

# Political development & policy



Lecture 7: Where do more inclusive institutions come from?

Chris Blattman

# Today

## I. States

- a) Tilly's famous claim: War and state building
- b) What does Tilly's argument mean for the future?

## II. States versus institutions

- a) Putting all our ideas and theories in context

## III. The (non-warmaking) origins of inclusive and coercive institutions

- a) The example of Latin America
- b) How initial conditions shaped the rules (and not just states)
- c) But initial conditions are not fate!

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Recall: First we discussed some of the reasons for the development of early state structures

### “Stateless”

Informal systems of rule (chiefdoms, bands, and other small political units), typically linked by personal and kinship ties, with limited ability to shape society



### “Weak states”

Larger, more hierarchical, coercive, personalized political authority that provides some order and loosely controls society



### “Strong states”

More stable, centralized, rule-governed, bureaucratic, depersonalized political organizations with sovereign territorial control, a monopoly on legitimate force, and able to shape society

# We highlighted the role of initial conditions

## A. Initial conditions

- a) Trade (e.g. Adam Smith)
- b) Species (Jared Diamond)
- c) Disease (e.g. Alsan)

## B. Competition between states

- Especially war (e.g. Tilly)

## C. Competition within states

- a) Between elite groups
- b) Between elites and broader “society”

## D. Choices and events at critical junctures



# Charles Tilly takes clusters of weak states for granted, and mostly ignores initial conditions

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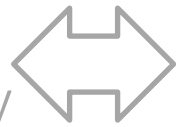
- a) Between elite groups
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## D. Choices and events at critical junctures

This is because Tilly's is more interested in explaining the evolution of strong state structures, ones that deeply permeate society

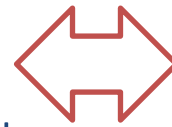
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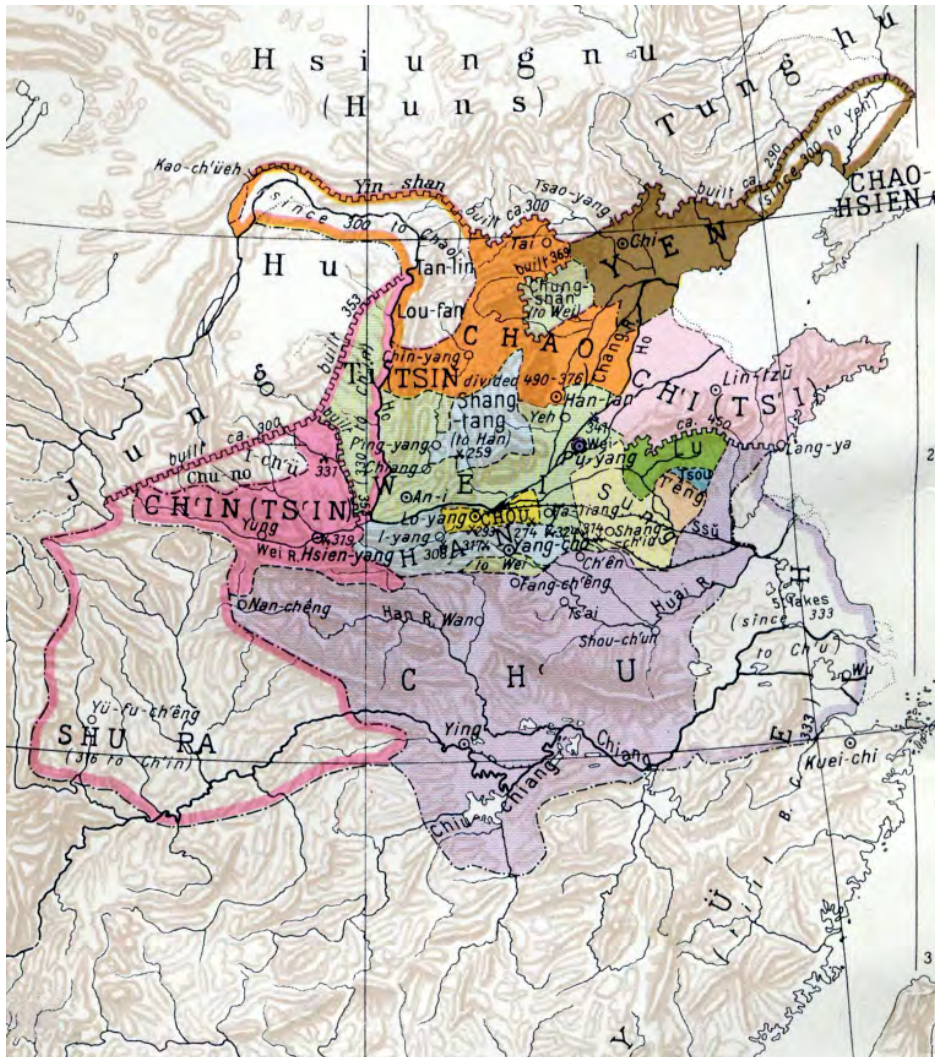
More stable, centralized, rule-governed, bureaucratic, depersonalized political organizations with sovereign territorial control, a monopoly on legitimate force, and able to shape society

His “field site”: From 1500 onwards, a densely packed system of at least 500 “early” states, warring against one another  
Over 400 years they consolidate into the states we know today





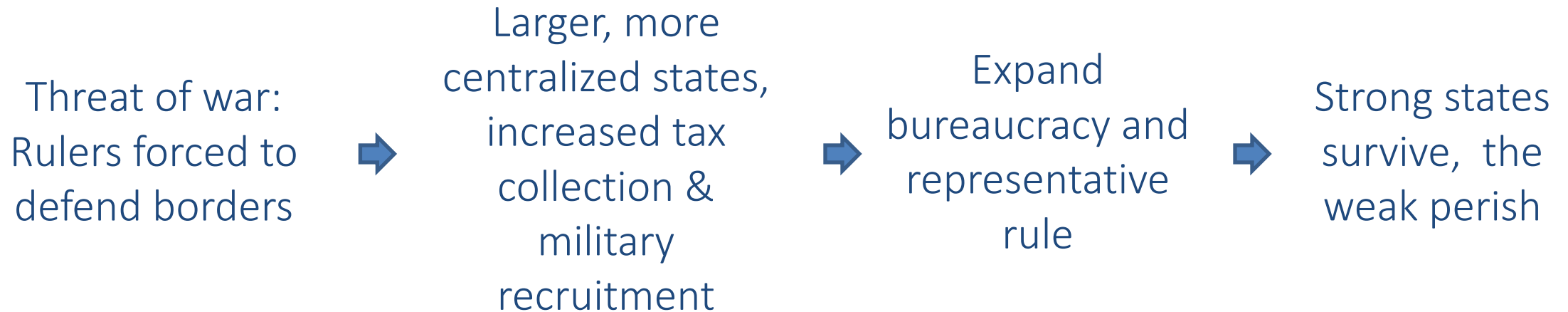
# His ideas are often applied to an analogous period of warring states in China, 770-221 B.C.



- Sometimes referred to as China's feudal period:
  - Spring and Autumn Period (770-476)
  - Warring States period (475-221)
- More than 1000 wars fought between early states
- Ended in 221 BC with the Qin state's victory and the first unified Chinese empire: the Qin dynasty
- First example of a centralized, uniform system of bureaucratic administration that was capable of governing a huge population and territory

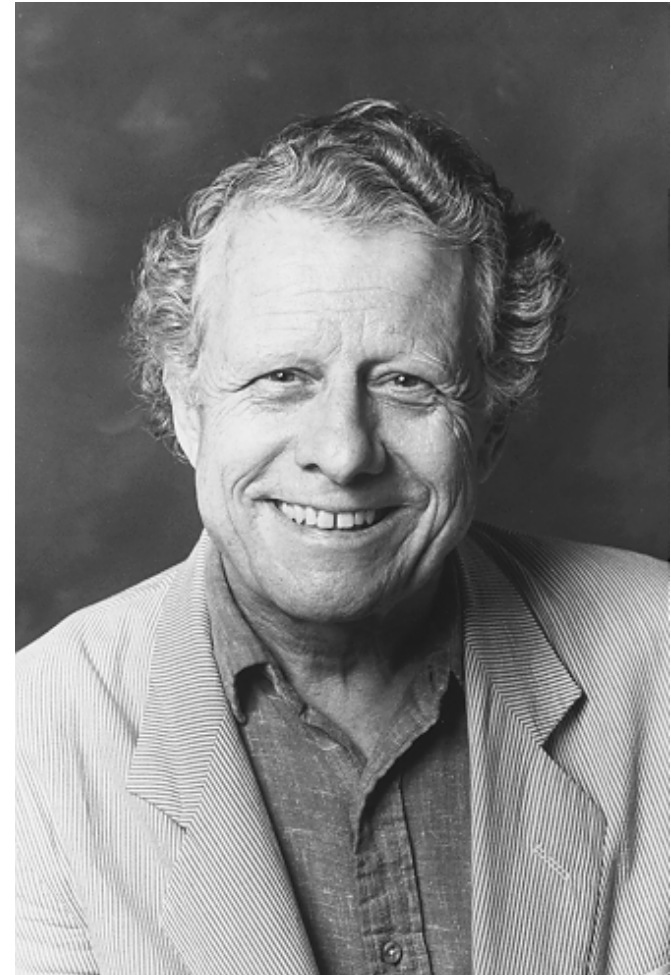
## Tilly: “Wars made the state and the state made war”

- This is an evolutionary argument for state building where there are state systems (dense concentrations of states who compete for population, territory, and survival
  - War is a selective survival mechanism



# Why might competition between states lead to permanent increases in capacity?

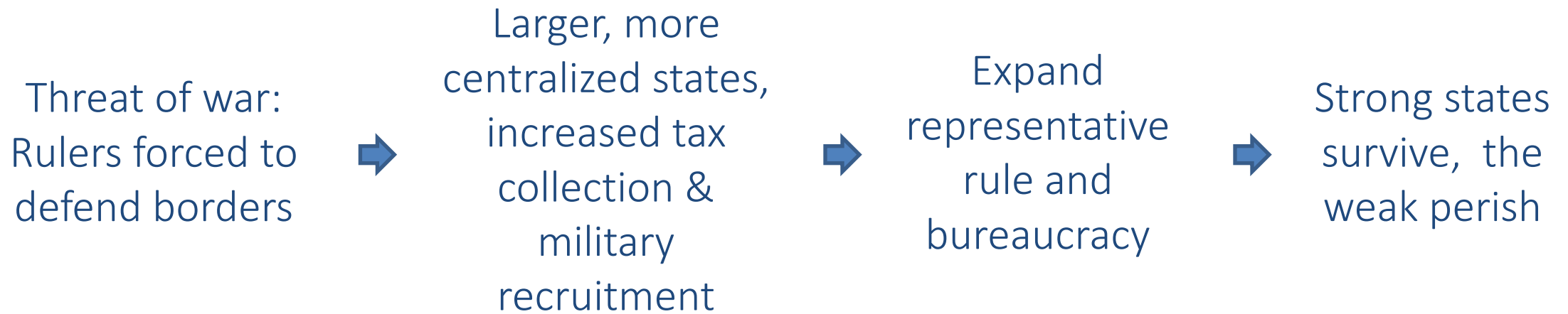
- War puts tremendous strain on leaders to find new sources of income, forcing them to invest heavily in tax collection (fiscal capacity)
- Mass mobilization and recruitment also requires an efficient state apparatus
- Citizens may also be more willing to acquiesce to taxation when the nation is at war
  - Because of the real threat to their survival
  - Because this common threat generate feelings of nationalism—a common association, united around common symbols, events and memories
- Revenue collection seldom falls after a war



Charles Tilly

But is this always true? What was it about China or Europe at these points in history that led to modernization of the state?

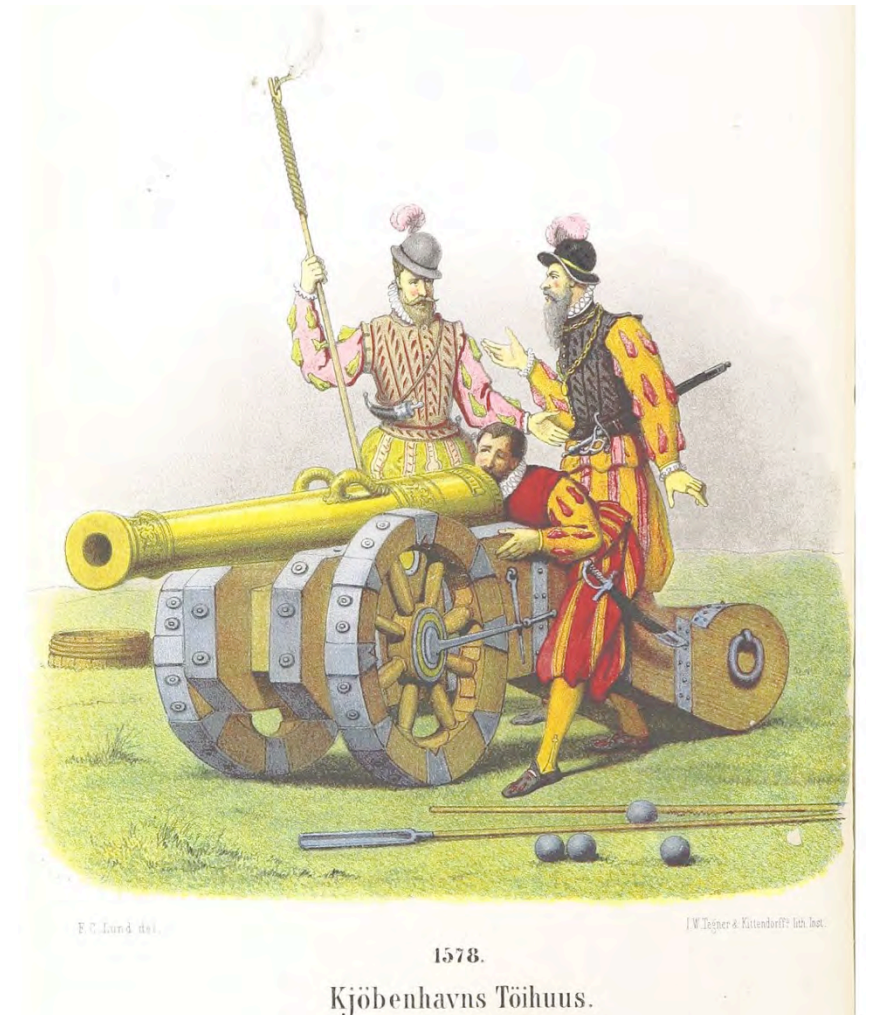
- This is not a dynamic we observe everywhere or in all periods





# Condition 1: Warfare hasn't always favored larger states, more professional bureaucracies, and representative rule

- Does the war technology of the day favor mass mobilization of labor and capital?
  - Mass mobilization for infantry
  - Capital raising for artillery, firearms, fortifications
  - These replaced more concentrated, private-owned, specialized fighting forces (e.g. cavalry)



Condition 2: Process only ignites in the presence of dense “state systems”  
Initial conditions play a hidden role in Tilly. Waterways, endowments and disease environment favored many competing states in a dense area

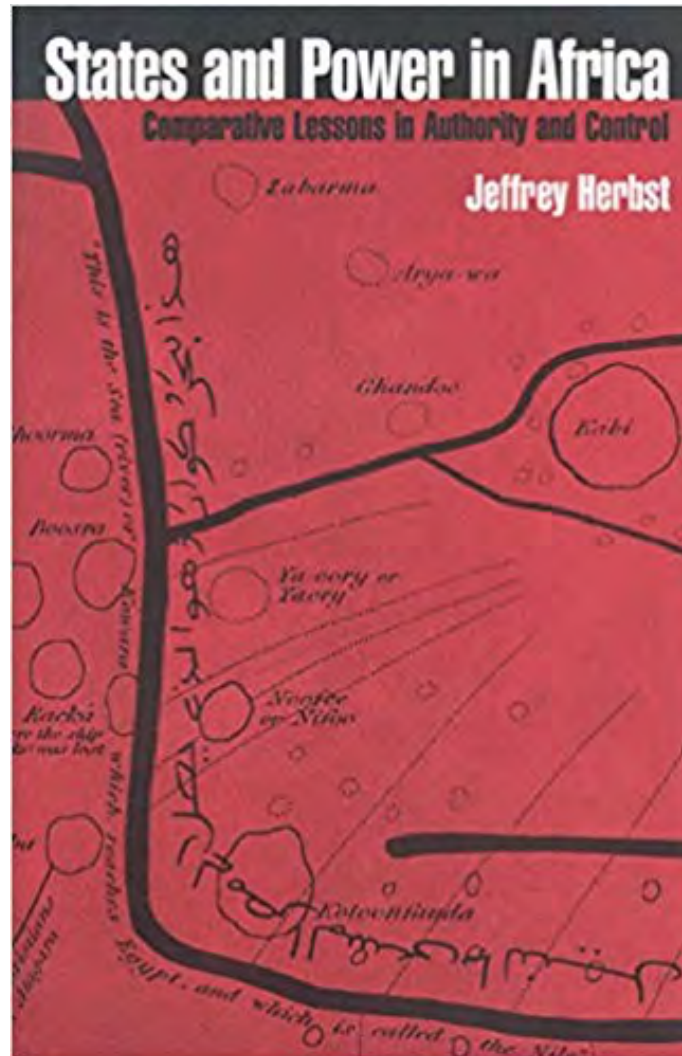
Europe



China & Japan



Herbst brings Tilly to Africa  
He asks: What happens when there is lower threat of war?



# Africa is huge

18% of the world's surface area

But 6-11% of the world's population before 1750



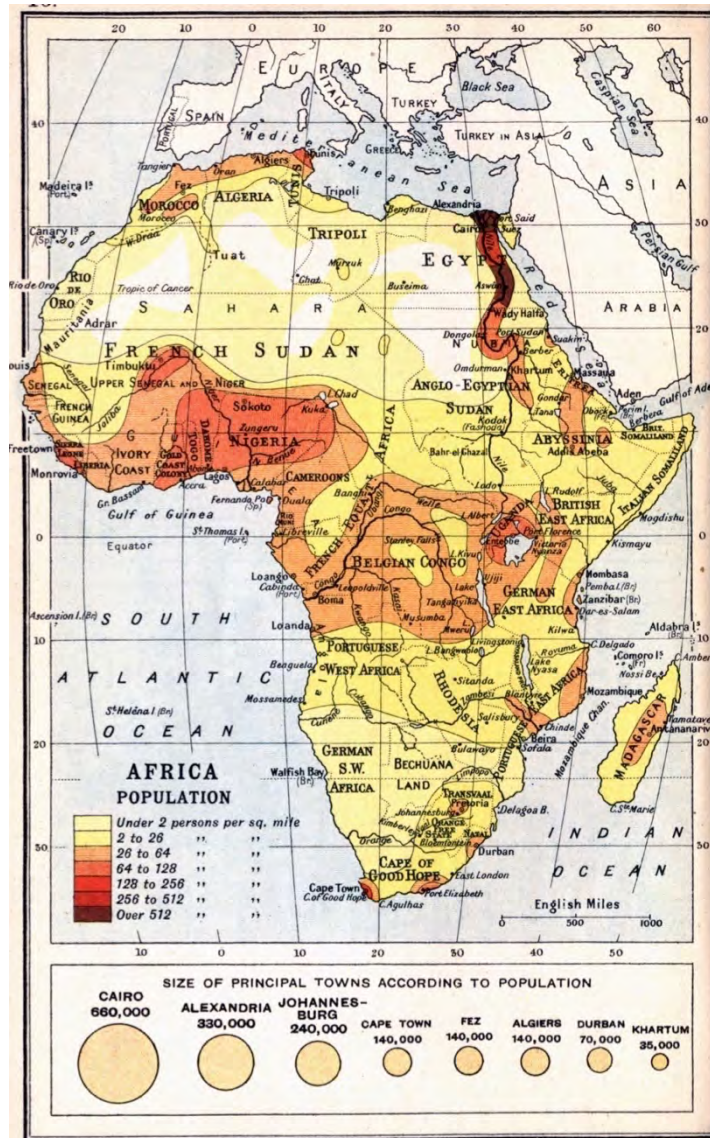


## Other geographic factors do not favor population growth and dense, stratified societies in SSA

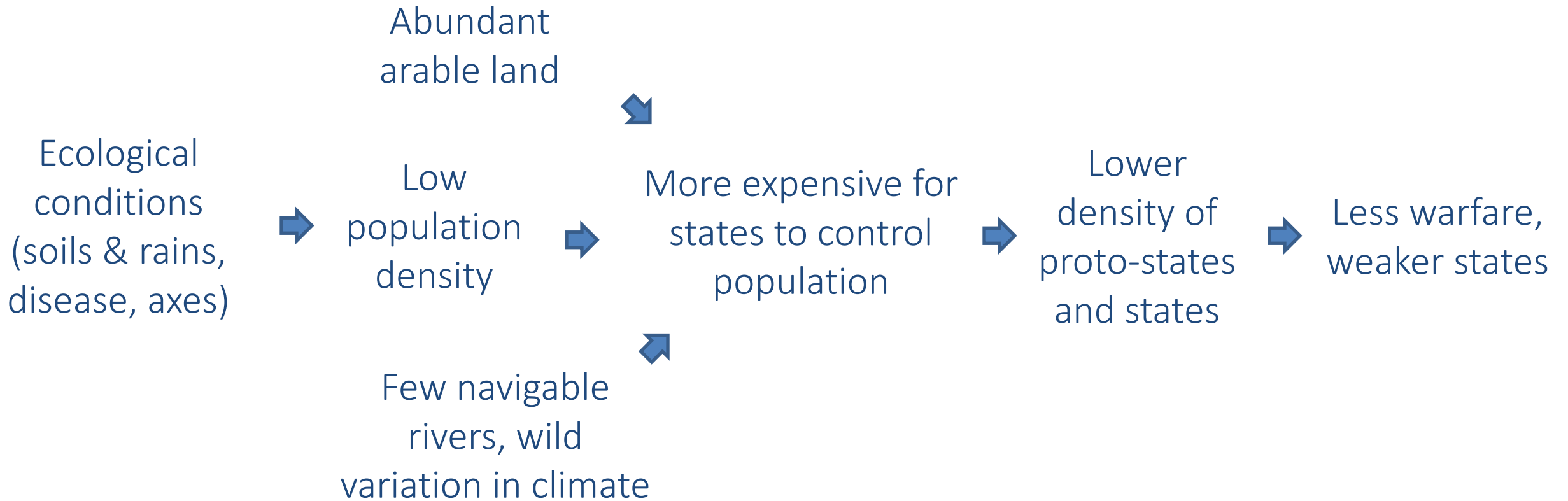
- Interior of continent inaccessible from by water from the ocean
- Disease environment
- Low endowment of domesticable grass and animal species + vertical axis
- Notable exceptions, perhaps because of trading opportunities and climate:
  - Area around Lake Victoria
  - Area along Niger River



While there were many powerful dense, stratified kingdoms and empires in Africa, there were relatively few dense “state systems”

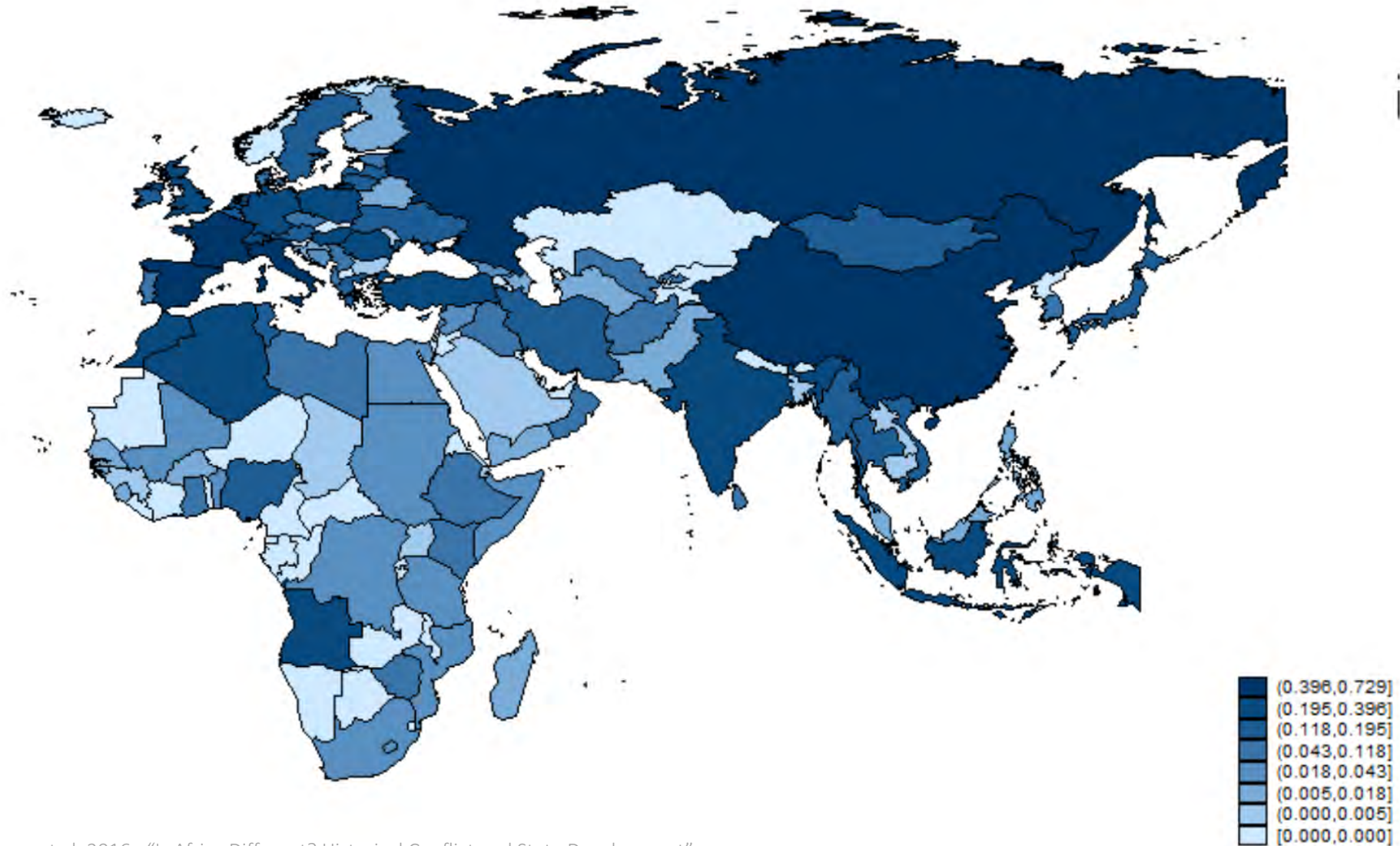


# Herbst: Africa's endowments did not favor enough dense, settled societies that could engage in specialization, trade, or international war





We see this in the conflict data: A less dense state system means less warfare  
Share of years 1400-1799 modern-day country experienced a conflict (darker = more conflict)





## Aside: How does this set of lessons meld with what we learned about conflict?

- In the first few classes we learned that conflict is costly and typically avoided
- But Tilly says war contributes to stronger states, which we associate with economic development, public goods, etc.
- How do we resolve these views?

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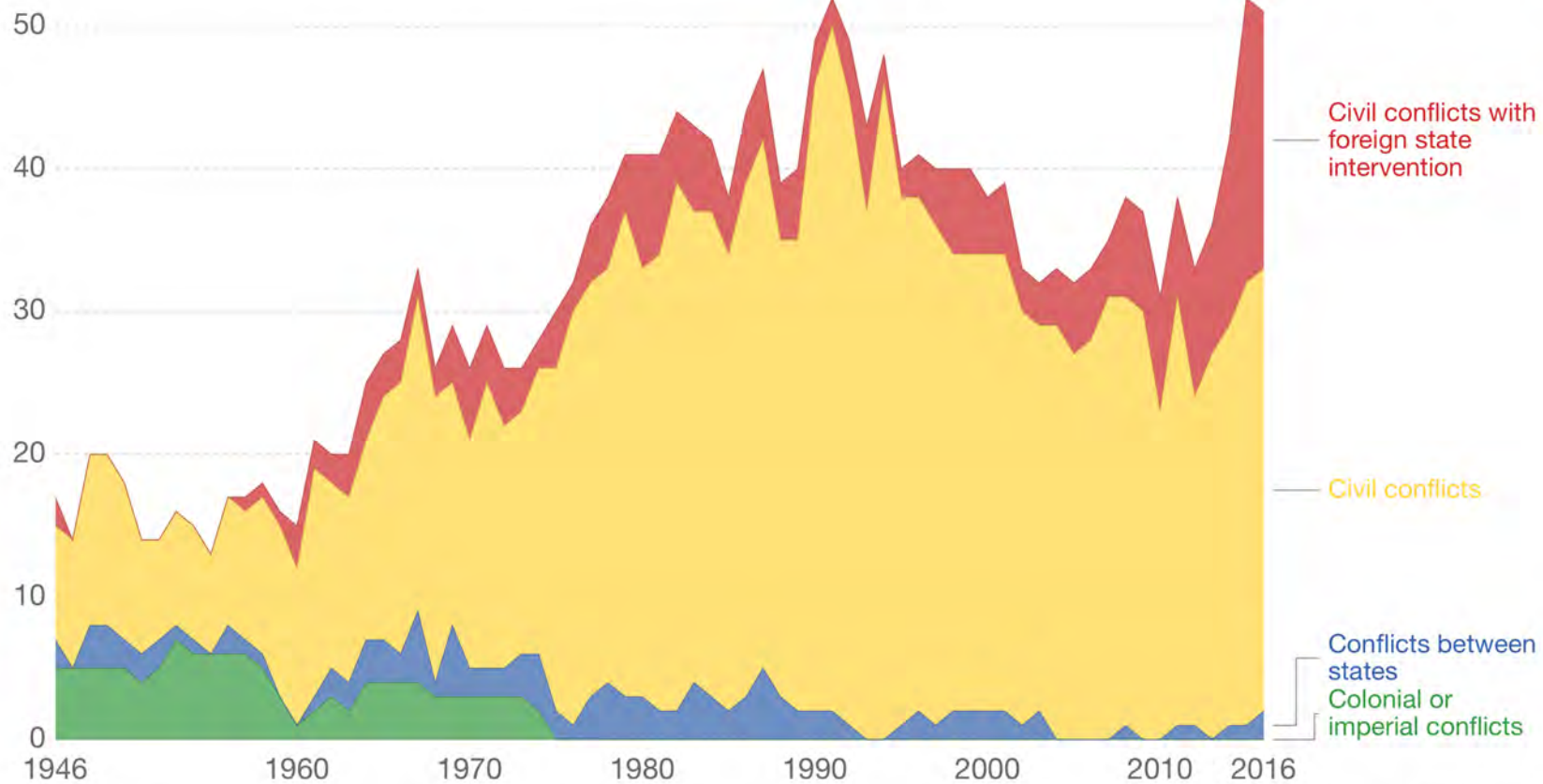
- a) The example of Latin America
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# The changing patterns of warfare

## Especially decline of international war

### State-based conflicts since 1946

Only conflicts in which at least one party was the government of a state are included. Ongoing conflicts are represented for every year in which they resulted in at least 25 battle-related deaths.



Source: UCDP

OurWorldInData.org • CC BY-SA

Note: The war categories paraphrase UCDP/PRIO's technical definitions of 'Extrasystemic', 'Internal', 'Internationalised internal' and 'Interstate' respectively. In a small number of cases where wars were ascribed more than one type, conflict incidences have been apportioned evenly to each type.

# The post-WWII & post-9/11 international system discouraged war



- Powerful nations helped to create and preserve national borders
  - Protect the borders of their client states
  - Counter own separatist movements
  - Minimize risk of another World War
- This system reduced anarchy (somewhat)
  - Compel leaders to internalize costs & mistakes
  - Counter private benefits and violent values
  - Solved commitment problems
- Thus few states face large external threats
- Pushed conflicts to be more internal
  - For control of de jure state or proxy wars



Can there be state development without warfare this century?

## Herbst is somewhat pessimistic

“

*While there is little reason to believe that war would have exactly the same domestic effects in Africa today as it did in Europe several centuries ago, it is important to ask if developing countries can accomplish in times of peace what war enabled European countries to do.*

*I conclude that they probably cannot because fundamental changes in economic structures and societal beliefs are difficult, if not impossible, to bring about when countries are not being disrupted or under severe external threat .*

—Jeffrey Herbst, “War and the State in Africa”

## Herbst: Has a reduction in international “anarchy” preserved a set of weak and unstable states?

- “Other than war, no type of crisis demands that the state increase taxes with such forcefulness, and few other situations would impel citizens to accept those demands”
- Will at some point African leaders recalculate and see self interest or national interest in war or seizing the assets of another state?
  - “when the futility of domestic reform becomes clear”
- Asks if some places might be better off if we allowed borders to change
  - e.g. Allow Rwanda to govern eastern Congo



We will come back to this theme in the last weeks of class: What does state strengthening look like in the 21<sup>st</sup> century?



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Recall our continuum of state capacity  
Let's flip it vertically

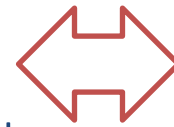
### **“Stateless”**

Informal systems of rule (chiefdoms, bands, and other small political units), typically linked by personal and kinship ties, with limited ability to shape society



### **“Weak states”**

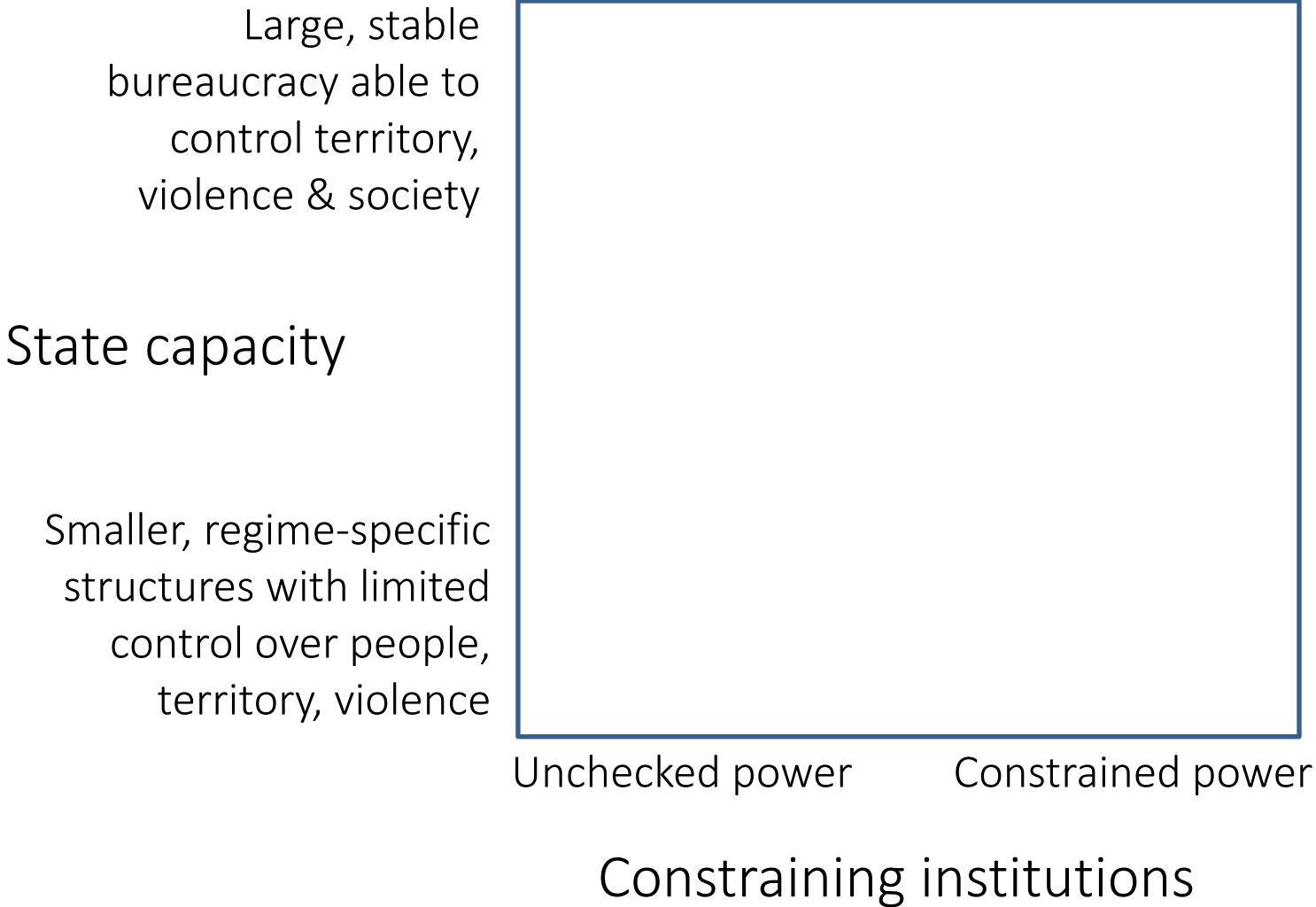
Larger, more hierarchical, coercive, personalized political authority that provides some order and loosely controls society



### **“Strong states”**

More stable, centralized, rule-governed, bureaucratic, depersonalized political organizations with sovereign territorial control, a monopoly on legitimate force, and able to shape society

We will think of state development as conceptually distinct from  
constraining institutions



## Recall two definitions of institutions, both from Douglas North

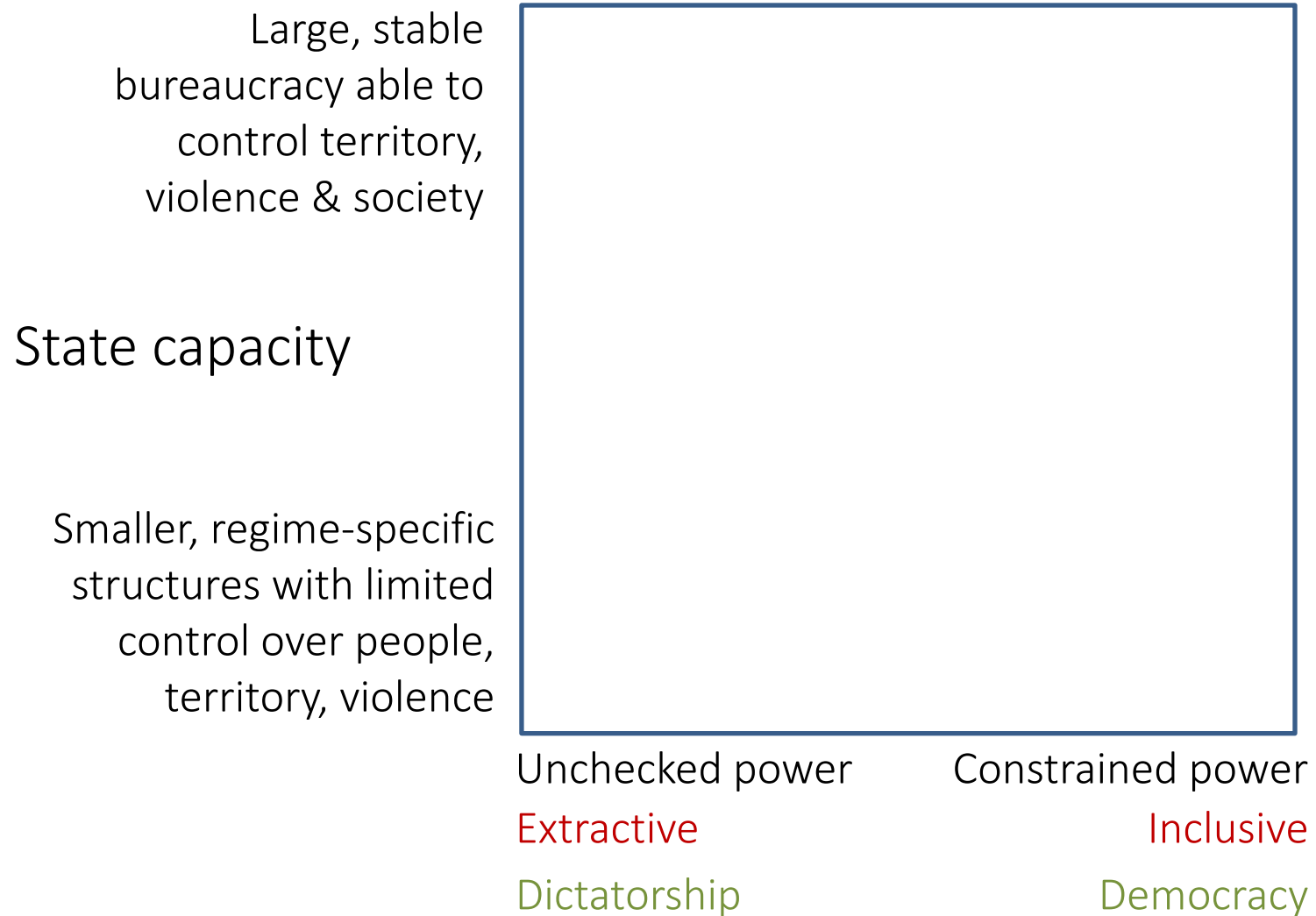
“ A set of **rules**, compliance procedures, and moral and ethnical behavioral norms designed to **constrain** the behavior of individuals in the interests of maximizing the wealth or utility of principals.

—D. North (1981), *Structure and Change in Economic History*

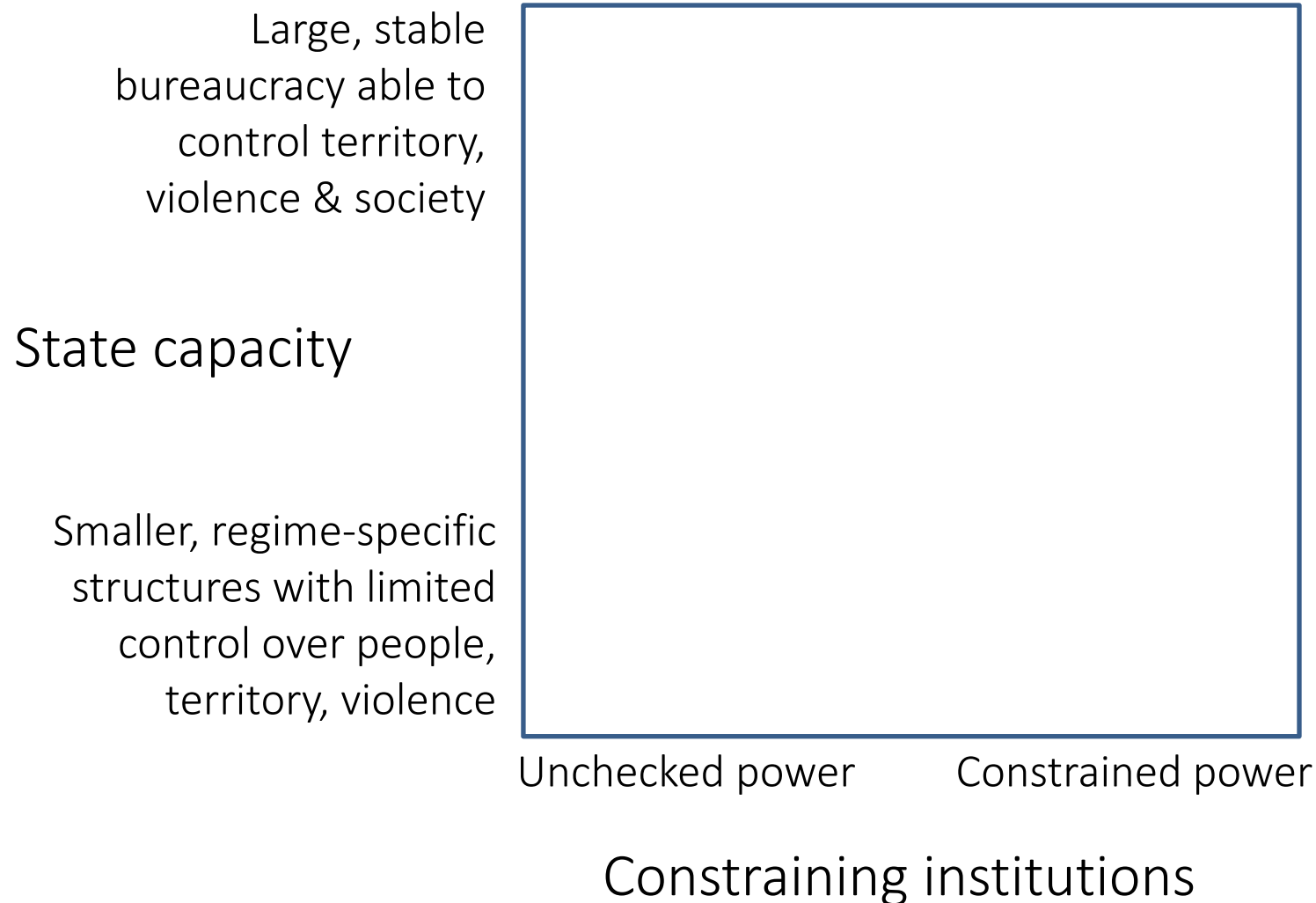
“ Institutions are the rules of the game and organizations are the players.  
— Douglass North (1994)



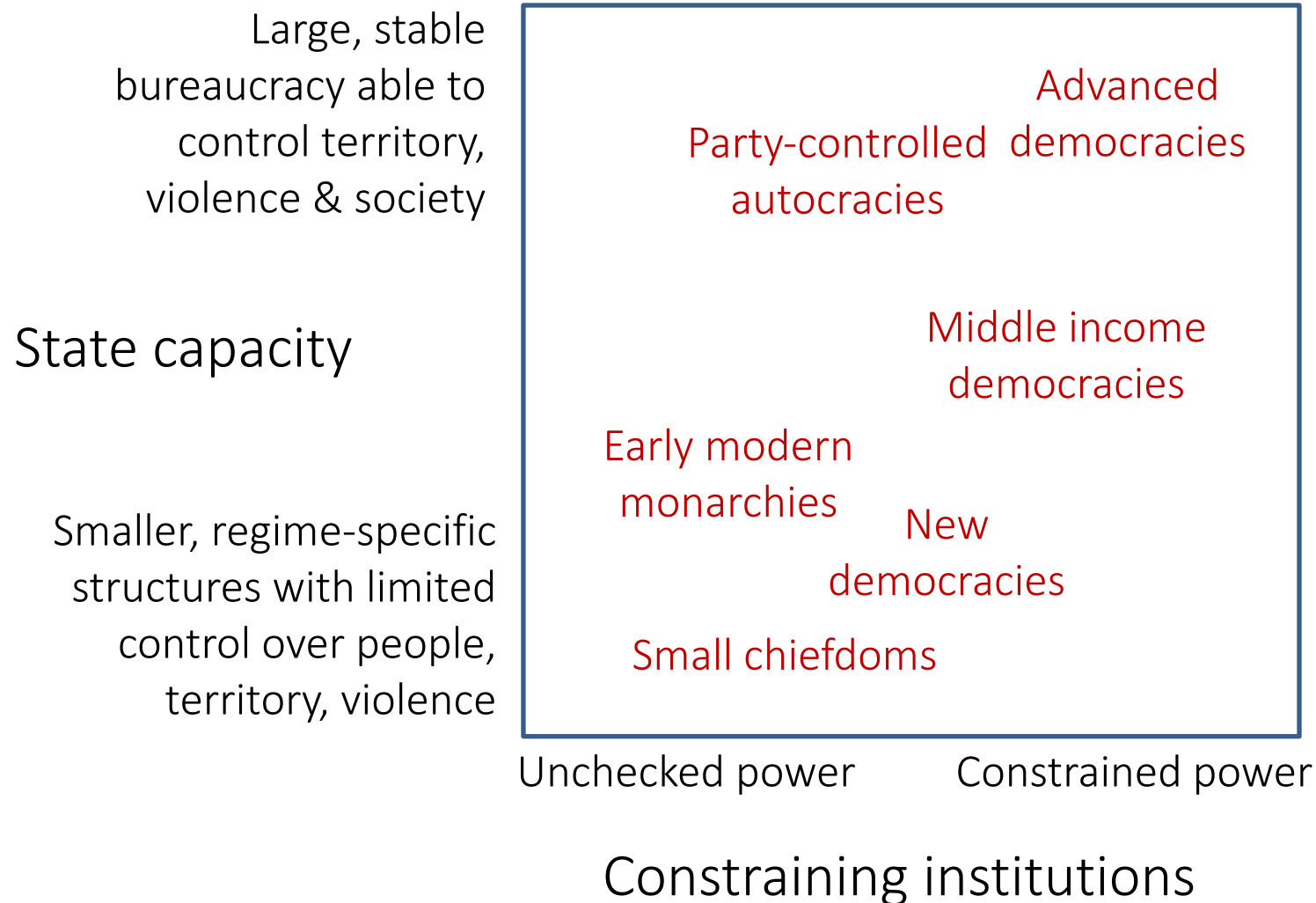
# Some different terms floating around for different constraining institutions



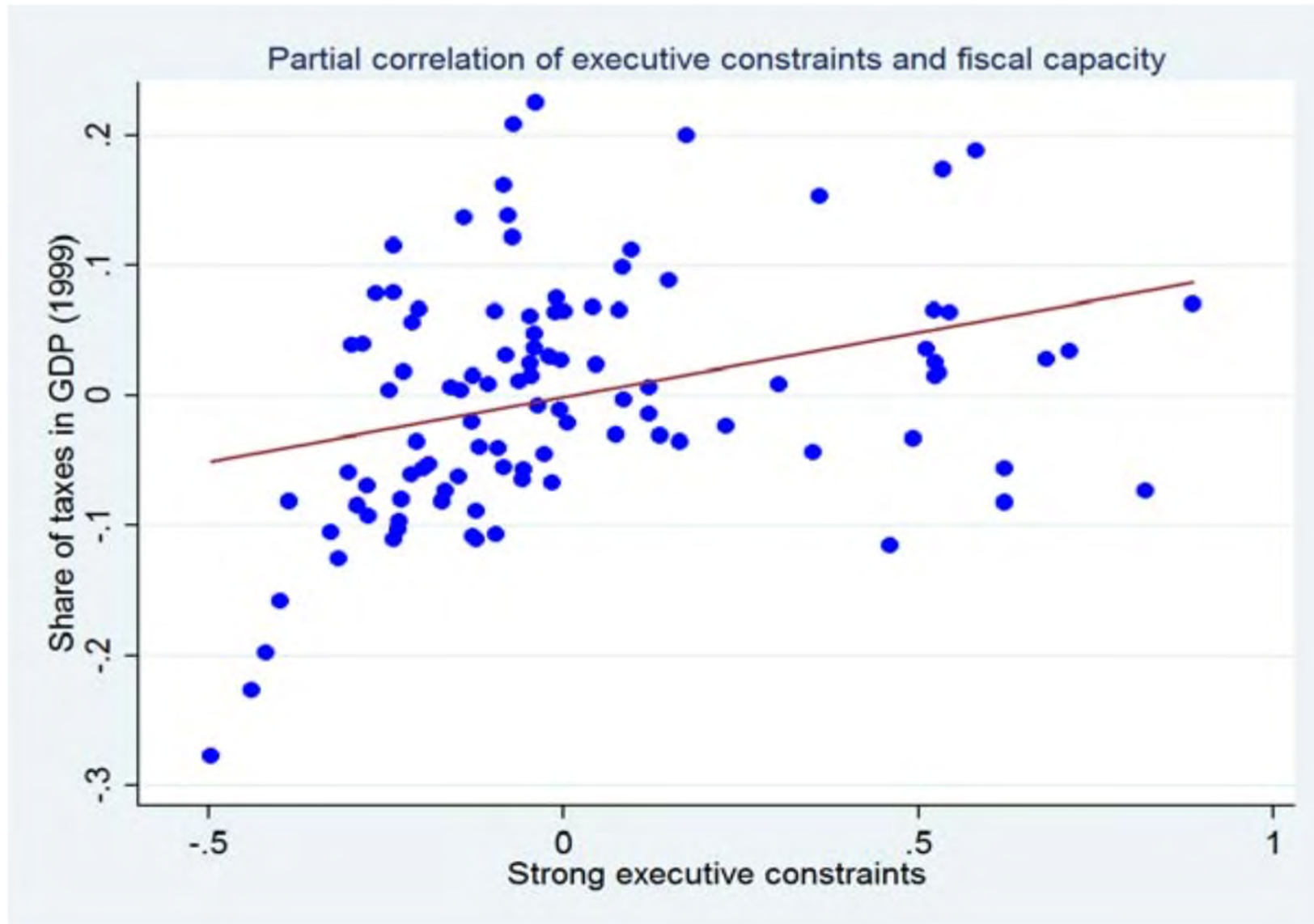
# Where might you place some current-day countries?



# Where might scholars place different polity types

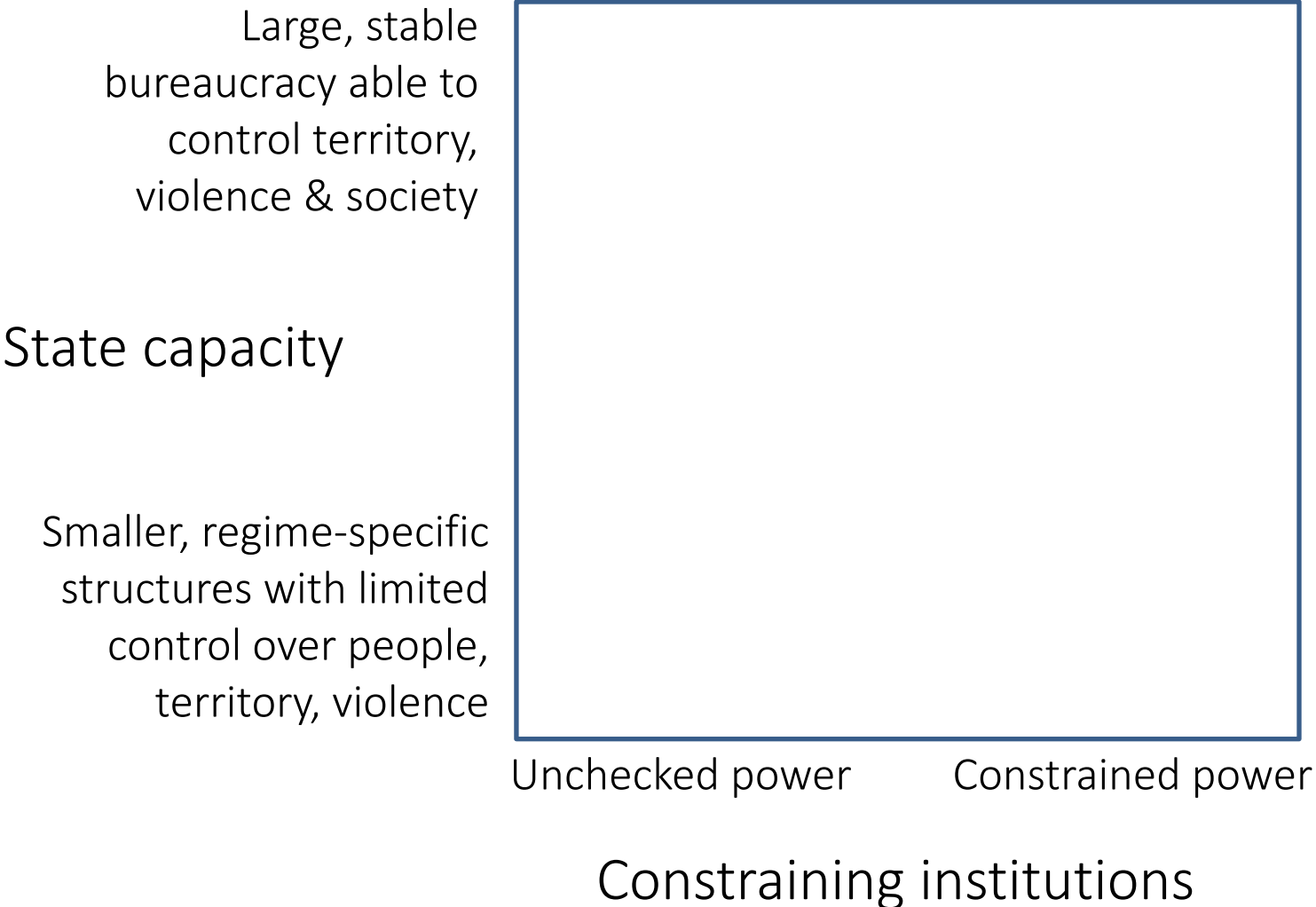


We can see this correlation in the data



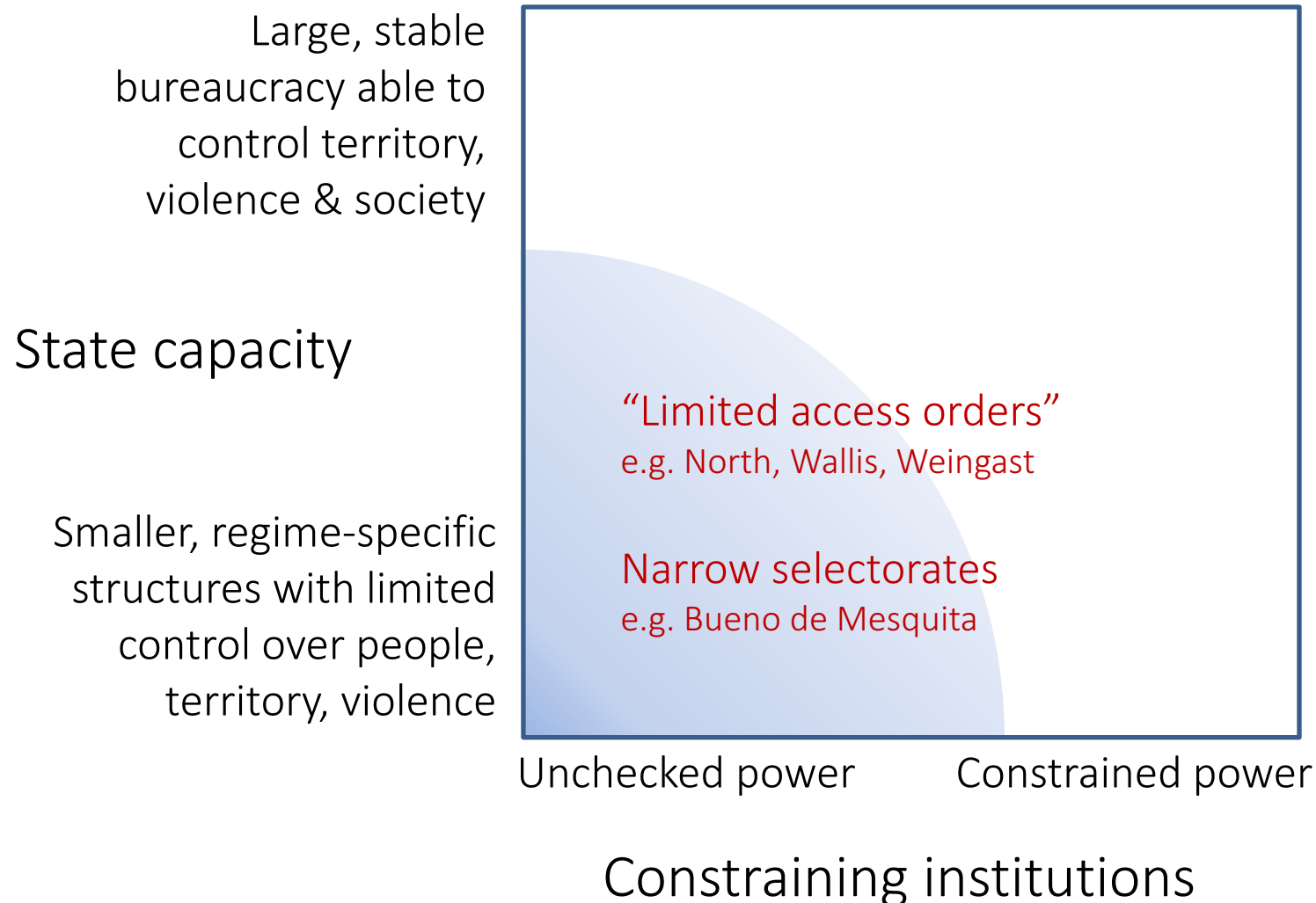


This is a useful tool for framing some of the theories and ideas we have been learning

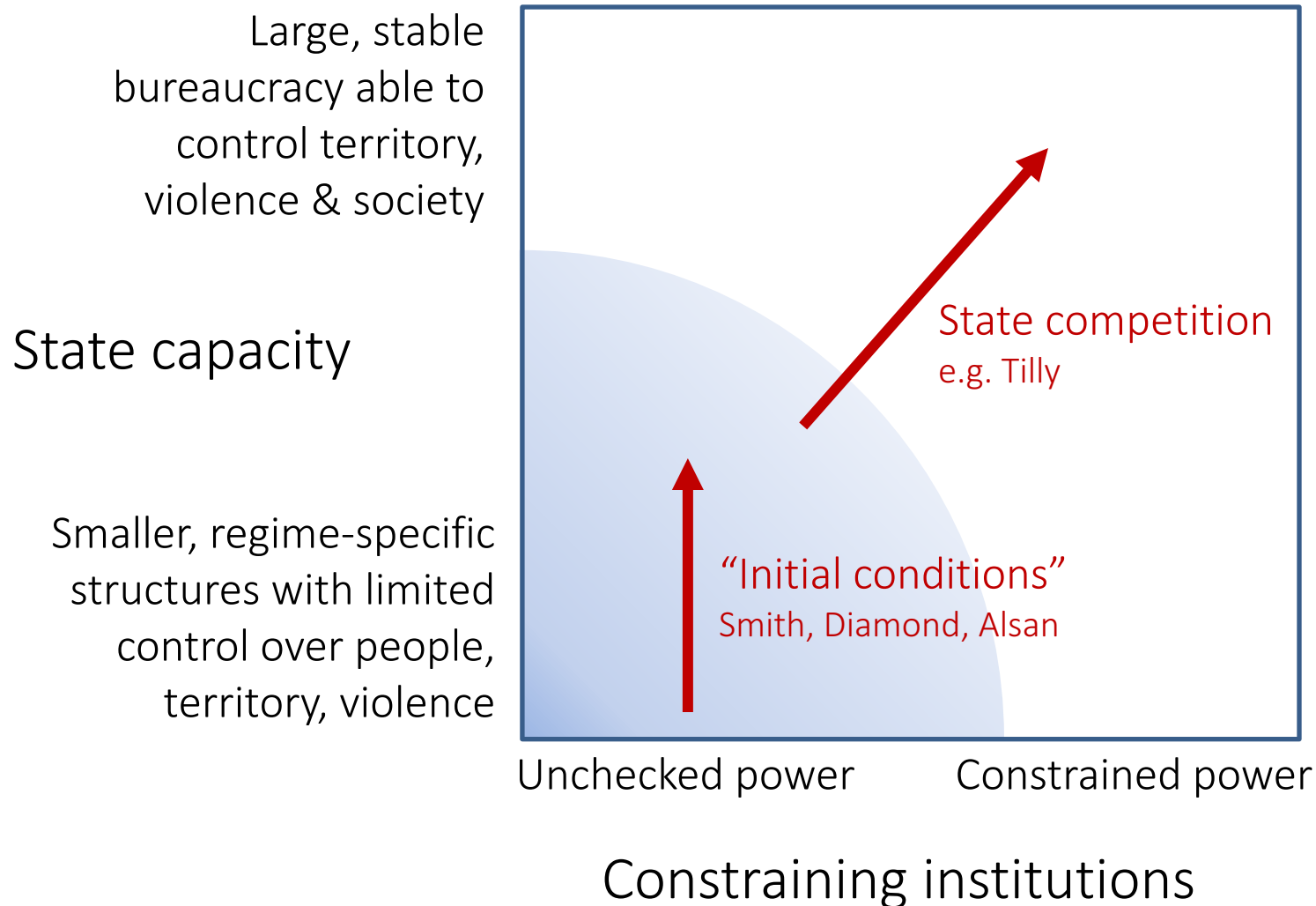


# Recall my initial characterization of “weak state” politics from last week

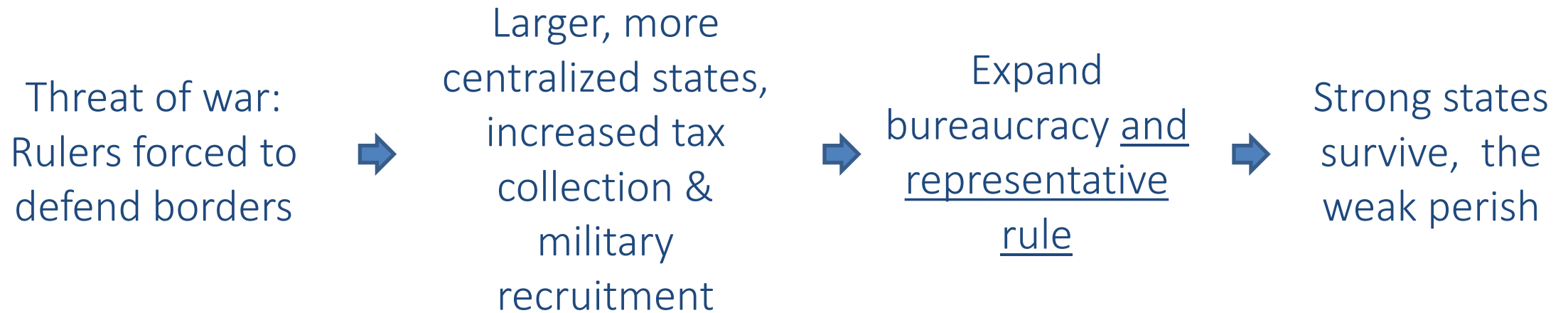
This description conflates our two dimensions of states and constraining institutions



# You can view different social scientists are arguing about different forces and different transitions

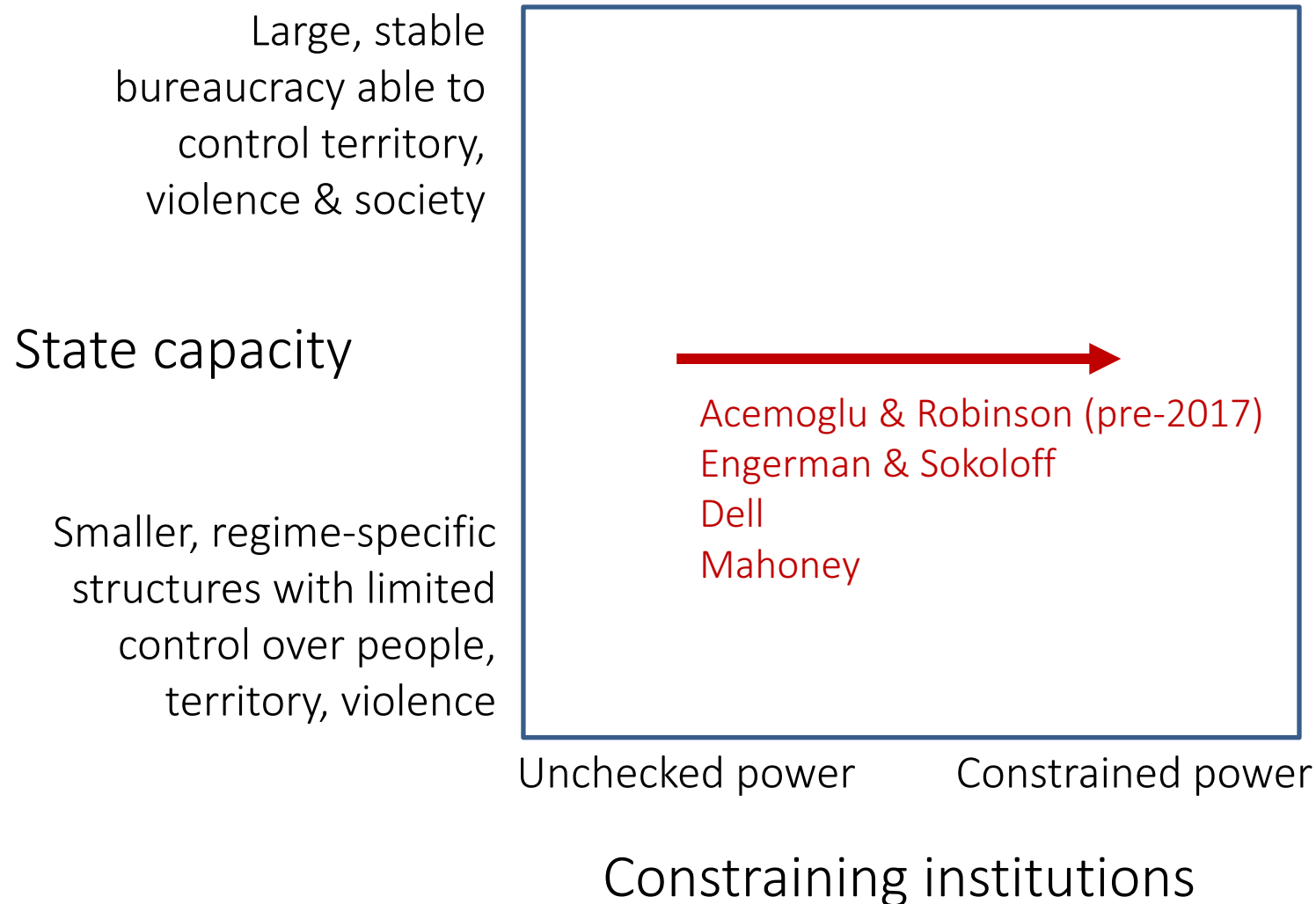


Tilly saw state-making and more inclusive political regimes as linked.  
His is both a theory of state development and as accidental institution building.



- Wider revenue base and mass mobilization grant bargaining power to non-elites
- Elites must widen the selectorate to maximize these finances and recruits
- Akin to “no taxation without representation”

The next few classes we will encounter a different set of institutional theories, ones that do not involve Tilly-like war-making





## I. States

- a) How strong states arose historically – Finish up Tilly
- b) Tilly's famous claim: War and state building

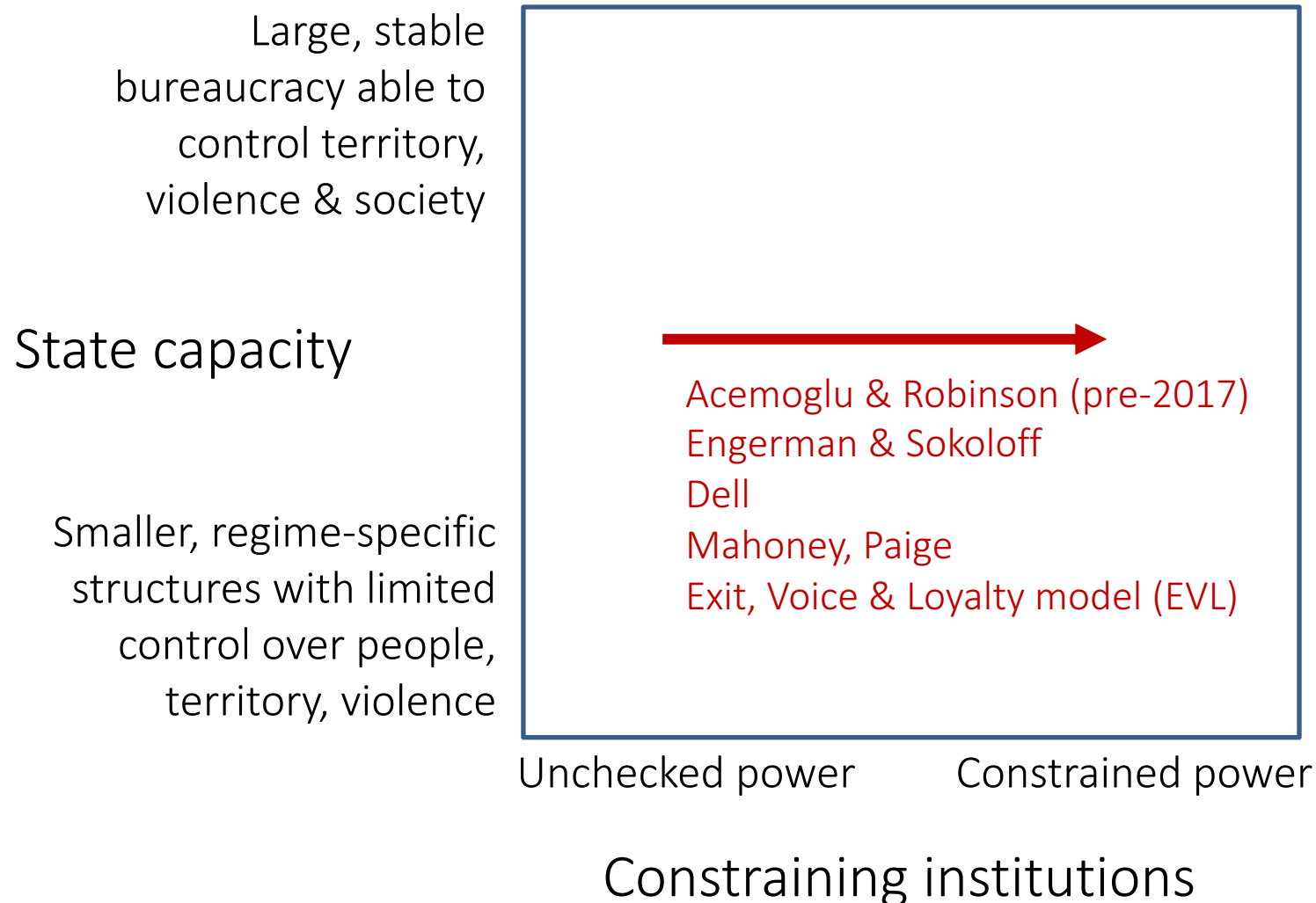
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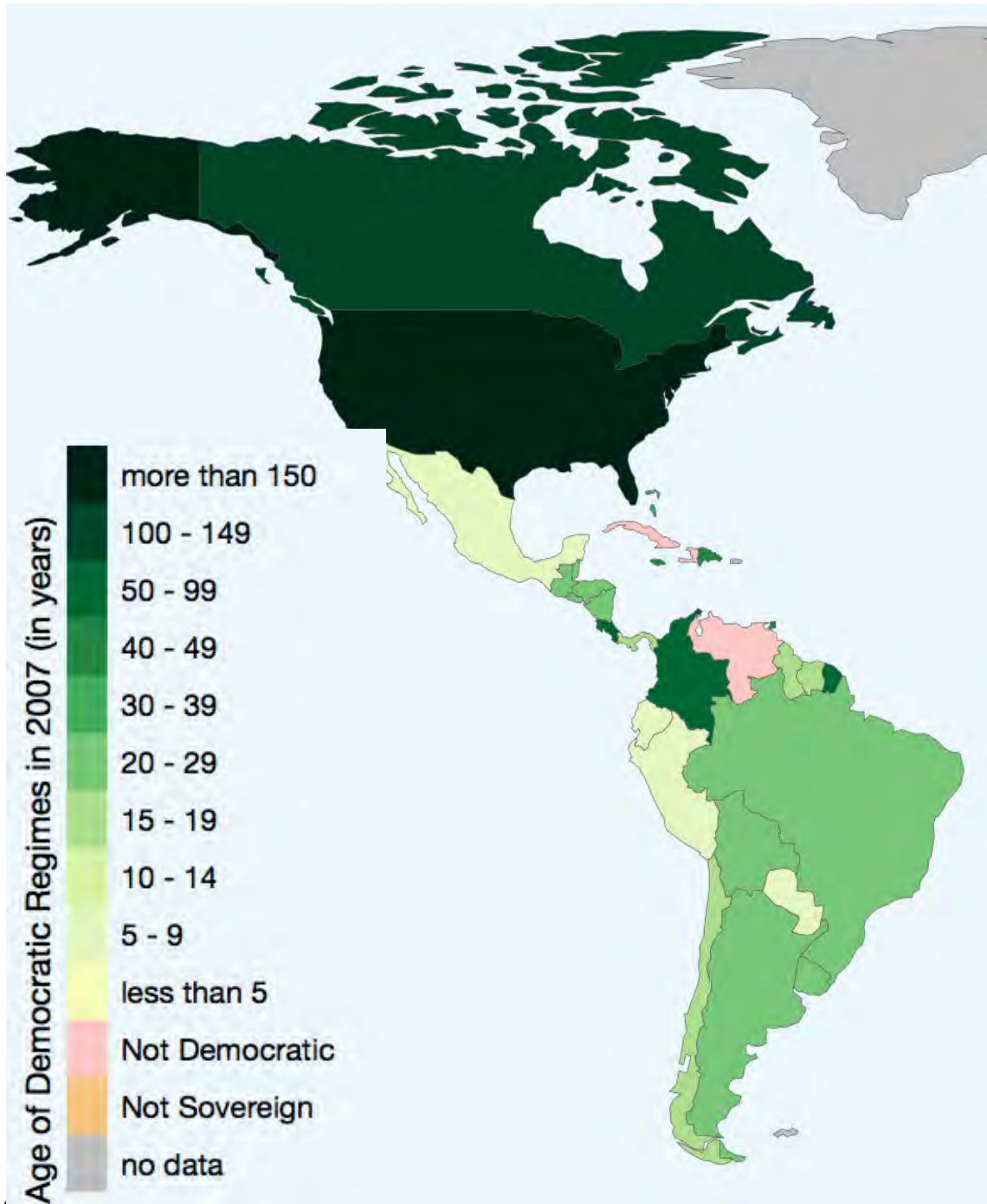
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This can feel like a bewildering range of theories, because it is a bewildering array. I'm going to try to organize them as best one can.





## Latin America is a good illustrative example of these theories

- Latin America is a common example of different paths of institutional development
- Today most countries are relatively democratic and have relatively strong states
- But there is wide variation in the age of of democracy
  - These countries have taken differential paths to a broadly similar set of states and institutions
- Also, it's not clear that war-making made a significant contribution here

Many of the authors we encounter are going to weave together 3 different kinds of explanations, each in related but different ways

A. Initial conditions

- a) Trade (e.g. Adam Smith)
- b) Species (Jared Diamond)
- c) Disease (e.g. Alsan)

B. Competition between states

- Especially war (e.g. Tilly)

C. Competition within states

- a) Between elite groups
- b) Between elites and broader “society”

D. Choices and events at critical junctures

## What we will see over the next 2-3 classes:

A common argument runs through most of these explanations for variation in “inclusiveness” and constraints on power

- Most states for most of history start out as (and remain) narrow coalitions of elites
- These elites seek to set the rules (institutions) to entrench power and privileges
- These institutions are highly persistent, or path dependent, because they are costly to change once developed and those in power have incentives to preserve them
- What institutions emerge are influenced by initial conditions and endowments
- But these institutions stay contested, and sudden political shocks, new technologies, or other events create “critical junctures” where new bargains can be set
- More open institutions emerge when coalitions get larger, by accident or design
  - Because technology or economic forces favor broader groups acquiring power
  - Because of chance decisions and events
  - Rarely because someone aimed for more inclusive, open institutions for their own sake
- Most theories overstate their explanatory power and understate chance



## Where I want to begin: How initial conditions also shape the rules (not just the propensity for developing states)

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According to many historians and social scientists, in Latin America the initial conditions that mattered shaped how colonizers and elites and organized production and extraction

Did they set up coercive labor systems?

Or did they set up systems of free labor?



Why does this matter? They are these rule choices were persistent (path dependent): Coercion beget coercion, and competition beget competition

## Places with incentives for coercive labor...

...Enriched an elite who controlled the labor and capital

- And gave them incentives for them to entrench their power

...Tended to discourage competition

- Less in-migration
- Less enterprise
- New technologies, processes and products a threat unless they could be co-opted

...Developed a legal and police apparatus to enforce unfree labor

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...Developed a legal and police apparatus to enforce unfree labor

## Places with incentives for freer labor...

...Still enriched an elite, although potentially a broader elite

- More difficult for a narrow elite to entrench their power

...Tended to encourage economic competition

- More in-migration
- New enterprise, products, trade
- New technologies
- Permitted creative destruction

....Fostered more capitalist-friendly, open and competitive institutions to encourage in-migration and investment

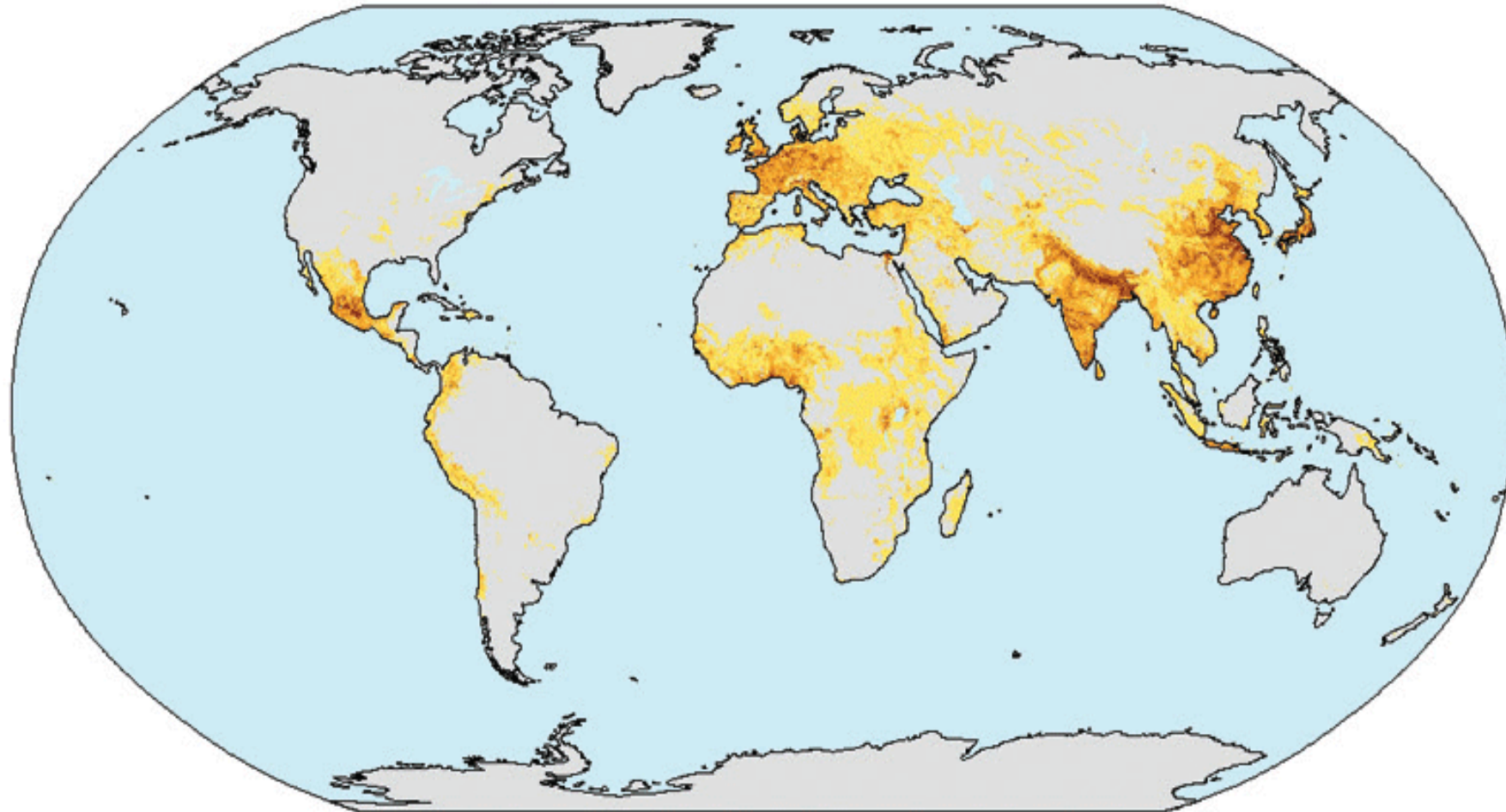
## Post-1492, what conditions gave incentives for coercion?

1. Existing settled populations and states
2. The commodity lottery
  - Some commodities efficiently produced by large-scale forced labor
3. The disease environment
  - Incentives for settlers and migration



1. Colonial invaders encountered large, dense, settled populations in only a handful of places in the Americas

1500 A.D.



## Why would settled populations lead to exploitation and the development of more coercive institutions? (Engerman & Sokoloff)

- Clearly, Europeans had proved their willingness to enslave other races
- Plus the commodities Europeans could extract from these areas could use coerced labor profitably
  - Arguably, coerced labor was the most profitable way to extract minerals and tropical crops
- The densest places already had somewhat coercive states to be harnessed
  - Populations were only dense because they had developed states
  - Many of these states used some kind of coerced labor (even if less coercive)
  - Also, the presence of coercive states implies it may have been hard to run away





## 2. Some endowments favored more concentrated power and coercive labor

Mining



Plantation agriculture  
(latifundia)



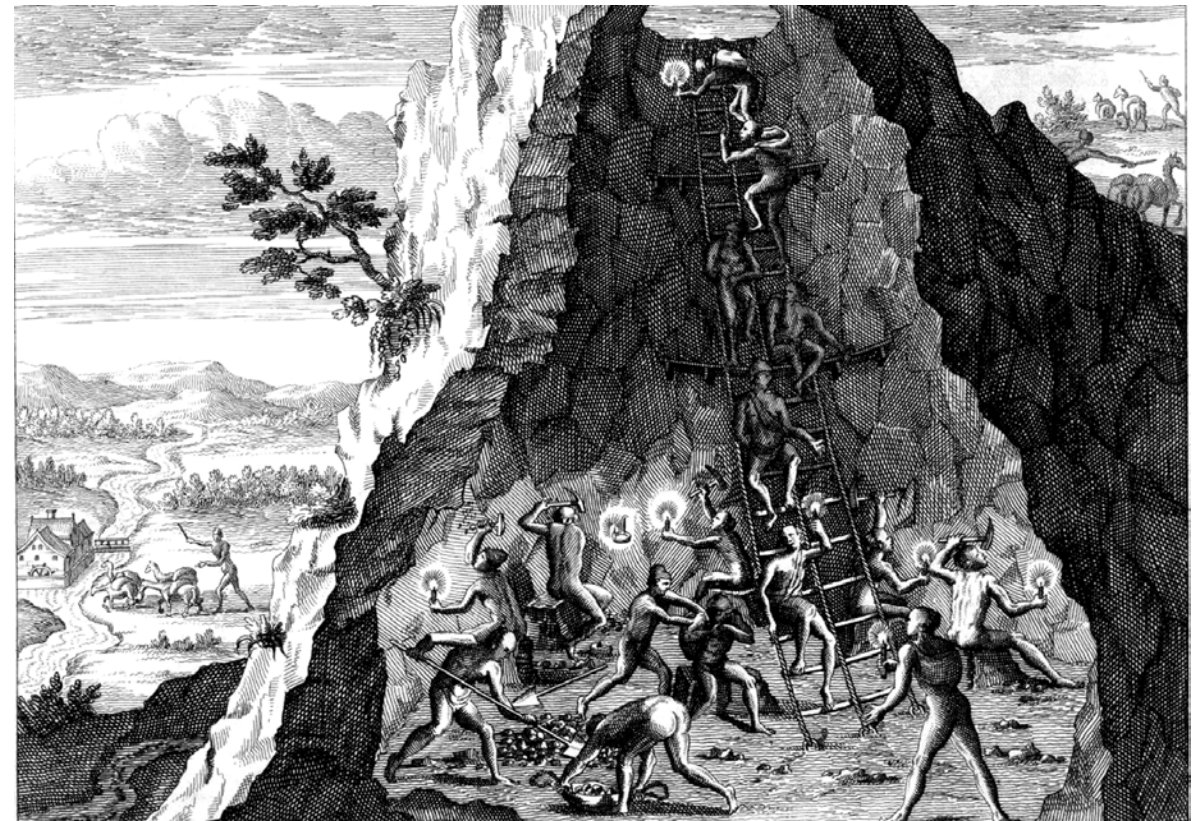
Smallholder production





# What was it about valuable minerals that drove colonies to concentrate power and coerce labor? (Dell, Engerman & Sokoloff)

- Hard to know, but coerced labor was likely more profitable than free labor
  - As we will see, not true for all crops and commodities
- Economies of scale in mining favor centralized and concentrated ownership
  - High capital requirements to produce and transport
- For a limited access order like Spain concentrated ownership has advantages
  1. Easier for rulers to tax mine owners
  2. Enriches existing elite (limits access) rather than empowering a new wealthy class

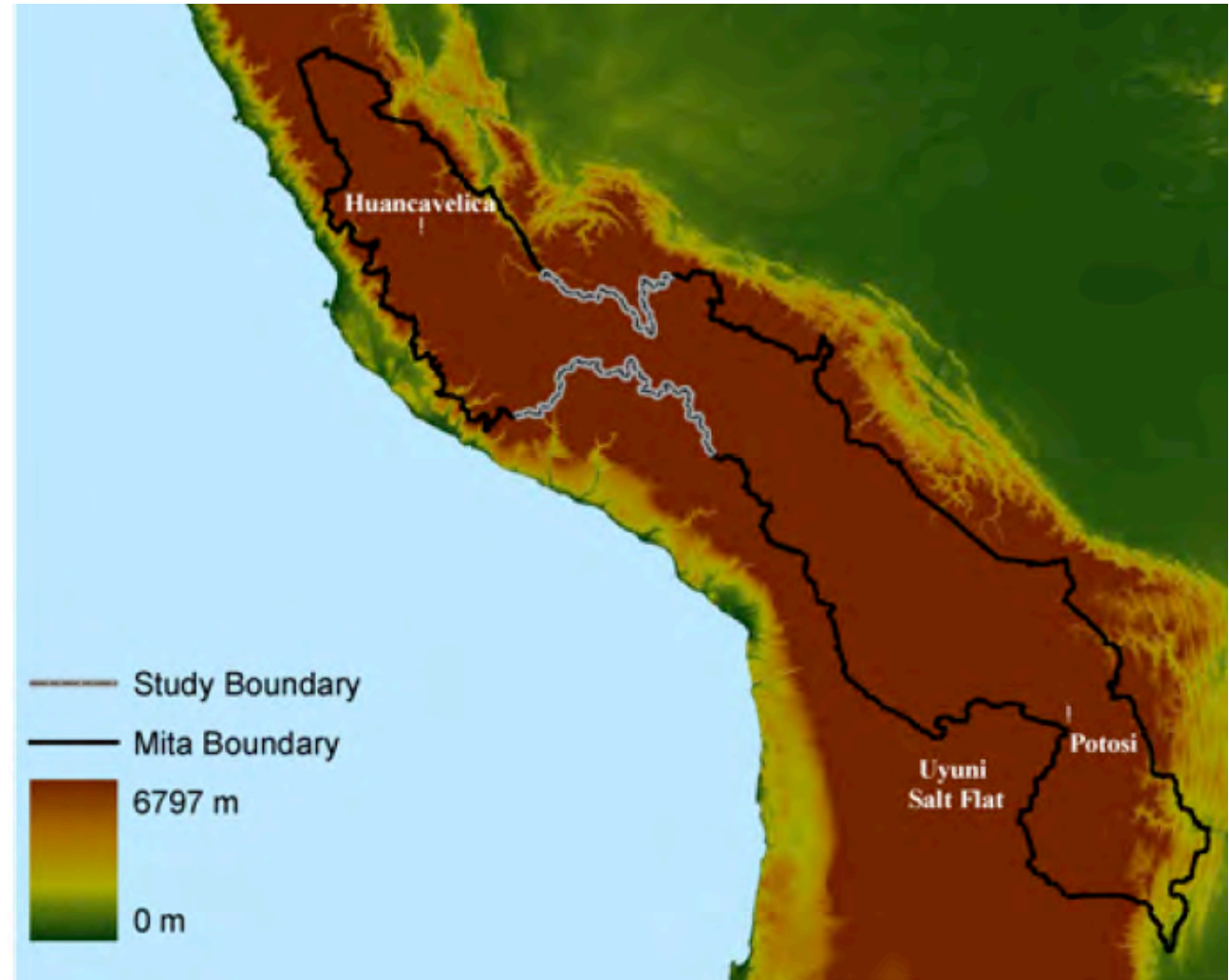


Mining in Potosí silver mines

Engraving from Theodoor de Bry in *Historia Americae sive Novi Orbis* , 1596,  
<https://socialhistory.org/en/today/04-10/potosi-silver-mines>

## A micro-level case: Peru's mining mita (Dell)

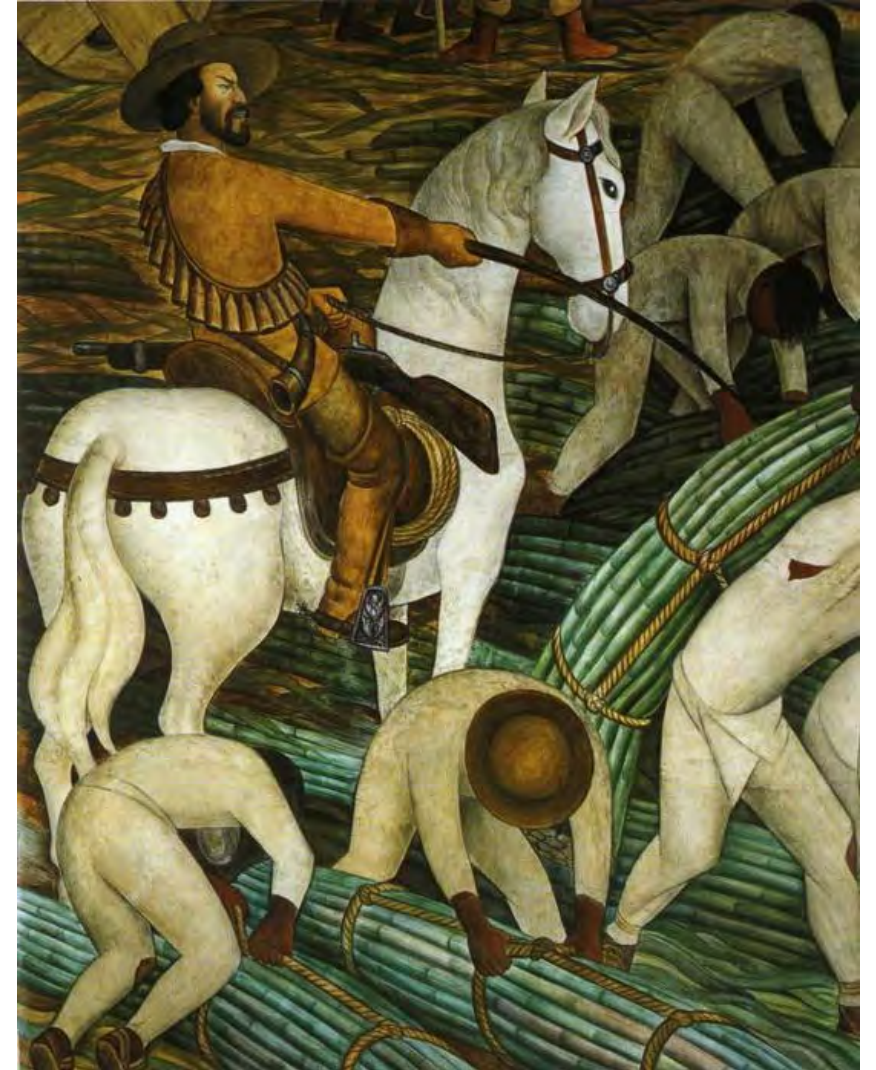
- The *mita* was a Spanish forced labor system
- Required over 200 indigenous communities within a boundary to send 1/7 of adult male population to work in silver and mercury mines
- We can see the long run adverse effects on local institutions and economic development to this day





## In agriculture, some crops are efficiently produced at large scale with forced labor: Plantation and “latifundia” economies (Engerman & Sokoloff, Paige)

- Examples: Sugar, tobacco, cotton, coffee
- Rooted in a biological/technological claim that these crops have:
  1. Economies of scale in production, and
  2. Intensively use unskilled labor
- As a consequence, these economies are organized as large feudal-style
  - Concentrated land ownership
  - Coerced labor: If no native populations to be enslaved, slaves could be imported from Africa
- As with mines, concentrated ownership also strengthens colonial ruler’s limited access order



## Britain and France also faced the question of how to extract the most from colonies with few natives to enslave and poor suitability for plantation crops

- Territories were unfavorable to the extractive industries in Spanish & Portuguese colonies
  - Climate unsuited to sugar, cotton
  - No known silver or gold deposits
- Britain and France were at first regarded as “unlucky” in their colonies
- But they could produce grains, furs, fish—commodities with ample European demand
- E&S make a technological claim that these industries favored smallholder production
  - Few economies of scale
  - Required initial capital investments
  - Principal-agent problems favor owner-operators





To promote smallholder production, colonial powers had incentives to foster deconcentrated ownership and constrain state's extractive power

- Encourage immigration
- Deconcentrate ownership (e.g. free land grants)
- Reduce transaction costs
  - Resolve disputes
  - Build transport networks
- Limit colonial state extraction
  - Improve property rights
  - Commit to moderate taxation

Core argument of E&S: this system of economic organization led to decentralized economic and political power and constraints on the state power, and these rules were persistent



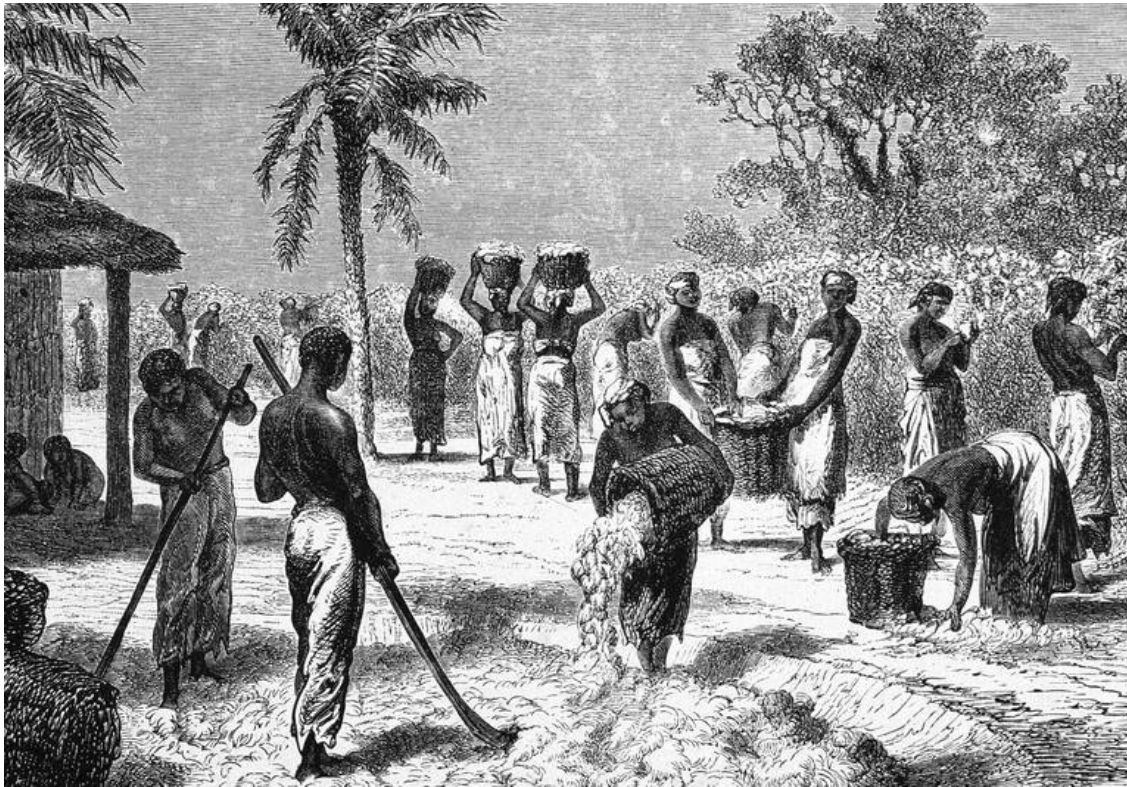
Advertisement



There was significant climate variation within British and Spanish colonies, and historians often point to these as “exceptions that prove the rule”

Climate in some British colonies favored plantation crops and organization

Climate in some Spanish colonies favored more smallholder production



Cotton plantations in US South



Cattle ranching in Argentine pampas



### 3. Disease environment and migration:

Starting in 17th century, Europeans emigrated to temperate and highland areas friendly to their health and their traditional crops and production (Acemoglu, Johnson & Robinson)

Distribution of actual and potential malaria transmission stability

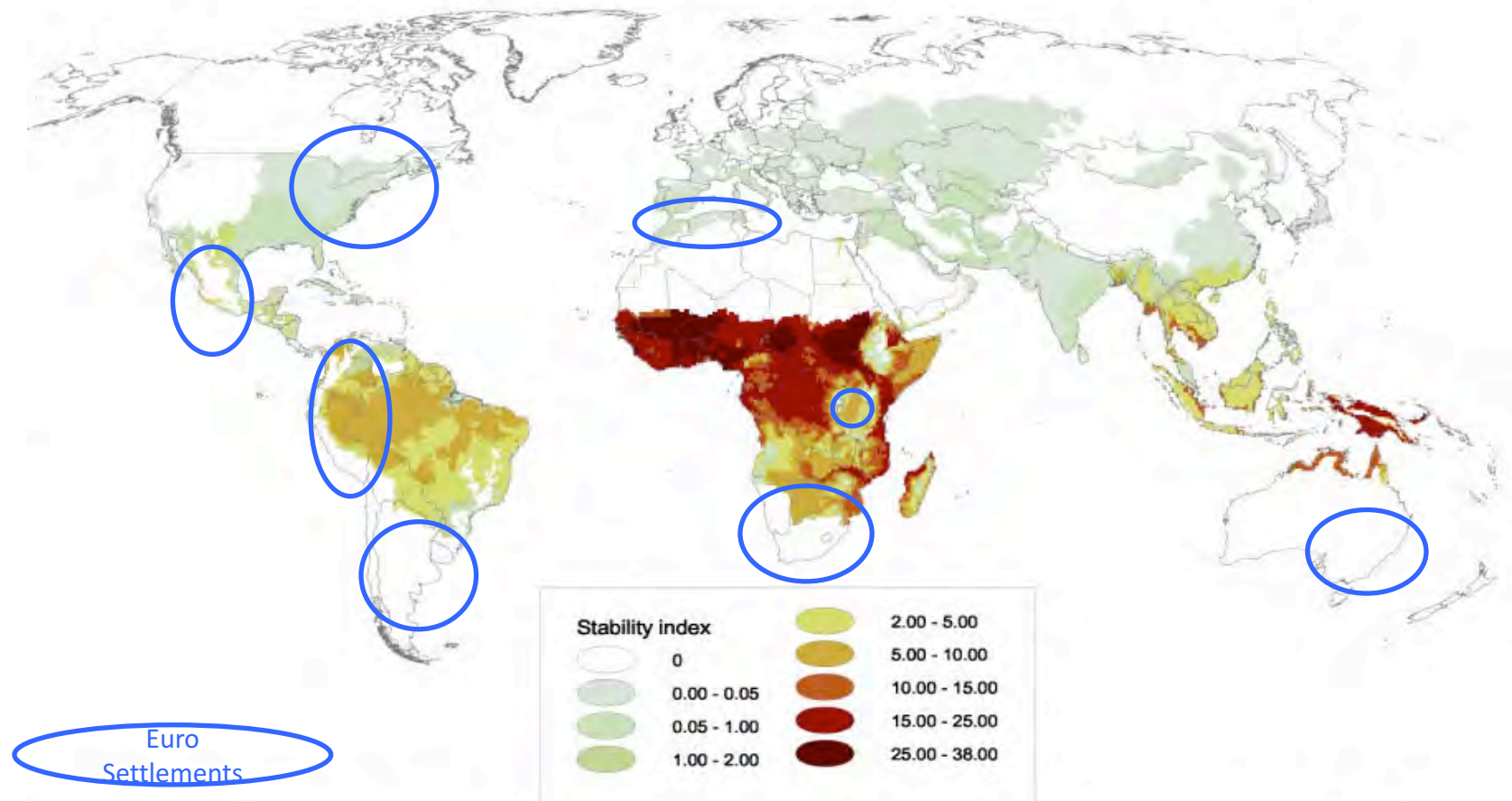


Figure 1 from Anthony Kiszewski, Andrew Mellinger, Andrew Spielman, Pia Malaney, Sonia Erlich Sachs, and Jeffrey Sachs. **A Global Index Representing The Stability of Malaria Transmission.** *Am J Trop Med Hyg* 2004 70:486-498.

## Unlike Engerman & Sokoloff, this explanation emphasizes what settlers bring rather than what local commodities incentivize them to do

- Where Europeans died from disease...
  - Few settlers bringing Increased reliance on imported slaves or coercing natives
- Where disease and crop conditions favored European migrants
  - Settlers brought skills and technologies favorable to smallholder production
  - They also brought experience with freer ideas, cultures, and institutions (e.g. The rule of law)
- Complementary to Engerman & Sokoloff
  - Where the economic incentives to coerce were present, and few migrants would come voluntarily, settlers were quick to abandon such institutions and ideals

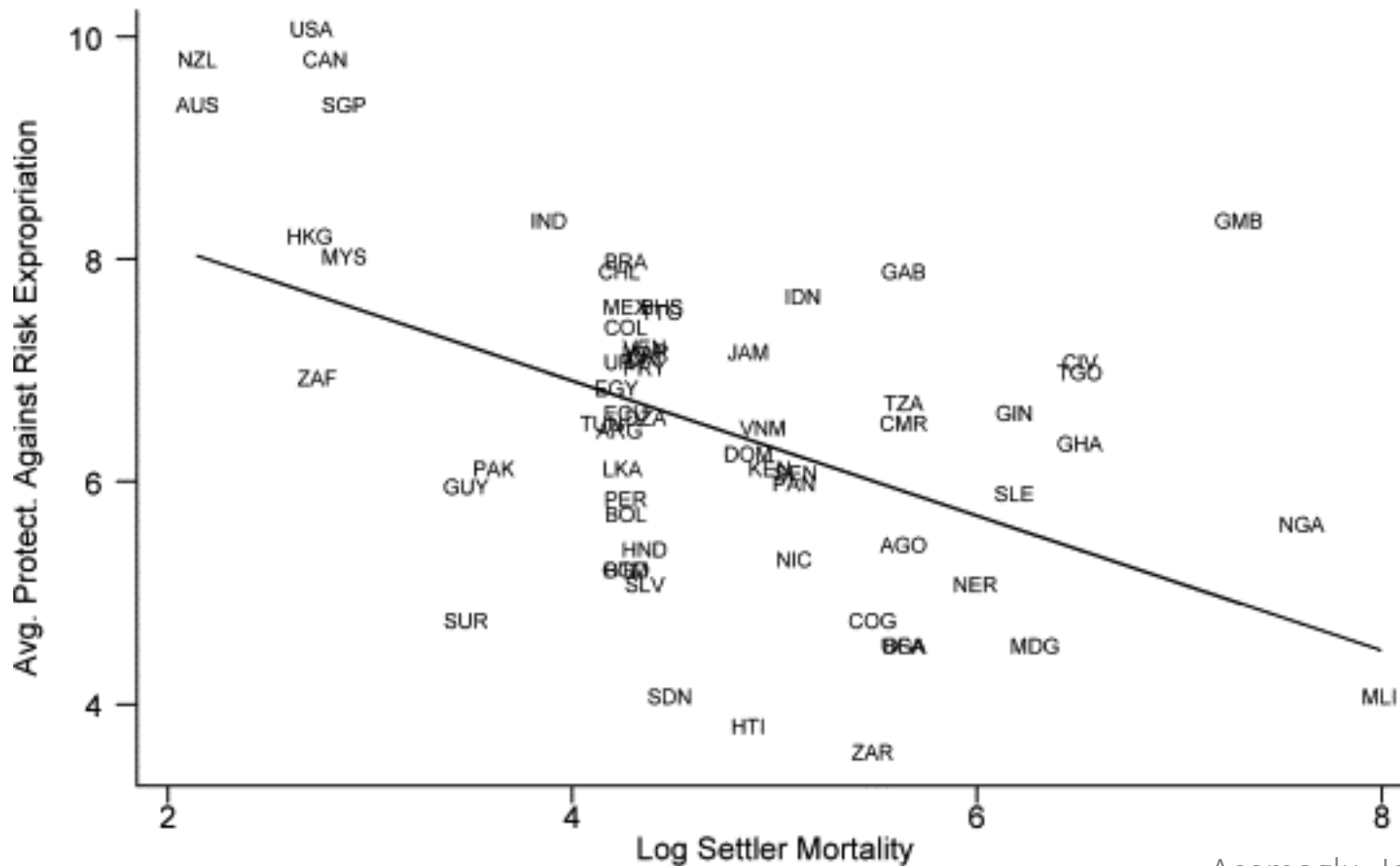


Boer traders accompanying the Klapprott family on their safari to the Uasin Gishu.



# Some data: The disease environment seems to have had persistent effects on institutions

Relationship between initial disease environment and present-day institutions



Putting all the initial conditions together: They seem to have shaped colonial institutions and what elites held and competed for power

### Mining and latifundia colonies

- Began with a more hierarchical and authoritarian power, high levels of inequality, and legal institutions designed to preserve coercion
- Merchants and middle class were fewer in number
- Overall the middle class and masses had limited ability to threaten the profits or security of elites or the colonial power

### Smallholder-based colonies

- Began with more egalitarian distributions of wealth and more constrained and participatory systems of authority
- Merchants, middle class and smallholders were larger in number
- Overall the smallholders had considerable power to hurt the profits and security of elites or the colonial power