Introduction

Throughout this book, “development” refers to two things, the one economic and the other political. The first is prosperity, or the level of per capita income. The second is security, or the degree of safety of life and property. Nations that are prosperous have undergone a “great transformation,” to adopt Polanyi’s phrase.1 Once based on agriculture, their economies are now industrial and their people live in cities rather than in villages or on farms. In most, people have ceded control over the means of violence from private to public hands. Insofar as the word “development” refers to the rise of prosperity and the attainment of security, then, it refers to the growth and transformation of the economy and to the rise of the state.

Those who study development glean their data from two major sources. The first is history: they gain insight into the process of development by comparing the economies and polities of today’s advanced industrial nations with the economies and polities that they possessed in the past.2 The second is the contemporary world. By comparing the advanced industrial nations with those whose economies remain agrarian and poor, researchers probe the process

Introduction

of development. Economic historians stand among the most energetic and productive of those who pursue the first strategy; anthropologists, development economists, and political scientists number among those who most actively pursue the second. In this volume, I draw on both. And in doing so, I make use of the theory of games.

In the contemporary period, when social scientists turn to the study of development, most make use of quantitative data. They seek to extract valid inferences by randomizing their observations and introducing case controls. Here I approach the study of development in a different fashion. Rather than assembling quantitative data sets, I draw upon narrative accounts. In doing so, I extract insights from these histories by applying formal theory and, in particular, the theory of games.

Game theory enables us to transform qualitative data – reports, histories, or narratives – into causal explanations. To do so, the analyst first identifies the actors, the constraints they face, the alternatives available to them, the responses they anticipate, and the payoffs that then accrue. Assuming them to be rational, the analyst then identifies the strategies that the actors are likely to pursue. And if her “theory of the case” is correct, the outcome she observes should correspond to what she has anticipated when analyzing the game.

Proceeding in this fashion, I first journey to South Sudan and address Evans-Pritchard’s classic study of the Nuer. In chapter 2 we learn that the price of peace is insecurity; in societies without states, peace exists in the shadow of the feud. Turning to Chapter 3, we learn that the relationship holds more broadly: in societies without states, we find, development cannot be attained: one can have either prosperity or security, but not both. In Chapter 4, I set out the conditions under which states can form, thus making it possible to prosper while remaining secure. It is the formation of states, we argue, that makes it possible to develop.

While the presence of a state may fulfill a necessary condition for development, however, it surely cannot be sufficient, for history has shown that those who control the state can use its power to seize the wealth of others. Recognizing that this is the case, Chapters 5 and 6 explore how states can be rendered “developmental.”

Up to this point, the chapters have found focused on the politics of development and the problem of security. Chapter 7 focuses

3 Most notably, of course, my Cambridge colleagues, Michael Kremer Abhijit Banerjee and Ester Duflo – winners of the 2019 Nobel Prize in economics.
instead on the economics of development and the possibility of prosperity. Having undergone the great transformation, industry’s share of the national product has increased and the share of agriculture declined (Figures 1.1 and 1.2).

To account for this transformation, scholars – both Marxist and neo-classical – tend to treat economic “sectors” as if they were political actors and to attribute development to the political power
of industrial capital and to the declining importance of agriculture.\(^4\) And yet the historical record reveals that before the great transformation, when agriculture dominated the national economy, many governments strove to promote the fortunes of industry; thus the mercantilist policies they adopted in Early Modern Europe.\(^5\) It also reveals that when industry at last became the dominant sector, many governments then championed the fortunes of agriculture; governments in the advanced industrial nations commonly subsidize the incomes of farmers.\(^6\) The obvious disjuncture between the economic significance and the political prominence of sectors of the economy leads us to seek an alternative way of explaining the “great transformation.” In Chapter 7, I offer one: an approach based on interest groups rather than sectors – an approach that generates the paradoxical outcomes that we observe.

Chapter 8 draws together what we have learned about the impact of politics upon the economics of development. Deploying the standard Lewis model,\(^7\) it illustrates how varying degrees of political insecurity can generate the growth paths traced by many developing economies. Doing so, it limns the political foundations of economic development.

A NOTE ON METHODS

To reiterate: throughout this volume, I instead use formal theory, drawing principally on the theory of games.\(^8\) Game-theoretic models enable us to make systematic use of qualitative data and to generate


\(^6\) As by promoting agricultural exports, limiting agricultural imports, stockpiling agricultural surpluses. See, for example, Grant McConnell, 1966, *Private Power and American Democracy*. New York: Knopf.


\(^8\) To emphasize yet again: When I write “I,” I am referring not only to myself but also to my coauthors.
explanations for the political outcomes we observe. 9 Being formal, once depicted as a game, these accounts yield conclusions that must follow. They can therefore be tested. The use of game theory thus enables us to make systematic use of qualitative data and to do so in a rigorous manner.