The Narrow Corridor to Liberty: The Red Queen and the Struggle of State against Society
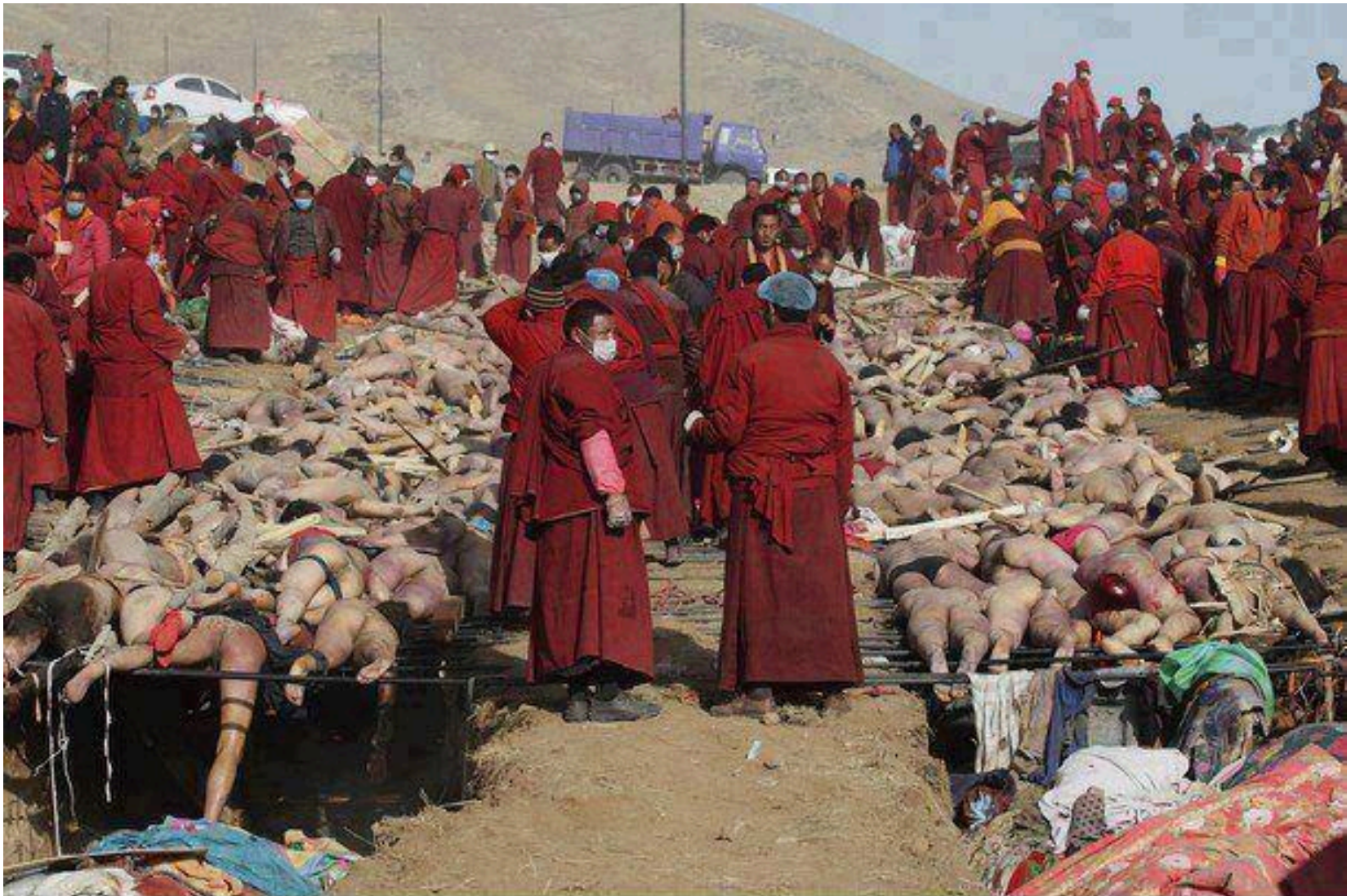
Daron Acemoglu and James A. Robinson

June 25, World Bank, Washington DC
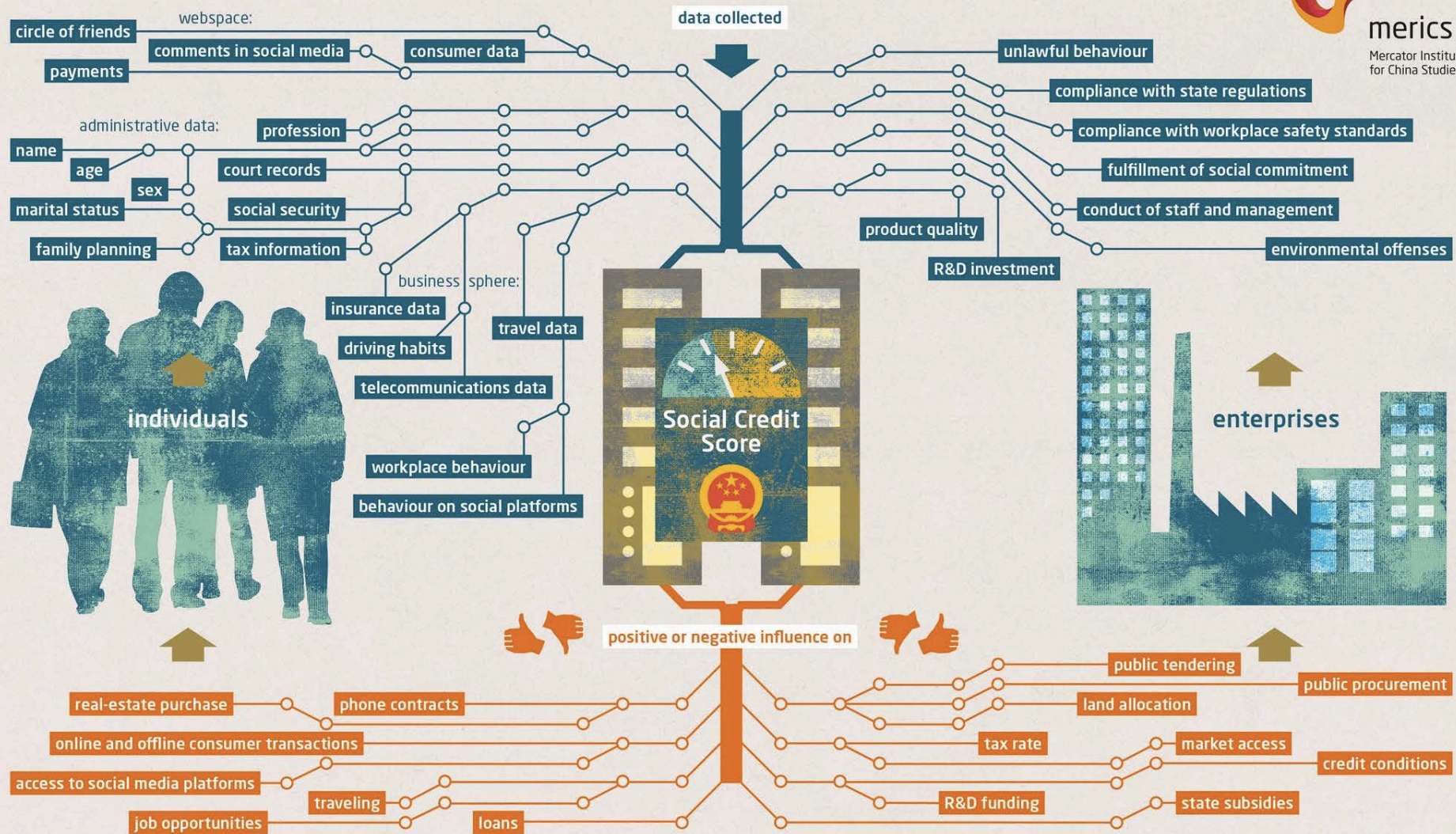
The Body of Muslims slaughted By Buddhist(Barma)

Regions in *red* are under the jurisdiction of the communist People's Republic of China, where all *laogai* labor camps were established. Regions in *blue* are under the jurisdiction of the Republic of China.

The all-seeing state: China's plans for total data control

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data collected

webspace:
- circle of friends
- comments in social media
- consumer data
- payments

administrative data:
- name
- age
- sex
- profession
- court records
- marital status
- social security
- family planning
- tax information

business sphere:
- insurance data
- driving habits
- telecommunications data
- travel data
- workplace behaviour
- behaviour on social platforms

- unlawful behaviour
- compliance with state regulations
- compliance with workplace safety standards
- fulfillment of social commitment
- conduct of staff and management
- product quality
- environmental offenses
- R&D investment

Social Credit Score

individuals

enterprises

positive or negative influence on

- real-estate purchase
- phone contracts
- online and offline consumer transactions
- access to social media platforms
- traveling
- job opportunities
- loans
- public tendering
- land allocation
- tax rate
- market access
- credit conditions
- R&D funding
- state subsidies
- public procurement

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The Gilgamesh Problem

- Familiar in history. The Sumerian tablets surviving from 4200 years ago tell the story of Gilgamesh, King of Uruk, who created a rich, secure and powerful city on the banks of the Euphrates.

     "See how its ramparts glean like copper in the sun. Climb the stone staircase ... approach the Eanna Temple, sacred to Ishtar, a temple that no king has equaled in size or beauty, walk on the wall of Uruk, follow its course round the city, inspect its mighty foundations, examine its brickwork, how masterfully it is built, observe the land it encloses, the glorious palaces and temples, the shops and marketplaces, the houses, the public squares."

Fly in the Ointment

- But the same hitch of "despotism":

  "Who is like Gilgamesh? What other king has inspired such awe? Who else can say, "I alone rule supreme among mankind"? … The city in his possession, he struts through it, arrogant, his head raised high, trampling its citizens like a wild bull. He is king, he does whatever he wants, takes the son from his father and crushes him, takes the girl from her mothers and uses her … no one dares to oppose him."

Containing Gilgamesh: An Imperfect Solution

- So the citizens "cried out to heaven" to Anu, the god of the sky, to stop this despotism.
- Anu came up with a solution to contain Gilgamesh:
  > "create a double for Gilgamesh, his second self, a man who equals his strength and courage, a man who equals his stormy heart. Create a new hero, let them balance each other perfectly, so that Uruk has peace."
- A great idea of "checks and balances". And indeed, Enkidu, Gilgamesh's double, beats him and contains him.
- But this doppelgänger solution is impractical. Who will control Enkidu? What about all that fighting?
- Historically, we'll argue, not all that effective either.

Shackling the Leviathan

- Much better to have the citizens, society itself, control the despot.
- This paves the way to what we term the Shackled Leviathan.
- This not only contains despotism but paves the way to liberty --- meaning freedom from violence, threat of violence and dominance.
- In the words of philosopher Philip Pettit, dominance is to

    "live at the mercy of another, having to live in a manner that leaves you vulnerable to some ill that the other is in a position arbitrarily to impose."

- Once the Leviathan is shackled, its relationship to the citizens changes, in the process further empowering both state and society and transforming the nature of politics.

Power of the State

Despotic
Leviathan:
China

Shackled
Leviathan:
US, UK

Absent
Leviathan:
The Tiv
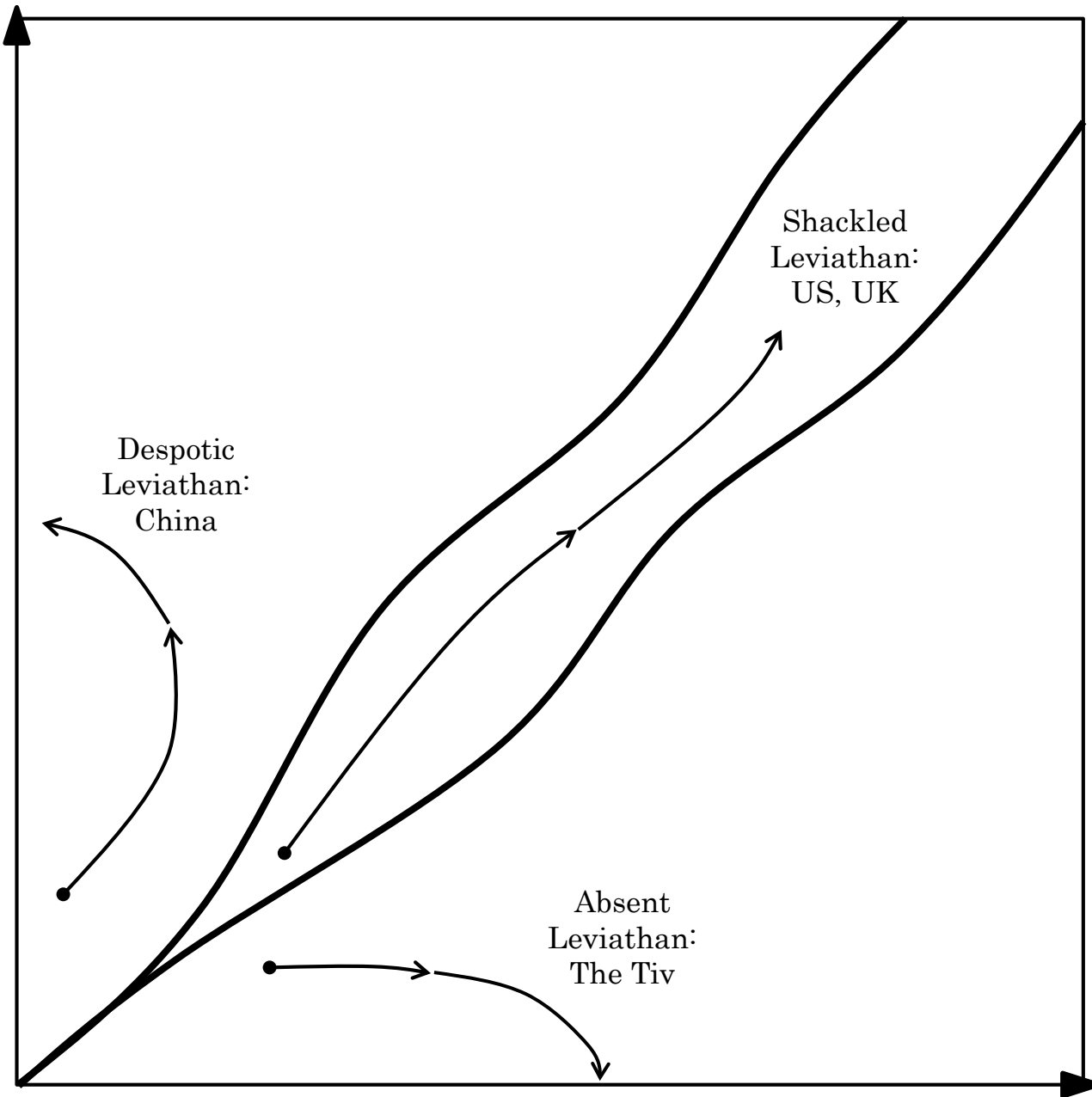
Power of Society

What Is the State, What Is Society?

- "Society": non-elites (similar but more general than "civil society").

- "Power of society": norms against political hierarchy and elites and bottom-up mobilization; institutionalization is key.

- "State": state institutions and elites that control them.
  - So the power of the state is both the ability of the elites and the institutions they control to dominate society and the capabilities and capacity of state institutions.

Why Remain without the Leviathan?

- Why not move into the corridor starting from a situation of Absent Leviathan?

- "Slippery slope": fear of political hierarchy, because this will be the first step in a process that gets one group dominate the rest.

- It is the fear from this slippery slope, or from the Janus face of the Leviathan, that makes many small-scale societies enshrine norms of egalitarianism and strong aversion against political hierarchy.

- This is particularly the case when the power of society originates from norms that cannot be used to control political hierarchy once it gets going.

"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 that the greater political institutions - the one based on the lineage system and a principle of egalitarianism – can be preserved" (Paul Bohannon, 1958)
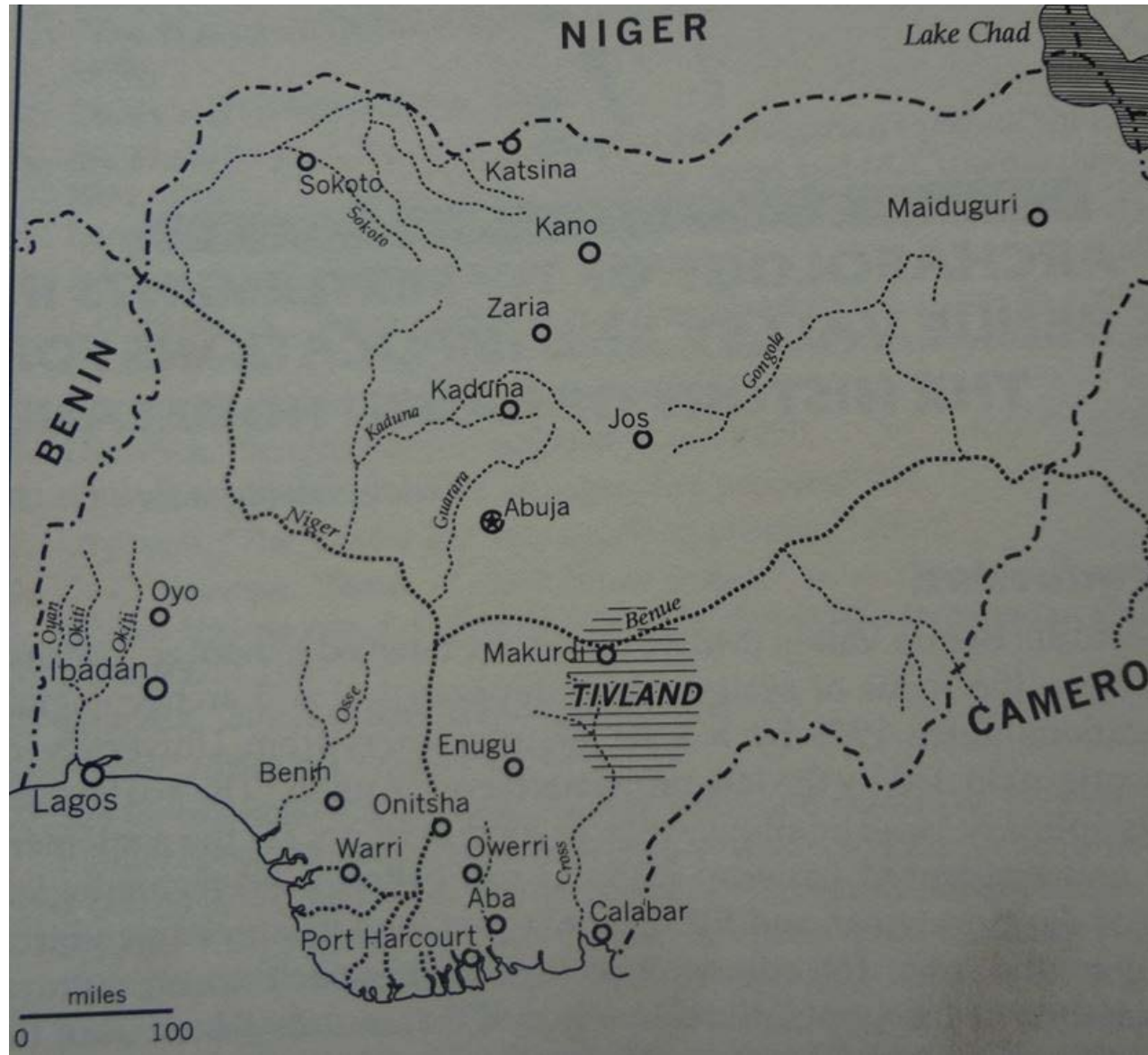
An Athenian Tool to Control the Leviathan
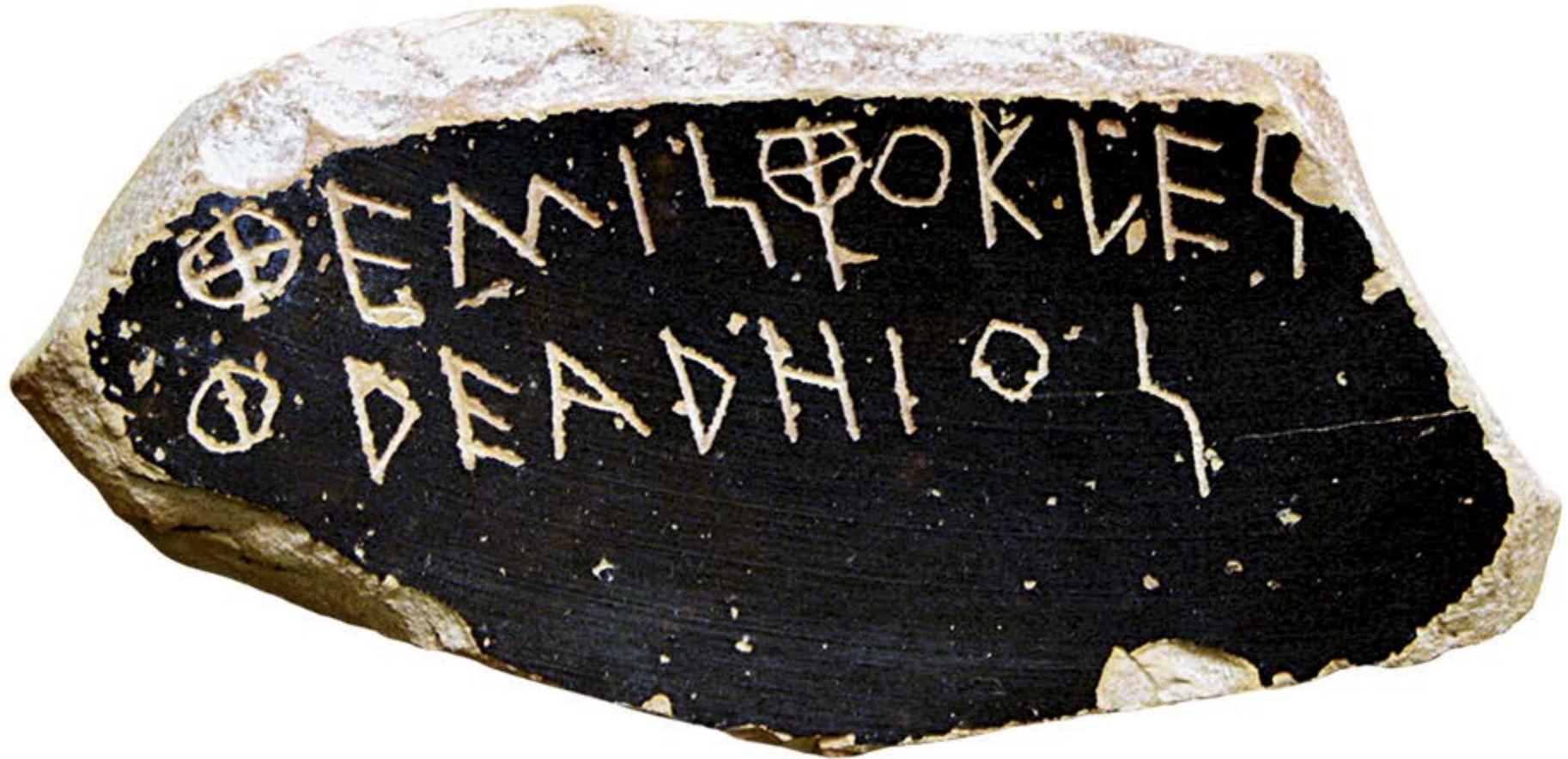
Why Contested Power Is Greater Power?

- In contrast to what is often argued in political science (e.g., Huntington), the state acquires greater capacity and greater capabilities not when it's dominant, but when it is in the corridor.
- This is because of the "Red Queen": the process of competition, struggle and cooperation between state and society
  - related both to constraints on state and elites and to "consensually strong state"
  - being in the corridor is a process, and could be a painful and uncertain one

The Rest of Today

- Why Is Europe Different? (Chapter 7)
- Why not China? (Chapter 8)
- Comparative Statics, War, Globalization etc. (Chapter 9)
- How to Move into the Corridor? (Chapter 14)
- How to Stay in the Corridor (Chapter 15)

What Was Special about Europe?

- Not geography.
- Not Greco-Roman culture.
- Not Christianity.
- Not Roman institutions.
- Not Germanic culture/institutions.
- But the balance created by the combination of Roman and Germanic tribal institutions was distinctive.

Assemblies

- Crucial to the governance of the Germanic war bands, especially the Franks, were the assemblies.

- Assemblies had real power.

- Approval from assemblies was necessary for many important decisions, and both assemblies of "important men" and "regular people" were common.

Deep-Rooted Institutions

- Tacitus noted this already in 98 A.D.,

> "over matters of minor importance only the chiefs debate; on major affairs, the whole community.... The Assembly is competent also to hear criminal charges, especially those involving the risk of capital punishment... These same assemblies elect, among other officials, the magistrates who administer justice in the districts and villages."

"At that time the custom was followed that no more than two general assemblies were to be held each year. All the important men, both clerics and laymen, attended this general assembly. .. and those of lower station were present in order to hear the decisions and occasionally also to deliberate concerning them, and to confirm them not out of coercion but by their own understanding and agreement." Hincmar of Rheims.

The Other Blade

- As the Western Roman Empire collapsed, many of its technological and institutional advances disappeared.

- But the blueprint of Roman state institutions survived, and so did the Christian church hierarchy.

- Basic administrative units of Franks modeled on Roman ones (e.g., *civitas* ruled by official similar to *comites civitas*).

The Two Blades of European Scissors

- A lot of the institutions building of Merovingians and Carolingians can be interpreted as bringing the two blades together.
- Clovis simultaneously tried to codify the existing laws of the Franks and strengthen state authority, but still significantly constrained by assemblies.
- Conversion to Christianity can be viewed in this light.
- Similar dynamics when Charlemagne crowned himself Emperor.

PREFACE TO THE SALIC LAWS: …Therefore four men, chosen out of many among them, stood out: Their names were Wisogast, Arogast, Salegast and Widogast. They came from the *villae* of Bothem, Salehem and Widohem, beyond the Rhine. Coming together in three legal assemblies, and discussing the origins and cases carefully, they made judgement on each case as follows…

From the Witan to Parliament

- Germanic assembly institutions taken to the British Isles by Angles, Saxons and Jutes between the 5th and 8th centuries. Venerable Bede:

  > "The Old Saxons have no king but only a number of satraps who are set over the people and, when at any time war is about to break out, they cast lost impartially and all follow and obey the one on whom the lot falls, for the duration of the war. When the war is over, they all become satraps of equal rank again."

- Most important was the "witan", an assembly very similar to the one Tacitus described, which is found everywhere in England.

- King Alfred at the end of the 8th century playing the same role as Clovis ---state-building subject to the shackles of assemblies.

- In the words of Abbot Ælfric of Eynsham,

  > "No man can make himself king, but the people has the choice to choose as king whom they please; but after he is consecrated as king, he then has dominion over the people."

Norman Invasion

- As in the continent, a slow, painful process of moving in the corridor, but in the corridor nonetheless.
- Lots of ups and downs. Most notably, the Norman invasion of William the Conqueror in 1066 did introduce feudalism and weaken bottom-up controls over states and elites, but could not obliterate them.
- State building under Henry II and subsequent kings played out in the context of the same struggle between state and society.
- What is significant about the Magna Carta is not that it is unique (far from it) but that it is a reaffirmation of this struggle.

THE NATIONAL TRUST

RUNNYMEDE

THE
BIRTHPLACE
OF MODERN
DEMOCRACY

A Different Interpretation of English State-Building

- A classic interpretation of state-building in England emphasizes the Tudors establishing monopoly of violence and reining in barons.

- But the reality is rather different.

- Much more like the Red Queen.

- Example: state building in Wiltshire---demand for state capacity comes from regular people who then played a key role in administering and controlling the state.

State-Building in Wiltshire

- In the village of Swallowfield in Wiltshire, in December 1596 a number of inhabitants of the village got together and wrote a constitution:

  "the whole company promesethe to meete once in every monethe".

  "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, And th[a]t every man shal speake as he is fyrste in accompt, & so in order, th[a]t therby the depthe of every mans Judgment w[i]th reason may be concedered."

  "And th[a]t ther be a paper Booke to Regester all o[u]r doynges & by or w[i]th [what] autorety or warrant wee do it consernynge her Ma[jes]ties service & one other Booke for the Churche & the poore."

- These were not passed by village elites, but by the "middling sort of person". None of them had enough income to be amongst the 11 taxpayers listed in the parliamentary lay subsidy tax return for Swallowfield of 1594.
- These were the people who ran the local state even in the late 16th century and served in the local administrative positions as jurors, churchwardens, overseers of the poor, and the now defined position of local constable.

The Red Queen in Action

- This process continued in the 18th and 19th centuries.
- As the state became more capable so did society, and in the process, it also changed the nature of its demands.
- This is well documented by Charles Tilly's study of popular contention. Until the middle of the 18th century, political participation was about

  "local people and local issues, rather than nationally organized programs and parties".

- 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".

  "the expansion of the state pushed popular struggles from local arenas and from significant reliance on patronage towards autonomous claim-making in national arenas".

Importance of the Scissors

- These dynamics are seen only in places where the two blades come together.

- Not in Iceland where Germanic institutions took root without any Roman state blueprints.

- Not in Byzantium which did not see the marriage of Roman state institutions with Germanic assemblies.

The Mandate of Heaven Is Different

- No scissors in China.

- During the Spring and Autumn period between 8th and 4th centuries BC, there may have been some societal participation in politics.

- But stamped out by the rise of the Qin state at the end of the Warring States period, whose blueprint of state-building articulated by the philosophy of legalism and Shang Yang was decidedly despotic.

"when the people are weak, the state is strong; hence the state that possesses the Way strives to weaken the people."
Shang Yang

Prosperity under Despotism

- Flourishing of prosperity during the Song dynasty, but still despotic in the sense that there was no participation of non-elites in politics and key decision-making.
- "Despotic growth" with all of its limitations and instability.
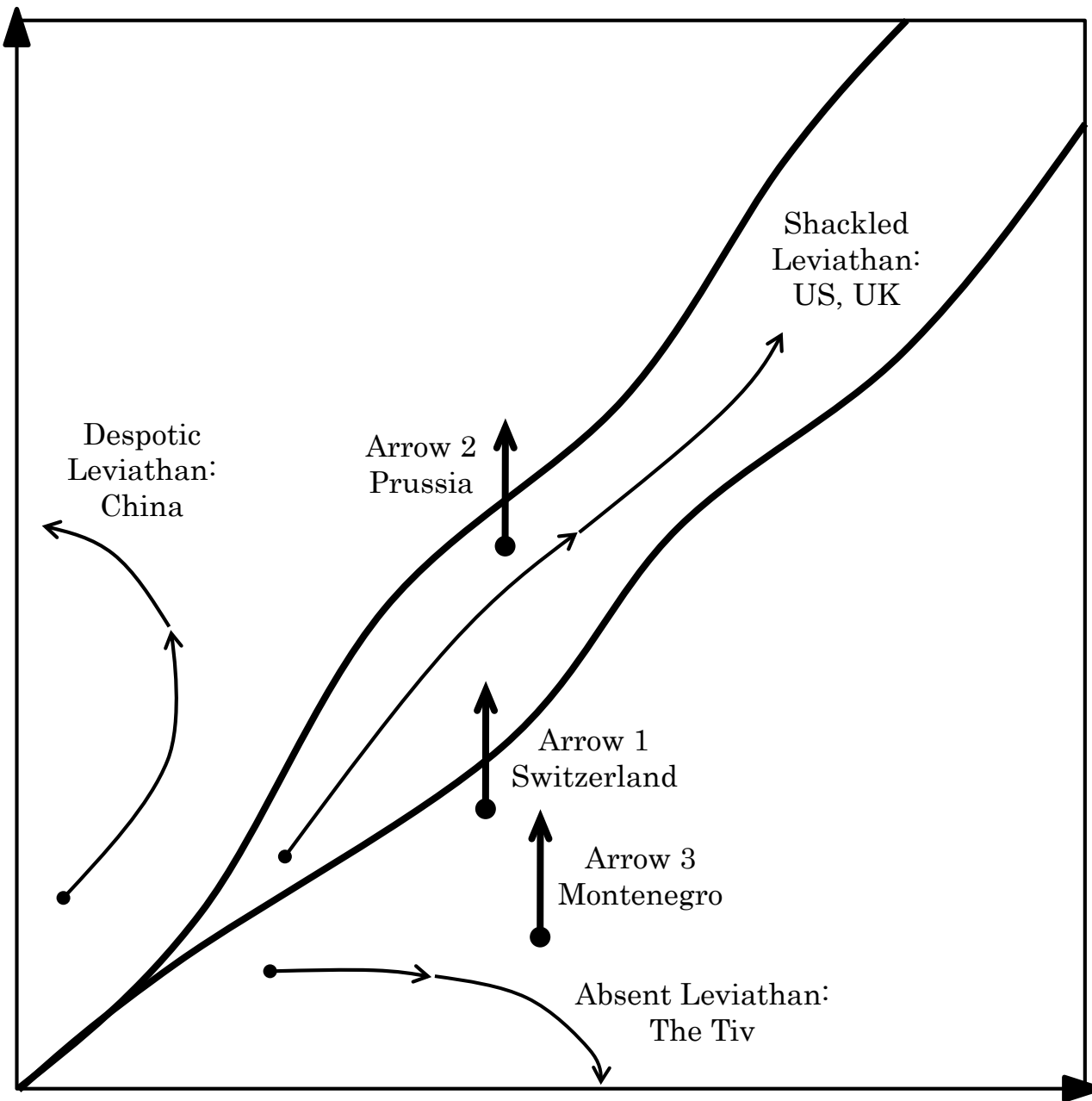
"States made war and war made the state" *Charles Tilly*

What Makes Strong States?

- The literature has proposed various structural factors.
  - War or threat of war (Tilly).
  - Some kinds of geographies (Jones).
  - Some kinds of economic activities/crops/technology (Engerman and Sokoloff, Childe).
  - Some kinds of cultures (Weber, Landes, Mokyr).
  - Charismatic leadership and crushing of the opposition (Huntington).
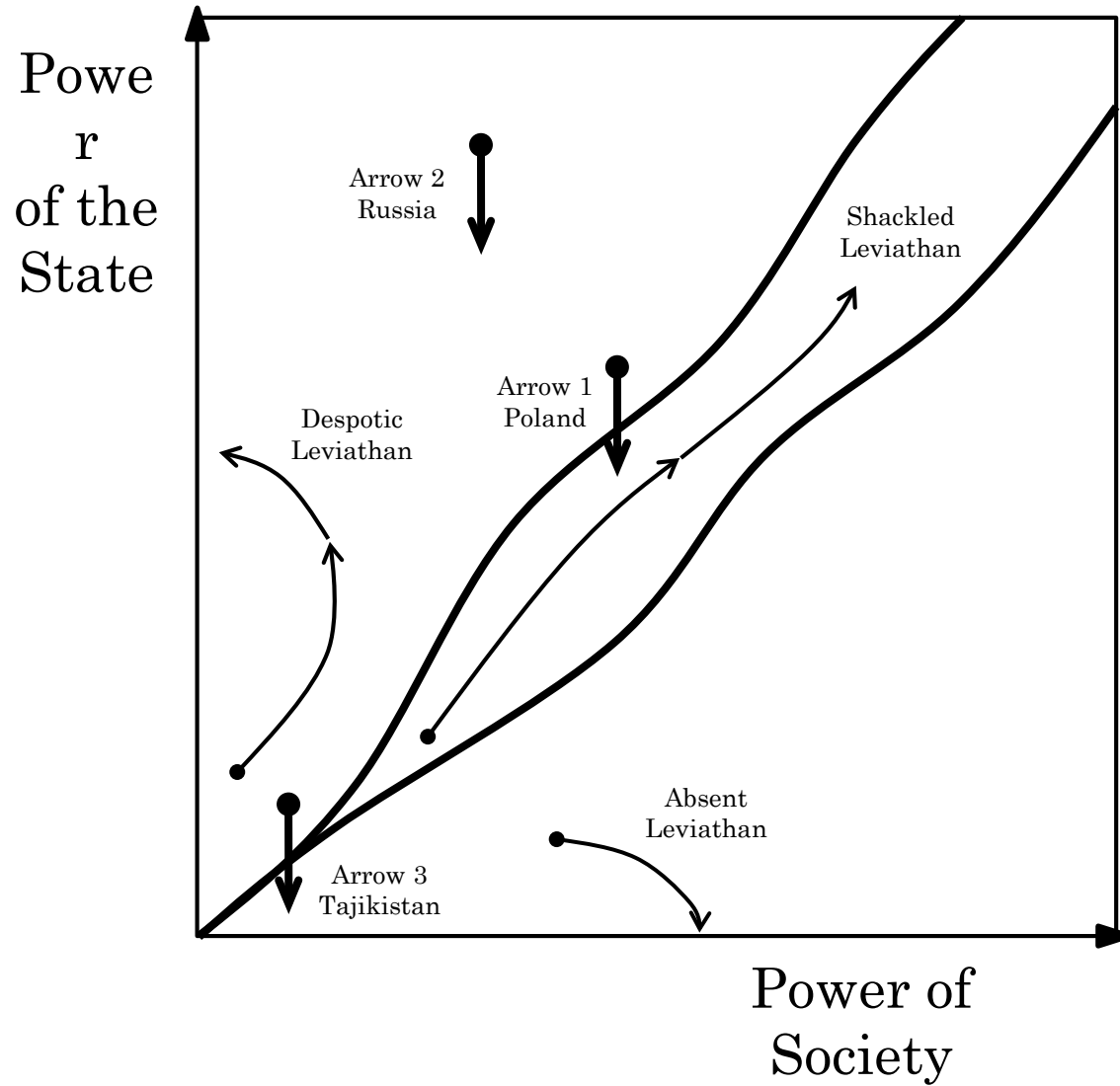- But our framework suggests this is not the right way to think about it.

Power of the State

Power of Society

Despotic Leviathan: China

Shackled Leviathan: US, UK

Arrow 2 Prussia

Arrow 1 Switzerland

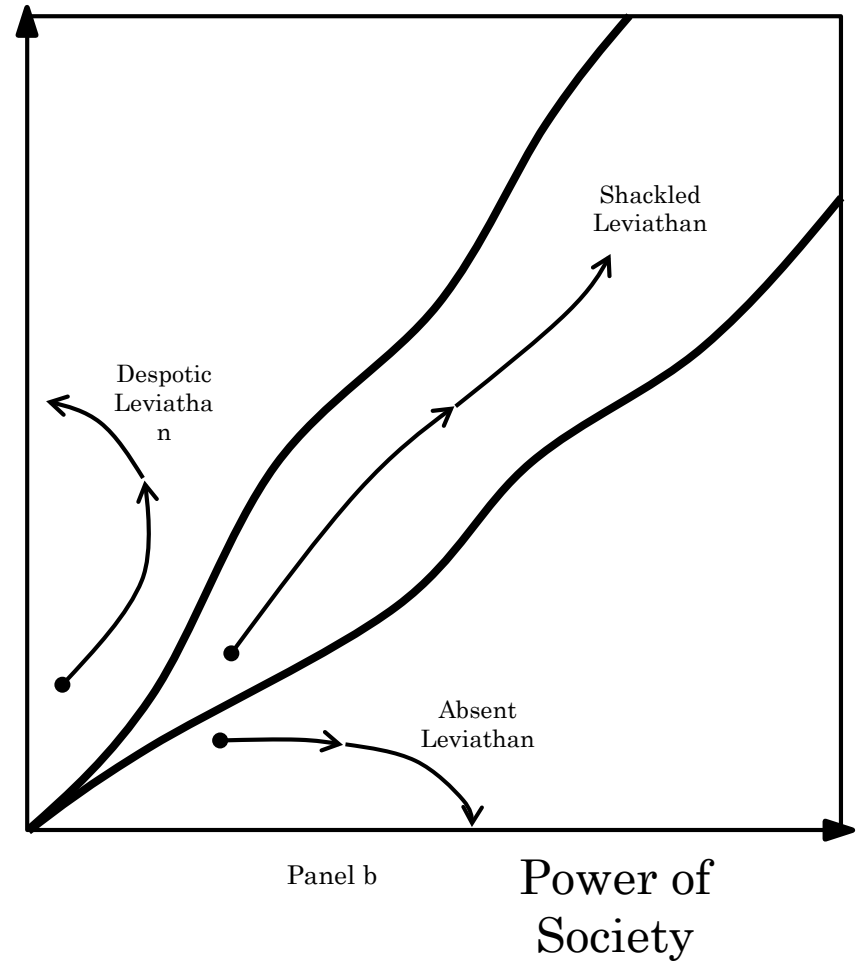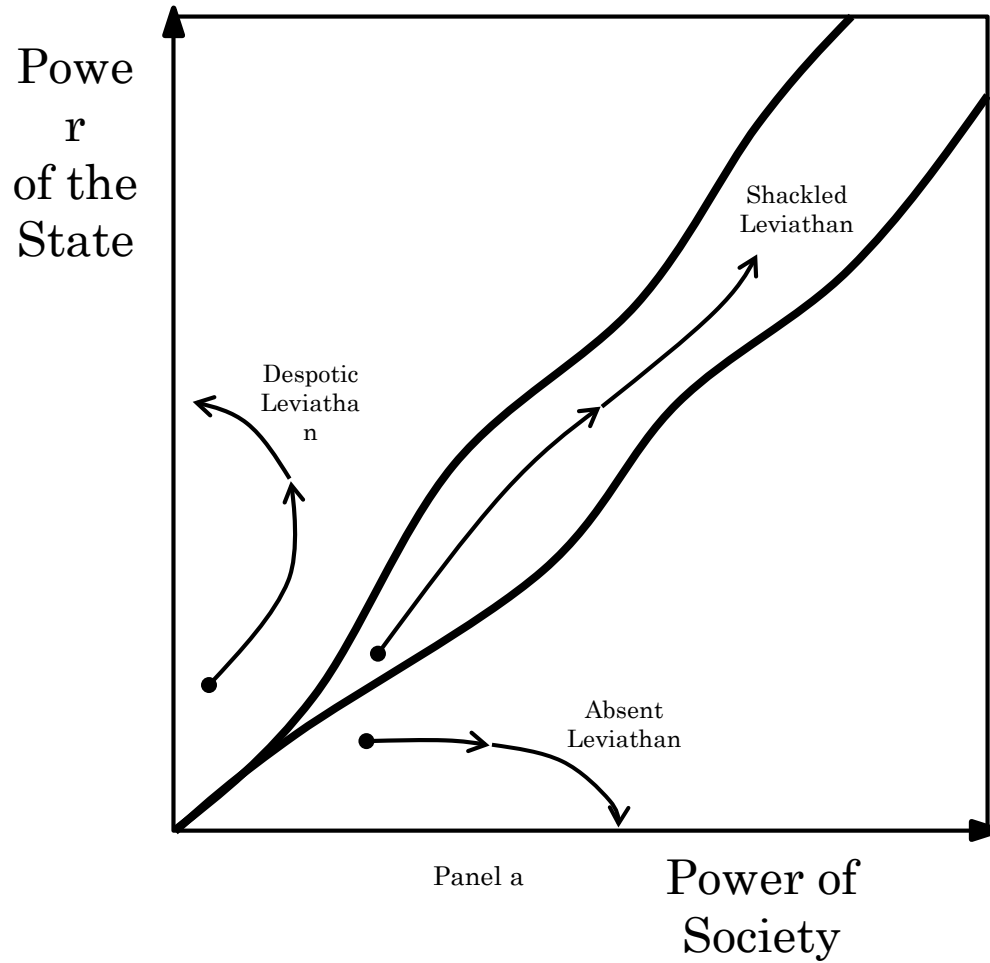Arrow 3 Montenegro

Absent Leviathan: The Tiv

Conditional Comparative Statics

- Same impulses leading to a demand for greater state capacity will have very different effects depending on the prevailing balance of power between state and society.
- Example:
  - the effects of military revolution on Prussia, Switzerland and Montenegro;
  - the effects of increased demand for coffee on Guatemala and Costa Rica;
  - the effects of the collapse of the Soviet Union on Russia, Poland and Tajikistan.

Power of the State

Arrow 2
Russia

Shackled
Leviathan

Arrow 1
Poland

Despotic
Leviathan

Absent
Leviathan

Arrow 3
Tajikistan

Power of
Society

So What Matters?

- Structural factors that make the corridor less or more narrow.
  - The existence or absence of labor coercion in economic activities.
  - The nature of globalization (whether it encourages industrial specialization or specialization in more coercive sectors such as mining or agriculture).
  - The international human rights movement (as a check on state repression and societal violence).
  - The international (Westphalian) state system (strengthening rulers, weakening (civil) society).

Power of the State

Power of Society

Shackled Leviathan

Despotic Leviathan

Absent Leviathan

Panel a

Shackled Leviathan

Despotic Leviathan

Absent Leviathan

Panel b

Staying in the Corridor

- It's all about the Red Queen.

- New demands on the state from changing conditions and exigencies.

- How do we respond to them?

Hayek's Concern

- Beveridge report in 1942, emblematic of the rise of the social welfare state in the 1930s and thereafter.
- James Griffiths wrote later in his memoirs
    "In one of the darkest hours of the war, it the end of 1942, the Beveridge Report fell like mana from heaven."
- Hayek disagreed and worry that this was paving the "Road to Serfdom".
- In terms of our framework, Hayek worried about Western societies moving out of the corridor:
    "This means, among other things, that even a strong tradition of political liberty is no safeguard if the danger is precisely that new institutions and policies will gradually undermine and destroy that spirit."

Why Was Hayek Mistaken?

- Because what is necessary is not to limit the power and responsibilities of the state, but to counterbalance it with the power of society---the Red Queen effect
- Well illustrated by the rise of the social democratic state in Sweden via the red-green coalition or the "cow trade".
- A new coalition formed in response to the crisis during the Great Depression that brought workers and farmers together, then joined by segments of the business community, to enable simultaneous increase in state's capacity and societal controls over the state.
- SAP's platform in the 1932 election:

  "most important task is working with all energy to help all groups suffering from unprovoked effects of the economic crisis... The party does not aim to support and help one working class at the expense of the others. It does not differentiate its work for the future between the industrial working class and the agricultural class or between workers of the hands and workers of the brain."

How to Deal with New Exigencies?

- Balance of power, balance of power, balance of power.

- If the state will take on more, then so should society---greater mobilization and institutionalization of societal power.

- Easier said than done...

Implications for Public Finance

- The proper scope of state intervention determined not so much by externalities, but by the ability of society to control the Janus face of the Leviathan.
- Diamond-Mirrlees: don't distort productive efficiency, just tax and redistribute to achieve social objectives.
- Surprisingly general. It applies in many settings (when constraints on redistribution are ad hoc or fully endogenous, when market structures are fairly general etc.).
- But not in the corridor…
- In Sweden, for example, redistribution did not take an efficient form. Why not?
- The more you redistribute by distorting labor market prices, the less the state needs to do administratively, and the easier it is to control.
- More generally, the form of redistribution also matters for the coalitions supporting the corridor---universal programs to generate greater support.

Implications for Today

- How to deal with today's (developed world) problems?
  - Automation, globalization, employment and inequality.
  - Economic concentration.
  - The rise of finance.
  - War on terror and privacy.
  - Social media, fake news and functioning of democracy.
- Two answers:
  - Balance of power
  - New institutions to check greater and more complex power of state institutions.