

PhD Seminar on State Formation

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Thursdays 2:00pm-4:00pm, Room 212.

Description: This is a seminar about why states form, what types of states form, and how this impacts developments outcomes like growth and inequality. Over the course of the semester we will review what both current and classic work has to say about state formation. Aside from doing the reading and participating in discussion, the core requirement is that students produce either a research paper or two research paper proposals. The final two weeks of the semester will be used to have students present their ideas in class.

Readings: Readings will be made available electronically. Readings to prioritize are marked with a star.

January 26th – Introduction

No readings for this introductory session.

February 2nd – When and Why States Form

There are many theories of state formation. These theories usually adhere to one of the following two views. According to the first view it is socially optimal to have a state. According to the second view, state formation involves domination by one individual or group over others. North (1981) refers to these as the “contract” and the “predatory or exploitation” views of the state. In this session we will consider several classic works on the subject

*James Scott. 2010. *The Art of Not Being Governed: An Anarchist History of Upland Southeast Asia*, pp.1-39. For Scott state building in Southeast Asia was about exploitation, and many people sought to escape it.

*Robert Carneiro. 1970. “A Theory of the Origin of the State” *Science*. He suggests that early states emerged when people were forced for natural reasons to live in a circumscribed area.

Robert Allen. 1997. “Agriculture and the Origins of the State in Ancient Egypt” *Explorations in Economic History*. An empirical illustration of Carneiro’s circumscription theory using the case of Ancient Egypt.

*Douglass North. 1981. “A Neoclassical Theory of the State.” in *Structure and Change in Economic History*. For North a state provides services (especially property rights) in exchange for revenue. State behavior is conditioned by how secure rulers are from potential entry by others who could provide the same services.

*Ernesto Dal Bo, Palo Hernandez, and Sebastian Mazzucca. 2015. “The Paradox of Civilization: Pre-Institutional Sources of Security and Prosperity.” One way to think of this paper is as a formal elaboration of some of the ideas from North (1981).

Carles Boix. 2015. “Tabula Rasa” pp.22-59 in *Political Order and Inequality*. For Boix a state emerges when technological changes results in some people becoming more productive than others, leading to demands for protection.

February 9th – snow day, NYU closed

February 16th – The Monopoly of Violence

For Max Weber a fundamental characteristic of a state was that it claimed a monopoly on the legitimate use of force within its territory.¹ A first question for this week is whether and why it is necessarily socially optimal to have a monopoly of violence. A second question is how this monopoly of violence gets established. A third question is how we can best understand state contexts in which the monopoly of violence is incomplete.

*Max Gluckman. 1955. “The Peace in the Feud.” *Past and Present*. How some societies have regulated their affairs without a monopoly of violence.

*Frederic Lane. 1958. “Economic Consequences of Organized Violence.” *Journal of Economic History*. He claims that violence provision has characteristics of a natural monopoly. Does this make sense?

Charles Tilly. 1985. “War Making and State Making as Organized Crime.” In this famous piece Tilly draws on Lane’s logic to make a parallel between state making and organized crime.

*Avidit Acharya and Alexander Lee. 2016. “Economic Foundations of the Territorial State System.” For these two authors “territorial states”² emerge as a consequences of cartel like behavior

*Daron Acemoglu, James Robinson, and Rafael Santos. 2013. “The Monopoly of Violence: Evidence From Colombia.” *Journal of the European Economic Association*. An equilibrium where a state outsources violence, so a monopoly of violence is absent.

Daniel Hidalgo and Benjamin Lessing. 2015. “Endogenous State Weakness in Violent Democracies: Paramilitaries at the Polls.” They show how electoral competition can favor attempts to armed groups to weaken the monopoly of violence.

¹ Note the slightly different claim by North (1981 p.21) that “a state is an organization with a comparative advantage in violence.”

² The phrase “territorial state” is generally taken to mean a state delineated by explicit territorial boundaries.

February 23rd – Ungoverned Space

Even in today's world of territorial states, many rulers leave large parts of their territory ungoverned, sometimes explicitly but more often implicitly. Why would a state leave some of its territory ungoverned? What factors determine whether costs of governance outweigh the benefits? What other influences might keep a state from successfully governing its territory?

*Eli Berman (2012) "Why Ungoverned Space? A Political Economy Approach." Berman lays out a very simple but also very useful illustrative model focusing on costs of governance and benefits of governance. Provocatively, he suggests that the decision to leave space ungoverned will not depend on regime type.

*Michael Callen, Saad Gulzar, Arman Rezaee, and Jacob Shapiro. 2015. "Choosing Ungoverned Space: Pakistan's Frontier Crimes Regulation." A high quality empirical analysis of ungoverned space in Pakistan. Here technological change (the green revolution) made some areas more productive, thus more useful as sources of revenue, and direct governance expanded.

*James Scott. 2010. "Keeping the State at a Distance: The Peopling of the Hills" in *The Art of Not Being Governed: An Anarchist History of Upland Southeast Asia*. pp.127-177. He argues that in some cases space is ungoverned not just because of forbidding geography, but also because those who seek to remain ungoverned flee there.

*Melissa Lee. 2016. "Introduction" pp.1-16 in *Crippling Leviathan: How Hostile Neighbors Weaken the State*. She argues that instead of focusing only on domestic costs and benefits of governance, we ought to also consider how presence of hostile neighbors would subvert state authority.

Robert Jackson and Carl Rosberg. 1982. "Why Africa's Weak States Persist: The Empirical and the Juridical in Statehood." *World Politics*, 35:1-24. An argument for how the international system supports states that do not govern parts of their territory.

John Gerring and Daniel Ziblatt (2011) "An Institutional Theory of Direct and Indirect Rule." *World Politics*. These two authors consider the related issue of direct vs. indirect control, and why states might prefer indirect control.

March 2nd – State Capacity

The vast majority of state policies require administrative capacity to implement. Development failures are very often blamed on the absence of weakness of state capacity. So where does state capacity come from in the first place? The existing literature on this question provides us with two answers to this question, one empirical and one theoretical. On the empirical side it is widely argued that interstate conflict leads to improvements in state capacity. This idea is most commonly associated with Charles Tilly. On the theoretical side Tim Besley and Torsten Persson suggest that development of state capacity involves an intertemporal tradeoff where governments defer current consumption so as to have greater future capacity. Governments with longer time horizons will therefore be more likely to invest in state capacity.

*Timothy Besley and Torsten Persson (2011) *Pillars of Prosperity*. Ch.1. An introduction to their approach.

Timothy Besley and Torsten Persson. 2009. “The Origins of State Capacity: Property Rights, Taxation, and Politics” *American Economic Review*. This is the original piece outlining their theory.

Nicola Gennaioli and Joachim Voth (2013) “State Capacity and Military Conflict.” *Review of Economic Studies*. They use European evidence to support the idea that warfare produced state capacity.

Hannah Simpson. 2016. “Justice for Sale: Political Exigency and the Development of a Legal System.” Shows how a temporary revenue shock can lead a state (in this case England circa 1200 A.D.) to invest in state capacity.

*Yuhua Wang. 2016. “Smart Leviathan: The Intellectual Origins of State Capacity in China.” Traces the persistent effects on state capacity from Imperial China’s civil service exam.

*Miguel Angel Centeno. “Blood and Debt: War and Taxation in Nineteenth Century Latin America.” *American Journal of Sociology*.

*Laura Paler (2013) “Keeping the Public Purse: An Experiment in Windfalls, Taxes, and the Incentives to Restrain Government.” *American Political Science Review*. Usually we think that state capacity is necessary in order to raise taxes. Paler’s piece prompts us to ask whether taxes might themselves lead to capacity improvements via increased citizen monitoring.

March 9th – State Institutions and Long Term Persistence

Since the now famous paper by Acemoglu, Johnson, and Robinson (2001) people have gotten used to the idea that long-term persistence matters. State institutions at either the local or central level can be very persistent over time. State institutions can also have long run effects on development outcomes even after the initial institutions disappear. The challenges for this literature entail showing what mechanisms lead to persistence.

*Stelios Michalopoulos and Elias Papaioannou. 2013. “Pre-Colonial Ethnic Institutions and Contemporary African Development.” *Econometrica*. The authors demonstrate a striking correlation between precolonial ethnic institutions in Africa and current development outcomes.

*Melissa Dell, Nathan Lane, and Pablo Querubin. 2015. “State Capacity, Local Governance, and Economic Development in Vietnam.” The parts of Vietnam where outside rule by China established institutions at the village level show better outcomes today. An important case of persistence at the local level.

*Melissa Dell. 2010. “The Persistent Effect of Peru’s Mining *Mita*.” *Econometrica*. The paper that popularized the use of geographic RD designs. More importantly for our purposes, an empirical assessment of the persistent effects of “extractive institutions”

*Jeanet Bentzen, Jacob Hariri, and James Robinson. 2015. “The Indigenous Roots of Representative Democracy.” In societies where societies chose rulers rather than having rulers chosen for them democracy is more likely to prevail today.

Paola Giuliano and Nathan Nunn (2013) “The Transmission of Democracy: From the Village to the Nation-State” *American Economic Review: Papers and Proceedings*. An argument similar in spirit to that made by Bentzen et al.

March 23rd – Foundations of Property Rights

How do property rights emerge? The simplest theory suggests that they are more likely to emerge the higher is the cost of not having them, but this ignores obstacles to property rights provision on the supply side. One question we have encountered previously is whether a monopoly for property rights provision emerges. The next question is what keeps providers of property rights from engaging in predation.

*Harold Demsetz. 1967. "Toward a Theory of Property Rights." *American Economic Review*. Demsetz provides the baseline model. For him property rights are more likely to emerge as the costs of not having them increase, and this can happen through exogenous shifts in demand.

*Raul Sanchez de la Sierra. 2017. "On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo." He investigates a context similar to that explored by Demsetz. The addition is that property rights are provided when those with a comparative advantage in violence shift from predation to protection.

Raul Sanchez de la Sierra. 2015. "Dis-Organizing Violence: On the Ends of the State, Stationary Bandits, and the Time Horizon." Those with a potential monopoly on violence will only shift to providing protection when they have sufficiently long time horizons.

*Paolo Buonanno, Ruben Durante, Giovanni Prarolo, Paolo Vanin. 2015. "Poor Institutions, Rich Mines: Resource Curse in the Origins of the Sicilian Mafia." If state institutions exist but are weak, then when price shocks create demand for protection this can favor provision of property rights by non-state authorities."

*Yuhua Wang. 2015. *Tying the Autocrats Hands: The Rise of the Rule of Law in China*. pp.1-49. Wang lays out a theory for the Chinese context suggesting how respect for property rights can emerge when rulers need the cooperation of organized interest groups.

March 30th – Popular Rule and Government by Consent

States vary in the extent to which rulers must seek consent for their decisions and in the degree to which a broad portion of the population can participate in politics. For recent times empirical analyses focus on the determinants of democracy. When considering earlier centuries scholars ask when and why institutions of consent-based governance that placed constraints on rulers were present.

*Seymour Martin Lipset. 1959. “Some Social Requisites of Democracy: Economic Development and Political Legitimacy.” *American Political Science Review*. The most important early contribution in this debate, and it is still very much worth a read.

*James Robinson. 2006. “Economic Development and Democracy.” *Annual Review of Political Science*. An interesting thought piece that fleshes out some of the ideas in the “income and democracy” paper by Acemoglu et al.

Carles Boix (2011) “Democracy, Development, and the International System.” *American Political Science Review*. He uses the same empirical specification as the “income and democracy” paper but with data covering a longer time span and recovers a positive relationship between per capita income and democracy.

*Bentzen, Jeanet, Nicolai Kaarsen, and Asger Moll Wingender. 2016. “Irrigation and Autocracy” *Journal of the European Economic Association*. Bentzen et al. consider local level correlations between irrigation and democratic outcomes.³

*Stasavage, David. 2016. “Representation and Consent: Why They Arose in Europe and Not Elsewhere.” *Annual Review of Political Science*. An effort to ask why institutions of consent emerged in Europe but not China or the Middle East.

Victoria Tin-Bor Hui (2001) “The Emergence and Demise of Nascent Constitutional Rights: Comparing Ancient China and Early Modern Europe.” *Journal of Political Philosophy*. An argument that interstate warfare reinforced political rights in Europe.

³ Background: In 1957 Karl Wittfogel wrote a book suggesting that large scale irrigation historically went hand in hand with despotic rule. His work would subsequently be roundly criticized, both for its cultural assumptions as well as some of its empirical inaccuracies. One criticism was that irrigation was often managed locally rather than centrally.

April 6th – No class MPSA

April 13th – – Inclusive Institutions and Development

Many scholars have a strong sense that democratic style institutions that allow for broad participation in politics ought to favor economic development. However, the empirical evidence to support this idea has proven to be mixed. One possible reason is that democratic institutions can sometimes secure property rights while in other instances being associated with instability. Another possibility is that the effect of democratic institutions on development is dependent on how a society itself is organized.

*Daron Acemoglu, Suresh Naidu, Pascual Restrepo, and James Robinson. 2015. “Democracy Does Cause Growth.” The authors suggest that the well known rest in Barro (1999) suggesting that democracy is not correlated with higher growth rates results from failure to control for the fact that democratization is often preceded by a decline in GDP.

Daron Acemoglu. 2008. “Oligarchic Versus Democratic Societies.” *Journal of the European Economic Association*. An instructive model of how different political regimes can influence growth. Under oligarchy, property rights for a few may be secure, but if innovation requires new entrants then growth may eventually stagnate. Under democracy property rights may be less secure, but the possibility of new entrants with new innovations is more likely.

*David Stasavage. 2016. “When Inclusive Institutions Failed: Lessons From the Democratic Revolutions of the Middle Ages.” An argument, with empirical evidence, suggesting that early attempts to establish inclusive institutions because European urban society was dominated by guilds.

Ralph Davis. 1995. “Introduction.” pp.1-5, *The Origins of Modern Freedom in the West*. Brief summary of the idea that European growth was fostered by representative institutions.

Douglass North. 1995. “The Paradox of the West” pp.7-34 in *The Origins of Modern Freedom in the West*. A statement by North of his view that “economic growth and the development of freedom are complementary processes of societal development.”

*Jan Luiten van Zanden, Eltjo Buringh, and Maarten Bosker. 2011. “The Rise and Decline of European Parliaments.” *Economic History Review*.

*Scott Abramson and Carles Boix. 2015. “The Roots of the Industrial Revolution: Political Institutions or (Socially Embedded) Know How.”

April 20th - Nation States and Artificial States

Many states have a single dominant national culture, but many other states do not. A key question is when the inhabitants of a state acquire and adhere to a single national identity and how this influences development. Recent work suggests rather unambiguously that divided identities are bad for development, and that these often emerge when “artificial” states are created with boundaries that pay little attention to group identities. In this session we will explore how robust these findings are. We will also ask how national identities are acquired in the first place. Here we find some authors who emphasize that national identities emerge slowly whereas others argue that in practice they are sometimes constructed rapidly.

Alesina, Alberto, William Easterly, and Janina Matuzeski. 2011. “Artificial States.” *Journal of the European Economic Association*. They propose a way of measuring artificial states and look at the correlation with development.

*Stelios Michalopoulos and Elias Papaioannou. 2016. “The Long-Run Effects of the Scramble for Africa.” *American Economic Review*. The best empirical effort to document a longstanding idea that the artificial way in which African states were created led to poor development outcomes.

*Ted Miguel (2004) Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania. *World Politics*. Vol.56 pp.327-362. Contrasts Tanzanian experience, where there was significant nation-building post-independence, with Kenyan experience where there was not. Miguel’s work suggests that a national identity can be constructed rather quickly.

*Eric Hobsbawm (1983) – “Mass Producing Traditions: Europe 1870-1914.” In *The Invention of Tradition*. This is another contribution that suggests national identities can be reinforced rather quickly. Hobsbawm shows that many traditions we think of as being ancient were actually created during a brief period when European rulers sought to mobilize nationalist sentiment.

*Leonid Peisakhin. 2010. “Living Historical Legacies: The ‘Why’ and ‘How’ of Institutional Persistence – The Case of Ukraine.”

Eugen Weber (1976) *Peasants into Frenchmen: The Modernization of Rural France, 1870-1914*. Stanford University Press. pp.3-23, 195-377.

April 27th – Geography, Inequality, and State Formation

In this session we will consider two interrelated questions. The first concerns the effect of geography and transparency of the production process on whether a more coercion centered state forms or whether one forms that includes checks on central control. The second question is whether and when the process of state formation inevitably involves increased inequality.

*Joram Mayshar, Omer Moav, and Zvika Neeman. 2016. “Geography, Transparency, and Institutions.” They argue that transparency of the production process can prompt rulers to shift towards more coercive strategies for generating revenue. This also results in a more unequal society.

*Joram Mayshar, Omer Moav, Zvika Neeman, and Luigi Pascali. 2016. “Cereals, Appropriability, and Hierarchy.” An article in a similar spirit as their other contribution but this time concentrating on the type of crop produced.

David Stasavage. 2010. “When Distance Mattered: Geographic Scale and the Development of European Representative Assemblies.” *American Political Science Review*. This article provides evidence to show that in medieval and early modern Europe geography influenced whether a representative assembly that constrained executive power could emerge. This is the flipside of the geography effect considered by Mayshar et al.

Carles Boix. 2015. “Inequality” pp.171-202 in *Political Order and Inequality: Their Foundations and Their Consequences for Human Welfare*. Empirical evidence on state formation and inequality.

*Nicolas van de Walle. 2009. “The Institutional Origins of Inequality in Sub-Saharan Africa.” *Annual Review of Political Science*. How increased inequality has been a fundamental part of statebuilding in Sub-Saharan Africa.

*Walter Scheidel. 2017. *The Great Leveler: Violence and the History of Inequality From the Stone Age to the Twenty-First Century*. pp.1-113.

May 4th – Presentations