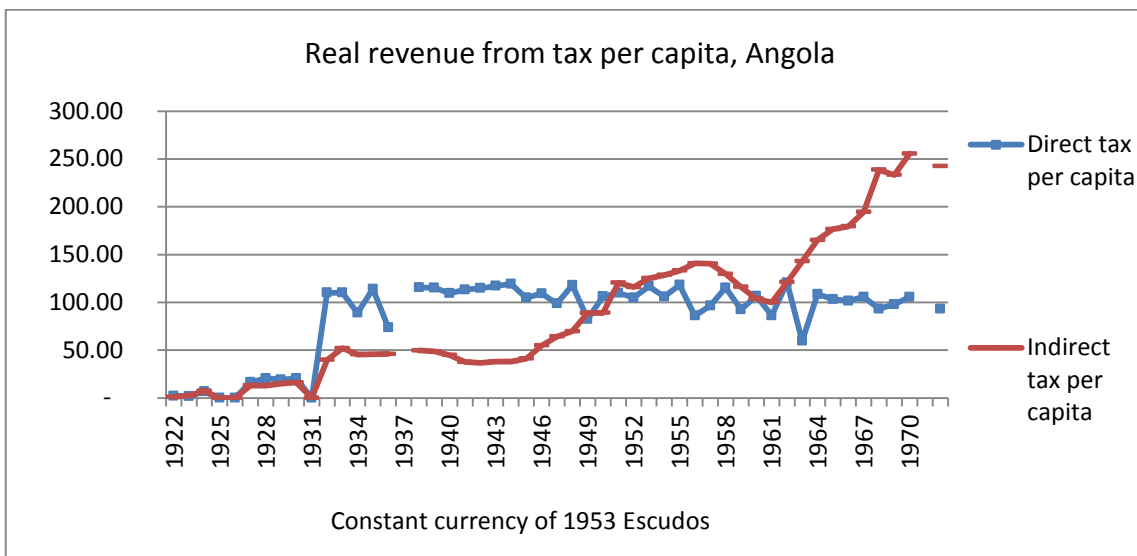
Graph 8 shows the rapid increase of revenue from direct taxation in Angola during the early 1930s, when Salazar rose to power and the first attempt to increase the direct tax revenue took place for the aforementioned reasons. In the 1940s-1950s, after another tax reform was introduced, the revenue from direct taxation remained relatively stable. Also, it can be seen that the revenue from indirect taxation in Angola increased significantly after the decade of 1940s. In contrast, Graph 9 shows that Mozambique did not demonstrate the same results. As it was shown also in the former section, Angola tended to perform better than Mozambique with respect to revenue from indirect taxation, while the cause is not rooted solely in the bad export performance of Mozambique.

Under the rule of Salazar the metropolitan policies implemented by the colonial governments were more or less identical for both Mozambique and Angola. The colonial states supposed to expand their capacity in tax collection and treasury management and in this framework the metropole removed the power from the chartered companies, which were not allowed anymore to be involved in financial matters. For example, the concessions in the Zambezia and Quelimane districts of Mozambique were terminated. The private companies, which had established there plantations using forced labour, were not allowed anymore to keep the money they collected from hut tax "in exchange for an annual rental fee paid to the government" (ibid, p.664). Neither the charter of Niassa Company in the north was renewed

¹ However, the idea that direct taxation would favour social justice more than indirect taxation, was inspired by the Western world, where income and property taxes have been applied progressively. In the colonial Africa, the main form of direct taxation, the hut/poll tax, was uniform and applied to all indigenous people, regardless their income. Therefore, in contrast with the respective European reality, indirect and direct taxation could be equally unfair. Jamal, in his study on taxation and inequality in colonial Uganda, proves that the impact of colonial policy on income inequality in Ugandan society was severe, since both direct and indirect taxation measures favoured exclusively the settlers and the civil servants rather than the African farmers. For this he calculated and compared the poll tax ratio to income of Africans and non-Africans as well as the duty rates of consumption items used by the two social groups (Jamal 1978).

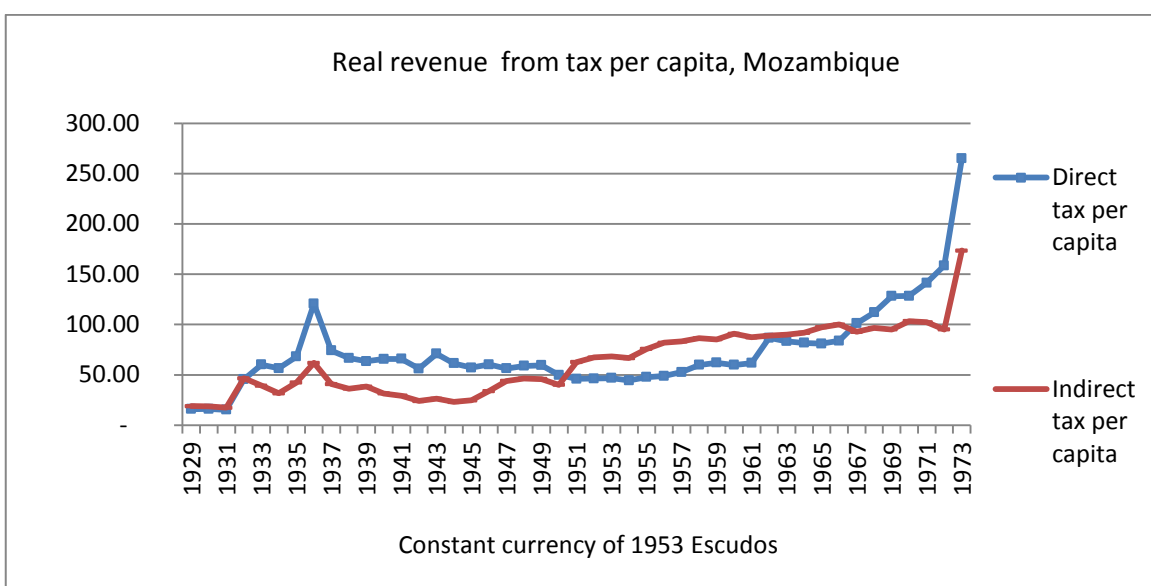
and the government obtained full responsibility for the collection of taxes, while the Banco Nacional Ultramarino was converted into a partner of the state (Noticias de Beira, 1931, p.8 in: K. Smith, 1974, p.665). However, the “Diamang Company” in Angola held the concession, which was granted in 1917 for diamond mining, until the independence. Perhaps this exception in the policy making for the mining exploitation and trade of diamonds in Angola is related with the different performance of Angola and Mozambique in regard to revenue from indirect taxation, but this assumption requires further research.

Graph 8



Source: Statistical yearbooks of Angola and Accounts of Angola

Graph 9



Source: Statistical yearbooks of Mozambique and Accounts of Mozambique

With respect to tariffs, the exports and re-exports from the metropole were favoured even more to Portugal's advantage. "The result of this policy was that the colonies were often well supplied with unnecessary commodities from Portugal, while starving for essentials which could only be obtained from elsewhere" (K. Smith, 1974, p.666). According to Alan K. Smith, the two main legacies of the reversal of the colonial policy by Salazar were the rationalisation of "exploitation of the colonies for the benefit of the mother country" and the colonies' underdevelopment (ibid, p.667).

Assimilation schemes and possible investments in human capital did not seem to be able to hinder the effects of extraction and underdevelopment. From the First Portuguese Republic to Salazar's New State assimilation ideas continued to be propagated and colonial officials emphasised the importance of education as a tool to transform the natives into civilised and cooperative subjects (Cayolla, 1931). According to the regulation of 1917, in order to become "citizens", the indigenous people had to fulfill a series of requirements such as be fluent in Portuguese and complete the basic education (Portaria Provincial No 317, 1917). During the period of the New State the requirements continued to be very high and given the status of human capital in Portugal, they would be high even for the Portuguese citizens. Moreover, the role of education in the colonies was not always to reduce the gap between the so-called "native" and "civilised" children. In Mozambique native children attended "rudimentary" schools focusing on Portuguese culture and manual arts to be prepared for the type of work that they would do in the future and in short they were discouraged from attending secondary education (O' Laughline, 2000, p.15).

Besides the arbitrary criteria set for citizenship and the questionable role of education, the Africans who had managed to acquire the status of "assimilado", had to pay more taxes and continued to be discriminated in everyday life. In contrast with the French model of governance, which prioritised the integration of African elites, the Portuguese rule rather excluded them. According to Alexander Keese, the authoritarian and centralised character of Salazar's regime did not encourage the participation of African elites (Keese in: Jeronimo, 2013, p.225). Similarly, the increasing number of settlers migrating from the metropole to the colonies in the period after World War II and before independence (Castelo, 2007) added

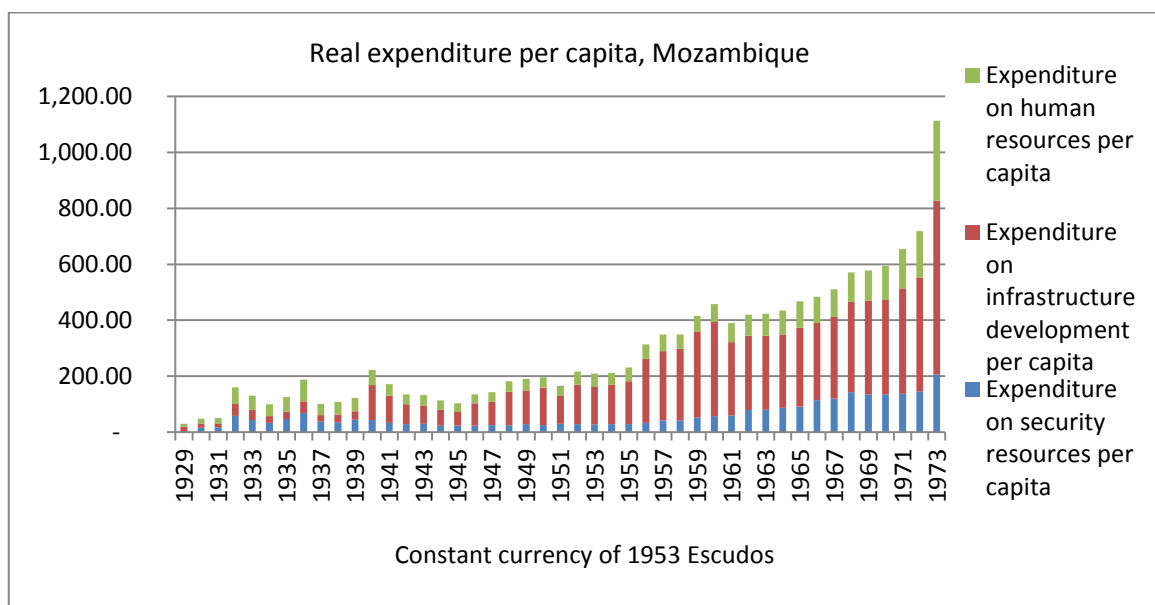
another impediment: the colonial states had to recruit the settlers rather than the assimilated elites for the administrative positions in the public sector (Keese in: Jeronimo, 2013, p.231).

Therefore, the objective of assimilation was not important enough to make either Portugal or the colonial states to spend much more on education and other social services. According to Graphs 10 and 11, both in Angola and Mozambique during the period 1929-1973, infrastructure development services held an initially small but increasingly growing share over time, while the percentages spent on security (colonial government, fiscal administration, justice services, military and marine forces) and human resources (education, health, pensions and indigenous affairs) remained relatively stable at similar levels. It is demonstrated that especially in the early colonial period education and health used to receive less attention than public works and sovereignty mechanisms. "One result of this was that Mozambique, for example, was reported to have had only 33 college graduates in the entire country after the departure of the Portuguese at independence in 1975" (Kyle, 1999, p.2).

Infrastructure development was prioritised, in order to facilitate commodities trade and resource extraction. Increasing investment in transport and communication infrastructure showed an interest in economic development of the colonies, but not necessarily in welfare² and human development. Investments in both infrastructure and human resources targeted the urban areas and most importantly the capital cities and the ports of the colonies (Luanda and Benguella in Angola, Lourenco Marques and Beira in Mozambique). The aim was to serve the trade interests primarily of the metropole and secondarily of the concession companies (wherever they were still active) as well as the living standards of the settlers. In other words, they were not designed to serve the interests of the mass of indigenous people, who were mostly residents of the rural areas.

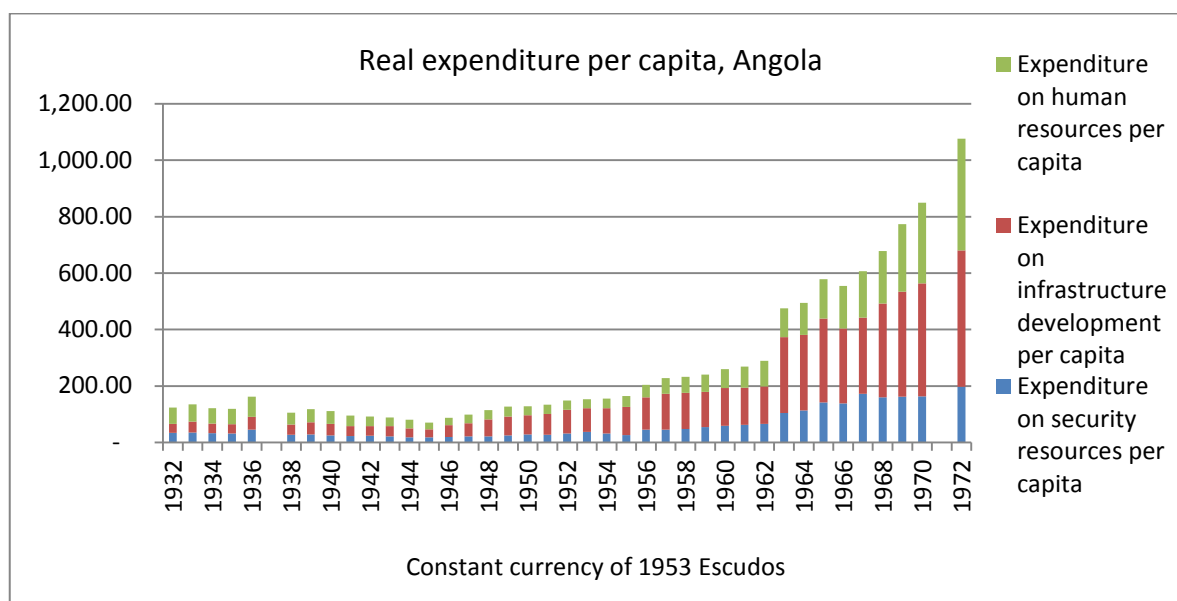
² Definition of welfare state by Oxford dictionary: "A system whereby the state undertakes to protect the health and well-being of its citizens, especially those in financial or social need, by means of grants, pensions, and other benefits".

Graph 10



Source: Statistical yearbooks of Mozambique and Accounts of Mozambique

Graph 11



Source: Statistical yearbooks of Angola and Accounts of Angola

The relative increase of public spending on human resources, that is observed in the late colonial period and especially in the decade of 1960s in both Mozambique and Angola, could be interpreted in two ways: First, Portugal started to undergo international pressure and criticism for its colonial policies. In the decade of 1950s Portugal became a member of multilateral and

international organisations such as United Nations, which “subjected Portugal’s colonial policies to international condemnation” (Pinto and Teixeira, p.113). In other words, Portugal was asked to reconsider its policies concerning forced labour, authoritarian administration, protective trade and extractive taxation. Also, Portugal was criticised for its military operations against the liberation groups of guerrillas, who started to gain ground in the decade of 1960s, especially in Angola. “What Portugal feared most was further isolation. Criticism from abroad had already begun to hurt” (Venter, 2013, p.223).

Second, as almost all authoritarian regimes do at the final stage of their rule, Salazar’s ageing “New State” and especially its successor Marcelo Caetano from 1968 onwards started to liberalise to a certain extent the metropolitan policies, which affected in turn the fiscal practices in the colonies. In view of the increasing support of the indigenous people towards the independence movements of UNITA, MPLA and FNLA in Angola as well as FRELIMO in Mozambique, he was able to foresee the end of an era approaching; the end of the Portuguese Empire. Liberalisation policies and investments in public goods could place the metropole in a better position to negotiate its future relations with the colonies. Ironically enough, just before the inevitable victory of the independence movements and the consequent decolonisation in both Mozambique and Angola, “in 1970 Portugal spent 45% of its budget on defense and security” (Pinto and Teixeira, *ibid*, p. 117).

Conclusions

The evidence and arguments demonstrated in this paper aim to highlight the complexity of colonial policies and fiscal practices in Portuguese Africa, therefore the conclusions are multidimensional:

- First, in Portuguese Africa the role of the metropolitan vision in colonisation, state formation, fiscalisation and citizenship was dominant. Certainly, disparities in administration and taxation affairs existed among the two colonies and even within the colonies, especially in the case of Mozambique. The disparities were caused by the context-dependent realities of each colony in regard with geographical and economic factors (such as boundaries of occupied territory and trade patterns), which permitted different degrees of state control and revenue raising. These context-dependent realities created the conditions for continuities in direct and indirect taxation practices, which persisted throughout the colonial period. However, metropolitan policies played a crucial role in the formation of fiscal practices as soon as the colonial states were better established. From the First Portuguese Republic to Salazar's New State, general budgets and public spending priorities were almost identical in the two colonies. In overall, varieties were not so intensive as the ones that can be found among the British African colonies.
- Second, throughout the colonial period the Portuguese metropole swung between direct rule, followed traditionally by the British empire, and indirect rule, adopted by the French empire. In the early colonial period, during Republicans' governance in Portugal, administrative and financial autonomy was given to the colonies and local elites such as native chiefs were involved in tax collection, resembling the British model. Mozambique can be considered as a characteristic example of this rule system. During Salazar's authoritarian governance, a gradual shift from indirect rule to direct rule took place. Thus, in the late period, power centralisation and fiscal controls were intensified. In terms of citizenship, assimilation schemes were promoted, however the integration of assimilated elites in administration was much more limited than in French Africa.
- Third, in theory Portuguese rule, especially under Salazar, aimed at maintaining order in the colonies at the minimum cost. In financial terms the metropole and the colonial

states of Mozambique and Angola aimed at budget balance in the same way that colonial states in British Africa did. In practice, while revenue from both direct and indirect taxation and especially from the hut/indigenous tax increased cross time, public spending on human resources remained low until the decade of 1950s. Public spending on security resources and public works generally exceeded spending on human resources, which increased to a significant extent only in the late colonial period, due to international pressure and Caetano's liberalisation policies. In overall, the public income was redistributed by the colonial states of Mozambique and Angola in favour of the metropole's interests in sovereignty and most importantly in infrastructure development, which aimed to encourage resource extraction through trade.

Bibliography

Primary sources

1. Aguiar, Francisco Roque de. *Imposto de palhota*. Distrito de Lourenco Marques.
2. Caetano, Marcello (1946). *Antologia Colonial Portuguesa*. Vol. 1 (Politica e Administracao). Lisboa: Agencia Geral das Colonias.
3. Carneiro, Ruy de Sa (1949, Janeiro de). *Conferencia da Uniao Nacional. Colonias: A politica Colonial do Estado Novo*. Porto.
4. Castro, A.A.G. de Morais e, (1948). *Economia, Financas e Geografia Economica. Ligeiro esboco historico do sistema de pagamento de imposto na colonia de Angola*. Mensário administrativo: publicação de assuntos de interesse ultramarino / direcção dos Serviços de Administração. No 14: 37-40.
5. Colonia de Angola, Reparticao Central de Estatistica Geral (1933-1973). *Anuario Estatistico*. Luanda: Imprensa Nacional
6. Colonia de Mocambique (1946). *Legislacao sobre Imposto Indigena*. Lourenco Marques: Imprensa Nacional de Mocambique.
7. Colonia de Mocambique, Reparticao Central de Estatistica Geral (1926-1973). *Anuario Estatistico*. Lourenco Marques: Imprensa Nacional

8. Conceicao, Lourenco Mendes da (1967). *Trinta e Quatro Anos de Administracao Financeira a proposito do Orcamento Geral de Angola para 1965*. Separata da Revista "Angola". No 174 (Janeiro/Junho).
9. Dias Costa, Francisco Felisberto (1898). *Relatorio do Ministro e Secretario d'Estado dos Negocios da Marinha e Ultramar apresentado a Camara dos Senhores Deputados na Sessao Legislativa de 1898*. Lisboa: Imprensa Nacional.
10. Dias Costa, Francisco Felisberto (1898). *Regulamento Organico da Guarda Fiscal nos Territorios da Companhia de Mocambique aprovado por Decreto de 12 de Maio de 1898*, Lisboa: Imprensa Nacional.
11. Ferreira, Coronel Vicente (1932). *A politica colonial Portuguesa em Angola*. Coimbra: Imprensa da Universidade.
12. Ferreirinha, F. (1947). "Antonio Enes e o seu pensamento colonial". In: Sociedade de Estudos da Colonia de Mocambique. *Teses Apresentadas ao 1o Congresso realizado de 8 a 13 de Setembro de 1947* (Vol.1). Lourenco Marques: Tip. Minerva Central.
13. Governo Geral de Angola – Secretaria Geral (1920). *Regulamento do recenseamento e cobranca do imposto indigena*. Loanda: Imprensa Nacional.
14. Melo, Antonio Augusto Goncalves (1953). *Economia e Financas. Noticia dos impostos lancados sobre os indigenas angolenses desde os tempos da conquista ate hoje*.
15. Monteiro, Manuel (1941, de Junho). "A Evolucao do Mecanismo Pautal Ultramarino durante um Seculo". In: Boletim Geral das Colonias. (No.192):43-86.
16. Provincia de Angola (1918). *Legislacao administrativa*. Loanda: Imprensa Nacional.
17. Provincia de Angola, Direccao dos Servicos de Fazenda e Contabilidade (1931-1972). *Contas da Gerencia*. Luanda: Imprensa Nacional
18. Provincia de Mocambique, Direccao dos Servicos de Fazenda e Contabilidade (1934-1973). *Contas da Gerencia*. Luanda: Imprensa Nacional
19. Vasconcelos, Ernesto de. Sociedade de Geografia de Lisboa (1920). *Questoes Coloniais e Economicas: Conclusoes e Pareceres 1913-1919*. Lisboa: Topografia da Cooperativa Militar.

Secondary literature

1. Acemoglu, D., S. Johnson, et al. (2000). *The colonial origins of comparative development: an empirical investigation*, National bureau of economic research.
2. Anderson, B. (1991). 1991: *Imagined Communities: Reflections on the Origin and Spread of Nationalism*. Revised Edition. London and New York: Verso.
3. Booth, A. (2007). "Night watchman, extractive, or developmental states? Some evidence from late colonial south-east Asia". *The Economic History Review*, 60(2): 241-266.
4. Bowen, M. L. (2000). *The state against the peasantry: Rural struggles in colonial and postcolonial Mozambique*. University of Virginia Press.
5. Bush, B. and J. Maltby (2004). "Taxation in West Africa: Transforming the colonial subject into the "governable person"." *Critical Perspectives on Accounting* 15(1): 5-34.
6. Capela, J. (1977). *O imposto de palhota ea introdução do modo de produção capitalista nas colónias: as ideias coloniais de Marcelo Caetano: legislação do trabalho nas colónias nos anos 60* (Vol. 6). Edições Afrontamento.
7. Castelo, C. (1998). " *O modo português de estar no mundo*": o luso-tropicalismo ea ideologia colonial portuguesa (1933-1961) (Vol. 19). Edições Afrontamento.
8. Castelo, C. (2007). *Passagens para África: o povoamento de Angola e Moçambique con naturais da metrópole (1920-1974)*, Afrontamento.
9. Clapham, C. S., & Mills, G. (2006). *Big African States*. Witwatersrand Univ Pr.
10. Clarence-Smith, W. G. (1979). "The myth of uneconomic imperialism: The Portuguese in Angola, 1836–1926". *Journal of Southern African Studies*, 5(2): 165-180.
11. Clarence-Smith, W. G. (1985). *The third Portuguese empire, 1825-1975: a study in economic Imperialism*. Manchester University Press.
12. Davis, L. E. and R. A. Huttenback (1986). *Mammon and the pursuit of Empire: The political economy of British Imperialism, 1860-1912*, Cambridge University Press.
13. De Oliveira Marques, A. H. R. (2001). *O império africano, 1890-1930* (Vol. 3). Editorial Estampa.
14. Direito, B. (2013). "Land and Colonialism in Mozambique—Policies and Practice in Inhambane, c. 1900–c. 1940". *Journal of Southern African Studies*, 39(2), 353-369.

15. Foucault, M. (1979). "Discipline and Punish. 1975." Trans. Alan Sheridan. New York: Vintage.
16. Frankema, E. (2010). "Raising Revenue in the British Empire, 1870-1940: How 'extractive' were colonial taxes?" *Journal of Global History* 5(03): 447-477.
17. Frankema, E. (2011). "Colonial taxation and government spending in British Africa, 1880–1940: Maximizing revenue or minimizing effort?" *Explorations in economic history* 48(1):136-149.
18. Frankema, E. H. P., & van Waijenburg, M. (2013). "Endogenous Colonial Institutions: Lessons from Fiscal Capacity Building in British and French Africa, 1880-1940". African Economic History Network (AEHN).
19. Gardner, L. (2013). *Fiscal Policy in Belgian Congo in Comparative Perspective*, Routledge.
20. Gardner, L. A. (2012). *Taxing colonial Africa: the political economy of British imperialism*, Oxford University Press.
21. Herbst, J. (2000). *States and power in Africa: comparative lessons in authority and control*, Princeton University Press.
22. Huillery Elise, 2014. "The Black Man's Burden - The Cost of Colonization of French West Africa", *Journal of Economic History*, 74(1): 1-38
23. Isaacman, A. F. (1972). *Mozambique: the Africanization of a European institution: the Zambesi prazos, 1750-1902*. University of Wisconsin Press Madison.
24. Isaacman, A. F. and R. Roberts (1995). *Cotton, colonialism, and social history in Sub-Saharan Africa*, Heinemann.
25. Ishemo, S. L. (1989). "Forced Labour, Mussoco (Taxation), Famine and Migration in Lower Zambezia, Mozambique, 1870-1914." *Forced labour and Migration: Patterns of Movement within Africa*. Hans Zell Publishers, New York.
26. Jamal, V. (1978). "Taxation and Inequality in Uganda, 1900–1964." *The Journal of Economic History* 38(02): 418-438.
27. Jerónimo, M. B. (2012). *O império colonial em questão (sécs, XIX-XX): poderes, saberes e instituições*.
28. Keese, A. (2007). *Living with ambiguity: integrating an African elite in French and Portuguese Africa, 1930-61* (Vol. 93). Franz Steiner Verlag Wiesbaden gmbh.

29. Levi, M. (1989). *Of rule and revenue*, Univ of California Press.
30. Mamdani, M. (1996). *Citizen and subject*, Cambridge Univ Press.
31. Mann, M. (1980). "State and society, 1130-1815: An analysis of English State finances." *Political power and social theory* 1: 165-208.
32. Martin, I. W., A. K. Mehrotra, et al. (2009). *The new fiscal sociology: Taxation in comparative and historical perspective*, Cambridge University Press.
33. Maxwell, K. (2000). *Why Was Brazil Different? The Contexts of Independence*. David Rockefeller Center for Latin American Studies, Harvard University.
34. Morier-Genoud, É. (Ed.). (2012). *Sure Road? Nationalisms in Angola, Guinea-Bissau and Mozambique*. Brill.
35. Musgrave, R. A. (1992). "Schumpeter's crisis of the tax state: an essay in fiscal sociology." *Journal of Evolutionary Economics* 2(2): 89-113.
36. Newitt, M. D. (1969). "The Portuguese on the Zambezi: An historical interpretation of the Prazo system." *Journal of African History* 10: 67-85.
37. Newitt, M. D. D. (1995). *A history of Mozambique*. Indiana University Press.
38. O'Laughlin, B. (2000). "Class and the customary: the ambiguous legacy of the indigenato in Mozambique". *African Affairs*, 99(394), 5-42.
39. O'Laughlin, B. (2002). "Proletarianisation, agency and changing rural livelihoods: forced labour and resistance in colonial Mozambique". *Journal of Southern African Studies*, 28(3), 511-530.
40. Pinto Coelho, Teresa (2006). "Lord Salisbury's 1890 Ultimatum to Portugal and Anglo-Portuguese Relations". http://www.mod-langs.ox.ac.uk/files/windsor/6_pintocoelho.pdf
41. Pinto, A. C., & Teixeira, N. S. (2004). *6 From Atlantic past to European destiny*.
42. Rodney, W. (1972). "How Europe Underdeveloped Africa." *Beyond borders: Thinking critically about global issues*: 107-125.
43. Santos, M. M., & Guedes, A. (2014). "O imposto camponês no Norte de Moçambique (1929-1939)-um cultivo forçado, factor de crescimento?".
44. Sidaway, J. D., & Simon, D. (1993). "Geopolitical transition and state formation: the changing political geographies of Angola, Mozambique and Namibia". *Journal of Southern African Studies*, 19(1), 6-28.

45. Smith, A. K. (1974). "António Salazar and the reversal of Portuguese colonial policy." *Journal of African History* 15(4): 653-667.
46. Tilly, C. (1975). "Reflections on the history of European state-making." *The formation of national states in Western Europe*: 3-83.
47. Young, C. (1994). *The African colonial state in comparative perspective*, Yale University Press.
48. Venter, A. (2013). *Portugal's Guerrilla Wars in Africa: Lisbon's Three Wars in Angola, Mozambique and Portuguese Guinea 1961-74*. Helion and Company.
49. Vos, J. (2014). "Work in Times of Slavery, Colonialism, and Civil War: Labor Relations in Angola from 1800 to 2000". *History in Africa*, 41, 363-385.

Appendix

Notes on methodology and sources

To identify the shifts in colonial policies and the consequent changes in fiscal practices over time as well as understand the reasoning behind them, historical analysis is needed. Qualitative information is collected from various historical sources, namely official reports of the Portuguese government and the ministry of the overseas (relatorios do Ministerio do Ultramar) on colonial and fiscal affairs as well as reports from the higher levels of colonial administration (governador-geral, distrito). Moreover, the “Arquivo Salazar” (1908-1974) and the archives of chartered companies such as the “Companhia de Mocambique” (1888-1980) include material that can offer an overall picture of the role of companies in tax collection and the policy change that took place after the establishment of Salazar’s “New State”. Finally, the bulletin volumes of Lisbon's Geographic Society (Boletim da Sociedade de Geografia de Lisboa, since 1876), which has been one of the main think-tanks of Portugal, can be used in order to obtain a more “scientific” view on the colonial affairs of that period. Qualitative information is able to provide a more complete picture of broader colonial governance and administration issues that influenced the development of fiscal and other state institutions and restructured the socio-economic relations.

To answer how fiscal systems operate and how public income is redistributed in colonial Mozambique and Angola, datasets of annual time series on state budgets and accounts are constructed, at national and district level. Both the sources of state income as well as the investment priorities are presented: total amounts and percentages of the main revenue sources and expenditure categories are identified. Nevertheless, in order to have a more clear picture on how public income is redistributed, the aforementioned revenue and expenditure categories have to be broken down in sub-categories, according to more detailed classifications available in the sources: The *direct taxes* can be divided into indigenous tax and industries’ contribution, while the *indirect taxes* into import and export taxation. Thus more detailed graphs on colonial government’s revenue sources over time are constructed.

For the construction of annual time series on revenue sources and expenditure patterns, apparently yearly statistical data on national and district level are needed. From 1920s onwards, when the colonial administration was fully established in Mozambique and Angola, there are detailed quantitative data available. Specifically, statistical data on population, taxation, state revenues and public expenditures, in colonial Mozambique and Angola are

collected from the sections “Demografia” (demography), “Administração pública” (public administration), and “Assistência” (assistance), in the Statistical Yearbooks (Anuários Estatísticos) of Mozambique and Angola, covering almost the entire 20th century (1920s-1990s). For sub-periods within the same timeframe alternative sources are available, in order to triangulate the retrieved information: “Orcamentos gerais” (general budgets), “Contas da gerência” (management accounts), “Estatística das Contribuições e Impostos” (statistics of tributes and taxes), “Bolletim de Fazenda” (finance bulletin), “Bolletim das Alfandegas” (customs bulletin). Particularly, orçamentos (budgets) show how the budgets were planned by the colonial states and contas (accounts) show the actual revenue and expenses of the colonies³.

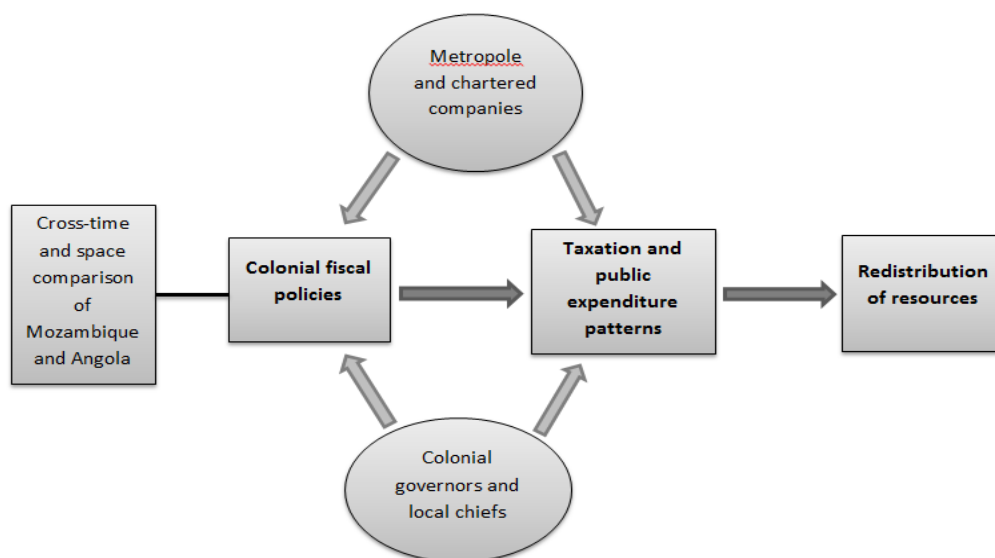
In contrast, for the early colonial period 1890s-1920s statistical data are very scarce. Quite continuous, annual information on revenue at national level can be retrieved for the two first decades of the 20th century either from “orçamentos” (budgets) of both Mozambique and Angola or alternatively from a couple of volumes of “Anuario Estatístico de Portugal” (1899-1901), a single report named as “Anuario de Mocambique” (1908) and a few volumes of “Anuario Colonial” (1916-1917 and 1927-29). Unfortunately equivalent information on expenditure cannot be found and analysed in a consistent manner for this early period. The two year period 1899-1901 is the earliest benchmark, after the incorporation of Mozambique and Angola in the Portuguese Empire. The decade of 1900s captures the early stage of colonisation, when chartered companies played an important role in taxation. The years from 1911 onwards offer the possibility to observe possible changes in the revenue patterns after the violent transition from monarchy to republic in 1910. By the 1920s and the transition to the military dictatorship after the coup d’etat in 1926, almost the whole of Angola and Mozambique were under state control.

³ Most of the primary sources of quantitative data and qualitative information can be found in Portugal: the National Institute of Statistics (Instituto Nacional de Estatística), the Overseas Historical Archive (Arquivo Historico Ultramarino), the National Archives of Portugal (Arquivos Nacionais do Torre do Tombo), the National Library of Portugal (Biblioteca Nacional), the Library of Lisbon’s Geographic Society (Sociedade de Geografia de Lisboa) and the Library of ISCS (Instituto Superior de Ciências Sociais e Políticas). However, particular documents, such as the reports conducted by the lower-ranked officers of colonial administration in Angola and Mozambique, can be found only in the local archives: the Historical Archive of Angola (Arquivo Histórico de Angola) and the Historical Archive of Mozambique (Arquivo Histórico de Moçambique and Fontes Historiae Africanæ). Moreover, important documents and significant part of the secondary literature can be found in: The National Archives (TNA) in London, the British Library, the Library of School of Oriental and African Studies (SOAS) at University of London and the Library of African Studies Centre (ASC) at Leiden University.

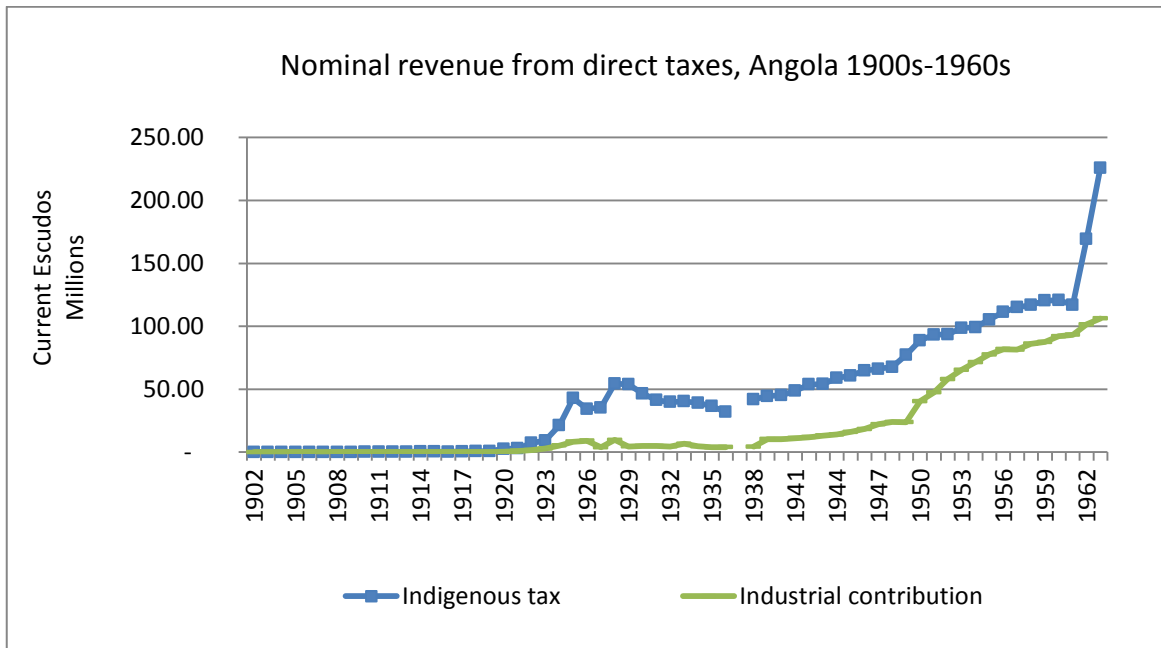
To compare revenue sources and spending patterns between the two colonies, per capita revenue and expenditure is calculated, using the available demography data on population at national and district levels. It should be noted that it is probable the Portuguese African censuses either to underestimate or to overestimate populations, in the same way that early British and French colonial censuses did. It is assumed that in the case of Portuguese Africa the censuses probably underestimated the populations, in order for the colonial administrators to justify low revenue and avoid responsibility for tax collection in remote areas. Furthermore, though for Mozambique many censuses were conducted for the period under examination and the population data are accessible, in the case of Angola only from the census of 1940s onwards population estimations are considered to be more reliable. Therefore, backward projections are used, in order to estimate population for the decades before 1940s, according to a given growth rate.

Furthermore, in order to be able to observe the changes that really occurred in revenue and expenditure patterns, the amounts in escudos have to be deflated, passing from the nominal values to the real values. This is attained by constructing a WPI (wholesale price index) for Portugal. Based on the data provided by Mitchell for the period 1927-1948 with 1929 as base year and his data for the period 1949-1987 with 1953 as base year, the numbers for the rest years can be extrapolated (2008 and 2009). Then the series of the nominal values are divided by the index, resulting in the real values. So, at least for the years from 1927 onwards the real values are available and shown in the graphs.

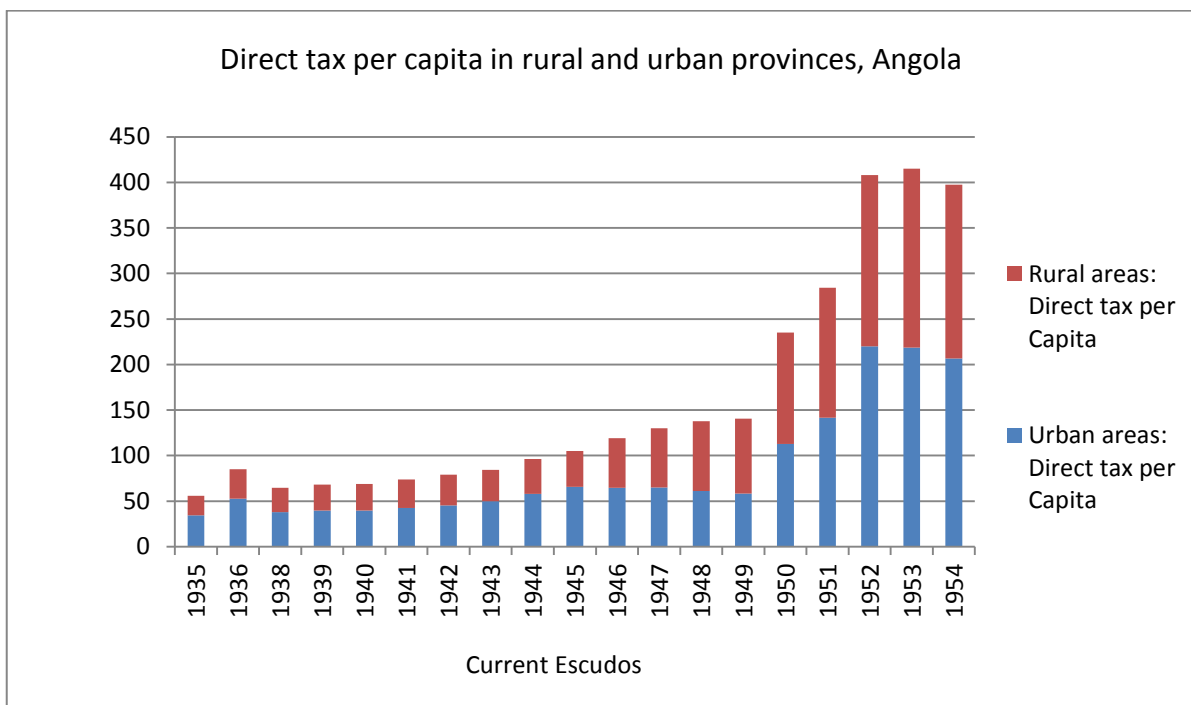
Conceptual framework



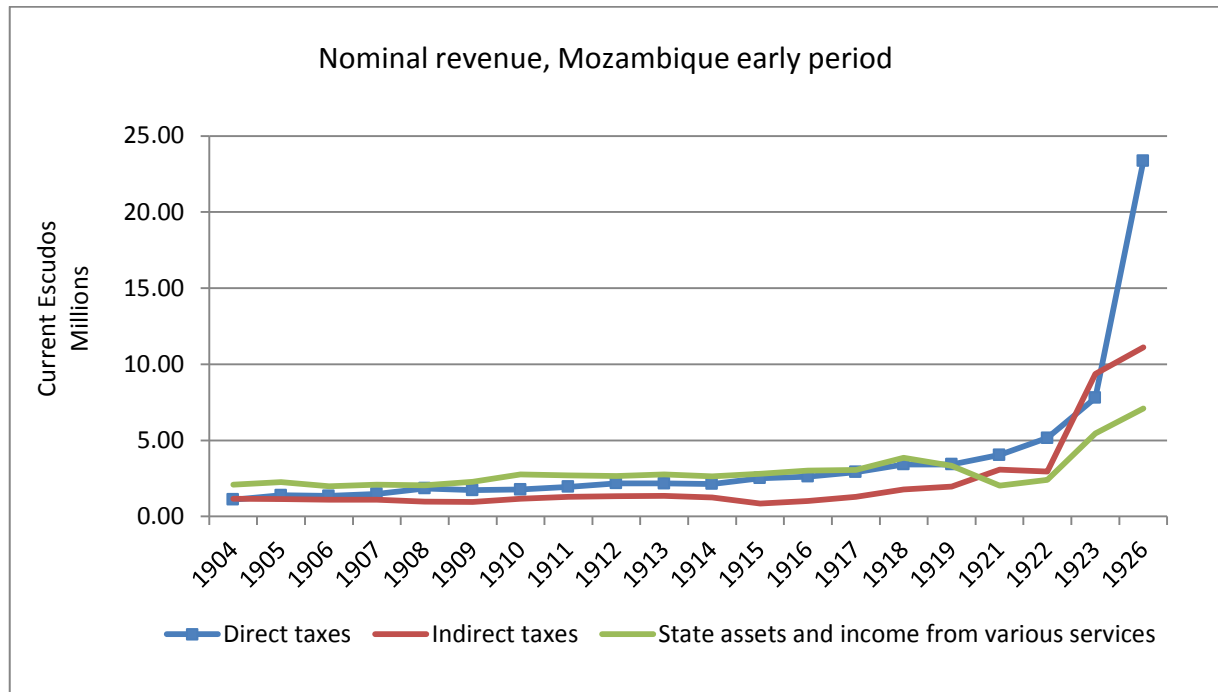
Other graphs



Source: Budgets of Angola (Orcamentos de Angola)



Source: Accounts of Angola (Contas da Gerencia, Angola)



Source: Colonial Yearbook (Anuario Colonial) and Budgets of Mozambique (Orçamentos de Mocambique)