

Religious legitimacy and the joint evolution of culture and institutions

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Abstract

Religious legitimacy is becoming a central concept in historical economics, in comparative studies of the political economy of preindustrial societies in particular. In this short essay we provide some preliminary insights on the emergence of religious legitimacy in the context of the general theory of the evolution of institutions and culture. We show that it is the interaction of institutions and culture that is responsible for the most relevant implications of religious legitimacy in terms of economic growth and prosperity. *JEL*: D02, Z10, P16, P48

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1 Introduction

If Phillip of Valois is - as he affirms - the true king of France, let him prove the fact by exposing himself to hungry lions; for lions never attack a true king; or let him perform the miraculous healing of the sick, as all other true kings are wont to do.

Edward III; in Marc Bloch (1924, p.16)

The importance of religious legitimacy in supporting the power of French and English kings in the Middle Ages is emphasized by Bloch (1924). But the history of the Muslim world can also be seen as driven crucially by the role of religious clerics in providing legitimacy to autocratic rulers; see Platteau (2017) and Rubin (2017). Indeed, the political power that the clerics gained in the pre-industrial Middle East may contribute to explain to a large extent the comparatively limited socio-economic growth of Middle East during the second millenium of the Current Era; see Rubin (2017) and Kuran (2012) who refers to this phenomenon as to the *Long Divergence*.

This short essay provides some preliminary insights on the emergence of religious legitimacy as a general phenomenon in the history of political economy, relying on the study of the dynamic interaction of political institutions and religious culture, as in Bisin and Verdier (2017).

The next section introduces the general framework we adopt to study the joint evolution of culture and institutions. Section 3 illustrates how this framework can be fruitfully applied to the issue of religious legitimacy. Section 4 discusses some historical evidence on the *long divergence* and Section 5 concludes.

2 The Joint Evolution of Culture and Institutions

Bisin and Verdier (2017) formalize the evolution of institutions and culture and study their joint dynamics. In line with Acemoglu and Robinson (2000), Acemoglu (2003) and Acemoglu and Robinson

(2006), institutions are conceptualized as mechanisms through which social choices are delineated and implemented. More specifically, institutional change are set to represent an effective commitment mechanism on the part political institutions to imperfectly and indirectly internalize the lack of commitment and the externalities which plague social choice problems. In line with Bisin and Verdier (1998, 2000b,a, 2001), culture is instead conceptualized as preference traits, norms, and attitudes which can be transmitted across generations by means of various socialization practices or can be acquired through socio-economic interactions between peers.

To illustrate, consider a society populated by two groups $i \in \{E, S\}$ (E for *elite* and S for the rest of *society* at large), with distinct cultural traits, objectives and technologies. At each period t , a societal policy game is played between private individuals and some hierarchical public authority (the state) which controls socio-economic policies. Individuals in each group $i \in \{E, S\}$ are characterized by an objective function $V^i = U^i(a^i, \mathbf{p}, \mathbf{A})$ that depends on the "cultural" type i of the individual, private actions a^i by that individual, a policy vector \mathbf{p} implemented by the state during the period, and some aggregator measure of socio-economic outcomes $\mathbf{A} = \mathbf{A}(\mathbf{a}, \mathbf{p}, \mathbf{q})$ that captures the interactions between the private agents and the public authorities. \mathbf{A} naturally depends the aggregate vector \mathbf{a} of actions by individuals of the two groups, the public policy vector \mathbf{p} , and the distribution of cultural types in the population (captured by the frequency distribution \mathbf{q} of types in society).

A benevolent state chooses socio-economic policies in accordance with the distribution of political power between the two groups encoded and represented by institutions. Specifically, the institutional system may be characterized by weights β^E and $\beta^S = 1 - \beta^E$ associated to the two groups E and S in the decision making problem of the state relative to the policy vector \mathbf{p} . As illustrated in Figure 1, a specific institutional set-up $\beta = (\beta^E, \beta^S)$, therefore, induces a set of policies \mathbf{p}^* and actions \mathbf{a}^* , as the equilibrium of the societal policy game between individuals and the public authorities. It is important to note that this societal policy game and its equilibrium outcomes \mathbf{p}^*

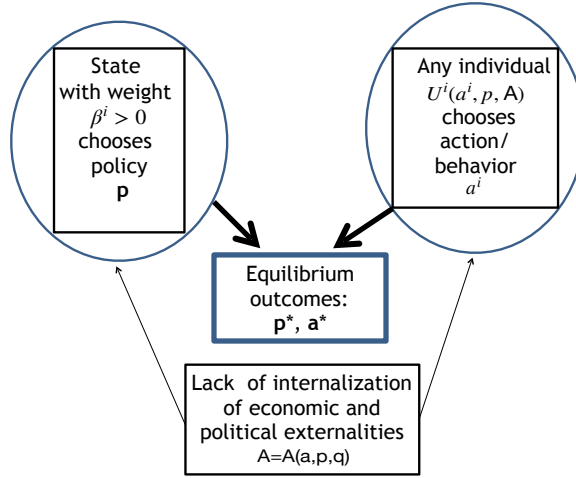


Figure 1 Societal policy game

and \mathbf{a}^* are clearly affected by the distribution of cultural traits \mathbf{q} in the population. In such a setting, even when a state is benevolent in its policy choice problem, societies are fundamentally characterized by economic and political externalities that are not fully accounted for by private and public decisions. Externalities typically arise because of socio-economic or political imperfections associated to the existence of asymmetric/incomplete information, matching frictions, limited rationality and cognitive biases, strategic behaviors associated to market power, private opportunism and lack of political commitment. In any of these situations, the equilibrium outcomes \mathbf{a}^* and \mathbf{p}^* of the societal policy game do not fully internalize their implications on aggregate social outcomes $\mathbf{A} = \mathbf{A}(\mathbf{a}, \mathbf{p}, \mathbf{q})$, and as a result inefficient policies and social allocations are implemented.

The running institutions might then have an incentive to change the distribution of political power in the future, to internalize the externalities responsible for the inefficiencies at equilibrium. This is the fundamental driver of institutional change in society. It induces as a general principle

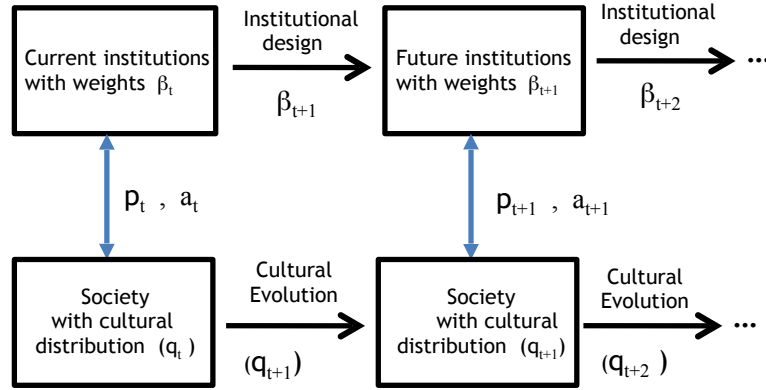


Figure 2 Joint dynamics of culture and institutions

that the political group most likely to internalize the externality issue is the group receiving more residual decision rights, i.e. , the group having a higher political weight in the state policy choice problem.

As schematically illustrated in Figure 2, for any cultural population profile at a given time t , \mathbf{q}_t , this mechanism provides a mapping from the institutional system at t , β_t , into the one at $t + 1$, β_{t+1} . Similarly, the cultural profile of society \mathbf{q}_t evolves over time, driven by cultural diffusion and social selection processes within and across generations, and influenced by the status of the institutional system, β_t . As shown in Bisin and Verdier (2001, 2017), in the presence of some degree of paternalistic motivations for cultural transmission, parental socialization is generally stronger for cultural minorities and, ceteris paribus, for the group which is relatively favored at the equilibrium outcome of the policy game. This mechanism induces a mapping from \mathbf{q}_t into \mathbf{q}_{t+1} , that is, a dynamics of cultural change.

Cultural and institutional dynamics can then reinforce or hinder a specific socio-economic equilibrium pattern, e.g., one which is induced by an exogenous institutional shock to the dynamical system. In this context, the concept of *cultural multiplier* is identified in Bisin and Verdier (2017) as central to the analysis. It is defined as the ratio of the total effect of institutional change and its direct effect, that is, the counterfactual effect which would have occurred had the distribution of cultural traits in the population remained constant after the institutional change. Whether the cultural multiplier is positive or negative depends, it is shown, on whether culture and institutions are dynamic complements or substitutes. To see this, consider for instance the case of complementarity, and take an exogenous shock to the system that makes more salient the existence of an externality or a political commitment issue to be internalized. Such a shock triggers then an institutional response and aimed at internalizing the externality and/or committing policy choices. The institutional response implies a larger weight to the political group gaining relatively more from policy changes which lead to an (at least partial) internalization of the externality and/or to a greater commitment. Suppose the strength of the institutional response is positively related to the frequency of the cultural traits carried by that group. Complementarity then obtains when the policy change also affects positively the relative socialization incentives of the aforementioned group. Indeed in such a case, we should expect a larger diffusion of the cultural traits specific to the group that effectively gets more power through the institutional response. Conversely, a larger diffusion of those traits makes it more likely to have some further institutional change giving even more political power to the group, as a way to solve the internalization policy problem. Over time, institutional and cultural dynamics re-inforce each other and therefore act as dynamic complements.

3 Religious Legitimacy

The logic of the framework we have illustrated in the previous section can be fruitfully applied to the study of religious legitimacy, to better understand its implications in terms of institutional and

cultural change in a society. We say an elite is legitimate when the people believe in its right to rule. Such a belief is ingrained into a set of values and normative statements describing how society should be organized. While some legitimacy principles can be derived from rational premises, legitimacy often takes its roots in the existence of internalized values and worldviews provided by specific organizations or individuals. Given the nature of the beliefs and values that they promote, religious institutions and their members (priests, clerics, etc...) are therefore important agents contributing to the construction of legitimate orders on which elites can leverage for their ruling and policy making.

With respect to the conceptual framework of the previous section, three basic elements suggest some basic principles of joint evolution between institutions and culture in the context of religious legitimacy. First, taking its source on shared beliefs regarding social organization, legitimacy helps elites resolve political economy problems associated to the implementation of policy choices. This in turn leads to specific institutional changes and an evolution of the distribution of political power between the elite, the religious bodies, and the rest of society.

Second, the capacity of the religious clerics to contribute to the solution of the elite's social internalization problem relies fundamentally on how the religious values promoted by the clerics are disseminated in society. Institutional changes associated to legitimacy therefore depend on the cultural profile of society in terms of religious beliefs and values.

Third, the diffusion of the religious values clerics get the source of their influence from is in turn facilitated by institutions that entrust more political power to the clerics. The institutional system reflecting the structure of power between the elite, the religious bodies, and the rest of society impacts strongly on the dynamics of cultural diffusion of religious values in the population. Bisin, Seror, and Verdier (2018) provides a formal model of these different elements and studies the implications of religious legitimacy for the joint evolution of culture and institutions. Here we sketch an informal outline of the main arguments.

Consider a society whose elites are composed of both political rulers and clerics. The political power of the religious clerics reflects their relative control of policies and reforms. It relates for instance to their control of the judicial administration, the local police, and taxation. It is also linked to their presence in key institutions providing social services to the population. Clerics care about the provision of a religious good, e.g., places of worship or of religious study, which they control and they extract (material or immaterial) rents from. The religious good constitutes a public good for individuals in society, in that it facilitates individual participation to religious activities. In turn, participating to religious activities results in psychological and emotional benefits, as a consequence of a (perceived) closer relationship with the divine. Favoring a more intense participation in religious practices, the religious good provided for by the clerics legitimizes the political control of the elites, e.g., reducing at the margin the psychological cost associated to taxation and other forms of extraction. Less directly, participating to religious activities increases the scope of social interactions between religious individuals. This can have positive effects on productivity, since it potentially improves pro-social attitudes, e.g., coordination and cooperation; also, it promotes informal information networks in principle very useful in trading and other economic activities.

In this environment, the public provision of the religious good controlled by the clerics will generally be inefficiently low. The elites controlling political power cannot internalize the public good aspect of the religious good, they cannot commit ex-ante to its provision. Non-clerical elites, in particular, would gain from committing to higher religious good provision inasmuch as the legitimacy it provides allows them to extract more (and more cheaply) resources from society. Consequently, when the legitimacy effect of the religious clerics is sufficiently strong, institutional change would favor an increase in the relative control of elites in the population as well as an increase in the relative bargaining power of the clerics inside the elites. Religious legitimacy induces a change in the structure of the elite, as political rulers credibly relinquish a fraction of their power to religious clerics. In turn, clerics exercise this power by providing the religious good in larger quantities, which in turn favors religious practices and activities, propagating beliefs within the

population that justify the ruling of the political elite. Such a strategy helps maintaining if not increasing the power of the elite.

The political empowerment of religious clerics has important consequences in terms of institutional trajectory and cultural change. In particular, since the clerics care about the provision of religious services, their prevalence in the elite should increase religious parents' direct inculturation efforts, that is, vertical socialization. Religious legitimacy then makes culture and institutions complement: institutional change devolving political power to the clerics reinforces the incentives of the religious member of society to transmit their values; while in turn a higher fraction of religious individuals augments the incentive of the elite to credibly change its structure so as to empower the clerics. When the legitimacy effect of the religious clerics is sufficiently strong, the complementarity between the empowerment of the clerics and the cultural dynamics also tend to steadily empower the political elite.

Because of the complementarity between culture and institutions, in this context, multiple stationary states can arise in the joint dynamics. Specifically, this framework can explain then the emergence of two distinctive types of society: *strong religious states* characterized by the diffusion of religious norms and strong elites composed of both clerics and political rulers; and alternatively *weak secular states* where religious norms do not diffuse while the political elite steadily loses control over popular masses.

Interestingly, our analysis predicts that the joint evolution of religious values and institutions will crucially depend on the initial conditions. When religious values are initially sufficiently diffused in society, the institutional dynamics will tend to steadily increase the political power of the clerics and to reinforce the political elite. Indeed, when religious values are largely diffused, empowering the clerics is the most efficient mechanism for reducing the externalities in policy choice problems. In turn, institutional changes devolving more power to the cleric reinforce both the religious values and the power of the political elite. Alternatively, when religious values are initially not largely

diffused in society, institutions steadily decrease the power of both the clerics and the political elites, while society becomes less religious.

Second, it is when the political elite is initially the most powerful that the distortions and the externalities implied by social choice problems are the strongest. A powerful elite cannot in general credibly commit to avoid policies which are excessively extractive with respect to the rest of society at large. This is then the case in which it is particularly beneficial for the political elite to relinquish a fraction of its power to the religious clerics in order to pre-commit to policies which reduce the inefficiencies implied by externalities and lack of commitment. Although counter-intuitive, this prediction accords with the existing historical evidence on the trajectory of institutions in the Middle East that we briefly discuss in the next section.

4 Some historical evidence on the Long Divergence

Our general framework provides an interpretation for two major historical phenomena related to the growth of the Islamic world. First, it explains the militarization of government structures in the Islamic world and the concomitant increase in the political power of religious clerics. Second, our framework relates the emergence of *strong religious states* in the Middle East to the lower constraints that initially weighted on the power of the sovereign relatively to Western Europe.

In the first centuries after the death of the prophet Muhammad, the emergence of Islamic commercial institutions complemented the diffusion of religious values through conversions in conquered lands; see Bulliet (1979). Indeed, a significant share of the Islamic early doctrine is characterized by the pursuit of commercial efficiency and Islamic partnership law carried commercial regulations into places previously without written laws. Furthermore, the spread of Arabic facilitated communication, exchange and cooperation and the commercial expansion of the Middle East triggered widespread conversions; see Kuran (2012, p. 70) and Michalopoulos, Naghavi, and Prarolo (forthcoming), which shows that proximity to the pre-600 CE trade network is a robust predictor of

today's Muslim adherence across countries and ethnic groups in the Old World.

The introduction of slave armies in the Islamic world began approximately in the ninth century, see Lapidus (2014, p. 86). In this period i) secular bureaucracies contracted, suggesting lower constraints weighting on the power of the sovereign; and ii) *Madrasa* spread and religious leaders emerged as social and political elites across the Islamic world; see Chaney (forthcoming)). This process of institutional change culminated with the *Sunni Revival* in the second half of the twelfth century, which saw a surge in the endowments of *waqfs*, or pious organizations (Hodgson (1974, p. 51)), as well as an increase in the political power of religious leaders; see Chaney (2016).

The evolution of early Islamic societies is then characterized by a form of complementary dynamics between religious values and Islamic commercial institutions. Around the ninth century, religious values may have been sufficiently diffused that the sovereign could increase its power by seeking legitimacy from religious authorities. The introduction of slave armies, the contraction of state bureaucracies, and the rise to political power of religious clerics, all occurred starting from the ninth century, in accordance with this narrative.

Why did *strong religious states* form in the Middle East and not in Western Europe? A narrative which contributes an explanation to the *long divergence* can be constructed along similar lines. The collapse of the Western Roman Empire led to the emergence of a landed aristocracy in Europe. Indeed, in Western Europe, military shocks - in particular the Germanic invasions of the 5th century - may have contributed to the emerging autonomy of military leaders at the expense of the sovereign; see Chaney (2011). In contrast, no separation of powers occurred in the Middle East. Blaydes and Chaney (2013) provides evidence that while constraints on the sovereign gradually increased across Europe from the ninth century through the fifteenth century, this has not been the case in this same period in the Islamic world. This may provide a rationale, along the lines of the framework illustrated in the last section, why rulers consolidated their power by relying on slave armies and religious legitimacy in the Middle East and not in Western Europe.

5 Conclusions

In this short essay, we have provided some preliminary insights on the emergence of religious legitimacy in the context of the general theory of the evolution of institutions and culture.

We modeled religious legitimacy as a phenomenon that induces a change in the structure of the elite, as political rulers credibly relinquish a fraction of their power to religious clerics. In turn, clerics exercise this power by providing religious goods and services in larger quantities, which then favors religious practices and activities, propagating beliefs within the population that in turn justify the ruling of the political elite. Religious legitimacy therefore helps maintaining if not increasing the power of the elite. We finally discussed how this narrative can help explaining the *long divergence* between the Middle East and Western Europe.

Of course much more needs to be done to better understand the key interactions between the evolution of cultural norms that legitimize autocratic rulers and the dynamics of institutions. Along with Greif and Rubin (2015), however, this essay could represent a starting point for the analysis of the political economy role of religious legitimacy in this context.

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