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Political Legitimacy in Historical Political Economy*

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Abstract

Political legitimacy has long been recognized in the social sciences as an integral component of governance. It encourages obedience without the threat of force, thus lowering governing costs and improving the efficacy of policies. This chapter begins by overviewing the extensive literature on political legitimacy, classifying studies by whether they are based on the *beliefs* (regarding the legitimacy of the authority) or *effectiveness* (good governance is legitimate governance). Among the studies focusing on beliefs, most take legitimacy as an exogenous element of political authority. We develop a conceptual framework to study how beliefs regarding political legitimacy form *endogenously* and impact political power, institutions, and policies. We conclude with numerous examples from historical political economy that reveal the usefulness of this framework.

Keywords: political legitimacy; beliefs; endogenous legitimacy; legitimacy principle

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What is Political Legitimacy?

Why do people follow political authorities? Access to coercive power is one answer. As Mao Zedong famously noted, “power grows out of the barrel of a gun.” But rule by force is expensive, and authorities who rule by force alone constantly fear revolt and disobedience. However, force is not the only reason why people follow political authorities. They are also followed when they are viewed as *legitimate*. How do political authorities become viewed as having legitimacy? What exactly is political legitimacy?

The study of political legitimacy dates to at least Thomas Hobbes (2002 [1651]), who famously argued in the *Leviathan* that any ruler who could provide the basics of safety and security is legitimate and should be followed. In this conception, coercive power begets legitimacy; so long as the coercive power of the state provides safety to its people, the government is legitimate. Yet, while providing safety may be the bare minimum an authority needs to gain legitimacy, subsequent literature has largely viewed it as not being sufficient. David Hume (1985 [1777]) proposed a more general view of legitimate governance, suggesting that legitimacy is founded on “opinion only”. It follows that anything that those in power do to shift opinion in their favor—form political parties, provide targeted public goods, appeal to nationalism or religion—affects their legitimacy (Razi 1990; Landis 2018).

Some of the giants of the 20th century built on the definitions laid out by Hobbes and Hume, focusing on how *beliefs* shape legitimacy. Famously, Max Weber (1964 [1920], p. 382) proposed that political authority derives in part from beliefs in the political system itself: “the basis of every system of authority, and correspondingly of every kind of willingness to obey, is a belief, a belief by virtue of which persons exercising authority are lent prestige.” Similarly, Seymour Martin Lipset (1959, p. 86) wrote that legitimacy “involves the capacity of a political system to engender

and maintain the belief that existing political institutions are the most appropriate or proper ones for the society.”

For the sake of the discussion in this chapter, we build on the belief-based approach to political legitimacy, defining legitimacy as the internalized belief that a political authority has the right to govern and have its demands obeyed. That is, the more an authority is perceived as legitimate, the more that its subjects believe that the authority has the right to rule and to be obeyed (Hurd 1999; Tyler 2006; Hechter 2009; Levi, Sacks, and Tyler 2009).¹ Defined this way, political legitimacy falls on a continuum—some authorities are more legitimate than others.

Political legitimacy is therefore one of the tools that authorities have at their disposal to encourage compliance. Such a tool is necessary when authorities wish for their subjects to comply with rules they would otherwise not follow (Hart 2012 [1961], ch. 1, 4). While extrinsic, coercive incentives often play a role in encouraging compliance, legitimacy is typically the least expensive tool that authorities have at their disposal, since it incentivizes compliance even in the absence or monitoring or coercion (Tyler 2006; Levi and Sacks 2009; Levi, Sacks, and Tyler 2009). Legitimacy therefore helps keep authorities in power when coercive power is ineffective. Even when coercive power is effective some degree of legitimacy is needed to rule effectively: “no government exclusively based upon the means of violence has ever existed. Even the totalitarian ruler, whose chief instrument of rule is torture, needs a power basis ... Single men without others to support them never have enough power to use violence” (Arendt 1969, p. 17-18).

¹ Gilley (2006a, 2006b) uses a similar definition to measure legitimacy across countries. Weatherford (1992) proposes a metric for measuring legitimacy that marries structural approaches based on a society’s institutional features with survey data based on subjective views of government (i.e., their “legitimacy orientations”). Similarly, Suchman (1995) defines organizational legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.”

Within political science, the “traditional approach” to analyzing political legitimacy is performance-based, not belief-based. It focuses on the *effectiveness* of the political system. In the performance-based conception, beliefs are shaped by how effective the government is on certain margins. Such theories, which are mostly applied to democratic legitimacy (e.g., Dahl 1956; Lipset 1959), focus on four attributes: accountability, efficiency, procedural fairness, and distributive fairness (Weatherford 1992). It follows that an authority who shows that it can deliver good governance (e.g., protect property rights, deliver public goods), will be viewed as more legitimate by the population (Gilley 2006a, Levi and Sacks 2009). According to Levi, Sacks, and Tyler (2009), trustworthiness of government and procedural justice are necessary antecedents of legitimacy. In the long run, legitimacy based on good governance can augment a society’s normative basis of legitimate rule; whatever worked in the past is legitimate in the present (Lipset 1959).

Yet, there are limitations to these traditional, performance-based, conceptions of political legitimacy. For one, works focusing on the effectiveness of governance have difficulty accounting for the actions taken by *ineffective* governments to maintain legitimacy, especially those that are undemocratic and cannot appeal to democratic norms for legitimacy. Under such theories, nearly every ineffective government in world history (e.g., prior to democratic reforms that swept many parts of the world in the 19th and 20th centuries) was not legitimate (Mittiga 2022). While this is possibly the case (though we do not believe it to be so), such a framework limits our capacity to understand actions by political authorities to bolster their legitimacy in such settings.

Secondly, such studies view legitimate rule as an historically *constant* and *exogenous* variable. In the social sciences, any theory in which the main explanatory variable is exogenous and unobservable has limited explanatory power. Therefore, under this paradigm, the importance of

legitimacy for economic and political outcomes remains a black box (Marquez 2016). It has little to say about how authorities can enhance their legitimacy (beyond ruling more effectively), how their actions affect political and economic outcomes, and the observable implications therein.

This chapter builds on Greif and Rubin (2022) to address these issues and lay out a framework for conceptualizing history-dependent, endogenous political legitimacy. It begins with the straightforward supposition that a political authority is more effective in achieving her objectives the higher her legitimacy and thus the more her subjects comply with her policies (e.g., regarding taxation, economic regulations, or military service). Compliance is never perfect because political authorities' policies generally demand from their agents actions that some of them would prefer to avoid (particularly if other comply). Thus, authorities invest in the capacity to punish non-compliance. For such investment to be effective and influence compliance, it must render the punishment credible. In other words, it must be common knowledge that inflicting a sufficiently large penalty is the authority's ex-post best response to non-compliance. However, motivating compliance by punishment is costly because the capacity to punish and the credibility of the threat both require expenditures (e.g., police forces, prisons, inspectors, property registrars). Punishment is thus costly even if it is off the equilibrium path. For this reason, an authority's power is often identified in the political economy literature with wealth: resources are key to political power and thus authority (North and Weingast 1989; Tilly 1990; Acemoglu, Johnson and Robinson 2005; Stasavage 2011; Acemoglu and Robinson 2012).

Political legitimacy reduces such governance costs. In fact, legitimacy motivates compliance exactly when coercive power is least effective: when the authority faces an existential threat (e.g., an invasion) that reduces the motivation effect of expected future punishments. Legitimacy motivates compliance based on intrinsic motivation and does not depend on future extrinsic

rewards or punishment. Thus, although legitimacy is not the sole basis for political authority, it can be crucial for a regime's effectiveness and longevity. In general, punishment and legitimacy co-exist and they can be substitutes in motivating compliance.

The framework proposed in this chapter reveals the implications of legitimating arrangements on political and economic outcomes. The basic building block in the framework is that there are two (inter-related) foundations of legitimacy: cultural and institutional. The cultural foundation is the historically derived, shared cultural beliefs specifying the conditions necessary for political legitimacy. Being historically derived, such beliefs can differ across cultures and over time. Unlike studies seeking principles that form the basis of legitimate governance across many societies (Gilley 2006a, 2006b; Levi and Sacks 2009), the proposed framework implies that such principles are historically unique across societies, even if there are many cross-cultural commonalities (e.g., principles related to hereditary monarchy or democratic governance). In turn, it follows that social scientific studies of the determinants or consequences of political legitimacy should be context-specific.

In this framework, the bases of the shared beliefs regarding who is a rightful political authority are called the society's *legitimacy principles*. Legitimacy principles are fixed in the short-run and specify the conditions required for a particular individual or organization to have legitimate authority or the legitimate capacity to enact certain policies. Legitimacy principles provide a basis of legitimacy, or as Scott (1995, p. 59-60) notes, legitimacy is "a condition reflecting perceived consonance with relevant rules and laws, normative support, or alignment with cultural-cognitive frameworks." For instance, in many monarchies, the eldest son of the previous king has the most legitimate claim to the throne. This is a key reason why monarchs with longer tenure and larger families have fewer dynastic disputes upon their death; longer-lasting rulers with larger families

are more likely to have sons, and they are more likely to establish succession procedures if they have no legitimate heir (Abramson and Rivera 2018; Acharya and Lee 2019; Kokkonen et al. 2021).² Meanwhile, in a democracy, the winner of a fair and free election has the right to rule.³ These are legitimacy principles that shape shared beliefs about who has a right to rule and whether one should comply with such rules.⁴

The institutional foundations of legitimacy are the means fostering the shared beliefs that the authority satisfies these conditions. They are endogenous and can be fostered by agents the society has deemed capable of conferring legitimacy (Scott 1995, p. 60; Deephouse 1996, p. 1025; Coşgel, Miceli, and Rubin 2012a, 2012b; Rubin 2017). Such a *legitimizing agent* must be relatively independent from the political authority; agents under the authority's thumb provide no new information about whether the authority satisfies the conditions necessary to rule, and they thus do little to affect shared beliefs in the authority's legitimacy. On the other hand, such agents have *delegitimizing power*. Their actions do not do much to support beliefs in the authority's right to rule, but their condemnation of the authority is a strong signal that the authority is illegitimate exactly because these agents have much to lose by declaring the authority illegitimate. Statements by a sidekick in support of an authority are cheap talk; but their statements opposing an authority are costly signals.

While the power of these agents to legitimate depends on exogenous features such as their identity and the legitimacy principles, it also evolves over time. Legitimizing power thus has

² For much more on the role of dynasties in both monarchical and democratic settings, see van Coppenolle and Smith (2023).

³ In the democratic setting, Patty and Penn (2014) argue that unique principles of legitimate governance can help resolve conflicts inherent in collective decisions based on the aggregation of preferences.

⁴ This insight extends well beyond formal political governance. For instance, Pfaff and Hechter (2020) show that it was important that seaman in the British Royal Navy during the Age of Sail believe in the legitimacy of their officers. What made officers legitimate was based on how the officers treated their subordinates in accordance with the unique customs and conventions (i.e., the legitimacy principle) of the ship.

endogenous elements. The authority's act of publicly consenting that an agent is the one to legitimate her increases the agent's future legitimating power by coordinating beliefs. It follows that the historical actions of the relevant actors shape both the society's institutional foundation of legitimacy as well as its legitimacy principles, meaning that these principles will have unique elements that differ by society. In the words of Arendt (1969, p. 19), "legitimacy, when challenged, is claimed by an appeal to the past."

As in much of the literature (Hurd 1999; Tyler 2006; Levi and Sacks 2009; Levi, Sacks, and Tyler 2009), the framework proposed in this chapter is guided by the idea that both coercion and legitimacy can be used to rule—that is, to foster compliance—and they are substitutes in this process. The framework considers the various agents that authorities can employ to strengthen their legitimacy or coercive power—and the policy concessions these agents receive in return. This in turn highlights the connection between endogenously-generated political legitimacy and a society's institutions, policies, and even the players involved in policymaking. It also highlights the dynamic interaction between exogenous parameters and endogenous variables, as in Greif (2006) and Greif and Laitin (2004). The selection of legitimating agents and legitimacy principles are constrained by the society's historical heritage at any given point in time, but the choices made under these constraints affect the strength of the legitimacy principle and the legitimating power of particular agents in the future.

In short, this chapter proposes a path forward for studying political legitimacy in historical and contemporary societies. Any such study—historical or not—must understand the various historically-determined cultural and institutional attributes that yield legitimacy effective in that society. Such forces are endogenously and historically determined, and they are at the heart of numerous phenomena in historical political economy.

A Framework for Analyzing Political Legitimacy in HPE

Greif and Rubin (2022) propose a framework for considering the interactions between a political authority and her many potential legitimating agents. Authorities have a set of policy objectives. But how do they convince people to comply with actions consistent with those objectives? As noted above, the literature views political authorities as having two, non-mutually exclusive mechanisms: coercion and legitimacy. That is, for people to be willing to comply with the authority's objectives, they must either believe they have a moral obligation to follow the policy or fear punishment from failing to comply.

Political authorities are endowed with some degree of legitimacy and resources. Their legitimacy endowment depends on whether their personal characteristics and actions align with the society's legitimacy principle. For instance, in a traditional European style monarchy, being the oldest legitimate son (i.e., born within wedlock) of the previous monarch typically gave one more legitimacy than otherwise. Such characteristics are meaningless in a democracy. An authority's own legitimacy and resource endowments are exogenous to the authority.

Legitimacy can be an effective tool of governance even if many in the population do not believe they have a moral obligation to comply. All that is needed are widespread *beliefs* that others believe that there is a moral obligation to comply. Coordination of beliefs can therefore increase compliance with the demands implied by the authority's policies. How can authorities coordinate such beliefs? Are there actions authorities can take to enhance both their legitimacy and resources?

There are people and organizations in every society that have the capacity to enhance the legitimacy of the political authority. Greif and Rubin (2022) call these people and organizations *legitimizing agents*. Depending on the society's legitimacy principle, effective legitimizing agents

may be, among others, religious authorities (Gill 1998; Coşgel and Miceli 2009; Rubin 2011; Bentzen and Gokmen 2022), economic elites (Rubin 2017), bureaucrats (Ma and Rubin 2022), or military elites (Blaydes and Chaney 2013). Agents can coordinate beliefs about the authority's right to rule by participating in public legitimating events such as coronation ceremonies, inaugurations, public executions, observable legislation, tribute payments, and military parades. During such events, subjects are exposed to information relevant to the belief-formation process.⁵ The public nature of such events makes one aware that all others have been exposed to the same information as well (Kuran 1995; Chwe 2001). This, in turn, may convince them to publicly express the morality of the authority's rule even if they personally hold a different view of what type of rule is moral (Greif and Tadelis 2010).⁶

One's capacity to serve as a legitimating agent depends in part on the society's legitimacy principles. But where do legitimacy principles come from? At any given point in time, they are exogenous to the authorities and agents in question—they derive from previous interactions between authorities and their agents, especially how often an independent agent was used in the past. Hence, while the legitimacy principle is exogenous at any given point in time, it is endogenous over time.⁷ An authority often has multiple legitimacy principles they can promote, but the strength of each principle depends on past interactions between authorities and agents. Authorities can also strengthen a legitimacy principle over time via use: the act of requesting legitimation from an agent increases the power of that agent to legitimate in the future. Authorities

⁵ In a similar vein, Lipset (1959, p. 89) argues that “a major test of legitimacy is the extent to which given nations have developed a common ‘secular political culture,’ national rituals and holidays which serve to maintain the legitimacy of various democratic practices.” For more on nationalism in historical political economy, see Boix (2023).

⁶ For more on why people follow rules in general in historical settings, see Wallis (2022, 2023).

⁷ In the terminology of Greif and Laitin (2004) and Greif (2006), the legitimacy principle is a quasi-parameter.

therefore face a tradeoff when seeking legitimacy: it increases compliance in the present but also increases that agent's bargaining power in the future.

Using these basic building blocks, it is possible to first consider how political bargains between authorities and their legitimating agents are affected by the endowed legitimacy of each actor. First, it is possible that the authority may not enter the bargain to begin with. When their endowed legitimacy and/or access to resources is sufficiently high, political authorities may be able to secure compliance without the support of an agent. In this case, the authority would prefer to not enter the political bargain and hence not yield policy concessions in return. Not using the agent also reduces the future legitimating power of the agent, which may be in the interest of the authority, since it entails a less powerful agent to bargain with (Pant 2018). Such an outcome is non-cooperative, and it results in few constraints on the authority's power. An authority in this position may be able to pay off coercive agents and rule as a (legitimate or illegitimate) autocrat.

Consider instead the case where the authority's endowed legitimacy and resources are not enough to secure sufficient compliance. In this case, she will seek legitimation or resources (or both) from her legitimating agent(s). Greif and Rubin (2022) envision a bargaining game, in the spirit of a Nash bargain, in which the authority first chooses if and which of many potential agents to bargain with, taking into account the agent's preference, legitimating power, and resources. There is a drawback for the authority from relying on an agent since doing so increases the agent's future legitimating power, and thus the authority increases the agent's future bargaining power by bringing it into the bargain in the present. This weakens the authority's relative bargaining power in the future. The authority must weigh this cost against the potential benefits of bargaining with the agent.

If the authority chooses to rely on an agent, she can offer the agent a say in current or future policy, and in return may request resources and/or legitimation of the policy in question. Compliance with the policy therefore depends on how much legitimacy and resources the authority and agent contribute. While the authority makes concessions regarding the content of the policy, it increases compliance by increasing its legitimacy and/or the resources required to make punishment for non-compliance credible.

After a policy bargain is agreed upon, the authority faces a commitment problem, namely, the authority can implement any policy she wants. This is where legitimacy being reversible has bite: if the authority attempts to enact a policy besides the one agreed to in the bargain, the policy loses any legitimacy bestowed on it by the agent(s). Reneging on the agreement may be attractive for the authority because resources, unlike legitimacy, are not reversible. The authority can therefore enact her desired policy with the resources transferred from the agent(s).

This framework yields two predictions. The first regards the *qualities* of the agent an authority will choose to legitimate her rule. There are numerous factors to consider. First, all else equal the authority will want to bargain with an agent whose optimal policies are more closely aligned with her own. In this case, the authority does not have to cede much in the bargain, and the authority would thus desire an agent who has significant legitimating power, since this would increase compliance with the policy. Second, an authority with low legitimacy will desire an agent with high legitimating power, all else equal. While the authority cedes future bargaining power to the agent(s) by choosing to bargain with it, this may be beneficial to a low-legitimacy authority, who benefits significantly from the legitimacy the agent(s) bestows. This is not the case for a high-legitimacy authority. For such an authority, the probability of compliance with the policy is high in the absence of legitimation from the agent(s). Hence, if a high-legitimacy authority is to bargain

with agent(s) for additional legitimacy or resources, she would prefer to bargain with one with little legitimating power. A powerful agent is unattractive to a highly legitimate authority because the authority must cede more in the bargain and, by entering into the bargain, makes an already powerful agent all the more powerful in the future. Finally, the greater the authority's access to resources, the lower is the optimal legitimacy of the legitimating agent(s). Since resources and legitimacy are substitutes, a rich authority gains less on the margin from having a highly legitimate agent. Meanwhile, it stands to lose more on the margin by giving the agent more future bargaining power. These insights can be summarized as follows:

Prediction 1: All else equal, the level of legitimating power for the authority's optimal legitimating agent(s) is weakly decreasing in the authority's endowed legitimacy, its access to resources, and the difference in the authority's and agent's preferences.

The second prediction regards when authorities will cooperate or conflict with their agents. Cooperation can be considered as occurring when the authority enters the bargaining game with the appropriate legitimating agent(s) (as dictated by the legitimacy principle) and the agent(s) accepts the proposal. On the other hand, conflict occurs either when the authority rules without an agent or the agent declines the proposed bargain. For instance, in the U.S., an Act of Congress which is signed by the president indicates cooperation between the two, whereas in early modern England cooperation was signified by an Act of Parliament, which must be agreed upon by Parliament and the Crown. On the other hand, the English Civil Wars are an extreme example of conflict. King Charles I attempted to rule without Parliament for over a decade (the period of Personal Rule, 1629-40); we classify this as non-violent conflict between an authority and his

legitimizing agents. When Parliament was finally called in 1640, conflict of a much more violent nature ensued between the parties.

Several factors contribute to cooperation (or conflict) occurring between authorities and their agents. The first is the degree to which the preferences of the authority and her agents are aligned and are expected to remain aligned. When their preferences are closely aligned, the agents benefit from the authority implementing her own ideal policy, and the agents therefore benefit from accepting the authority's proposal to cooperate. Similarly, the authority is motivated to approach the agents because cooperation provides it with legitimation and resources without ceding much with respect to the content of the policy. At some sufficiently large divergence in preferences, no bargain will be available that satisfies both the authority and her agents. Knowing this, the authority will not approach the agents in the first place and the players will not cooperate.

A second set of factors are the authority's endowed legitimacy and access to resources. A highly legitimate authority or one with access to significant resources will find it difficult to commit to implementing the agreed-upon policy if it is not sufficiently close to one she desires, since compliance with the policy will be high even without legitimation from the agents. If such a commitment is impossible, the agents will not accept the authority's proposal. Knowing this, the authority will not approach the agents in the first place. In other words, conflict between the authority and her agents is more likely the greater the authority's endowed legitimacy and access to resources.

A final factor is the agent's capacity to legitimate rule. A low-legitimacy or resource-poor authority gains more on the margin the more legitimate the agents are since the authority cannot ensure compliance on her own. Using the agents comes with the drawback of bargaining in the future with more powerful agents. This means that the bargain will tend to increasingly favor the

agents over time. This drawback is not worth it for a high-legitimacy or resource-rich authority. Such an authority benefits less from bargaining with agents the more legitimate those agents are. These insights can be summarized as follows:

Prediction 2: All else equal, the likelihood that the authority and her agents cooperate is increasing in the agents' legitimating power for low-legitimacy and resource-poor authorities, while it is decreasing in the agents' legitimacy for high-legitimacy and resource-rich authorities. Cooperation is decreasing in the difference between their preferences, the authority's endowed legitimacy, and the authority's access to resources.

Before proceeding, it is worth pointing out one key difference between the Greif and Rubin (2022) framework and other frameworks proposed in the literature. Numerous works in the literature, dating back to Hobbes, view *effectiveness* as the path to legitimacy; the more effective an authority is at doing their job, the more legitimate they will be viewed in the eyes of their subjects (Lipset 1959; Levi and Sacks 2009; Mittiga 2022). In the Greif and Rubin (2022) framework, the focus is on shared beliefs. Effectiveness is only a qualification for legitimate rule if this is designated as such in the society's legitimacy principle. It does not necessarily need to be the case that effectiveness confers legitimacy rather than popularity. An authority can be viewed as legitimate even if she is ineffective, so long as she satisfies the conditions for legitimacy under the society's legitimacy principle and is supported by the appropriate legitimating agents. On the contrary, an effective ruler may also be viewed as illegitimate. The key distinction between the two concepts is that legitimacy entails a moral obligation to obey, whereas effectiveness may encourage obedience because it is in the subject's material interest. To illustrate the difference

between legitimacy and effectiveness, consider that numerous U.S. presidents have had approval ratings well below 40% even though few citizens considered them to be anything but the rightful president. For instance, one of the least effective presidents in U.S. history, James Buchanan, was considered legitimate by most of the population. However, his successor, Abraham Lincoln, was one of the most effective presidents in U.S. history but was also considered illegitimate by many Southern Democrats.

Implications of Legitimizing Arrangements in HPE

What is the potential of the above framework to advance our comprehension of fundamental issues in historical political economy? In this section, we present some of the questions it has the promise of tackling and the related scholarship. In particular, the discussion here focuses on issues inspired by comparative HPE of China, the Muslim Middle East, and northwestern Europe.

With respect to economic development, China and the Middle East surpassed Western Europe around the beginning of the second millennium if not earlier. Western Europe, however, was well ahead at the end of the millennium. Even prior to industrialization, Europeans explored the world and gradually established intercontinental empires. By the early 20th century, the European states and some former European colonies became the most economically advanced countries in the world. China, in contrast, industrialized only in the late 20th century and although it is now the world's second largest economy, it is far beyond Europe in terms of GDP per capita. The Middle East is still to industrialize and is among the world's poorest regions (excluding the oil-rich nations).

These three regions' political histories are also distinct. Over the last millennium, Europe experienced multiple political revolutions that reshaped its political system. Political power shifted

from popes to monarchs to elected representatives. In contrast, large, landed empires characterized the political histories of the Middle East and China. In these empires, revolts were similarly common but revolutions were rare. In China, the empire survived until 1911 although several dynasties crumbled following revolts and invasion. Each time, however, a new dynasty eventually came to power and during most of the last millennium the emperors were not Han Chinese but either Mongol or Manchu. In the Middle East, the Ottoman Empire survived from the 13th century to 1922 when it faced a republican revolution. During this time, successful revolts and coups led to the succession of some regions or replacement of one member of the ruling dynasty by another. Yet, the Empire and the ruling dynasty survived to 1922.

What are the relationships between these economic and political outcomes? The proposed framework that links society and state (Greif 2016) sheds light on the role that political legitimacy played in these reversals of fortunes. We begin with the relative reversal between the Muslim Middle East and Christian Western Europe. A recent literature has emerged suggesting that the degree to which religious legitimacy was employed by political authorities in both regions had important consequences for economic and political development.

A key initial condition that led to these two separate paths is the political circumstances under which the religions were born. Islam formed contemporaneously with empire, and hence the doctrine of early Islam supports its use as a tool of political legitimation. Meanwhile, Christianity formed as a minority cult in the Roman Empire, which was hardly in need of legitimation. Early Christian doctrine stressed a separation between the spiritual and the worldly. In the terminology of the framework, religious legitimacy played a more important role in the *legitimacy principle* of Middle Eastern states than it did in Western Europe.

The first prediction of the framework therefore indicates that medieval Muslim rulers should have been more likely than Christian rulers to employ religious legitimacy. This was the case to an even greater extent as new forms of tax revenue became available to Christian rulers during the Commercial Revolution (10th-13th centuries). A growing literature confirms this insight. Rubin (2017) argues that Muslim religious agents maintained their important position as legitimating agents as part of an equilibrium in which religious legitimacy was effective, religious agents held political power, rulers tended to not publicly transgress religious dictates, and other types of agents were left out of the political bargaining table. This equilibrium became entrenched in different places at different times, but mostly arose in the 10th-12th centuries as the religious classes consolidated and the madrasa movement institutionalized their power (Rubin 2017; Kuru 2019). Moreover, Bisin et al. (2021) propose that Muslim rulers refrained from bringing such elites to the political bargain table not because they were afraid of giving them too much power, but because by doing so they would have weakened the efficacy of religious legitimacy.

Meanwhile, Western European rulers turned away from religious legitimacy, instead seeking legitimacy and revenue from their parliaments, where the increasingly powerful urban and landed interests came together (along with men of the Church) to collectively bargain with the Crown. As the framework predicts, the relatively weaker European rulers ultimately benefited from negotiating with more powerful agents, even though those agents (i.e., the economic elite) often wanted policy concessions such as property rights and public good investment that conflicted with the interests of the authorities. This can be seen in the type of advice given to medieval rulers. Blaydes, Grimmer, and McQueen (2018) find, in an analysis of medieval political advice texts, that advice cloaked in religious overtones dropped significantly after 1200 in Europe but remained

high in the Muslim world. Instead, European rulers were advised to focus on the art of good rulership and being virtuous in their private lives.

The framework also indicates that political authorities should lean more heavily on legitimating agents when they do not have the resources to deal with crises. These are precisely the times when legitimacy may be most effective at keeping an authority in power. A study by Eric Chaney (2013) on 12th-14th century Egypt provides evidence in support of this insight. He finds that religious authorities were much less likely to be replaced when the water levels in the Nile River were either much higher or lower than normal (meaning flooding or drought, respectively). Such weather conditions placed Egyptian rulers in peril, as the population was sent to the brink of subsistence and there were not enough resources for relief. This is precisely when religious authorities are most effective at providing legitimacy and thus should have been given the greatest voice in the laws and policies of the state. This is consistent with Prediction 2; when Egyptian rulers lacked resources, they were much more likely to cooperate with their key legitimating agents. Chaney (2013, p. 2038) notes that during Nile failures, “the sultan would bow to ... pressure [from the head judge] and enforce decrees against ... prostitution, hashish eating, beer drinking, the wearing of immodest or over-luxurious dress [or] Christian and Jewish functionaries lording it over Muslims.”

Can the framework account for how Europe, in particular *northwestern* Europe, pulled ahead? There were key political changes that preceded industrialization. Chief among these was England’s transition to limited, constitutional governance. Greif and Rubin (2022) apply the framework laid out above to explain this transition. Conventional accounts in the social sciences of England’s transition to a limited, constitutional monarchy focus on the Civil Wars (1642-51) and Glorious Revolution (1688) as key events which enabled property-holders in Parliament to constrain the

predatory Stuart monarchs (North and Weingast 1989; Acemoglu and Robinson 2012). However, these accounts typically ignore the role that (endogenously generated) legitimacy played in England's transition. Greif and Rubin's framework leads them to focus on the key events of the 16th century, when the low-legitimacy Tudors came to power. Their low legitimacy was a result of their weak claim to inherited monarchy; Henry VII won the crown on the battlefield, his claim was through his maternal line and by illegitimate descent, and his parental line was Welsh, not English. Consistent with Prediction 1, Greif and Rubin argue that the Tudors should have sought legitimating agents with high legitimating power, and they should have done what they could to increase the legitimating power of those agents. In lieu of the great lords (many of whom were rivals of the Tudors following the Wars of the Roses) and the Catholic Church (which was a legitimating agent under Henry VII but lost its legitimating power in the wake of the English Reformation), the Tudors turned to Parliament to legitimate its rule. By the end of Elizabeth I's reign in 1603, the legitimacy principle guiding English governance was the "Crown in Parliament", whereby the crown ruled by following the law as established by the consent of both the crown and Parliament.

The Stuarts inherited the "Crown in Parliament" legitimacy principle when they came to power in 1603. Having greater legitimacy than the Tudors according to the legitimacy principle of inherited monarchy (which prevailed alongside the "Crown in Parliament" legitimacy principle), Prediction 2 indicates that the Stuarts should have sought legitimating agents with less legitimating power than Parliament. In fact, the Stuarts sought to promote the legitimacy principle of the Divine Right of Kings and sought uniformity within the Church of England along Episcopalian/Arminian lines, which would have placed the crown and bishops at the top of the ruling hierarchy, with no place for Parliament. Greif and Rubin contend, therefore, that the conflicts of the 17th century were

over legitimacy principles, not transgression of property rights by the Stuarts. The Stuarts desired a legitimacy principle that left Parliament out of the ruling coalition. Their transgressions were manifestations of this legitimacy conflict.

Political legitimacy played a role in several other important economic and political outcomes in European history. Johnson and Koyama (2019) argue that medieval European authorities sought to foster their religious legitimacy by scapegoating religious minorities when facing threats to stability. Persecutions of Jews, witches, and other “heretics” were thus related to political economy considerations, at least until religious legitimacy became less important in the early modern period. Cantoni, Dittmar, and Yuchtman (2018) argue that one consequence of the Reformation was that it reduced the legitimating role the religious authorities. This resulted in a shift away from investment in religious pursuits (e.g., church building) and toward secular ones in Protestant regions. This, in turn, incentivized university students in Protestant regions to study law rather than theology, which set the stage for the growing bureaucracies of early modern Protestant states.

Finally, the framework sheds light on Chinese political and economic development. Several legitimacy principles have historically justified Chinese rule. These include the Mandate of Heaven (the belief that heaven grants the ruler’s right to rule), the Confucian belief of “rule by virtue” (only a virtuous ruler has the right to rule), popular consent, and legality (Guo 2003). Twentieth-century Chinese rulers have appealed to the principles that best suited their rule. Mao had “revolutionary legitimacy”, imbued with popular consent, while “communist ideology was carefully used to replace the traditional idea of ‘mandate of Heaven’” (Guo 2003, p. 8). With such strong personal legitimacy, Mao did not need to negotiate with strong legitimating agents, as Prediction 1 of the framework indicates, and the result was a repressive autocracy. The Communist

government merely perpetuated the long-standing tradition, dating back many dynasties, of strong central control over law and order (Brandt, Ma, and Rawski 2014).

This changed in the 1980s and 1990s, when the CCP could no longer claim Mao's "charismatic" legitimacy. Deng Xiaoping, who served as China's leader from 1978-1989, began a process of economic decentralization. This ultimately resulted in some degree of political decentralization, with townships having more say in local leadership, even if national politics remain highly centralized (Gilley 2008). These changes had precedent in the Qing period, where economic decentralization and local experimentation were predominant (Brandt, Ma, and Rawski 2014). As Prediction 2 of the framework suggests, Chinese rulers following Mao, who did not have his charismatic legitimacy, had to cooperate with traditional legitimating agents to support their regime. Although the traditional bureaucracy no longer existed (it had long been a primary legitimating agent of Imperial China, see Ma and Rubin 2022), individuals who were highly educated and held local power took their place in China's legitimating regime.

Concluding Thoughts and the Path Forward

This chapter provides a framework for understanding the causes and consequences of *endogenously-generated political legitimacy*. This framework, which builds on a large literature that considers legitimacy as an exogenous variable, has numerous implications for studies of historical political economy. First, it provides insight into the type of agents with whom political authorities choose to bargain. This has important implications for the makeup of ruling coalitions and the type of policies they enact (North, Wallis, and Weingast 2009). Second, it spells out the conditions under which rulers can stay in power *despite* having little access to coercive power. In doing so, it highlights how outcomes of the political process differ in such settings and how the

bases of legitimacy (what we call the “legitimacy principles”) may change over time as a result. Third, it provides insight into why domestic conflict between powerful groups occurs, and why the side with greater access to coercive power does not always prevail. The latter two insights do not make sense in a world where political power derives primarily from coercive power.

There is much future work to be done to gain greater insights into how endogenous political legitimacy has affected political economy outcomes in history. Work in this field would be greatly enhanced with more precisely defined empirical measures of legitimacy, legitimacy principles, and bargaining power between various agents. Although there has been some work in political science attempting to measure state legitimacy (Weatherford 1992; Gilley 2006a, 2006b), this has been done largely in a Weberian framework, seeking commonalities across cultures. The conception of the legitimacy principle espoused in this chapter suggests that the appropriate metrics of state legitimacy will change endogenously over time and place. Hence, context specific data and analyses are needed. Second, the framework points to history as being essential for understanding legitimating frameworks in the present. Careful studies of how and why legitimacy principles changed in various societies would reveal commonalities and distinctions across different times and places. Finally, there are many parts of the world for which very little work has been done regarding principles of legitimate governance. Tribal societies offer glimpses into how smaller-scale societies legitimate rule, and there is significant variation across such societies. Understanding where this variation comes from will almost certainly shed light on the political economy of larger-scale societies. Likewise, linking pre-colonial legitimacy principles to post-colonial legitimacy principles can provide insight into the role that colonialism has played in the continuing economic and political problems of the formerly colonized world. This is just the tip of the iceberg. We suspect that studies of political legitimacy—how it is generated and its

economic and political implications—will yield many new insights in the HPE literature for years to come.

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