

## **STATE-BUILDING IN HISTORICAL PERSPECTIVE (Carles Boix)**

(Notes for Oxford meeting, 27 september 2010)

Although the literature on state-building is often thought as encompassing a very wide number of topics (the emergence in stateless societies of organizations with the monopoly of coercion, the variation in constitutional structures and in the administrative structure of the state, the efficacy with which states govern their territory, the territorial size of states, the sources of state legitimation, the emergence and role of national identities in the process of state construction, etc.), these notes will focus on two questions: (1) the origins or emergence of the state; (2) the (territorial) size of states (that is, the varying area over which states project power and authority). However, it is often very difficult to treat these two questions separately from the other topics just listed.

### **1. THEORIES OF STATE FORMATION**

#### Concept of state.

Following Max Weber, most researchers tend to define a state as a set of individuals or organizations holding the monopoly of coercion over a given territory and population in a stable manner (Weber 1968). This definition does not go, however, uncontested. Part of the literature on state-building in modern Europe define the state in a more restrictive way. Strayer (1970) sees the modern state (characterized by having absolute sovereignty over relatively large populations, normally using compact, impersonal institutions) as a different construct from the pre-modern states (city-states, empires, city leagues, feudal arrangements) and places the former's emergence in the late Middle Ages. Finer (1997) and particularly Skinner (1988, vol 1, introduction) locate the birth of the modern state (defined as one in which the ruler does not just maintain his position of power but where he has a duty to defend and govern a separate legal and constitutional order) in the philosophical and conceptual debates of early modern Europe. Most realists in the international relations literature take the Peace of Westphalia as the point of departure of a system of sovereign states (for a review and critique see Osiander 2001). As I point later, these conceptual choices affect our coding of the dependent variable and therefore have important implications for the study of state-building processes (at least in modern times).

#### From stateless societies to political institutions.

Discussions on the formation of state institutions were limited, until very recently, to two strands of research: a/ a normative approach, mostly cultivated by political philosophers working within the contractarian tradition (Hobbes, Locke, etc.); b/ a broad, structural sociological literature, devoid of any analytical/formal foundations and generally imprecise about the origins of the state. The second strand includes three approaches: a Marxist one that sees the state as an instrument of class domination (for a relatively modern version see Wallerstein's concept of "world-systems" (Wallerstein 1974)); a literature that thinks of the state as a functional response to certain collective or economic needs (Wittfogel's

conception of Middle-Eastern states emerging to coordinating vast hydraulic works would fit here; the closest in the political economy literature to a functionalist argument would be Olson's discussion of the state as a solution to collective action problems in large groups (1993)); and a literature that emphasizes the role war plays in the formation of the state. Because the latter has developed mostly to study modern state formation, I review it (and some coetaneous responses) in Sections 2 to 4.

In the last two three decades, the literature on the formation of the state has both expanded considerably in volume and adopted a more rationalist perspective based on the principle of methodological individualism. Drawing on contractarian theory and neoclassical economics, the first generation of this research modeled the process of state formation as the outcome of a contract between two parties (producers and soldiers), each specialized in different activities, whereby the producers exchange material support for protection against external threats.<sup>1</sup> Contractual approaches present at least two problems: the ruler has little or no incentive to abide by the terms of the contract after he acquires the monopoly of coercion; a simple contractarian theory cannot account for any asymmetrical or unequal relationships between ruler and ruled (unless it brackets the question of the initial inequalities of the parties in the contract). As a result, the literature in state formation has given way to a second generation of theories that insist on modeling explicitly the problem of violence and predation to understand the formation of the state (North 1981, chapter 3; Levi 1989; Olson 1993, 2000; Bates 2001; Konrad & Skaperdas 2006): these theories offer a synthesis between pure contractual and predatory-Marxist models of state formation.

Although the precise structure of the second generation of state-formation models varies across authors, the basic components of that approach are as follows. In a world populated by income-maximizing agents, some individuals specialize in violence and the rest specialize in production, according to some underlying personal characteristics or endowments. The "specialists in violence" may either expropriate the producers or offer their protection in exchange for some permanent transfers. If the latter, the specialist in violence moves from being a "roving bandit" to becoming a "stationary bandit" or monarch/ruler. As a result, a state (in the Weberian sense of the word) is born. The emergence of the state as a stable equilibrium depends on: the benefits of receiving a continuous stream of revenues (as opposed to engaging in one-time looting followed by systematic conflict); the discount rate of the bandit; and, arguably (although less discussed in the literature), the military skills/technology of the bandit (vis-à-vis producers and other potential bandits). Given the structure of the model, empirically we should observe that the stationary bandit equilibrium tends to collapse (and conflict reappears) in the aftermath of sudden price shocks, the discovery of new types of assets, and shifts in military technology.

Overall, the empirical validation of this model has been sparse (Bates 2008). Little has been said about the underlying factors behind different discount rates, about the types of assets that affect the intertemporal calculations of bandits and about the ways through which military technologies affect the

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<sup>1</sup> Hardin 1997 provides a historical review of this literature, which turns out to be mainly located in classical contractarian theories plus some Hume and Smith; economists using pure exchange models look more at lobbying and policy-making than state-building (Becker 1985).

process of state formation. The literature on civil wars may be the closest empirical work we have to the problem of state formation – seen, however, from the point of view of institutional collapse.

From a theoretical point of view, the existing models of state formation are imprecise about the conditions under which non-enforced cooperation is feasible (the closest condition relies on size and the ability of groups to overcome collective action problems (Olson 1993, 2000); but then size, generally not endogenized, is at most explained by the explanandum – the state). They do not entertain the possibility of states forming as self-governing polities. They say little about the distributional effects of state formation. In Boix (2010) I offer a model in which all individuals cooperate without permanent political institutions provided their economic conditions are relatively equal. However, as soon as inequality rises (due to a biased technological shock), their spontaneous coordination around peace becomes unfeasible. Agents sort out into different types (productive or predatory). Three outcomes are then feasible: a permanent situation of conflict; the formation of monarchies, where the more productive agents make a transfer to the less productive ones in exchange for permanent protection; or a self-government or republican system, where the producers invest directly on some defensive structures to deter the latter from looting them. For the “republican” solution to be stable, the producers must be relatively homogeneous (this has strong connection to the democracy-inequality literature). All the political solutions to violence, which are strongly affected by military technology and the opportunity costs of not producing, lead to distinct distributional outcomes (in conjunction with the nature of technological shocks).

For the sake of simplicity, state-formation models assume a single ‘stationary bandit’ (and therefore a single ruler). However, states generally form when a set of several bandits form a coalition to rule over the rest of the population. Hence, a central factor behind the creation of political order (and its breakdown) is the construction of mechanisms (normally via institutions) to make sure that the coalition of bandits remains stable over time (Myerson 2008, Boix and Svulik 2010). In other words, the process of state building cannot be easily disassociated from the investigation of its governing institutions.

## **2. STATE FORMATION IN MODERN EUROPE**

### War and State Building.

In response to Marxists theories of the state as an instrument of economic domination, the historian Otto Hintze characterized war as “the great fly-wheel for the whole political enterprise of the modern state” (as quoted in Ertman 1997) in a 1902 essay, “State Formation and Constitutional Development”. Max Weber (1968) followed suit in his *Economy and Society*. Nonetheless, interest in war-making and state-building would only take off with a series of conferences of SSRC’s Committee on Comparative Politics in the late 1960s, finally published in an edited volume in 1975 (Tilly 1975).

The best, more elaborated exposition of this ‘historical sociology’ approach is Tilly (1990). In Tilly (1990) (as well as Hintze (1975), Bean (1973), McNeill (1982)), war makes the state. In an anarchical system, where states need to accumulate power, simply to preempt any offensive actions of their neighbors, technological shocks determine the size (and type of state). In late medieval Europe, the invention of the cannon forced rulers to look for resources and to expand their armies. That in turn triggered the creation of modern bureaucracies, the introduction of systematic taxation, and, in response to the resistance of the population, the deployment of state institutions to maintain political order at the domestic level. Operating under a Darwinian logic of competition and survival of the fittest, the growing sophistication of military technology and the intensification of interstate warfare led to the gradual (sometimes, sudden) merger of units into larger states in Europe: from 200 states, principalities and city-states in 1450 to about 25 in 1830.

The process of political “mergers and acquisitions” proceeded at different speeds across Europe: states became territorially large early in time in the Western and Eastern tips of the continent; the European core (stretching from the Low Countries and Denmark to Central Italy) remained quite fragmented at least until the Napoleonic wars. With the Italian and German unifications of 1870, almost all states became territorially large. Tilly attributes this variation in the impact of war on state-making (both in territorial size but also on type of constitutional structures) to a “coercion/capital” ratio across Europe: areas rich in capital could arguably remain small for a longer period of time. (Although Tilly’s argument is relatively compelling, it suffers from at least three problems: (i) ‘coercion’ is not a resource – akin to money – to be employed by the ruler to build a state but rather a mechanism to muster compliance ( a solution to this problem is to replace Tilly’s ratio with a land/capital ratio); (ii) it does not specify why capital-rich areas remained small and did not expand; (iii) England, which Tilly treats as rich in both coercion and capital, fits uneasily with the predictions of the book.)<sup>2</sup>

Tilly also associates the capital-coercion ratio with constitutional type: capital-rich countries maintained medieval constitutional structures (unless until the Napoleonic wars); coercion-rich countries became absolutist. Hintze (1975) explains that variation as a function of type of military (navy-based versus land army). Huntington (1968) expands this to distinguish between Anglo-American institutions and European continental political development. For a critique that stresses endogenous institutional formation, see Boucoyannis (2006).

Tilly discusses the effects of state-making (notably the creation of large standing armies, universal conscription, etc.) on national-identity creation. Nonetheless, the literature on the emergence of modern national identities, which is extensive, mostly stresses non-war factors. For example, Gellner (1983) sees nationalism as a functional response to the needs of economic modernization; in a mostly historical study, Anderson (1983) emphasizes the role of territorial elites constructing ‘imagined communities’. The

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<sup>2</sup> McNeill (1982), who has extended the argument that war and war technology affect state type (in territorial size and institutional structure) to pre-modern Europe, argues that Italian cities survived for purely technological reasons – i.e. the invention of the so-called “trace italienne”.

closest thing to war and realpolitik accounts are pure instrumental models where political elites employ national identity strategically to rule (Laitin 1998; Posner 2005 for a review about former colonies): their assumption of non-elite actors as gullible individuals ready to accept any elite-constructed story is, however, problematic and the measurement of identity unconvincing.

On the impact of nationalism on state stability, there is a well-known literature on ethnic fractionalization and governmental efficiency (Alesina et al. 1999) and on ethnic civil wars (Cederman et al. 2010 for a recent paper). Wilkinson (2008) shifts the emphasis from strict ethnic fractionalization to the existence of imbalances (resulting to colonial legacies) in the participation of different ethnic groups in state institutions.

### **3. STATE-BUILDING LITERATURE OUTSIDE EUROPE**

The literature of war-making and state-building in modern Europe has been slowly applied to non-European regions in recent years.<sup>3</sup>

Herbst (2000) studies the formation of states in sub-Saharan Africa. War (and the incentives to engage in war) play the same role they did in Europe, although in a negative sense: the absence of intra-state violence explains why African states were so weak. Due to low levels of population density (mostly due to low rainfall), high variance in environmental conditions and considerable geographical barriers, rulers faced high costs in any territorial expansion before colonization. Inter-tribal competition was low, capitals had little capacity to project power over the periphery and rulers specialized in capturing people rather than land. States only appeared (and then late in time) in the savannah belt of West Africa. In general, political authority was organized through overlapping jurisdictions similar to the systems prevailing in early medieval Europe. As colonial powers divided the continent among themselves, they in effect extended the Westphalian logic of absolute sovereignty to Africa. However, due to low population densities and high mortality rates, they were only interested in coastal areas and mining regions; borders were fictional; and their investment in state infrastructures was minimal. After independence, inter-state war was mostly absent: the costs of securing access to and expanding the territorial periphery of the state exceed(ed) its benefits; and the great powers, operating under the constraints of the Cold War, acted as guarantors of borders in most cases. (For evidence that the end of the Cold War has changed the incentives to fight wars, at least at the intra-state level, see Balcells and Kalyvas (2010).) In Tillian fashion, Herbst concludes that “Africa did not face the same kind of security threat as Europe, and, therefore, the pressure to mobilize revenue through efficient administration, including efficient nationwide systems to collect revenue, is much lower.” (p. 126)

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<sup>3</sup> Some anthropologists have also linked the disappearance of stateless societies to war and to the exit options of pre-industrial populations (Carneiro 1970, Wright 1977).

Centeno (2002) has examined the relationship between war-making and state-building in Latin America: as a result of their underdeveloped administrative capacity, the internal splits within the ruling classes and the control exercised by European powers, Latin American states fought rarely against each other; this pattern of limited wars (mostly funded by borrowing abroad) stunted the growth of centralized, efficient political institutions and prevented the formation of mass armies and integrated citizenries.

Hui (2004) compares the trajectory of China (unified after the Warring States period) and early modern Europe (fragmented) and locates the divergence in the diplomatic and military strategies of both cases and a different diminishing rate of returns from territorial expansion in each continent.

#### **4. ALTERNATIVE ACCOUNTS**

War (and military technology) is seen today as the prevalent cause of state-formation. Still, there are some other alternative or complementary approaches to the construction of states:

1/ Strayer (1970) locates the emergence of the modern state in the construction of bureaucratic institutions in the late Middle Ages (from the 14<sup>th</sup> cent. onward), actually preceding the use of gunpowder. Ertman (1997) actualizes this view by pointing to a considerable degree of variation in the types of states in modern Europe (from patrimonial to bureaucratic).

2/ Spruyt (1997) suggests instead that “the ability to wage war is itself determined by the efficacy of particular arrangements” – those arrangements had to do with Strayer’s stress on bureaucratic capacity but mostly with trade and the latter’s impact on coalition-making across states. Instead of adopting a Weberian/minimalist concept of state, Spruyt (1994) distinguishes feudal structures, empires, sovereign states, city-states and urban leagues. The latter three emerge in the late Middle Ages, associated with a particular social coalition (among monarchs, aristocracies and burghers). Over time, sovereign states, with a more efficient structure, become hegemonic.<sup>4</sup> Migdal (1988) may be the closest application of a societal logic to explain the predominance of ‘weak’ states in developing countries – colonialism destroyed the old ruling elites and the new ruling groups (after independence) remained too powerful, loosely connected and able to subordinate state bureaucracies to their interests. Soifer (2008, 2010) offers a long-run historical analysis of the process of state construction in Latin America, tracing most variation in the strength and efficiency of governmental institutions to particular historical junctures.

3/ While Strayer, Ertman and Spruyt focus on the formation of ‘modern’ or ‘national’ states in the last five hundred years, several recent analytical models simply consider the question of why states vary in size and attribute this to gains from trade (Friedman 1977), to a trade-off between trade gains and public goods provision (Alesina and Spolaore 2003) and to income distribution patterns within given territories (Bolton and Roland 1997).

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<sup>4</sup> Taking a Marxist point of departure, Anderson (1979) claims that the process of state formation was inextricably linked to changes in the mode of production across Europe.

4/ Finally, the process of state-building has been also examined through agent-based simulations. War and the determination of political borders was first modeled through a simulation game by Benson (1961) and then Bremer and Mihalka (1977). The latter defined the environment as an hexagonal grid in which countries are allotted some resources and information and then engage in decisions about war and conquest. This model was further extended by Cusack and Stoll (1990) and then explored and improved by Cederman (1997, 2003).

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