Paths of State Building
WEast Workshop 2016, Prague, Czech Republic

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Chicago (and MIT)

July 2, 2016
The Importance of State Capacity

A nascent literature in economics building on a long research tradition in sociology, political science and history argues that ‘state capacity’ is critical for economic development.

State capacity is multidimensional (though often important covariances) but evidence that many aspects of it are correlated with economic development

- The monopoly of violence (implicit in the literature on civil wars).
- Fiscal Capacity (Besley and Persson)
- Bureaucratic Capacity
  - Research of Peter Evans and Jim Rauch
The Monopoly of Violence and Development

Civil war incidence and GDP per capita

Log GDP per capita (2000) vs Fraction of years engaged in civil war 1950-2006

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**Fiscal Capacity and Development**

[Graph showing Tax revenue and GDP per capita with data points for various countries.]
Weberianess and Development

Weberian bureaucracy and GDP per capita

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The Variation in Development in Colombia

Distribution of % of Population above the Poverty Line

Fraction

% of Population above the Poverty Line
State Presence and Development

Development and Local State Capacity

(Population has been partialled out)

-4 -2 0 2
Pop above poverty - E[Pop above poverty|pop]

-2 0 2
Local Public Employees - E[Local Public Employees|pop]

-4 -2 0 2
Fitted values

-2 -2
Pop Above Poverty - E[Pop Above Poverty|pop]  Fitted values

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Historical Roots of State Variation

State Capacity and Historical State Capacity

(Population has been partialled out)

- Local Public Employees - E[Local Public Employees | pop]
- Log Crown Employees 1794 - E[Log Crown Employees 1794 | pop]

Fitted values

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Existing Explanations

- There are three main classes of explanations
- Efficient (Coase Theorem). Poor countries are too poor or have too adverse fundamentals for it to be socially desirable to invest in state capacity.
- Structural. The extent to which state capacity is developed depends on
  - Population density (Herbst, 2000).
  - Trade (Fenske, 2015)
  - External threats (Hintze, 1975, Tilly, 1990)
- Political: State capacity emerges when (Besley and Persson, 2011)
  - There is political stability
  - Checks and balances minimize the risk of losing power
  - Common interest politics dominates
Plan of the Lecture

- But these approaches seem to omit important features of the emergence of state capacity in the developed countries of the world.
- In particular, they conceptualize the creation of state capacity as an elite-led ‘top down’ project.
- I begin with two brief examples from Ancient Athens and Early Modern England.
- The main lesson is that it is impossible to think about the emergence (or even the nature of) state capacity without thinking about society.
- I shall then develop a simple model to formalize the interaction between state and society.
  - The model shows that there are different dynamic paths which lead to different kinds of state.
  - Most interestingly there is a ‘basin of attraction’ under which the state capacity and the society interact in a synergetic way and it is this which leads to states with a lot of capacity.
The Nature of State Capacity

The Emergence of Athens

- Classical Greece experienced a sustained burst of economic growth and population expansion starting around 700 BC.

- Consider Athens. Recent scholarship (Ian Morris, Josh Ober) ties the roots of this to the emergence of new economic and political institutions starting with the reforms of Solon in 594 BC:
  - economic: made enserfing an Athenian citizen illegal, established freedom of movement within Attica, implemented an egalitarian land reform.
  - political: assembly which all Athenian citizens could attend; created a Council of 400 equally representing the 4 traditional tribes of Athens. Although the chief executive offices were reserved for elites, their decisions could be challenged by anyone in front of juries which were composed of all classes.

- Consolidated by Cleisthenes in 508/7 BC
  - New Council of 500 chosen at lot from all of Attica. You had to be older than 30 but could only serve for a year and at most twice in your life (almost every citizen ended up serving once in their life).
The Greek Boom

![Graph showing population and consumption estimates, core Greece, 1300 BCE–1900 CE.]

**Figure 4.3** Population and consumption estimates, core Greece, 1300 BCE–1900 CE.
Solon and Cleisthenes reforms emerged out of conflict between elites and masses in Athens and institutionalization of social norms for controlling elites.

Solon’s *Hubris Law* which made behavior aimed at humiliation and intimidation against any resident of Athens illegal.

Cleisthenes *Ostracism Law*:

- Every year the Assembly voted on whether there should be an ostracism. If at least 6,000 voted and 50% said yes then each citizen wrote a name on a fragment of broken pottery (an *ostrakon*, hence ostracism). Whoever got the most votes was banished from Athens for 10 years.
- Powerful device for disciplining elites who threatened to become too powerful and overthrow inclusive institutions (next slide).
- A threat “off the equilibrium path” in the 180 years where the institutions functioned only 15 people were actually ostracized, but the threat was ever present.
Ostracism
Emergence of State Capacity

- After Cleisthenes the state clearly exhibited greater capacity. 700 bureaucrats chosen by lot (supported by specialized state slaves) engaged in public good provision - in addition to the navy, order, maintaining borders, building roads and bridges, caring for orphans and the disabled.

- The state accumulated capacity, but so did society which also played a significant role in the enforcement of laws in the absence of a police force.
Institutional Reforms in Early Modern England

- A Similar pattern of reforms which did not quite stick and had to be reconfirmed happened in 17th Century England.

The English Civil War of the 1640s

- economic: abolition of domestic monopolies
- political: abolition of the Monarchy and introduction of a Republic, introduction of the excise tax (which provided the fiscal base for the state for the next 200 years), state modernization.

Consolidation with the Glorious Revolution of 1688

- economic: foundation of the Bank of England, trade policies to support manufacturing but level playing field, facilitation of infrastructure, abolition of international trade monopolies (Royal Africa Company, East India Company)
- political: emergence of constitutional rule and the dominance of Parliament, bureaucratization of the fiscal system.

Followed by the Industrial Revolution.
The Balance of Power

- Like those of Solon or Cleisthenes, those of Cromwell and 1688 build on a history of a contest between state and society.
- Highly participatory. In December 1596 in Swallowfield, Wiltshire, a group of local people got together to compose a list of 26 resolutions.
- Included monthly meetings (resolution number 25 - “the whole company promises the to meete once in every monethe”) with elaborate protocol (resolutions 1-3). For example,

“ffirst it is agre[e]d, That every man shal be h[e]ard at o[u]r metynge quyetly one after an other, And th[a]t non shall interrupte an other in his speeche,... & so in order, th[a]t therby the depthe of every mans Judgment w[i]th reason may be concedered.”
A Participatory State

- There was also to be bureaucratized record-keeping. Resolution 11 read
  "And th[a]t ther be a paper Booke to Regester all o[u]r doynges."

- The resolutions concerned "wilffull & vyle synns" (resolution 25) which ranged from fornication and illegitimacy (resolutions 8, 13); insubordination and disturbance of the peace (resolution 15); petty theft, malicious gossip, wood-stealing, pride, dissent, and arrogance (resolution 18); improvident marriage (resolution 20); profanation of the sabbath (resolutions 22, 24); and drunkenness (resolution 23).

- Nobody authorized these people to do this and they were not elites, but they ran the English state. In 1700 there were 50,000 parish officers at any one time (around 5% of adult males) and since there was frequent rotation of offices the number of people who had held office was considerably larger. By 1800 the figure was more like 100,000 people.
A Participatory and Contested State

- Many policy initiatives (like the poor laws) came from society, many state building initiatives were demanded, not initiated by national elites.
- Note the role of civil war, not inter-state conflict.
- E.P. Thompson emphasized the “moral economy” or 18th Century Britain, a nexus of social norms which elites had to respect or face riot and rebellion + social norms embedded in the common law.
The Basin of Attraction

- In both the Athenian and English case, state capacity emerged out of a situation where both state capacity and civil society contested power and whose capacities jointly evolved.

- Though one can imagine situations where the capacity of the state and that of society are contradictory, there seems to be a *basin of attraction* where they can be complementary:
  - the capacity of the state creates a threat to society which is induced to become stronger...
  - but as society becomes stronger this in turn induces the state to retaliate and invest in its capacity...
  - also obvious that this is unlikely to be the only outcome: the state could be so dominant that society gives up.
  - but if society gives up, the state has no incentive to become stronger..

- Let me try to formalize these intuitions.
The Nature of State Capacity

First some Terminology

- ‘Capacity’ in the literature is used to signify the ability of the state to do something.
  - After 1688 the British state created for the first time a professional incentivized bureaucracy to collect excise taxes (documented by John Brewer in *The Sinews of Power*).

- But the capacity of the state is not simply an engineering problem, it also rests on the cooperation of society (Tom Tyler *Why People Obey the Law*).

- Consider in contrast to Brewer the account of tax collection in Eugen Weber’s *Peasants into Frenchmen*.

- I am going to talk about the ‘strength’ of the state and civil society and conceive of state capacity of the joint product of the two.
The Model

- Consider a game with two types of players: civil society and an elite synonymous with the state.
- I assume that the game is played between non-overlapping generations of representatives of civil society and the state, and thus without forward-looking behavior.
- At time $t$, the state variables inherited from the previous period are $(x_{t-\Delta}, s_{t-\Delta}) \in [0, 1]^2$, where the first element corresponds to the strength (or conflict capacity) of civil society and the second to the strength of the state controlled by the elite.
- I will take $\Delta$ to be small so as to work with differential, rather than difference equations.
Production

- A society with strengths $s_t$ and $x_t$ produces output/surplus given by
  \[ f(s_t, x_t), \]
  where $f$ is assumed to be nondecreasing and differentiable. I shall simplify the discussion by imposing:

Assumption 0  $f(s, x) = 1$ for all $(x, s) \in [0, 1]^2$.

- This assumption simplifies the treatment by making the state and civil society symmetric as players.
- All the results I shall emphasize can be generalized to the case where output depends on the strength of state and society.
There is conflict over the division of production.

At date $t$, if the state and citizens decide to fight, then one side will win and capture all of the output of the economy, and the other side receives zero. Winning probabilities are functions of relative strengths. In particular, the state will win if

$$s_t \geq x_t + \sigma,$$

where $\sigma$ is drawn from the distribution $H$, and denote its density by $h$.

The existence of the shock captures the stochastic nature of winning the conflict.
The cost of investment per unit of time depends on the existing fighting capacity. More specifically, I assume

$$C_x(x_t, x_{t-\Delta}) = \begin{cases} 
\Delta c_x\left(\frac{x_t - x_{t-\Delta}}{\Delta}\right) & \text{if } x_{t-\Delta} > \gamma_x, \\
\Delta c_x\left(\frac{x_t - x_{t-\Delta}}{\Delta}\right) + \Delta (\gamma_x - x_{t-\Delta}) \left(\frac{x_t - x_{t-\Delta}}{\Delta}\right) & \text{if } x_{t-\Delta} \leq \gamma_x.
\end{cases}$$

Because this cost is defined as per unit of time, it is multiplied by $\Delta$, while the amount of investment is in turn scaled by $\Delta$.

- The term $\gamma_x > 0$ captures the “increasing returns” nature of conflict: once one of the players stops making investments in its conflict capacity, it faces greater costs to get started.
- The function $c_x(\cdot)$ is defined over $[-\delta, 1]$, and thus captures the cost of making additional investments over the baseline of the previous period.
The cost of investment for the state is defined similarly as:

$$C_s(s_t, s_{t-\Delta}) = \begin{cases} 
\Delta c_s\left(\frac{s_t-s_{t-\Delta}}{\Delta}\right) & \text{if } s_{t-\Delta} > \gamma_s, \\
\Delta c_s\left(\frac{s_t-s_{t-\Delta}}{\Delta}\right) + \Delta (\gamma_s - s_{t-\Delta})\left(\frac{s_t-s_{t-\Delta}}{\Delta}\right) & \text{if } s_{t-\Delta} \leq \gamma_s.
\end{cases}$$
Assumption 1

1. $c_x$ and $c_s$ are continuously differentiable, increasing and weakly convex over $[-\delta, 1]$, and satisfy
\[ \lim_{x \to \infty} c_x(x) = \infty \text{ and } \lim_{x \to \infty} c_s(s) = \infty. \]

2. $c''_x(0) = c''_s(0)$.

3. $c'_x(0) > c'_s(0) > 0$.

$$c'_s(0) + \gamma_s \geq c'_x(0) > c'_s(0) > 0.$$
We also impose:

**Assumption 2** \( h \) is differentiable, single-peaked and symmetric around zero and satisfies for each \( z \in \{x, s\} \):

\[
c'_z(0) > h(1)
\]

and

\[
\min\{ h(0) - \gamma_z; h(\gamma_z) \} > c'_z(0).
\]
Given Assumptions 1 and 2, the investment decisions of both state and civil society are given by their respective first-order conditions (with complementary slackness). Namely, we take the limit $\Delta \rightarrow 0$, which give the optimality conditions for the state as:

$$h(s_t - x_t) \leq c'_s(\dot{s}_t) + \max\{0; \gamma_s - s_t\} \quad \text{if } \dot{s}_t = -\delta \text{ or } s_t = 0,$$

$$h(s_t - x_t) \geq c'_s(\dot{s}_t) + \max\{0; \gamma_s - s_t\} \quad \text{if } s_t = 1,$$

$$h(s_t - x_t) = c'_s(\dot{s}_t) + \max\{0; \gamma_s - s_t\} \quad \text{otherwise},$$

(1)
Civil Society

For civil society these are

\[ h(x_t - s_t) \leq c'_x(\dot{x}_t) + \max\{0; \gamma_x - x_t\} \quad \text{if } \dot{x}_t = -\delta \text{ or } x_t = 0, \]
\[ h(x_t - s_t) \geq c'_x(\dot{x}_t) + \max\{0; \gamma_x - x_t\} \quad \text{if } x_t = 1, \]
\[ h(x_t - s_t) = c'_x(\dot{x}_t) + \max\{0; \gamma_x - x_t\} \quad \text{otherwise.} \]

(2)
The Main Result

There are three locally asymptotically stable steady states

1. \( x^* = s^* = 1 \).
2. \( x^* = 0 \) and \( s^* \in (\gamma_s, 1) \).
3. \( x^* \in (\gamma_x, 1) \) and \( s^* = 0 \).
The Global Dynamics
The three stable steady-states (there may be others but none are stable) correspond to very different types of states:

- $x^* = s^* = 1$: here both state and society are strong and this results from a dynamic where each pushes the other in accumulating strength - this is the highest capacity.
- $x^* = 0$ and $s^* \in (\gamma_s, 1)$: society is ‘prostrate’ (to use the terminology of James Scott) but as a consequence the state gives up and is weaker than the previous case - there is lower capacity even if the state is dominant in society.
- $x^* \in (\gamma_x, 1)$ and $s^* = 0$: society dominates the state which gives up.
In his investigation of the changing nature of popular contention in Great Britain between 1758 and 1834, Charles Tilly noted that at the start of the period contention was about “local people and local issues, rather than nationally organized programs and parties” (p. 5).

Yet “between 1758 and 1833 a new variety of claim-making had taken shape in Britain . . . Mass popular politics had taken hold on a national scale” (p. 13).

Tilly observes how completely new forms of collective action emerged. Among these - the open meeting which had become “a kind of demonstration . . . a coordinated way of publicizing support for a particular claim on holders of power. Frequently a special purpose association, society or club called the meeting. What is more, meetings recurrently concerned national issues, emphatically including issues that the government and Parliament were on their way to deciding” (p. 10).
Tilly points out that “the means by which ordinary people made collective claims . . . underwent a deep transformation: increasingly they involved large scale, coordinated interaction that established direct contact between ordinary people and agents of the national state” (p. 14).
What set this Process in Motion?

- Tilly’s main argument is the driving force is the process of state formation

  “the rising intensity of British military efforts ... impelled an expansion of taxes, national debt, and service bureaucracies, which increased not only the state’s size but also its weight within the economy. In the process Parliament - critical to every decision concerning government revenue, expenditure and personnel - occupied ever more space in political decisions. These changes ... promoted a shift towards collective action that was large in scale and national in scope.” (p. 49)

- and

  “the expansion of the state pushed popular struggles from local arenas and from significant reliance on patronage towards autonomous claim-making in national arenas” (p. 53)
Table 5.5. Major issues of contentious gatherings in Southeastern England, 1789–1811

<table>
<thead>
<tr>
<th>Issue</th>
<th>Total 1758–81</th>
<th>1789</th>
<th>1795</th>
<th>1801</th>
<th>1807</th>
<th>1811</th>
<th>% of annual total</th>
<th>Total</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attacks on objects</td>
<td>10.2</td>
<td>0.0</td>
<td>0.9</td>
<td>0.0</td>
<td>0.9</td>
<td>0.0</td>
<td>0.5</td>
<td>10.2</td>
<td>2</td>
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<tr>
<td>Attacks on persons</td>
<td>11.9</td>
<td>5.8</td>
<td>2.8</td>
<td>14.5</td>
<td>6.5</td>
<td>4.2</td>
<td>6.2</td>
<td>11.9</td>
<td>23</td>
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<td>Food prices</td>
<td>2.0</td>
<td>0.0</td>
<td>12.0</td>
<td>3.6</td>
<td>0.0</td>
<td>0.0</td>
<td>4.0</td>
<td>2.0</td>
<td>15</td>
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<td>Taxes</td>
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<td>0.0</td>
<td>1.9</td>
<td>2.1</td>
<td>3.2</td>
<td>0.3</td>
<td>12</td>
</tr>
<tr>
<td>Trade</td>
<td>3.6</td>
<td>0.0</td>
<td>7.4</td>
<td>9.1</td>
<td>4.6</td>
<td>6.3</td>
<td>5.7</td>
<td>3.6</td>
<td>21</td>
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<td>Catholic claims</td>
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<td>0.0</td>
<td>1.8</td>
<td>2.8</td>
<td>0.0</td>
<td>1.1</td>
<td>6.9</td>
<td>4</td>
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<td>Elections</td>
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<td>3.8</td>
<td>0.9</td>
<td>0.0</td>
<td>3.2</td>
<td>0.0</td>
<td>2.1</td>
<td>5.6</td>
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<td>Royalty</td>
<td>10.8</td>
<td>42.3</td>
<td>15.7</td>
<td>10.9</td>
<td>7.4</td>
<td>8.3</td>
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<td>National government</td>
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<td>7.7</td>
<td>17.6</td>
<td>20.0</td>
<td>18.5</td>
<td>22.9</td>
<td>17.5</td>
<td>10.2</td>
<td>65</td>
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<td>Local government</td>
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<td>3.7</td>
<td>9.1</td>
<td>4.6</td>
<td>6.3</td>
<td>4.6</td>
<td>6.3</td>
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<tr>
<td>Wardmote</td>
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<td>3.8</td>
<td>3.7</td>
<td>0.0</td>
<td>12.0</td>
<td>2.1</td>
<td>5.4</td>
<td>0.7</td>
<td>20</td>
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<td>Other</td>
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<td>23.1</td>
<td>33.3</td>
<td>30.9</td>
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<td>45.8</td>
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<td>99.9</td>
<td>99.9</td>
<td>99.9</td>
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<td>N</td>
<td>302</td>
<td>52</td>
<td>108</td>
<td>55</td>
<td>108</td>
<td>48</td>
<td>48</td>
<td>302</td>
<td>371</td>
</tr>
</tbody>
</table>
### Table 5.6. Formations participating in Southeastern contentious gatherings, 1789–1811

<table>
<thead>
<tr>
<th>Type of formation</th>
<th>Total 1758–81</th>
<th>1789</th>
<th>1795</th>
<th>1801</th>
<th>1807</th>
<th>1811</th>
<th>Total</th>
<th>N</th>
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<tr>
<td>Parliament/MP</td>
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<td>12.8</td>
<td>15.1</td>
<td>1.7</td>
<td>22.1</td>
<td>21.5</td>
<td>15.5</td>
<td>184</td>
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<td>National officials</td>
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<td>4.1</td>
<td>2.0</td>
<td>3.4</td>
<td>1.0</td>
<td>1.8</td>
<td>2.2</td>
<td>26</td>
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<tr>
<td>Royalty</td>
<td>3.0</td>
<td>14.2</td>
<td>8.3</td>
<td>3.4</td>
<td>3.6</td>
<td>3.7</td>
<td>6.5</td>
<td>77</td>
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<tr>
<td>Gentlemen, nobles</td>
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<td>4.7</td>
<td>2.3</td>
<td>4.5</td>
<td>4.0</td>
<td>10.4</td>
<td>4.5</td>
<td>53</td>
</tr>
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<td>Judges</td>
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<td>3.0</td>
<td>5.6</td>
<td>1.7</td>
<td>1.8</td>
<td>2.5</td>
<td>30</td>
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<tr>
<td>Mayor</td>
<td>2.1</td>
<td>2.0</td>
<td>1.3</td>
<td>2.2</td>
<td>1.7</td>
<td>2.5</td>
<td>1.8</td>
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<tr>
<td>Other local officials</td>
<td>5.7</td>
<td>4.7</td>
<td>11.8</td>
<td>4.5</td>
<td>13.5</td>
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<td>Clergy</td>
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<td>0.0</td>
<td>0.7</td>
<td>8</td>
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<td>Freeholders/electors</td>
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<td>4.7</td>
<td>2.0</td>
<td>3.4</td>
<td>0.7</td>
<td>1.8</td>
<td>2.2</td>
<td>26</td>
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<td>Other local assemblies</td>
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<td>10.1</td>
<td>8.4</td>
<td>10.9</td>
<td>9.8</td>
<td>9.3</td>
<td>110</td>
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<td>Members of trade</td>
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<td>7.9</td>
<td>4.3</td>
<td>4.3</td>
<td>7.2</td>
<td>86</td>
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<td>Other interest</td>
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<td>6.2</td>
<td>10.2</td>
<td>6.1</td>
<td>7.1</td>
<td>85</td>
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<td>Police</td>
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<td>2.0</td>
<td>2.2</td>
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<td>3.7</td>
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<td>Troops</td>
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<td>6.2</td>
<td>1.3</td>
<td>3.1</td>
<td>4.5</td>
<td>53</td>
</tr>
<tr>
<td>Unnamed crowd</td>
<td>11.3</td>
<td>3.4</td>
<td>5.0</td>
<td>5.1</td>
<td>2.6</td>
<td>3.7</td>
<td>4.0</td>
<td>48</td>
</tr>
<tr>
<td>Named individuals</td>
<td>9.9</td>
<td>4.1</td>
<td>2.8</td>
<td>6.2</td>
<td>2.6</td>
<td>1.2</td>
<td>3.2</td>
<td>38</td>
</tr>
<tr>
<td>Other</td>
<td>20.9</td>
<td>20.3</td>
<td>11.3</td>
<td>25.8</td>
<td>16.2</td>
<td>14.1</td>
<td>16.2</td>
<td>193</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99.8</strong></td>
<td><strong>100.1</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.1</strong></td>
<td><strong>100.0</strong></td>
<td><strong>99.9</strong></td>
<td><strong>100.1</strong></td>
<td><strong>1189</strong></td>
</tr>
</tbody>
</table>
During the summer of 1939 the government and most social and economic activity came to a standstill in Tivland, Nigeria, because of a cult called *Nyambua*.

At the heart of the cult was a shrine and a man called Kokwa who sold charms to provide protection from *mbatsav* or “witches”.

*Tsav* means “power”, particularly power over others. A person with tsav (it is a substance that grows on the heart of a person) can make others do what they want and kill them by using the power of fetishes and tsav can be increased by cannibalism.

“A diet of human flesh makes the tsav, and of course the power, grow large. Therefore the most powerful men, no matter how much they are respected or liked, are never fully trusted. They are men of tsav - and who knows?” (Bohannon, 1958)

The people will tsav belong to an organization - the mbatsav.
Tiv Farming Village
The Mbatsav

- Mbatsav has two meanings:
  - Powerful people (it is the plural of tsav)
  - A group of witches organized for nefarious purposes (robbing graves to eat the corpses)
- People initiated into the Nyambua cult were given a leather covered wand and a fly whisk. The whisk allowed one to smell out “counterfeit” tsav - created by cannibalism. In 1939 the whisks were pointed towards the ‘chiefs’ created by British indirect rule (the Tiv had no chiefs prior to the colonial period).
- But historical evidence shows this was much deeper

“When the land has become spoilt owing to so much senseless murder [by tsav] the Tiv have taken strong measures to overcome the mbatsav. These big movements have taken place over a period extending from the days of the ancestors into modern times” (Akiga, 1939)
In essence these religious cults were a way of stopping anybody becoming too powerful

“Men who had acquired too much power ... were whittled down by means of witchcraft accusations. Nyambua was one of a regular series of movements to which Tiv political action, with its distrust of power, gives rise to so that the greater political institutions - the one based on the lineage system and a principle of egalitarianism - can be preserved” (Bohannon, 1958)

But to have a state someone has to become powerful, start giving orders to others who accept their authority.
In another part of the parameter space a state emerges which dominates society.

Our argument here is that such a state is intrinsically limited

because the weakness of society means that it never has to accumulate as much strength as a state which is pushed by society.

when \( f(s_t, x_t) \) such a state produces much less output.

Examples of this would be contemporary Rwanda or China.
The Basin of Attraction

The Greek Parameters

- Some consensus amongst scholars about this
  - The transition from the use of bronze to iron in itself redistributed political power in society. As Gordon Childe put it “cheap iron democratized agriculture and industry and warfare too”.
  - Technological revolutions.
    - The emergence of writing. Bronze Age Greece had Linear A and Linear B, restricted to the elite and use primarily for record keeping by the state. Around 800 BC a new type of writing emerged which spread much more broadly in society.
    - The perfection of hoplite warfare, perhaps connected to the spread of iron weaponry. Polities who could amass more hoplites in battle had a military advantage and it is possible that this helped to undermine a further empowerment of the mass of citizens.
  - Political leaders could not claim to rule by divine right and there was no fusion between the political elite and religion. Religious power, such as that of the oracle at Delphi, was not controlled by political elites.
The Burial Boom

Fig. 23. Total numbers of burials per thirty-year generation for Athens, Attica and Argos, 1050–700 BC (after Snodgrass 1980, fig. 4)
Egalitarian Burials

Table 17. *Mean contents of burials in the Corinth North Cemetery, c.700–720 BC*

<table>
<thead>
<tr>
<th>Period</th>
<th>Vases</th>
<th>Metal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Geometric II (c.770–750 BC: grs.14–24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult</td>
<td>2.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Child</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Late Geometric (c.750–720 BC: grs.25–48)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Child</td>
<td>0.8</td>
<td>0</td>
</tr>
</tbody>
</table>
Some consensus amongst scholars about this:

- Economic diversification intensified after the discovery of the Americas, broad participation in trade and mercantile activities
- Absence of natural resources creating very high rents from holding political power (as in Early Modern Spain with its’ colonial extractions)
- Relatively weak Monarchy faced with constitutional constraints in principle since the Magna Carta of 1215
- Absence of labor coercion after the final collapse of feudalism in the wake of the Black Death in the 1340s allowed emergence of vibrant civil society
Conclusions

- Social scientists have persuasively argued that state capacity is critical for development.
- But much remains to be understood about how state capacity emerges and how it rests on the ‘capacity’ of civil society.
- I have argued using case study evidence and a simple model that it is likely that to understand state capacity one must understand how the state interacts with society.
- A state has capacity not because elites have decided to solve some top-down engineering problem.
- Existing states which have capacity appear to have it because of mass cooperation and legitimacy in society, acquired because society has played a major role in the creation and shaping of state institutions.
- But once you start thinking of this interaction you can easily generate many different sorts of states depending on initial conditions. Can help understand the variation in the world.
The Phase Diagram