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## **Political Economy of Citizenship Regimes**

*Tax in India and Brazil*

*Aaron Schneider*

prepared for the UNRISD project on  
Politics of Domestic Resource Mobilization

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# **Introduction to Working Papers on The Politics of Domestic Resource Mobilization for Social Development**

This paper is part of a series of outputs from the research project on The Politics of Domestic Resource Mobilization for Social Development.

The project seeks to contribute to global debates on the political and institutional contexts that enable poor countries to mobilize domestic resources for social development. It examines the processes and mechanisms that connect the politics of resource mobilization and demands for social provision; changes in state-citizen and donor-recipient relations associated with resource mobilization and allocation; and governance reforms that can lead to improved and sustainable revenue yields and services. For further information on the project visit [www.unrisd.org/pdrm](http://www.unrisd.org/pdrm).

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## Acronyms

AGP	Asom Gana Parishad
BJP	Bharatiya Janata Party
BSP	Bahujan Samaj Party
CBGA	Centre for Budget and Governance Analysis
CIDE	Contribuição de Intervenção no Domínio Económico
COFINS	Contribuição para o Financiamento da Seguridade Social
CPMF	Contribuição Provisória sobre Movimentação Financeira
CPSS	Contribuição para o Plano de Seguridade Social
CSLL	Contribuição Social Sobre Lucro Líquido
CSS	Contribuição Social para Saúde
CUT	Centro Único dos Trabalhadores
DMK	Dravida Munnetra Kazhagam
FGTS	Fundo de Garantia do Tempo de Serviço
FUNDAP	Fundação do Desenvolvimento Administrativo
GDP	Gross Domestic Product
ICMS	Imposto Sobre Circulação de Mercadorias e Serviços
ILO	International Labour Organization
IMF	International Monetary Fund
INC	Congress Party (Indian National Congress)
MNREGA	Mahatma Gandhi Rural Employment Guarantee Scheme
NAC	National Advisory Council
NRI	Non-Resident Indian
OBC	Other Backward Classes
PCdoB	Partido Comunista do Brasil
PDT	Partido Democrático Trabalhista
PFL	Partido da Frente Liberal
PIS	Programa de Integração Social
PL	Partido Liberal
PMDB	Partido do Movimento Democrático Brasileiro
PP	Partido Progressista
PPB	Partido Progressista Brasileiro
PPR	Partido Progressista Renovador
PPS	Partido Popular Socialista
PR	Partido de la República
PRN	Partido de la Reconstrucción Nacional
PSB	Partido Socialista Brasileiro
PSD	Partido Social Democrático
PSDB	Partido da Social Democracia Brasileira
PSOL	Partido Socialismo e Liberdade
PT	Partido dos Trabalhadores
PTB	Partido Trabalhista Brasileiro

PV	Partido Verde
RJD	Rashtriya Janata Dal
RSS	Rashtriya Swayamsevak Sangh
SP	Samajwadi Party
SC	Scheduled Caste
SSS	Sistema de Seguridade Social
ST	Scheduled Tribe
TDP	Telugu Desam Party
UPA	United Progressive Alliance
WDI	World Development Indicators

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## Summary

Patterns of change in citizenship regimes help explain differences in tax structure in Brazil and India. Changes to citizenship regimes include the mobilization of new collective identities, the substantive demands they articulate, and the stable linkages that connect them to public life. When excluded groups mobilize and gain access to citizenship regimes, they provide new sources of legitimacy to states, which can call on sacrifice from a broader range of social actors and thereby increase state capacity, for example in tax. Changes to tax can be evaluated in terms of levels of revenues, degrees of progressivity, and the universality of application of tax across sectors and regions. Since the 1970s in Brazil and India, excluded groups constituted new collective identities, articulated demands of the state, and secured stable linkages connecting state and society. These processes deepened democracy in both countries, but there were differences in the types of collective identities mobilized, the demands articulated, and the mechanisms of linkage between state and society.

In Brazil, a cross-class coalition of previously excluded working class, social movement, and middle class actors provided a social base that mobilized in the struggle for democratization and articulated demands in opposition to neoliberal stabilization during the 1990s. When growth returned in the 2000s, they were provided stable linkages to the state through social policies and institutions that made use of expanded revenues. Despite a cross-class coalition stably linked to the state through policies and institutions, particularities of Brazilian politics force the accommodation of economic and political elites, and they have blocked more significant efforts to reverse patterns of inequity in the tax system that appear both in terms of regressivity and a lack of universality.

In India, a variety of middle class, caste, regional, and identity-based interests struggled for access to the polity and displaced Congress dominance. In the context of elite consensus around neoliberal stabilization, these previously excluded groups framed their demands around recognition and benefits targeted to identity-based groups, with patterns of linkage to the state through cycling combinations of regionally-specific alliances producing a patchwork of policies, institutions, and legislation linking to the state. This pattern of competitive coalition-building has failed to generate cross-class support for increased revenues, and has exacerbated the lack of progressivity and universality in tax.

The lessons of this study shed light on the role of cross-class coalitions in supporting state capacity in the form of increased revenues. At the same time, they reveal that the

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