Local Politics in Nations and Empires

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Subnational politics is not just for federal democracies.

Centralization of power benefits the most powerful individuals in any country, so academics should not neglect the potential benefits of political decentralization.

Local politics has been a vital part of human life since long before any states existed.
Humans evolved to live in communities that maintain systems of ownership or usage rights, defining how individuals can exploit resources around them.
Individuals will not invest in improving local resources without confidence that their right to benefit from the improvements will be respected by their neighbors.
Such confidence has existed at least since first origins of agriculture. (10k yrs ago)

A communal consensus about property rights over local resources can be maintained only with some accepted local leadership to provide for adjudication of disputes.
Leadership is based on general acceptance in an equilibrium of a coordination game (local politics), depending on focal factors from culture, history, or environment.

H S Maine (1861, 1871) on property rights in traditional autonomous communities:

- *Rights by recognized social status before contracts,*
- *Ownership by family heads before other individuals,*
- *Council of elders adjudicates, chief from prominent family leads collective action.*

[Autonomous communities have a primitive democracy, but may tend to oligarchy (migrants into a landless underclass) under even tolerable regional government.]

Introducing the territorially extensive state

A community's ability to protect its members and their property is necessarily limited by the possibility of raiding by people from elsewhere. (Scott 2017)

Wider states have established themselves by offering regional protection against intercommunal raids and taxing the surplus from regional peace. (5k yrs ago)

Any state needs agents who can project force and implement state policies coherently throughout an extensive realm.

State coherence requires national leadership setting incentives for state agents, who have cut dependence on local interests in their home communities.

State agents can be seen as members of a special non-local community, using literacy to maintain personal relationships across extensive distances (since 3000BCE).

National leadership of the state (like leadership in any community) depends on general acceptance in an equilibrium of a coordination game (national politics).

The wider state also has an interest in the management of local resources, to tax them.

Investors need protection from theft by neighbors & expropriation by state agents.

National leaders must ensure that state agents will respect local property rights.

Secure property rights require cooperation between local leaders & national leaders.

In a strong state, local & national leadership can be positively aligned in two ways:

- by top-down influence of national leaders in local politics (*in autocracies*), or
- by bottom-up influence of local leaders in national politics (*in democracies*).

Moral-hazard theory of the state, founded on leader's reliable patronage

The state is a network of agents with broad powers, imperfectly monitored.
State agents could profit from abusing power, and so they must expect greater long-run rewards (*moral-hazard rents*) from good service.
Candidates would be willing to pay for such highly rewarded offices.
Turnover gives away costly moral-hazard rents if candidates cannot pay full value (Becker & Stigler 1974), so back-loading career rewards reduces costs.
If agents love their children, costs of moral-hazard rents can be reduced by promising agents' children priority for valued positions, forming a hereditary elite (my2015).

Agents' rewards depend on judgments of their superiors in the network, and so incentives ultimately depend on top leader/owner (Alchian & Demsetz 1972).
But promises of back-loaded rewards are a debt owed by the state, which leaders could be tempted to repudiate by falsely finding fault (& re-selling the office).

Thus, even an autocratic leader needs a central court or council of high officials who jointly monitor and judge his distribution of high offices and rewards.
A contender for supreme power could not credibly recruit supporters without organizing them so that he would fall from power if he failed their trust (my2008).
So the foundations of a state depend on a leader's reputation for reliable patronage.

The state's provincial governors as itinerant mandarins

B. Anderson (1991) compared state officials' career paths to routes of religious pilgrimage that have created a sense of unity for adherents of global religions.

He distinguished officials of absolutist states, always ready for reassignment anywhere in the realm, from feudal nobles, largely tied to their family's estate.

Let me suggest that the basic distinction is not between absolutist & feudal regimes, but between two classes of state agents: *mandarins* & *gentry*.

To assert state power across an extensive domain, rulers appoint governors to exercise broad delegated powers within a province of manageable size.

Within a province, each resident would fear to disobey a governor's commands when everyone else in the province is expected to obey (in a coordination game).

So a governor whose authority is locally accepted can normally maintain order with little action by the state's armed forces, which thus are freed to defend the frontiers.

But if people got used to obeying a governor and forgot the source of his authority, he could effectively become an independent local ruler.

Thus, to maintain unity of the realm, it has been common practice for national leaders to transfer their governors regularly from one province to another.

These cross-country transfers form the circuitous routes of itinerant mandarins' careers that Anderson saw as defining the unity of the realm.

Local gentry in traditional empires

The wealth of a province depends on people making economic investments there that may yield profits only over a long time horizon.

But regular movements of mandarin administrators imply that they cannot take a long-term perspective on the development of any one province.

(Making governors' rewards depend on results in their former provinces would induce problems of moral hazard in teams, which can misalign the center.)

So prosperity requires another class of agents (*gentry*) who have enough power to protect investments in a local district where they maintain a long-term presence.

A new state must establish local order in communities throughout its domain (as independent providers of local protection could become rivals for wider power).

The new state also must fulfill promises to reward key supporters, including captains of its conquering armies and indigenous local leaders who accepted the new state.

Both problems can be solved by granting these supporters property rights and authority (as gentry) in a district where they will be expected to maintain order.

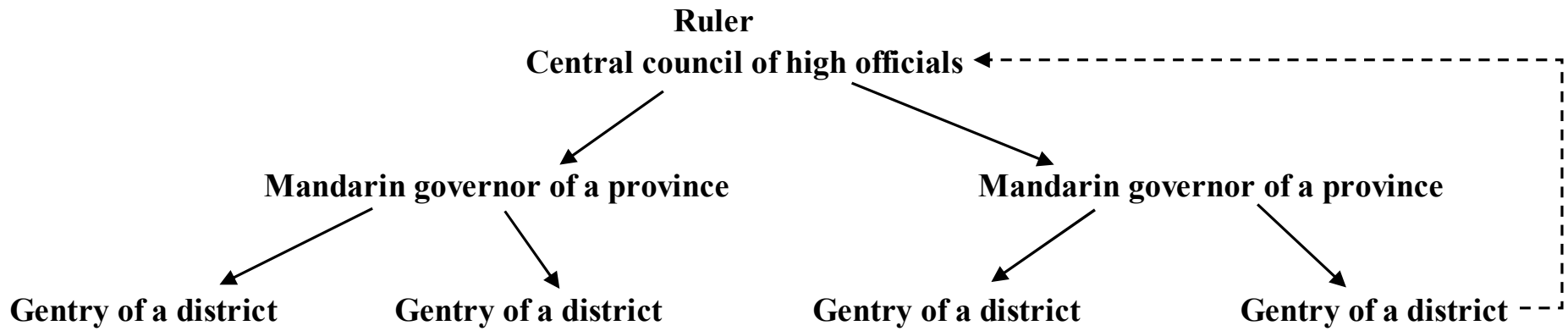
So in traditional autocracies, national leaders grant privileges to favored individuals, and communities accept residents with such central connections as local leaders.

Locally managed districts within centrally administered provinces

Local gentry need some local organization for appealing to the ruler's central council when a governor's actions threaten their basic property rights.

But as the ruler's appointed representative, a mandarin governor must have substantial power to command the gentry in a province.

To ensure that any group of gentry can be supervised by a governor, the gentry should be organized in local districts that are contained within a governor's province.



Structure of power in a simple autocratic empire

Anthropologists Flannery & Marcus (2012) identify states by a 4-level hierarchy of communities: (1) capital city, (2) provincial cities, (3) district towns, (4) villages.

In the Roman Empire, imperial governors supervised provinces containing formerly-autonomous cities, which retained primary responsibility for order & taxes in their districts, and which could complain to the Emperor about a governor's actions.

Example: the Spanish Empire in America (Haring 1947):

Conquistadors always established a town, with members of the expedition forming a town council (*cabildo*), which became self-perpetuating as old members named new ones, with the provincial governor's approval.

The town was an organization of local gentry to maintain local order & property rights for its members, including landowners in the district around the town.

The town's militia would be the primary force for containing any uprising of indigenous people, while greater imperial forces could be called from afar.

Towns were supervised by an appointed provincial governor, who was a mandarin functionary from Spain or elsewhere in the empire.

This system was derived from the Roman Empire's system of locally responsible town councils that could complain to the Emperor about a governor's actions.

Towns of Spanish Empire could appeal disputes to the *audiencia* (administrative court) of a wide region (several provinces), and to the king's council in Spain.

The regional audiencias were key institutions for maintaining imperial control across the great distances of Spain's American empire.

Members of an audiencia were jurists exercising broad powers as a group, so that mutual monitoring could reduce the moral hazard of distant delegation.

Feudalism and absolutism differing in the centralization of power and rents

Machiavelli noted that some kingdoms were easily invaded but hard to conquer; others were hard to invade but easily conquered after a successful invasion.

This distinction can be derived from the relative strengths of the local gentry and the central mandarin administration of a kingdom (feudalism to absolutism).

A stronger gentry retains a larger share of local revenues, leaving less resources for the central government's defense of the kingdom's frontiers;

but then a successful invader would still face continuing resistance from local leaders defending their privileges of power.

So reforms in the Spanish Empire after 1782, which increased central revenues, also decreased the local gentry's motivation to preserve the Empire's authority in their provinces after the French invasion of Spain in 1807.

Successful states depend on local elites' ability to trust the basic parameters of their relationship with the state's central administration.

Such trust requires widely shared expectations that may take years to develop.

When the Spanish Empire dissolved, territories of the new states were generally defined by the familiar jurisdictions of the Empire's regional audiencias.

Weak states without local trust

We defined gentry as a class of individuals with local community roots and sufficient voice in the state for confidence of their rights being respected by state officials.

This requires some reliable way of conveying their complaints against state officials to a central forum, where an evident failure of justice could damage the ruler's vital political reputation for being a trustworthy patron.

In dysfunctional regimes that lack any such institutions for protecting rights of individuals in remote provinces, there will be regions without such gentry, where local investment will be small and vulnerable to state predation.

Then strengthening the central state could worsen local property rights, as state agents get greater ability to expropriate local property (J & I Murtazashvili 2021).

Conversely, with democratic institutions that give political voice and protected rights to all citizens, the concept of "gentry" as an exclusive class could become obsolete.

Development of representative assemblies

National leaders are generally averse to developing institutions that make themselves more dependent on bottom-up approval from representatives of local elites.

But when such representative assemblies were introduced, they made local elites more willing to trust and support national leaders, thus strengthening the state.

The English Parliament developed after 1265 as an institution where the ruler could seek local elites' support for new tax revenue after publicly hearing their complaints about abuses of power by the ruler's agents.

The early Parliaments gathered representatives from town councils and rural gentry, who had basic responsibility for local order and tax collection.

These responsibilities entail moral-hazard rents, credibly promised privileges.

Kings (from Edward I) found that demands for new taxes yielded more revenue when approved by Parliament.

Parliament soon approved the accession of a king (Edward II→Edward III), granted funds for military operations that shifted the balance of power against France.

On the empowerment of towns in early modern Europe

Unlike Spain, towns in medieval England did not have jurisdiction over the rural district around them.

Town councils & rural gentry each had their representatives in England's Parliament.

Around 1600, England, Spain, and Poland all had national representative assemblies.

Only the rural gentry had representation in the Polish Sejm;
Polish towns had no voting representatives.

The Spanish Cortes included representatives from the major towns,
but these towns also controlled wide districts of the rural land around them.

Only in England (and Netherlands) do we find towns that were represented in the national assembly but did not control the agricultural land around them.

For the local leaders in a town that did not control a wider region, the main source of local wealth was the town's reputation as a good place for people to do business.

With national political influence, such towns could support policies that enabled them to assure good protection of property rights for their residents.

So the empowerment of towns in early modern England was well designed to make them engines of economic growth.

Democratic extension of political rights: from gentry to citizens

Democratic extension of political rights can give more people confidence in the state's legal protection and their ability to invest securely in economic growth.

Adam Smith (1776): political & legal rights that gave farmers confidence to invest did more for the wealth of England than all its good regulations of commerce.

Miracles of modern economic growth have been based on people throughout a nation confidently investing to improve themselves and their communities.

So why was gentry membership restricted for so long (just enough to keep order)?

Central oversight is simpler when fewer have responsibility for local order; a state with limited capacity could not assure moral-hazard rents for more individuals.

A national leader could grant membership in gentry as a reward for key supporters, which would yield a relatively small group in a new state.

In a mature state, however, national leaders could benefit from widening the class of individuals who can make local investments in the national tax base.

But then the gentry might oppose expanding their class, which reduces the value of their privileges. (When more can invest securely, returns to capital decrease.)

With democracy in local politics, local leadership can depend on earning the trust of people in the community by public service, instead of central connections.

Local accountability can improve the provision of local public goods & services that are essential for a prosperous community.

Lessons for international development assistance today

Some have assumed that national elections suffice for successful democracy, with local authorities accountable only through appointment by elected national leader.

But representative institutions of national democracy developed first as institutions to give local leaders more bottom-up influence in national politics.

Contrast the American Revolution for defense of provincial powers, the French Revolution against royalty & provincial institutions.

Political decentralization can strengthen a democratic state.

Local accountability can provide better incentives for local public investments.

Decentralization gives local leaders a stake to defend the state; people are more willing to fight for a state when their community leaders have a positive role in it.

Autonomous local governments reduce barriers to entry in national politics, as successful local leaders can become competitive candidates for higher office.

International aid has often been a force for centralization of power in poor countries, as aid becomes a resource that helps national leaders govern without local support, and as centralization of authority may seem more convenient to foreign donors.

Ghani & Lockhart (*Fixing Failed States*, 2008) argued that state-building should establish an effective government that is accountable to citizens.

But they did not ask whether democratic accountability could be effective with all authority centralized under one elected leader (Ghani in Afghanistan 2014-2021).

*In the language of the American Revolution, **the people** who formed the fundamental basis for the new nation were understood to be the enfranchised inhabitants acting together in their local communities.*

If this understanding had been applied in Afghanistan before 2021, interveners for democratic state-building might have had more appreciation for the autonomous authority of traditional village institutions, instead of trying to establish a centralized state without any role for locally accountable leadership.

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"In England, a lease for life of forty shillings a year value is a freehold, and entitles the lessee to vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes respectable to their landlords on account of the political consideration which this gives them. There is, I believe, nowhere in Europe, except in England, any instance of the tenant building upon the land of which he had no lease, and trusting that the honour of his landlord would take no advantage of so important an improvement. Those laws and customs so favourable to the yeomanry have perhaps contributed more to the present grandeur of England than all their boasted regulations of commerce taken together." (*Wealth of Nations*, Book III, Chapter 2, p. 415)