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CONTENTS

An Institutional Theory of Direct and Indirect Rule *John Gerring, Daniel Ziblatt, Johan VanGorp, and Julián Arévalo* 377

Embedded Mobilization: Nonstate Service Provision as Electoral Strategy in India *Tariq Thachil* 434

The Rise of Indirect Affirmative Action: Converging Strategies for Promoting “Diversity” in Selective Institutions of Higher Education in the United States and France *Daniel Sabbagh* 470

Globalization, Party Positions, and the Median Voter *Hugh Ward, Lawrence Ezrow, and Han Dorussen* 509

REVIEW ARTICLE

International Relations Theory and the Rise of European Foreign and Security Policy *Ulrich Krotz and Richard Maher* 548

The Contributors ii

Abstracts iv

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caps III

ABSTRACTS

AN INSTITUTIONAL THEORY OF DIRECT AND INDIRECT RULE

By JOHN GERRING, DANIEL ZIBLATT, JOHAN VAN GORP, and JULIÁN ARÉVALO

Most governance arrangements involve spatial units with highly unequal powers, for example, a feudal monarchy and its principalities, an empire and its colonies, a formal empire and an informal empire (or sphere of influence), a national government and its subnational entities, or a regional government and its local entities. In this situation, the dominant unit (*A*) usually enjoys some discretion about how to institutionalize its authority over the subordinate unit (*B*). An important element of this decision concerns how much authority should be delegated to the weaker unit. The authors simplify this dimension of governance along a continuum of “direct” and “indirect” styles of rule. Why, in some cases, does one find a relatively direct (centralized) system of rule and in others a relatively indirect (decentralized) system of rule? While many factors impinge on this decision, the authors argue that an important and highly persistent factor is the prior level of centralization existing within the subordinate unit. Greater centralization in *B* is likely to lead to a more indirect form of rule between *A* and *B*, all other things being equal. The authors refer to this as an *institutional* theory of direct/indirect rule. Empirical analyses of this hypothesis are applied to patterns of direct and indirect rule (1) during the age of imperialism and (2) across contemporary nation-states. The article concludes by discussing applications of the theory in a variety of additional settings.

EMBEDDED MOBILIZATION

NONSTATE SERVICE PROVISION AS ELECTORAL STRATEGY IN INDIA

By TARIQ THACHIL

How do elite parties win over poor voters while maintaining their core constituencies? How can religious parties expand their electoral base? This article argues that social service provision constitutes an important electoral strategy for elite-backed religious parties to succeed in developing democracies. The study demonstrates how the upper caste, Hindu nationalist Bharatiya Janata Party (BJP) won unexpected support from lower-caste voters in India, due to services provided by its grassroots affiliates. Using a combination of original survey data and extensive interviews, the author tests whether services win votes and identifies the mechanisms by which they do so. Beneficiaries of services were found to be far more likely to support the party, even when accounting for piety, income, and ideological orientation. The author argues that service provision as an electoral strategy cannot be conceptualized as being predicated purely on material exchange. It should instead be understood as a socially embedded tactic especially well suited to helping elite parties with organizational resources, but without pro-poor policy agendas, win over underprivileged electorates.

THE RISE OF INDIRECT AFFIRMATIVE ACTION

CONVERGING STRATEGIES FOR PROMOTING “DIVERSITY” IN SELECTIVE INSTITUTIONS OF HIGHER EDUCATION IN THE UNITED STATES AND FRANCE

By DANIEL SABBAGH

A growing trend in the comparative politics literature on patterns of minority incorporation emphasizes the emerging policy convergence in this area, conventional oppositions between national models notwithstanding. This convergence is further illustrated by drawing upon the cases of two countries often analyzed within an “exceptionalist” framework and generally viewed as polar opposites as far as the political legitimacy and legal validity of race-based classifications are concerned: the United States and France. The analysis of recent programs designed to increase the “diversity” of the student body in selective institutions of higher education demonstrates that *indirect affirmative action* is the instrument around which French and US policies have tended to converge. This increasingly visible convergence obtains in part because of the current move toward color-blindness as a matter of law in the United States. Yet it is also a reflection of the

fact that the ultimate purpose of affirmative action in liberal democracies requires a measure of indirection and/or implicitness.

GLOBALIZATION, PARTY POSITIONS, AND THE MEDIAN VOTER

By HUGH WARD, LAWRENCE EZROW, and HAN DORUSSEN

The authors argue that the effects of economic globalization on social democratic parties in Western Europe are conditional on the position of the median voter. If the median is far enough to the right, such parties will adopt business-friendly policies because it is required to win office. Only when the median is relatively far to the left will globalization constrain social democratic parties, forcing them to adopt policies further to the right in order to retain credibility. It is on this basis the authors argue that empirical studies are misspecified unless they include an interaction between measures of globalization and the position of the median. In addition to presenting formal theoretical arguments, the article reports empirical findings from fifteen countries in the period from 1973-2002 that support the conclusion that the effects of globalization are indeed contingent on the median. The authors find that the effects of globalization are significant for social democratic parties only in circumstances in which the median is relatively far to the left.

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INTERNATIONAL RELATIONS THEORY AND THE RISE OF EUROPEAN FOREIGN AND SECURITY POLICY

By ULRICH KROTZ and RICHARD MAHER

The historical rise of European foreign, security, and defense policy marks an important development in European politics and world politics more broadly. Long thought unlikely to amount to much, European integration in the domains of traditional "high politics" has consolidated bit by bit since the mid-1990s, under the auspices of a common foreign and security policy (CFSP) and a pan-European security and defense policy (ESDP). Accordingly, European affairs in these areas have attracted increased scholarly interest. In a variety of books as well as journal articles, scholars from diverse theoretical and intellectual backgrounds have argued that European integration in these policy areas has gained considerable substance—while offering very different causal accounts for why this has occurred. These different theoretical and empirical investigations together produce a new field of study with its own research questions, vocabulary, and search for causal explanations. IR theory is now engaging fully with European integration studies and vice versa. Paradoxically, this takes place in precisely those policy areas in which European integration had long been the weakest and least developed. This article explores and evaluates this new literature that analyzes why, compared with even the very recent past, a European foreign and security policy has emerged and apparently solidified.

AN INSTITUTIONAL THEORY OF DIRECT AND INDIRECT RULE

By JOHN GERRING, DANIEL ZIBLATT,
JOHAN VAN GORP, and JULIÁN ARÉVALO*

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MANY governance arrangements involve spatial units with highly unequal powers. Whether a feudal monarchy and its principalities, a hegemon and its peripheral units, a national government and its subnational entities, or a regional government and its local entities, a pivotal question of institutional design is how much authority the dominant unit (*A*) cedes to the subordinate unit (*B*). We shall say that a “direct” style of rule features highly centralized decision making while an “indirect” style of rule features a more decentralized framework in which important decision-making powers are delegated to the weaker entity.

This raises a fundamental question about institutional origins, namely, what accounts for variation in patterns of direct (centralized) and indirect (decentralized) rule? Why, for example, were some areas of archaic, feudal, absolutist, and imperial states ruled directly by the crown while others were left in the hands of local potentates?¹ Why were some overseas territories subjected to informal imperial control while others were incorporated into an empire?² Why were some colonies ruled directly by imperial administrators while others were ruled indirectly through local intermediaries?³ Within the contemporary nation-state, why do some territories retain vestiges of sovereignty in the form of constitutionally protected rights and a substantial measure of self-governance (federalism) while others are subsumed within a single

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1. Eisenstadt 1969; Feinman and Marcus 1998; Given 1990; Kautsky 1982, chap. 6; Madden and Fieldhouse 1985; Mann 1986; Tilly 1990, chap. 4.

2. Gallagher and Robinson 1953; Lake 1996; Lake 2006; Lindley 1926.

3. Doyle 1986, 135–36; Fisher 1991; Lange 2009; Newbury 2003.

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political unit?⁴ Why are some administrative apparatuses highly centralized while others delegate significant power to regional and/or local authorities?⁵

The principle of direct/indirect rule has rarely been applied in such a broad fashion.⁶ We seek to demonstrate, however, that there are sufficient commonalities across this heterogeneous set of governance relationships to justify their inclusion under a common theoretical rubric. The key conceptual move is to understand systems of rule along a continuum that reflects the degree of central control.⁷ This allows one to generate theoretical expectations that might apply across diverse terrains.

As a preface to the main argument, we acknowledge a variety of background factors that, although not of theoretical interest, may nonetheless influence the outcome of concern. An *access* hypothesis proposes that the administration of rule by *A* over *B* is influenced by the extent to which *B* is accessible to *A*, in turn a product of its location relative to *A* as well as any additional geographic, disease, and transport barriers that may impede *A*'s access to *B*. Greater accessibility should culminate in a more direct style of rule.⁸ A *power* hypothesis suggests that *A* will exert direct control over *B* to the extent that it is militarily possible and also necessary to do so. Forms of rule thus depend upon the relative balance of capabilities—technological, military, bureaucratic, demographic, and economic—between *A* and *B*, and *B*'s proclivity to revolt. Greater coercive strength in *A* relative to *B* should lead to a more direct style of rule. A greater propensity to revolt may induce a direct or indirect style of rule, depending on the circumstances.⁹ A *revenue* hypothesis proposes that the style of rule imposed by the dominant unit will be a product of its search for wealth, for

4. Inman and Rubinfeld 1997; Ziblatt 2004; Ziblatt 2006, 5–6.

5. Daintith 1995; Falletti 2010; Montero and Samuels 2004; Panizza 1999.

6. We suspect that the lack of theoretical development in this field is a product of shared preferences among researchers: the origins of political institutions are generally less interesting to scholars than the causal effects of those institutions. Thus, while a great many studies have addressed the role of various governance arrangements in structuring policies and policy outcomes, and many have sought to provide an ethical or theoretical justification for centralized or decentralized rule, few have addressed the prior question, and those that have done so have focused their work narrowly. Consequently, possible parallels across diverse types of political relationships have been missed.

7. In this spirit, Lake 1996, 7, proposes a range of security relations: alliance, protectorate, informal empire, empire. One might extend this typology to register the degree of centralization imposed by the center upon the peripheral units of a sovereign empire or nation-state (Cooley 2005), for example, as unitary or federal.

8. This hypothesis draws on a large literature on the role of geography on civilizational development (Diamond 1997), in particular, the "circumscription" thesis of state formation (Carneiro 1970).

9. This hypothesis draws on—but is not reducible to—realist and *realpolitik* traditions of inquiry (e.g., Krasner 1999; Mearsheimer 2001). As applied to questions of formal and informal imperialism, see Robinson 1972. As applied to questions of constitutionality—federal versus unitary—see Riker 1964.

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example, tax revenue, revenue derived from natural resources, or access to markets.¹⁰ The system of rule to be employed will be the one that maximizes revenue for *A*. An *agenda-centered* hypothesis supposes that the more transformative *A*'s agenda, the more likely it is that *A* will impose a system of direct rule. Only by grasping the levers of power will *A* be able to engineer a thorough transformation of *B*'s economy, society, or government. By contrast, an indirect system of rule, which necessarily empowers traditional elites, is less likely to serve as an agent of fundamental change.¹¹ A *difference/identity* hypothesis supposes that the shape of political authority responds to the contrasting shape of group practices and identities that comprise *A* and *B*. Relations and borders between states, territories, regions, and agencies should therefore follow patterns of cultural, political, and economic affiliation. In one version of this thesis, the more disparate are *A* and *B*, the less likely it is that direct rule will be attempted and successfully established, for the constituent units have diverse values and interests.¹² An alternative hypothesis is also plausible, namely, the more disparate are *A* and *B*, the more likely it is that direct rule will be necessary in order to achieve *A*'s objectives, given *B*'s diversity. A *normative* hypothesis presumes that actors are motivated by a logic of appropriateness that is independent of power, revenue, and identity concerns. These norms and values—for example, that an indirect form of rule is harmful or beneficial to *B*—will shape the way in which authority is structured.¹³ A *democracy* hypothesis proposes that where the relationship between *A* and *B* is mediated by an overarching structure with a democratic character—for example, a supranational body like the United Nations or a national elective government—the result will be to institute a less centralized form of rule.¹⁴

These seven hypotheses are fairly commonsensical; indeed, all derive from general theories of social action. Without discounting their impor-

10. This hypothesis draws on Marxist and Marxist-influenced writings (e.g., Hobson 1965 [1902]; Lenin 1939; Wallerstein 1974).

11. Thus, in the history of colonialism one finds that colonial powers with ambitious agendas for extracting massive amounts of wealth and/or transforming native religious and cultural systems (e.g., the French, Japanese, Portuguese, and Spanish) were more likely to employ direct systems of rule than colonial powers with more modest agendas (e.g., the British and Dutch).

12. Oates 1972.

13. This hypothesis draws on a very broad literature emphasizing the role of norms, values, and beliefs in the conduct of foreign affairs (Lapid and Kratochwil 1996). It draws, more specifically, on work that emphasizes the periodic shifts in international norms regarding sovereignty (Philpott 2001; Spruyt 1994).

14. Beer 2004; Panizza 1999. Decisions to centralize or decentralize may also be influenced by the *type* of democratic institutions prevailing in a polity (Garman, Haggard, and Willis 2001; Montero and Samuels 2004).

tance, we will focus here on an additional feature whose existence runs counter to intuition and which may have far-reaching implications. We argue in this article that the type of authority instituted between units that are grossly unequal in political power is often a product of the degree of political organization existing within the weaker unit prior to the establishment of a formal relationship. Specifically, indirect forms of rule are more likely to be established where *B* enjoys a more statelike form of rule. We refer to this as an *institutional* theory of direct/indirect rule and contrast it to arguments based on access, power, revenue, agendas, difference/identity, appropriateness, and democracy.

The study begins with an elaboration of the theory. The next sections are empirical. The first examines patterns of rule during the age of imperialism and the second examines patterns of rule across contemporary nation-states. A final section attempts to generalize from these results across a variety of other instances where political organization appears to have been affected by prior levels of political institutionalization.

I. THEORY

Clearly, many factors may shape the decision to adopt direct or indirect forms of rule, as discussed in the previous section. Among these factors is one that often escapes notice: the prior level of political development existing within the subordinate unit. We argue that greater stateness in *B* should lead to a more indirect form of rule between *A* and *B*, all other things being equal.¹⁵

The theory is intended to apply to any situation in which there are two or more geographically based (nonterminal) units that are socio-culturally or politically distinct and asymmetric in power, with an institutionalized form of rule across them. We are not concerned with situations in which a dominant power conquers a territory, extracts wealth, and departs, because this form of predation does not constitute an institutionalized system of rule. Nor are we concerned with the specific terms of the relationship between *A* and *B*—for example, consensual

15. By *state-ness* we infer the following ideal-type characteristics: (1) decisions affecting a community are made by a single body (or person); (2) those decisions stick (are adhered to); (3) that body enjoys a monopoly on the use of physical force; (4) the territory and population over which the body rules are well-defined and fixed; and (5) rules of governance are well institutionalized (Nettl 1968; Weber 1968). So defined, the concept of state-ness also evokes neighboring concepts like "sovereignty" (Krasner 1999), "state capacity" (Evans, Rueschemeyer, and Skocpol 1985), "infrastructural capacity" (Mann 1986), "political development" (Huntington 1968), and "institutionalization" (Polsby 1968). For present purposes, distinctions among these terms are less important than their commonalities.

or nonconsensual, formal or informal. It *is* important, however, that the distinctiveness (sociocultural and/or political) of the units be recognized by a majority of inhabitants in *A*.¹⁶

The theory is intended to encompass a wide variety of phenomena, as touched upon in the introductory section. It is clearly relevant, for example, to the sort of "colonial" or "imperial" relationship that exists between highly distinct, usually noncontiguous, and asymmetric units. Here, the dominant unit (*A*) may be referred to as the colonial power, imperial power, core, or metropole, and the subordinate unit (*B*) may be referred to variously as a colony, protectorate, dominion, territory, trust, or client state.¹⁷ Another sort of relationship is the constitutionalized (that is, formal, juridical, and largely consensual) arrangements established between the center and periphery of a nation or confederation. In this instance, scholars apply the terms federalism, federation, confederation, federacy, associated states, condominium, league, or union.¹⁸ A final species of relationship refers to the less formal, non-constitutional dimensions of a center-periphery relationship, referred to variously as centralization/decentralization, delegation, deconcentration, or devolution.¹⁹

A panoply of overlapping and rather confusing concepts thus defines the terrain of our theory. The relationship between an imperial metropole and its colonies, for example, is quite similar to the relationship between core and peripheral regions of a large, diverse nation-state such as the United Kingdom²⁰ or Russia,²¹ rendering the classical distinction between intrastate and interstate authority difficult. Furthermore, diverse intergovernmental relationships may exist across subordinate units *within* a single body, such as peripheral units of the same empire or nation-state. Thus, French colonists established direct forms of rule in some parts of Senegal and indirect forms of rule in other parts; Scotland and Wales enjoy greater autonomy from Westminster than does England; and Catalonia enjoys more independence from Madrid than does Andalusia.

16. Thus, although a majority of Turks might not recognize the distinctiveness of the Kurdish region within Turkey today, a majority of those living within this region do, and this qualifies it as a separate unit in the terms of our analysis. Alternatively, although the units of governance devised by European colonists in Africa were often (at least initially) nonsensical to the indigenous inhabitants of these regions, they were nonetheless recognized by the hegemonic powers as politically distinct units. This, again, is sufficient to qualify it within the scope of our theory.

17. Fieldhouse 1966.

18. Watts 1999; Ziblatt 2006.

19. Schneider 2003.

20. Hechter 1975.

21. Kappeler 2001.

It should be stressed that the key concepts in this study—direct/indirect (centralized/decentralized) rule and stateness—are both matters of degree. Although for heuristic purposes we sometimes employ these terms in a dichotomous fashion, this usage implies a wide range of empirical variation. Governance arrangements between *A* and *B* are more or less direct/indirect; *B* is more or less statelike. We also recognize that the mechanisms of power—that is, what it might mean for *A* to control *B* or for an institution within *B* to govern the populace of *B*—differ across settings and through time. We are interested not in the specific characteristics of rule but rather in *degrees of control*.

With these clarifications in hand, we now proceed to a discussion of the theory. Why might the degree of stateness found in *B* affect the style of rule that *A* establishes over *B*?²² We argue that a more developed political apparatus in *B* militates in favor of an indirect form of rule (1) because it enhances the principal-agency relationship between *A* and *B*, (2) because it solves the delicate problem of political order, and (3) because it is often in the interest, and in the culture, of *B*'s leaders to cooperate rather than to resist.

PRINCIPAL-AGENCY RELATIONSHIP

We begin by considering the issue from the perspective of principal-agency theory, as informed by transaction-cost analysis.²³ In this context, our question is a variant of the classic theory of the firm. Why do firms choose to internalize or externalize the production of a good? This is sometimes expressed as a question of hierarchy versus markets, organization versus contract, or “make” versus “buy.” For our purposes, it may be framed as a question of direct or indirect rule where *A* is the principal and *B* is the agent.

In order for indirect forms of rule to become established, it is essential that the dominant unit, *A*, identify an agent within the subordinate unit, *B*, to whom power can be effectively delegated. The capacity of *B* to serve as an agent of *A* is a function of how statelike the polity is. A statelike polity supplies a single agent—the sovereign power in *B*'s territory—who can enter into negotiations with *A*, who can be monitored by *A*, who can be punished by *A*, and who can discipline its own members. Agreements can therefore be enforced. A less institutionalized

22. Naturally, causal mechanisms differ somewhat across settings (e.g., between formally sovereign units, within empires, and within nation-states), across different dimensions of rule (fiscal, constitutional, electoral, and so on), and through time. Here, we focus on features that appear to be relatively constant across these levels. Our discussion thus rests at a fairly high level of generality.

23. Coase 1937; Coase 1960; Gibbons 2005; Kreps 1990, chap. 20; Laffont and Martimort 2002; Miller 1992; Mookherjee 2006; Weber 2000; Williamson 1985.

realm offers none of these advantages; there is, quite simply, no unitary entity to deal with and hence very little possibility of establishing a relationship of accountability between principal and agent.²⁴

Equally important, a statelike sphere provides an agent who is likely to be capable of achieving *A*'s policy aims, for example, extracting revenue, maintaining order, providing manpower and matériel to support *A*'s geopolitical ambitions, or reforming *B*'s religious and/or economic practices. There is little reason to delegate power to an agent who is unable to deliver on promises. Thus, the notion of delegation to decentralized agents is largely unworkable unless the principal pursues only the extremely modest agenda of obtaining formal recognition of its sovereignty (typical of many feudal relationships).

It is true that *A* may decide to create a new political authority that carries the attributes of an agent and to which authority can subsequently be delegated. The "warrant" chiefs created by British colonialists in Africa exemplify this sort of solution.²⁵ However, persons whose authority has been created by and derives entirely from *A* (that is, who can claim no traditional legitimacy) are unlikely to enjoy much de facto independence from *A*. Indeed, the warrant chiefs (so-called) in Africa seem to have governed in a more obsequious fashion than those whose authority predated the British (see discussion below). This was indirect rule in name only.

THE PROBLEM OF POLITICAL ORDER

Any political leader with ambitions to extract resources from a territory—or even merely to claim sovereignty over that territory—must wrestle with the fundamental problem of political order. At a minimum, a leader must deter potential rebellions and achieve a limited degree of quiescence; otherwise, *A* will achieve nothing by its claimed sovereignty over *B*.

These points become important when one considers the delicate nature of political order, which rests not only on coercive power but also

24. While the explanatory framework provided by principal-agent theories supplies a good theoretical starting point, there are limitations to the P/A framework as applied to the quintessentially political question of direct/indirect rule. Note that the economics literature is concerned primarily with the ways in which the character of a transaction (e.g., its asset specificity, uncertainty, frequency, and information costs) and the behavior of agents (e.g., collusion) structures relationships between parties. By contrast, we are concerned with the way in which the *organizational components of the agent* structure this relationship. This is not a question that economists have usually considered, perhaps because it is rarely applicable to market transactions or perhaps because it does not fit neatly within the transaction-cost framework. Qr theory is thus consonant with, but not reducible to, principal-agent models.

25. Afigbo 1972.

c/ on legitimacy. Soldiers and bureaucrats can be moved in quickly to a territory to establish the framework of political rule. But unless this machinery gains some level of consent²⁶, their work will be difficult, perhaps even impossible. Seen in this light, the benefits of preexisting political institutions become apparent.

If *A* selects to maintain existing, statelike governance arrangements in *B*, it automatically gains several immediate benefits. These flow from what might be called the generic tasks of government, for example, the establishment of property rights (in some form); the suppression of piracy, rebellion, and terrorism; the management of population movements (the problem of pell-mell emigration); and the maintenance of epidemiological control (dealing with the outbreak and spread of disease).²⁶ Insofar as *B* embodies features of the modern state, it is likely to provide these public goods. Indeed, it is rare, and perhaps unprecedented, to find a stable social order existing over a large territory without statelike sovereignty. Thus, in choosing to leave the reigning sovereign in place, *A* may be able to maintain political order cheaply, with little or no deployment of personnel and matériel.

Now, let us consider the alternative: the installation of a system of direct rule over *B*. Such a system requires the destruction—or at the very least, the neutralization—of the existing political order. There cannot be two governments side by side—at any rate, not without a serious loss of efficiency and legitimacy. The destruction of political order is a cosmic event, with repercussions that are often far-reaching and always difficult to anticipate; spillover is common, for such events are difficult to contain. And it is never just about “politics,” for politics is intertwined with issues of identity, culture, ideology, and dignity. Evidence from the age of empires suggests that direct rule often led to greater unrest and more open opposition to imperial rule than indirect rule, whose disequilibrating effects were more subtle.²⁷ In this context, indirect rule may be conceptualized as a species of “soft power.”²⁸

Moreover, a territory whose delicate political infrastructure has been broken is not usually a good candidate for reconstruction. It will require a great deal of time and resources before these pieces can be put back together again. Indeed, there are severe limits to what naked powers of coercion can accomplish if *A* wishes to establish an enduring system

g/ 26. Note that the potential benefits to the principal are greater if the region is rich than if it is poor, while the dangers are greater if the region in question is closer/or more closely connected (e.g., through trading routes) to the dominant unit.

27. Fisher 1991, chap. 1.

28. Nye 2004.

of rule. This involves, among other things, the elaboration of a new foundation of political legitimacy. And this may be especially difficult to establish, given that the new occupier is, by definition, an outsider who has crushed the sovereign authority in that land. The Hobbesian challenge is extreme.

Thus, the benefits of preserving preexisting political institutions are considerable, while the opportunity costs of destroying them may be quite high. We conclude that if generic political tasks are already being accomplished—presuming a more or less statelike political authority—it is usually easier for *A* to utilize this structure than to attempt to re-create it from scratch. Preservation, as compared with re-creation, is less expensive, more predictable, and less fraught with complications.

The point becomes clearer by way of an analogy. Consider a political institution as a species of physical infrastructure like a building, railroad, or telephone system. Typically, *A* will attempt to utilize the existing infrastructure in *B* in preference to destroying that infrastructure and constructing it anew, with this important proviso: that the existing infrastructure is performing its intended function. *If it ain't broke, don't fix it.*

LEADERSHIP INCENTIVES

Indirect rule in its pure form is, by definition, a negotiated settlement. It cannot be imposed without the active participation of leaders from both *A* and *B*, for the delegation of power requires formal agreements as well as informal understandings. While direct rule may rest on coercion, indirect rule requires bargaining. To be sure, it is a bargaining situation in which *A* holds most of the cards. Even so, *B*'s leaders always have the option of refusing to sign agreements, refusing to carry them out, or simply decamping. They may also resort to violence, an option that is probably least pleasing to *A*. Thus, it behooves us to consider how the relative stateness of *B* affects leadership incentives.²⁹

In a highly centralized setting those at the top of the political pyramid have a great deal to lose from direct confrontation with a superior power. Such leaders are, almost by definition, wealthy (by the standards of their society), esteemed, and cushioned from the hard realities that face their subjects/citizens. At the same time, their privileges (including

29. The argument we elaborate that domestic political institutions shape leadership incentives to bargain or to use coercion with opponents resonates with insights found in Fearon 1994 and Martin 2000. While these two works focus on how democratic institutions alter the incentives of political leaders to cooperate or escalate with opponents, our account emphasizes a different attribute of domestic state structure: the level of political development.

their own personal safety) are extraordinarily vulnerable to shocks that *A* might deploy—via military attack, economic boycott, international isolation, or some other instrument. By virtue of their prominence and visibility they are easy targets. As a general rule, institutional authority depends upon institutions; if these institutions are broken, power evaporates. Further, political institutions are delicate and therefore especially vulnerable to overwhelming force (which *A*, by definition, possesses).

By contrast, in a less institutionalized system—featuring multiple low-level leaders with limited authority over small areas (for example, local tribal chiefs or acephalous bands)—there is less leadership *per se* and what there is by way of leadership is less vulnerable to threats from overwhelming power. In this context, low-level leaders are often difficult to identify, capture, and punish; they also have less to lose and what they do have is difficult, even for a vastly superior power, to take away. Moreover, in the event of a military incursion, this genre of political power is relatively easy to regenerate. It does not depend upon formal organizational structures, central administrative offices, and advanced logistics.

Consequently, one can anticipate that the leadership class in a more politically developed polity will be more likely to cooperate with superior powers; such cooperation is a necessary condition for indirect rule.

Relatedly, the more statelike the polity, the more likely that leaders will follow the precepts of a legal-bureaucratic culture. This means, following a Weberian logic, that they will be accustomed to thinking of leadership in terms of well-defined roles, each with a specific set of duties, and of politics as a sphere of instrumental rationality. By contrast, leaders in less-institutionalized, less-centralized venues are more likely to respond to and evoke a charismatic mode of authority. (Both sorts of leaders, in our view, are likely to draw upon traditional forms of legitimacy.) It follows that leaders in a legal-bureaucratic culture who are confronted by a superior adversary will probably be more inclined to negotiate than to fight. They know that their authority is institutional in nature and that if the institution is destroyed, their power dissolves. Charismatic authority, when confronted with similar challenges, is by contrast more resilient. This, in turn, should help to explain why state-like spheres are more amenable to the development of indirect rule. A government organized along legal-bureaucratic principles is precisely the sort of administrative machinery that can adapt to new demands and new functions.

For these reasons, we expect centralized and institutionalized rule in *B* to culminate in indirect patterns of rule by *A* because it is *in the*

interest of B's leaders to preserve as much of their authority as possible—a matter that can be arranged only through an indirect style of rule. It is *in their repertoire* to negotiate in circumstances where military victory is highly unlikely, as it is by definition in situations of asymmetric power.³⁰

CLARIFICATIONS

We can now state the argument in more general form. Our assumption is that rulers have certain objectives, for example, for revenue, for personal power and status, or for some vision of a just polity. They seek to maximize these objectives in a resource-constrained environment³¹ through whatever political, military, and financial mechanisms are available. In these very general respects, the leaders of dominant units are similar if not identical to those in subordinate units. We have argued that the attainment of these objectives rests on the degree of political centralization in existence within a subordinate unit, which may be ruled directly or indirectly by the dominant power. If there is a fairly high level of political development (relative to the standards of the time), then it will be in the interest of rulers in both the dominant and the subordinate units to preserve at least some of that unit's original sovereignty and organizational coherence. If, by contrast, there are few "statelike" features already in place, then the achievement of *A's* objectives is likely to require a system of direct rule. (Perhaps, over time, a system of indirect rule may be established, but only after sufficient political centralization—a lengthy and costly process—has been achieved.) Efficient outcomes, from the perspective of rulers in the dominant and subordinate units, hinge upon questions of political centralization by reason of the three causal mechanisms that we have identified.³²

It should be recognized that this "institutional" theory is not inconsistent with various alternative explanations, as outlined at the outset of this article. Indeed, our argument is accompanied by a strong *ceteris paribus* caveat. Preexisting political development in *B* affects the direct/indirect form of rule established with *A*, *all else equal*. Occasionally, one finds that the influence of other factors is so overwhelming

30. For suggestive observations in this vein, see Fisher 1991, 12–18.

31. In the short run, at least, resources are fixed and must be allocated carefully.

32. To be sure, relinquishing direct power for indirect power involves some costs for the principal (for several examples, see Kohli 2004). However, the balance of costs and benefits may tilt toward the positive side of the ledger if an accommodation between *A* and *B* can be worked out. And the working out of this accommodation rests, in part, on the level of institutionalization found in *B*, as argued above.

that they outweigh the effect of preexisting political institutions. For example, if *A* possesses a surplus of administrative capacity or if there is a large influx of settlers from *A* to *B*, it is likely that the eventual form of rule chosen for *B* will be direct, rather than indirect. Similarly, if the ideological goals of *A* include the destruction of existing political institutions in *B*, then it follows almost apodictically that direct rule will be imposed. Arguably, our theoretical arguments are most likely to hold sway where the goals of a dominant power are instrumental in nature, for example, maintaining order and extracting resources. Common ground can usually be found between rulers in *A* and *B* in such a case, since these are goals that power holders generally share. Where, however, leadership goals are explicitly revolutionary (that is, seeking the complete disruption of existing social institutions), the gains to be realized from institutional persistence may be outweighed by purposive objectives that are, by definition, at odds with the persistence or autonomy of those institutions. Even so, we are struck by the pragmatism of powerful actors as they attempt to establish their authority within and across nations. Indeed, institutional frameworks often seem to have more to do with facts on the ground (that is, considerations of efficiency) than with ideological precommitments.³³

Another sort of issue arises from instances in which political leaders do not adopt the course of action that would appear to maximize their own objectives. Two such “mistakes” are relevant to our theory. In the first, leaders of a dominant power destroy a centralized polity in a subordinate unit in order to install direct rule but find this rule much more costly and difficult to maintain than they had anticipated. A historical example is the decision by the British to destroy the Ashanti Confederacy, a decision that may have contributed to subsequent difficulties in establishing rule over the territory.³⁴ A contemporary example is the U.S. decision to invade Iraq—and additionally, to dismember the Sunni-controlled military. It seems fairly evident, in retrospect, that this variant of direct rule vastly complicated the problem of establishing order.³⁵

The second sort of “mistake” (in terms of the theory) occurs when leaders of a dominant power attempt to erect indirect rule in a territory where there is no sufficiently centralized political body that can

33. One former British Political Officer in Northern Nigeria remarks, “Indirect Rule was not so much a policy as a necessity and that necessity was soon turned into a virtue by those responsible for its operation” (Smith 1970, 14).

34. Tordoff 1968.

35. Diamond 2006.

serve as an agent. This authority vacuum is inherently problematic. An example of this is the effort to establish systems of indirect rule in southwestern Nigeria, a region characterized by small and decentralized political bodies, with little semblance of a modern state structure. Many observers have commented on the difficulties that ensued when chiefs were summarily created and anointed *ex nihilo* (that is, without a chiefly tradition). (See discussion below.)

Outcomes contrary to the theory serve as reminders that political leaders do not have perfect information about the present or the future. Indeed, such information insufficiencies set limits of applicability for any theory grounded in functional logic. At the same time, cases such as these confirm that some of the causal mechanisms stipulated by the theory are correct; the functional logic holds, and in this respect may help to elucidate actions taken by elites in cases of more perfect information.³⁶

II. BRITISH IMPERIALISM

As an initial test of the institutional hypothesis we turn to the history of British colonial rule.³⁷ This topic is well suited to our purposes in several respects. First, it is well studied, offering a storehouse of fairly high quality data along with detailed primary- and secondary-source accounts (such as those cited above). Second, the British Empire extended across every inhabited continent, generating a large sample for analysis. Third, by restricting ourselves to a single imperial power we are able to hold constant various facets of *A* that might have influenced its decision to impose direct or indirect rule, while allowing the institutional characteristics of *B* to vary. *Ceteris paribus*, conditions essential to the causal argument are more likely to hold when the analysis is restricted to a single dominant power. Finally, the British were the first to officially recognize a formal distinction between direct and indirect styles of rule, as worked out in the first century of British involvement in the south Asian subcontinent³⁸ and championed much later in an official manner by Lord Frederick Lugard.³⁹ Arguably, the first recognition

36. Note that the functional logic of the theory could, in principle, be tested. However, this would be a much more daunting task—much more resistant to falsifiable propositions. Thus, we choose to regard the shape of existing human institutions as an empirical sign of an underlying functionalist logic.

37. Cell 1999 offers a helpful overview of the literature. A thumbnail sketch of governance arrangements across the Empire is provided by Low 2009, 316–17.

38. Fisher 1991.

39. Lugard 1922.

of a phenomenon is methodologically useful, as political actors are forced to articulate the concept *de novo*, without preconceptions. Neologisms can, in this instance, be especially revealing. In any case, the British experience in India and Africa has served as the paradigmatic case of direct/indirect rule and thus serves as an appropriate point of entrée into a vast literature on the subject.

We are of course aware that the concept of direct and indirect colonial rule played out quite differently over the centuries, in various geographic contexts, and that the concept itself is open to a variety of interpretations.⁴⁰ Thus, any attempt to operationalize this concept faces daunting problems of temporal, spatial, and conceptual equivalence, even if our purview is limited to the British Empire.

As noted above, we approach the concept in a continuous rather than a categorical fashion; degrees of directness are evidenced in British techniques of rulership, rather than in the neat, crisp categories of direct/indirect. We shall assume that styles of rule are not all of a piece; some policy areas may be ruled in a more direct fashion while others may be ruled in a more indirect fashion. We recognize, also, that changes in these styles of rule are common, making our object of study a moving target that renders cross-national comparisons difficult.

Fortuitously, Lange has recently constructed several measures assessing the extent of direct/indirect rule across the British Empire. And from these we derive four dependent variables: (1) Customary court cases (as a share of total court cases), (2) Magistrate court cases (per thousand inhabitants), (3) Colonial police (as a share of total population), and (4) a summary measure of the Intensity of colonial intervention.⁴¹ Although it might be advantageous to have evidence from other policy arenas as well as more detailed subnational data, we expect that these four measures provide a fair representation of the nature of British rule at the tail end of the imperial era.

Customary court cases is the number of customary court cases (presided over by chiefs or other traditional potentates) as a ratio of the total number of court cases (presided over by chiefs and British magistrates) in a colony.⁴² Arguably, the extent to which colonial powers were willing to recognize and legitimate customary forms of political authority should be reflected in a colony's legal institutions. Where the colonist wishes to rule directly, a single, uniform legal system based on established precepts of law in the imperial state would be established.

40. Cell 1999; Fisher 1991; Herbst 2000, 81–82; Lange 2009, 27–29; Migdal 1988, 109–10.

41. Lange 2009; see also Lange, Mahoney, and vom Hau 2006.

42. Lange 2004, 909; Lange 2009, 47.

Where, by contrast, a colonist seeks a less direct style of rule, building on indigenous institutions, it will sanction legal norms that are currently in place and grant the authority of the legal process to indigenous judges.⁴³

Magistrate court cases is the total number of court hearings presided over by British colonial officers per thousand inhabitants—the same variable that constitutes part of the denominator of Customary court cases, described above.⁴⁴ In interpreting this variable it is important to bear in mind that the British imperial system rested on—or at least aspired to—rule of law. Courts were therefore the instruments of rule in this imperial system, although whether or not they were fairly administered is another question. From this perspective, the prevalence of court cases presided over by colonial magistrates and enforcing some version of Common Law is a strong indication of the extent to which a territory was ruled directly by officers of the Crown.

Colonial police is the total number of police staff per thousand inhabitants. Imperial police forces were headed by Britishers, staffed at lower levels by indigenous recruits, and in any case directly responsible to the top British officer in a colony. Lange's measure excludes native police forces (if any). Thus, it seems fair to regard the overall size of a colonial police force as a viable measure of direct/indirect rule. To the extent that the Empire chose to govern directly they would do so through forces that they directly commanded.

Intensity is a summary measure of the intensity of colonial intervention. This is a qualitative assessment based on two of the objective measures discussed above (Customary court cases and Colonial police), supplemented by Lange's reading of the voluminous primary and secondary literature on British imperial rule. It reflects Lange's overall judgment of the level of British administrative and military intervention undertaken in each of the colonies under study.⁴⁵

Data for the construction of these variables is derived from annual colonial reports, judicial reports, and other primary documents, as described by Lange.⁴⁶ The chosen year of analysis for all four variables is 1955 (or adjacent years, if unavailable for 1955), unless the country became independent at some prior date, in which case the variable is coded during the immediate preindependence period.⁴⁷

43. Hooker 1975; Morris 1972b; Mommsen and de Moor 1992.

44. Lange 2009.

45. Lange 2004; Lange 2009.

46. Lange 2004; Lange 2009.

47. Lange 2009, 47.

All variables are understood as interval-level data except the first—Customary court cases—which is by definition bounded on either end. Since in practice this truncation affects only the left end of the spectrum (where a number of cases are coded as zero), a tobit estimator is employed in subsequent analyses. (An alternative estimator, a zero-inflated Poisson model, yields very similar results.)

The sample excludes (1) microstates (countries with less than one hundred thousand inhabitants at independence), (2) colonies that merged with non-British colonies after independence (for example, British Cameroon, British Somaliland, and Aden), (3) colonies with less than thirty years of formal colonial rule (where legal institutions may not have had a chance to become well established), (4) settler societies (for example, Australia, Canada, New Zealand, United States), and (5) colonies that are adjacent to the imperial core (for example, Ireland).⁴⁸ This leaves thirty-two cases from the universe of the British Imperium: the Bahamas, Bangladesh, Barbados, Belize, Botswana, Brunei, Burma/Myanmar, Cyprus, Fiji, Gambia, Ghana, Guyana, Hong Kong, Jamaica, Kenya, Lesotho, Malawi, Malaysia, Mauritius, Nigeria, Pakistan, Sierra Leone, Singapore, Solomon Islands, Sri Lanka, Sudan, Swaziland, Tanzania, Trinidad, Uganda, Zambia, and Zimbabwe.⁴⁹ This is the full sample upon which all subsequent analyses are performed. Unfortunately, the second variable, Magistrate court cases, is coded for only twenty-seven cases. In order to preserve a common sample (N=32), five missing cases are imputed with a linear model in which the other measures of direct/indirect rule (Customary courts, Colonial police, and Intensity) provide the basis for the estimate. Codings are shown in Table A1-1 of Appendix 1.

POLITICAL INSTITUTIONALIZATION

Our hypothesis, the reader will recall, is that the style of rule chosen by British authorities across their global holdings rested in part on the degree of political development existing on territories prior to their arrival. To the extent that a statelike form of government existed, we suppose that the British availed themselves of this power structure in preference to destroying what was there and building anew. In these circumstances, indirect rather than direct rule should predominate.

In order to test this hypothesis, we construct an indicator of “stateness” from the Ethnographic World Atlas Database, begun by

48. Lange 2009, 53.

49. India is dropped from the analysis by virtue of the coding difficulties it poses—for the outcomes of concern and for the key independent variable of interest.

Murdock⁵⁰ and updated and revised in Peregrine.⁵¹ Based on extant ethnographic field reports and building on established typologies of state development,⁵² Murdock and colleagues have coded the Jurisdictional Hierarchy beyond the Local Community for each ethnic group in the database. The resulting typology is as follows: 1 = no levels (no political authority beyond community), 2 = one level (for example, petty chiefdoms), 3 = two levels (for example, larger chiefdoms), 4 = three levels (for example, states), and 5 = four levels (for example, large states).⁵³ The historical period represented by these codings varies. Although most of the constituent ethnographies were conducted in the early to mid-twentieth century, they may more accurately be understood as reconstructions of a culture in an earlier time, prior to the colonial encounter.

The coding procedure for each country-case is best illustrated by pursuing a specific example. In order to arrive at a figure that summarizes the level of precolonial political institutionalization in Malawi, we begin by consulting the *Encyclopedia Britannica* to see which ethnic groups are found within the current boundaries of the present-day nation-state. The *Britannica* identifies nine ethnic groups. We then cross-reference these groups with those listed in the Ethnographic World Atlas Database for variable 33—Jurisdictional Hierarchy beyond Local Community—recording the coding for each group. (Internet searches are conducted in order to identify alternate names and spellings for each group so that correct matches can be identified.) These nine values are then averaged to provide a summary point score for Malawi. (Alternate aggregation techniques, taking into account the relative size of each group, were also employed, with little difference in results.) Codings for all countries in our sample are shown in Table A1-1 of Appendix 1. Further information about procedure employed for identifying ethnic groups within each country is available upon request from the authors.

It should be noted that there are some gaps in the Ethnographic World Atlas Database: not every ethnic group listed in the *Britannica* is covered. It seems likely, however, that the main ethnic groups within each country are included, as larger groups are more extensively studied than smaller groups. Importantly, whatever pattern of missingness characterizes the Stateness variable is not strongly correlated with the Stateness variable (Pearson's $r=.24$) and hence is unlikely to

50. Murdock 1967.

51. Peregrine 2003.

52. E.g., Fried 1967; Johnson and Earle 2000; Service 1962.

53. For a similar effort of this nature, see Gennaioli and Rainer 2007.

be correlated with the error term of our regression models. In several cases indigenous populations were more or less exterminated by earlier colonial contacts (Bahamas, Barbados, Jamaica, Trinidad/Tobago) or were scarce or nonexistent to begin with (Hong Kong, Mauritius, Singapore). The “stateness” of these cases at the outset of the colonial experience is coded as nil (0).

It is reassuring to find that the resulting variable is highly correlated with a measure of “precolonial development” constructed by Lange, Mahoney, and vom Hau (Pearson’s $r=.65$). The latter is intended to measure both political and economic development and is therefore not ideal for present purposes (this perhaps explains why the correlation is imperfect). Even so, this measure of overall development provides a robustness test for the findings reported here (results available upon request).⁵⁴

ANALYSIS

Specification problems affect all observational work, especially inferences about distal causal relationships. We have sought to include all (measurable) factors that might serve as confounders, divided into two groups.⁵⁵

In the first group are factors that may be regarded as entirely exogenous. These are mostly geographic in nature. The presumption is that certain physical features of the land may have influenced the adoption of different styles of rule, especially as mediated through European emigration and long-term economic development in an area. *Landlock* is a dummy variable, coded as 1 if a country has no ocean borders. *Settler mortality* is the mortality rate among European settlers, transformed by the natural logarithm.⁵⁶ *Biological conditions* is an index of plant and animal factors deemed propitious for long-run societal development.⁵⁷ *Axis* is a measure of the East-West orientation of the continent to which a country belongs.⁵⁸ *Latitude* is the absolute value of the distance

54. A third indicator of political institutionalization, Bockstette, Chanda, and Putterman’s (2002) “state history” index, is quite different in nature since it treats the entire (current) state as a unit of analysis. This means that chiefdoms ruling over a portion of the territory (but not the whole) receive a downweighted score, even though their influence on the style of colonial rule may have been substantial. This indicator is appropriate for the national-level analyses undertaken in Section III.

55. The chosen controls do not encompass the full range of alternative hypotheses sketched at the outset of this article. Some of these factors are difficult to measure and others may not be relevant in this particular context. Thus, the selection of British imperialism as a site of investigation narrows the field of possible causal factors considerably. It eliminates, for example, ideological factors that might lead the dominant unit to choose one style of rule over another (presuming that British colonialists all shared the same general ideology).

56. Acemoglu, Johnson, and Robinson 2001; Acemoglu, Johnson, and Robinson 2002.

57. Olsson and Hibbs 2005, 930.

58. Olsson and Hibbs 2005, 930.

of a country from the equator, transformed by the natural logarithm.⁵⁹ *Muslim* is the percentage of the current population of a country that is of Muslim extraction (constructed by authors). Islam is sometimes regarded as a factor that enhanced the likelihood of indirect rule.⁶⁰

A second group of control variables is partly exogenous and partly endogenous, since it may be affected by our variable of theoretical interest. *Colonial tenure* is the length of time from the onset of colonial rule to independence or 1955—whichever came first (constructed by the authors). Presumably, the longer an imperial power was in possession of a territory, the more likely it was to impose direct and intensive forms of control. *European population* is the size of the European population (those of European stock) at the conclusion of colonial rule, as a percentage of the total population.⁶¹ Again, the presumption is that the more Europeans are present in a territory, the more likely it is that a direct style of rule will be adopted. *Population* is the population of a country in (or near) 1960, transformed by the natural logarithm.⁶² Plausibly, the number of people in a territory may have influenced the kind of institutions established by the British. *Land area* is the total land area of a country, transformed by the natural logarithm.⁶³ Presumably, larger territories are harder to govern in a direct fashion. *Population near coast* is the percentage of current population within one hundred kilometers of the coast.⁶⁴ This is intended to measure British colonials' ease of access to the general population.

Descriptive statistics for all key variables are included in Table A1-2 in Appendix 1. Several of these variables do not provide coverage across the full sample. In order to preserve a constant sample (N=32), missing data for these cases is supplemented by values for nearby countries. This approach seems reasonable when dealing with data that are likely to be fairly similar across neighboring territories (for example, geographic factors) and in any case does not comprise very much additional data (the precise number of observations imputed for each variable is listed in Table A1-2).

Table 1 presents the main results. Here, the reader will see four sets of tests, each focused on a different measure of direct/indirect rule, as explained above. For each dependent variable, three specifications are offered. The first is a minimal model, including only the regressor of

59. La Porta et al. 1999.

60. Abernethy 2000, 258.

61. Lange 2009.

62. World Bank 2007.

63. World Bank 2007.

64. Acemoglu, Johnson, and Robinson 2001; Acemoglu, Johnson, and Robinson 2002.

TABLE 1
BRITISH IMPERIALISM

Dep. var.	Customary Court Cases			Magistrate Court Cases			Colonial Police			Colonial Intensity		
	1	2	3	4	5	6	7	8	9	10	11	12
Estimator	tobit	tobit	Tobit	OLS	OLS	OLS	OLS	OLS	OLS	OLS	OLS	OLS
Stateness	21.386*** [7.006]	37.897*** [11.209]	14.420* [8.180]	-10.020** [3.758]	-15.824*** [2.939]	-14.501*** [3.880]	-0.364*** [0.121]	-0.363*** [0.125]	-0.204 [0.175]	-0.216*** [0.067]	-0.309*** [0.044]	-0.130* [0.070]
Landlock		-7.010 [17.819]	-14.856 [14.609]		-0.362 [8.524]	8.201 [9.297]		-0.487 [0.313]	-0.405 [0.478]		-0.035 [0.202]	0.248 [0.193]
Settler mortality		10.338*** [5.017]	4.534 [3.519]		-4.850* [2.745]	-3.817 [2.465]		-0.206 [0.127]	-0.118 [0.117]		-0.125** [0.059]	-0.068 [0.055]
Biological conditions		-89.340*** [27.096]	-58.438** [20.927]		45.518*** [13.019]	36.609*** [12.088]		0.861 [0.668]	0.705 [0.520]		0.814*** [0.247]	0.495*** [0.225]
Axis		58.210** [24.981]	38.691* [19.995]		-28.723** [12.272]	-22.436* [11.092]		-0.338 [0.664]	-0.213 [0.477]		-0.372 [0.279]	-0.121 [0.187]
Latitude		-6.201 [6.541]	2.662 [4.780]		4.636** [2.242]	4.834* [2.545]		-0.139 [0.147]	-0.177 [0.151]		0.020 [0.059]	-0.037 [0.043]
Muslim		0.389* [0.222]	0.177 [0.167]		-0.255** [0.120]	-0.170 [0.117]		-0.008 [0.007]	-0.007 [0.005]		-0.004 [0.003]	-0.002 [0.002]
Colonial tenure			-0.157 [0.124]			-0.030 [0.076]			-0.003 [0.002]			0.001 [0.001]
European population			-5.703** [2.255]			0.658 [1.306]			0.092* [0.047]			0.040** [0.019]
Population (1960)			1.663 [2.952]			3.607* [1.942]			-0.041 [0.066]			0.015 [0.039]
Land area			3.510 [3.007]			-1.302 [1.979]			-0.031 [0.078]			-0.010 [0.034]
Population near coast			-28.929 [17.477]			10.380 [13.477]			0.710 [0.682]			0.595*** [0.205]
Constant	-18.449 [18.241]	-241.814*** [79.215]	-119.957 [86.849]	49.918*** [7.771]	158.830*** [29.422]	93.342* [49.987]	2.324*** [0.235]	4.077*** [1.385]	3.765* [1.973]	1.327*** [0.124]	3.095*** [0.576]	1.168 [0.897]
N	32	32	32	32	32	32	32	32	32	32	32	32
R2(pseudo)	(0.04)	(0.16)	(0.24)	0.245	0.738	0.792	0.236	0.577	0.730	0.257	0.743	0.874

Coefficient, standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests. Benchmark models: 2, 5, 8, 11.

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theoretical interest. The second is a benchmark model, including only exogenous regressors. The third is a full model, including factors regarded as partly endogenous. All estimations are OLS except those with customary court cases, a left-truncated dependent variable that requires a tobit estimator.

Results from these tests show considerable support for the hypothesis that prior levels of political institutionalization affect the style of rule chosen by British colonial rulers. In all models the key independent variable is positively associated with indirect rule (Customary court cases) and negatively associated with measures of direct rule (Magistrate courts, Colonial police, and Intensity of colonial intervention). In most models, this relationship surpasses very high thresholds of statistical significance ($p < 0.01$ in two-tailed tests). Moreover, the Stateness variable demonstrates a stronger, more robust association with patterns of direct/indirect rule than any of the tested control variables, suggesting that the impact of prior levels of political institutionalization on the behavior of colonial rulers was considerable. A shift of two points on the Stateness scale—for example, from community-level political organization to a larger chiefdom or from a larger chiefdom to a large state—translates into a 0.7 to 1.2 standard-deviation change in our four measures of direct/indirect rule.

Of course, none of these models should be regarded as providing very precise estimates of this causal effect. As with most observational models, problems of identification are persistent, and in common with most historical research, problems of measurement are intransigent. Yet, this should not preclude causal inference so long as this inference is understood as pertaining to the general nature of the causal relationship rather than the determination of a point estimate. Our concern is with the robustness of the finding and only secondarily with the precision of the estimate. In order to probe this issue we conduct a battery of additional robustness tests in Appendix 1.

DISCUSSION

Despite the robustness of the findings (see Table A1-3 in Appendix 1), readers may wonder about the interpretations attached to the key independent variables. Were British colonists instituting direct and indirect styles of rule because of prior levels of political institutionalization—or is some omitted factor driving the relationship?

One possibility derives from the obvious association between political and economic development. Time-series estimates of per capita GDP⁶⁵

65. Maddison 2001.

extend back to 1800 but include only a handful of cases in our sample. A rather unsatisfactory solution to this problem is provided by mid-twentieth-century data on per capita wealth drawn from the World Bank data set.⁶⁶ This variable is included in one of our numerous robustness tests (not shown but available from the authors). Similarly, measures of mineral wealth in territories throughout the world, when introduced into the benchmark equation, do not disturb the relationship between political institutionalization and indirect rule. Note that minerals were a stronger motivator for European imperialists than economic development per se; it was the wealth that could be appropriated, not the wealth that existed in the form of hard-to-exploit market and nonmarket activities, that shaped the decisions of British colonialists.

The more important point, from our perspective, is that there does not appear to be any plausible explanation for why a higher level of economic development would lead British colonialists to choose an *indirect* style of rule. Indeed, the opposite assumption seems more logical, given the fact that colonists generally wished to maximize the appropriation of resources from their—expensive to maintain—colonial acquisitions. Since the expropriation of wealth is usually easier with a more direct form of rule, it is plausible to suppose that the empirical correlation between wealth and indirect rule would be negative, rather than positive.⁶⁷

Another possibility is that political institutionalization indicates the level of resistance that colonists might encounter if they attempted to institute a more direct and necessarily more invasive form of rule. In this interpretation, our key independent variable may serve as a proxy for effective opposition to colonial rule.

Resistance, whether real or potential, is difficult to measure. Yet various accounts of the colonial experience suggest that violent challenges to colonial authority generally summoned a severe response, culminating in more direct forms of rule than otherwise would have emerged. Moreover, resistance appears to have been more prevalent, or at the very least more effective, in less developed areas of the imperial periphery. This is no doubt partly because of the geographic characteristics of these areas, which were distant from the coast or otherwise inhospitable. In any case, insofar as resistance serves as a causal mechanism in this story, we suspect that it varies inversely with the density of pre-

66. World Bank 2007.

67. Indeed, Fisher 1991, 12, notes that European settlers were generally attracted to territories with the greatest perceived wealth, and the influx of Europeans tended to militate toward a direct style of rule.

colonial populations and the institutionalization of polities or that no general relationship existed (as argued by Abernethy).⁶⁸ It seems unlikely, therefore, that anticolonial resistance explains very much about the correlations observed in this analysis.

Importantly, our theory of direct and indirect rule dovetails with accounts provided by contemporaries and, subsequently, by historians. In Nigeria, which became the locus classicus of indirect rule in the wake of Frederick Lugard's influential writings,⁶⁹ Meek summarizes:

When the British Government assumed control of this vast territory at the beginning of the present century, it found in existence a highly developed system of Muslim government, including a Fulah sultanate composed of numerous provinces, each administered by a feudal governor with his own council and executive, army, policy, treasury, and judiciary. Here was a ready-made machine, and Sir Frederick was not slow to use it, more especially as the Imperial Government was unable or unwilling at that time to bear the expense of supporting a large staff of British officials in Nigeria.⁷⁰

Overall in Nigeria, Meek finds that indirect rule was successfully applied in "large emirates or states such as Sokoto, Bornu, or Kano in the north, and Oyo, Abeokuta, or Benin in the south" and also in "numerous petty chiefdoms scattered all over the country."⁷¹ Thus, "there were few areas that could not boast their own Native Administration, including chiefs, counselors, judges, police, treasuries, hospitals, and schools." However, in the southeastern portion of the country,

indirect rule on these lines had not been considered possible, as no framework had been discovered on which Native Administrations could be erected. There were not chiefs with substantial territorial jurisdiction. Indeed, in most areas there were no chiefs at all, and there was no higher unit of government than the commune or small group of contiguous villages. The British system of administration had therefore been direct.⁷²

While a variety of styles of rule were tried in the southeast and southwest, none seem to have met with much success. From what we can tell, these efforts required a greater expenditure of resources from the center, yielded fewer tax returns, and often culminated in a more direct imposition of control by British residents. Subnational variation within

68. Abernethy 2000, 270.

69. Lugard 1922.

70. Meek 1937, 325.

71. Meek 1937, x-xi.

72. Meek 1937, x-xi.

the vast territory of Nigeria thus fits our theoretical model quite closely, as attested by numerous primary and secondary accounts.⁷³

Elsewhere in Africa, similar patterns seem to have obtained.⁷⁴ In Asia and Asia Minor, although less attention has been paid to the issue, testimonials by participants and scholars suggest that in highly institutionalized environments British rulers favored indirect rule while in territories with no institutionalized systems of rule beyond the level of the band or clan (“acephalous societies”), the option of indirect rule was not seen as viable. Here, “traditional” authorities had to be created from scratch—with mixed results, from the perspective of British administrators.⁷⁵ In the North American and Australian continents indigenous populations were virtually exterminated by the combined force of disease, war, and settlement. Here, the question of preexisting political institutionalization was quickly rendered moot, for there was scarcely any population left standing.

BEYOND THE BRITISH EMPIRE

Our empirical tests focus on the British Empire, from which we draw a sample of colonies that excludes only microstates, colonies that merged with non-British colonies after independence, colonies with less than thirty years of formal colonial rule, settler societies, and colonies adjacent to the imperial core. The resulting sample of thirty-two thus represents what might be called “classic” British overseas colonies. While the sample is small, it is comprehensive, including all colonies of this sort. One may question the validity of results obtained from this sample for the somewhat larger universe of British colonies, including all the cases excluded by the qualifications listed above. However, the more interesting questions relate to the generalizability of the findings for non-British colonizers.

Indirect rule was a hallmark of British colonialism; it might even be referred to as the explicit ideology of British colonialism in the early twentieth century (though it did not go unchallenged). However, indirect methods of rule were by no means unique to the British, even though other colonists often embraced a philosophy of direct rule. (Our theoretical interest, of course, lies in the practice of colonialism, not its ideology, so these experiences are eminently germane.) Abernethy

73. Afigbo 1972; Bull 1963, 79; Crowder 1968, 227; Hailey 1957, 462; Jones 1970, 319; Mair 1962; Noah 1987; Okafor 1981, 53; Perham 1965, xl–xliii; Whitaker 1970, 40; White 1981, 27–29.

74. Gailey 1970, 4; Hailey 1951, 1; Liebenow 1971; Low 2009; Morris 1972a; Pratt 1960, 301; Twaddle 1993.

75. Low 1973, 16–18; Low 2009, 23.

notes: "Indirect rule was adopted in the Americas by the Spanish, who worked through *caciques* and *kurakas*; by the Dutch in the East Indies; [and] by the French in Vietnam, Morocco, Saharan Algeria, Tunisia, Guinea, and Tchad."⁷⁶ Surveys of premodern eras have noted techniques of direct and indirect rule in the Chinese empire/multinational state,⁷⁷ the Roman empire,⁷⁸ the Aztec empire,⁷⁹ the Inca empire,⁸⁰ and among other "archaic" states.⁸¹ Overall, the technique of indirect rule seems to have been more characteristic of American, Athenian, Austro-Hungarian, British, Dutch, Ottoman, and Russian imperialists and less common in undertakings by Belgian, French, Japanese, Portuguese, Roman, and Spanish imperialists.⁸² Even so, there was tremendous variation through time, across colonies held by the same imperial power, and across territories within the same colony, as we have already alluded.

The question remains, was the style of colonial rule among *non-British* rulers also influenced by the degree of political development that was present across their respective spheres of hegemony? Evidence for these points garnered from myriad secondary sources is generally supportive of our thesis. Other factors mattered, to be sure, but many secondary sources discuss the effects of preexisting political development on the decision to centralize or decentralize rulership in an area.⁸³

For Africa, Bustin comments: "Indirect rule . . . had been developed and had met its greatest success in areas where, for military or economic reasons, it had been found imperative to rule vast, densely populated areas with a minimal number of European officials and ~~were~~ relatively cohesive and centralized forms of traditional government had been encountered."⁸⁴ Mamdani confirms that "the chief obstacle in his path were the stateless peoples."⁸⁵

where

With respect to the Roman experience, Doyle finds that one important reason for the difference in colonial strategy between the "civilized states of the east," where indirect rule predominated, and the "barbar-

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76. Abernethy 2000, 284. See also Herbst 2000, 81.
 77. Hostetler 2001, 117-18; Shin 2006.
 78. Doyle 1986, 90-91; Lutwak 1976.
 79. Hassig 1985, 104.
 80. Covey 2006; D'Altroy 1992.
 81. Feinman and Marcus 1998.
 82. Cohen 1971; Crowder 1970; Doyle 1986, 135-36; Furnivall 1948; Go 2007; Herbst 2000, 81; Kappeler 2001; Miles 1994; Owen 1971; Trocki 1992.
 83. E.g., Barnes 1960, 140; Doyle 1986, 135-36, 266, 361.
 84. Bustin 1975, 88-89, see also 62, 79.
 85. Mamdani 1996, 79-80. See also Firmin-Sellers 2000, 254; Hailey 1957, 446, 454.

ians of the west," where more direct forms of rule were common, is that the former possessed statelike polities that were capable of collaborating with Rome.⁸⁶

Dutch colonists apparently looked closely at the structure of governance in East Indian societies in order to determine the style of rule that might be appropriate and workable. According to one official Dutch document, the choice between direct and indirect rule depended

chiefly on the answer to the question as to whether in a given territory existing political organisms possessed enough vitality to justify the expectation that, under our energetic guidance and after being trained to it by us, they would possess the ability to become an organ in our administrative system co-operating in the development of land and people. Where this question had to be answered in the negative incorporation in the *directly* ruled territory followed, but where something in this spirit could be expected in the future from the existing chiefs in the new territory they were retained in their authority and the *indirect* form of government was chosen.⁸⁷

Of course, there were many other considerations, as Rupert Emerson's detailed analysis makes clear.⁸⁸ Nonetheless, it is striking how closely the official Dutch correspondence mirrors our theoretical expectations.

After the French Revolution, French imperial ventures championed direct forms of rule, a seemingly necessary counterpart to the post-1789 *mission civilatrice*. However, there were many exceptions to this ideological attachment. Just as the British were forced to adopt direct forms of rule in situations where indirect rule either failed or seemed destined to fail, French colonialists found themselves adopting indirect styles of rule wherever direct supervision of authority was deemed impractical or unnecessary. In both settings, imperial practice was a melding of theory with realities on the ground. Among these realities on the ground, the status of indigenous societies seems to have been preeminent. Doyle notes, direct rule was "established more fully . . . over tribal societies than over patrimonial societies."⁸⁹ A good example of this can be found in the Maghreb, where French hegemony was established in the early to mid-nineteenth century. At this time, political structures extant throughout the region were diverse. Tunis was run by a well-institutionalized monarchy headed by the bey. In contrast, the

86. Doyle 1986, 90–91.

87. Quoted in Emerson 1964 [1937], 427.

88. Emerson 1964 [1937].

89. Doyle 1986, 361.

constitute/

areas that now compose Algeria and Morocco were less populated, less developed, and governed—to the extent that they were governed at all—by tribal leaders. Not surprisingly, Charrad reports: “In ruling over Tunisia, the French essentially maintained the Tunisian administrative structure that they found when they occupied the country. They used it to govern the country and superimposed their own apparatus.”⁹⁰ The services of the bey were retained, though he would now be answerable to a *resident general* appointed from Paris. In the other regions of the Maghreb, however, a much greater application of military force was required to subjugate the local populations, and a mix of direct and indirect forms of rule was subsequently installed.⁹¹ In short, variation in existing political structures across the Maghreb seems to have exerted a profound influence over the structure of French colonial rule in this region.

Spanish imperial ventures centered on the New World and most especially in Latin America. Here, systems of indirect rule (that is, *encomienda* and *Repartimiento*) were mostly likely to be introduced in areas previously governed by indigenous states and chiefdoms. Linda Newson writes: “the hierarchical structure of these societies permitted the Spanish to control and exploit large Indian populations through a relatively small number of native leaders.”⁹² By contrast, egalitarian tribes and hunter-gatherer societies could not be controlled by the same mechanisms. Newson observes: “These Indians had not paid tribute or provided labor for extracommunal purposes in pre-Columbian times, so that no organizational structure existed for their exaction and the task was made even more difficult by the lack of effective native leadership, requiring greater investment of military and administrative power.”⁹³ Where areas occupied by these groups held important resources (for example, minerals), they were ruled directly. Where they were bereft of resources, they were generally left to the tending of missionaries, who engaged in a style of rule that could be considered either direct or indirect, depending upon one’s point of view.

To sum up our discussion to this point: a close reading of the secondary literature on the topic suggests that the status of the colonial target—in particular, its degree of political development—has often served as a critical factor in determining the form of rule adopted by

90. Charrad 2001, 116.

91. Charrad 2001, 121–31.

92. Newson 1985, 50.

93. Newson 1985, 50. See also Mahoney 2010, 52.

British and non-British imperial overlords.⁹⁴ This comports with an “endogenous” reading of colonial history.⁹⁵

Of course, precolonial political organization was not the only factor. The foregoing selection of quotations and citations studiously ignores other factors that may have impinged upon imperial practice (most of which are classifiable into one of the explanatory frameworks introduced at the outset of this article). Recall that our theoretical argument is general but not exclusive. We are attempting to show that prior levels of political development served as one of the factors in determining the structure of rule across a wide variety of historical and geographic venues, not that other arguments about direct/indirect rule are wrong.

III. THE NATION-STATE

A second empirical domain for our theory is the internal organization of sovereign nation-states. Here, one finds a variety of arrangements that offer more or less autonomy for constituent territories. These hinge on constitutional provisions (for example, federalism), on statute (particularly revenue-raising authority), and on informal mechanisms for delegating and appropriating power between the center and periphery. In explaining variation across these parameters one can glimpse the potential importance of extant levels of political organization among the constituent units.

We begin with the long history of European state building, a process that usually centered on relationships between dominant units (the core region of the developing state) and subordinate units (peripheral regions that the core attempted to incorporate). This history may be conveniently periodized into two major phases: (1) early modern state building in which the basic institutions of modern states took shape and (2) the nineteenth-century formation of modern national states. For each era, we argue that the state builders’ decision to centralize was affected by the degree to which local elites within the realm were institutionalized. Following the collapse of the Roman Empire, fundamental divergences in the pattern of state formation within Europe appeared.⁹⁶ In Latin and Germanic Europe, the areas at the heart of the old Roman Empire, the effect of imperial disintegration was immediate. In its place was a “fragmented regional and local political landscape,”⁹⁷ in

94. Abernethy 2000, 270. Japanese colonial patterns are discussed in Wade 1990, 231–32.

95. Acemoglu, Johnson, and Robinson 2001; Acemoglu, Johnson, and Robinson 2002; Elliott 2006.

96. Hintze 1975; Ertman 1997.

97. Ertman 1997, 23.

which local government was marked by an “extreme decentralization of power”⁹⁸ dominated by competing and at times overlapping local elites. Hintze, Ertman, and others argue that it was precisely this local disorganization and fragmentation which gradually began to approximate a tricurious “society of orders.” This in turn paved the way for centralized absolutism in Latin and Germanic Europe, as state builders sought to assert central power by placing their own agents throughout the country. By contrast, in Europe’s distant northern periphery, Scandinavia and England, robust local institutions were built “from below” after the Empire’s collapse, forming as “unitary organs of local government” that, when linked with territorially based national parliaments, served as a bulwark against the centralizing ambitions of monarchs in the age of absolutism.⁹⁹ Here, over the long run, robust local institutions led to decentralized constitutional state structures.¹⁰⁰

Of course, the heritage of the Roman Empire was just one factor affecting political organization at local levels in the subsequent millennium. In Northern Europe, where the Empire’s influence was relatively evanescent, there was still substantial variation in local political organization. This had important consequences for state-building, as James Given’s detailed analysis of two peripheral regions attests.¹⁰¹ In Languedoc (France) power was organized through a small number of aristocrats and self-governing townships that, by virtue of their high level of institutionalization, retained a significant degree of autonomy through the early modern period. By contrast, in Gwynedd (Wales) political order was primitive and power rested largely with kinship groups and small villages, paving the way for greater centralization in the English state.¹⁰² Given summarizes:

In Languedoc, many of the political structures—town corporations, lordships lay and ecclesiastical—that had come into existence before the Albigensian crusades survived the imposition of Capetian overlordship. Indeed, some of these political entities consolidated their internal organization and expanded their authority under royal hegemony. . . . In many important respects political authority remained in local hands. In Gwynedd, however, almost no significant native concentrations of political authority survived the wars of conquest. . . . All significant political power came to rest in English hands, whether Marcher or royal. In the new Principality of North Wales, the crown was able to deploy uniformly throughout the region a form of government modeled almost exactly

98. Ertman 1997, 24.

99. Ertman 1997, 22, 25.

100. Ertman 1997, 158–64.

101. Given 1990.

102. Given 1990, 251–52.

on that of England, but enjoying a greater monopoly of power and authority than in England itself.¹⁰³

In the nineteenth century, the decisive stage of state-building in many countries, a similar institutional logic came into play. Ziblatt, for example, argues that the different trajectories of Italian and German political history in the nineteenth and twentieth centuries are explainable by prior levels of political development.¹⁰⁴ Specifically, “where effective regional governments were in place *before* the national government was formed [as in Germany] federalism was created.”¹⁰⁵ Where regional entities were poorly institutionalized prior to the period of state formation, as in Italy, a unitary constitution was adopted. As in the previous examples, this is not simply because well-institutionalized regional governments were equipped to resist a centralized solution; it was also, more centrally, because “only the subunits with high levels of infrastructural capacity can deliver the gains to the core and the subunits that were sought with the project of national unification [in] the first place.”¹⁰⁶

Outside Europe, there were similar patterns, albeit in very different contexts. In the Middle East and Africa core regions usually faced a less hospitable environment for state-building, for example, few natural borders, rocky terrain, diffuse populations, and a plethora of nomadic groups. Nonetheless, Salzman finds that the strategies employed by Middle Eastern state builders rested to a considerable extent on the preexisting organizational resources found among indigenous groups.¹⁰⁷ Where a tribal chief managed to centralize power over a group, elites at the center incorporated the group into a nation-state or empire through its chief, delegating power and responsibility to that indigenous authority. Where such organization was rudimentary or ineffective, they tended to impose a more centralized form of rule.

Likewise, in a comparative analysis of postindependence political developments in Senegal, Côte d’Ivoire, and Ghana, Boone argues that differences in concentration/deconcentration across these cases is attributable to the degree of “socio-political hierarchy” characterizing the rural hinterlands of these three societies.¹⁰⁸ Specifically, “Where societies were more hierarchical and rural authorities were therefore more

103. Given 1990, 249.

104. Ziblatt 2004; Ziblatt 2006.

105. Ziblatt 2006, 146.

106. Ziblatt 2006, 3.

107. Salzman 1974.

108. Boone 1995.

influential at the local level, the state apparatus was 'deconcentrated.'" One interpretation of this phenomenon (consonant with but not identical to Boone's analysis) is that elites within the central state chose to delegate power to local authorities where these authorities could demonstrate sufficient capacity to rule because this indirect system of rule provided a more efficient method of rule than would have been possible with a more direct, that is, centralized, administration.

EMPIRICAL TESTS

Case study evidence drawn from several regions of the world thus provides strong prima facie support for the theory. In order to test the theory in a more systematic fashion we utilize evidence drawn from the contemporary era (when data are more generally available) and to standard operationalizations of key concepts.

For a measure of historical stateness, we rely on work by Louis Putterman and colleagues.¹⁰⁹ The State Antiquity Index codes 119 contemporary countries based on historical information contained in the *Encyclopedia Britannica*. First, historical eras from 1 to 1950 CE are divided into half centuries. Next, for each half-century period, three questions are applied:

1. Is there a government above the tribal level? (1=yes, 0=no)
2. Is this government foreign or locally based? (1=local, .5=foreign, .75 if in between)
3. How much of the territory of the modern country was ruled by this government (1=over 50%, .75=25-50%, .5=10-25%, .3=less than 10%)

Scores are then multiplied together and by 50. Thus, "for a given fifty-year period, what is today a country has a score of 50 if it was an autonomous nation, 0 if it had no government above the tribal level, 25 if the entire territory was ruled by another country, and so on." These are then added up across each half-century period to provide a score for each country in 1950 (prior to the first year in our analyses).¹¹⁰

It is reassuring to find that Putterman's index corresponds to traditional accounts of the countries under study. In cases where foreign governments occupied states before 1950 (in Italy, for example, before 1861), the cumulative stateness score is lower. Likewise, in cases where governments for some period of time were not formed above the tribal level (for example, Kenya before 1901), the cumulative stateness score

109. Bockstette, Chanda, and Putterman 2002; Putterman 2007.

110. We do not apply a discount rate to these scores (though one of our robustness tests does so) because we wish to measure the long-run impact of political institutionalization, and also because it provides some insurance against problems of endogeneity.

is also lower. In sum, states with developed domestic institutions at either the subnational or national level before 1950 are likely to receive higher aggregate stateness scores.

Outcomes of interest are various measures of political centralization/decentralization among contemporary nation-states. This includes *federalism* (two indicators), *autonomous regions* (one indicator), and *decentralized revenue* (one indicator).

Federalism may be defined as an institutionalized (generally constitutionally sanctioned) division of authority between national and subnational units. Gerring and Thacker [GT] distinguish three categories: 0 = unitary, 1 = semifederal (where there are elective legislatures at the regional level enjoying important policy-making power but in which constitutional sovereignty is reserved to the national government), and 3 = federal (elective regional legislatures plus constitutional recognition of subnational authority).¹¹¹ Adsera, Boix, and Paine [ABP] provide a more conventional coding, recognizing only two categories: 0 = non-federal, 1 = federal.¹¹²

The Database of Political Institutions [DPI] records the existence of autonomous regions on a three-point scale.¹¹³ This refers to a region or district that enjoys special autonomy or is largely self-governing. (It is not identical with federal units and does not include federal districts, capital districts, disputed territory, or Indian reservations in the United States.)

Revenue decentralization, understood as subnational revenue as a share of total government revenue, is provided by Fisman and Gatti [FG].¹¹⁴ Analogous data on the decentralization of expenditures is also available and very highly correlated. However, it is less appropriate for our purposes. Note that money raised by national authorities and distributed to subnational authorities is often accompanied by restrictions on usage and therefore does not serve as a valid indicator of subnational autonomy.

The sample enlists all countries and years for which data are available, a total of 89 countries and over 2000 country-year observations, observed over the postwar era. Each measure of decentralization is regressed against the State Antiquity Index, along with a set of plausible controls. As controls in the benchmark models, we include Land area, Population (natural logarithm), Population density, Urban population

111. Gerring and Thacker 2008. Reverses the scoring of the Unitarism variable employed in Gerring and Thacker 2008.

112. Adsera, Boix, and Paine 2003.

113. Beck, Clarke, Groff, Keefer, and Walsh 2001.

114. Fisman and Gatti 2002.

are/
they are/

(as share of total), Linguistic fractionalization,¹¹⁵ per capita GDP (natural logarithm), democracy ("Polity2" from Polity IV database,¹¹⁶ a time trend, and a series of regional controls representing Latin America, Western Europe, the Middle East, and Africa (coding by authors). Unless otherwise noted, all variables are drawn from the World Development Indicators database.¹¹⁷ In subsequent specification tests, additional controls are included to measure colonial history and island status, as described in the tables of Appendix 2.

Findings are reported in Table 2. Here, we show four benchmark models, each with a different operationalization of the key concept—decentralization of power. In all models, the "state history" variable is positively correlated at a high level of statistical significance. Of course, none of these models should be regarded as providing precise estimates of causal effects. Problems of identification are again persistent. Our causal claims hinge, instead, on the general nature of the relationship, rather than on the determination of precise point estimates. This seems sufficient for present purposes. After all, there is no policy analog to "state history," so achieving precise point estimates would not serve any obvious purpose.

Our concern, rather, is with the probable validity of the claim that higher political institutionalization in a society leads to greater political decentralization in the modern era. Since this is, after all, observational evidence with no resemblance to a natural experiment, we must address potential threats to validity that are not statistical in nature but rather lie in the data-generating process.

We shall presume that results are not a product of arbitrary or biased measures of the outcome. We have tested four measures of decentralization and results are robust across all measures.

By contrast, the theoretical variable of interest, stateness, presents several problems. It could be that our results are the product of a peculiar historical coding of the Putterman data—which the reader will recall codes all countries at fifty-year intervals back to 0 CE, and which we chose to weight equally in our composite score. In a series of robustness tests (reported in Appendix 2) we test each outcome with a modest 1 percent depreciation rate. Results are stronger in some instances and weaker in others but almost always statistically significant. This possibility can be ruled out.

115. Alesina et al. 2003.

116. Marshall and Jaggers 2007.

117. World Bank 2007.

TABLE 2
THE NATION-STATE

<i>Dep. var.</i>	<i>Federalism (GT)</i>	<i>Federalism (ABP)</i>	<i>Autonomous Regions (DPI)</i>	<i>Decentralized Revenue (FG)</i>
<i>Estimator</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
	<i>ologit</i>	<i>logit</i>	<i>ologit</i>	<i>OLS</i>
<i>Stateness</i>	1.2414*** [0.3522]	1.6917*** [0.5625]	1.4805*** [0.4101]	0.0351*** [0.0114]
<i>Land area</i>	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000 [0.0000]	0.0000*** [0.0000]
<i>Population</i>	0.4740*** [0.0580]	0.5088*** [0.0980]	0.9041*** [0.1221]	-0.0014 [0.0021]
<i>Population density</i>	-0.0012 [0.0008]	-0.0104*** [0.0012]	-0.0064*** [0.0013]	-0.0003*** [0.0000]
<i>Urban population</i>	-0.0296*** [0.0058]	-0.0302*** [0.0064]	-0.0546*** [0.0112]	-0.0001 [0.0002]
<i>Linguistic fractionalization</i>	5.5190*** [0.3479]	8.1738*** [0.5535]	1.3345*** [0.4687]	0.0719*** [0.0112]
<i>GDP (ln)</i>	0.5596*** [0.0870]	2.3604*** [0.1462]	0.6147*** [0.2204]	0.0263*** [0.0037]
<i>Democracy (Polity2)</i>	0.2129*** [0.0313]	0.1413*** [0.0192]	-0.0112 [0.0211]	0.0029*** [0.0004]
<i>Latin America</i>	1.5636*** [0.2787]	1.7003*** [0.2834]	3.5556*** [0.3617]	-0.0066 [0.0073]
<i>West Europe</i>	0.9030*** [0.2421]	-1.5293*** [0.2790]	3.3074*** [0.4483]	0.0571*** [0.0073]
<i>Middle East</i>	-1.4496*** [0.3900]	-17.2569*** [0.2945]	-14.9234*** [0.2652]	-0.0632*** [0.0064]
<i>Africa</i>	-2.6706*** [0.3939]	-14.2219*** [0.3400]	1.7214*** [0.4684]	0.0166*** [0.0063]
<i>Year</i>	0.0050 [0.0058]	-0.0515*** [0.0081]	0.0353*** [0.0133]	-0.0006*** [0.0002]
<i>R-squared (pseudo)</i>	(0.415)	(0.604)	(0.251)	0.560
<i>Observations</i>	2495	2151	2356	2004
<i>Countries</i>	89	52	96	48
<i>Years</i>	1961–2002	1961–2003	1975–2000	1961–2003

Coefficient, robust standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests. Constants omitted. Model 1 = benchmark. *ologit* = ordered logit

Another problem arises from the fact that Putterman's index provides an *aggregate* score of historical stateness across the territory of a contemporary nation-state; it does not distinguish whether state capacity is located at the national or the subnational level. Ideally, one would prefer an indicator focusing only on the latter, such as the measure we

constructed from the Ethnographic World Atlas Database. Unfortunately, the Murdock data set is insufficient to code a larger set of countries over a much longer period of time (coding is limited to parts of the developing world and is based on twentieth-century ethnographic accounts).

However, whatever bias may characterize the Putterman index appears to run *against* our main hypothesis. Note that if there is endogeneity between the left and right sides of the causal model, one would expect it to generate a negative association between historical stateness and various measures of contemporary decentralization. In fact, we find the reverse. This pattern, it seems, can be attributed only to features of the political landscape that are general to the territory and not limited to its core (the central state or core region of the developing state).

Other identification issues concern potential common-cause confounders (factors that might influence both the variable of theoretical interest and the outcome). In order to test for these, we run several specification tests for each outcome (results are displayed in Tables A2-2 through A2-5 in Appendix 2). One model excludes all covariates except land area (which seems requisite, both on theoretical and empirical grounds). Another adds a set of additional covariates to our benchmark model. This includes the former colonial status of the country—British, French, or Portuguese—and its status as an island. All are coded in a binary (dummy) fashion based on standard secondary sources. In no instance does the main result disappear.

IV. CONCLUSIONS

How far can our theory of direct/indirect rule be generalized? Although the terms themselves derive from the colonial experience, we have suggested that they might offer insight into other sorts of political relationships as well, including the internal organization of nation-states (as explored in Section III).

Since sovereignty is a matter of degrees, one might also consider the status of formally sovereign states vis-à-vis territories whose formal sovereignty was brought to an end by annexation (either permanent or temporary). Scattered evidence suggests that the maintenance of formal legal sovereignty has depended, in part, on the existence of a minimal level of political development. Indeed, the few non-European territories that managed to avoid, or at least were able to minimize, colonial control were territories like China, Ethiopia, Thailand, Tonga,

and Turkey, which enjoyed a fairly high level of political centralization and institutionalization.¹¹⁸ Commenting on China's ability to retain formal sovereignty (despite European incursions) throughout most of the imperial era, Fieldhouse remarks: "A central fact was that the imperial government at Peking and its provincial governments went on functioning [despite their] incredible strains. This probably saved China, since there was never a real necessity for Europeans to take over government, as they had to do in other places when indigenous systems collapsed."¹¹⁹

The necessity that Fieldhouse refers to is precisely the same issue—broadly, of "efficiency"—that we have invoked throughout the course of this article; the concept describes the "necessity" to preserve order, including the suppression of piracy/terrorism, to enter into international treaties and to make good on signed agreements, and to provide access to markets. These generic governmental functions were useful, and remain useful, to global hegemons. Whether these goods are provided directly, by imperial incorporation, or indirectly, through delegation to formally sovereign nation-states, appears to be, in part, a product of the degree of political development that the subordinate unit can claim.¹²⁰

The same set of arguments might be extended to the types of neocolonial relationships established by the United States in Latin America over the course of the nineteenth century and throughout the world in the twentieth and twenty-first centuries. Consider one example of within-colony variation. Iraq, since its invasion by U.S.-led forces in 2003, has experienced an intensive, "direct" style of occupation in the Sunni and Shiite regions and a comparatively light—indirect—style of administration in the Kurdish region. One apparent reason for this divergence is that the latter region already possessed an institutionalized system of rule, while government functions in the former area were destroyed by the conquest. Granted, American forces, preferring a more indirect form of rule, have tried mightily to disengage from the Sunni and Shiite areas. Yet their success in doing so—while retain-

118. Banner 2007, chap. 8, provides a fascinating comparison of Tonga and Fiji, focused on the question of property rights. He argues that Tonga's greater ability to restrict European land acquisition ~~f~~ purchases that would lead to the influx of foreigners and the eventual loss of autonomy ~~f~~ was a product of its highly centralized polity. See also Fieldhouse 1973, 234–50.

119. Fieldhouse 1966, 231; see also Fieldhouse 1973, 84–88.

120. This is reflected in the juristic norm extending back to the pre/modern era of European history, according to which rights of sovereignty attach to a territory if that territory demonstrates qualities of a political society, that is, "the bulk of its members [are] in a habit of obedience to a certain and common superior" (John Austin, quoted in Lindley 1926, 21). See also Gallagher and Robinson 1953; Lake 1996.

ing some vestige of political order and some control over the Iraqi regime—has, so far, been notably unsuccessful, and this speaks directly to the lack of political development in these regions. One cannot help but contemplate parallels with the case of Nigeria, which we have already discussed. There, an institutionalized North was easily brought under British tutelage through its emirs while the southwestern region, composed of tribes and acephalous bands, remained recalcitrant, requiring a much greater application of force and more direct forms of rule—a not inconsiderable sacrifice for an empire already stretched thin. Thus, the political experiences of empires past are relived under different circumstances in the present day.

A final extension of the theory might apply to contemporary governance structures at the national level. It is a notable feature that some states and some policy arenas are governed indirectly through corporatist arrangements (via labor unions, churches, trade associations, and other organizations within civic society), whereas other states and other policy arenas are governed directly by state bureaucracies.¹²¹ While there are many explanations for this divergence of strategies and for the emergence of distinctive “varieties of capitalism,” one commonly cited factor is the nature of preexisting organizations (including guilds) within civil society and their capacity for self-governance.¹²² Specifically, where these are centralized and encompassing (including a high percentage of actors within a given policy area), the state is likely to employ these organizational forms to achieve its policy ends, rather than entirely displacing or working around them. Patterns of negotiation between the central state and the peak association representing a social group are quite common where such a peak association exists. By contrast, efforts to achieve a corporatist solution are often unsuccessful where organizations in a given sector are decentralized and/or multiple (fragmented). Principal-agency problems are often cited as a cause of this breakdown. Again, the organizational format of *B* seems to have a strong influence on the behavior of both *A* and *B*.

We do not have the latitude to further explore the examples sketched suggestively in the foregoing passages. Nor can we explore myriad other areas where this broad theory might apply. Our objective at the present juncture is modest. We hope to have shown that the theory may shed light on a diverse range of situations in which there are two (noncoterminous) geographically based units, one of which rules over another.

121. Lehbruch and Schmitter 1982; Schmitter 1974.

122. Iversen and Soskice 2009; Thelen 2004.

Before concluding, we briefly note three corollaries of the theory. First, the dominant unit, *A*, frequently faces a trade-off between accountability in the principal-agent relationship and *B*'s capacity to get things done. The problem stems from the fact that interference with *B*'s leadership may threaten the legitimacy of *B*'s governance, thus depriving that unit of the authority necessary to ensure order and to carry out policies—including those valued by *A*. This is liable to lead to an erosion of the system of indirect rule upon which *A* depends.¹²³ Indirect rule is thus a delicate operation in which the principal-agency relationship must be masked so that *B*'s authority is preserved.

Second, methods of pacification employed by the dominant unit are likely to tend toward *coercion* when *A* is dealing with poorly institutionalized regions and to tend toward *negotiation* when *A* is dealing with well-institutionalized regions. This follows logically from the nature of direct and indirect rule. The former requires a greater deployment of force because existing power holders, whose position is severely compromised (if not entirely eliminated) by direct rule, are not likely to quit the scene peaceably. The latter entails extensive negotiation (although of course it may be accompanied by some threat of force) because this is the only way in which the terms of the principal-agency relationship can be worked out. Thus, it may be predicted that areas with greater political development are also better able to preserve their physical infrastructure and their populace in times of war and peace.

Finally, and relatedly, because it suits the interests of rulers in *A* to preserve institutions in *B*—if the latter resemble statelike polities—we surmise that those institutions that successfully secure the fundamentals of political order will be preserved through time, albeit in somewhat altered forms and with somewhat different purposes. We call this principle the *conservation of political institutions*. Over time, polities in areas of high political institutionalization resemble the complex archeology of ancient buildings, where existing occupants build on existing foundations, creating a richly layered effect. Old institutions are enlisted for new purposes, symbols are reinterpreted, actors reassigned.¹²⁴ But through it all, there is a strong overhang of tradition once a high

123. Lugard appreciated the delicacy of this system of rule. Local officials were to render assistance but were not to “interfere in such a way as to lower a chief’s prestige or destroy his interest in his work” (quoted in Fields 1985, 53). Fields 1985, 53, continues: “Excessive interference would make it impossible for a chief to perform either on his own behalf or on behalf of the regime. It should shift to those who issued orders ‘through’ chiefs the burden of enforcing them. In sum, the regime had to choose between ruling directly and restoring part of chiefs’ effective power.” See also Spear 2003.

124. Ziblatt 2006.

level of political institutionalization has been reached. By contrast, the theory predicts ongoing institutional novelty in areas that have not attained a high level of political development. These areas are continually beginning anew.

It is another question entirely whether statelike polities enjoy long-term developmental advantages over less institutionalized polities.¹²⁵ It is also quite another question whether periods of direct rule enhance institutional transformation and long-term development¹²⁶ or do not.¹²⁷ Our evidence does not shed light on either of these important issues.

APPENDIX 1

BRITISH IMPERIALISM

This appendix presents additional data pertaining to the relationship between direct/indirect rule and British imperialism. Codings of key variables are included in Table A1-1. Descriptive statistics are found in Table A1-2.

Table A1-3 offers a series of robustness tests of the main results, as presented in Table 1 of the article. To test for possible nonlinearities in the relationship between Stateness and direct/indirect rule the key independent variable is recoded as three dummies representing low, medium, and high levels of stateness, respectively. When the benchmark models are retested with two of these dummies, both show the expected relationship to various measures of direct/indirect rule, indicating that it may be legitimate to simplify the admittedly complex relationship between Stateness and direct/indirect rule with an interval variable.

Small-sample analyses often fall prey to influential cases. Hat-matrix tests identify Cyprus, Singapore, and Pakistan as possible high-leverage cases with respect to the principal variable of theoretical interest (Stateness). In models 5–8, these three cases are removed from the benchmark model. Reassuringly, this reduced sample yields results that are comparable to the full sample. If there are biases in the sample, they are not the product of one or several cases.

A third set of robustness tests, also included in Table A1-3, approaches the identification problem with two-stage estimators. The reader will note that the ethnographic field reports that comprise the

125. Contrast Bockstette, Chanda, and Putterman 2002; Englebert 2000; and Lange and Rueschemeyer 2005, with Moore 1966; Olson 1982; and Schumpeter 1950 [1942].

126. Mamdani 1996.

127. Iyer 2010.

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TABLE A1-1
CODINGS FOR KEY VARIABLES

	<i>Stateness</i>	<i>Customary Court Cases</i>	<i>Magistrate Court Cases</i>	<i>Colonial Police</i>	<i>Colonial Intensity</i>
Bahamas	0	0	51	2.7	1.5
Bangladesh	2.33	60	18	0.5	0.65
Barbados	0	0	40	2.8	1.5
Belize	0	0	21	2.7	1.5
Botswana	3	42.5	13	1.2	0.58
Brunei	1.67	0	26	3.2	1.49
Cyprus	4	0	86	3.5	1.75
Fiji	2.33	55	40	1.5	0.7
Gambia	2.2	37.3	8	1	0.63
Ghana	2.45	64.8	10	1.1	0.35
Guyana	0	0	68	3.3	1.5
Hong Kong	0	0	86	2.2	1.75
Jamaica	0	0	76	1.3	1.5
Kenya	1.9	58.8	17	2.2	0.66
Lesotho	4	49.5	8	0.7	0.51
Malawi	2.55	81.8	5	0.6	0.18
Malaysia	1.75	6.1	18	2.3	1.44
Mauritius	0	0	66	2.1	1.5
Myanmar	2.43	60	18	1	0.65
Nigeria	2.16	93.4	4	0.3	0.07
Pakistan	4.5	60	18	1.1	0.65
Sierra Leone	2.12	80.8	8	0.6	0.19
Singapore	0	0	68	3.2	1.75
Solomon Is	1.25	51.6	3	2.1	0.48
Sri Lanka	4	0	18	0.6	1.25
Sudan	1.88	72.6	5	0.7	0.27
Swaziland	3.66	49	17	0.9	0.51
Tanzania	2.3	74.5	9	0.6	0.26
Trinidad	0	0	76	2.5	1.5
Uganda	2.25	79.6	4	0.7	0.2
Zambia	2.71	59.6	25	1.6	0.4
Zimbabwe	3.17	39.7	30	0.4	0.85

primary sources used for the coding of the Ethnographic World Atlas Database do not predate the colonial encounter and so may be endogenous to the colonial experience. In order to exogenize this factor, we employ an instrument—the estimated population density of a region in 1500.¹²⁸ The logic of this choice is driven by the fact that

128. This measure is constructed by Acemoglu, Johnson, and Robinson 2002 from data drawn primarily from McEvedy and Jones 1978.

TABLE A1-2
DESCRIPTIVE STATISTICS

<i>Variable</i>	<i>N</i>	<i>Imputed</i>	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>
Customary court cases	32	0	36.76	32.72	0.00	93.40
Colonial police	32	0	1.60	0.99	0.30	3.50
Magistrate court cases	32	5	33.42	32.33	3.00	124.00
Colonial intensity	32	0	0.89	0.56	0.07	1.75
Stateness	32	0	1.89	1.40	0.00	4.50
Population near coast	32	9	0.55	0.44	0.00	1.00
Biological conditions	32	9	-0.47	0.62	-0.96	1.38
Axis	32	9	1.35	0.59	0.79	2.35
Landlock	32	0	0.18	0.396	0.00	1.00
Settler mortality (ln)	32	9	4.41	1.31	2.43	7.60
Colonial tenure	32	0	125.50	68.02	43.00	339.00
European population	32	0	1.80	2.67	0.10	11.20
Population density (1500)	32	0	0.67	1.61	-2.43	4.61

in premodern eras population density and political development usually went hand in hand (Bates 1983, 35; Harner 1970; Herbst 2000; Sanders, Price 1968; Stevenson 1968; Vengroff 1976). One need not assume a particular causal relationship; it is sufficient to note that no statelike entities managed to establish themselves on thin demographic soil, and few thickly populated regions survived without a fairly high level of political institutionalization.¹²⁹ For one reason or another, and presumably for many reasons, demographics and politics moved in tandem prior to the modern era. Moreover, for reasons developed further in the next section, it seems unlikely that this instrument would have a direct effect (unmediated by political institutionalization) on British colonial strategies of rule—thus satisfying the exclusion criterion imposed by the instrumental-variable approach to causal inference (Angrist and Krueger 2001). Results for the second stage of these two-stage analyses are depicted in models 9–12 in Table A1-3. In all cases, the performance of the key variable is as strong, or stronger, than the corresponding benchmark model in Table 1, offering some assurance that the identification strategy pursued there is not subject to problems of endogeneity.

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129. One notable exception to this general pattern is Iboland, in southwestern Nigeria, where a high population density coexisted with a low level of political centralization—a fact that draws considerable comment from Stevenson 1968, chap. 9, since it is the only deviant case he can find across the African continent.

TABLE A1-3
ROBUSTNESS TESTS

Model Estimator	Trichotomous Stateness			Excluding High Leverage Cases			Two Stage Models					
	1 Tobit Customary Court Cases	2 OLS Magistrate Court Cases	3 OLS Colonial Police Intensity	4 OLS Colonial Intensity	5 Tobit Customary Court Cases	6 OLS Magistrate Court Cases	7 OLS Colonial Police Intensity	8 OLS Colonial Intensity	9 Tobit Customary Court Cases	10 OLS Magistrate Court Cases	11 OLS Colonial Police Intensity	12 OLS Colonial Intensity
Stateness					36.913*** [11.100]	-15.093*** [2.953]	-0.367*** [0.120]	-0.315*** [0.046]	76.966** [34.569]	-26.392*** [10.233]	-0.971* [0.518]	-0.493** [0.203]
Stateness (medium)	76.08** [17.822]	-30.137** [10.102]	-1.006** [0.310]	-0.763** [0.166]								
Stateness (high)	62.89* [26.585]	-43.848** [13.503]	-1.454** [0.416]	-0.605** [0.208]								
Landlock	8.595 [17.562]	-4.53 [7.418]	-0.33 [0.268]	-0.181 [0.116]	-7.365 [16.959]	-2.549 [7.959]	-0.527 [0.347]	-0.014 [0.218]	-80.122 [64.928]	18.789 [20.326]	0.615 [1.028]	0.299 [0.403]
Sattler mortality	7.256 [5.090]	-4.627 [3.053]	-0.183 [0.105]	-0.094 [0.053]	10.264** [4.813]	-6.517** [2.557]	-0.320** [0.131]	-0.138** [0.061]	7.562 [8.820]	-3.844 [2.989]	-0.148 [0.151]	-0.107* [0.059]
Biological conditions	-21.486 [23.892]	31.433 [18.033]	0.735 [0.694]	0.258 [0.301]	-135.918*** [43.736]	34.534** [15.191]	-0.548 [0.550]	1.028*** [0.342]	-166.331** [75.806]	67.912*** [23.457]	2.150* [1.186]	1.204*** [0.465]
Axis	2.885 [23.511]	-16.394 [15.195]	-0.178 [0.548]	0.085 [0.237]	86.229** [31.674]	-27.883** [12.045]	0.232 [0.491]	-0.521 [0.332]	108.349** [58.655]	-45.115** [18.703]	-1.281 [0.946]	-0.657* [0.371]
Latitude	3.979 [6.372]	3.392 [2.697]	-0.186 [0.149]	-0.038 [0.058]	-8.804 [6.490]	5.054** [1.936]	-0.253 [0.176]	0.027 [0.066]	-2.279 [10.086]	4.288 [3.213]	-0.159 [0.163]	0.014 [0.064]
Muslim	0.109 [0.226]	-0.216 [0.156]	-0.006 [0.007]	-0.002 [0.003]	0.260 [0.226]	-0.135 [0.120]	-0.004 [0.006]	-0.002 [0.004]	0.062 [0.450]	-0.162 [0.150]	-0.003 [0.008]	-0.003 [0.003]
Constant	-66.442 [58.984]	123.601** [36.841]	3.56** [1.140]	1.81** [0.575]	-7.365 [16.959]	-2.549 [7.959]	-0.527 [0.347]	-0.014 [0.218]	-382.806*** [160.543]	201.796*** [47.783]	6.551*** [2.417]	3.843*** [0.948]
N	32	32	32	32	29	29	29	29	32	32	32	32
R2 (pseudo)	(0.15)	0.66	0.63	0.74	(0.19)	0.74	0.64	0.73	(0.65)	0.75	0.59	0.79

Coefficient, standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests. 2SLS analysis shows second-stage results only. Instrument: Population density in 1500 (AJR) [lpd1500sj]. Models 1, 5, 9: Tobit estimator. All other models: OLS with robust standard errors.

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A final set of robustness tests addresses the problem of specification. While Table 1 includes variables regarded as most likely to affect patterns of direct/indirect rule, Table A1-4 includes variables with a sketchier claim to causal status (according to relevant theory and the authors' own conjectures). These include number of years from the onset of sedentary agriculture to 2000 (Putterman 2006), precolonial population density (Lange 2009), percentage arable land (World Bank 2005), percentage land in tropics (World Bank 2005), logarithm of GDP in 1960 (World Bank 2007), ethnic fractionalization (Alesina et al. 2003), percentage Catholic (CIA World Factbook), Africa (dummy), Middle East (dummy), Latin America (dummy), Caribbean (dummy), Anglo America (dummy), Asia (dummy), and various geographic measures (all from Acemoglu et al. 2002) including percentage of global gold reserves, yellow fever prevalence, malaria prevalence, maximum humidity in afternoon, minimum humidity in afternoon, monthly low temperature, and monthly high temperature.

It would be tedious to show full results for each specification. Instead, we report only the coefficient and standard errors (and associated p values) for the key variable of theoretical interest when the foregoing control variables are added, seriatim, into the benchmark models. Reassuringly, there is very little change in the performance of the Stateness variable. Granted, the search for plausible controls is infinite; there is no end to specification tests of observational data. However, it should be noted that additional control variables not contained in this compendium are likely to be highly correlated with the variables already tested, and hence are unlikely to disturb the results depicted in Table A1-4. This offers some assurance that our results are not the product of arbitrary choices in model specification.

TABLE A1-4
SPECIFICATION TESTS

<i>Dep Var</i>	<i>Customary Court Cases</i>	<i>Magistrate Court Cases</i>	<i>Colonial Police</i>	<i>Colonial Intensity</i>
<i>Estimator</i>	<i>tobit</i>	<i>OLS</i>	<i>OLS</i>	<i>OLS</i>
<i>Benchmark controls</i>	<i>= X</i>	<i>X</i>	<i>X</i>	<i>X</i>
<i>+ 1 additional control...</i>				
1 Percent Arable Land	36.421*** [10.232]	-15.358*** [3.115]	-0.451*** [0.135]	-0.328*** [0.044]
2 GDP 1960 ln	34.272*** [9.173]	-14.256*** [2.863]	-0.295*** [0.104]	-0.286*** [0.047]
3 Ethnic fractionalization	36.539*** [11.027]	-16.018*** [2.986]	-0.359*** [0.126]	-0.301*** [0.042]
4 Catholicism	39.156*** [12.763]	-15.605*** [2.832]	-0.378*** [0.110]	-0.308*** [0.045]
5 Middle East	36.832*** [10.671]	-15.957*** [3.052]	-0.365*** [0.129]	-0.312*** [0.044]
6 Latin America	32.446*** [8.032]	-16.239*** [3.033]	-0.405*** [0.120]	-0.329*** [0.039]
7 Caribbean	35.039** [13.005]	-17.931*** [2.629]	-0.383** [0.176]	-0.296*** [0.065]
8 Anglo America	37.897*** [11.209]	-15.824*** [2.939]	-0.363*** [0.125]	-0.309*** [0.044]
9 Asia	38.913*** [11.712]	-15.409*** [2.844]	-0.330*** [0.111]	-0.307*** [0.044]
10 Percent of gold reserves	39.175*** [11.948]	-15.881*** [3.054]	-0.366*** [0.129]	-0.308*** [0.046]
11 Prevalence of yellow fever	38.622*** [11.997]	-16.023*** [2.847]	-0.383** [0.137]	-0.308*** [0.049]
12 Prevalence of Malaria	43.195** [16.875]	-18.757*** [2.285]	-0.338* [0.174]	-0.324*** [0.061]
13 Humidity 4	34.748*** [10.001]	-15.880*** [3.119]	-0.365** [0.139]	-0.308*** [0.050]
14 Humidity 3	34.159*** [10.551]	-15.796*** [3.222]	-0.330** [0.139]	-0.291*** [0.048]
15 Humidity 2	34.846*** [9.523]	-15.732*** [3.056]	-0.358** [0.145]	-0.304*** [0.051]
16 Humidity 1	34.233*** [10.590]	-15.308*** [3.240]	-0.328** [0.143]	-0.281*** [0.052]
17 Temperature 5	38.917*** [11.799]	-15.846*** [3.242]	-0.426*** [0.116]	-0.312*** [0.049]
18 Temperature 4	39.289*** [12.102]	-15.622*** [3.259]	-0.399*** [0.122]	-0.305*** [0.051]
19 Temperature 3	35.133*** [10.791]	-15.697*** [3.232]	-0.314** [0.118]	-0.297*** [0.044]
20 Temperature 2	38.804*** [11.716]	-15.841*** [3.154]	-0.396*** [0.118]	-0.310*** [0.048]

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20 specifications of each model are displayed, each of which includes benchmark controls (Settler mortality, Landlocked, Biological conditions, Axis, Latitude, Muslim) + one additional control variable (1/20). Results in each cell are for the key variable, *Stateness*. Coefficient, standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests.

APPENDIX 2

Center /] THE NATION-STATE [

TABLE A2-1
DESCRIPTIVE STATISTICS

<i>Variable</i>	<i>N</i>	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>
Statehistn	22,355	0.36	0.28	0.01	0.98
Land_Area_WDI_07	9,139	635,784.60	1,801,341	1.95	16,400,000
Pop_Total_WDI_07_ip_ln	19,081	15.07	2.01	7.17	20.99
Pop_Density_WDI_07	8,637	214.40	1,016	0.10	17,128.21
Urban_Pop_WDI_07	9,480	47.75	25.23	2.00	100.00
Linguistic_fractionaliz_Alesina	41,393	0.39	0.28	0.00	0.92
GDPpc_ln_07	6,593	7.47	1.55	4.03	10.99
Polity4_imp	22,085	-2.49	6.99	-10.00	10.66
LatinAmerica	44,289	0.10	0.30	0.00	1.00
WestEurope	44,496	0.11	0.31	0.00	1.00
MiddleEast	44,082	0.09	0.29	0.00	1.00
Africa	60,987	0.20	0.40	0.00	1.00
UK_colony	44,496	0.06	0.18	0.00	1.00
French_colony	44,496	0.04	0.19	0.00	1.00
Portuguese_colony	44,496	0.01	0.08	0.00	0.87
Island	44,496	0.29	0.78	0.00	1.00
Federalism (GT)	2,495	0.45	0.78	0.00	2.00
Federalism (ABP)	12,420	0.22	0.41	0.00	1.00
Autonomous Regions (DPI)	2,356	0.06	0.25	0.00	2.00
Decentralized Revenue (FG)	13,248	0.15	0.12	0.00	0.52

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TABLE A2-2
FEDERALISM (GT)

<i>Model</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>Estimator</i>	<i>ologit</i>	<i>ologit</i>	<i>ologit</i>	<i>ologit</i>	<i>reopro</i>
<i>Stateness</i>	1.2414*** [0.3342]	2.3607*** [0.2012]	1.0558*** [0.3295]		1.5264*** [0.3241]
<i>Stateness (1% deprec)</i>				0.9275*** [0.3349]	
Land area	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000*** [0.0000]
Population	0.4740*** [0.0724]		0.3371*** [0.0795]	0.3466*** [0.0792]	1.3387*** [0.1445]
Population density	-0.0012 [0.0008]		-0.0003 [0.0007]	-0.0002 [0.0007]	0.0007** [0.0003]
Urban population	-0.0296*** [0.0060]		-0.0289*** [0.0060]	-0.0296*** [0.0060]	-0.0352*** [0.0121]
Linguistic fract	5.5190*** [0.3692]		5.0378*** [0.3679]	5.0242*** [0.3666]	1.7578** [0.7503]
GDP (ln)	0.5596*** [0.0993]		0.4267*** [0.1054]	0.4301*** [0.1055]	1.5733*** [0.2236]
Democracy (Polity2)	0.2129*** [0.0259]		0.2167*** [0.0268]	0.2143*** [0.0267]	0.2117*** [0.0343]
Latin America	1.5636*** [0.2801]		0.8072** [0.3272]	0.8235** [0.3280]	0.9824 [0.8905]
West Europe	0.9030*** [0.2556]		0.5374* [0.3059]	0.5749* [0.3067]	-3.6176*** [0.6839]
Middle East	-1.4496*** [0.3491]		-1.8598*** [0.3759]	-1.8028*** [0.3743]	-9.6238*** [0.9787]
Africa	-2.6706*** [0.3088]		-2.5675*** [0.3603]	-2.5798*** [0.3622]	-1.7351*** [0.5277]
Year	0.0050 [0.0053]		0.0091* [0.0054]	0.0093* [0.0054]	0.0251*** [0.0073]
British colony			-10.8150** [4.6714]	-10.9818** [4.6844]	
French colony			-729.9128 [29,831.6620]	-729.8414 [29,850.3490]	
Portuguese colony			-49.7716 [6,093.9776]	-49.8227 [6,092.5107]	
Island			-0.7651*** [0.2672]	-0.7687*** [0.2685]	
Pseudo R-squared	0.415	0.281	0.424	0.423	
Log likelihood					-304.39
Observations	2495	2495	2495	2495	2495
Countries	89	89	89	89	89
Years	1961–2002	1961–2002	1961–2002	1961–2002	1961–2002

Dependent variable: Federalism (GT) Coefficient, robust standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests. Constants omitted. Model 1: benchmark. *ologit* = ordered logit *reopro* = random effects ordered probit

TABLE A2-3
FEDERALISM (ABP)

<i>Model Estimator</i>	<i>1 ologit</i>	<i>2 ologit</i>	<i>3 ologit</i>	<i>4 ologit</i>
<i>Stateness</i>	1.6916*** [0.5552]	2.2154*** [0.2734]	1.3583* [0.7835]	
<i>Stateness (1% deprec)</i>				1.3042 [0.8076]
Land area	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000*** [0.0000]
Population	0.5088*** [0.1179]		0.6950*** [0.1692]	0.7049*** [0.1688]
Population density	-0.0104*** [0.0016]		-0.0051*** [0.0014]	-0.0049*** [0.0014]
Urban population	-0.0302*** [0.0087]		-0.0419*** [0.0109]	-0.0425*** [0.0108]
Linguistic fract	8.1736*** [0.6801]		8.1473*** [0.8015]	8.1376*** [0.8033]
GDP (ln)	2.3603*** [0.2000]		3.7813*** [0.3180]	3.7861*** [0.3179]
Democracy (Polity2)	0.1413*** [0.0235]		0.1738*** [0.0296]	0.1728*** [0.0296]
Latin America	1.7003*** [0.3479]		0.6577 [0.4445]	0.6697 [0.4454]
West Europe	-1.5291*** [0.3016]		-5.5190*** [0.4861]	-5.5198*** [0.4875]
Middle East	0.0000 [0.0000]			0.0000 [0.0000]
Africa	0.0000 [0.0000]			0.0000 [0.0000]
Year	-0.0515*** [0.0085]		-0.0875*** [0.0112]	-0.0875*** [0.0112]
British colony				0.0000 [0.0000]
French colony				0.0000 [0.0000]
Portuguese colony				0.0000 [0.0000]
Island			-12.2648*** [3.5719]	-12.2435*** [3.4830]
Observations	2010	2430	1894	1894
Pseudo R-squared	0.590	0.434	0.654	0.654
Countries	52	54	52	52
Years	1961–2003	1961–2005	1961–2003	1961–2003

Dependent variable: Federalism (ABP) Coefficient, robust standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests. Constants omitted. Model 1: benchmark. *ologit* = ordered logit

TABLE A2-4
AUTONOMOUS REGIONS (DPI)

<i>Model</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Estimator</i>	<i>ologit</i>	<i>ologit</i>	<i>ologit</i>	<i>ologit</i>
<i>Stateness</i>	1.4805*** [0.5603]	2.2534*** [0.3069]	-0.8122 [0.6666]	
<i>Stateness (1% deprec)</i>				-1.1393* [0.6838]
Land area	0.0000 [0.0000]	0.0000*** [0.0000]	-0.0000 [0.0000]	-0.0000 [0.0000]
Population	0.9041*** [0.1378]		1.1364*** [0.1718]	1.1842*** [0.1733]
Population density	-0.0064*** [0.0019]		-0.0071*** [0.0020]	-0.0073*** [0.0020]
Urban population	-0.0546*** [0.0136]		-0.0708*** [0.0145]	-0.0726*** [0.0145]
Linguistic fract	1.3345** [0.5630]		1.0571* [0.6254]	1.0574* [0.6251]
GDP (ln)	0.6147*** [0.1888]		0.5210*** [0.1954]	0.5082*** [0.1962]
Democracy (Polity2)	-0.0112 [0.0217]		-0.0543** [0.0249]	-0.0582** [0.0250]
Latin America	3.5556*** [0.5359]		3.2072*** [0.6045]	3.2247*** [0.6049]
West Europe	3.3074*** [0.6367]		4.1198*** [0.7944]	4.2976*** [0.7952]
Middle East	-14.9234 [577.9030]		-19.8275 [5,782.6475]	-19.9032 [6,147.6469]
Africa	1.7214*** [0.4579]		1.8092*** [0.5051]	1.7393*** [0.5075]
Year	0.0353** [0.0141]		0.0523*** [0.0152]	0.0540*** [0.0152]
British colony			-759.3743 [35,713.2373]	-766.2130 [37,892.3486]
French colony			-947.3348 [234,547.6885]	-954.9717 [249,380.5578]
Portuguese colony			-67.0127 [52,002.4819]	-67.6706 [55,198.7617]
Island			-19.1688 [3,082.9292]	-19.3897 [3,288.2804]
Pseudo R-squared	0.251	0.0844	0.331	0.332
Observations	2356	2356	2356	2356
Countries	96	96	96	96
Years	1976-2000	1975-2000	1975-2000	1975-2000

Dependent variable: Autonomous Regions (DPI) Coefficient, robust standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests. Constants omitted. Model 1 = benchmark. *ologit* = ordered logit

201

TABLE A2-5
DECENTRALIZED REVENUE (FG)

<i>Model</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Estimator</i>	<i>OLS</i>	<i>OLS</i>	<i>OLS</i>	<i>OLS</i>
<i>Stateness</i>	0.0351*** [0.0117]	0.0309*** [0.0086]	0.0624*** [0.0120]	
<i>Stateness (1% deprec)</i>				0.0726*** [0.0124]
Land area	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000*** [0.0000]	0.0000*** [0.0000]
Population	-0.0014 [0.0019]		-0.0057*** [0.0020]	-0.0062*** [0.0020]
Population density	-0.0003*** [0.0000]		-0.0003*** [0.0000]	-0.0003*** [0.0000]
Urban population	-0.0001 [0.0002]		-0.0001 [0.0002]	-0.0001 [0.0002]
Linguistic fract	0.0719*** [0.0097]		0.0520*** [0.0100]	0.0534*** [0.0100]
GDP (ln)	0.0263*** [0.0033]		0.0281*** [0.0032]	0.0287*** [0.0032]
Democracy (Polity2)	0.0029*** [0.0004]		0.0028*** [0.0004]	0.0029*** [0.0004]
Latin America	-0.0066 [0.0072]		-0.0276*** [0.0080]	-0.0254*** [0.0080]
West Europe	0.0571*** [0.0083]		0.0291*** [0.0085]	0.0267*** [0.0085]
Middle East	-0.0632*** [0.0102]		-0.0802*** [0.0103]	-0.0816*** [0.0102]
Africa	0.0166** [0.0080]		-0.0147* [0.0083]	-0.0129 [0.0083]
Year	-0.0006*** [0.0002]		-0.0005*** [0.0002]	-0.0005*** [0.0002]
British colony			0.2316*** [0.0386]	0.2431*** [0.0387]
French colony				0.0000 [0.0000]
Portuguese colony				0.0000 [0.0000]
Island			-0.0593*** [0.0071]	-0.0589*** [0.0070]
R-squared	0.560	0.319	0.587	0.588
Observations	2004	2160	2004	2004
Countries	48	48	48	48
Years	1961–2003	1961–2005	1961–2003	1961–2003

Dependent variable: Decentralized Revenue (FG) Coefficient, robust standard error, and p value (* significant at 10%; ** significant at 5%; *** significant at 1%) in two-tailed tests. Constants omitted. Model 1 = benchmark.

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21/

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