

## **“A Theory of Political Divergence and Gradual Institutional Change”**

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### **Abstract**

Why do some societies succeed in breaking away from historical traditions while others remain trapped? This paper proposes a formal theory to investigate the interaction between short-run and long-run political dynamics, highlighting a co-evolution of political institutions and social structures. A society consists of various social groups, such as the rulers, the elites, and the commoners. Short-run strategic considerations give rise to different coalitions among these groups, which determine not only political regimes but also redistribution policies. In the long run, these policies shape the accumulation of wealth and power, where small initial differences can lead to divergent paths of development. Finally, the paper examines three historical case studies on medieval Europe, imperial China, and the medieval Muslim world to illustrate potential pathways of long-run political development.