

Extended Abstract: How State Building Backfires*

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Abstract

This book examines the dynamic relationship between political centralization and domestic conflict. Central authorities in many contexts rely on local elites to maintain order and repress rebellion, but this often comes at a high cost in terms of lost revenue and control. State-building efforts that consolidate authority in the central government are often attractive to central rulers, especially when facing external threat, but they are risky as well. Though they may succeed in bolstering the financial strength of the state, these efforts run the risk of backfiring by alienating crucial intermediaries who maintain order in the periphery. We explore this argument empirically drawing on qualitative evidence from Russia, France, and China and detailed subnational data on state building and conflict across over 500 years of Mexican history.

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1. Introduction

When and why do states centralize power? How might such centralization efforts backfire? This book manuscript examines the complex relationship between domestic conflict and political centralization. It is often argued that strong, centralized states are better able to provide the administrative infrastructure necessary to maintain political stability and facilitate long-term development. In many states, however, elites in the periphery retain considerable power and autonomy at the expense of the center.

Our theory focuses on how the threat of domestic conflict influences central authorities' decision to consolidate authority at the expense of local power-holders and how centralization in turn influences the course of domestic conflict. Central authorities in many contexts rely on local elites—for example, traditional authorities, local notables, or the aristocracy—to establish and maintain political order, especially in areas where state institutions are weak. By entrusting key state functions to local potentates, central authorities can take advantage of pre-existing institutions and the superior knowledge and information of intermediaries in the periphery. However, this comes at a political cost. These arrangements usually require sacrificing power, resources, and autonomy to local authorities at the expense of the center, limiting the independent capacity of the central government and potentially posing a longer-term threat as the empowered elites may subvert, resist, or contest state authority.

To address these problems, rulers may invest in state-building efforts to consolidate power and resources in the central government. Political centralization is attractive as it allows authorities to exert more direct control over the periphery and retain additional revenue for the state. It is also risky, however. State building often comes at the expense of elite intermediaries who play an important role in maintaining order and managing conflict in society. When threatened by the loss of power and prestige, elites may resist state-building efforts or shirk on their responsibilities to maintain local order. This can encourage revolt among commoners, even when commoners have little direct stake in state-building or national politics. By driving a wedge between elites and the

state, state building can create an opening for commoner resistance during unrelated and unforeseen crises. This can encourage additional elite defection, further weakening the political control of the center. Efforts undertaken to bolster the strength of the central government can thus backfire and increase the fragility of the political system during crisis.

Using this theoretical framework, we investigate when and why authorities may undertake beneficial but risky state-building efforts, when and why such efforts may backfire, and how these processes influence the structure of political conflict at the national and sub-national levels. Our primary empirical analysis traces the cycles of state centralization and collapse in Mexican history over the last 500 years using qualitative historical analysis as well as quantitative subnational data on political centralization, rebellion, and revolution.

2. Theoretical Framework

Our theoretical framework adapts the model from our recent chapter in the *Oxford Handbook of Historical Political Economy*. We describe the framework here, leaving the formal analysis to that piece.

We model the strategic interaction between a central authority, provincial elites, and commoners. Elites control wealth in society, and the central authority chooses an amount of tax revenue to extract from the elite. We assume that rulers are office-seeking and that state strength is an increasing, concave function of tax revenue and also depends on the degree of elite cooperation in controlling rebellion by commoners.

Commoners' decision to rebel depends on "local conditions" that are not directly related to state-building itself, such as localized economic conditions, grievances, or political priorities. These conditions are stochastic and not known in advance. If commoners decide to rebel, elites can either repress the rebellion (which would be costly for commoners) or allow it to grow out of control. The choice of elites to back central authorities and repress the rebellion depends on the cost of repression and the degree of loyalty that elites have to the central government.

The government survives if the base strength of the state is high enough relative to the extent of external threat and the damaging consequences of internal rebellion. If the state survives, elites who shirked on their responsibilities to the center are punished. An outline of model timing is as follows:

1. The state determines how much tax revenue to extract from elites.
2. Local conditions affecting commoners are revealed and commoners determine whether to rebel.
3. If commoners rebel, the elite decides whether to control this conflict via repression or not.
4. The extent of external threat is revealed. If the state survives, elites who failed to control rebellion are punished.

As we discuss in that chapter, this model illustrates the interdependence between state strength, elite defection, and commoner revolt. When elites' preferences are in tension with those of central authorities, they become less willing to sacrifice resources to bolster the strength of the central government. In these situations, extracting more resources via taxation building is a double-edged sword for a central ruler. Additional extraction from elites strengthens the state directly, making it more likely that it will be able to survive an external threat, but it also reduces elites' willingness to back the government in a crisis.

This latter consequence of state building can make commoner revolt more likely, even if commoners are not directly affected by taxation or state building. Divisions between elites and the center reduce the threat of repression, making it more attractive for commoners to rebel when facing poor local conditions. As commoner rebellion becomes more likely, central authorities depend more heavily on elites to control domestic conflict, which curbs their ability and incentive to extract tax revenue at the elites' expense.

Importantly, however, it is not clear how threatening domestic or external conflict will be at the start of the game. These factors depend on stochastic shocks that occur after authorities have determined how much tax to extract and elites have determined whether to back the government.

Because of this, authorities may rationally undertake state-building efforts that eventually backfire. The interdependence between elite divisions, commoner conflict, and state strength can create a feedback loop leading a previously stable political system to the brink of collapse.

In the empirical chapters of the book, we investigate a series of predictions generated by this framework, focusing on the following implications:

- Political centralization becomes easier when the threat of domestic conflict declines by reducing the tension between strengthening the central government and weakening elite incentives to side with the center in a crisis.
- By alienating intermediaries, state building efforts can sometimes backfire, exacerbating conflict in both the center and periphery.
- Because of positive feedback between elite conflict, commoner rebellion, and state strength, localized crises can spiral into state collapse when there are divisions between elite intermediaries and the center.
- The shocks that can lead to these political crises may be unrelated to the state-building efforts themselves and are not always foreseeable in advance.
- Political centralization can thus increase the strength of the central government while also making it more susceptible to collapse.

3. Empirical Analysis

Our empirical analysis proceeds in two parts. We examine first the choice of authorities to centralize power conditional on the threat of domestic conflict and then assess the resulting consequences of this choice for future state control.

We examine the causes and consequences of several cycles of state building, stagnation, and collapse in Mexican history:

- The wave of political centralization under the Triple Alliance in the late Aztec Empire (contributing to the collapse of the Aztec state during the Conquest)

- The consolidation of the colonial state under Spanish rule
- The more than century-long stagnation and eventual devolution of colonial institutions in the 17th and early 18th centuries
- The state building project of the late Bourbon period (contributing to the collapse of the colonial state during the War of Independence)
- The aborted efforts to centralize political control in the early post-independence period
- The political centralization of the Porfiriato (contributing to the collapse of the state during the Mexican Revolution)
- The consolidation of the post-Revolutionary Mexican state

We provide further evidence in support of our argument drawing on detailed subnational data on political centralization and rebellion. This analysis draws on the results of two earlier papers published in the *Journal of Politics* and the *American Journal of Political Science*.

The analysis shows that a sudden decline in the threat of rebellion from below can facilitate centralization using detailed subnational data on political institutions around the time of a major shock to the extent of political resistance from below: the 16th-century collapse of Mexico's Indigenous population due to disease. Using a difference-in-differences empirical strategy as well as an instrumental-variables exploiting the climate conditions associated with disease outbreaks in this context, we show that state centralization differentially accelerated in the places where the threat of domestic conflict was diminished.

The second analysis looks more carefully at the political consequences of state building, focusing on the Bourbon reforms of the late colonial period. These reforms bolstered the strength of the central government, but they also alienated elite intermediaries in charge of maintaining political control. Using detailed data on political institutions and fighting during the War of Independence, we show that insurgent activity was concentrated in areas where both elites had been adversely affected by a late 18th-century tax reform and peasants had been exposed to a damaging drought, linking high- and low-level political conflict.

4. Works referenced

1. Garfias and Sellars 2021. “From Conquest to Centralization: Domestic Conflict and the Transition to Direct Rule,” *The Journal of Politics*. 83(3): 992–1009
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3. Garfias and Sellars Forthcoming. “State Building in Historical Political Economy,” in *The Oxford Handbook of Historical Political Economy*. Ed. Jeffery A. Jenkins and Jared Rubin (May 2023)