

ABSTRACT

Political economy underscores how individual and group interests influence economic outcomes. This behaviour often pits business interest groups or its members against government and its agencies when conflict over economic decisions arises. The current political economy literature that links taxation to governance pays limited attention to the doctrine of rule of law, at least within the context of checks and balances, yet it is also an important aspect of political development recognized in the political science as the 'constrained use of social power', form and means of constraint notwithstanding. Using historical cases of socio-economic influence of various societal groups, modern cases of business interest groups' influence over revenue reforms and the relevant literature, I link taxation to rule of law in Uganda and by necessary implication, the linkage among litigation, political order, and economic political change. Therefore, in a bid to apply a political science approach to a legal doctrine, I make the argument that since taxation inevitably breeds contestation, it presents positive implications for the rule of law when firms act collectively and when the courts enjoy judicial independence. In doing so, I confirm that revenue bargaining is a valid state building theory.