

When does the emergence of a stationary bandit lead to property insecurity?

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Abstract

The economic theory of the state is often illustrated using examples in which the emergence of a stationary bandit—a ruler who is able to centralize military and fiscal capacity—improves property security. This paper argues that the economic theory of the state also provides insight into the conditions when the emergence of a stationary bandit leads to property insecurity. In our reading of the economic theory of the state, the rise of a stationary bandit is only expected to improve property security writ large when coercive power is unquestioned, political institutions constrain rulers, powerful groups do not dominate the political process, and de facto property institutions are inefficient. The framework clarifies why Afghanistan’s first stationary bandit, Abdur Rahman, maintained state ownership over all land, waged violent repopulation campaigns, and drastically increased taxation before, during, and after centralizing state power from 1880 to 1901, while basic land use rights emerged from 1747 to 1880, a period when the state fell short of a monopoly on coercion.

Keywords

State building, economic institutions, property rights, Afghanistan, stationary bandit

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Introduction

Political sociologists since Weber (1978) have sought to understand the process whereby the state centralizes military and fiscal capacity. The economic theory of the state, in contrast, emphasizes the consequences of state consolidation for economic institutions, particularly private property rights (Barzel, 2002; North, 1981; Olson, 1993). Olson (1993) depicted a society of roving bandits who are only interested in predation prior to state consolidation. In contrast to roving bandits, a sovereign who is able to centralize coercive capacity—which Olson referred to as a stationary bandit—has incentives to establish private property rights. A stationary bandit, as a residual claimant in production, has incentives to establish economic institutions that encourage wealth creation.

The economic theory of the state is often used to rationalize situations in which state consolidation culminated in the emergence of private property rights. North and Thomas (1973), in their economic history of Western Europe, argued that the state emerged because it was a more efficient organization for providing private property rights and security than feudal political arrangements. Under feudalism, a lord provides security and land use rights in exchange for services and in-kind payments from peasants (Wittfogel, 1957). North and Thomas showed that the nation state attained economies of scale in its provision of security and property rights. The economic theory of the state even showed that democracy is not necessary for the emergence of private property rights. Olson (1993), and later Gehlbach and Keefer (2011), clarified that autocrats have incentives to establish private property rights under certain circumstances. Stringham (2006) comes to a similar conclusion, finding that a specialist in coercion has incentives to respect private property out of a self-interested desire to increase revenue even when the specialist faces few constraints. In Stringham's framework, a long-run relationship between the state and business creates incentives for the specialist in coercion to respect institutions that encourage wealth creation. The emergence of a specialist in coercion can improve property security even though the state is more like a mafia boss providing protection for a fee than the constrained Leviathan envisioned by John Locke (North and Thomas, 1973).

This paper clarifies that the economic theory of the state also provides insight into situations in which a specialist in coercion undermines the security of private property rights. Sened (1997) and Riker and Sened (1991) note that the fundamental condition for the emergence of private property rights is that rulers have an interest in specifying and enforcing property rights rather than the centralization of coercive capacity. Although coercive capacity may create incentives to establish private property rights, it is not a sufficient condition. In addition, stationary bandits differ in the extent to which they enjoy an unquestioned monopoly on coercion. In Wintrobe's (1990, 1998) economic theory of the state, dictators who are insecure in their position—what he calls “tinpots”—behave like roving bandits. Similarly, McGuire and Olson (1996: 73) explain that “when a rational self-interested actor with unquestioned coercive power has an encompassing and stable interest in the domain over which the power is exercised, that actor is led to act in ways that are, to a surprising degree, consistent with the interests of society and of those subject to that power.” When coercive power is questioned, the sovereign may have incentives to use property insecurity as a way to maintain political control, such as by establishing state ownership as a tactic of political domination. Moreover, Leeson (2007a) showed that specialists in coercion do not necessarily have incentives to respect property rights, because they have more power than others in society.

Even though the economic theory of the state is best known for examples in which the process of state consolidation culminates with the emergence of private property rights, the discussion above suggests that the economic theory of the state does not have a restriction on its domain. Rather, the reason that the emergence of a stationary bandit improved property security in Western Europe is that the stationary bandits of European history met a number of conditions that are more challenging to satisfy in other contexts. This paper ties together these insights from the economic theory of the state to clarify the conditions under which a stationary bandit has incentives to provide private property protection as a public good. In our conceptual framework, a stationary bandit is most likely to improve property security writ large under the following conditions: rulers have unquestioned coercive power; political institutions constrain rulers; powerful groups do not dominate the political process; and de facto property rights are inefficient.

Each of these conditions provides insight into why the rise of a stationary bandit may do little to improve, and may even undermine, property security. When coercive power is questioned, a stationary bandit may have incentives to use property insecurity as a tactic to establish or maintain political control. Political constraints are important because even a stationary bandit whose power is unquestioned must be able to commit credibly to institutions that are consistent with the interests of society. When powerful groups dominate the political process, the specialist in coercion has incentives to provide property protection selectively to powerful groups rather than to provide property rights as a public good. Finally, the centralization of coercive capacity may undermine property security when de facto property rights are efficient. In such situations, the emergence of an unconstrained specialist in coercion may lead to a weakening of efficient informal institutions as the sovereign centralizes coercive capacity.

We use our conceptual framework to understand the relationship between state consolidation and property security in Afghanistan. One reason we consider Afghanistan is to illustrate how the economic theory of the state can improve our understanding of the relationship between property rights and the state even in contexts where the processes and outcomes are very different from the ones found in Western Europe. Writing over 50 years ago, Lewis (1961) noted that much more is known about the process of state consolidation in Western Europe than in non-Western contexts. We agree with Lewis that it is critical to consider different contexts. However, the economic theory of the state, which was developed after Lewis' work on the Ottoman Empire, offered a new economic history of Western Europe that illuminated our understanding of even a much-studied subject of inquiry. We therefore expand the empirical range of inquiry beyond the confines of Western Europe while at the same time attempting to show that the economic theory of the state is useful even in situations in which the rise of a stationary bandit followed a much different process than in Western Europe and where the process often culminated in a weakening of private property rights.

The empirical study compares two key periods in Afghan history. During the first period, which spans from 1747 to 1880, the territory known today as Afghanistan bore little resemblance to the Western Europe state or even the Islamic empires. Afghanistan came into existence when a Loya Jirga (Grand Council) of local tribal and customary power brokers selected Ahmad Shah as the leader of the Afghan tribes in 1747.¹ From 1747 until 1880, the extent to which Afghan sovereigns enjoyed a monopoly on coercion was nonetheless tenuous. The country was a loose collection of quasi-autonomous regions headed by governors with few ties to the monarchy, the central government had almost no bureaucratic capacity, and the army only organized in an ad

hoc fashion in response to threats. Despite profound state weakness, a system of simple land use rights emerged during this period.

We then consider the reign of Amir Abdur Rahman, who was finally able to raise a standing army and improve bureaucratic capacity from 1880 to 1901. Although Amir Dost Mohammed, who founded the Mohammadzai dynasty in 1826, and his son, Sher Ali, made some headway in unifying the Afghan state (Noelle, 1997), it was Abdur Rahman who finally brought the various tribes of Afghanistan under direct political control. According to Migdal's (1988) definition of a strong state—one that can penetrate society, regulate social relations, extract resources, and use those resources—Abdur Rahman constructed a state stronger than any previous Afghan monarch. Yet Abdur Rahman, who earned a reputation as the “Iron Amir” for the violence with which he dealt with his adversaries, expanded state ownership, implemented violent repopulation campaigns, and sharply increased taxation throughout his reign.

Economic theories of the state provide insight into the emergence of land use rights when the state was unconsolidated and the increase in property insecurity as a stationary bandit subjugated roving bandits. During the period from 1747 to 1880, the possibility of convening a Loya Jirga limited the reach of the national government into regional and local affairs, thereby reducing the ability of the state to engage in the harsh economic policies that would come to define the reign of the Iron Amir. In this regard, the Afghan state from 1748 to 1880 was an example of what Bednar, Eskridge, and Ferejohn (2001) refer to as a *de facto* federation, which is a formally centralized political regime that is decentralized in practice because the central government cannot or chooses not to exert control over local governments. Such *de facto* federations promote economic development because they constrain the reach of the state (Montinola et al., 1996). In the Afghan context, the decentralized system of governance contributed to the emergence of land use rights and constrained overreaching by the state.

There are several reasons for why property security declined as Abdur Rahman centralized political power, especially for those who were not Durrani Pashtuns. First, Abdur Rahman had incentives to weaken private property rights because coercive power remained questionable despite his ability to centralize military and fiscal capacity beyond previous Afghan kings. In this regard, he was more of a tinpot dictator than the stationary bandits of Western European history. Second, dismantling political constraints by weakening the Loya Jirga and decimating local sources of autonomy meant that Abdur Rahman had questionable coercive capacity but also faced fewer constraints than previous amirs. The weakening of political constraints ensured that any promises to respect land use rights would not be credible. Third, the continued dominance of Durrani Pashtuns in national politics (which was a feature of Afghan national politics since the time of Ahmad Shah) explains why the Iron Amir targeted Ghilzai Pashtuns, Hazaras, and Tajiks for repopulation campaigns and harsh taxation.²

The conclusion of this paper considers the implications of the economic theory of the state for the current context of state-building in Afghanistan. Our reading of the current situation is that property security is unlikely to improve in Afghanistan even if the government is able to subjugate roving bandits such as the Taliban. The reason is that state-building has only made limited progress in establishing political institutions that provide multiple groups with access to politics. There are also few meaningful constraints on what remains a highly centralized political system. In addition, because *de facto* property rights are effective in many parts of the country, the centralization of coercive capacity within a context of few political constraints and only weak opportunities for democratic participation at the local level is likely to undermine property security for many Afghans.

We organize this paper as follows. Section 2 clarifies the conditions under which a stationary bandit has incentives to respect private property rights. Sections 3 and 4 describe key changes in coercive capacity and property rights during the periods 1747 to 1880 and 1880 to 1901, respectively. Section 5 concludes by discussing how the economic theories of the state explain key developments in Afghan history as well as the implications of the study for state-building in present-day Afghanistan.

Conceptual Framework

Political/sociological perspectives on state consolidation view the emergence of the state as a byproduct of efforts by political leaders to acquire land and resources necessary to wage war. Tilly (1990) maintained that high population density and competition over the land as a result of population growth led to conflict between European kings to acquire additional land. Although additional land meant more revenue, competition for land was costly. Taming conflict over land required a more powerful military state in order to defend territory. New entities were necessary to solidify political control and maximize revenues, and the state eventually replaced competing organizations as the fundamental political organization (Spruyt, 1996). Gradually, leaders began to centralize military and fiscal authority, a process that culminated in the rise to the fiscal-military state (Bonney, 1999; Dincecco, 2011). By the eighteenth century, European states were already fairly centralized in terms of fiscal and military capacity (Brewer, 1990). Thus, in the European context, war made the state (Tilly, 1990). In contrast, low population densities hampered consolidation of the African states because they did not have sufficient revenue to sustain a European-style fiscal-military state (Bromley and Anderson, 2012; Herbst, 2000).

The economic theory of the state complements political and sociological perspectives on the state by tying together changes in coercive capacity with the origins of wealth-maximizing institutions, particularly private property rights.³ Private property rights are conventionally viewed as varying on the dimensions of clarity of allocation, security from trespass, and alienability (Eggertsson, 1990). Clarity of allocation refers to the extent to which ownership rights are allocated to different uses and users. Security from trespass refers to the ability of individuals to prevent the unauthorized use of property. Security is especially important because without it, the other dimensions are less relevant. Alienability, which includes the right to trade property, has important implications for whether the property system is responsive to opportunities for Pareto-improving institutional change (Libecap, 1989; North, 1990).

Private property rights also vary in credibility of persistence, which refers to the extent that people believe that the government will respect their property rights in the future (Riker and Weimer, 1993; Root, 1989). Individuals have few incentives to invest in their land unless they expect that their investments will be secure from expropriation in the future. The challenge for the specialist in coercion is that even though establishing property rights is important for revenue, once investments are made, they have incentives to extract more revenue from citizens than promised. Hence, the specialist in coercion has incentives to tie one's own hands by submitting to rules that limit their flexibility in making political decisions (Root, 1989). Credibility of persistence applies not only to private property rights when they are provided as a public good but also when they are provided selectively. The reason is that the sovereign also has to commit credibly to respect the property rights of privileged groups in society.

Private property rights also vary in the extent that property protection is provided as a public good. Greif (2006) and Haber, Razo, and Maurer (2003) observe that political power affords many opportunities to offer property protection as a private good available to some but not others in society. Powerful groups may also be able to secure land from the state during processes of state consolidation, leading to inequities in who acquires property rights and the undermining of the state's ability to profit from its landholdings (Murtazashvili, 2013). This dimension suggests the importance of considering the structure of group competition during the process of state consolidation.

In Olson's (1993) narrative of the origins of government and property rights, roving bandits prey on vulnerable communities prior to the emergence of a state, extracting as much as possible from whomever they encounter. These roving bandits specialize in predation because they do not expect to remain in any one location for a long time. State consolidation creates incentives for a specialist in coercion to establish private property rights. By monopolizing coercion, the sovereign becomes a residual claimant in production. Private property rights promise to increase the sovereign's revenue base. Even an autocrat has incentives to establish private property rights, because all rulers require revenue, regardless of whether they are accountable to citizens or not.

These theories do not presume naïvely that state consolidation always improves property security. Rather, there are a number of conditions that must be met before the emergence of a stationary bandit can improve the security of property rights. One is that the specialist in violence has unquestioned coercive power. Wintrobe's (1990) tinpot dictators behave in ways similar to what one expects of a roving bandit because insecurity creates incentives for them to engage in predation. In some situations, the sovereign may have incentives to use property insecurity as a way to establish and maintain political control. For example, state ownership of land can be used to weaken society vis-à-vis the state.

A second condition is that politicians face constraints. There are many ways to improve the credibility of commitment to wealth-maximizing institutions, including constitutional constraints on rulers (Diermeier et al., 1997), powerful organizations such as political parties with an interest in private property rights protection (Gehlbach and Keefer, 2011), and durable coalitions of politicians, groups, and bureaucrats (Albertus and Menaldo, 2012; Haber et al., 2003). In addition, the decentralization of political authority, such as through federalism (Weingast, 1995) or autonomous cities (Mokyr, 1990; Stasavage, 2014), can improve political commitment to respect private property rights. Economic theories of the state can readily account for constraints, as North and Weingast (1989) emphasized constraints on rulers, rather than the centralization of coercive capacity, as an explanation for economic development.

A third condition is that powerful groups do not dominate the political process. Theoretically, Sonin (2003) has shown that when powerful groups dominate the policy process, oligarchic property institutions emerge. North, Weingast, and Wallis (2009) argue that inclusive political institutions that encourage groups to participate are an important source of long-run economic and political development, in large measure because inclusive political institutions facilitate the emergence of wealth-maximizing institutions such as private property rights. In the context of property rights, the selective enforcement of private property rights is more likely in the presences of powerful groups with disproportionate influence in the political regime.

A fourth condition is that de facto property institutions have broken down prior to the emergence of a stationary bandit. Economic theories of the state presume an open access situation (the absence of property rights) or that feudal lords are no longer able to provide

property security. This breakdown of social order provides a rationale for the state. However, private property institutions may emerge through a decentralized process even when the state's monopoly on coercion is tenuous (Grossman and Kim, 1995; Hafer, 2006; Leeson, 2014; Sugden, 1989). In addition, in many situations, roving bandits are less of a challenge to property security than the stationary bandit that is supposed to provide private property protection, particularly when the government is corrupt or unconstrained (Alden Wily, 2011; Sjaastad and Bromley, 1997). In situations where informal institutions are widespread and efficient, the centralization of state authority may make certain groups worse off because an extractive, unconstrained, and predatory state may present greater threats to economic growth than no state or a weak state (Leeson, 2006, 2007b). Thus, private property institutions may emerge when the state is unconsolidated, and state consolidation is only expected to unambiguously improve property rights protection under certain conditions, namely, when coercive power is unquestioned, multiple groups have access to the political process, political institutions tie the sovereign's hands, and de facto property institutions are inefficient.

The Early Afghan State, 1747-1880

Beginning around one thousand years ago, the Turko-Mongolian and Islamic empires competed for control of the land that is present-day Afghanistan (Barfield, 2010: 92–96). Despite domination by a host of foreign empires, Afghanistan's customary and tribal forms of authority remained strong, in large measure because of the Turko-Mongol penchant for indirect rule. Under indirect rule, higher-level authorities exert political control through local power structures, while providing some autonomy to customary and tribal authorities (Hechter, 2000). In the Turko-Mongolian system, rulers relied on Persian advisors for administration (“men of the pen”) and on Turkic leaders to control the military establishment (“men of the sword”) (Barfield, 1990, 2010: 88).

In 1747, tribal and customary notables convened a Loya Jirga and selected Ahmad Shah as the head the Durrani Pashtun tribal confederation. Ahmad Shah reached out to other ethnic and tribal groups to secure a more diverse and stronger army, forging the Durrani Empire, which eventually became the Afghan state. The establishment of Afghanistan was the direct result of a voluntary association between tribal and customary leaders that was supported by the people and religious leaders (Nojumi, 2002: 2). Tribal and customary authorities continued to play an important role in governance, even as successive rulers transformed a “confederation of independent tribal fiefdoms” into a “quasi-centralized state” sufficiently strong to suppress internal dissent and to defend itself from its traditional adversaries, Iran and India (Newell, 1986: 111).

The system of governance instituted by Ahmad Shah, whereby the monarch presided over a royal clan while simultaneously relying on Persian administrators, governors with ties to local populations, and Turkic military leaders, remained for over a century. Yet the early Afghan state was far from the powerful Leviathan envisioned by Hobbes or even nearly as strong as contemporary European states and major Islamic empires in terms of administrative reach. Ahmad Shah was selected to lead Afghans, not “Afghanistan,” and the state was more accurately described as a “nomadic empire” rather than a modern nation-state (Rubin, 1988). Consequently, the early Afghan state was characterized by “internal disorder and external invasions and pressures” (Dupree, 1973: 343).

Property Institutions During the Early Afghan State

A basic system of land use rights emerged from 1747 to 1880 despite state weakness. Under a system of land use rights, the crown or state technically owns all land, but individuals may have property deeds that allow them to buy and sell property. Land use rights differ from a fee simple property right because in the former, the state remains the formal owner, while in the latter, individuals have a more complete right of alienability (Ellickson, 1993). Despite these differences, land use rights can substitute for fee simple property rights as long as those with the rights to use land expect to have them in the future (Deininger and Jin, 2005; Ho, 2005).

The land use system in Afghanistan was similar to the *zamindar* (landholder) system that had emerged earlier under the Mughal empire in India. Under the *zamindar* system, aristocrats were granted land use rights from the state that they could then lease out to others. In Mughal India, *zamindari* rights became a form of property that, when ratified by the state, could be passed on to heirs. Eventually, a market for sale of leases emerged. *Zamindars* also carried out administrative responsibilities of the state in exchange for land use rights (Richards, 1995: 87–88, 191–192). Although land use rights had feudal characteristics outside of the Western world—because the equivalent of lords often acquired large amounts of land and land remained state-owned—they also represented decentralization of authority over land.⁴

In many contexts, the demand for military conscripts contributed to the emergence of land use rights. Rulers in the Ottoman, Safavid, and Mughal empires often tied land grants to military service. The Mughals provided alienable land allotments to mounted warriors. These allotments were a more complete private property right than the inalienable Turkish and Afghan system of land use rights (Anderson, 1974: 499–500). Rulers continued to exchange land use rights with state land for military service throughout the eighteenth century (Zurcher, 1999: 3–7).

The demand for soldiers also contributed to the decentralization of land ownership in Europe and the United States. In Europe, monarchs often paid soldiers in land. In England, for example, this practice created a new landowning class that constrained the state because of its ties to the military establishment. Credible and effective property rights in Europe thus emerged as a collateral consequence of government decisions to reward soldiers (Blaydes and Chaney, 2012; North et al., 2009: 79–82). After the American revolution, soldiers were rewarded for service with land scrip that created a new class of landowners who could also defend the nation's borderlands (Murtazashvili, 2013). There was, however, an important difference between property rights in the European and American context, where soldiers were awarded a more complete private property right with rights of alienability that could not be revoked, and the Islamic empires, where property rights remained state-owned.⁵

In Afghanistan, the demand for soldiers by Durrani kings also contributed to the emergence of land use rights. This practice was initiated by Ahmad Shah, who offered remission of taxes, land, and opportunities for plunder in exchange for a supply of soldiers from tribal and customary authorities. This was an important channel of state building, as these tribal levies (*lashkars*) fulfilled most combat and defense duties rather than the newer professional units under the direct control of the king (Rubin, 2002: 45–46). In this recruitment system, the king distributed state land to local leaders, who would then choose which men would serve as soldiers. In exchange for conscripts, taxes on land were low or nonexistent. Johnson (2012: 40) describes the conscription process under Ahmad Shah, which at its height produced a fighting force of 120,000 men:

The Durrani cavalymen were supplied by the clan elders in return for grants of rent-free land. If their land produced insufficient revenue, they could be granted *barats* (stipends) from other sources, such as transit duties. Additional cash allowances were received if they increased the number of horsemen in the Shah's service...non-Durrani Pashtuns and ethnic groups like the Tajiks were strongly represented. In an effort to extend the monarch's reach, every landowner was supposed to provide soldiers, and pay them, in return for remission of land taxes.

In addition to exchanging land for conscripts, kings remunerated regular and irregular cavalry for service primarily with land, which they could then pass on to their heirs (Johnson, 2012).

Although land use rights emerged as a collateral consequence of the state's demand for soldiers, coercive capacity was far from centralized. The king had very few soldiers under direct control. Rather, the military was controlled by the *jagirdars* (feudal chiefs), who furnished soldiers and received half of the revenue collected from land (Rubin, 1988: 1191–92). This system of military recruitment also failed to instill loyalty among the tribal cavalry, who were “mounted to suit their role as raiders, emphasizing mobility and mass over strength: corps consisting of thousands of horsemen could generally swarm around foreign garrisons and overwhelm them before they could be reinforced, or cascade through the countryside to acquire booty and then ride away before their enemies could concentrate against them” (Johnson, 2012: 41). Indeed, Abdur Rahman remarked that “usual custom of the whole of the trained soldiers, before my reign began, that the moment they saw one party stronger than the other, they left the weak and joined the strong” (1900: 241). Disloyalty was unsurprising because soldiers were not paid much (Noelle, 1997: 265–267).

Another challenge to the early Afghan state was that it had almost no reliable source of revenue. One of the reasons Rubin (1988) depicts the early Afghan state as a nomadic empire is that more than three-fourths of state income during the Afghan Empire came from conquests in India. There were continual disputes between the king and tribal leaders over relative power. Nevertheless, as North and Thomas (1973) showed in their history of Western Europe, the institutional foundations for economic growth emerged during centuries when the growth rates in Europe were low, if not nonexistent. In Afghanistan, state weakness created incentives for monarchs to exchange land use rights for a supply of soldiers. Vibrant trading routes also emerged during this period that tied Afghanistan to India and other neighboring countries (Hanifi, 2011). The country was also a *de facto* federation, as the Loya Jirga and local autonomy of tribes constrained overreach by the king.

Consolidation of the Afghan State, 1880-1901

Abdur Rahman came to power after a tumultuous period in which he was exiled to Samarkand in colonial Russian Turkestan in 1869, before instability caused by the Second Anglo-Afghan War afforded him an opportunity to return in 1879 to take control of the country.⁶ By the conclusion of the second war with the British, Abdur Rahman had considerable local support, and he promptly offered foreign occupiers safe passage out of the country in exchange for their political support, ending the conflict and British occupation (Rahman, 1900: 198). The British recognized in defeat that an alliance with the presumptive leader of Afghanistan, rather than another attempt at colonization, was the most expedient way to limit Russian influence in the region (Kakar,

1971, 2006: 42–43). Abdur Rahman also received a substantial subsidy from the British in exchange for acquiescence in foreign policy (Kakar, 1979).

Once the British left, Abdur Rahman believed it was his task to “deliver [the] people from the sufferings that they were undergoing from the unsettled conditions of the kingdom” (Rahman, 1900: 199). He attributed political instability to autonomy enjoyed by customary and tribal groups under the system of indirect rule (Shahrani, 1986). Abdur Rahman explained that “the first cause [of rebellion]...was that during the reign of Shere Ali and Yakub, owing to their bad administration and weakness, nearly every mullah and khan [chief] considered himself independent, and they gave themselves the airs of princes and prophets” (Rahman, 1900: 250).⁷

Abdur Rahman had to strengthen his army in order to consolidate his authority vis-à-vis the tribal and customary power brokers at the local level. Although Dost Mohammed was somewhat successful in raising a regular army, and Sher Ali attempted to do so as well (paying his soldiers with money raised from subsidies), neither could deter the British from attacking in 1839 and again in 1878. Abdur Rahman took little comfort in that Afghan irregular forces defeated the British; rather, he believed that the British attack was evidence of the weakness of the Afghan system of governance. To raise a more credible fighting force—one that could *deter* aggression—the Amir instituted a conscription system whereby one in eight men aged 20 to 40 would serve in the army (*hasht nafari*, or “one in eight”). The households of selected men received support from the families of the men who were spared by fortune from service in the military. This system ultimately increased the size of the regular army to unprecedented levels.⁸

Abdur Rahman viewed state building as a zero-sum conflict between the king and tribes, even though he depended on tribal leaders for conscripts. He earned his reputation as the Iron Amir for tactics that have been described as “military force, savage reprisals, tyranny, marriage alliances, subsidies, intrigues, religious injunctions, and a policy of divide and rule” (Shahrani, 1986: 38). In addition to declaring himself *Amir Al-Muminin* (commander of the faithful), Abdur Rahman assumed the title of *imam* (spiritual leader) of Afghanistan (Ghani, 1978). These were significant titles because they allowed him to define certain groups as infidels. Although Islamic laws of war prohibited taking the property of other Muslims in war, Muslim fighters could take the property of non-Muslims and distribute it as war spoils (Shah, 2011: 48–49). These religious appeals gave his tactics for centralizing control greater legitimacy because resistance now meant that one was interfering with divine will (Tarzi, 2003: 106–114).

The process of state consolidation gave rise to 40 major disturbances and ten major revolts, four of which he called civil wars (Rubin, 2002: 50). Yet, within a few years, only the most remote parts of the country (such as Hazarajat and Kafiristan) continued to hold out.⁹ Table 1 lists the major campaigns.¹⁰

Table 1 Abdur Rahman’s Major Military Campaigns

Campaign	Dates
Muhammad Ayyub Khan	1881
Laghman	1881
Tarakis	1881-82
Kunar	1882
Wali of Maymanah	1882
Shighnan and Rushan	1882
Shinwaris	1882-92
Mangals and Zurmat	1883-84
Wali of Maymanah	1884
Laghman	1885-86
Ghilzais in general	1886-88
Muhammad Ishaq Khan	1888
Safis of Kunar	1888-96
Badakhshan	1889
Khan of Asmar	1890
Hazaras	1891-93
Kafiristan	1895-96

Abdur Rahman used at least five additional measures to consolidate authority.¹¹ First, he employed a classic “divide and conquer” strategy by redrawing provincial boundaries in order to separate tribal and ethnic groups into different provinces. Second, the Amir replaced tribal leaders and local khans (notables) with provincial and district governors he could better control. Establishing a formal level of government below the political center, yet stripping these new provincial and district governors of any real autonomy, further extended state authority over local and regional affairs. Third, the Iron Amir gave provincial governors, usually military men, authority to collect taxes, to put down dissent, and even to “deport” anyone who resisted to distant lands. Fourth, rather than appoint his relatives to administer these regions, he created a professional class of administrators. By keeping his relatives in Kabul rather than sending them to provinces where they could develop an independent basis of authority to challenge his rule, he eliminated the primary source of coups that had plagued Afghan monarchs. Finally, he subdivided provinces so that governors would have insufficient resources to fund rebellions. This also allowed him to create new governorships and systems of administration that were independent of local power structures. A cumulative consequence was that national politics became firmly centered in Kabul, and “regional cities wilted in its shadow” (Barfield, 2010: 151).

Abdur Rahman’s quest for total control involved the defeat of what were literally roving bandits:

Every chief, official, prince, and the King himself had parties of assassins and large numbers of hired robbers and thieves, and as the robbers used to kill the travelers, traders, and other rich merchants of the country, and to plunder their property and money...Every one of those robbers had a band of his own armed with rifles and guns...My subjects, who lived in the neighborhood of the Peshawar road, requested me to give them permission to fight against the rebels, as they were tired of being robbed, but I refused,

stating that it was my duty to punish those who interfered with the safety and peace of my subjects... In every one of these battles the rebels were defeated...After this, the rest of the rebellious tribes became subject to my rule (Rahman, 1900: 218–19).

The methods used to suppress these bandits were harsh. Whenever a man was robbed or killed, all villages within a radius of approximately ten miles were fined. When they failed to pay promptly, two or three regiments of soldiers were sent and quartered on them until payment was made (Martin, 1907: 28). Although these methods were harsh, they were effective, as the Iron Amir was able to replace decentralized bandits with a much more centralized state.

Abdur Rahman achieved greater centralization of military and fiscal capacity than any prior king. However, domestic revenue was still quite limited. British subsidies permitted Abdur Raman to increase the size of his army (Kakar, 1971). The king also gave his governors “a free hand so long as they sent the required taxes and conscripts to Kabul” (Dupree, 1973: 420). Nonetheless, Abdur Rahman was arguably Afghanistan’s first stationary bandit.

Property Institutions During the Reign of the Iron Amir

Some of Abdur Rahman’s land policies are what one might expect as a stationary bandit centralizes coercive capacity. For example, he encouraged internal migration by providing citizens with land in other parts of the country (Dupree, 1989: 34). In 1885, he supplemented the stick with a carrot by encouraging voluntary migration to sparsely populated land in the north. To ease the transition and encourage productivity, the Amir provided tax concessions, paid for road construction, and made provisions for grain and agricultural implements, as long as those who moved were not regarded as dangerous in their former homes (Tapper, 1983). His goal was to “cultivate the wastelands of Turkestan” in the north and reduce overpopulation in Kabul and parts of the southeast, as well as to alleviate a grain shortage facing Kabul in 1885 (Abdur Rahman, as quoted in Tapper, 1983: 239). In particular, he encouraged migration of Pashtun nomads in the south to the north, which was the location of some of the country’s most fertile agricultural land (Tapper, 1973).

Second, the Iron Amir proposed a number of bureaucratic reforms that promised to improve property security. These included prohibiting government officials from making land deals in their district (Tarzi, 2003: 171), requiring religious judges to hear property cases (Tarzi, 2003: 191), and making officials responsible for property damages resulting from their own negligence (Tarzi, 2003: 267–68).

Third, Abdur Rahman claimed to have lowered taxes, at least on some groups. The Iron Amir explained that “it is natural that every one of these self-made kings should have levied separate taxes on their subjects; so the first thing I had to do was to put an end to these numberless robbers, thieves, false prophets, and trumpery kings” (Rahman, 1900: 218). Abdur Rahman contrasted his regime with rule by rival Ghilzai Pashtun leaders, which he characterized as “very cruel and harsh to their subjects, their cruelties, their unlimited authority, their excessive taxation, their robberies and plunderings, their attacks on caravans, their constant warfare with each other, the wholesale slaughter of humanity in general” (Rahman, 1900: 250–51).

The economic theory of the state expects improvements in property rights protection as a stationary bandit subjugates roving bandits. These land policies are, to an extent, consistent with such an account. However, the more general feature of land policy during his reign was to use property insecurity as a method to control his adversaries. Abdur Rahman moved tens of thousands of defeated Pashtun tribesmen from their homes in the South to swamplands in

northern Afghanistan. He also deported Shia Hazara (one of the largest non-Pashtun ethnic groups) to Kabul and to parts of the north from their homes in central Afghanistan. In some instances, reclamation (state-financed investment to improve land) accompanied his campaigns, although Pashtuns gained most of the reclaimed land (Kakar, 1979). Unfortunately, reclamation was not always a condition of settlement, and many groups had to fend for themselves. The Afghan government also expropriated substantial land from Uzbeks who had previously settled in parts of the north to reward Ghilzai tribes (Kakar, 1979).

Another source of property insecurity was promising land to nomads in exchange for participating in military campaigns. Nomads are typically able to overcome barriers to interaction with isolated groups because they are often the most mobile groups in society (Barkey, 1996). This also made them valuable in the campaign to impose control over remote parts of Afghanistan. The campaigns against the Shia Hazaras of central Afghanistan were aided by tens of thousands of Pashtuns who joined in a jihad the Amir declared after the Hazaras refused to submit to his authority. Pashtun nomads accepted their politically subordinate status in exchange for increased access to land (Barfield, 1981).

Abdur Rahman also maintained state ownership of all lands. Although some were able to acquire privileges to use land, all of the land in the country was subject to reallocation at the discretion of the king. These aspects of the property regime resembled the feudal elements of the Ottoman, Safavid, and Mughal empires—extensive state ownership, rights to hereditary plots with limited (if any) rights of alienation, and subjecting tenants to expulsion for failure to cultivate land (Anderson, 1974: 497–501). For example, Ottomans parceled out land to nobles, allowing holders to collect taxes in certain domains, while Mughals awarded fiscal rights that were stripped of land ownership or occupancy rights (Richards, 1995: 191–93). The property regime from the earlier period also had feudal elements, but what is interesting is that Abdur Rahman did very little to strengthen private property rights even as he centralized coercive capacity.

Abdur Rahman also contributed to property insecurity through his taxation policies. Direct taxes, which he imposed on all regions, increased his annual income from 14 million rupees in 1889 to 15 million by 1891, four times higher than anything his predecessor, Sher Ali, ever raised (Barfield, 2010: 152; Rubin, 2002: 49). Abdur Rahman doubled the agricultural tax on state-owned land to nearly half of the value of agricultural output, while also imposing a tax on nomads for the use of state-owned pasture (Hanifi, 2011). Taxation on religious institutions, including religious land, also substantially increased. All *waqf* holdings,¹² including land, property, and money that belonged to religious institutions, *sayyids*,¹³ or important *ulama*¹⁴ were transferred to the state treasury and administered by a newly formed department of religious endowments (Tarzi, 2003).¹⁵

These taxes were devastating to anyone with land use privileges. The government agents who were sent to collect these taxes were viewed as a “heaven-sent calamity” (Kakar, 1979: 87). Yet, the taxes were not equally distributed, as the Durrani and Ghilzai hardly paid any taxes, and Pashtun tribes on the borderlands paid only occasionally (Kakar, 1979: 87–88). For example, Ghilzai Pashtuns deported to northern Afghanistan “were given better land and access to sheep-raising pasture that had been depopulated by wars, slave raiding, and disease. Because the new land was much better, the Pashtun rebels became supporters of the state. The Hazara conquest also benefitted from exchange of land for participation in conflict, with Pashtun nomads extending summer grazing land and sedentary Pashtuns gaining control of Hazara lands” (Barfield, 2004: 279).

However, even the property rights of the Ghilzais were highly questionable. The Iron Amir's dealings with rebel Ghilzais in 1887 captures the extent to which Abdur Rahman prioritized the subjugation of adversaries over establishing institutions to facilitate wealth creation. Barfield (2010: 149) explains that "The Amir's postrevolt policy was designed to impoverish the Ghilzais on the theory that 'when they have no money left with them, [they] will not raise disturbances.' And in fact, they never raised another larger-scale revolt again."

Conclusion

The early Afghan state was not a democracy in any meaningful sense, and there was little separation of powers. However, it had a de facto federal structure derived from the power of the monarch's relatives under indirect rule as well as from the practical and symbolic role of the Loya Jirga system that included tribal, customary, and local leaders in selecting the sovereign that served to constrain monarchs. Such de facto federations can, under certain situations, be as effective as judicial federations that formally specify different levels of political authority (Bednar et al., 2001). The local autonomy of groups further limited the ability of the government to expropriate land. In this regard, powerful local groups served the role that autonomous cities historically served to constrain the European state. Mokyr (1990) and Stasavage (2014) find that the autonomy of cities can facilitate the emergence of private property rights by constraining the central government. Despite contributing to conflict between blood heirs and the king, the decentralization of political authority circumscribed the ability of the sovereign to reallocate citizens' wealth.

Abdur Rahman undermined property rights for several reasons. Although he was a stationary bandit, coercive capacity was never unquestioned. He was a tinpot dictator—a stationary bandit whose coercive capacity was questionable. The Iron Amir used property insecurity as a way to centralize political power. It is also unclear whether the land use rights that were parceled out would have been credible, because, in the words of Dupree (1973), "the ultimate source of the Amir's power, his institution for control and implementation, was the army" (421). The privileges of Durrani Pashtuns in the political regime, and Pashtuns in general, provide insight into who fared worse during the reign of the Iron Amir. The Durrani were targeted less than Ghilzais, and Pashtuns fared better than Hazaras and Uzbeks. Table 2 summarizes how each of these factors played out in Afghan history.

Table 2 Explaining Change in Property Rights

	Coercive capacity	Group competitiveness	Political constraints	Property institutions
Early Afghan State (1747-1880)	No standing army, almost no revenue	Durrani Pashtuns privileged	The Loya Jirga and local tribes constituted a de facto federation	Basic land use rights and emergence of vibrant trading networks
Abdur Rahman (1880-1901)	More soldiers, revenue, and bureaucratic capacity than any previous regime	Durrani Pashtuns privileged	Neutralization of the Loya Jirga and decimation of locally autonomous groups	State ownership, repopulation campaigns, high rates of taxation, decline of trade

Economic theories of the state also provide insight into the current state-building context. Leeson (2007b) argues that anarchy is sometimes efficient and that state breakdown can make people better off when customary and traditional institutions are more reliable than formal institutions. In such contexts, state consolidation can undermine property institutions, particularly in societies characterized by widespread informal order. This is particularly important in contemporary Afghanistan, where the state is currently quite weak and state-building has not lived up to its promise (Suhrke, 2011). Despite massive investment to strengthen the state, Afghans continue to rely on customary institutions for local public goods, including the resolution of disputes (Murtazashvili, 2016). One of the aspects of customary governance is a robust system of informal property institutions (Murtazashvili and Murtazashvili, 2016). In addition, when the state attempts to increase its role in administration of land relations, the result is often land grabbing by those in a position of power in the government or by those who have ties to the government (Murtazashvili and Murtazashvili, 2015).

The underlying reason coercive capacity is unlikely to improve property security is that the state fares poorly in terms of political constraints on inclusive political institutions. Afghan rulers remain subjected to few constraints. The state still aspires to centralization despite maintaining a de facto federal structure (Murtazashvili, 2014). Despite the promise of village elections, such elections have never been held, and villages continue to have no formal representation in the government (Jochem et al., 2016). The efforts to promote democracy have also faced many obstacles, especially from electoral corruption (Coburn and Larson, 2014). In this political context, centralization of the state's coercive capacity may increase property insecurity unless it is accompanied by establishing political constraints and improving access for groups to participate in the political process.

Economic theories of the state provide insight into change in property institutions in contexts with very different outcomes than those found in Western Europe. The reason economic theories of the state provide insight into such contexts is that these theories suggest that credible and effective private property rights provided as a public good are likely only when a number of conditions are met. It is easy to presume that the economic theory of the state applies mainly to Western Europe. However, there is no reason to limit the theory to situations where stationary bandits have unquestioned coercive capacity and the state provides property protection. The theory also provides insight into contexts in which the rise of a stationary bandit does little to

encourage the establishment of wealth-maximizing institutions found in Western Europe and the United States. This is an important oversight because there are many more instances in history and in the current context in which stationary bandits have undermined the security of private property institutions than instances in which the specialist in coercion established economic institutions that provided the foundations for prosperity.

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Notes

¹ Afghanistan is often depicted as a “tribal” society, although many of the institutions governing social, economic, and political relations have customary origins that transcend tribal boundaries. The jirga, which is a Pashto word that means ‘circle’ (indicating the usual seating arrangement), is a customary institution that transcends tribal affinities and that is commonly used to make collective decisions in villages (Murtazashvili, 2016).

² Durrani and Ghilzai are the largest of the Pashtun tribal confederations. Historically, Durrani and Ghilzais have been rivals. Most Afghan kings, including Ahmad Shah and Abdur Rahman, were members of the Durrani confederation.

³ The economic theory of the state also has important implications for the relationship between coercive capacity and economic growth (Clague et al., 1996; Dincecco and Katz, 2014; Hanson, 2014). Our focus is on the link between state consolidation and the origins of economic institutions rather than how state consolidation influences economic growth.

⁴ This does not mean the *zamindar* system was efficient, only that its characteristics were similar to a basic private property system. Banerjee and Iyer (2005) find that the *zamindar* system undermined long-run economic growth. Myerson (2015) suggests that the *zamindar* system, by decentralizing governance, increased political stability.

⁵ Not all of the property institutions in the United States were efficient. Slave-based agricultural institutions undermined long-run economic development compared to the smallholder agricultural common in the northeast and midwest (Sokoloff and Engerman, 2000).

⁶ Noelle (1997: 118–120), Edwards (1996: 90–92), and Dupree (1973: 403) discuss the events leading to Abdur Rahman’s exile.

⁷ Yakub was king of Afghanistan from February to October 1879.

⁸ Poullada (1973: 114) notes that tribal leaders often selected unfit villagers or paid people to “volunteer” for military service. Moreover, the implementation of the system did not extend far into the countryside (Cronin, 2013). Nonetheless, the system enabled Abdur Rahman to raise an army larger than that of any previous king.

⁹ For a detailed discussion of Abdur Rahman’s military campaigns, see especially Johnson (2012: Chapters 2 and 3).

¹⁰ The list is from Kakar (1971), although Dupree (1973) presents a similar list of campaigns.

¹¹ These tactics are discerned from a number of sources, especially Rubin (2002: 50–51), Edwards (1996: 78–123), and Dupree (1973: 419–420).

¹² Religious endowments.

¹³ An elite class who claim descent from the prophet Muhammad.

¹⁴ Muslim judges.

¹⁵ Kuran (2013) argues that *waqf* holdings, which are private institutions that shelter wealth, inhibit democratic development. Evidence from Afghanistan suggests that these institutions served as a constraint on arbitrary exercise of state power, thereby limiting the reach of the state.

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