Abstract

This study analyzes how the state may establish or lose a monopoly over violence in the context of late modernizers, taking imperial China as a laboratory. We provide a new conceptual framework in which elites and the state interact over the provision of internal security. Exploiting new micro-level data that span hundreds of years, we show evidence that, traditionally, there was greater state development—at the expense of private security provision via the clan—in response to mass rebellion, because the cost of public security was relatively low. After 1850, however, there was a dramatic increase in this cost due to China's military loss to the West. In turn, we find evidence for greater private security provision—now at the expense of public provision—in response to internal conflict. This change reduced the imperial state's monopoly over violence and eventually promoted state failure. Our study provides new perspectives on both the long-run political dynamics of the Great Divergence, and the relationship between internal conflict and state development.