

Abstract

We propose a theory by which geographic variations in the transparency of the production process explain cross-regional differences in the scale of the state, in its hierarchical structure and in property rights over land. The key linkage between geography and these institutions, we posit, is via the effect of transparency on the state's extractive capacity. We apply our theory to explain institutional differences between ancient Egypt and ancient Upper and Lower Mesopotamia. We also discuss the relevance of our theory to analyses of the deep rooted factors affecting economic development and to the growth of taxation in the modern age.

Keywords: Transparency, Institutions, Land Tenure, State Capacity, Hierarchy

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