

International Warfare, Cooperative Statebuilding, and European Parliaments

Brenton Kenkel*

Jack Paine†

June 19, 2020

Abstract

Does war make the state or undermine it? Many argue that pressure from international warfare promoted cooperative statebuilding in Western Europe: monarchs granted parliamentary rights to elites in return for revenues to fight wars. We develop a new theory of cooperative statebuilding that demonstrates how outside threats might instead hinder this process. The key contribution of our model is to highlight how war threats affect—and may weaken—the elite’s demand for constraints on the executive. For landed elites, who depend on the ruler for security against outsiders, war threats undercut their leverage to refuse funding an unconstrained ruler. For merchant elites, war threats may strengthen their leverage too much, causing them to exit the polity rather than fund a hopeless war effort. Only under circumscribed conditions do war threats make a strong parliament more likely to emerge cooperatively, which helps to account for variance in historical European parliaments.

* Assistant Professor, Department of Political Science, Vanderbilt University, brenton.kenkel@vanderbilt.edu.

† Assistant Professor, Department of Political Science, University of Rochester, jackpaine@rochester.edu.

One of the most important developments in Western European political history was the rise of parliaments. The conventional argument is that “war made the state” (Tilly 1975, 42) because competition from international warfare pressured rulers to find new revenue sources. This, in turn, increased the bargaining leverage of taxpaying elites to demand representation in exchange for revenue (Bates and Lien 1985; Levi 1988). Although many sovereigns preferred autocratic rule, dire needs for resources often compelled them to delegate power to representative bodies. Thus, external threats spurred a process of *cooperative statebuilding* among domestic actors, addressing the dual problems of how to simultaneously empower and limit the state. In the late medieval and early modern periods, kings in every major Western European power called sessions of parliament to seek war financing (Myers 1975, 56; Finer 1997, 1026; Graves 2001, 10; Hoffman 2015), although these parliaments varied in their responsibilities and strength over time. Statistical analyses have shown that warfare is correlated with the onset and frequency of parliamentary meetings in early European states (Stasavage 2011; Van Zanden, Buringh and Bosker 2012; Blaydes and Paik 2016; Abramson and Boix 2019; Cox, Dincecco and Onorato 2020).¹

The conventional cooperative argument focuses on how war affects the *ruler’s willingness* to delegate to parliament. However, parliamentary development was a product of a strategic interaction between rulers and elites. Once we incorporate *elites’ incentives* into the framework, the relationship between war and parliaments appears less clear-cut. In France during the Hundred Years’ War and many countries during the Thirty Years’ War, elites fearful of invasion did not gain parliamentary privileges, but rather capitulated to demands by the Crown. These states were strong, but not limited. In other cases, as with the formation of the Hanseatic League, war threats spurred elites to exit territorial states, therefore undermining state formation rather than promoting parliament. Although rulers used varying degrees of coercion in these cases, the constant was elites

¹Cirone (2020) overviews the broader political economy literature on historical parliaments. In contrast to this cooperative logic, other arguments focus on the role of coercion either in calling early parliaments (Boucoyannis 2015) or in overriding parliamentary constraints (Downing 1993). We discuss coercive statebuilding later in the paper.

taking actions that were inconsistent with wars promoting parliamentary development. We argue that these wartime reversals are neither idiosyncratic exceptions to the rule nor a product of differential ability to use coercion. Instead, they force us to rethink the conventional cooperative logic of international warfare making parliamentary states.

Our framework explains why the effect of external threats on the strength of parliamentary constraints is conditional, not uniform: strong parliaments are most likely to emerge when war threats are neither too weak nor too strong. We model an interaction between a ruler and an elite (whose main source of wealth can be either landed or mercantile) who share an interest in security against outside threats, but have competing interests over how revenues are raised and spent domestically. We recover the conventional logic that external threats increase the ruler's willingness to delegate fiscal authority to parliament. However, delegation does not occur merely because the ruler is willing. Our main innovation is to consider the elite's demand for parliamentary constraints, which facilitates understanding why war threats may undermine the likelihood of a strong parliament emerging. Strong war threats increase a landed elite's demand for security from the ruler, which *undercuts* its leverage to withhold funding if the ruler does not delegate to parliament. In these cases, war threats promote funded but unconstrained states. Alternatively, even if the ruler would delegate, a merchant elite with mobile wealth might prefer to exit the polity rather than fund a hopeless war effort. Here, the threat *boosts* the elite's leverage to demand parliament, *but by too much*. In these cases, war threats undermine elite funding. Bringing these together, we formalize an important tension between the imperatives of cooperative statebuilding—in the presence of a strong outside threat, the state can be strong or it can be limited, but not both. After the model analysis, we show that these theoretical mechanisms help to explain variance in the strength of parliament in historical European cases.

In addition to research on historical warfare and parliaments in Europe, we contribute to the formal theory literature on international conflict and domestic institutions. A key question in this literature is to what extent warfare promotes state fiscal capacity. Besley and Persson (2011) posit a positive

relationship, which subsequent scholarship has shown may instead be conditional on the nature of the war (Hoffman 2015) or the importance of finance (Gennaioli and Voth 2015). We show that the elite's security needs and the nature of the elite's wealth (landed versus mercantile) are similarly important conditioning factors for the warfare-capacity relationship. Our focus on parliamentary institutions distinguishes us from those that consider alternative fiscal instruments for war finance, such as borrowing (Slantchev 2012; Krainin, Ramsay and Wang 2018; Queralt 2019), trade policies (Queralt 2015), and tax farming (Johnson and Koyama 2014). Our results also differ from the few other studies analyzing the interaction between external security and institutional representation, which recover the conventional wisdom for historical parliaments (De Magalhaes and Giovannoni 2019) and more recent episodes of franchise expansion (Ticchi and Vindigni 2008).

We also contribute to the formal democratization literature. In prominent existing models, democratization occurs because of threats from below (Acemoglu and Robinson 2006; Boix 2003; Dower et al. 2018) or intra-elite splits (Ansell and Samuels 2014). In our model, prospects for equilibrium parliament are determined by how an *external threat* affects the ruler's demand for funds and the *unitary* elite's willingness to supply funding. This relates to models in which autocrats create parliaments to induce agents to make costly investments that benefit the regime (Gailmard 2017). The idea that war can undercut landed elites' outside option relates to existing models of military recruitment and coups (McMahon and Slantchev 2015; Paine 2020). We differ by analyzing how the external threat affects incentives for the ruler to choose to tie her hands, and show that replacing the outside option of refusing with that of exiting produces the opposite effect of war on the elite's negotiating leverage.

1 OVERVIEW OF KEY CONCEPTS AND FINDINGS

1.1 SETUP AND KEY TRADEOFFS

A ruler and a unitary elite interact in the shadow of an exogenous external invader. They are each endowed with a certain percentage of domestic wealth, which they decide how to allocate in the subsequent interaction. First, the ruler decides whether to delegate spending authority to parliament. Second, the elite decides whether to fund the ruler or exercise an outside option, either simply refusing to fund or exiting the state altogether. During these first two moves, the players share an expectation about the strength of the external threat, but neither knows its exact strength. Third, after learning the threat's strength, the ruler decides whether to provide public goods—which is possible only if the elite provided funds—or to privately consume her initial wealth and any revenues from the elite. If the ruler chose to delegate spending authority and then received funds, she must choose public goods at this point. Finally, Nature moves and determines whether the external invasion succeeds.

The players face the following tradeoffs. The ruler most prefers to get funding without delegating to parliament. Then, she can freely choose between public and private goods in her last move. Public goods entail both a security and economic component. The security benefit consists of a greater probability of successfully resisting invasion. The economic effect is to increase overall domestic wealth, which certainly enhances the elite's consumption relative to its endowment, but may redistribute enough away from the ruler to yield lower consumption than its endowment. In early Europe, the main public good besides defense against invasions was the provision of internal security against banditry, which boosted elites' consumption and was costly for rulers to provide.²

A different form of “public good” that satisfies this assumption is for the ruler to forgo various

²Given the spillover effects from defense spending on internal security, it is natural to assume that public goods provide both economic and security benefits. Other public goods early in European history included the provision of justice and coinage.

strategies of predatory revenue, for which we provide examples in Appendix [A.1](#).

The leader prefers private consumption over public goods if the threat turns out to be weak, given the minimal security benefit. This choice is available to her only if she did not delegate spending authority, which highlights a moral hazard–type problem inherent for an elite that funds an unconstrained ruler: “the king may use resources for purposes of which the elite does not approve” (Rosenthal 1998, 69). This concern might lead the elite to withhold funding from an unconstrained government, which in turn might induce the ruler to delegate to parliament.

For the elite, funding the government creates the possibility of receiving beneficial public goods. However, funding leaves it subject to predation by either the ruler (if she has not delegated to parliament) or the invader, which may cause the elite to exercise an outside option. We separately analyze two possibilities. The first is refusing to fund: the elite stands pat with its endowed wealth. It still faces possible takeover by the outsider, but lacks the security and economic benefits of public goods. The second is exiting. This secures the elite’s endowment from invasion, but sacrifices some initial wealth.

The refusal option is substantively relevant for nobles whose wealth is concentrated in land. By contrast, for merchants with more mobile wealth, the outside option is to exit.³ Exit might entail moving or hiding capital, or physically fleeing to relatively secure cities in times of war (Bates and Lien 1985; Dincecco and Onorato 2018). Alternatively, merchants could exit by forming mutual-protection organizations beyond princely rule, such as trading leagues.⁴

The model provides a “most likely” case for achieving strong yet limited states. If the ruler delegates to parliament, she is constrained to provide public goods for sure. We also do not include a strategic option for the ruler to gain revenues using coercion.⁵ Finally, to create favorable con-

³The elite’s three possible choices intentionally resemble Hirschman’s (1970) distinction among loyalty (fund the government), voice (refuse), and exit, although we highlight a distinct tradeoff.

⁴Appendix Section [A.2](#) provides more substantive motivation for the exit option.

⁵We relax both assumptions in extensions.

ditions for the conventional cooperative logic, we set up the model so that stronger war threats enhance the security benefit of public goods.

In equilibrium, the ruler delegates to parliament if and only if three conditions are met. The following introduces these three conditions and explains how the war threat affects each.

1.2 RULER WILLINGNESS CONDITION

The only reason the ruler would delegate to parliament is to gain funding from the elite. Delegation cannot occur unless the ruler prefers accepting constraints over not receiving funding. Without an external threat, this is worthwhile for the ruler only if her consumption from public goods exceeds her initial endowment. Consequently, in a baseline setting without the shadow of war, the cooperative incentives for a ruler to provide public goods depend on the endowed distribution of domestic wealth between the ruler and elite. Only impoverished rulers are willing to delegate to parliament, hence necessarily forgoing private consumption in favor of the public good. The ruler's endowed share of domestic wealth reflects political centralization. For example, medieval Europe was more fragmented than contemporaneous autocratic empires in China and the Middle East (Blaydes 2017; Stasavage 2020), thus resulting in a smaller share of domestic wealth for European rulers. The ruler's endowment encompasses not only revenue sources directly controlled by the crown, but also "ordinary" revenue sources that it could collect from society such as custom taxes, direct taxes, royal monopolies, and venal offices.⁶

Given the specter of external invasion, for the sake of security, a ruler might willingly delegate spending authority to parliament even if this choice adversely affects her consumption upon winning. This is our main point of agreement with the conventional logic: a stronger war threat makes the *ruler willingness constraint* more likely to hold. If invasion is likely, the security benefits of public goods outweigh any adverse distributional consequences in the ruler's decision calculus. External threats therefore increase the ruler's willingness to delegate to parliament—but this is just

⁶Appendix A.1 provides more substantive motivation for the ruler's endowment.

one of the three conditions that must be satisfied for parliament to arise in equilibrium.

1.3 ELITE CREDIBILITY CONDITION

The next two findings highlight important problems with the conventional wisdom about cooperative statebuilding. Existing research dedicates little attention to understanding how the war threat affects the *elite's* incentives to provide funding with and without parliamentary constraints.

The *elite credibility constraint* requires the elite to have a credible threat to withhold funds if the ruler does not delegate to parliament. If elite credibility fails, then the ruler will not delegate to parliament because she can get her first-best: funding without constraints. Absent an external threat, elite credibility holds only if the elite has a large endowed share of domestic wealth, which creates a high opportunity cost to funding an unconstrained ruler.

A stronger war threat affects the elite credibility constraint in two ways. First, the war threat decreases a landed elite's expected utility to refusing relative to that of funding the government. Refusing to fund the ruler necessarily prevents the elite from enjoying the security benefit of public goods—which is most needed when the threat is strong. This effect is restricted to landed elites, who depend on the ruler for security. By contrast, merchants' exit option is unaffected by the probability of invasion. Second, a stronger war threat enhances the ruler's fear of external takeover, which increases the probability that even an unconstrained ruler will provide public goods. Thus, in effect, the war threat causes an unconstrained ruler to behave as if she were constrained.

Overall, a strong war threat *undercuts* the leverage of a landed elite to demand parliament, thus yielding funded but unconstrained states. We also show in an extension that this undercutting effect is stronger for defensive than offensive wars. This distinction helps to explain greater parliamentary development in England, which primarily fought offensive wars, than in France or Spain, which repeatedly faced invasion threats, providing evidence of the undercutting mechanism.

1.4 ELITE WILLINGNESS CONDITION

The *elite willingness constraint* is that the elite must prefer funding over exercising its outside option if the ruler delegated to parliament. Delegation will not occur otherwise because it would not benefit the ruler. This condition always holds for a landed elite, which withholds funds only when it greatly fears expropriation by an unconstrained ruler.

By contrast, a merchant elite may exit even if the ruler has delegated. Intriguingly, the same mobile wealth that enables a merchant elite to demand parliament when facing a strong invader can also push it to exit rather than to fund a largely hopeless war effort. Exiting protects its endowment against expropriation by the outsider. Thus, another mechanism through which strong war threats undermine parliamentary states is by *bolstering* the leverage of a merchant elite to demand parliamentary representation *but too much*, hence violating the elite willingness constraint and causing the state to break apart. We compare examples of viable exit options in moderate threat environments where parliaments arose (medieval Spain, early British North America) to examples where exit broke apart territorial states (the Hanseatic League).

Collectively, our formalization of the elite credibility and elite willingness constraints highlights a central tension for cooperative statebuilding: a strong enough war threat makes it impossible to satisfy both conditions. This produces a state that is either strong (i.e., funded) or limited, but not both.

2 A MODEL OF COOPERATIVE STATEBUILDING

We model a strategic interaction between two players, a ruler R and a distinct elite actor E . We normalize total domestic wealth to 1 and let $\theta_R \in (0, 1)$ denote the proportion held by R , leaving $1 - \theta_R$ for E .

1. Parliament. R moves first, choosing whether to delegate policy choices to parliament. This does not directly affect payoffs, but constrains R 's final action (step 4).

2. Elite's choice. E decides whether to fund the government. Funding entails paying taxes and supplying troops to fight, moving the game to step 3. Otherwise, E exercises its outside option, moving the game to step 5.

We consider two distinct outside options, each corresponding to a different class of elites.⁷ First, the elite can *refuse* to provide funds. Refusal protects the elites' wealth from expropriation by the ruler, although because its wealth remains in the country, it is at risk from the outsider. A landed elite, whose wealth cannot be easily liquidated or moved, would have refusal as its outside option.

The second possible outside option is *exiting* the ruler's dominion. By exiting, the elite keeps its wealth safe from both the ruler and from the external threat, but at a cost: it keeps a fraction $\sigma \in (0, 1)$ of its initial wealth. This corresponds to a merchant elite with mobile wealth.

3. Outsider's strength realized. After R has chosen whether to delegate to parliament and E has chosen whether to fund, Nature draws and reveals $\theta_X \geq 0$, the strength of the outsider threat. The distribution of θ_X is common knowledge throughout the game, but its realized value becomes known only after the first two strategic moves.

Throughout the text, we assume $\theta_X \sim U[\psi - \epsilon, \psi + \epsilon]$, where $\psi > \epsilon > 0$.⁸ Notice that $\mathbb{E}[\theta_X] = \psi$, so higher ψ corresponds to greater *ex ante* expectations about the magnitude of the external threat. The parameter ϵ represents the amount of prior uncertainty about θ_X . We sometimes refer to the limiting case of no external threat: $\psi = \epsilon = 0$ (i.e., $\theta_X = 0$ for certain).

4. Public good choice. Having observed the draw of the outsider's strength, θ_X , R decides whether to provide public goods or privately consume rents. This choice is nontrivial only if R did not delegate to parliament in step 1 and E provided funds in step 2. If R delegated, then she must provide public goods. If E did not fund, then R consumes her initial endowment.

Public goods encompass distinct security and economic components. R and E commonly value

⁷In Appendix B.9, we analyze an elite that can choose either.

⁸In Appendix B.14, we show that our main results hold for a broad class of distributions.

the economic component of public goods at $\alpha > 0$.⁹ These benefits are not so great that a player prefers the public good over consuming all initial domestic wealth: $\alpha < 1$. We also assume public goods raise E 's consumption: $\alpha > 1 - \theta_R$.

5. War. Nature moves last and determines whether an exogenous external actor overthrows the regime. The domestic actors' military capability derives from their initial endowments. Specifically, if E did not fund or if R expropriated E , then the probability of surviving the external threat is $p_L(\theta_X) \equiv \frac{\theta_R}{\theta_R + \theta_X}$.¹⁰ By contrast, if E funded and R provided public goods, then the probability of regime survival increases: $p_H(\theta_X) \equiv \frac{\theta_F}{\theta_F + \theta_X}$. We assume $\theta_F > 1$ (i.e., greater than total initial domestic wealth) to reflect that internal cooperation may produce economies of scale in security provision. Importantly, the relative security benefit of public good provision increases in the strength of the outside threat, as [Figure 1](#) illustrates. Formally, the critical condition is that p_H/p_L increases with θ_X . In addition, by the monotone likelihood ratio property, the ratio of their expected values also increases with ψ .

Throughout the main text, we assume $\theta_R < \alpha \cdot \theta_F$. This assumption implies that if R does not delegate to parliament but is nonetheless funded, then R will provide public goods if the outsider is sufficiently strong (θ_X large). Additionally, if the outsider's expected strength, ψ , is large enough, then R will delegate to parliament at the outset of the game.¹¹

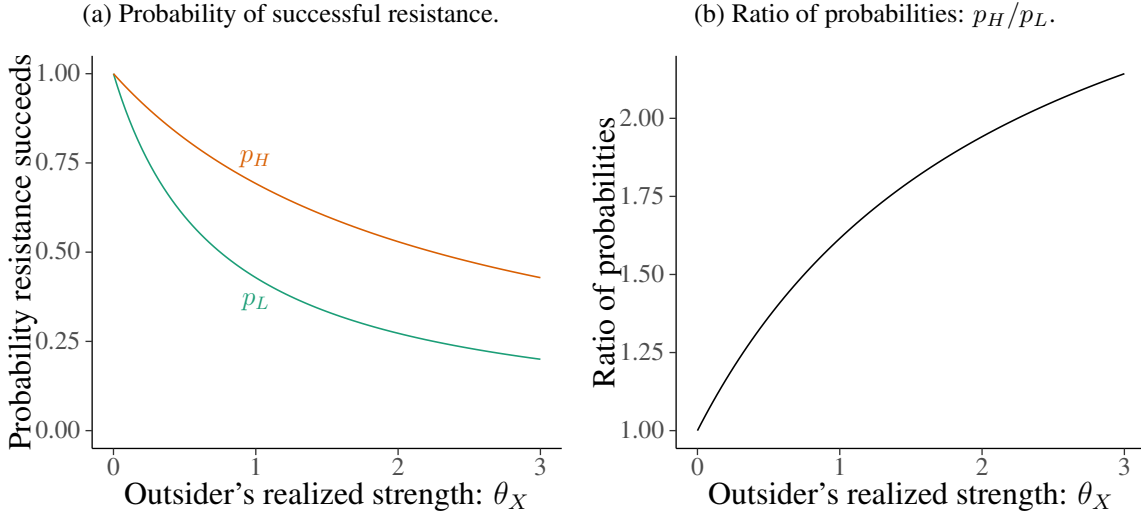
Consumption. Suppose no external takeover occurs. If E funds and R provides public goods, then they each consume α . If E funds and R expropriates, then R consumes 1 and E consumes 0. If E does not fund, R consumes θ_R , and E 's consumption depends on its outside option: $1 - \theta_R$ from

⁹The specific assumption that public goods benefit each actor equally is not consequential and simply eliminates an unnecessary parameter, which we show explicitly in the extension with offensive wars.

¹⁰In [Appendix B.14](#), we show that our main results hold under alternative specifications of the survival probability functions.

¹¹This reduces tedious corner cases. In [Appendix B.13](#), we outline how relaxing this condition would affect our main results.

Figure 1: Stronger external threat makes internal cooperation more important



Note: $\theta_R = 0.75, \theta_F = 2.25$.

refusing and $\sigma \cdot (1 - \theta_R)$ from exiting.

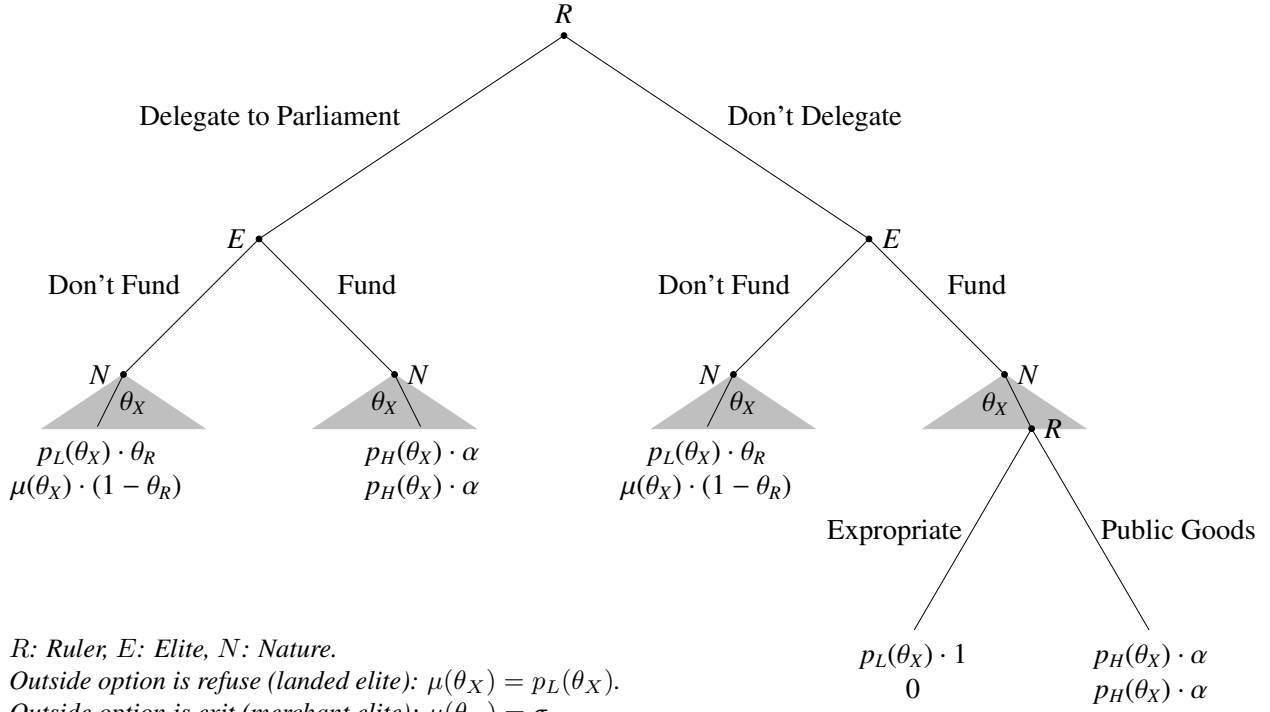
If instead external takeover occurs, then both players consume 0 except in one circumstance: if E 's outside option is to exit and it exercises that option, then its consumption equals $\sigma \cdot (1 - \theta_R)$ irrespective of whether external takeover occurs. [Figure 2](#) displays the complete game tree.

3 ANALYSIS

3.1 RULER'S WILLINGNESS TO DELEGATE TO PARLIAMENT

When we exclusively consider the ruler's incentives, we largely recover the conventional logic of war threats and parliamentary rule. Stronger threats increase the ruler's willingness to trade representation for revenues, enabling parliamentary constraints to emerge in equilibrium. But we also highlight an overlooked mechanism that, later, we show helps to undermine the relationship between war and parliament: a ruler who faces a strong enough threat will provide public goods for sure. When an unconstrained ruler acts identically to a constrained ruler, the elite cannot credibly threaten to withhold funds from a leader who does not delegate.

Figure 2: Game Tree



The ruler chooses at the outset of the game whether to delegate to parliament. Delegation reduces the ruler's flexibility if the elite provides funds, but may make the difference for whether the elite will do so. Regardless of the ruler's choice here, if the elite chooses not to fund, then only the ruler's strength will be available to fend off the external threat, and the ruler will consume θ_R if resistance against the outsider succeeds. The ruler's expected utility from not being funded is therefore

$$\mathbb{E}[U_R(E \text{ doesn't fund})] = \bar{p}_L(\psi) \cdot \theta_R. \quad (1)$$

Here, $\bar{p}_L(\psi)$ denotes the *ex ante* probability of successfully resisting the outsider absent public good provision when the outsider's expected strength equals ψ ,

$$\bar{p}_L(\psi) = \mathbb{E}[p_L(\theta_X)] = \int_{\psi-\epsilon}^{\psi+\epsilon} \frac{p_L(\theta_X)}{2\epsilon} d\theta_X.$$

We define \bar{p}_H analogously.

Delegation to parliament benefits the ruler only insofar as it may induce the elite to provide funds.

If the ruler delegates and the elite funds, then the ruler must provide public goods, ultimately consuming α if the external threat fails:

$$\mathbb{E}[U_R(R \text{ delegates}, E \text{ funds})] = \bar{p}_H(\psi) \cdot \alpha. \quad (2)$$

Combined with [Equation 1](#) above, this provides a condition for when the ruler would be willing to delegate if doing so were pivotal for receiving funds. In order to willingly delegate, the ruler must weakly prefer facing parliamentary constraints over the inability to provide public goods. This is the *ruler willingness constraint*.

$$\textbf{Ruler willingness constraint:} \quad \bar{p}_H(\psi) \cdot \alpha \geq \bar{p}_L(\psi) \cdot \theta_R. \quad (3)$$

Higher initial wealth for the ruler makes her less willing to delegate to parliament because θ_R raises both the probability of successful resistance and the ruler's consumption if the invasion fails. However, the ruler willingness constraint becomes easier to meet as the military returns to scale from cooperation (θ_F) and the value of public goods (α) increase.

If the ruler does not delegate but nevertheless receives funds, she may either provide public goods or consume all wealth privately. The optimal choice depends on the exact realization of the outsider's strength, θ_X .¹² Formally, the condition for an unconstrained ruler to prefer public good provision over expropriation is $p_H(\theta_X) \cdot \alpha \geq p_L(\theta_X) \cdot 1$, which is equivalent to

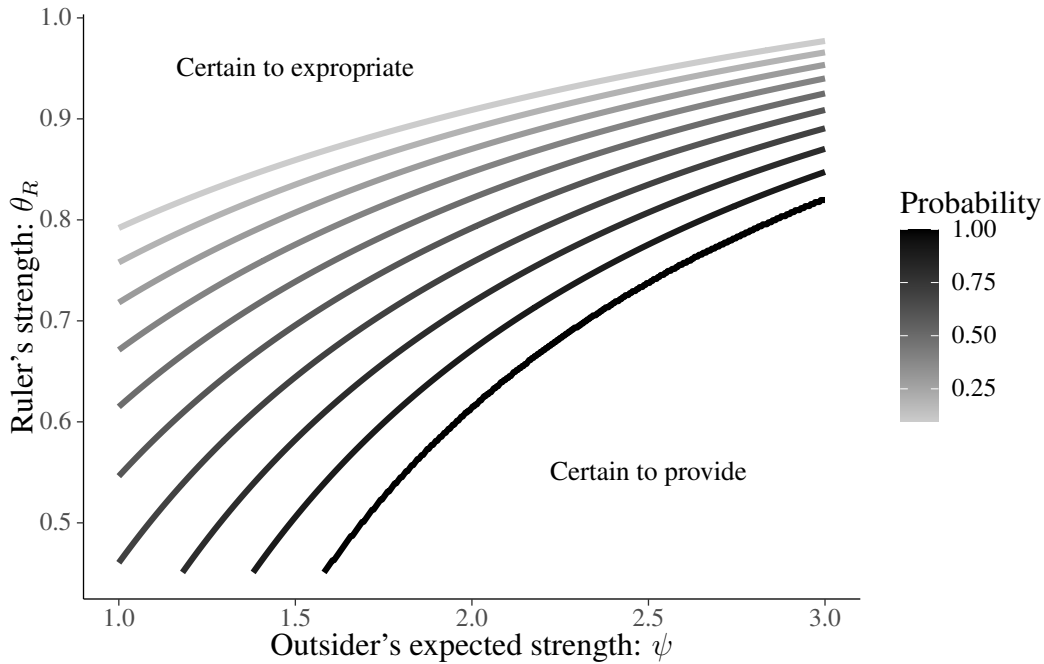
$$\frac{p_H(\theta_X)}{p_L(\theta_X)} \geq \frac{1}{\alpha}. \quad (4)$$

Because strong outsiders enhance the security benefit of public goods, higher θ_X makes this condition easier to meet. [Figure 3](#) illustrates how a stronger threat of invasion increases an unconstrained ruler's propensity to provide public goods.

¹²Notice the difference from the ruler's initial decision over delegation. That choice could condition only on ψ , the *ex ante* expected value of the distribution from which θ_X is drawn.

Lemma 1 (Invasion threats substitute for parliamentary constraints). *Assume that R does not delegate to parliament and that E funds the government. It is a best response for R to provide public goods if and only if $\theta_X \geq \hat{\theta}_X$, where $0 < \hat{\theta}_X < \infty$.*

Figure 3: Ex ante probability of public good provision by a funded, unconstrained ruler



This and all subsequent figures use these parameters, except where otherwise noted: $\alpha = 0.55$, $\sigma = 0.65$, $\theta_F = 2.25$, $\epsilon = 1$.

Lemma 1 highlights a substitution effect largely overlooked in previous scholarship. By increasing the ruler's need for security, a stronger invasion threat raises the probability that the ruler will use its funds responsibly even without parliamentary constraints. We return to this logic below, when analyzing the elite's decision to fund the government, to show that elites may fund the ruler regardless of her delegation decision when the external threat is great enough.

We can now state the general conditions for an equilibrium in which the ruler delegates to parliament, which we call a parliamentary equilibrium. The first condition is *elite credibility*: the elite does not fund if the ruler does not delegate. If funding is assured either way, the ruler prefers to remain unconstrained. The second condition is *elite willingness*: the elite provides funds upon par-

liamentary delegation.¹³ When elite credibility and elite willingness are both satisfied, delegation to parliament is pivotal for whether the ruler receives funds. The final condition for a parliamentary equilibrium is ruler willingness, characterized above in [Equation 3](#).

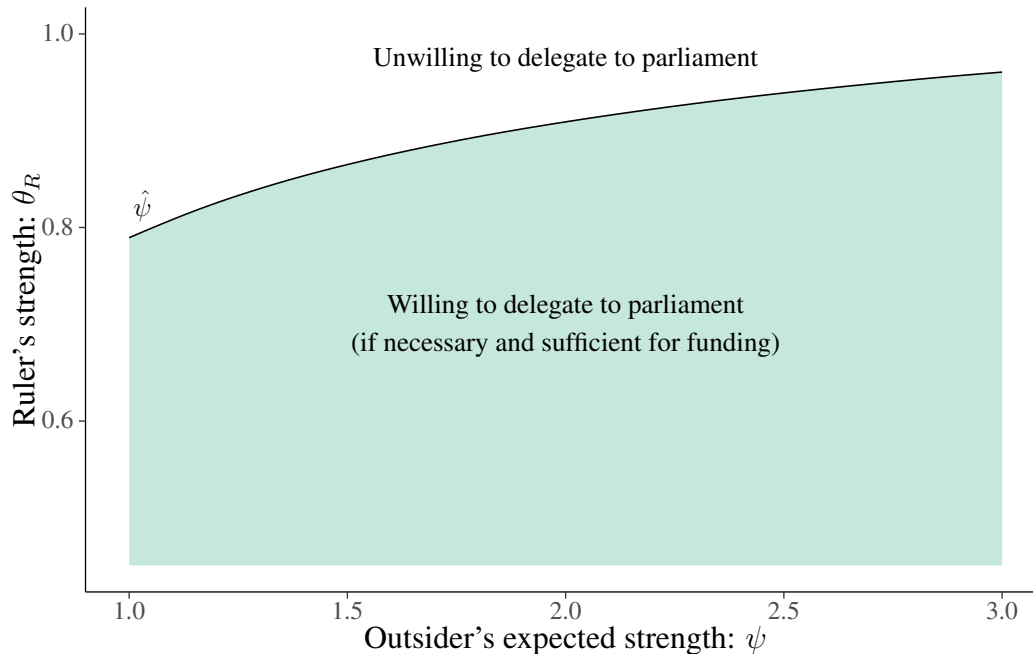
Proposition 1 (Ruler’s choice to delegate). *In equilibrium:*

- (a) *R will not delegate to parliament if doing so is unnecessary to generate funding (elite credibility fails).*
- (b) *R will not delegate to parliament if doing so is insufficient to generate funding (elite willingness fails).*
- (c) *R may delegate to parliament if doing so is necessary and sufficient to generate funding. In this case:*
 - *If $\theta_R \leq \alpha$, then R is willing to delegate to parliament regardless of ψ .*
 - *If $\theta_R > \alpha$, then R is willing to delegate to parliament if and only if $\psi \geq \hat{\psi}$, where $0 < \hat{\psi} < \infty$.*

This result confirms a key element of the conventional logic of cooperative statebuilding: stronger external threats enhance the ruler’s incentive to delegate to parliament—if doing so is pivotal for receiving funds. This result is driven by a simple but important property of the contest against the invader: the incremental addition of E ’s military capability makes the most difference when the outsider is strongest, as illustrated above in [Figure 1](#). By delegating to parliament and constraining itself in order to receive funding, R trades off flexibility for additional security against invasion. Delegation is most attractive when E ’s military support makes the most difference—i.e., for

¹³Technically, R is indifferent if E never funds, as her delegation decision does not affect the outcome. If there were a small, positive cost to parliamentary delegation, as is plausible, then R would strictly prefer no delegation. For expositional ease, we instead assume R has a lexicographic preference not to delegate to parliament.

Figure 4: Ruler’s willingness for parliamentary delegation



stronger war threats. Figure 4 illustrates how the ruler’s willingness for parliamentary delegation varies as a function of the ruler’s initial wealth and the outsider’s *ex ante* expected strength.

3.2 ELITE DEMAND FOR PARLIAMENT

We now analyze the elite’s demand for parliamentary constraints. When will the elite require the ruler to delegate fiscal authority as a condition to receive funds? By incorporating elite demand for parliament into our model, we fill a crucial gap in the existing literature on cooperative statebuilding. We uncover novel channels through which war threats undercut parliament in equilibrium, contrary to the conventional expectation. These channels differ depending on the type of elite. A landed elite depends on the ruler for security even if it refuses to fund her. Thus, a strong external threat makes parliament unnecessary—the elite prefers to fund the ruler even without parliamentary constraints. For a merchant elite, however, a strong war threat means delegation to parliament is insufficient to garner funds, as the elite would rather exit than risk losing everything in war. Bringing these together, we formalize an important tension between the imperatives of cooperative

statebuilding—in the presence of a strong outside threat, the state can be strong or it can be limited, but not both.

If the ruler delegates to parliament and the elite supplies funds, then public good provision is assured. Resistance against the outsider is elevated from p_L to p_H , and the elite consumes the public good α if resistance succeeds. The elite’s payoff in this case is

$$\mathbb{E}[U_E(R \text{ delegates, } E \text{ funds})] = \bar{p}_H(\psi) \cdot \alpha.$$

Delegation is sufficient for funding if the elite would rather fund a ruler who has delegated than exercise its outside option, which is either refuse or exit. This is the *elite willingness constraint*.

$$\textbf{Elite willingness constraint:} \quad \bar{p}_H(\psi) \cdot \alpha \geq \mathbb{E}[U_E(\text{outside option})]. \quad (5)$$

If the ruler does not delegate to parliament, the elite can still fund her. Funding is risky: a non-constrained ruler will expropriate funds unless the outsider turns out to be quite strong ([Lemma 1](#)). Let $\tilde{p}_H(\psi)$ denote the *ex ante* probability that, if funded, an unconstrained government will provide public goods *and* successfully resist the outsider:

$$\tilde{p}_H(\psi) = \Pr(\theta_X \geq \hat{\theta}_X) \cdot \mathbb{E}[p_H(\theta_X) \mid \theta_X \geq \hat{\theta}_X].$$

The elite consumes the public good α if the ruler decides not to expropriate and the outsider fails to take over, so the elite’s payoff from funding an unconstrained ruler is

$$\mathbb{E}[U_E(R \text{ doesn't delegate, } E \text{ funds})] = \tilde{p}_H(\psi) \cdot \alpha.$$

The *elite credibility constraint* is satisfied when the elite has a credible threat to exercise its outside

option if the ruler does not delegate:

$$\textbf{Elite credibility constraint:} \quad \mathbb{E} [U_E(\text{outside option})] \geq \tilde{p}_H(\psi) \cdot \alpha. \quad (6)$$

As with the elite willingness constraint, the exact form of the elite credibility constraint depends on whether the elite's outside option is to refuse or to exit.

There is an important tension between the willingness and credibility constraints, which helps to explain our new findings. If an *unconstrained* ruler provides public goods with high probability, then $\tilde{p}_H(\psi) \approx \bar{p}_H(\psi)$, which makes it nearly impossible to satisfy elite willingness and elite credibility simultaneously. The elite's threat to withhold funds will lack credibility, and thus delegation will not happen in equilibrium, unless there is a nontrivial chance of expropriation by an unconstrained ruler.

Proposition 2 (Tension between elite willingness and credibility). *If $\psi \geq \hat{\theta}_X + \epsilon$ and the elite willingness constraint (5) holds strictly, then the elite credibility constraint (6) fails.*

This starkly illustrates the difficulty of building states that are strong but limited, particularly in the shadow of a pressing invasion threat. Either the elite will prefer its outside option regardless of the ruler's choice to delegate, undermining state strength, or else the elite willingly funds even an unconstrained ruler, undermining limits on the executive.

3.3 REFUSAL AS OUTSIDE OPTION: LANDED ELITES

For landed elites, whose wealth cannot easily be moved out of the ruler's dominion, the outside option is to refuse. By refusing to fund the ruler without actually moving its endowment, the elite runs the risk of expropriation by the outsider, but otherwise consumes its full endowment:

$$\mathbb{E} [U_E(\text{outside option})] = \bar{p}_L(\psi) \cdot (1 - \theta_R).$$

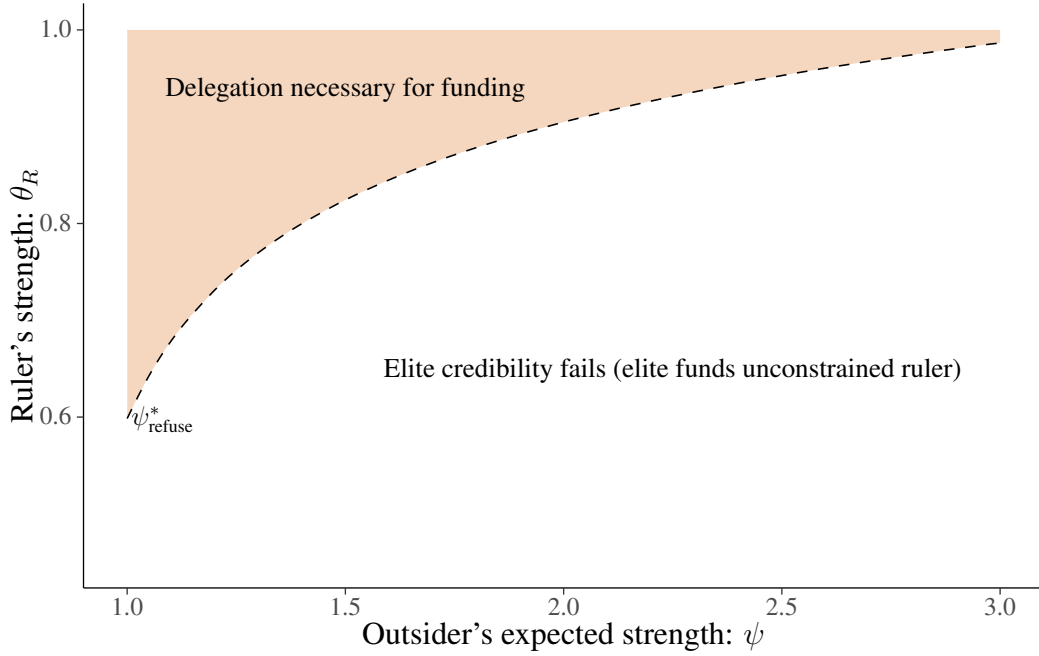
Importantly, a landed elite depends on the ruler for security against the external threat even if it does not fund her.

A landed elite is always willing to fund a constrained ruler, which raises its security against the outsider and its consumption (if the invasion fails). By contrast, the credibility constraint for a landed elite closely relates to the strength of the war threat. There are two complementary mechanisms by which the war threat undercuts the landed elite's threat to refuse to fund an unconstrained ruler. First, the security of elite consumption. Absent an external threat, an elite that refuses to fund consumes its initial endowment. But as the war threat grows, the elite's consumption becomes less secure, increasing its demand for security provision. Second, war threats also undermine elite credibility by affecting ruler behavior. As shown above in [Lemma 1](#), a stronger threat increases the likelihood that an *unconstrained* ruler will provide public goods, which undercuts the elite's threat to withhold funds from an unconstrained ruler.

Lemma 2. *If E 's outside option is to refuse, the elite willingness constraint always holds, while the elite credibility constraint holds if and only if $\psi \leq \psi_{\text{refuse}}^*$, where $\hat{\theta}_X - \epsilon < \psi_{\text{refuse}}^* < \hat{\theta}_X + \epsilon$.*

[Figure 5](#) illustrates when the credibility constraint is satisfied as a function of the invader's strength and the ruler's initial endowment (which, again, is inversely related to the elite's endowment). Clearly, a strong outside threat undermines the elite credibility constraint. Fixing the ruler's strength (the y-axis) and increasing the war threat (moving right on the x-axis) eventually undermines elite credibility. The ruler's initial endowment also affects whether elite credibility holds. Fixing the war threat (x-axis) and increasing the ruler's strength (moving up on the y-axis) bolsters elite credibility. The payoff from funding an unconstrained ruler decreases with θ_R because stronger rulers are more likely to expropriate rather than provide public goods. Meanwhile, ruler strength has countervailing effects on the elite's payoff from refusing: increasing the probability of successful resistance but decreasing the elite's consumption. Overall, the most favorable conditions for the credibility constraint with a landed elite are a (1) weak war threat and (2) strong ruler,

Figure 5: Credibility constraint for a landed elite



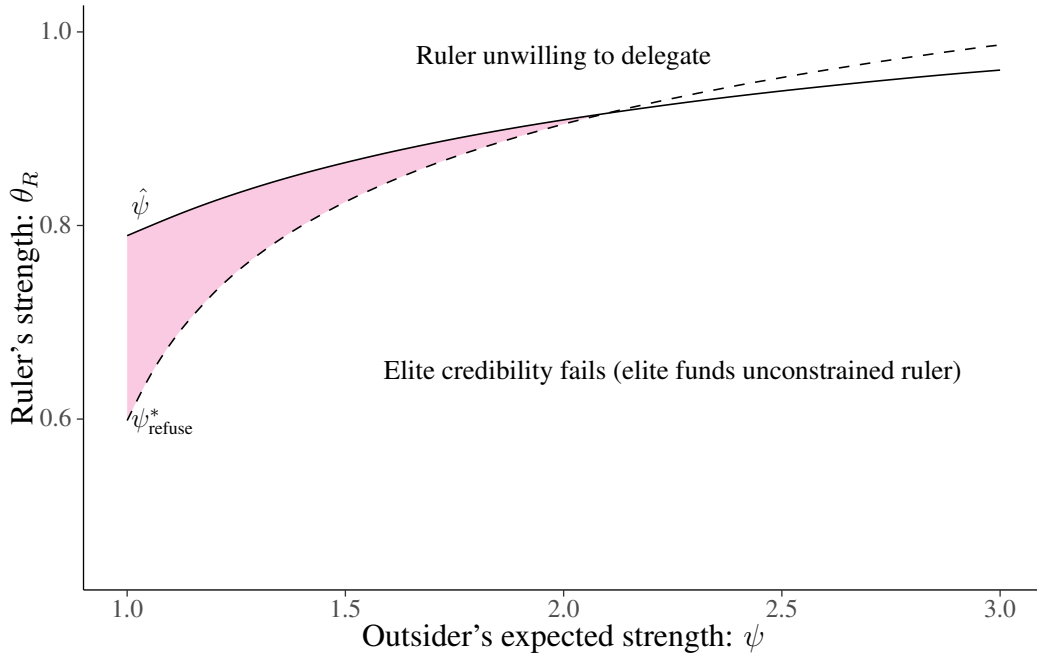
i.e., the upper-left portion of Figure 5.

Parliamentary delegation is sustainable as an equilibrium only if the outsider's strength is moderate, as Figure 6 illustrates. The ruler is unwilling to accept constraints if the outsider is too weak, while a landed elite lacks a credible threat to withhold funds if the outsider is too strong.

Proposition 3 (Parliamentary equilibrium with a landed elite). *Assume E 's outside option is to refuse. If $\theta_R \leq \alpha$, there is a parliamentary equilibrium if and only if $\psi \leq \psi_{\text{refuse}}^*$. Otherwise, if $\theta_R > \alpha$, a parliamentary equilibrium exists if and only if $\hat{\psi} \leq \psi \leq \psi_{\text{refuse}}^*$.*

Accounting for the elite's incentives to fund the ruler produces important exceptions to the conventional logic of cooperative statebuilding. The colored region in Figure 6 is the intersection of the colored regions in Figures 4 and 5. Thus, the same effects discussed above that come into tension with the conventional logic undermine parliament in equilibrium. For high enough ψ , elite credibility must fail because refusal is very low-valued compared to funding. The landed elite is highly unlikely to survive without the security boost from public goods, and there is a high likeli-

Figure 6: Parliamentary equilibrium with a landed elite



hood that an unconstrained ruler will choose public goods. Although a parliamentary equilibrium cannot exist for a *very strong* outsider, there are some conditions under which a small increase in outsider strength promotes parliament, in compliance with the conventional logic. If elite credibility is satisfied but ruler willingness fails just barely, then a small increase in ψ would engender a parliamentary equilibrium. However, by introducing the elite's demand for parliament into our analysis, we show that strong-enough war threats in conjunction with landed elites produces strong (i.e., funded) but not limited states.

3.4 EXIT AS OUTSIDE OPTION: MERCHANT ELITES

Merchant elites, whose wealth is more liquid than that of landed elites, have a different outside option. Unlike in the previous case, exercising the exit option protects elite wealth against successful invasion, as exiting takes their wealth outside the territory that is under threat.¹⁴ The cost of exiting

¹⁴In practice, exit by a merchant elite may change the value of invading the territory, which in turn may alter an outsider's incentives to invade. We do not model this possibility here, leaving it

is that a merchant elite leaves behind a fraction $1 - \sigma$ of its initial wealth:

$$\mathbb{E}[U_E(\text{outside option})] = \sigma \cdot (1 - \theta_R).$$

Crucially, a merchant elite's outside option does not depend on the outsider's expected strength, ψ , unlike for a landed elite.

For a merchant elite, the question of willingness—whether it is better to fund a constrained ruler than to exit—is no longer trivial. When the external threat is weak, the logic is the same as for a landed elite: successful resistance is nearly assured, and the elite would rather consume the public good than its own, smaller initial endowment, so delegation is sufficient to make funding preferable. However, this logic breaks down as the outsider grows stronger. Facing a strong threat, the elite would rather exit and consume σ of its initial endowment, given the high likelihood of consuming nothing (even with public good provision) if it funds. Consequently, a merchant elite is willing to fund the ruler if and only if the outsider is weak enough, as illustrated in [Figure 7](#).

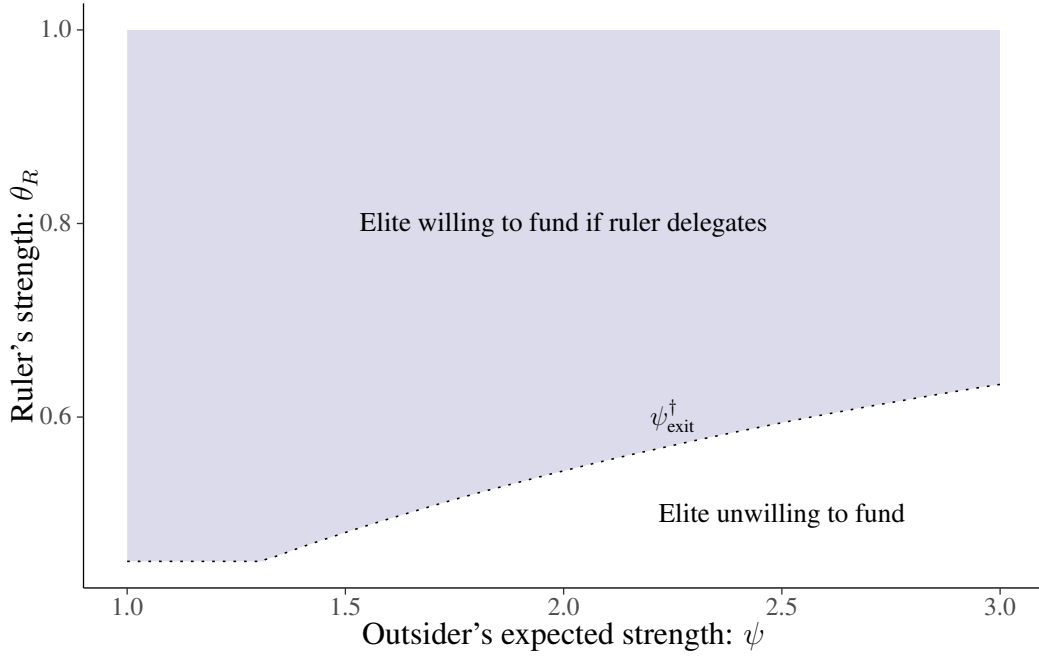
Lemma 3. *If E 's outside option is to exit, then the elite willingness constraint holds if and only if $\psi \leq \psi_{exit}^\dagger$, where $\psi_{exit}^\dagger > 0$.*

Mobile wealth also changes the nature of the elite credibility constraint, which holds when the elite would rather exercise its outside option than fund an unconstrained ruler. For a merchant elite, the outside option, $\sigma \cdot (1 - \theta_R)$, is independent of the external threat's strength. Meanwhile, the war threat has countervailing effects on the expected payoff from funding the ruler: as the threat grows, the ruler becomes more likely to provide public goods, but the invasion becomes more likely to succeed. The public goods effect dominates when the outsider is weak, while the security effect dominates when the outsider is strong, making the value of funding an unconstrained ruler \cap -shaped as a function of ψ .¹⁵ Consequently, a merchant elite can credibly threaten to withhold funds

as a consideration for future work with a strategic outside actor.

¹⁵See Appendix [Figure B.1](#).

Figure 7: Willingness constraint for a merchant elite

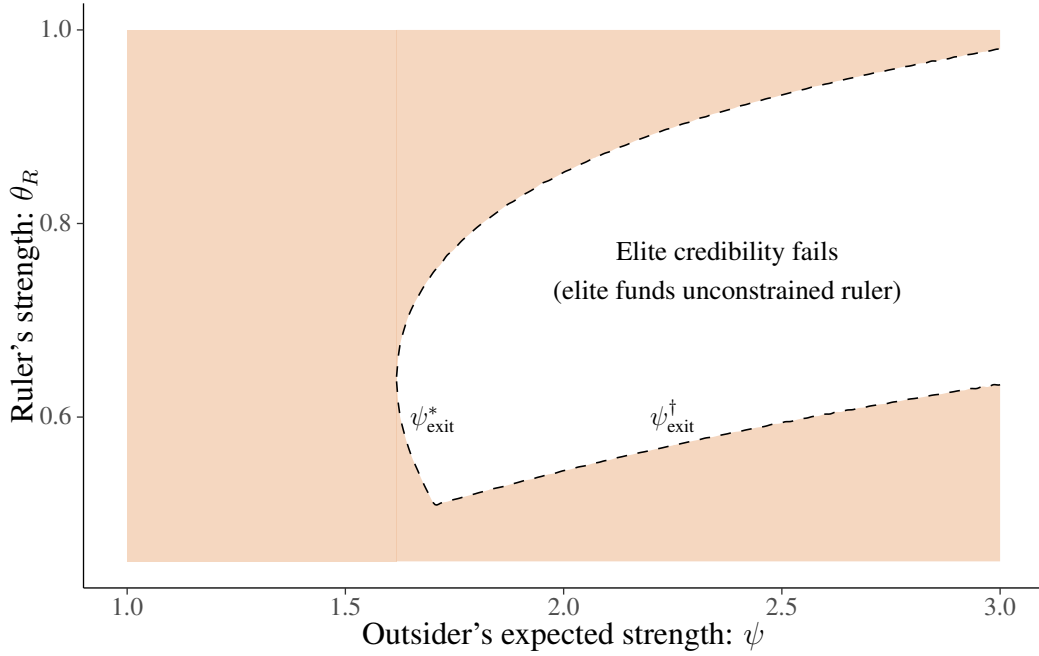


if the outsider is very weak or very strong. If the losses from exiting are low enough, then they might have a credible threat in between these extremes as well. [Figure 8](#) illustrates the credibility constraint for a merchant elite.

Lemma 4. *Assume E 's outside option is to exit. If $\sigma \geq \sigma^* \equiv (\bar{p}_H(\hat{\theta}_X + \epsilon) \cdot \alpha)/(1 - \theta_R)$, then the elite credibility constraint holds for all ψ . Otherwise, if $\sigma < \sigma^*$, then the elite credibility constraint holds if and only if $\psi \notin (\psi_{exit}^*, \psi_{exit}^\dagger)$, where $\hat{\theta}_X - \epsilon < \psi_{exit}^* < \hat{\theta}_X + \epsilon < \psi_{exit}^\dagger$.*

This result contrasts with the landed elite case, where a stronger war threat always pushes elite credibility toward failing. In that case, we saw two mechanisms responsible for the negative relationship between ψ and elite credibility. One of these, the elite's demand for security, works the opposite way for a merchant elite. Holding fixed the likelihood of public good provision, a stronger war threat now makes the outside option relatively *more attractive*, as the consumption loss from exiting is independent of the outsider's strength. However, the other mechanism, the probability of public good provision, works the same here—a stronger war threat increases the value of funding

Figure 8: Credibility constraint for a merchant elite



an unconstrained ruler by decreasing the chance of expropriation. These countervailing effects produce the gap observed in Figure 8, with the elite's demand for security becoming dominant as ψ grows large.

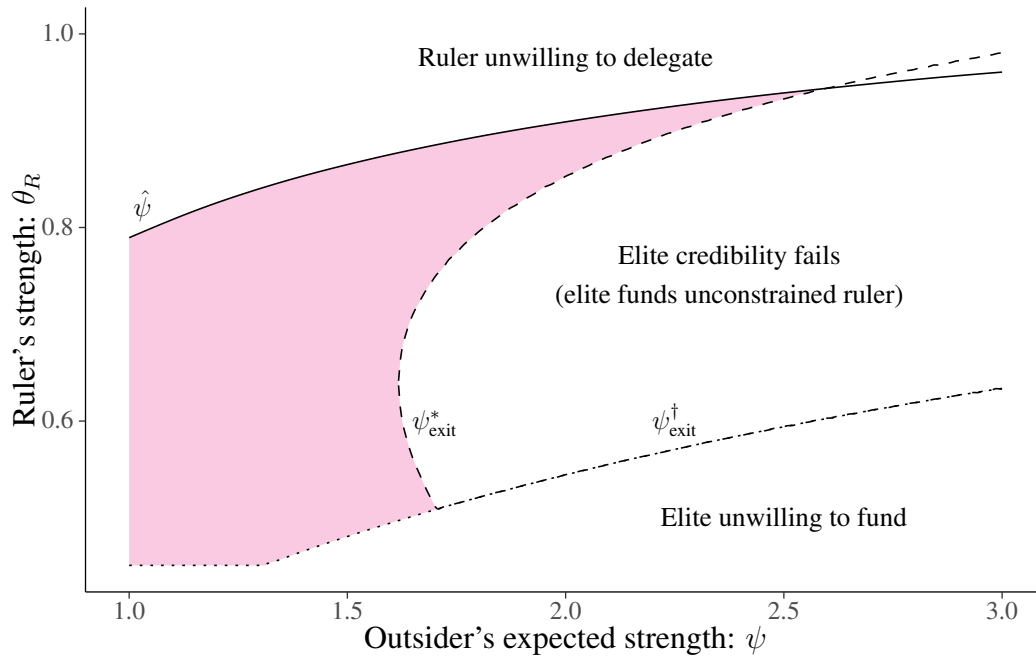
Combining the elite's constraints with the ruler's willingness constraint shows, once again, that a parliamentary equilibrium depends on the outsider being neither too weak nor too strong.

Proposition 4 (Parliamentary equilibrium with a merchant elite). *If E 's outside option is to exit, then there is a parliamentary equilibrium if and only if $\underline{\psi} \leq \psi \leq \bar{\psi}$, where*

$$\underline{\psi} = \begin{cases} 0 & \theta_R \leq \alpha, \\ \hat{\psi} & \theta_R > \alpha, \end{cases} \quad \bar{\psi} = \begin{cases} \psi_{exit}^* & \sigma < \sigma^*, \\ \psi_{exit}^\dagger & \sigma \geq \sigma^*. \end{cases}$$

Modeling an exit option produces a distinct mechanism that causes the conventional logic of cooperative statebuilding to fail. A strong external threat may induce an elite with mobile wealth to exit, as even the promise of public goods and the attendant security benefit is insufficiently attractive.

Figure 9: Parliamentary equilibrium with a merchant elite



Hence a parliamentary equilibrium might break down because the elite is unwilling to supply funds even to a constrained ruler. This logic applies only to an elite with mobile wealth, who—unlike a landed elite—can break its dependence on the ruler for security by exiting. Our result does not completely undermine the conventional logic: if the ruler prefers consuming her endowment over the public good, then marginal increases in outsider strength can induce parliament. However, by introducing the elite’s demand for parliament into our analysis, we show that strong-enough war threats in conjunction with merchant elites produce weak, unfunded states.

4 EXTENSIONS

4.1 OFFENSIVE WARS

Our baseline model makes the simplifying assumption that the actors suffer equally from losing a war (unless the elite exits). Thus, as also indicated by the nomenclature “invader,” we conceive of the war as defensive in its aims. By contrast, rulers and elites often value war outcomes differently

if the war is offensive (Levi 1988; Kiser and Linton 2002; Cox, Dincecco and Onorato 2020). This is in part because offensive wars entail a moral hazard problem. Elites usually fund the bulk of the costs regardless, but the ruler reaps most spoils of winning (Rosenthal 1998).

We extend the baseline model with additional parameters to account for a continuum of war aims ranging from “purely defensive” (recovering the baseline model) and “purely offensive.”¹⁶ We assume the elite’s outside option is to refuse, as this is when the nature of the war makes the most difference for elite incentives. The extension consists of three changes. First, the ruler and elite each retain some domestic consumption even if they lose the international war. This reflects that if the stakes of conflict are partially or even primarily abroad, then only a fraction of domestic wealth is at risk. Second, winning the war yields spoils that are expropriated from the outsider. Finally, the ruler keeps all international spoils if she wins the conflict unassisted, but must share some with the elite if she received funds and provided public goods.

The main finding is that the elite’s bargaining power is stronger the more offensively oriented is the external conflict. Refusing is more attractive when the war is more offensive because less of the elite’s wealth is at stake in the conflict. This reduces the elite’s dependence on the ruler for security. Offensive wars also affect the ruler’s incentives and decisions. If the ruler faces a very strong outsider, she is unlikely to win the external conflict either way, and would strictly prefer consuming all domestic wealth over consuming the public good. The ruler is therefore certain to expropriate if the conflict is purely offensive and the outsider is quite strong. With an offensive war and a strong opponent, the elite’s bargaining power is at its highest; its threat to withhold funding if the ruler does not delegate is certain to be credible. This is in stark contrast with the purely defensive case analyzed in the baseline model, in which outsider strength undercut the elite’s credibility rather than bolstering it.

¹⁶Details are in Appendix B.10.

4.2 WAR AND COERCIVE STATEBUILDING

To isolate *cooperative* incentives for elite funding and parliamentary delegation, we do not include in the baseline model a strategic choice for the ruler to coerce the elite. In essence, this creates a “hard case” for showing that war threats do not necessarily promote parliaments, given the more common contention in the literature that, by raising the stakes of the game, war can cause rulers to override their parliaments and coercively collect funds (e.g., Downing 1993). We consider an extension in which the ruler has a third option (besides delegating to parliament or not) to coerce the elites for funds.¹⁷ Incentives to use coercion indeed arise in the presence of a moderate invasion threat. However, these incentives are the decisive factor preventing delegation to parliament only in a narrow range of cases. When the invasion threat is strong, parliament is unsustainable even without coercion, as our core results establish.

4.3 PARLIAMENT WITHOUT FISCAL SUPREMACY

The most important service of parliaments in early modern Europe was to provide financial assistance to the crown (Finer 1997, 1026; Graves 2001, 192-5). However, parliaments ranged considerably across time and space in their functions and powers. Most could refuse to grant taxes for undesired policies, but especially early on, many imposed only limited constraints on the ruler (Myers 1975, 29-34; Finer 1997, 1036-9). Large kingdoms posed particular logistical difficulties for parliaments to hold rulers accountable (Stasavage 2011). We extend our baseline model to incorporate a fixed probability that a ruler who delegates will nonetheless be able to expropriate if funded; the baseline model is a special case in which this probability equals zero.¹⁸ The relationship between war and parliament is qualitatively similar, and there are two countervailing effects on a parliamentary equilibrium. As expected, this alteration hinders prospects for parliament by making the elite more skeptical of funding a ruler who has delegated (tighter elite willingness constraint). But the overall effect is ambiguous because greater leeway for the ruler increases her

¹⁷Details are in Appendix B.11.

¹⁸Details are in Appendix B.12.

willingness to submit to parliament in the first place.

5 APPLYING THE MODEL TO WESTERN EUROPE

The novel results from our model arise from evaluating how war threats affect elites' leverage to gain parliamentary concessions, which departs from the predominant focus of existing theories on the ruler's willingness to delegate. The following examples illustrate how divergent elite incentives help to explain variance in the historical development of Western European parliaments.

5.1 ELITE CREDIBILITY CONDITION

In our core model with defensive wars, a strong war threat undermines the credibility of a landed elite to refuse funding for a ruler not constrained by parliament, in part because the value of its refusal option plummets. However, as we show in an extension, the elite credibility constraint is more likely to bind if the war aims are offensive rather than defensive because a lost war is less costly for the elite. Here we compare early parliamentary development in England with both France and Spain. As an island nation, England faced a low threat of defensive wars, and instead its wars were offensively oriented. By contrast, invasion threats and actual occupation occurred periodically in France and Spain.¹⁹ Appendix A.3 provides another example from colonial Jamaica.

Many scholars attribute England's stronger constitutional development relative to continental states on its insular island location, which enabled it to avoid the defensive land wars prevalent in Europe. English nobles consistently resisted royal requests for war funds on the grounds that they did not want to finance foreign wars. Henry III faced resistance from nobles who had "[no] interest in the

¹⁹In the extension, we also show that strong war threats are less likely to promote public good provision by an unconstrained ruler if the aims are offensive. As an example of the moral hazard problem of offensive warfare, Charles II used funds granted by Parliament to ally with the Dutch to instead fight them. This led Parliament in 1674 to cut off funding for the war (Hoffman and Norberg 1994, 74).

southern lands of the old Angevin Empire . . . Henry might try to persuade the magnates that his rights on the Continent were their concern, as he did in the parliament of July 1248, but the point was not taken” (Maddicott 2010, 171-2). In 1525, Henry VIII sought to regain the French Crown or, at least, recover provinces that England had previously lost to France, but faced intense elite opposition (Graves 2001, 80). Tudor monarchs throughout the sixteenth century faced particular resistance given their demands to collect taxes in coin. “Short of an actual invasion of the realm by a foreign power, many MPs undoubtedly thought that no crisis could be severe enough to warrant . . . draining away more of their fiscal resources and coin than they could afford” (Hoffman and Norberg 1994, 51). Instead, England “counted on the protection of the seas to keep it from invasion” (52). Charles I faced similar resistance to fighting continental wars. “On five occasions—in 1625 (twice), 1626, 1628 and 1629—Charles called Parliaments to fund his wars, but only twice did he obtain subsidies. Unlike the Dutch, the English were not fighting for independence and so there was less enthusiasm for war, especially for the French war which seemed to have little to do with the national interest” (Graves 2001, 124).

By contrast, France lacked this natural geographic protection. The French king’s ability to levy taxes during the Hundred Years’ War with England (1337–1453) exemplifies an invasion undercutting the elite credibility constraint. The French Estates-General convened periodically during the war, but it was quite weak even compared to the contemporaneous English Parliament. Thus, although a national body existed, we consider this a case (using terminology from the model) of not *delegating* any authority to parliament. Nevertheless, in the 1430s, the Estates General granted extensive taxation prerogatives to King Charles VII in the form of the *taille*. Why would elites that lacked any real ability to check the king—who himself lacked strong means to coerce elites—grant such broad privileges? Hopcroft’s (1999, 76) explanation matches closely with our proposed mechanism: “The initial breakdown of resistance to direct taxation in France may be partly accounted for by the fact that at the time France had experienced many long years of war on its territory. People were prepared to make great sacrifices to stop the warfare on their lands.” The regional distribution of anti-tax revolts provides corroborating evidence. In the south of France, where there

was no military threat, the state faced considerable resistance to tax collection. By contrast, in the occupied north, there was comparatively little resistance (Hopcroft 1999, 82).

In Spain, defensive warfare *reversed* earlier parliamentary gains. The Castilian Cortes entered the seventeenth century in a relatively strong position such that we can think of the Spanish Crown as having delegated to parliament.²⁰ Spain accumulated considerable debt following the failed Armada against England in 1588 and turned to the Castilian Cortes to impose a new direct tax, the *millones*. The Cortes acquiesced, but in return for concessions that placed the relationship between Crown and Cortes onto a “formally contractual basis” by “specifying the purposes to which the new money was to be applied and in making the grant conditional on the the promulgation of a large number of general measures deemed to be for the common good of the kingdom” (Hoffman and Norberg 1994, 186-7). However, the Thirty Years’ War reversed earlier progress as Philip IV gained tax concessions without bargaining with parliament. “[T]he fact that from the mid 1630s the war was being fought on Spanish soil was also a crucial factor in determining the climate in which the king’s demands were received . . . Spain itself was under threat and the integrity of the Monarchy in jeopardy. There could be no question that the demands were just and that to accede to them was a necessity of survival as well as conscience” (197).²¹ The last meeting of the Cortes under the Habsburgs occurred in the 1660s.

²⁰This characterization reflects a relatively recent change in the historiography of the topic (Hoffman and Norberg 1994, 181-2; Graves 2001, 90).

²¹This contrasts with the Cortes’ earlier opposition to funding what was essentially an offensive war to prevent Dutch independence from the Habsburg empire. “The Cortes of Castile, appalled at the high cost of seeking the salvation of the Dutch, petitioned Philip [II] in 1593 to abandon the crusade and to leave the matter more economically and more efficiently to God. As for the heretics, ‘if they want to be damned, let them be’” (Maland 2015, 6).

5.2 ELITE WILLINGNESS CONDITION

We also show how strong war threats undermine the willingness of a merchant elite to fund the government, leading it to exit instead—even if parliamentary constraints are present. We consider two ways to operationalize the exit constraint: physical migration and mobile assets. In cases of moderate threat environments, elites’ leverage from the exit option should promote parliamentary development (medieval Spain, English North America), whereas stronger external threats will induce exit and state fragmentation (Hanseatic League; Appendix A.4 discusses precolonial Africa).

An elite threat to physically migrate is typically effective when the land-to-labor ratio is high. For example, Spain was a frontier society in the Middle Ages, which contributed to early parliamentary gains. As Visigothic peoples defeated Muslim polities on the Iberian peninsula, “[a] new population had to be attracted by allowing them personal liberty and allocating lands to them on favorable terms, and charters of privileges and self-government (*fueros*) had to be granted to the new towns” (Hoffman and Norberg 1994, 142). Consequently, the first European *parliamentary* meeting (as opposed to earlier proto-parliaments or king’s councils that were not regular bodies and lacked representatives from towns) occurred in Leon (Spain) in 1188.

A similar dynamic explains the spread of representative institutions across English North American colonies in the seventeenth century. Following the Stuart Restoration, the typical mode of colonization was for Charles II to issue grants to individual proprietors. Given their inherent desire to concentrate control and maximize profits, this would seem to create less auspicious conditions for parliamentary development than, for example, earlier English charter settlements in Massachusetts. However, potential settlers had a viable exit option to either not move at all to the New World, or to move to a colony that granted political rights. Thus, proprietors faced strong incentives to allow assemblies. “Throughout the empire, propertied Englishmen cherished legislative control over taxation as their most fundamental liberty. The proprietors accepted assemblies as a means to attract or retain propertied colonists, who were essential to a colony’s economic development, which was

critical to the proprietors' revenues" (Taylor 2002, 246-7).

Bates and Lien's (1985) argument connecting war and parliament focuses on asset mobility. Two of the strongest parliaments in Western Europe throughout the early modern era were in England and the Netherlands. In both countries, long-distance trade was an important component of national wealth and government revenues. By the end of the seventeenth century, during which England's Glorious Revolution and subsequent parliamentary deepening occurred, merchants were influential elites in these countries due to their profits from Atlantic trade and slaving (Acemoglu, Johnson and Robinson 2005). Mobile capital enables merchants to hide or otherwise move their assets outside the reach of the state, creating leverage to demand parliamentary rights (see examples in Appendix A.2).

However, the negotiating leverage of mobile elites can also *undermine* state formation in high threat environments. In both medieval Spain and early English North American colonies, the exit option triggered parliament in *moderate* threat environments. Given the viable migration option, counterfactually, it seems likely that stronger external threats would have undermined state formation in these cases. In fact, an important reason that English colonies did not emerge south of Virginia until the mid-seventeenth century was that the threat of Spanish invasion waned over time. "Charles Town boldly defied Spanish claims to that coast, signifying England's new confidence in its emerging imperial power as Spain grew weaker. In 1607, the English had felt obliged to hide their Jamestown colony up a distant river, but in 1670 they defiantly planted Charles Town near the coast on the very margins of Florida" (Taylor 2002, 224).

The Hanseatic League in Europe provides a factual example of exit and state fragmentation in a high-threat environment. Here, rather than fund a territorial state governed by a German prince, merchants in numerous towns exited by forming a trading league. The fall of the Carolingian empire enabled many independent towns to emerge in central Europe beyond the reach of princely control (Stasavage 2011). Although there were clear benefits to coalescing into a broader political unit, joining a territorially defined state was not necessarily the best option even if granted charter

or parliamentary protection by a particular prince. Given the fragmented nature of the European state system in the late Middle Ages, “[t]owns that transacted business across these feudal units were faced with a variety of different legal codes, local tolls, differences in weights and measures, variation in coinage, and sometimes outright robbery, all to the detriment of the burghers’ business” (Spruyt 1996, 119). To counteract the problem of numerous points along a trading route where a rival state could expropriate or extort them (therefore posing a large external threat, from the perspective of merchants), cities could band together into leagues not controlled by nobles, which created a viable exit option. The Hanseatic League was the most prominent of the trading leagues. This organization, which was not itself a territorial state, provided a means for merchants to protect their trade wealth while exiting from oversight by feudal nobles (Spruyt 1996, 109-29).

6 CONCLUSION

This paper developed and analyzed a formal model to examine the strategic underpinnings of a conventional argument about cooperative statebuilding: war threats stimulated parliamentary development in Western Europe. We recover conditions under which this logic holds, but also highlight two new mechanisms that yield the opposite implication. Each arises from considering how the war threat affects an elite actor’s leverage to demand parliament. A strong threat makes incredible a landed elite’s refusal to provide funding without the ruler delegating to parliament. Low leverage to demand parliament creates a strong (i.e., funded) but unconstrained state. A strong war threat also makes a merchant elite unwilling to fund even a constrained government. Here, elites’ leverage is too high, which produces a weak (i.e., unfunded) state. Bringing these together, we formalize an important tension between the imperatives of cooperative statebuilding—in the presence of a strong outside threat, the state can be strong or it can be limited, but not both. This helps to account for patterns of parliamentary development in historical Europe.

There are numerous possible ways to extend the model to address related questions, such as making the international threat a strategic actor or, to further develop our extension with coercive statebuilding, modeling a standing army as a strategic actor to study the constraints created by the

threat of disloyalty. And although the question of how war threats affect executive constraints is particularly important for understanding European statebuilding, our formal logic is not restricted to this setting. Outsider threats undercutting elite credibility appears important for some twentieth century cases as well. For example, amid threat of Russian invasion, German Socialists supported the government's war efforts at the outset of World War I without concrete promises of democratic reforms. Amid the perceived threat of African majority rule, English descendants supported the Afrikaaner-led apartheid government despite the United Party controlling all important political positions. There are many other historical examples of the exit constraint undermining state formation as well, e.g., low population density precolonial Africa and mountainous areas in Southeast Asia (see also Appendix A.4). Future research could use and extend the current theoretical framework to understand commonalities and differences between these cases and the historical European statebuilding experience.

REFERENCES

- Abramson, Scott F and Carles Boix. 2019. "Endogenous Parliaments in Europe." *International Organization* 73(4):793–837.
- Acemoglu, Daron and James A. Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. Cambridge University Press.
- Acemoglu, Daron, Simon Johnson and James Robinson. 2005. "The Rise of Europe." *American Economic Review* 95(3):546–579.
- Ansell, Ben W. and David J. Samuels. 2014. *Inequality and Democratization*. Cambridge University Press.
- Bates, Robert H. and Da-Hsiang Donald Lien. 1985. "A Note on Taxation, Development, and Representative Government." *Politics & Society* 14(1):53–70.
- Besley, Timothy and Torsten Persson. 2011. *Pillars of Prosperity*. Princeton University Press.

- Blaydes, Lisa. 2017. "State Building in the Middle East." *Annual Review of Political Science* 20:487–504.
- Blaydes, Lisa and Christopher Paik. 2016. "The impact of Holy Land Crusades on state formation." *International Organization* 70(3):551–586.
- Boix, Carles. 2003. *Democracy and Redistribution*. Cambridge University Press.
- Boucoyannis, Deborah. 2015. "No Taxation of Elites, No Representation: State Capacity and the Origins of Representation." *Politics & Society* 43(3):303–332.
- Cirone, Alexandra. 2020. Historical Political Economy of Parliaments. In *Interdisciplinary Approaches to Legislatures*, ed. Oliver Rosenberg and Cyril Benoit. Edward Elgar Publishing.
- Cox, Gary W., Mark Dincecco and Massimiliano Gaetano Onorato. 2020. "War, Trade, and the Origins of Representative Governance." <https://umich.app.box.com/s/1sx74gv3ujxtx5qhbvzdrdgj9ahmvay2>.
- De Magalhaes, Leandro and Francesco Giovannoni. 2019. "War and the Rise of Parliaments." <https://ideas.repec.org/p/bri/uobdis/19-709.html>.
- Dincecco, Mark and Massimiliano Gaetano Onorato. 2018. *From Warfare to Wealth*. Cambridge University Press.
- Dower, Paul Castañeda, Evgeny Finkel, Scott Gehlbach and Steven Nafziger. 2018. "Collective Action and Representation in Autocracies: Evidence from Russia's Great Reforms." *American Political Science Review* 112(1):125–147.
- Downing, Brian. 1993. *The Military Revolution and Political Change*. Princeton University Press.
- Finer, Samuel Edward. 1997. *The History of Government, Volume II. The Intermediate Ages*. Oxford University Press.
- Gailmard, Sean. 2017. "Building a New Imperial State." *American Political Science Review* 111(4):668–685.

- Gennaioli, Nicola and Hans-Joachim Voth. 2015. "State Capacity and Military Conflict." *Review of Economic Studies* 82(4):1409–1448.
- Graves, Michael A.R. 2001. *The Parliaments of Early Modern Europe*. Longman.
- Hirschman, Albert O. 1970. *Exit, Voice, and Loyalty*. Harvard University Press.
- Hoffman, Philip T. 2015. *Why Did Europe Conquer the World?* Princeton University Press.
- Hoffman, Philip T. and Kathryn Norberg, eds. 1994. *Fiscal Crises, Liberty, and Representative Government 1450–1789*. Stanford University Press.
- Hopcroft, Rosemary L. 1999. "Maintaining the Balance of Power: Taxation and Democracy in England and France, 1340–1688." *Sociological Perspectives* 42(1):69–95.
- Johnson, Noel D and Mark Koyama. 2014. "Tax farming and the origins of state capacity in England and France." *Explorations in Economic History* 51:1–20.
- Kiser, Edgar and April Linton. 2002. "The Hinges of History: State-making and Revolt in Early Modern France." *American Sociological Review* 67(6):889–910.
- Krainin, Colin, Kristopher W. Ramsay and Bella Wang. 2018. "War with Sovereign Debt." <https://scholar.princeton.edu/sites/default/files/kramsay/files/financing-peace-5.3.pdf>.
- Levi, Margaret. 1988. *Of Rule and Revenue*. University of California Press.
- Maddicott, John Robert. 2010. *The Origins of the English Parliament, 924-1327*. Oxford University Press.
- Maland, David. 2015. *Europe at War, 1600-50*. Macmillan.
- McMahon, R. Blake and Branislav L. Slantchev. 2015. "The Guardianship Dilemma." *American Political Science Review* 109(2):297–313.
- Myers, A.R. 1975. *Parliaments and Estates in Europe to 1789*. Thames and Hudson.

- Paine, Jack. 2020. "The Dictator's Powersharing Dilemma: Countering Dual Outsider Threats." <http://nebula.wsimg.com/3257b2efa4b47869100642334e5a5df6?AccessKeyId=FD7670AEAE23BB8C3DAE&disposition=0&alloworigin=1>.
- Queralt, Didac. 2015. "From mercantilism to free trade." *Quarterly Journal of Political Science* 10(2):221–273.
- Queralt, Didac. 2019. "War, International Finance, and Fiscal Capacity in the Long Run." *International Organization* 73(4):713–753.
- Rosenthal, Jean-Laurent. 1998. The Political Economy of Absolutism Reconsidered. In *Analytic Narratives*, ed. Robert H. Bates, Avner Greif, Margaret Levi, Jean-Laurent Rosenthal and Barry Weingast. Princeton University Press pp. 64–108.
- Slantchev, Branislav L. 2012. "Borrowed power: Debt finance and the resort to arms." *American Political Science Review* 106(4):787–809.
- Spruyt, Hendrik. 1996. *The Sovereign State and its Competitors*. Princeton University Press.
- Stasavage, David. 2011. *States of Credit*. Princeton University Press.
- Stasavage, David. 2020. *The Decline and Rise of Democracy: A Global History from Antiquity to Today*. Princeton University Press.
- Taylor, Alan. 2002. *American Colonies: The Settling of North America*. Penguin.
- Ticchi, Davide and Andrea Vindigni. 2008. "War and Endogenous Democracy." https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1136202.
- Tilly, Charles. 1975. *The Formation of National States in Western Europe*. Princeton University Press.
- Van Zanden, Jan Luiten, Eltjo Buringh and Maarten Bosker. 2012. "The Rise and Decline of European Parliaments, 1188–1789." *The Economic History Review* 65(3):835–861.

Online Appendix for
“International Warfare, Cooperative
Statebuilding, and European Parliaments”

TABLE OF CONTENTS

A Supplementary Empirical Information . . .	1
A.1 Ruler's Endowment . . .	1
A.2 Exit Option . . .	1
A.3 Elite Credibility: Example from Jamaica . . .	2
A.4 Elite Willingness: Examples from Precolonial Africa . . .	2
B Supplementary Information for Formal Model . . .	3
B.1 Proof of Lemma 1 . . .	3
B.2 Proof of Proposition 1 . . .	4
B.3 Proof of Proposition 2 . . .	6
B.4 Proof of Lemma 2 . . .	6
B.5 Proof of Proposition 3 . . .	7
B.6 Proof of Lemma 3 . . .	8
B.7 Proof of Lemma 4 . . .	8
B.8 Proof of Proposition 4 . . .	9
B.9 Hybrid Outside Option . . .	9
B.10 Offensive Wars . . .	10
B.11 Coercive Statebuilding . . .	13
B.12 Parliament without Fiscal Supremacy . . .	14
B.13 Relaxing Boundary Conditions . . .	15
B.14 General Functional Forms . . .	17

A SUPPLEMENTARY EMPIRICAL INFORMATION

A.1 RULER'S ENDOWMENT

In the model, we denote the ruler's endowment as θ_R . This parameter reflects the degree of political centralization, which encompasses not only revenue sources directly controlled by the crown, but also "ordinary" sources of revenue that it could collect from society. In broad strokes, during the European medieval period, this factor helps to distinguish fragmented Western European from autocratic contemporaneous empires in China or the Middle East (Blaydes 2017; Stasavage 2020). In Mamluk-controlled Egypt, for example, a highly centralized and efficient slave army controlled the territory. Rulers offered land grants to pay senior officers, but "sultans strove mightily and successfully to prevent the *iqta* from becoming hereditary" (Finer 1997, 733). Elites not directly connected to the Crown possessed little wealth, which created minimal incentives to make concessions to elites. By contrast, throughout much of Europe, local elites consolidated hereditary control over land nominally owned by the Crown, and feudal knights controlled military power. This lowered the opportunity cost of delegating to parliament and providing public goods. Non-parliamentary revenues in Europe were piecemeal. They included Crown lands and spoils from occupation of foreign territories, such as Spanish control of American silver and Swedish spoils from conquests during the Thirty Years' War. "Ordinary" revenues consisted of various taxes that did not require parliamentary consent, such as custom taxes and various direct taxes (e.g., the Spanish *alcabala*, a sales tax; the French *taille*, a land tax); royal monopolies; and profits from the administration of justice. Rulers could sell off parts of the state through tax farming, selling offices, allowing cities to purchase charter rights, and selling immunities and pardons. Other acts were essentially confiscation: debasing the currency, English purveyance, and the French *chambre de justice*.

A.2 EXIT OPTION

In the model, we denote the value of the merchant elite's exit option as σ . Exiting can entail moving or hiding capital, or physically fleeing. Bates and Lien (1985) discuss how the mobility of capital affected the bargaining leverage of elites when negotiating taxation with kings in early modern Europe. Although trade taxes could be "highly lucrative," they exhibited the shortcoming that "they could be easily avoided" (55). Dincecco and Onorato (2018) discuss the option for non-landlords to flee the countryside for the city during war. Cities provided a safe harbor and were rarely sacked, because they were easier to defend and the gains from sacking cities were relatively low. Urban dwellers could move their wealth from centralized storage locations to private vaults run by goldsmiths in town, or could themselves move to new urban locations altogether and switch their allegiance to another polity. Mobile assets coupled with the small average size of European states in the early modern era made fleeing a viable possibility, as European sovereigns faced competition and did not want to lose taxable commerce to neighboring states (Cox, Dincecco and Onorato 2020, 5). Alternatively, merchants could exit by forming mutual-protection organizations beyond princely rule, such as trading leagues.

A.3 ELITE CREDIBILITY: EXAMPLE FROM JAMAICA

Moving beyond European countries proper, England's overseas colony of Jamaica provides an informative example for how defensive war threats can undermine parliament. Rather than highlighting the offensive/defensive distinction, the main threat perceived by elites was always defensive and grew in magnitude over time, eventually causing a parliamentary reversal. England conquered Jamaica in the 1650s, and by 1660 its population was predominantly English (E). The white settlers refused to consent to taxation without representation, and the Crown (R) acquiesced to colonists' representation in the local Jamaican Assembly. Soon after, Jamaica became a major sugar producer, which it achieved in part through large-scale enslaved African labor (X). Over time, white elites came to perceive this as a grave "outsider" threat despite its domestic nature. Thus, ψ was low in the 1660s when the Jamaican parliament emerged, and grew over time. Contrary to the conventional cooperative logic, the stronger threat eventually caused white settlers to voluntarily *disband* their legislature. This is instead consistent with our mechanism for when the elite credibility threat fails. The triggering event was a small rebellion at Morant Bay in 1865 led by freedmen, which whites brutally suppressed. There is considerable evidence that they feared another rebellion in the future. Emblematic of the elites' views, in the vote to disband parliament and become a directly ruled British Crown Colony, Jamaica's governor "declared that only a strong-minded government could preserve the island from further violence" (Green 1976, 395).

A.4 ELITE WILLINGNESS: EXAMPLES FROM PRECOLONIAL AFRICA

Beyond the example of the Hanseatic League discussed in the text, precolonial Africa provides even more extreme examples of exit and state dissolution in high-threat environments. Kopytoff (1987) characterizes Africa as a "frontier continent" because of low population density and the tendency for segmentary groups to split and migrate to new territories. "The combination of large amounts of open land and rain-fed agriculture meant that, in precolonial Africa, control of territory was often not contested because it was easier to escape from rulers than to fight them ... They could move and farm on other pieces of land relatively easily because it was not necessary to sink significant investments into the land" (Herbst 2000, 39). In these conditions, large external invasion threats usually led to migration and state-breakup rather than anything resembling the conventional logic connecting wars and parliaments. For example, consider Ballard's (1965, 233-4) description of the region that later became French Equatorial Africa:

"In the forests of Gabon and Middle Congo and the savannas of Oubangui-Chari and southern Chad, were small tribal groups whose traditional social organization had in many cases been upset by migrations and invasions coincident with the spread of the coastal slave trade and Muslim slave-raiding in the north."

In this case, Muslim slave raiders are X , leaders of the small tribal groups are R , and those migrating are E . Of course, the lack of a viable exit option would lead to worse outcomes for those targeted in slave raids, but the ability to flee the external threat rather than having to band together against it undermined state formation. This provides an unconventional perspective from which to assess the role of asset mobility and exit in successful cases of European parliamentary development such as England and the Netherlands. Although their parameters may have laid within the intermediate region, an even stronger exit option could have undermined state development and

parliament.

These conditions are not unique to Africa. Scott (2010, 22-6) provides numerous historical examples of peoples that routinely fled in response to encroaching states: those in the Zomia region of Southeast Asia (the focus of his book), as well as peoples at the frontier of the Chinese state; natives in response to Spanish colonialism in the New World and the Philippines; Cossacks in Russia; and settlements of escaped slaves in Jamaica, Suriname, and Brazil.

ADDITIONAL REFERENCES

Ballard, John A. 1965. "Four Equatorial States." In *National Unity and Regionalism in Eight African States*, Ed. Gwendolen Carter. Cornell University Press, pp. 231-336.

Green, William A. 1976. *British Slave Emancipation: The Sugar Colonies and the Great Experiment, 1830-1865*. Oxford University Press.

Herbst, Jeffrey. 2000. *States and Power in Africa*. Princeton University Press.

Kopytoff, Igor. 1987. *The African Frontier: The Reproduction of Traditional African Societies*. Indiana University Press.

Scott, James C. 2010. *The Art of Not Being Governed: An Anarchist History of Upland Southeast Asia*. Yale University Press.

B SUPPLEMENTARY INFORMATION FOR FORMAL MODEL

B.1 PROOF OF LEMMA 1

We begin with a useful fact about our contest success function, proving the property illustrated in [Figure 1](#).

Lemma B.1. p_H/p_L is strictly increasing in θ_X .

Proof. We have

$$\begin{aligned}
\frac{\partial}{\partial \theta_X} \left[\frac{p_H}{p_L} \right] &= \frac{1}{p_L} \cdot \frac{\partial p_H}{\partial \theta_X} - \frac{p_H}{p_L^2} \cdot \frac{\partial p_L}{\partial \theta_X} \\
&= \frac{1}{p_L} \left[-\frac{\theta_F}{(\theta_F + \theta_X)^2} + \frac{p_H}{p_L} \cdot \frac{\theta_R}{(\theta_R + \theta_X)^2} \right] \\
&= \frac{1}{p_L} \left[\frac{p_H}{p_L} \cdot \frac{p_L^2}{\theta_R} - \frac{p_H^2}{\theta_F} \right] \\
&= \frac{p_H}{p_L} \left[\frac{p_L}{\theta_R} - \frac{p_H}{\theta_F} \right] \\
&= \frac{p_H}{p_L} \left[\frac{1}{\theta_R + \theta_X} - \frac{1}{\theta_F + \theta_X} \right] \\
&> 0,
\end{aligned}$$

as claimed. □

This result drives the proof of the lemma.

Lemma 1 (Invasion threats substitute for parliamentary constraints). *Assume that R does not delegate to parliament and that E funds the government. It is a best response for R to provide public goods if and only if $\theta_X \geq \hat{\theta}_X$, where $0 < \hat{\theta}_X < \infty$.*

Proof. Because $p_H(0) = p_L(0) = 1$ and $\alpha < 1$, Equation 4 cannot hold at $\theta_X = 0$. At the other extreme, we have

$$\lim_{\theta_X \rightarrow +\infty} \frac{p_H(\theta_X)}{p_L(\theta_X)} = \lim_{\theta_X \rightarrow +\infty} \left(\frac{\theta_F}{\theta_F + \theta_X} \right) \left(\frac{\theta_R + \theta_X}{\theta_R} \right) = \frac{\theta_F}{\theta_R}.$$

Our assumption that $\theta_R < \alpha\theta_F$ thus implies that Equation 4 holds for sufficiently large ψ . The existence of the cutpoint $\hat{\theta}_X \in (0, \infty)$ then follows from the fact that p_H/p_L is continuous and strictly increasing. □

B.2 PROOF OF PROPOSITION 1

We first prove that the important monotonicity of p_H/p_L (see Lemma B.1) carries over to the ratio of their expectations. Treating ϵ as fixed, let $F(\cdot; \psi)$ and $f(\cdot; \psi)$ denote the CDF and PDF, respectively, of the uniform distribution over $[\psi - \epsilon, \psi + \epsilon]$.

Lemma B.2. \bar{p}_H/\bar{p}_L is strictly increasing in ψ .

Proof. Observe that

$$\frac{\bar{p}_H(\psi)}{\bar{p}_L(\psi)} = \frac{\int_0^\infty p_H(\theta_X) f(\theta_X; \psi) d\theta_X}{\int_0^\infty p_L(\theta_X) f(\theta_X; \psi) d\theta_X}.$$

Because p_H/p_L is strictly increasing in θ_X (per [Lemma B.1](#)) and f satisfies the MLRP in ψ , this ratio of integrals is strictly increasing in ψ (Wijsman 1985). \square

We can also show that the limit of \bar{p}_H/\bar{p}_L as the outsider grows arbitrarily strong in expectation is the same as that of p_H/p_L as the outsider's realized strength increases without bound.

Lemma B.3.

$$\lim_{\psi \rightarrow +\infty} \frac{\bar{p}_H(\psi)}{\bar{p}_L(\psi)} = \frac{\theta_F}{\theta_R}.$$

Proof. First observe that

$$\begin{aligned} \bar{p}_H(\psi) &= \int_0^\infty p_H(\theta_X) f(\theta_X; \psi) d\theta_X \\ &= \frac{\theta_F}{2\epsilon} \int_{\psi-\epsilon}^{\psi+\epsilon} \frac{1}{\theta_F + \theta_X} d\theta_X \\ &= \frac{\theta_F}{2\epsilon} \log \left(\frac{\theta_F + \psi + \epsilon}{\theta_F + \psi - \epsilon} \right), \end{aligned}$$

and, following an analogous line of logic,

$$\bar{p}_L(\psi) = \frac{\theta_R}{2\epsilon} \log \left(\frac{\theta_R + \psi + \epsilon}{\theta_R + \psi - \epsilon} \right).$$

Therefore, via repeated application of L'Hôpital's rule,

$$\begin{aligned} \lim_{\psi \rightarrow +\infty} \frac{\bar{p}_H(\psi)}{\bar{p}_L(\psi)} &= \frac{\theta_F}{\theta_R} \lim_{\psi \rightarrow +\infty} \frac{\log \left(\frac{\theta_F + \psi + \epsilon}{\theta_F + \psi - \epsilon} \right)}{\log \left(\frac{\theta_R + \psi + \epsilon}{\theta_R + \psi - \epsilon} \right)} \\ &= \frac{\theta_F}{\theta_R} \lim_{\psi \rightarrow +\infty} \frac{(\theta_R + \psi)^2 - \epsilon^2}{(\theta_F + \psi)^2 - \epsilon^2} \\ &= \frac{\theta_F}{\theta_R} \lim_{\psi \rightarrow +\infty} \frac{\theta_R + \psi}{\theta_F + \psi} \\ &= \frac{\theta_F}{\theta_R}. \end{aligned} \quad \square$$

This allows us to prove the proposition.

Proposition 1 (Ruler's choice to delegate). *In equilibrium:*

- (a) *R will not delegate to parliament if doing so is unnecessary to generate funding (elite credibility fails).*
- (b) *R will not delegate to parliament if doing so is insufficient to generate funding (elite willingness fails).*

(c) R may delegate to parliament if doing so is necessary and sufficient to generate funding. In this case:

- If $\theta_R \leq \alpha$, then R is willing to delegate to parliament regardless of ψ .
- If $\theta_R > \alpha$, then R is willing to delegate to parliament if and only if $\psi \geq \hat{\psi}$, where $0 < \hat{\psi} < \infty$.

Proof. To prove part (a), observe that by [Lemma 1](#) we have $p_L(\theta_X) > p_H(\theta_X) \cdot \alpha$ for all $\theta_X \in [0, \hat{\theta}_X)$. Therefore,

$$\begin{aligned} \mathbb{E}[U_R(R \text{ doesn't delegate, } E \text{ funds})] &= \int_0^\infty \max\{p_L(\theta_X), p_H(\theta_X) \cdot \alpha\} dF(\theta_X; \psi) \\ &\geq \int_0^\infty p_H(\theta_X) \cdot \alpha dF(\theta_X; \psi) \\ &= E[U_R(R \text{ delegates, } E \text{ funds})]. \end{aligned}$$

In case the above holds with equality (i.e., if $\hat{\theta}_X \notin (\psi - \epsilon, \psi + \epsilon)$), the argument follows by the lexical preference ordering assumed in [footnote 13](#).

To prove part (b), observe that R 's expected utility from not being funded does not depend on whether R delegates to parliament. From there the argument follows by the lexical preference ordering assumed in [footnote 13](#).

To prove part (c), first observe that the condition to prefer constrained funds over no funds is

$$\frac{\bar{p}_H(\psi)}{\bar{p}_L(\psi)} \geq \frac{\theta_R}{\alpha}. \quad (\text{B.1})$$

The LHS of this expression is strictly increasing in ψ , per [Lemma B.2](#). Our assumption that $\theta_R < \alpha\theta_F$ guarantees that the condition holds for large enough ψ , per [Lemma B.3](#). Because $\bar{p}_H \geq \bar{p}_L$ with equality at 0, the condition holds for all ψ if and only if $\theta_R \leq \alpha$. \square

B.3 PROOF OF PROPOSITION 2

Proposition 2 (Tension between elite willingness and credibility). *If $\psi \geq \hat{\theta}_X + \epsilon$ and the elite willingness constraint (5) holds strictly, then the elite credibility constraint (6) fails.*

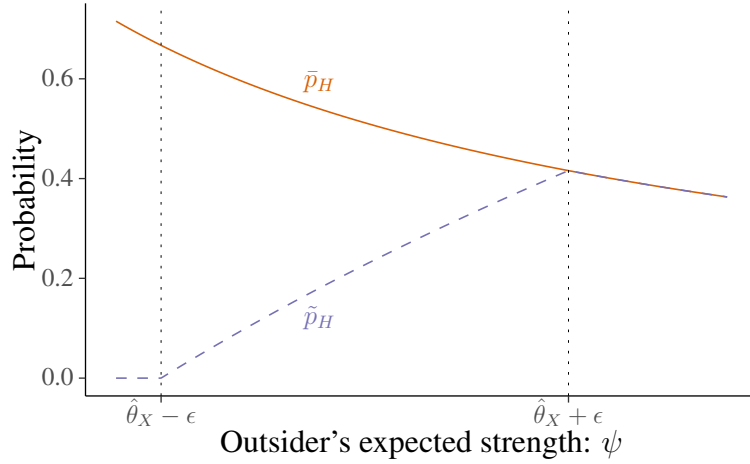
Proof. For $\psi \geq \hat{\theta}_X + \epsilon$, we have $\tilde{p}_H(\psi) = \bar{p}_H(\psi)$ per [Equation B.3](#). It is then immediate that [Equation 6](#) fails if [Equation 5](#) holds strictly. \square

B.4 PROOF OF LEMMA 2

Define $\tilde{p}_H(\psi)$ as the expected probability of success against the outsider in case R is funded without having delegated to parliament. Specifically, let

$$\tilde{p}_H(\psi) = \int_{\hat{\theta}_X}^\infty p_H(\theta_X) dF(\theta_X; \psi), \quad (\text{B.2})$$

Figure B.1: Probability of public good provision and successful resistance



Note: $\theta_R = 0.85$. Other parameters same as [Figure 3](#).

where $\hat{\theta}_X$ is defined as in [Lemma 1](#). Under our assumption that $\theta_X \sim U[\psi - \epsilon, \psi + \epsilon]$, we have

$$\tilde{p}_H(\psi) = \begin{cases} 0 & \psi \leq \hat{\theta}_X - \epsilon, \\ \int_{\hat{\theta}_X}^{\psi + \epsilon} \frac{p_H(\theta_X)}{2\epsilon} d\theta_X & \hat{\theta}_X - \epsilon < \psi < \hat{\theta}_X + \epsilon, \\ \bar{p}_H(\psi) & \psi \geq \hat{\theta}_X + \epsilon. \end{cases} \quad (\text{B.3})$$

Notice that \tilde{p}_H is strictly increasing on $(\hat{\theta}_X - \epsilon, \hat{\theta}_X + \epsilon)$ and strictly decreasing on $(\hat{\theta}_X + \epsilon, \infty)$, as illustrated in [Figure B.1](#).

Lemma 2. *If E 's outside option is to refuse, the elite willingness constraint always holds, while the elite credibility constraint holds if and only if $\psi \leq \psi_{\text{refuse}}^*$, where $\hat{\theta}_X - \epsilon < \psi_{\text{refuse}}^* < \hat{\theta}_X + \epsilon$.*

Proof. The elite willingness constraint in this case is equivalent to

$$\bar{p}_H(\psi) \cdot \alpha \geq \bar{p}_L(\psi) \cdot (1 - \theta_R), \quad (\text{B.4})$$

which always holds as $\bar{p}_H \geq \bar{p}_L$ and $\alpha > 1 - \theta_R$.

The elite credibility constraint in this case is equivalent to

$$\bar{p}_L(\psi) \cdot (1 - \theta_R) \geq \tilde{p}_H(\psi) \cdot \alpha. \quad (\text{B.5})$$

It is evident from [Equation B.3](#) that this holds if $\psi \leq \hat{\theta}_X - \epsilon$, as then $\tilde{p}_H(\psi) = 0$. For all $\psi \geq \hat{\theta}_X + \epsilon$, elite credibility is equivalent to $\bar{p}_L(\psi) \cdot (1 - \theta_R) \geq \bar{p}_H(\psi) \cdot \alpha$, which cannot hold as $0 < \bar{p}_L \leq \bar{p}_H$ and $1 - \theta_R < \alpha$. From there, the existence of the cutpoint ψ_{refuse}^* follows from the fact that \tilde{p}_H is continuous and is strictly increasing on $(\hat{\theta}_X - \epsilon, \hat{\theta}_X + \epsilon)$. \square

B.5 PROOF OF PROPOSITION 3

Proposition 3 (Parliamentary equilibrium with a landed elite). *Assume E 's outside option is to refuse. If $\theta_R \leq \alpha$, there is a parliamentary equilibrium if and only if $\psi \leq \psi_{\text{refuse}}^*$. Otherwise, if $\theta_R > \alpha$, a parliamentary equilibrium exists if and only if $\hat{\psi} \leq \psi \leq \psi_{\text{refuse}}^*$.*

Proof. Immediate from [Proposition 1](#) and [Lemma 2](#). □

B.6 PROOF OF LEMMA 3

We first provide an implicit definition of the cutpoint $\psi_{\text{exit}}^\dagger$. This will prove useful in showing that the elite credibility constraint is defined in terms of the same point.

Lemma B.4. *There exists a unique $\psi_{\text{exit}}^\dagger > 0$ such that*

$$\sigma \cdot (1 - \theta_R) = \bar{p}_H(\psi_{\text{exit}}^\dagger) \cdot \alpha. \quad (\text{B.6})$$

Proof. \bar{p}_H is continuous and strictly decreasing with $\lim_{\psi \rightarrow \infty} \bar{p}_H(\psi) = 0$. Because $\alpha > 1 - \theta_R$ and $\sigma < 1$, we have $\sigma \cdot (1 - \theta_R) < \bar{p}_H(0) \cdot \alpha = \alpha$. The claim then follows from the intermediate value theorem. □

This allows us to prove the lemma in the text.

Lemma 3. *If E 's outside option is to exit, then the elite willingness constraint holds if and only if $\psi \leq \psi_{\text{exit}}^\dagger$, where $\psi_{\text{exit}}^\dagger > 0$.*

Proof. The elite willingness constraint in this case is equivalent to

$$\bar{p}_H(\psi) \cdot \alpha \geq \sigma \cdot (1 - \theta_R).$$

As \bar{p}_H is strictly decreasing, it is obvious that this condition holds if and only if $\psi \leq \psi_{\text{exit}}^\dagger$ as defined in [Lemma B.4](#). □

B.7 PROOF OF LEMMA 4

Lemma 4. *Assume E 's outside option is to exit. If $\sigma \geq \sigma^* \equiv (\bar{p}_H(\hat{\theta}_X + \epsilon) \cdot \alpha) / (1 - \theta_R)$, then the elite credibility constraint holds for all ψ . Otherwise, if $\sigma < \sigma^*$, then the elite credibility constraint holds if and only if $\psi \notin (\psi_{\text{exit}}^*, \psi_{\text{exit}}^\dagger)$, where $\hat{\theta}_X - \epsilon < \psi_{\text{exit}}^* < \hat{\theta}_X + \epsilon < \psi_{\text{exit}}^\dagger$.*

Proof. In this case, the elite credibility constraint is equivalent to

$$\sigma \cdot (1 - \theta_R) \geq \tilde{p}_H(\psi) \cdot \alpha. \quad (\text{B.7})$$

The LHS of this condition is constant in ψ . Per [Equation B.3](#), the RHS is constant in ψ on $(0, \hat{\theta}_X - \epsilon)$, strictly increasing on $(\hat{\theta}_X - \epsilon, \hat{\theta}_X + \epsilon)$, and strictly decreasing thereafter. It is immediate that the RHS is maximized at $\psi = \hat{\theta}_X + \epsilon$, so elite credibility must hold for all ψ if it holds at this point, which is equivalent to $\sigma \geq \sigma^*$. Otherwise, there is an interval around $\hat{\theta}_X + \epsilon$ for which elite credibility fails. It is immediate from [Equation B.3](#) and [Equation B.7](#) that the upper bound of this interval is $\psi_{\text{exit}}^\dagger$, as defined in [Lemma B.4](#). Finally, the lower bound $\psi_{\text{exit}}^* > \hat{\theta}_X - \epsilon$ because $\tilde{p}_H(\psi) = 0$ for all $\psi \leq \hat{\theta}_X - \epsilon$. \square

B.8 PROOF OF PROPOSITION 4

Proposition 4 (Parliamentary equilibrium with a merchant elite). *If E 's outside option is to exit, then there is a parliamentary equilibrium if and only if $\underline{\psi} \leq \psi \leq \bar{\psi}$, where*

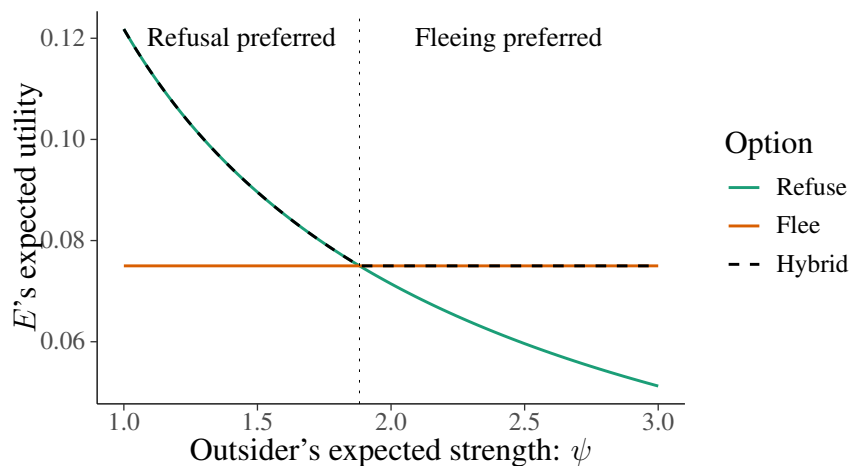
$$\underline{\psi} = \begin{cases} 0 & \theta_R \leq \alpha, \\ \hat{\psi} & \theta_R > \alpha, \end{cases} \quad \bar{\psi} = \begin{cases} \psi_{\text{exit}}^* & \sigma < \sigma^*, \\ \psi_{\text{exit}}^\dagger & \sigma \geq \sigma^*. \end{cases}$$

Proof. Immediate from [Proposition 1](#), [Lemma 3](#), and [Lemma 4](#). \square

B.9 HYBRID OUTSIDE OPTION

In practice, the elite may not be restricted to a single outside option in case they elect not to fund the ruler. Consider a merchant elite that faces a moderate cost of exiting the country. If the external threat is insignificant, such merchants might prefer to stay put and run a small risk of losing their wealth to the outsider, rather than incurring the costs of exiting. Conversely, a landed elite might prefer to liquidate whatever assets they can, even at a high cost, if the alternative is near-certain expropriation by the external threat. To allow for these possibilities, we now briefly consider an elite that can choose to refuse *or* exit.

Figure B.2: Elite's choice and value with hybrid outside option



Note: $\sigma = 0.3, \theta_R = 0.75$. Other parameters same as [Figure 3](#).

In this case, the elite effectively has two outside options. If the elite chooses not to fund the ruler, then it will exercise whichever outside option yields a greater expected utility:

$$\mathbb{E}[U_E(\text{outside option})] = \max \left\{ \underbrace{\bar{p}_L(\psi) \cdot (1 - \theta_R)}_{\text{refuse}}, \underbrace{\sigma \cdot (1 - \theta_R)}_{\text{exit}} \right\}.$$

The value of the refusal option declines with the outsider's expected strength, ψ , while the value of exiting is constant. Therefore, as illustrated in [Figure B.2](#), the elite's preferred outside option is to refuse if the outsider is weak; its preference is to exit if the outsider is strong.

When the outsider is relatively weak, so ψ is low, then the elite willingness and credibility constraints from the refusal case will apply. Willingness holds trivially, while credibility holds for small enough ψ ([Lemma 2](#)). Once the outsider is strong enough that the elite would rather exit than remain and refuse, the constraints from the exit case apply. In particular, elite willingness will fail for large enough ψ ([Lemma 3](#)).

Altogether, allowing the elite to choose either outside option does not alter the main substantive conclusions of our analysis. At most, delegation to parliament is sustainable as an equilibrium only for a bounded set of values of ψ . There cannot exist a parliamentary equilibrium when the war threat is very strong, as then the elite would rather exit than fund even a ruler who has submitted to parliamentary oversight. On the other hand, when the war threat is weak, the main threat to the existence of a parliamentary equilibrium is the ruler's willingness to accept parliamentary constraints.

B.10 OFFENSIVE WARS

Here we extend the model to encompass offensive wars, specifically, by adding additional parameters. We focus on the case when the elite's outside option is to refuse, as this is when the nature of the war makes the most difference for elite incentives. First, we allow for the ruler and elite to each retain some of their domestic consumption even if they lose the conflict with the outsider. This reflects the possibility that the stakes of conflict might be partially or even primarily abroad, leaving only a fraction of their initial wealth at risk. Formally, let $\phi \in [0, 1]$ denote the proportion of consumption that each domestic actor retains even if the war is lost. This parameter is our primary measure of the war's offensiveness, as greater values mean less of the state's wealth is at stake in the conflict.

Second, we introduce the possibility of expropriating from the outsider in case of victory in the international conflict. Let $\beta \geq 0$ denote the total amount of additional consumption available to R and E if they win the conflict. The baseline model represents the special case of this extension with $\phi = 0$ (all domestic consumption at stake) and $\beta = 0$ (no expropriation from the outsider).

Finally, we assume that the ruler keeps all of the international prize if she wins the conflict unassisted, but that she must share a fraction of it with the elite if she received funds and provided public goods. Going back to our conceptualization of public goods as a bundled security and consumption benefit, this represents the idea that benefiting from elite support may involve incorporating elites into the state's security forces, thereby giving them bargaining power to demand some of the spoils

of war. Formally, we assume that a fraction $\pi \in [0, 1]$ of the international prize β goes to the elite in case of victory following public goods provision, with the remainder going to the ruler.

In sum, payoffs in the offensive wars extension are as follows:

E 's action	R 's action	Conflict outcome	E 's payoff	R 's payoff
Don't fund	–	Win	$1 - \theta_R$	$\theta_R + \beta$
Don't fund	–	Lose	$\phi(1 - \theta_R)$	$\phi\theta_R$
Fund	Expropriate	Win	0	$1 + \beta$
Fund	Expropriate	Lose	0	ϕ
Fund	Public goods	Win	$\alpha + \pi\beta$	$\alpha + (1 - \pi)\beta$
Fund	Public goods	Lose	$\phi\alpha$	$\phi\alpha$

Our main finding in this extension is that the elite's bargaining power is stronger when the external conflict is offensive in nature. This is easiest to see when we hold fixed the chance that an unconstrained ruler provides public goods. The outside option of refusal is more attractive when the war is more offensive, as then less of the elite's wealth is at stake in the conflict, making the elite less dependent on the ruler for security. At the same time, the elite's expected payoff from funding the ruler also rises with the offensiveness of the conflict, due to the greater security of its public good consumption. The first of these effects dominates the second as long as there is a meaningful chance of expropriation (high enough that the elite would prefer refusal even in the absence of an outside threat). Therefore, holding the ruler's behavior fixed, it should be easier for the elite credibility constraint to hold when facing an offensive war.

Lemma B.5. *In the model with offensive wars, assume that R does not delegate to parliament and, if funded, chooses public goods with probability $\Pr(\text{public goods}) \leq \frac{1-\theta_R}{\alpha}$ for all θ_X . Then as the offensiveness of the external conflict ϕ increases, it becomes easier for the elite credibility constraint to hold.*

Proof. Letting $\gamma \equiv \Pr(\text{public goods})$, the elite credibility constraint in the extended model is equivalent to

$$[\phi + \bar{p}_L(\psi) \cdot (1 - \phi)](1 - \theta_R) - \gamma[\phi\alpha + \bar{p}_H(\psi) \cdot [(1 - \phi)\alpha + \pi\beta]] \geq 0. \quad (\text{B.8})$$

The partial derivative of the LHS of this expression with respect to ϕ is

$$(1 - \bar{p}_L(\psi)) \cdot (1 - \theta_R) - (1 - \bar{p}_H(\psi)) \cdot \gamma\alpha.$$

This expression is positive if $\gamma \leq \frac{1-\theta_R}{\alpha}$, as $\bar{p}_H \geq \bar{p}_L$. \square

The offensiveness of the conflict also affects the ruler's incentives and decisions. In a purely defensive conflict, the ruler's incentive to provide public goods increases with the outsider's strength (Lemma 1). In that case, losing the conflict is catastrophic for the ruler, making her more willing to trade off consumption for security by providing public goods. This logic changes when the war is offensive—losing the war is no longer catastrophic when a portion of the ruler's domestic

consumption is assured in either case. In the extreme case of a purely offensive conflict ($\phi = 1$), the condition for the ruler to prefer public goods provision after learning the outsider's strength is

$$\alpha + p_H(\theta_X) \cdot (1 - \pi) \cdot \beta \geq 1 + p_L(\theta_X) \cdot \beta.$$

If the ruler faces a very strong outsider, she is unlikely to win the external conflict either way, and would strictly prefer consuming all domestic wealth over consuming the public good. The ruler is therefore certain to expropriate if the conflict is purely offensive and the outsider is quite strong. The same logic carries over even to partially offensive conflicts.

Lemma B.6. *In the model with offensive wars, the probability of public good provision by an unconstrained ruler decreases with the offensiveness of the external conflict ϕ . If $\phi > 0$ and ψ is sufficiently large, an unconstrained ruler is certain to expropriate.*

Proof. The condition for an unconstrained ruler to prefer public good provision over expropriation is

$$\underbrace{[p_H(\theta_X) \cdot (\alpha + (1 - \pi)\beta) + (1 - p_H(\theta_X)) \cdot (\phi\alpha)]}_{U_R(\text{public goods})} - \underbrace{[p_L(\theta_X) \cdot (1 + \beta) + (1 - p_L(\theta_X)) \cdot \phi]}_{U_R(\text{expropriate})} \geq 0.$$

The partial derivative of the LHS of this expression with respect to ϕ is

$$p_L(\theta_X) - p_H(\theta_X) \cdot \alpha < 0,$$

proving the first claim of the lemma. To prove the second claim, observe that $\lim_{\theta_X \rightarrow \infty} p_L(\theta_X) = \lim_{\theta_X \rightarrow \infty} p_H(\theta_X) = 0$ and therefore, if $\phi > 0$,

$$\begin{aligned} \lim_{\theta_X \rightarrow \infty} \left\{ [p_H(\theta_X) \cdot (\alpha + (1 - \pi)\beta) + (1 - p_H(\theta_X)) \cdot (\phi\alpha)] - [p_L(\theta_X) \cdot (1 + \beta) + (1 - p_L(\theta_X)) \cdot \phi] \right\} \\ = \phi(\alpha - 1) < 0. \end{aligned}$$

Consequently, the probability of public good provision by an unconstrained ruler is zero for sufficiently large ψ . \square

This result implies that the *ex ante* probability of public good provision is low when the war is partially or totally offensive and the external actor is strong. Returning to the elite's incentives, this means that the necessary condition of [Lemma B.5](#)—namely, a high probability of expropriation by an unconstrained ruler—will always be satisfied under these circumstances. With an offensive war and a strong opponent, the elite's bargaining power is at its highest; its threat to withhold funding if the ruler does not delegate is certain to be credible. This is in stark contrast with the purely defensive case analyzed in the baseline model, in which outsider strength undercut the elite's credibility rather than bolstering it.

Proposition B.1. *In the model with offensive wars, if $\phi > 0$, then the elite credibility constraint holds for all sufficiently large ψ .*

Proof. Immediate from [Equation B.8](#) and [Lemma B.6](#). □

B.11 COERCIVE STATEBUILDING

The core model intentionally omits a strategic option for the ruler to coerce the elite. The mechanisms that undermine the relationship between warfare and parliament in our model, based on elite credibility and willingness, are thus distinct from coercive options that rulers can pursue to avoid delegation. In other words, it creates a hard case for war not to cause parliament in equilibrium. However, coercion is part of the statebuilding process anywhere. Famous examples in early modern Europe include the Prussian and French kings during the Thirty Years' War using their armies to crush resistance to taxation and to establish fiscal absolutism. Although the dominant thrust of the historical statebuilding literature is that warfare contributes to parliament, historians and political scientists alike have discussed how in some cases, warfare contributed to absolutism (e.g., Downing 1993).

We extend the model to allow the ruler to choose between coercive and cooperative statebuilding at the outset of the game. When the ruler chooses whether to delegate or not in the baseline model (step 1), we introduce a third option: coercion. By coercing, the ruler makes a costly initial investment in her military capabilities, giving her the ability to expropriate the domestic elite's wealth while also increasing the likelihood she will successfully resist the external threat. The cost of coercion is denoted κ , where $0 < \kappa < \theta_R$, and it yields for the ruler a fraction ω of the elite's endowment. If the leader coerces, then there is no possibility of voluntary elite funding or public good provision; the game proceeds immediately to the external conflict (step 5). We assume the military advantage due to coercion is less than that of successful cooperative statebuilding, making the probability of resistance $p_C(\theta_X) \equiv \frac{\theta_C}{\theta_C + \theta_X}$, where $\theta_R < \theta_C < \theta_F$. Following our earlier convention, we let $\bar{p}_C(\psi) = \mathbb{E}[p_C(\theta_X)]$.

By introducing coercion, we essentially add another constraint on the ruler's incentives that must be satisfied in order for delegation to parliament to prevail as an equilibrium. We call the *ruler cooperation constraint* the requirement that the ruler prefer delegation over coercion:

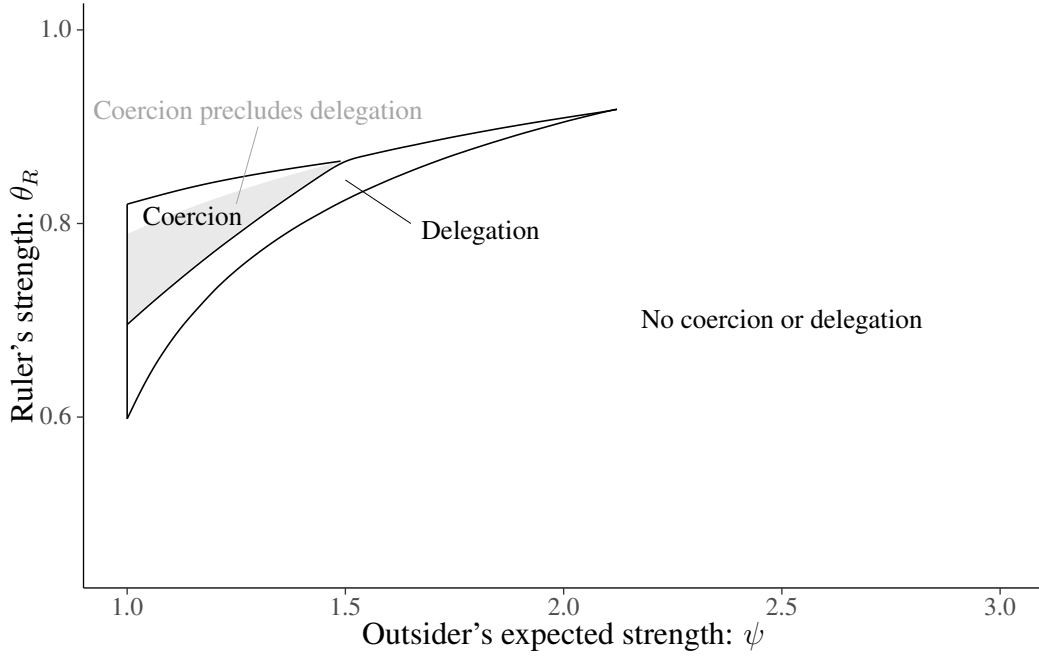
$$\textbf{Ruler cooperation constraint:} \quad \bar{p}_H(\psi) \cdot \alpha \geq \bar{p}_C(\psi) \cdot [\theta_R - \kappa + \omega(1 - \theta_R)].$$

This condition holds trivially if the cost of coercion is high, $\kappa > \omega + (1 - \omega)\theta_R - \alpha$, as then both the value of consumption and the chance of successful resistance are greater if the ruler delegates.

Like the ruler willingness constraint in the baseline model, the cooperation constraint becomes easier to satisfy when the war threat is stronger. When there is little to no outside threat, the dominant incentive is the possibility of additional consumption from expropriating the domestic elite. For the ruler, the main benefit of delegation—relative to both sheer coercion and cooperation without delegation—is the boost in strength against the outsider, and the importance of this benefit increases with the outsider's power.

Viewed in isolation, the coercion constraint appears to conform to the traditional logic of war making the state, as coercion is preferable to delegation unless there is a strong war threat. However,

Figure B.3: Ruler’s equilibrium choice when coercion is available



Note: $\kappa = 0.25, \omega = 0.7, \theta_C = 1.25$. Outside option is refuse. Other parameters same as Figure 6. Shaded region represents parameters where the ruler would choose delegation if coercion were not available.

when we consider elite incentives, we see that the introduction of a coercive option makes the most difference when the war threat’s strength is in a middle range. Figure B.3 illustrates the equilibrium choices by a ruler who has the option to coerce or else seek funds from a landed elite. When the war threat is strong (right-hand side of the figure), the ability to use coercion is immaterial to the equilibrium. In this case, the ruler can get her first-best outcome—receiving funds without submitting to parliamentary constraints—regardless of the coercion option. On the other hand, for weak war threats ($\psi < \hat{\psi}$, top-left of the figure), the introduction of coercion does not erode parliamentary strength, as the leader would not have been willing to delegate anyway. Only for middling values of ψ (shaded region) do we see coercion overtake delegation as the equilibrium outcome.

B.12 PARLIAMENT WITHOUT FISCAL SUPREMACY

In this extension, we assume parliament is able to enforce constraints on a leader who has delegated with probability $q \in [0, 1]$. The parameter q represents the strength of parliamentary constraints, with the limiting case $q = 1$ corresponding to our baseline model. The ruler’s expected utility from

delegating to parliament and receiving funds is now

$$\begin{aligned}
& \mathbb{E} [U_R(R \text{ delegates}, E \text{ funds})] \\
&= \int [qp_H(\theta_X)\alpha + (1 - q) \max\{p_H(\theta_X)\alpha, p_L(\theta_X)\}] dF(\theta_X; \psi) \\
&= \begin{cases} q[\bar{p}_H(\psi) \cdot \alpha] + (1 - q)\bar{p}_L(\psi) & \psi \leq \hat{\theta}_X - \epsilon, \\ q[\bar{p}_H(\psi) \cdot \alpha] + (1 - q) \left[\int_{\psi-\epsilon}^{\hat{\theta}_X} \frac{p_L(\theta_X)}{2\epsilon} d\theta_X + \int_{\hat{\theta}_X}^{\psi+\epsilon} \frac{p_H(\theta_X) \cdot \alpha}{2\epsilon} d\theta_X \right] & \hat{\theta}_X - \epsilon < \psi < \hat{\theta}_X + \epsilon, \\ \bar{p}_H(\psi) \cdot \alpha & \psi \geq \hat{\theta}_X + \epsilon. \end{cases} \tag{B.9}
\end{aligned}$$

The elite's utility from this outcome is now

$$\mathbb{E} [U_E(R \text{ delegates}, E \text{ funds})] = [q\bar{p}_H(\psi) + (1 - q)\tilde{p}_H(\psi)] \cdot \alpha. \tag{B.10}$$

Expected utilities for all other outcomes are the same as in the baseline model.

The ruler's expected utility from delegating and being funded enters on the left-hand side of the ruler willingness constraint, [Equation 3](#). Per [Equation B.9](#), this utility is strictly decreasing in q if $\psi < \hat{\theta}_X + \epsilon$, and otherwise is constant in q . Therefore, as parliament's fiscal supremacy declines, the ruler willingness constraint becomes looser if ψ is small enough, and otherwise is unaffected.

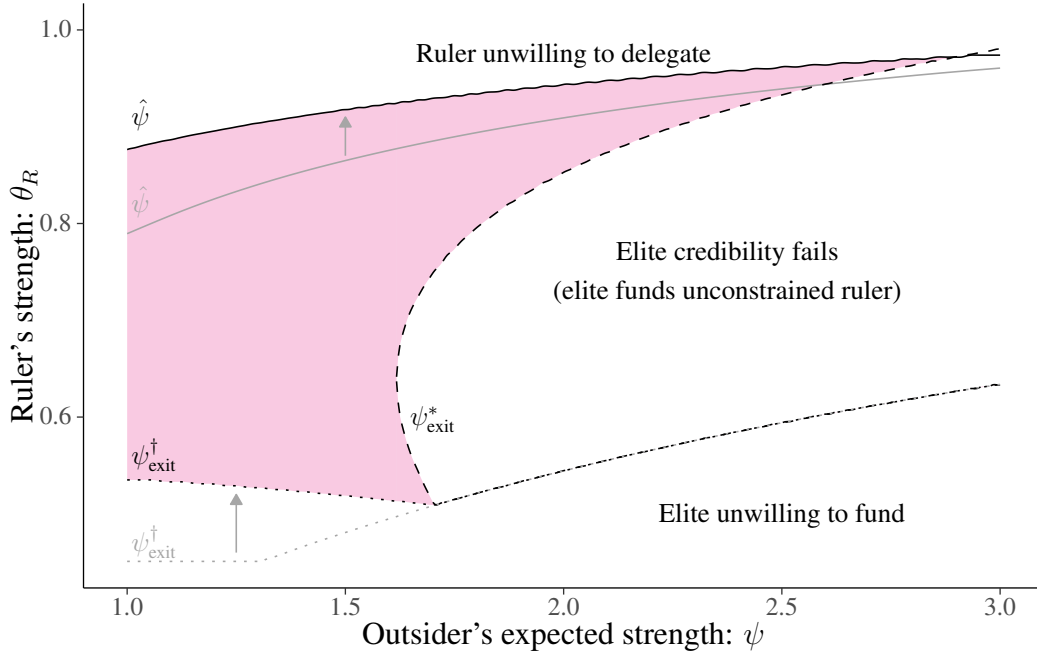
The elite's expected utility from funding a constrained ruler enters on the left-hand side of the elite willingness constraint, [Equation 5](#). Per [Equation B.10](#), this utility is strictly increasing in q if $\psi < \hat{\theta}_X + \epsilon$, and otherwise is constant in q . Therefore, as parliament's fiscal supremacy declines, the elite willingness constraint becomes tighter if ψ is small enough, and otherwise is unaffected.

Incomplete fiscal supremacy does not uniformly enable or hinder the possibility of delegation to parliament in equilibrium, as illustrated in [Figure B.4](#). If the ruler would be just barely unwilling to accept constraints under full supremacy, and the war threat were expected to be weak or moderate, then a weakening of parliamentary constraints tends to promote the occurrence of delegation. We see this in the upper-left and -middle of the figure, where a decrease in the constraining power of parliament makes a ruler with a high initial endowment more willing to delegate. On the other hand, if the elite would be just barely willing to fund a ruler who had delegated in the case of full supremacy, then looser parliamentary constraints might break the possibility of an equilibrium with delegation. This is what happens in the lower-left of the figure, when the temptation for the ruler to expropriate is greatest, and thus the elite's demand for true constraints on ruler behavior is highest.

B.13 RELAXING BOUNDARY CONDITIONS

In this section, we briefly outline how the relaxation of the boundary condition $\theta_R < \alpha\theta_F$ would affect our baseline results. This condition has two primary implications for the baseline analysis:

Figure B.4: Parliamentary equilibrium with partial fiscal supremacy



Note: $q = 0.5$. Outside option is exit. Other parameters same as [Figure 9](#).

- That an unconstrained ruler who receives funds will provide public goods if the realized θ_X is great enough.
- That the ruler is willing to accept constraints *ex ante* if ψ is great enough. (Reversal of this claim requires an even stronger violation of the original boundary condition: $\theta_R^2 > \alpha\theta_F$. See the proof of [Proposition 1](#).)

The following results would require qualification if these conditions were relaxed. As the original boundary condition holds trivially if $\alpha\theta_F \geq 1$, in what follows assume $\alpha\theta_F < 1$.

Lemma 1 (unconstrained ruler's choice). If $\theta_R \geq \alpha\theta_F$, then it is never a best response for R to provide public goods, regardless of θ_X .

Proposition 1 (ruler willingness), part (c). If $\theta_R \geq \sqrt{\alpha\theta_F}$, then R is unwilling to delegate to parliament regardless of ψ .

Lemma 2 (credibility when outside option is refuse). If $\theta_R \geq \alpha\theta_F$, then the elite credibility constraint holds regardless of ψ . (This is because an unconstrained ruler now never provides public goods, so the RHS of [Equation B.5](#) is always 0.)

Proposition 3 (parliamentary equilibrium when outside option is refuse). If $\alpha\theta_F \leq \theta_R < \sqrt{\alpha\theta_F}$, then a parliamentary equilibrium exists if and only if $\hat{\psi} \leq \psi$, as the elite credibility constraint now holds for all ψ . If $\theta_R \geq \sqrt{\alpha\theta_F}$, then there is never a parliamentary equilibrium, as the ruler is never willing to delegate to parliament.

Lemma 4 (credibility when outside option is exit). As with Lemma 2, if $\theta_R \geq \alpha\theta_F$, then the elite credibility constraint holds regardless of ψ .

Proposition 4 (parliamentary equilibrium when outside option is exit). If $\alpha\theta_F \leq \theta_R < \sqrt{\alpha\theta_F}$, then a parliamentary equilibrium exists if and only if $\hat{\psi} \leq \psi \leq \psi_{\text{exit}}^\dagger$. If $\theta_R \geq \sqrt{\alpha\theta_F}$, then there is never a parliamentary equilibrium, as the ruler is never willing to delegate to parliament.

B.14 GENERAL FUNCTIONAL FORMS

We now briefly outline how our results generalize when we consider alternative functional forms for p_L and p_H as well as alternative distributional assumptions on θ_X . Let $p_L : \mathbb{R}_+ \rightarrow [0, 1]$ and $p_H : \mathbb{R}_+ \rightarrow [0, 1]$ be strictly decreasing functions such that:

- $p_L(0) = p_H(0) = 1$.
- $p_L(\theta_X) < p_H(\theta_X)$ for all $\theta_X > 0$.
- p_H/p_L is strictly increasing.

The functional forms in the main text, $p_L(\theta_X) = \theta_R/(\theta_R + \theta_X)$ and $p_H(\theta_X) = \theta_F/(\theta_F + \theta_X)$, belong to the class of functions meeting these conditions. In what follows, let $\rho = \lim_{\theta_X \rightarrow \infty} p_H(\theta_X)/p_L(\theta_X)$. The monotonicity assumption on p_H/p_L ensures that ρ is well-defined, with $\rho \in (1, \infty]$. As an analogue of our baseline model assumption $\theta_R < \alpha\theta_F$, which ensured that it was a best response for an unconstrained government to provide public goods if the realized θ_X were sufficiently high, we will assume here that $\rho > 1/\alpha$.

Let θ_X be distributed according to a continuous CDF F with support on \mathbb{R}_+ and an associated density function f . Let F be characterized by a parameter $\psi \in \Psi \subseteq \mathbb{R}$ such that F satisfies the monotone likelihood ratio property in ψ . Again letting $\bar{p}_L(\psi) = \int_0^\infty p_L(\theta_X)f(\theta_X; \psi) d\theta_X$ and $\bar{p}_H(\psi) = \int_0^\infty p_H(\theta_X)f(\theta_X; \psi) d\theta_X$, we assume the following regularity conditions on F :

- For all $\psi', \psi'' \in \Psi$ such that $\psi' < \psi''$, there exists $\theta_X \in \mathbb{R}$ such that $f(\theta_X; \psi') < f(\theta_X; \psi'')$.²²
- For any $\theta_X \in \mathbb{R}_+$ and $\epsilon > 0$, there exists $\psi' \in \Psi$ such that $F(\theta_X; \psi) < \epsilon$ for all $\psi > \psi'$.²³

We refer to the limiting case of F being a degenerate distribution on 0 as “no external threat.”

The proof of Lemma B.2 carries over to the general environment, which implies that $\bar{\rho} \equiv \lim_{\psi \rightarrow \sup \Psi} \bar{p}_H(\psi)/\bar{p}_L(\psi)$ is well-defined, with $\bar{\rho} \in (1, \infty]$. In the baseline model, our assumption $\theta_R < \alpha\theta_F$ ensured that $\theta_R^2 < \alpha\theta_F$, which in turn implied that the ruler would be willing to delegate to parliament for sufficiently high ψ . The analogue of that condition in the general environment is $\bar{\rho} > \theta_R/\alpha$, which we assume hereafter. (If $\bar{\rho} \approx \rho$, as in the uniform case studied in the main text, then this is weaker than the condition imposed above, $\rho > 1/\alpha$.)

We now revisit the results stated in the main text. Broadly speaking, the results about the ruler’s willingness to delegate to parliament and the elite willingness constraint do not change substan-

²²This ensures that \bar{p}_H/\bar{p}_L increases strictly, per Wijsman (1985).

²³This ensures that $\bar{p}_L(\psi) \approx 0$, $\bar{p}_H(\psi) \approx 0$, and $\tilde{p}_H(\psi) \approx \bar{p}_H(\psi)$ for sufficiently large ψ .

tively in the general environment. However, our baseline results on the set of ψ for which the elite credibility constraint is satisfied do not necessarily carry over.

Lemma 1 (Invasion threats substitute for parliamentary constraints). *Assume that R does not delegate to parliament and that E funds the government. It is a best response for R to provide public goods if and only if $\theta_X \geq \hat{\theta}_X$, where $0 < \hat{\theta}_X < \infty$.*

Our conditions on functional forms ensure that [Lemma B.1](#) still holds, so there is still a cutpoint condition, $\theta_X \geq \hat{\theta}_X$, defining when it is a best response for an unconstrained ruler to provide public goods if funded. We have $\hat{\theta}_X > 0$ because $\alpha < 1$, and we have $\hat{\theta}_X < \infty$ because $\rho > 1/\alpha$.

Proposition 1 (Ruler's choice to delegate). *In equilibrium:*

- (a) *R will not delegate to parliament if doing so is unnecessary to generate funding (elite credibility fails).*
- (b) *R will not delegate to parliament if doing so is insufficient to generate funding (elite willingness fails).*
- (c) *R may delegate to parliament if doing so is necessary and sufficient to generate funding. In this case:*
 - *If $\theta_R \leq \alpha$, then R is willing to delegate to parliament regardless of ψ .*
 - *If $\theta_R > \alpha$, then R is willing to delegate to parliament if and only if $\psi \geq \hat{\psi}$, where $0 < \hat{\psi} < \infty$.*

(a) and (b) follow as before. For (c), first notice that [Equation B.1](#) is still the condition for the ruler to prefer constrained funds over no funds in the general case. Because [Lemma B.2](#) carries over to the general environment, so the LHS of this condition is still strictly increasing in ψ . Therefore, the condition holds for all ψ if and only if $\theta_R \leq \alpha$. Otherwise, if $\theta_R > \alpha$, then there exists $\hat{\psi} > 0$ such that the condition holds if and only if $\psi \geq \hat{\psi}$. Our assumption that $\bar{\rho} > \theta_R/\alpha$ ensures that $\hat{\psi} < \infty$.

Lemma 2. *If E 's outside option is to refuse, the elite willingness constraint always holds, while the elite credibility constraint holds if and only if $\psi \leq \psi_{\text{refuse}}^*$, where $\hat{\theta}_X - \epsilon < \psi_{\text{refuse}}^* < \hat{\theta}_X + \epsilon$.*

Elite willingness — As in the baseline model, the condition that $\alpha > 1 - \theta_R$ suffices to ensure that elite willingness ([Equation B.4](#)) holds for all ψ .

Elite credibility — As before, the expected probability of resisting the external threat if the ruler is funded but unconstrained is given by [Equation B.2](#). As in the baseline model, elite credibility ([Equation B.5](#)) must hold if there is no external threat, as then $\bar{p}_L(\psi) = 1$ and $\tilde{p}_H(\psi) = 0$. The result that elite credibility cannot hold for sufficiently large ψ also carries over. This is because the probability mass on $\theta_X < \hat{\theta}_X$ vanishes as ψ increases, meaning $\tilde{p}_H(\psi) \approx \bar{p}_H(\psi)$ and therefore

$\tilde{p}_H(\psi) > \bar{p}_L(\psi)$ for sufficiently large ψ . However, it is not necessarily true that the set of ψ satisfying elite credibility is an interval, as the single-peaked structure of \tilde{p}_H observed in the baseline case (Equation B.3) does not hold in general.

Proposition 3 (Parliamentary equilibrium with a landed elite). *Assume E 's outside option is to refuse. If $\theta_R \leq \alpha$, there is a parliamentary equilibrium if and only if $\psi \leq \psi_{\text{refuse}}^*$. Otherwise, if $\theta_R > \alpha$, a parliamentary equilibrium exists if and only if $\hat{\psi} \leq \psi \leq \psi_{\text{refuse}}^*$.*

Following the results discussed above, we can pin down the following about the existence of a parliamentary equilibrium:

- If $\theta_R \leq \alpha$, then the ruler willingness constraint holds trivially, so a parliamentary equilibrium exists if and only if elite credibility is satisfied. Consequently, a parliamentary equilibrium exists in the absence of an external threat. Additionally, a parliamentary equilibrium cannot exist if ψ is sufficiently large, as then elite credibility fails.
- If $\theta_R > \alpha$, then ruler willingness fails for sufficiently small ψ , and elite credibility fails for sufficiently large ψ . A parliamentary equilibrium may fail to exist for any ψ , or may exist at some interior values.

Lemma 3. *If E 's outside option is to exit, then the elite willingness constraint holds if and only if $\psi \leq \psi_{\text{exit}}^\dagger$ where $\psi_{\text{exit}}^\dagger > 0$.*

Lemma B.4 continues to hold in the general case, and thus so does Lemma 3.

Lemma 4. *Assume E 's outside option is to exit. If $\sigma \geq \sigma^* \equiv (\bar{p}_H(\hat{\theta}_X + \epsilon) \cdot \alpha) / (1 - \theta_R)$, then the elite credibility constraint holds for all ψ . Otherwise, if $\sigma < \sigma^*$, then the elite credibility constraint holds if and only if $\psi \notin (\psi_{\text{exit}}^*, \psi_{\text{exit}}^\dagger)$, where $\hat{\theta}_X - \epsilon < \psi_{\text{exit}}^* < \hat{\theta}_X + \epsilon < \psi_{\text{exit}}^\dagger$.*

In the general environment, elite credibility (Equation B.7) will still hold if there is no external threat, as then $\tilde{p}_H(\psi) = 0$. Elite credibility will also hold for sufficiently large ψ , as then $\tilde{p}_H(\psi) \approx 0$. However, as discussed above with respect to Lemma 2, in the general case \tilde{p}_H need not be single-peaked. So while elite credibility will hold for sufficiently small and large values of ψ , it may not be the case that the set of ψ for which it fails to hold is an interval.

Proposition 4 (Parliamentary equilibrium with a merchant elite). *If E 's outside option is to exit, then there is a parliamentary equilibrium if and only if $\underline{\psi} \leq \psi \leq \bar{\psi}$, where*

$$\underline{\psi} = \begin{cases} 0 & \theta_R \leq \alpha, \\ \hat{\psi} & \theta_R > \alpha, \end{cases} \quad \bar{\psi} = \begin{cases} \psi_{\text{exit}}^* & \sigma < \sigma^*, \\ \psi_{\text{exit}}^\dagger & \sigma \geq \sigma^*. \end{cases}$$

Following the results discussed above, we can pin down the following:

- If $\theta_R \leq \alpha$, then the ruler willingness constraint holds trivially, so a parliamentary equilibrium exists if and only if elite credibility and willingness are satisfied. Consequently, a parliamentary equilibrium exists in the absence of an external threat. Additionally, a parliamentary equilibrium cannot exist if ψ is sufficiently large, as then elite willingness fails.
- If $\theta_R > \alpha$, then ruler willingness fails for sufficiently small ψ , and elite willingness fails for sufficiently large ψ . A parliamentary equilibrium may fail to exist for any ψ , or may exist at some interior values.

ADDITIONAL REFERENCES

Wijsman, Robert A. 1985. "A Useful Inequality on Ratios of Integrals, with Application to Maximum Likelihood Estimation." *Journal of the American Statistical Association* 80(390):472–475.