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The Economic Foundations of Authoritarian Rule

Clay Robert Fuller
University of South Carolina

THE ECONOMIC FOUNDATIONS OF AUTHORITARIAN RULE

by

Clay Robert Fuller

Bachelor of Arts
West Virginia State University, 2008

Master of Arts
Texas State University, 2010

Master of Arts
University of South Carolina, 2014

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Accepted by:

John Hsieh, Major Professor

Harvey Starr, Committee Member

Timothy Peterson, Committee Member

Gerald McDermott, Committee Member

Cheryl L. Addy, Vice Provost and Dean of the Graduate School

DEDICATION

for Henry, Shannon, Mom & Dad

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ABSTRACT

Personal ambition and the distribution of economic goods often determine the character of politics. This dynamic plays out dramatically in authoritarian states where there are few independent arbiters outside of political violence. All dictatorships face two paramount problems in maintaining their tenure. First, to maintain power and distribute goods dictators must devise ways in which to manage a ruling coalition in the absence of explicit power-sharing institutions. Second, authoritarian regimes must devise ways to manage the desires of a population ruled with only implicit consent. This dissertation empirically treats the management style of authoritarian leaders as exogenous to the institutional composition of his regime, thus breaking from traditional authoritarian typologies. It utilizes original data and finds evidence that dictatorships can strengthen and survive longer, and in a nonviolent manner, with creative elite and popular economic management tools such as special economic zones (SEZs) and sovereign wealth funds (SWFs). More specifically, it finds that violent and corrupt leaders that develop these economic tools can possibly be removed from power or eventually become constrained by the policies because the policies attach the leader and the regime to independent arbiters. At the regime level, SEZs and SWFs extend the survival of all types of regimes, despite institutional setting, through the mechanisms of labor fragmentation and sunk investments. Seemingly democratic institutions in dictatorships – parties, elections, legislatures – may be the foundation of democratic rule, but they are not the foundation of authoritarian rule – economic policy is.

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LIST OF ABBREVIATIONS

ADCB ....Abu Dhabi Commercial Bank

ADIA..Abu Dhabi Investment Authority

ADIC...Abu Dhabi Investment Council (or Company)

APFC...Alaska Permanent Fund Corporation

ASEAN ....Association of Southeast Asian Nations

BRIC .... Brazil, Russia, India, China

CADF..China-Africa Development Fund

CAEU... Council of Arab Economic Unity

CAR .... Central African Republic

CCP...Chinese Communist Party

CCTV .... China Central Television

CFA..Confirmatory Factor Analysis

DPRK...Democratic People's Republic of Korea

EAEU .... Eurasian Economic Union

EFA .... Exploratory Factor Analysis

EPZ ....Export Processing Zone

FDI .... Foreign Direct Investment

FEZ ....Free Economic Zone

FIAS..Foreign Investor Advisory Service (World Bank)

FTZ .... Foreign (or Free) Trade Zone

GAFTA .... Greater Arab Free Trade Area

GCC ....Gulf Cooperation Council

GIS .... Geographic Information Systems

GWF.. Geddes, Wright, and Frantz

CHAPTER 1. INTRODUCTION

Personal ambition and the distribution of economic goods often determine the character of politics. This dynamic plays out dramatically in authoritarian states where there are few independent arbiters outside of political violence.[1] All dictatorships face two paramount problems in maintaining their tenure. The primacy of these problems is what separates democratic politics from non-democratic politics. First, to maintain power and distribute goods dictators must devise ways in which to manage a ruling coalition in the absence of explicit power-sharing institutions. Political institutions like parties and legislatures sometimes act as these management institutions, but they are often purposefully opaque in dictatorships. In the absence of independent arbiters or multiple veto players, this work finds that economic policies enhance elite management in the authoritarian balance of power between leaders and elites.

Second, authoritarian regimes must devise ways to manage the desires of a population ruled with only implicit consent. The dictator's dilemma is that one can never be confident of public approval in the absence of basic liberties, such as a free press or freedom of assembly. The ever-present role of violent repression in dictatorships further distorts the reliability of public statements when people express any sort of consent to rule. However, many dictators rule the masses for very long periods despite a dearth of official

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[1] The terms dictatorship, authoritarian regime, autocracy, and non-democracy are interchangeable throughout this work. The terms dictator, authoritarian, and autocrat are interchangeable as well.

popular legitimacy. In order to truly minimize negative externalities, the population in a non-democratic state is best managed or steered into loyalty – rather than coerced – through creative and effective economic policy designed to control perceived negative externalities brought about by economic development.[2] By fragmenting the labor pool and encouraging sunk investments in economic success from the many, authoritarian regimes can pacify the masses – whether or not that is the articulated aim of the policy. For the people, legitimacy is often all about economic opportunity and will frequently trump ideological and political battles.

These are the two central problems that all authoritarians and their regimes face – *elite and popular management*.[3] Leaders frequently feel the need to intimidate elites into action when nonviolent management fails, creating potent and potentially destabilizing public confrontations. When non-democratic regimes lose control of the population (directly or indirectly through a loss of legitimacy), the regimes typically fall victim to the negative externalities of mismanagement in the form of coups, revolutions, or civil wars.

In the post-Cold War era, non-democratic states face a global economy in which it is necessary to engage with foreign economies, given the state wants to economically develop and accrue more power. It is not likely that a country can compete internationally by producing everything at home (autarky). It is highly likely that a country will be able to compete if they leverage their own comparative advantage. At the end of the Cold War virtually every non-democracy was a developing country. Developing countries typically have a comparative advantage in either labor or natural resources.

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[2] This is similar to ensuring regime loyalty in the face of rising standards of living. In China this is sometimes referred to as preventing spiritual pollution.

[3] One can conceptualize this a power-sharing being an intra-regime level problem (leaders and elites) and control being a state-level problem (regime and the people).

The arguments here explicitly identify special economic zones (SEZs) and sovereign wealth funds (SWFs) as internationally oriented economic tools that tend to be designed to extract gains from labor and resources. SEZs and SWFs can 1) enhance the domestic management of elites by generating mutually constraining credible commitments and linking the leader and the regime to independent arbiters and 2) enhance the regime's popular management by fragmenting the labor pool and incentivizing citizens to personally invest in the success of the regime.

Traditional legal institutions associated with democracies serve as easily recognizable elite and popular management tools in autocracies. According to recent research, authoritarian political parties, legislatures, and elections can extend regime survival, constrain the leader, and reward supporters (Gandhi 2008, Wright 2008, Svolik 2012, Brancati 2014). However, dictators have options. They have a large number of options precisely because much of what they do is extra-institutional. A large portion of non-democratic politics is either "noninstitutional and entails the threat or overt use of violence" or "is aimed at circumventing or subverting formal institutional rules" (Gehlbach, Sonin, and Svolik 2016; 566). Therefore, there are a multiplicity of non-institutional ways in which to share power when a small group or one person is able to operate with a monopoly on power.

Formal theories of non-democratic politics include leaders attempting to buy off a certain segment of the population with the provision of private or public goods, (Bueno de Mesquita et al 2003) or elite manipulation of redistributive policies in the management of economic inequality (Acemoglu and Robinson 2006). However, where formal modelers of authoritarian politics routinely take into account the fact that leaders and regimes are

different actors at different levels of analysis operating strategically in an assumed or given institutional environment, institutional empiricists almost never do.4

The two most recent annual reviews of political science literature on non-democracies exemplify this point. Reviewing the empirical institutionalist strand, Brancati concludes that "there is a dearth of empirical evidence in this literature" (2014; 324). Brancati further notes that "This literature is unlikely to ever provide evidence for the effect of these institutions on par with the kind of evidence provided about institutions in advanced democracies, and no one should expect it to" (2014; 324). Reviewing formal models of nondemocratic politics, other authors indicate that at the heart of all authoritarian questions are commitment problems and information asymmetry between the leader and the regime or other combinations of actors and suggest that what formal models of non-democracy need is a "comparative analysis of institutions" (Gelbach, Sonin, and Svolik 2016; 580). The authors further note that if "institutions evolve to minimize transaction costs (North 1990), which include incomplete information and limited commitment, then one must ask which institutions work best – not just show that some institutions are better than none" (2016; 580).

This means that formal modelers are quite aware that the individual level characteristics of a leader and the different characteristics of his ruling coalition condition each other to produce outcomes, but, formal modelers are unsure of the role of the institutional environment in general models because it is usually given (assumed). Furthermore, formal modelers seem to argue that institutionalists should be looking at *all*

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4 I do not know of one that does. A full systematic review of the literature is needed to verify this claim, but of all the authoritarian institutions literature that I have read, many theorize about the actions of leaders but only test the institutional environment.

arrangements that reduce information asymmetries and strengthen credible commitments, rather than just the ones we expect to see in democracies. Empiricists are convinced that political institutions in non-democracies matter, but researchers are plagued by a lack of data and the fact that democratic institutions in dictatorships are not democratic (which leads to confusion over what exactly these seemingly democratic institutions are theorized to be doing). Institutional empiricists frequently theorize about the actions of leaders and regimes, but they treat them as a unitary actor and do not empirically test for the conditional effects of management style (leader personality) and institutional environment (regime type). Formal modelers explicitly analyze the strategic exchanges between leaders and other actors in dictatorships, but they do not connect empirical tests to their models.

These two groups of extremely smart people are speaking past each other. This dissertation makes a first step towards bridging this divide and addresses the concerns of both of these lines of inquiry. My general argument is that leader survival and regime survival in dictatorships is fundamentally shaped by economic policy and the interplay between the individual personality traits of each dictator and the institutional structure of his ruling coalition – historically and contemporarily. A dictatorship is not a democracy and we should not empirically analyze one as if it is. We should look towards other mechanisms and institutions that function better in a non-democratic environment shrouded in secrecy and try to empirically capture the interplay between leaders and elites. Furthermore, a leader is not a regime, so institutionalists should not treat them as if they are the same empirically and formal modelers should start looking for ways to empirically test their models.[5]

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[5] It should be noted that I am not saying that these extremely smart authors are incorrect. I am suggesting that there may be a different way to analyze these questions that will produce stickier findings.

Therefore, special economic zones (SEZs) and sovereign wealth funds (SWFs) are presented here as 1) new data for empiricists and 2) economic policies that minimize the costs of commitment problems and information asymmetry for formal modelers.

The premise of the theory that follows is that leaders that want to develop their economies and accrue more power must look to exploit the advantages of international trade and investment through comparative advantage. Empirically we see that modern SEZs exist or are in the process of creation in every state in the world (Economist 2014) and the rapid spread of these zones began in the 1980s (FIAS 2008). SWFs are less common, but all wealthy non-democracies use them to manage wealth and wealthy elites and can lead to longer leader and regime tenures. Due to the ubiquity of SEZs, the systematic effects of them are more interesting, but as non-democracies develop and become wealthier, SWFs will become just as universal.

SEZs are not all the same size or quality. Autocratic leaders that rule with regime institutional level constraints on their power tend to build large and successful zone programs because the zones are a natural extension of the power-sharing atmosphere that already exists between the leader and the regime. SEZs enhance the survival of constrained autocrats *and* their constraining regimes because they significantly enhance nonviolent elite and popular management capabilities. If a regime led by a leader with a constrained management style decided for some reason to give up any constraints they held over the leader, we would expect the quality and size of SEZs to go down and survival rates for both to be conditioned by the strategies of all actors.[6]

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[6] This is rarely the case. A regime that has the capability to constrain its leader will likely never give up that power willingly. It is possible for a leader to try to take it from the regime, but if this happens it would imply that 1) the initial constraints were weak and 2) if some of the constraints are through internationally oriented economic policies, the leader will face reputation costs and ultimately will be constrained again or removed.

Autocratic leaders with an unconstrained management style, or those that act as if they are a god and marginalize their own regimes and people, tend to produce poor performing and small SEZs. Paradoxically, when these unconstrained leaders build even small SEZs leader tenure is reduced and regime tenure is extended. This is because the SEZ policy allows the regime of an unconstrained leader to begin imposing real and direct costs on the leader which lead to either removal, replacement, or a change in management style (i.e. accepting constraints). This helps explain the wide variation in the success of SEZ programs in non-democracies and also the apparent confusion over whether, when, and where they are good or bad policy (see Economist 2014, Farole 2011, Farole and Akinci 2011, Moberg 2017).

The foundations of democratic rule are primarily institutional – rule of law, checks and balances, constitutions. It is not immediately clear that the same institutional claim is true for authoritarian rule, yet it is often treated as if it were. If institutions matter, and (the disproportional study of) democracy is understood as the result of institutional constraints, then it does not make logical sense to assume that political institutions in a non-democracy function in a similar way. By separating leader behavior from regime type and analyzing the effects of economic policies on the survival of different combinations of leaders and regimes, a new approach to looking at dictatorships emerges.

Elite and popular management through economic policy is not new. Through the 5th and 6th Centuries B.C.E. the Athenians set up special permanent trade areas (*emporia*) to enhance domestic interactions with foreign populations. The more authoritarian Spartans gave trade rights and other special economic rights to the Periokoi to distinguish them from the Helot slave population. Since Spartans were theoretically banned from menial labor

and trade, this policy served to enhance the loyalty of the Periokoi because they could exploit Lacedaemon natural resources for personal gain (Cartledge 1979). The Athenians viewed trade as more of a public good, used by and for the benefit of a larger segment of the population in a society characterized by more personal freedoms and a relatively more equal income distribution. The Spartans viewed economic activity as a tool, used to divide and control the large native Lacedaemon population.

Before the development of the state system (1648), one traditional mode of power-sharing amongst autocrats was intermarriage. Young women were typically seen as tradable economic property. Lands, titles, and rights in and related to strategic areas of economic activity were granted to friendly and rival actors to achieve the political survival of the monarchy. Charles the Simple (King of West Francia 898-922 C.E.) made the infamous Viking Rollo the 1st Duke of Normandy, giving him land and control of economic activity along the Seine River in exchange for protection from future Norsemen raids (Douglas 1942). Charles, like most monarchs of the period, viewed economic opportunity as a means for purchasing loyalty from a potential enemy. During the 15th and 16th Centuries the Hanseatic League brought a diverse group of German city-states together to dominate Baltic Sea trade (Palais 1959, Fink 2011). The League devised formal trade rules that allowed elites a way to monitor each other's practices and to adjudicate disputes in the absence of clear jurisdiction.

Diverse political actors have always found ways to cooperate and manage diverse preferences through economic policy (Keohane 1984). Today, at the international state level, the EU, ASEAN, and OPEC serve as examples of this type of economic power-sharing. OPEC surprisingly manages global crude oil output and prices by bringing

together the divergent interests of Iran and Iraq (majority Shia), Saudi Arabia and the U.A.E. (majority Sunni), and other disparate actors such as Venezuela, Ecuador, and Nigeria. It is evident that international economic policy can convince states to invest some of their sovereignty into complex managerial power-sharing arrangements in exchange for mutual gains. However, it is also evident that the preferences of individual actors cannot be aggregated to some rational unitary state-level social choice in pursuit of some vaguely defined national interest (Arrow 1951, Bueno de Mesquita 2014).[7] Individuals make these choices according their preferences. The shape and structure of those preferences are determined first by domestic constraints.

This research asserts that elites, leaders, and individual citizens are capable of investing a small portion of their freedom to choose actions in exchange for predictable and mutually beneficial outcomes. This dynamic is most clearly observable within authoritarian states through specific economic policies because the policies exist in the public setting of a global market. Special economic zones (SEZs) are a popular policy choice among modern autocrats.[8]

The zones go by many names (export processing zones, foreign trade zones, freeports) and have existed in various forms as long as there has been trade. Modern versions of SEZs began appearing in the 1950s and are central to the Chinese, Emirati, and many other development models (World Bank 2008, Shimy 2008, Wang 2013, Ge 1999). These geographically delineated economic areas serve to attract investment through specialized trade rules reducing tariffs, regulations, and other barriers to trade – much like

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[7] Better known as Arrow's Impossibility Theorem. In groups of three or larger, assuming preferences are transitive and complete, there are few conditions under which a rational group choice can be made, and no conditions under which this can be done within the rules of what is recognized as democracy.

[8] Per the data more than 75% of all states have at least one SEZ and per other sources every state without one has plans to build one (Farole 2011, Economist 2015). The overwhelming majority of all SEZs are in non-democracies.

the early Greek trade cities and rules associated with the Hanseatic League. Modern SEZs are different in that they operate within the modern nation-state system and its associated international organizations (IOs). SEZ rules are also more formal and public because of modern technology and their need to advertise and attract foreign investors who comply with international trade rules. Compared to historical counterparts, modern SEZs are also larger in size and numbers while often narrower in focus. They are also more significant sources of employment (Wang 2013, Palit and Bhattacharjee 2008). Chapter 2 describes SEZs and my original data on them in detail.

Sovereign wealth funds (SWFs) serve as state investment vehicles used to stabilize revenues and generate profits through a diverse investment portfolio (Loh 2002). SWFs act much in the same way that intermarriage did for ancient kings, a diversification of the family fortune. SWF managers are members of the political elite (Shih 2009) and, like the ancient kings, they have long time-horizons. This is because investments take time to mature and investments are meaningless without a stable investor. This type of forward, long-term thinking leads to robust economic growth, especially in dictatorships (Olson 1993). Elites and leaders see investments in global financial markets as a type of self-insurance, as shields against the pernicious effects of commodity booms and busts (Clark, Dixon, and Monk 2013). SWFs work to generate profits and control vast amounts of wealth (explored in detail in Chapter 2). The fact that state actors control the funds lead some analysts to fear they will one day operate with a political motive rather than a profit motive (Weiner 2010, Truman 2007). In non-democracies there are few formal rules for how and when politics are separate from economics.[9] However, much like SEZs, the international

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[9] In fact, the Chinese Constitution states this explicitly, "The Communist Party of China must persist in taking economic development as the central task, making all other work subordinate to and serve this central task."

and domestic legitimacy of economic policies often rests squarely with the domestic constituents that control them and those that are affected by them. This leads to there being a premium on transparency in these economic transactions (Clark, Dixon, and Monk 2013, Truman 2007).

SEZs and SWFs enhance the nonviolent management of elites by increasing monitoring and transparency, thus making commitments more credible. These policies also connect elites to an array of independent arbiters that can help settle disputes when they arise (such as the WTO, MNCs, and foreign elites). The impact of SEZs and SWFs on leader/elite management is explored and evaluated in Chapter 3.

SEZs increase a regime's ability to manage the population through labor fragmentation, which is an economic form of the classic divide and rule strategy. SEZs also encourage everyday citizens to economically invest in the long-term growth and survival of the regime with sunk investments, such as relocating to a zone or learning a new skill in order to gain employment in the zone. These dynamics are explored and evaluated in Chapter 4.

This analysis uses the phrase "elite and popular management" as a different conceptualization of the better-known terms power-sharing and political control (as used in Svolik 2012 and other works). Many political scientists would identify power-sharing as a key component in ideas like consociationalism – a strategy for *managing* social cleavages or ethnic conflicts in diverse democracies (Lijphart 1999, McGarry and Oleary 1993). Others conceptualize it as a sort of balance power between actors that requires power *delegation* – another form of management. An example of this type of power-sharing is the Unites States after the Revolutionary War where 13 newly sovereign states

where faced with a situation in which no single free colony was powerful enough to overtake the rest (Olson 1993). This balance of power provided the impetus to adopt the Articles of Confederation and later the Great Compromise (a bicameral legislature) and the Constitution of the United States. Another example would be when a dictator is credibly threatened by his ruling coalition with removal from office, thus achieving a balance of power between them necessitating power-sharing (Svolik 2009). In dictatorships, power-sharing is theorized to take place through legislatures and political parties. In short, power-sharing is typically believed to be induced by a balance of some sort of political power (such as between a legislature and the executive) or societal cleavages that require political *management* (such as ethnic or religious divisions).

Throughout this work, what others recognize as power-sharing is effectively conceptualized as *the rational delegation of economic management to limit the effects of negative political externalities* that can result from opening up to international trade and markets*,* or in simpler terms "elite management." In economics, a negative externality is considered to be some sort of economic activity that generates a bad effect on an uninvolved third party (Buchanan and Stubblebine 1962). Negative externalities in the authoritarian setting can be considered a political coup (as they are in Svolik 2008), but they also can include calls for reform, a declining economy, or even some sort of pollution of the soul of the state.[10] A negative externality always represents something that directly or indirectly threatens the tenure of the leader or reduces the regime's ability to manage the population.

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[10] See Gold (1990) for a review of sporadic Chinese campaigns in the 1980 against "spiritual pollution" and "bourgeois liberalization." Other examples of this desire to reduce negative externalities would be when Russia recently required all foreign NGOs to register as "foreign agents."

"Popular management" is a term related to the conceptualization of political control. When readers see the term political control, they may conjure images of riot police beating up protestors, mass incarceration, or propaganda filled streets – especially in an authoritarian state. While these events definitely happen in non-democracies, it is not what is meant by the concept of popular management. SEZs and SWFs, and the people that choose to build them and manage them, likely do not consciously go around trying to subdue national populations into capitulation or loyalty. However, even if not chosen for that purpose, these policies can have that effect. This is an important distinction because general concepts of political control typically require some sort of violent coercion. Popular management involves managing the desires and needs of the people in a non-violent and constructive manner that leads to economic growth.[11]

This dissertation makes three contributions to the study of authoritarian politics. First, it identifies economic policies as a fruitful avenue for exploring authoritarian politics. Second, it offers original data on specific modern economic policies (SEZs and SWFs) that can be used to examine a large set of other questions, and not just those in comparative politics or international relations. Third, it offers a new avenue for empirically distinguishing between two basic types of authoritarian leaders – unconstrained and constrained leaders (referred to respectively as established and contested in Svolik 2012). This third contribution can also be considered a way to measure the management style of

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[11] Lake and Baum (2001) designed a "theory of the state as a firm in a contestable political market" where public services are the goods exchanged for revenue (p. 617). Sovereignty, or a monopoly on the legitimate use of coercion, gives states a comparative advantage in producing. Lake and Baum argue that a democracy will produce public services as a regulated monopoly because the barriers to exit and the cost of political participation are low. Their theory further predicts that an autocratic regime "will exercise its monopoly power, provide fewer public services, and earn greater rents" because the barriers to exit and price of political participation are high (2001). In this sense, what is meant by popular management in this context is the selective use of monopoly powers by the regime – the dictator and his ruling coalition acting together – to incentivize loyalty and minimize negative externalities among the maximum number of those residing outside of the ruling coalition.

a leader, or in other words, how "personalist" a leader is. The first two contributions were briefly discussed in the introduction. The following subsection (1.1) describes the miserable conditions of authoritarian rule that lead to puzzling problems and explore the third contribution in brief – a distinction between management styles of autocratic leaders.

1.1   AUTHORITARIAN RULE

Few, if any, rulers proudly accept the label of dictator. Fewer societies will happily advertise that their government is authoritarian.[12] Instead, we observe countries with contradictory labels like the Democratic People's Republic of Korea (DPRK) ruled by a Supreme Leader and his Worker's Party, or, misused and seemingly lifted labels like the Republic of Equatorial Guinea ruled by a President and his Democratic Party. All non-democratic regimes claim to be democratic. These nominal titles hold little or no substantive meaning, but they do tell us that dictators are exceedingly vain.[13]

Authoritarian politics do exist, despite few dictators accepting personal ownership of academic and political conceptualizations that can carry pejorative connotations. Authoritarian politics inspire great novels, movies, and television, and increasingly hold a steady interest in mainstream news, academia, and popular culture.[14] When agreements are made amongst authoritarian elites there are few independent sources of authority with the ability to enforce them (Svolik 2012). Therefore, when disagreements occur, politics can

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[12] The Chinese Constitution frequently refers to its government as the "Democratic Dictatorship." I am not sure what a democratic dictatorship is empirically. I assume it must be along the lines of a "dictatorship of the proletariat."

[13] It is interesting to note here that dictators frequently have a very distinctive outward appearance.

[14] The wildly popular AMC series "Walking Dead" begins with the lead character declaring to his group that "This is not a democracy" and proceeds to tell the story of a number of different non-democratic groups trying to survive in the aftermath of a zombie apocalypse. The show actually exemplifies many of the behaviors analyzed within this dissertation.

quickly degenerate to violence, secrecy, and betrayal. These are the dramatic interactions that legends are made of.

In 2013, Supreme Leader Kim Jong-Un purged his uncle (Fisher 2013) for being "counter-revolutionary" and "despicable human scum," likely having him executed by firing squad (although rumors still swirl that he was fed alive to a hungry pack of dogs). In February 2017, Un had his half-brother killed in an elaborate poisoning with a nerve agent in a Malaysian airport (Sang-Hun & Gladstone 2017). In 1979, a young Teodoro Obiang in Equatorial Guinea (now 74) observed his uncle, President Macías, publically executing family members in a fit of paranoia induced by the extended abuse of marijuana and local hallucinogens (locally called "bhang" and "iboga") (Sundiata 1988). Macías was removed from power, executed, and Teodoro proclaimed himself president (McSherry 2006). Still president today, he later asserted that he is God (just as his uncle had), claimed all the state's oil wealth for himself, and began systematically executing political opponents (with the help of a legendary familial good luck charm – a shrunken head).[15] In these miserable authoritarian settings, there are few independent remedies other than violence or silence. Exit and loyalty become the only reasonable options, as voice falls on deaf ears.

The examples of North Korea and Equatorial Guinea are a brief introduction to the brutal and secretive nature of authoritarian rule amongst elites, but they differ in systematic ways from other autocratic leaders.[16] Both of these men have effectively terrorized and purged their supporting regimes to the point that they have little need to share power with

[15] Equatorial Guinea is considered to be a "perfect kleptocracy" where all state wealth is effectively stolen by the leader and small group of elites. Obiang's son (Vice President and heir apparent) owns a hip-hop music label in New York, a $30 million estate in Malibu, and Lamborghinis to match his outfits. He also owns significant portions of Michael Jackson's estate (Grimaldi 2014).

[16] For a clearer picture of the miserable settings of authoritarian rule, add in the experiences of the citizens. It should also be noted that I use the masculine pronoun throughout this work because there have been relatively very few instances of female dictators, and none that rose to power outside of familial connections.

them. Their management style is essentially that of corruption and violence. They effectively command almost all aspects of government by decree. Svolik (2012) refers to these as established autocrats, whereas other authors refer to them as personalist (Kendall-Taylor, Frantz, and Wright 2016). Here, I refer to them as unconstrained. Unconstrained autocrats emerge when power-sharing among elites fails or becomes less necessary. Kim Jong-Un (North Korea) and Teodoro Obiang (Equatorial Guinea) are prime examples. Examples of other unconstrained autocrats include Saddam Hussein (hanged) and Muammar Qaddafi (shot by rebel forces). Both had little need for power-sharing because they effectively removed threats from their inner circles. Both met violent deaths, though notably only after foreign interventions.

Scholars have long argued that unconstrained (personalist or established) leaders are different from those that rule *with* some sort of institutional constraint. These arguments exist in work on Africa (Jackson and Rosberg 1982, 1984), Southeast Asia (Liddle 1985, Thompson 1995), 17th Century Europe (Sharpe 1992), the Middle East and West Asia (Ansari and Moten 2003), nuclear proliferation (Way and Weeks 2014), international conflict (Peceny and Beer 2003, Colgan and Weeks 2015), political theory (Guliyev 2011), among formal modelers (Acemoglu, Verdier, and Robinson 2004), and psychologists (Brandstatter and Guth 2002). The general theme among all this research seems to be that political institutions do not matter very much to rulers with unconstrained management styles. They rule in the way 16th and 17th Century monarchs did, they are more war prone, they act – and are sometimes treated – as if they were a god or at least chosen by God.

In an experimental setting, Brandstatter and Guth (2002) find that an individual's personality (levels of benevolence, emotional stability) influences bargaining strategy.

Interestingly, they find that intelligence levels has no significant effect. This should not be a surprise to anyone. Most people know someone that is exceedingly selfish and emotionally unbalanced. Most people also know somebody that is exceedingly altruistic and steady – or some other combination. One could imagine that these personality traits have more influence in a political environment characterized by a monopoly on power as compared to a democratic government characterized by multiple veto players. In short, institutions matter, but, only to those with a management style conducive to sharing power.

Having an unconstrained management style can require the use of extreme violence in order to mollify all opposition, often against family members and close acquaintances. One could imagine that the answer to the following question would help one determine the management style of a leader: "How willing are you to kill your closest relative in order to retain power?" If the answer is anywhere past "somewhat willing" the leader is likely to manage his government without constraint and work to undermine any possible constraints on his power.[17] Although the tenure of autocratic leaders with an unconstrained management style tends to last longer on average, they are typically marred with poor economic growth, corruption, and egregious records of civil liberty violations.

Autocrats with a constrained management style are leaders that need some sort of cooperation from the elites and the institutions they represent. They rule through delegation and deliberation. Svolik defines these types as having an elite coalition that maintains a credible threat of rebellion against the leader (Svolik 2012). This works in formal models, but empirically it is practically impossible to determine if a ruling coalition has credible

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[17] This behavior typically can and will draw the ire of democratic states, IOs, and NGOs that promote human rights. If intense enough, sometimes this attention leads to foreign interventions (Weeks 2012), sanctions (Escriba-Folch and Wright 2010), or civil wars (Gurses and Mason 2010).

threat of rebellion. One could argue that just having physical access to the leader or knowledge of where he resides gives a regime a credible opportunity to remove the leader. Therefore, I operationalize a constrained leader as one with a management style that prioritizes formal, deliberative, institutional decision and delegating powers to other elites.

For example, Xi Jinping depends on the Communist Party, the National People's Congress and the State Council – full of officials with diverse views – to implement vast and complex Chinese policies. Theoretically, these actors could rebel against the leader's wishes and by all accounts Xi depends on these political institutions. However, in these situations with an elevated importance of the institutional environment, the institutional environment is conditioned by the personality (or management style) of the leader. Xi's willingness to use or preference for institutions like the Communist Party makes those institutions important. Obiang's preference for violence and corruption as a management tool in Equatorial Guinea requires institutions to be marginalized.[18]

Autocrats with a constrained management style of delegation and deliberation always retain the option to pursue unconstrained rule through violence and corruption, but, arguably, once he unshackles himself from institutional constraint, there is no going back.[19]

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[18] The power-sharing through political institutions argument says that the decision makers in each Chinese body act according to formal rules and procedures rather than rule by decree or by terror. Therefore, authors conclude, power-sharing is working in China, and in most authoritarian regimes with functioning legislatures. Logically, the condition of secrecy in autocracies casts some doubt on how much power is actually being shared and especially what type of power. Authoritarian parties and legislatures are theoretically capable of balancing power among elites and the leader, but it would behoove us to look at other avenues for cooperation (such as economic policies) in such secretive environments. One of the problems with using authoritarian political institutions such as legislatures or parties to indicate things such as power-sharing or management style is that these elites meet in secret and the level to which they actually share power cannot be known to anyone but the people in the room. We cannot observe the disagreements or dysfunction that theoretically may or may not exist within the Chinese Communist Party (CCP) or the National People's Congress (NPC). SEZs and SWFs provide a way to publically observe elite behavior in non-democracies because they seek foreign direct investment (FDI).
[19] Recent research supports this claim based on the analysis of term limits (Baturo 2014). The more personal a ruler becomes the more likely he is to face punishment for his behavior if he leaves office voluntarily. Therefore, once a ruler goes down this path, the costs of going back or getting out become prohibitively high, leading him to try and stay in office until his death.

In other words, *personalist unconstrained leadership can form in any type of institutional environment*. This means that if an autocrat can remove his constraints (or, alternatively inherit a role with no constraints on his rule), he will likely survive in office indefinitely (limited by the human life span). Being limited by how long he will live,[20] the autocrat with an unconstrained management style is more likely to steal as much as possible while alive and is more likely to fall victim to the same violence that he uses to rule.

Therefore, when looking at only political institutions in autocracies, what almost all authoritarian typologies are based on, the findings can be spurious because analysis fails to take leadership style and extra-institutional arrangements into account. A power-hungry autocrat with an unconstrained management style will generate relationships in extra-institutional settings through coercion or bribery. In an authoritarian political environment it is more likely that individual leader behavior influences levels of violence, corruption, and economic development, rather than the mere existence of a legislature or political party.

By analyzing economic policies as a form of elite management, we see that all autocrats that are more willing to use formal and deliberative decision making processes rather than violence and corruption are likely to develop delegated power arrangements through economic policies to either compliment political institutions or act in their absence.[21]

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[20] It is possible to bribe an unconstrained autocrat out of office under special circumstances. Yaya Jammeh of The Gambia, left office for exile in Equatorial Guinea in 2017 after losing an election. To get him to step down, leaders across Africa were asked to pledge not to come after him and he was given a very impressive relocation package from the dictator of Equatorial Guinea – Teodoro Obiang – to compliment everything he has already embezzled from The Gambia.
[21] Svolik (2012) is the first (and only scholar that I know of) to distinguish between established autocracies (those in which power-sharing is less important) and contested autocracies (those in which power-sharing is necessary). The distinction is intuitive and helpful in explaining authoritarian leader exits and transitions from one ruler to the next, but it can be confusing because it blends levels of analysis (leader/regime). However, like many formal models, Svolik's distinction carries no clear method for empirically distinguishing between the two. It is simply assumed. To my knowledge the division of autocratic leaders and regimes has never been empirically defined. It is my understanding that

1.2   ECONOMIC POLICIES AND ELITE MANAGEMENT

No dictator can rule alone. All must delegate powers and all must manage insiders with varying agendas no matter how violently the leader terrorizes his elites. Leader with an unconstrained management style still face an internal threat even when it appears as if they have eliminated all internal threats. Stalin was possibly poisoned by his minister of internal security, Beria, and Qaddafi is rumored to have been shot by one of his own bodyguards just prior to capture. The majority of extralegal leader exits in dictatorships are coups from regime insiders (Svolik 2012). A dictator can solve the dilemma of elite management by either removing all institutional constraints (in this case violence and corruption become essential management tools) or by truly sharing power with his ruling coalition (in this case the sky is the limit, but requires the leader to accept that he will lose power at some point).

Much of the recent work on authoritarian political institutions argues that legislatures and parties allow dictators to co-opt the opposition through a variety of mechanisms (Brancati 2014).[22] Regular interaction within these political institutions generates greater transparency and believable commitments amongst members of the ruling group. Misperceptions of intentions, which can often be violent and destabilizing in the authoritarian environment, become less likely in the presence of formal deliberative political institutions. The basic idea is that when the ruler and elites regularly meet in a

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Jennifer Gandhi, Jane Sumner, and others, are currently working on data project related to measuring personalim, however, nothing has been published as of this writing.

[22] The most convincing arguments are that formal deliberative political institutions facilitate power-sharing. Svolik argues that any institution that establishes "formal rules concerning membership, jurisdiction, protocol, and decision making that both facilitate the exchange of information among the ruling elites and provide an easy assessment of compliance with those rules" will foster a more stable leader tenure (2012; 7). These institutions are typically recognized as rooted within legislatures and parties which are both connected to elections, fraudulent or not (Brancati 2014).

legislature, council, or party headquarters to discuss laws, development, and strategy, the ruler can more easily and quickly detect possible defections and deal with them, while at the same time elites are more assured that any attempt by the dictator to violate his own promises will be quickly and publicly exposed (Svolik 2012). The idea is analogous to the cliché that "sunlight is the best disinfectant" – or, making decisions in an open and predictable manner reduces the likelihood of corruption on all sides. But what if the leader's management style is one of corruption and violence?

Certain economic policies within dictatorships may in fact create stronger, or at least equivalent, arrangements despite the ruler's management style. Relatively little work has been done on how authoritarian leaders and elites create self-enforcing patterns of cooperation. Economic arrangements generate self-enforcing cooperation through greater transparency and credible commitments amongst elites. In an analysis of FDI in China, Zheng (2014) finds that "development zones functioned as a platform to align the interests of different government agencies, which created a self-enforcing mechanism that rendered the policy credible" (p. 75). Power is generally equated with money, therefore it is a logical extension to argue that where money is involved there will likely be a greater desire for transparency than in a rubber-stamp legislature or a party platform.

My arguments surrounding elite management include two additional points. First, economic policies have the ability to directly distribute benefits. Legislatures and parties offer mostly indirect benefits provided by the prestige of the position. Other than providing a salary, legislatures and political parties do not directly distribute anything other than constituency spending. However, it is widely believed that authoritarian legislatures are used to generate patronage. But when management of a specific economic policy is

awarded to a loyalist, it not only rewards him, it also gives him the ability to generate his own revenue streams (rather than merely collect them). It gives him specific economic information and privileges that can then be used for personal gain. The loyalist can then use these privileges and revenues generated through direct control of economic activity to purchase patronage from other elites and subordinate populations. If the manager of this policy is also a legislator it only increases his original power.

Second, economic policies – especially those involving foreign trade – directly connect the ruling coalition to independent arbiters, such as the World Trade Organization (WTO) and foreign economic elites such as multinational corporations (MNCs). Connections to independent sources of power able to arbitrate disagreements and monitor transactions greatly reduces the possibility of costly and potentially violent public disagreements within the regime. While these independent arbiters may not always be able to enforce contracts, they can impose expensive reputation, business, and political costs on members of the regime by withdrawing investment or exposing corruption.

In sum, economic policies make commitments more credible and connect the regime to independent arbiters, thus enhancing a dictator's ability to manage his regime – given that he is amenable to accepting constraints on his power. If the dictator rules with violence and corruption, these same mechanisms allow the regime to either remove the leader or impose constraints on him outside of or within a legislature or a political party. Perhaps the most noteworthy aspect of this theory (outlined in detail in Chapter 3) is that the regime can remove or change the unconstrained leader without resorting to violence.[23]

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[23] A violent exit from office, such as an assassination, coup, revolution, or foreign intervention, represents a type of economic shock that depresses the economy and increases the likelihood that another unconstrained leader will step in to fill the vacuum.

1.3   ECONOMIC POLICIES AND POPULAR MANAGEMENT

Events like the Color Revolutions and the Arab Spring provide ample evidence that the masses can and sometimes do pose a credible threat to not just the ruler, but the entire regime. The "original sin" of rule without explicit consent means that repression will be present in every dictatorship (Svolik 2012). There will always be unhappy customers (citizens) who seek change. Rule without explicit consent merely raises the stakes for these actors, because in a dictatorship there is no pressing need to trust or even to gain trust from the population. Dictators and their regimes use a mixed strategy of repression and co-optation to prevent mass uprisings – a version of sticks and carrots.

Repression is a double-edged sword because if used too heavily it will equip the repressive apparatus (typically the military) with the means and possibly the motive to remove the regime from power (Acemoglu et al 2010, Svolik 2012, 2013). Repression makes protest less likely, but when public opposition does occur under the conditions of state violence it is likely to be more effective because it signals stronger resolve in the opposition (Kricheli et al. 2011). Repression typically hinders economic activity, much in the way that roving banditry (random theft) does (Olson 1993), and is not the most efficient long-term method for exerting political control.

However, buying loyalty from the masses cannot work without the regime's credible threat of violent repression. Otherwise there is little incentive for the masses to accept co-optation and no incentive to stop demanding more and accept what they get. The dictator and his regime need both repression and co-optation. Different structural and institutional factors (such as resource wealth, inherited military role, and regime type) are

typically used to help predict the levels of repression and co-optation (Davenport 2007b, Frantz and Kendall-Taylor 2014, Kim and Gandhi 2010).

Many authors focus heavily on the role of violent repression. The argument here contends that violent repression exists in all states and all governments as one of the defining characteristics of a state – a monopoly on the legitimate use of violence (i.e. militaries). Treating repression as a constant, the argument turns here to focus on the incentive structure created for everyday citizens to accept co-optation and support the regime (or at a minimum not work against it). Remember, the concept of popular management in this work is related to the idea of an authoritarian regime using its monopoly power to incentivize loyalty and minimize negative political externalities.

Svolik argues that authoritarian political parties provide a stable incentive structure by encouraging a sunk investment from individuals throughout society by

> assigning costly, politically valuable party service – often in the form of ideological proselytizing, intelligence gathering, and mobilization for regime-sanctioned events – early in a party member's career while delaying the benefits of party membership – which typically entail better employment and promotion prospects or privileged access to education and social services – to a later point (2012; 11-12).

This delayed gratification incentive structure encourages party members to marginalize the opposition on their own volition in a rational effort to improve their own lot, thus limiting the need to use costly and potentially destabilizing violent repression.

Economic power structures can also impose the same rigid hierarchal assignment of services and benefits, control over positions, and selective recruitment that many scholars describe political parties as doing. The caste system in India is a clear example of how powerful socio-economic assignment can be, surviving even through the transition to

democracy (albeit informally now). Popular management through a political party is a direct approach, but it only works for party members who are generally a very small proportion of the population. There are over 80 million members of the Communist Party in China, but this only represents about 6% of the population. Popular management through an economic policy is 1) indirect, meaning when it works it works whether control was the intention of the policy or not and 2) it can work for everyone, including those in the party, and in China's case, including the approximately 94% of the population outside of the party.

A complete and abrupt liberalization of the entire economy poses a great danger to authoritarians because they are naturally conservative, but more importantly, a completely open economy requires rights and liberties that would have to apply to the entire society. To avoid this problem, authoritarians have almost universally adopted the policy of special economic zones (SEZs) or "selective spatial liberalization" (Park 2005).[24]

For an individual to help a non-democratic regime deploy economic liberalization policies, like SEZs and SWFs, it is costly to the individual worker and valuable to the regime whether it is in the service of a party or not. For example, in the 1980s as China began to open up to trade with the West, the Communist Party launched a campaign against "bourgeois liberalization" as they simultaneously pursued controlled economic liberalization experiments in SEZs. When involving foreign trade, this service in the process of partial liberalization can potentially be dangerous to the regime because it can

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[24] If these economic policies can create a more efficient and wider-reaching delayed incentive structure, this helps explain the remarkable resilience of some non-party regimes (such as the Gulf monarchies and personalist regimes like Belarus) and multi-party dictatorships (such as Venezuela and Zimbabwe) that have yet to be adequately explained in the literature.

expose individuals to foreign elites and ideologies that may not be in line with the regime's orientation. A modicum of trust is needed.

This management is achieved through labor fragmentation (explained in detail in Chapter 4). Partial liberalization through the use of SEZs typically involves employing a number of people in a concentrated area.[25] By employing people in a concentrated geographic area, the regime can better detect and manage the demands of workers as their lot improves. Geographic selective control is an easier and cheaper approach when compared to a complete or full liberalization of the entire economy. Costly service in the process of implementing and being employed within new economic policies also delays the individual's benefits of such service, as benefits will typically depend on whether or not the policy (and the regime) succeeds in its goals – generally to increase tax receipts, employment, and development.

Successful economic endeavors will always attract new actors interested in gaining their piece of the pie. Economic migration of this sort is most evident in China's coastal cities where its first SEZs were established, but it is a global phenomenon. A successful and geographically limited economic policy increases employment, development, and services in the area, thereby attracting large numbers of migrants from lesser developed areas (commonly referred to as urbanization). The need for a sunk investment in the success of the policy and the delayed benefits it generates can lead low-level individual employees to marginalize non-loyal or non-participant members of the populace and work harder out their own self-interest.

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[25] Park (2005) described this approach as "spatially selective liberalization" in South Korea's efforts to concentrate specifically skilled laborers in specific geographic areas using SEZs.

This process can lead to direct incremental economic gain for the individual, something that is likely to be far more valuable to most individuals than lofty ideological goals, party prestige, or even privileged access to social services. It also leads to general economic development – typically the original goal of these policies. The result is an orderly and loyal population largely free of negative political externalities from a partially liberalized economy. Citizens are too busy trying to get their piece of the pie to invest what little capital they have in opposing the regime responsible for creating the pie for them.

CHAPTER 2. CHARACTERISTICS OF AUTHORITARIAN RULE

Authoritarian regimes are similar to the mafia. In the mafia, loyalty to the family is demanded above all else, and profits take primacy over everything else. The problem that organized crime families face is the same that all criminals face, their actions are illegal and thus cannot be shared openly (Arlacchi 1986). This means that in the beginning, family bosses had to trust underbosses and other made men solely on their word. One can imagine that when large sums of money are involved, everyone is heavily armed, and secrecy is of utmost importance to carry on, things often get violent. One way the mafia attempted to control this violence was by electing an unrelated consigliere (an independent arbiter) to impartially mediate disputes within the family (Paoli 2008). In the early 1930s, in an effort to stem the steady flow of familial assassinations, the mafia created "the commission," a governing body of all mafia families that distributed lists of all made men and proposed made men for approval. The formal distribution of more information (greater transparency) created more stability within each family.

Non-democracies are not illegal in an anarchic international system, but they are similar to the mafia in that they are generally characterized as having a small group or an individual with a complete or near-total monopoly on domestic political power. Generally, authoritarian regimes are not very transparent, plagued by corruption, and more likely to enter into conflict (Bueno de Mesquita et al 2003, Brancati 2014). They are secretive, manipulative, and censor the press, possibly explaining why we often know so little about

them. Even though some non-democracies have a relatively strong rule of law score (Ginsburg and Moustafa 2008, Barros 2003), their judiciaries are by definition beholden to whoever maintains the monopoly on power (Brancati 2014).

These problems of secrecy and the lack of a truly independent arbiter to decide political disputes – such as a free press, free and fair elections, or an independent judiciary – make high levels of violence in the form of repression, extrajudicial killings, and political imprisonment a common characteristic amongst these regimes as well. In a phrase, *the limits of power are ill-defined, if defined at all*. Consequently, who exerts power when and where can be extremely unclear. The amount of uncertainty that can revolve around authoritarian politics further elevates the importance of economic transactions. Like the mafia, loyalty and power are often equated with monetary transactions, not formal institutions.

Modern non-democracies are a diverse group. There are literally hundreds of different names for them.[26] Throughout this exercise I will continue to use the terms dictatorship, autocracy, authoritarian and non-democracy interchangeably, but will briefly discuss their differences here. They all refer to any government that is not democratic. The definitional differences in the terms dictatorship, autocracy and authoritarianism are somewhat trivial, but interesting and enlightening nonetheless.[27]

Dictatorship is a very old term that dates to the Roman Republic when the emperor would appoint a transitory dictator to restore order in provinces with rebellions or other

[26] Totalitarian, hybrid, mixed, competitive authoritarianism, anocracy, autocracy, partly free, bureaucratic authoritarianism, monarchy, absolute monarchy, communist, single-party, dominant-party, sultanism, neopatrimonialism, kingdom, sheikhdom, tyranny, oligarchy, illiberal democracy, disciplined democracy, personalist, fascist, military, theocracy, are just a few.
[27] It is important to note that all of these words can be used as either nouns or adjectives and can apply to either leaders, the regime, or both.

social unrest (Lintott 1999). The appointments started out as temporary and the people generally viewed them positively (Gandhi 2008). Over time, Roman dictators began devising and experimenting with ways to stay in power. They ultimately succeeded. The course of history – from the thousands of European kingdoms, Eastern dynasties, colonialism, and eventually WWII (think Hitler and Mussolini) – brings us to the strongly pejorative connotation that the term dictator provokes in one's mind today. Often, incorrect use of the term is not dissimilar to when the term fascist is incorrectly employed by an angry student to describe a teacher they believe to be too demanding. Here it only means *not democracy*. There is no pejorative connotation intended here.28

Autocracy is a term meaning something akin to automatic rule by the self. It is an old term as well. Its partner term, autocrat, was first used in France to describe Napoleon. Today, this academic term is largely associated with the Polity project. On a scale from 10 to -10, ranging from democracy to autocracy, this project attempts to measure and map regimes according to how closed or open their political structures are – among other things. It is one of the most widely used continuous measures of democracy and autocracy today, but the measure's conceptual validity is frequently challenged. Most of the controversy circles around the middle region (5 to -5) referred to as anocracy – or a mixed and incoherent regime. Researchers have found that using the additive scale employed by Polity, there are eleven unique regime constellations that can equal to the middle score of '0' (Gandhi and Vreeland 2014). There is some evidence that SEZs actually work to stabilize these diverse middle regimes (Fuller 2015). In the literature, all regimes with a

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28 For younger students, the pejorative connotation that older adults feel seems to be less of an issue. In the dictatorship course I teach, I frequently find that millennials do not equate the term dictator with Hitler or Stalin, instead they frequently associate it more with the skylines of Dubai, Beijing, and Singapore and other symbols of opulent wealth. I have not explored this phenomenon systematically yet, but will be doing so in future research.

score less than a positive 6 are traditionally treated empirically as a non-democracy – as most researchers conceptualize anything with a score of 6-10 as an established democracy.29 Furthermore, the scale is often criticized as focusing too heavily on the dimension of competitiveness and executive recruitment. Here, the term autocracy will simply mean *not democracy*.

Authoritarianism typically refers to the general preference of political order over political freedom (Huntington 1968). This is a newer term that came into mass usage just prior to the Russian Revolution of 1917 that ushered in the Soviet Union. It made its way into the political science literature with the works of Juan Linz (1975), Samuel Huntington, and others as the field sought to broaden the study of dictatorships from the totalitarian regimes of WWII (Arendt 1951) to the diverse field of non-democratic regimes outside of Europe. This term is now frequently used in psychology to describe and measure different personality attributes and preferences, including parenting techniques. It has recently been widely used to describe and measure the mindset of Donald Trump supporters in the 2016 US Presidential Race (MacWilliams 2016). An authoritarian disposition – a psychological preference for action and obedience over deliberation and discussion – is apparently the strongest predictor of one's support for now President Trump (although there is some debate surrounding this finding). Here, authoritarian and its derivatives will simply mean *not democracy*.

Therefore, non-democracy is defined by what it is not. It is a residual catch-all category used to draw a clear distinction from democracy amongst extreme non-democratic heterogeneity. This means that the middle regime Polity anocracy type and Freedom

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29 The next subsection discusses the comparison between established democracy and established autocracy.

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House's partly free category reside within the classification of non-democracy. Non-democracy is treated as a residual category (for classification or subset purposes) because just as a woman cannot be half-pregnant, it is not normatively *or* scientifically correct to treat any regime as half-democratic (Przeworski et al 2000).

The rest of this chapter will discuss authoritarian political institutions, such as elections, parties, and legislatures, before developing a framework for conceptualizing constrained and unconstrained autocrats. Lastly, it describes special economic zones (SEZs) and sovereign wealth funds (SWFs) in detail before outlining the process of data collection concerning these policies.

2.1   AUTHORITARIAN POLITICAL INSTITUTIONS

Historically, many authoritarian governments have subsidized rigged elections to confer legitimacy to domestic and international audiences.[30] Single-party Communist regimes made a regular practice of this. Mexico's Institutional Revolutionary Party (PRI) figured out how to do this for over 70 years, even with a legal domestic opposition (Magaloni 2006). However, all modern authoritarian regimes now sponsor these elections. Furthermore, these elections have become ostensibly more and more competitive over the years. Figure 2.1 shows the average change in the effective number of political (parliamentary) parties in all regimes from 1946-2010, divided between democracies and

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[30] Single-party elections are often very competitive; however, they are referred to here as rigged because of the exclusion of opposition parties. Without viable opposition parties the state is in de facto control by the party and the elections cannot be free.

non-democracies. In 2010, the average dictatorship had just over three effective political parties competing in elections, the same number the average democracy had in 1946.
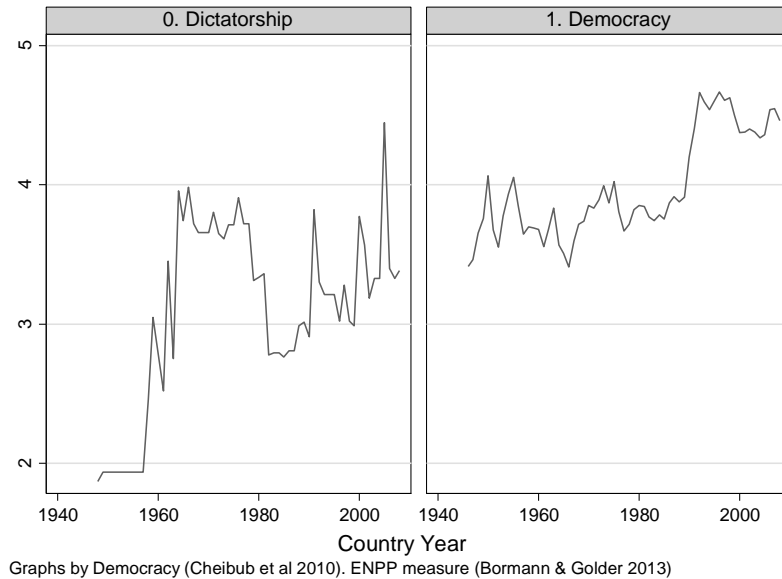
FIGURE 2.1: Effective Number of Political Parties

Some of the stories surrounding these rigged elections are legendary. In Belarus, Aleksandr Lukashenko won his fifth – and probably not his last – presidential term in early October 2015. All key opposition leaders had successfully been kept off the ballot and the Belarussian Electoral Commission was seen offering doughnuts at polling stations to attract crowds. Lukashenko won all five times with more than seventy-five percent of the vote and very high turnout. In previous elections he threatened to wring the necks of opposition protesters "as one might a duck" (Walsh 2006). In 2010, international news covered the beatings and arrests of Belarussian opposition leaders and protesters by police during the casting of ballots. After independence in the 1990s, Belarus had around 4.19 effective political parties. In the years since then, as Lukashenko has consolidated power in himself,

the number has dwindled down to 1.14.[31] However, this statistic is debatable and not representative of the trend in average numbers in Figure 1. This is because the overwhelming majority party in Belarus is not a party at all.

They are legislators that identify as non-partisan and pledge allegiance to President Lukashenko. This fact further obfuscates the idea that parties are effective power-sharing institutions. In the 2016 Belarus lower house elections independents won 94 out of 110 seats and the opposition parties won three. Turnout was around 75% and the second largest ticket was the "Against All" option (which awards no seats and is essentially a protest vote), beating the loyal Communist Party of Belarus by over two percentage points! The only real parties that manage to win seats are ones that pledge loyalty, and even then, in this case the independents win the majority. Party structure is essentially meaningless in Belarus, as all power is consolidated in Lukashenko and his family, who is frequently seen with his illegitimate youngest son (age 12) believed to be being groomed as a successor.

In October 2013, the Central Election Commission of Azerbaijan accidentally released the country's election results through a smartphone app a full day before voting began. The app announced that Ilham Aliyev won with 72.76% of the vote. The final count ended up being 85% with the regime pointing to the difference in numbers as proof they were not fixed (Keating 2013). Before dying in 2003 of heart failure in Cleveland, Ohio, Heydar Aliyev appointed his oldest son, Ilham, as the sole presidential candidate and head of the New (Yeni) Azerbaijan Party (YAP). Heydar presided over Azerbaijan after the split of the Soviet Union and developed an intense cult of personality. Over 50 cities have statues

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[31] Data collected and calculated by the author. Source: Wikipedia Elections.

of him, two films commemorating his rule were produced for his 80th birthday, and buildings and parks named after him are ubiquitous throughout the country.

The New Azerbaijan Party (YAP) is more central to rule in Azerbaijan than Belarus, but similarly, power is concentrated mostly in one small familial group - Ilham and his immediate family. Under Heydar the effective number of political parties was around 1.6 and today it stands around 2.7. However, the calculation of this number again includes independents (or non-partisans) as a political party, as they won over 40% of the seats in the 2015 Azerbaijani parliamentary elections. It seems that in Azerbaijan the use of independents is likely more strategic. Each candidate is allowed his own observer at polling stations in Azerbaijan (Ismayilov 2005). Thus, if loyalists register as independents, loyal election observers can crowd out opposition observers and ensure positive results for the regime. Similarly, independents in Azerbaijan (often with no political background or experience) are thought to register in large numbers in contested districts to split the ticket in favor of regime favorites (Ismayilov 2005).

Teodoro Obiang Nguema – in office for over 36 years now – won reelection in one precinct of Equatorial Guinea in 2002 with reportedly 103% of the vote (Smoltkyzk 2006)! The Democratic Party of Equatorial Guinea (or *Partido Democrático de Guinea Ecuatorial*, PDGE) exemplifies another strategy of institutional obfuscation. The party was the only legal party until the early 1990s when opposition parties were allowed due to international pressure stemming from recently discovered oil reserves. Opposition parties have only managed to win a handful of seats since then and frequently they are banned for various reasons shortly after winning a seat. While the PDGE might seem on the surface to be more important than the Azerbaijani YAP, Equatorial Guinea is closer to the

personalist rule of Lukashenko. The PDGE platform has no discernable ideological stance and basically consists of 1) loyalty to President Obiang, 2) support for foreign investment in the oil sector, and 3) support for Fang tribal dominance (Kraus 2010). Similarly, the elderly Teodoro is grooming his only son, Mangue, for succession.

All three are classified as the same type of institutional environment (in GWF 2014 – "personalist") yet they differ in the role of political parties on paper. Upon closer inspection Belarus effectively has no political parties despite what data may indicate, Azerbaijan has one that wins about half the seats with almost all the other seats occupied by murky independents, and Equatorial Guinea has effectively one party that does little or nothing but heap praise upon the president.

However, all three have familial structures that serve to groom future leaders, yet none are monarchies. All three have some of the highest levels of executive corruption. All three have relatively poor performing economies despite structural advantages (Equatorial Guinea and Azerbaijan have extensive oil deposits and Belarus strategically sits right in-between the EU and Russia). Focusing on political institutions like parties in realms where institutions do not matter very much or at all can be highly problematic.

Counting political parties and legislatures, brought to power through fraudulent elections, becomes even more difficult to decipher as we pan out to look at other regimes. The Iranian Green Movement voted in huge numbers in the rigged 2009 presidential reelection of Mahmoud Ahmadinejad. After winning in the first round, the results were augmented and the opposition was violently repressed in a regime where presidential candidates are vetted by the Assembly of Experts and ultimate power resides in the unelected Supreme Leader. The Guardian Council interprets the constitution and

supervises elections. It is a 12-member body, half of which are appointed by the Supreme Leader and the other half elected by the Majlis (or Iranian Parliament), however, all candidates are approved by the Head of Judicial Power, who is appointed by the Supreme Leader. Simple, right? Add in that the Islamic Revolutionary Guard Corps (IRGC) controls a big portion of the Iranian economy (Ilias 2010), and the relevance of economic policy should become much more apparent.

Close examination of Iranian elections and parties reveal stiff competition among shifting alliances in a deluge of political parties. However, Iran has only had two supreme leaders since the 1979 revolution and in 2009 it was made very clear that internal dissention would not be tolerated. If one were using political parties and legislatures as an indicator of power-sharing in Iran, there is a lot of something happening. However, the Islamic Republic has many traits that would lead us to believe it is led by an unconstrained autocrat that manages with violence and corruption. It has only had two leaders in its short history, it has moderate levels of corruption, and a poor performing economy. The state of the economy may be largely due to Western sanctions, but these sanctions are a result of pariah behavior similar the actions of other unconstrained autocrats such as Saddam Hussein and Muammar Qaddafi – namely the pursuit of weapons of mass destruction, which some have found to be general characteristic of personalist leaders (Kendall-Taylor, Frantz, and Wright 2016). Iran's leader likely exists somewhere between constrained and unconstrained, but the point is that number of political parties tells us little in the determination of this classification.

In Egypt, Abdel Fattah el-Sisi won the 2014 presidency with 96.91% of the vote after deposing the democratically elected Mohamed Morsi in a military coup and then

banning the Freedom and Justice Party from participation.32 All non-democracies hold elections in the 21st century. Some have parties and some do not. One of the defining characteristics of authoritarian elections is that they are not free and fair. Considering the varieties of opaqueness in authoritarian political parties and the manipulation of elections, what can really be said about the authoritarian legislatures that parties and elections fill?

Looking at legislatures, the National People's Congress (NPC) in China has 2,987 seats, arguably making its legislature more representative than the United States Congress. Even with a population of about 1.36 billion people, China has one representative in the NPC for approximately every 455,306 people. The United States has one House of Representatives member for approximately every 733,011 citizens (596,000 if the Senate is included).33 In 2009, four women were elected to the 50 seat National Assembly in Kuwait – a hereditary monarchy in the center of the Middle East – after the Crown Prince dissolved the legislature three times in order to get a cabinet he liked. In the DPRK (North Korea), the Mansudae Assembly Hall holds 687 elected representatives. All but 86 of these seats belong to members of the foundational Workers' Party. Early in the 21st Century, the military leaders of Myanmar decided to move the capital city and the Pyidaungsu Hluttaw (bicameral legislature) 200 miles north from Yangon (Rangoon) to a remote and uninhabited jungle region called Naypyitaw. The decision to move the capital and build the mysterious (and gigantic) complex there is popularly rumored and believed to have been made after a warning of foreign attack was delivered to General Than Shwe by an astrologer. Many analysts believe the move was an attempt to prevent any type of popular

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32 The Freedom and Justice Party is an Islamist party with ties to the Muslim Brotherhood of Egypt. This is why the US and Western countries did not strenuously object to the coup.

33 The United States Constitution requires one House Representative for every 30,000 people, but this rule has been ignored since the early 1900s when the House was capped at 435 Representatives for seemingly arbitrary reasons.

non-violent uprising like a color revolution (Seekins 2009). All non-democracies have some form of a legislature and all of them are manipulated in an effort to monopolize power.

The literature on non-democratic governance makes a strong argument for why seemingly democratic political institutions in a dictatorship matter. Legislatures in dictatorships are more than "mere window dressing" – they can be used to co-opt the opposition (Gandhi 2008), can reduce levels of terrorism (Aksoy, Carter & Wright 2012), and can act as binding commitments to alleviate expropriation risk (Wright 2008, 2015). Political parties in non-democracies are unifying institutions that ease the problem of succession, allow for elite competition, and create a subset of elites to counterbalance the military (Ezrow and Frantz 2011). Furthermore, parties *and* legislatures can increase the likelihood of violent repression by allowing regimes to clearly identify opposition members in the general public (Frantz & Kendal-Taylor 2014). Judiciaries are signaling institutions that often add legitimacy to the political regime and help enforce property rights regimes.[34] All non-democracies now hold elections to varying degrees of legitimacy (Levitsky & Way 2010).[35]

Given the diversity of authoritarian political institutions and the fact that they purposefully manipulated, secretive, or faked to various degrees, what can they actually tell us about dictatorships? To answer this question we must first determine when and why

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[34] Military institutions play an obvious role in the tenure of authoritarian leaders with over eighty percent of all non-constitutional exits from power being the result of a coup d'état (Svolik 2009, Frantz and Ezrow 2011).

[35] Elections are often instrumental in receiving foreign aid, identifying the opposition, and shoring up domestic legitimacy. One argument concerning authoritarian legislatures, parties and elections is that these institutions alleviate the inherent problem with secrecy in non-democracies by creating credible commitments for leaders to follow through with promises and empowering elites with a credible threat to remove the leader. These political institutions can create an atmosphere of power sharing with elites (Svolik 2009, Svolik and Boix 2011) allowing them to possibly find a self-enforceable equilibrium among elite preferences. But, considering the opacity surrounding these institutions and the variety of choices dictators have outside of institutional constraints (if they exist), it is highly likely that there are other avenues for power-sharing in autocracies.

they play the roles that scholars attribute to them and second we should search for means of solving credibility and monitoring problems outside of political institutions. Economic policy is a good place to start.

Globalization and technological advances have made economic transactions faster, more public, and more accessible to observation – *but it has not done the same for legislatures*. While the political institutions non-democracies create often mimic those of democracies, these institutions are murky, fungible, and rarely live up to the standards they espouse. This is because they are *not designed for democratic purposes*. However, economic policies *are* designed to generate goods and profits, regardless of government structure.

Another strand of literature focuses on non-democratic economics (Acemoglu and Robinson 2009, Wintrobe 1998), but does little to address the actual institutional and policy mechanisms at work in authoritarian economics. Instead of looking at how investment is encouraged, brought in, or managed, it looks at broader trends of domestic inequality or the effect of repression on economic outcomes. Perhaps it is best to start at the beginning to better understand the relationship between political institutions and economic policy in dictatorships.

In Olson's (1993) seminal piece, he explained the idea of government institutions arising from a roving bandit able to monopolize the greatest capacity for violence. Once the roving bandit establishes a monopoly on violence, he decides to settle down, wear a crown and become a stationary bandit that rationalizes theft through taxation. This is one of the clearest arguments for where government (in general) comes from. In Olson's article, the stationary bandit succumbs to the encompassing interest and must provide public goods

like safety and education in order to encourage domestic production. The provision of any public good generally requires functioning political institutions.

Bandits existed in a world where leaders only had to worry about their immediate neighbors and contracts were signed with a handshake (or blood). Today, non-democratic regimes face a swarming deluge of information and communications that require very sophisticated planning and high levels of skill to manage. They must pursue economic growth in a way that is perceived as credible (commitment), can be excluded from unwanted groups (opposition), and will enhance productivity (be efficient).[36] Modern bandits have a much larger toolkit, a wider variety of institutions to choose from, and various non-institutional means of achieving these goals.

This research argues that, assuming non-democratic leaders or regimes have a domestic monopoly on power, a rational interest in collecting more tax revenue will drive regimes to look for ways to experiment with liberal economic policies in the modern global economy, whether or not they have parties, legislatures, or elections.[37]

2.2 AUTHORITARIAN TYPOLOGIES

In the analysis of democratic transitions and consolidation, the strongest and most established democracies are often referred to as consolidated. Empirically these are typically counted as the ones with a Polity score higher than +5 for some sustained period.

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[36] These leaders and regimes must do this knowing that the majority of wealthy investors and preponderance of global military power emanates from mostly liberal democratic capitalist states (for now). The point is that those leaders that cooperate and share power should be easily distinguishable from those that do not (Fuller 2017).

[37] Experimentation with liberal political institutions is historically commonplace in non-democracies but has sped up and expanded dramatically over the past few decades. Most of the current literature on non-democratic institutions reflects the analysis of these political experiments with institutions. This research explores experimentation with economic policy in non-democracies.

Consolidated democracies are especially rare historically, but they are becoming more common, as the transition and consolidation research finds (Schedler 1998). Unconstrained autocrats leading an autocratic regime is historically common (Olson 1993) – the divine right of kings – but is arguably becoming less common (Walker 2016). However, this obfuscates things because it includes two different levels of analysis – the leader level and the regime level.
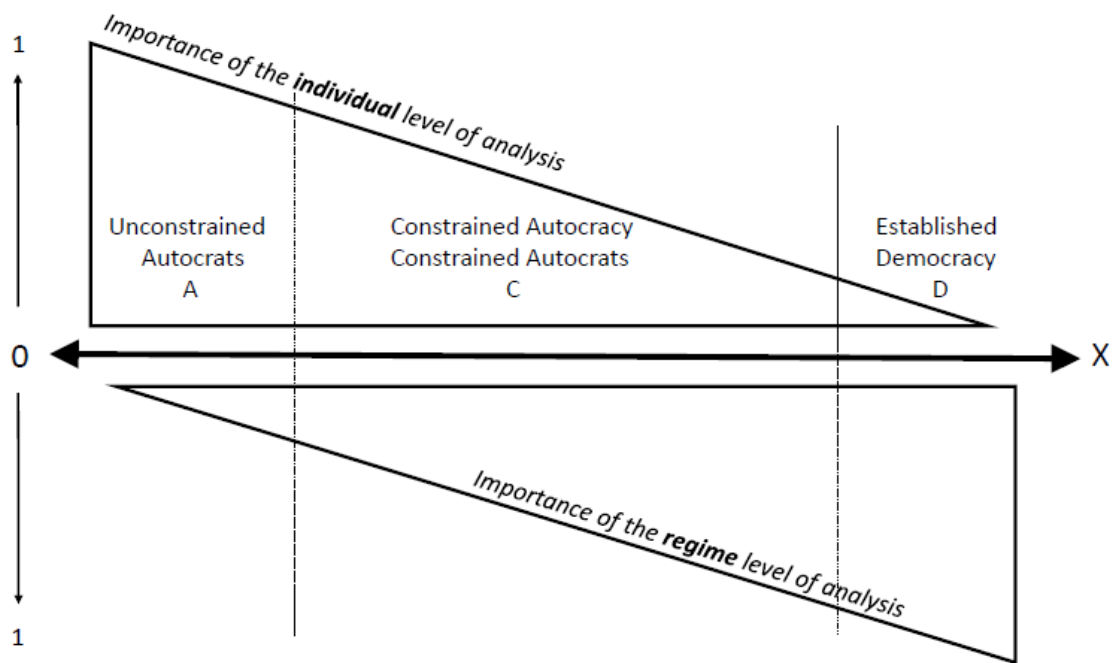
FIGURE 2.2: Levels of Analysis
Source: Author

Figure 2.2 is the visualization of a bi-level conceptual approach to analyzing democracy and dictatorship. Imagine a basic measure, call it "0X," that measures the level of democracy linearly or unidimensionally.[38] That is essentially what the POLITY score, Freedom House, and most of our measures of democracy do. This is the center line in Figure 2.2 above that runs from 0 to X. Zero and X could be -10 to +10 or 1 to 7 or any

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[38] There is a simpler way of drawing this in a basic bi-dimensional figure. The simple graph is in Appendix A.

other combination of continuous numbers. The variable X is used so the figure makes sense when we add in a second level of analysis. The vertical scale on the far left-hand side of Figure 2.2 represents the relative importance of two distinct levels of analysis given the location of a regime on 0X. The leader and the regime are nested dyad, meaning that the leader is himself but is also part of the regime. The importance of the level of analysis ranges from 0 to 1 both up and down from the starting point of the 0X line. In Robert Putnam's famous piece on levels of analysis, considering two levels and asking which one determines outcomes in the other, he retorts that "the answer to that question is clearly 'Both, sometimes" (1988;427). The idea of mixing levels of analysis is not new and can be done statistically through hierarchical or multi-level or nested models, but here it is purely conceptual as it is being used to lay the groundwork for the use of dictator personality traits in the analysis of dictatorships in general.

The left side of the figure is where the individual level becomes of utmost importance. In general this is area A in figure 2.2, the land of the unconstrained autocrat that manages with violence and corruption. It does not make much sense to speak of an unconstrained autocracy (regime) when we have already defined unconstrained autocrats (leaders) as anti-institutional players. Moving from 0 towards X on the generic democracy measure, when any autocrat displays a management style of institutional deliberation and power delegation, this elevates the importance of the regime level of analysis proportionally to the decreasing importance of the individual level, giving us constrained autocrats and constrained autocracies (section C in Figure 2.2). This is because institutions (such as legislatures, parties, constitutions) are more influential in the realm of the regime with which the leader is sharing power.

The right hand side of the 0X unidimensional measure of democracy is where consolidated democracy resides (section D in Figure 2.2). Here, because of the strong institutional basis of democracy (rule of law, peaceful transition of power, checks and balances), it makes intuitive sense that the individual personality traits of the leader will matter much less. In fact, this assertion is supported by prominent theories and arguably the historical record. Selectorate theory posits that democratic leaders (large winning coalition) are rewarded for good policy by being fired and replaced (Bueno de Mesquita et al 2003). This bi-level conceptual approach implies that there are likely unique processes of leader and regime survival in each of the sections denoted by a vertical dashed line (A, C, and D) in Figure 2.2.

In the area of unconstrained autocratic managers (A) we should expect that leaders will survive longer with an extra-institutional management style of violence and corruption. They are able to collect and store large amounts of private goods. We should expect the regimes of unconstrained autocrats to survive at about the same rate as their leaders. When unconstrained (personalist) leaders lose power, in the absence of constraining institutions the next leader will likely choose a new supporting regime. So we should expect leader and regime survival to be relatively equal among regimes ruled by an established autocrat. We should also not expect survival to be no longer than the human life span.

In the area of democracy (D), we should expect leaders to have relatively short tenures and regimes that have very long tenures. Because democracies are based on the rule of law, elections, and peaceful transitions of power, once a democracy becomes an established democracy there is no reason to expect the regime to transition to anything else

in the short or long run (although it is surely possible). Institutions in democracies are mostly exogenous to the power held by an individual leader. Once democracy becomes the only viable path (Linz and Stepan 1996, O'Donnell 1996) and there are peaceful transitions of power, democrats are rewarded for their service by being kicked out of office and replaced with a new one (Bueno de Mesquita et al 2003). In democracy, the regime survives a very long time, the leader does not.

The area of constrained autocracy and constrained autocrats (C) is where things can get murky. Since this analysis is only about non-democratic regimes, we can begin to simplify by removing the democracy section (D). This is simple given that we can clearly identify regimes that are democratic or non-democratic (which is not always so simple).[39]

Moving down Sartori's "ladder of generality" (Collier and Levitsky 1997) to differentiate amongst regimes in this constrained category (because unconstrained rulers basically are the regime) we should first review the classic non-democratic regime types and discuss how they might fit or not fit in the constrained category. Non-democratic regime typologies proliferated throughout political science during the past few decades as the study of dictatorships became more and more popular in the subfields of comparative politics and international relations.

Authoritarian typologies perhaps began with a distinction between totalitarianism and authoritarianism (Arendt 1951) and grew with later realizations that few regimes were totalitarian and that authoritarianism was too broad to gain much analytical traction

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[39] The basic minimalist definition of dictatorship – in the spirit of Schumpeter (1950) and Dahl (1971) – is any regime lacking in either of the following two categories: 1) legislative elections that are free and fair and 2) free and fair executive elections either directly from the electorate or indirectly through the legislature (Svolik 2012). Essentially, this boils back down to the basic procedural definitions of democracy (Dahl 1971), participation and contestation, or in other words, civil liberties and free and fair elections. But the purpose here is not to define democracy – democratic empiricists are currently re-evaluating these classical theoretical notions of democracy (Achen and Bartels 2016).

(Brooker 2000). Linz (1975) sought to expand upon authoritarianism. What resulted was an ever-expanding group of subcategories likened casually by some as dictatorship with adjectives, in reference to Collier and Levitsky's (1997) critique of the democratization literature. Some examples include: *military* (Nordlinger 1977; Perlmutter 1977); *bureaucratic authoritarian* (O'Donnell 1973); *one-party* (Huntington 1970); *soft authoritarian* (Scalapino 1992; Roy 1994); *patrimonial* (Weber 1964); *neo-patrimonial* (Snyder 1992; Bratton and Van de Walle 1997); and *sultanistic* regimes (Linz and Stepan 1996, Linz and Chehabi 1998).

Technology and trade expanded rapidly as the Cold War died down and elections proliferated around the globe. Scholars began to focus more on specific institutional characteristics when building typologies of non-democracy. Geddes (1999), is probably the most well-known typology, giving us personalist, single-party, and military regime types. The contribution of Geddes' (1999) typology has arguably had the most lasting impact, but shows a lack of conceptual stability with the inclusion of traditional monarchy and the addition of dominant party regimes such as the PRI in Mexico or UNMO in Malaysia (Geddes, Wright, Frantz 2013, Magaloni 2006).

The problem with the Geddes typology is that its categories are not mutually exclusive or exhaustive. To patch over this issue, scholars have begun to use hybrid types (i.e. Single-Party/Personalist), while inventing new types (i.e. competitive autocracy). Levitsky & Way (2002, 2010) focus on competitiveness in non-democratic elections and add a new competitive authoritarian type where elections are perceived as a viable path to power for opposition groups but the existing regime has manipulated the playing field in a manner that makes it close to impossible to win. Because competitive authoritarians hold

competitive elections it is likely that the supporting regime holds at least as much importance as the individual leader or more and therefore resides towards the right hand side of section C in Figure 2.2.[40]

Geddes explicitly warned against using her regime types as indicators of specific institutional settings (Geddes 2003). However, scholars continue to use them as such. Because the typology is central to so much of the research on authoritarian regimes, and because this work uses completely different labels, the following paragraphs briefly discuss each type and how they relate to leader management style.

Single-party regimes come the closest to democracy in the sense that they often have regular fair elections[41] and they tend to have better traditions of following the rule of law. However, the exclusion of opposition political parties leads to frequent civil liberty violations like censorship (the Great Firewall) and violence against (Tiananmen Square) and by opposition groups (Uighurs). China and Vietnam serve as ideal type example. Opposition parties sometimes exist in these regimes (such as the Revolutionary Committee of the Koumintang or the China Democratic League), but in a single-party regime these opposition parties have little or no chance of exerting significant political power.

However, the single party regime category has nuance. There are also dominant party regimes (such as Mexico under the PRI, Singapore under the PAP, or Malaysia under UNMO) where one party can secure a consistent majority for a very long period of time. Dominant party regimes are sometimes classified as single-party regimes in the data, which

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[40] Weeks (2012) incorporates audience costs into the Geddes typology and offers a new typology of "machines, juntas, strongmen, and bosses." However, recent experimental work on audience costs shows that the argument that audience costs drive policy is likely not tenable – especially in dictatorships (Kertzer and Brutger 2016). However, this may be fruitful avenue for exploration in this research.

[41] These elections are generally 'fair' but not 'free' – characterized by the absence of competition from other viable political parties.

can generate spurious results. The most important aspect of all of these party/competitive regimes is that they have open competition, even if it is only competition within one party (elites compete with each other).

Regarding a single-party regime's relationship with leader management style, these regime types are most likely to be led by an institutionally constrained leader (the right-hand side of section C in Figure 2.2.) where the regime level of analysis is of equal or more importance than the individual leader of a non-democracy. Open competition (even within one party) will not work without 1) some level of power delegation among elites to facilitate the competition and 2) some procedural method linked to an independent power source to settle disputes and questions of legitimacy. We should expect that on average these types of regimes will survive longer than others and leaders to have shorter tenures, simply because they are closer to the institutional makeup of democracies. Because these types of regimes have experience with power delegation, these regimes and leaders are well-equipped to develop robust policies of economic power-sharing.[42]

Military regimes are characterized by a military that exercises effective political control. In these regimes it can be very difficult to decipher who is in the military and who is in control. For example, if a general takes over a country in a coup and then two weeks later takes off his uniform and is elected in a rigged election, is it still a military regime? It depends. In Myanmar (Burma), Pakistan, and Egypt there may be a "civilian" in charge, but close examination shows that the military is still playing the most effective role. Thailand is a constitutional monarchy where the king is worshipped as if he is a deity. In

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[42] Given that the chosen leader prefers to rule through formal deliberation and power delegation rather than corruption and violence. The leaders of these regimes always retain the option to delegitimize the regime institutions and rule by corruption and violence. Possibly a good example of this would be the difference between Lenin's USSR and Stalin's USSR.

May 2014 the Commander-in-chief of the Royal Thai Army, Prayut Chan-o-cha, took over in a military coup. He formed the National Council for Peace and Order (NCPO). Chan-o-cha then packed the legislature with hand-picked military and police leaders and was unanimously elected Prime Minister. He passed a new constitution, granted himself and everyone else involved amnesty for the coup and has led a campaign against civil liberties ever since, threatening to kill journalists, banning meetings with more than five people, and introducing a whole host of bans on freedom of expression (including a ban on criticizing the government) (Fawthrop 2016). If the NCPO is counted as a political party, then Thailand is a monarchy, a party regime, a military regime, and arguably personalist, at the same time!

Military regimes are often described as highly bureaucratic and often characterized by instability and internal power-struggles. The military regimes of South America inspired much of this literature. It appears that every military regime is unique and likely can be led by either a constrained or unconstrained ruler. For example, the Myanmar regime was likely dominated by and unconstrained ruler under the 18-year rule of General Than Shwe. In 2011 he decided to step down and hand over power to Thein Sein (retired general). Not much is known about why this happened. However, Thein Sein seemed to have more of a constrained management style since he held elections that he lost (sort of) and transferred some power to Aung San Suu Kyi.[43] The secretive, pragmatic, and efficient behavior of

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[43] Recall that it was stated earlier that once a non-democratic ruler becomes unconstrained, he will not go back to being constrained. This brings up an interesting question of whether and how unconstrained rulers leave office. I leave this question to future research, but suspect that the pragmatic nature of military regimes might actually allow for easier peaceful exits of unconstrained leaders. 2011 is also the year that Myanmar built its first SEZs, made plans for more and welcomed the first ever visit of the U.S. Secretary of State. In other cases it is likely a huge bribe that could account for the peaceful exit of an unconstrained leader (see The Gambia – Yaya Jammeh). Also, Htin Kyaw is the actual president of Myanmar, but he has publically promised to only do exactly what Kyi and the National League for Democracy says since Kyi is constitutionally barred from holding the presidency because she has no military experience and holds dual citizenship. Her late husband was British and their two children are British citizens. Her husband died in 1999 of prostate cancer on his 53rd birthday.

military regimes makes it even more difficult to observe exactly what is going on politically. In most military regimes the military takes an excessively large role in the management of the economy, highlighting the importance of observable economic policies in dictatorships. We should expect that military dictators can be either constrained or unconstrained and can exist anywhere but democracy in Figure 2.2. This is possibly why theories and evidence on military regimes lack consistency.

Monarchy is one of the oldest forms of government. Hereditary succession defines the structure of these regimes, but one must recognize that this tradition is not exclusive to monarchies only or even dictatorships in general.44 The Kim dynasty in North Korea, the Obiang family in Equatorial Guinea, the Bongo family in Gabon, the Kabila family in DRC, or the apparent Lukashenko dynasty in Belarus are all examples of hereditary rule in non-democracies that are not considered to be monarchies. Furthermore, succession rules are different in each monarchy, ranging from succession to the next oldest brother in Saudi Arabia – which has led to a succession of octogenarian kings – to the childless King of Oman who upon his death if there is no unanimous choice of a successor, there is reportedly one named in an envelope in a safety deposit box in the Bank of Oman (Economist 2014). Hereditary succession generally leads to more stability because it extends the monarch's time horizon and reduces uncertainty in the elite and the general population – despite the near zero chance of a first-born son or any other person in line for succession to be the best equipped to lead a country (Olson 1993). In fact, Saudi Arabia has created a Guardian Council to vote in the event there is no clear successor if the next in line is incapacitated in health.

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44 Clinton, Bush, Kennedy come to mind, democrats cannot install their first born, but they can and do groom their relatives for positions in government.

All monarchies also have some sort of legislature and court. They typically have very high military participation in the regime. Typically, all royal family members occupy high positions in the military. In 2015, after ISIS broadcasted globally the gruesome killing of a downed Jordanian pilot, the king personally put on a flight suit and reportedly flew sorties over Syria in retaliation.

Monarchy exists in shades of grey. There are constitutional monarchies, like the United Kingdom, that are actually established democracies.[45] There are mixed monarchies that have a constitution and maybe some civil liberties, but still fail to live up to democratic standards (such as Morocco or Jordan). And then there are absolute monarchies, like Saudi Arabia and Swaziland. As of 2010 there are only seven dictatorial monarchies in the world (GWF 2014): the U.A.E., Jordan, Kuwait, Morocco, Oman, Saudi Arabia, and Swaziland. There has been relatively little theorizing about monarchies, so I take a little space here to discuss them.

This small number of non-democratic monarchies makes using them as a categorical independent variable in the analysis of modern dictatorships problematic. Statistically we cannot generalize much of anything about monarchies. All but one is Muslim. Of the Islamic monarchies, all but one is majority Sunni. Oman is majority Ibadi Islam – a lesser known school of Islam considered to predate the formation of Sunni and Shia denominations. The only lasting Christian dictatorial (or absolute) monarchy is Swaziland – a tiny country in Southern Africa. Modern non-democratic monarchies range in size from 6,880 sq. mi. (Kuwait) and 1.1 million people (Swaziland) to 830,000 sq. mi. (Saudi Arabia) and 34.7 million people (Morocco). Four of the seven have extensive oil

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[45] Even though the British Constitution is not technically written down.

reserves (Saudi Arabia, U.A.E., Oman, and Kuwait) and oil exports make up the vast majority of exports (See Figure 2.3 below for visual comparison).[46] It is not immediately clear that we can generalize anything about monarchies other than that they typically wear really elaborate and tailored outfits and have grandiose palaces and expensive toys.

Morocco
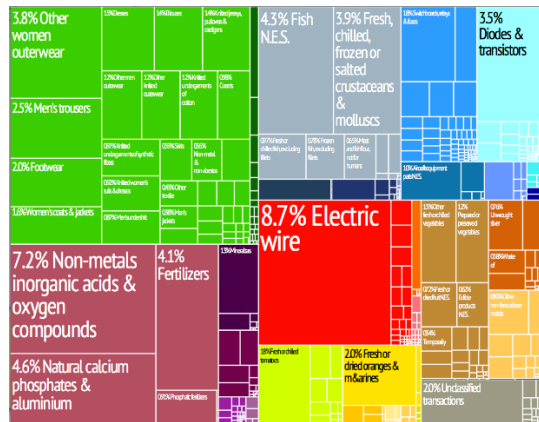
Oman
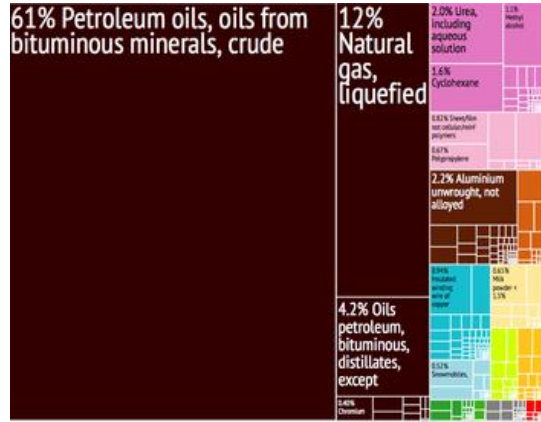
Jordan
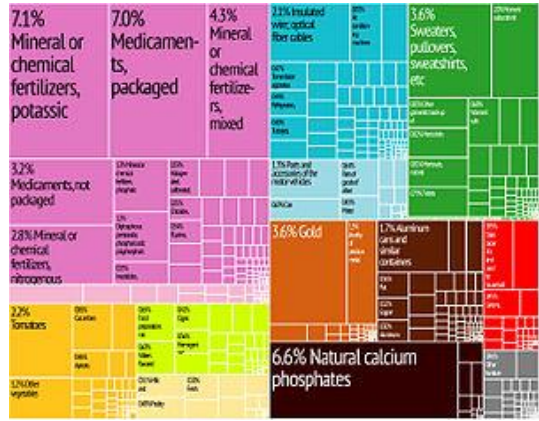
Kuwait
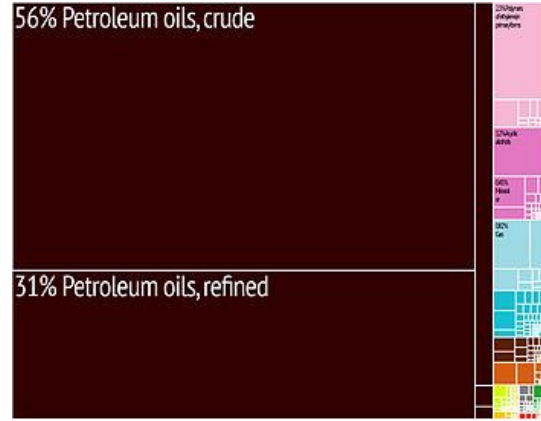
FIGURE 2.3: Proportional Representation of Exports in Four Monarchies
Source: R. Haussmann, Cesar Hidalgo, et al. Economic Complexity Observatory, MIT Media Lab and the Center for International Development at Harvard University.

It would perhaps be more useful to measure monarchies according to leadership management style. Without reciting the hotly debated and extremely mixed findings of a general oil curse (Haber and Menaldo 2011, Wright, Frantz and Geddes 2015, Dunning

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[46] If one takes into account the fact that the U.A.E. is actually a confederation of seven monarchies, 1) this still does not give us enough observations to make statistical generalizations and 2) confounds the problem with the fact that only one of the seven Emirates has extensive oil reserves.

2008), with a cursory glance at Figure 2.3 it would seem that the presence of natural resource deposits lessens the need to delegate power, as Morocco and Jordan have very little oil and relatively more active legislatures and their kings have made public gestures towards more power-sharing. But again, oil wealth (or free resources like foreign aid) are exogenous to a personal style of monarchial rule. It has little bearing on whether or not the king himself is just a terrible power-hungry person that does not want to be constrained in any way or if he is a benevolent philosopher king. It *does* give him the *opportunity* to be more terrible, but only if he has the *willingness* to do it.47 Because of this we should expect monarchies to periodically have constrained or unconstrained rulers.

Personalist regimes are characterized by aggregated power in one individual where he purposefully weakens political institutions and steals from his country in order to maintain power and enrich himself. Often they are called kleptocracies. These regimes experience political violence on a regular basis as there are few other viable paths for opposition groups to lodge a complaint. These regimes also retain their leaders longer than any other type of non-democracy and generally have the poorest performing economies. Ideal type examples include Equatorial Guinea where Teodoro Obiang killed his uncle in 1979 in order to take power, declared himself God and remains in power today. Other examples include The Gambia, where Yayah Jammeh claimed to have the power to cure AIDS and asthma with his bare hands while promising to decapitate all discovered homosexuals – he now lives in exile in Equatorial Guinea.

Personalist regimes, like Bokassa's Central African Republic where he declared CAR an empire and himself an emperor and bankrupted the country with his celebration

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47 See Starr (1978), Cioffi-Revilla and Starr (1995), and Most and Starr (1989, 2015) for a review of the opportunity and willingness framework and its many uses.

after overseeing the execution of school children for not wearing uniforms with his face printed on them, are chock full of some of the strangest stories of violence and depravity. Their histories often read like fictional dramas. This is because personalist regimes are more a style of rule than a structural type. This assertion seems intuitively true when one considers the list of personalist dictators including, Saddam Hussein, Muamar Gaddafi, and Mobutu, or historical ones like Hitler, Stalin, and Mussolini. This means that established rulers have taken over and ruled all the types of regimes in Figure 2.2, including democracy! This implies that once a ruler solidifies unconstrained rule, the structure of the regime becomes of little or no importance and the regime follows the leader back to left hand side of Figure 2.2. This is explored further in the next section.

If we look at trends over time in the classification of regimes, personalist regimes have grown the most in number, representing 21% of all non-democracies in 1973 and 42% in 2010 (GWF 2014, Kendall-Taylor, Frantz, and Wright 2016). See Figure 2.4 below. Rather than more personalists taking over, which is what many scholars imply, there is a possibility that the reason for this is the problem that Geddes (2003) points out. These regime types are not meant to represent specific institutional settings, yet scholars have tried to make them.

Three of the types (monarchy, single-party, and military) have empirical observed implications that can be searched for. Respectively, hereditary succession, a dominant party, a leader in a military uniform, are all easily observable things. Personalism is a style of rule that can involve all of the previously mentioned observations. It is possible that over time, as more scholars researched non-democracies, these conceptualizations blurred. There is no evidence (that I know of) of this constructivist idea that our conceptualization

of personalist regimes morphed over time, but Frantz and Kendall-Taylor (2017) recently cited this growth in personalist regimes, but do not speculate as to why. This is explained further in the next subsection.
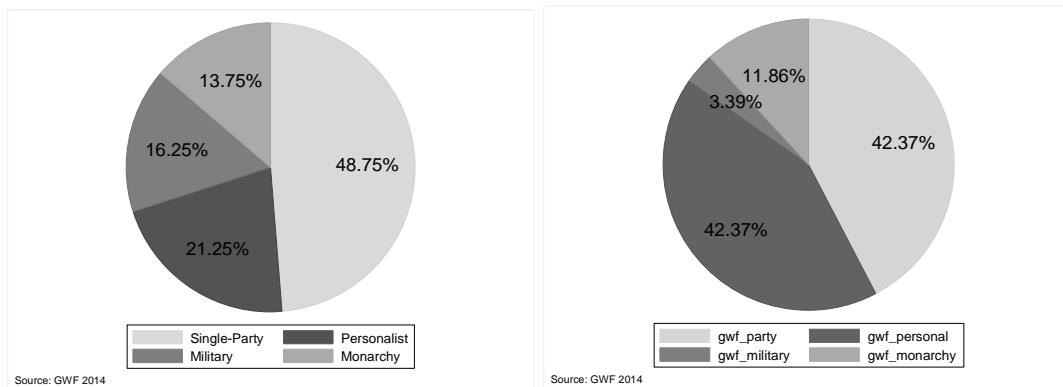
FIGURE 2.4: Regime Types, 1973 (left) and 2010 (right)

The reader here may have further questions. Iran, is it a personalist regime or a single-party or something else? A similar question is often raised about North Korea and many others. I have the same questions. Iran is usually referred to in every day parlance as a theocracy and North Korea is often referred to as totalitarian. These classifications are not useful for analysis here because they are likely unique to just these regimes or their leaders currently. Technically Iran is ruled by priests (ayatollahs) in the name of God, but so is the Vatican. One could make the argument that Thailand is a theocracy, ruled by a ceremonial god-king and his military underlings. Technically, North Korea is ruled with an all-encompassing ideology and revolves around mass political mobilization, but so is China – albeit with a little less ideology and more pragmatism. One could make similar arguments about Cuba or Qaddafi's Libya (and his little green book).

Svolik notes that an unconstrained "dictator succeeds in consolidating enough power that he can no longer be credibly threatened by his ruling coalition" (pg. 61). Unconstrained autocrats often achieve this "greater freedom to act as he sees fit" by signaling impregnability via personal attacks, personnel and military reshuffles, mass firings, public belittlement, among other action. It is the *behavior* of an individual leader, *not a structural environment*.

IDENTIFYING UNCONSTRAINED AUTOCRATS

Categorical and continuous conceptualizations each have strengths and weaknesses. Categorical authoritarian typologies must satisfy three assumptions to be useful: 1) that we can identify all regimes that are not democracies, 2) categories are mutually exclusive, and 3) categories are exhaustive. The previous discussions explain why the second and third assumptions do not hold in the Geddes typology. Scholars have patched over this problem by identifying hybrid regimes (mixes of categories) and creating more and more categories to include outliers that do not fit squarely within any type or hybrid. Some even use the idea of a "triple-threat" regime – a personalist, military, and single-party hybrid! (Ezrow and Frantz 2011)[48] Categorical classifications are useful in that they provide an easy heuristic for schematic reasoning. The better ones (like Geddes) are used heavily to drill down and explore dynamics among subsets of regimes.

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[48] This would imply that there could also be a "quadruple threat" regime that is personalist, monarchy, military and single-party. This is not that difficult to imagine, seeing how North Korea fits into all of these categories. If this is the case, that one case can exist in all four categories, then there is something wrong with logic behind the use of the typology.

Table 2.1 represents a first approach to morphing levels of analysis to identify unconstrained autocrats. Table 2.1a displays the framework for a continuous approach to identifying unconstrained autocrats given the categorical regime measures we have. Personalist regimes are the only ones that can be logically excluded from the constrained management style category. That is because personalist regimes are described in almost the exact same manner in which unconstrained leaders are defined.[49] Table 2.1b is for comparative reference. It exemplifies the manner in which most institutionalists explicitly or implicitly model authoritarian theories about personalist regimes.

TABLE 2.1. Leader-Regime Configurations of Unconstrained and Constrained Autocrats

2.1a	Personalist	Monarchy	Single-Party	Military
Unconstrained	X	X	X	X
Constrained		X	X	X

2.1b	Personalist	Monarchy	Single-Party	Military
Unconstrained	X			
Constrained		X	X	X

Note: 2.1a represents a continuous approach where all regime types can have an unconstrained (personalist) leader. 2.1b represents the problematic categorical approach.

Using the GWF (2014) data, Table 2.2 is a list of all regimes that these authors count as personalist. This categorical personalist measure is a dummy 0, 1 dichotomous variable with a 1 entered for each country year that a regime is personalist (in the GWF 2014 data) and a 0 entered for all other country years. Leader names, exits, and deaths were

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[49] There is nothing stopping a monarch from terrorizing his support coalition and consolidating power in himself. The majority of monarchs share power with the ruling family effectively, but historically this has not been the case and contemporarily there are a few outliers, such as King Mswati III of Swaziland, who behaves similar to other personalist leaders and seems to not be interested in sharing power with anybody. Similarly, there is nothing stopping a military leader or the leader of a party from doing the same thing. Stalin and Hitler both effectively removed all credible threats to their rule. So did Saddam Hussein and Qaddafi. Military regimes can somewhat effectively delegate power amongst elites, as they do in Thailand today, but others can be very personalist like Johnny Paul Koroma of Sierra Leone in the late 1990s or possibly Mr. Sisi of Egypt today. Hitler was the head of the Nazi Party and Stalin the Communist Party.

researched separately by the author.[50] Dates begin with the first full year the regime is measured as personalist by GWF and end on the year of leader exit. The exit column describes the manner in which the leader left office and the death column describes the manner in which they died, if they are dead.

A few interesting trends emerge. There are approximately 107 personalist dictators in the time period (1946-2010). A remarkable 30% (32) are still alive and 13% (14) are still in power as of this writing. Only three dictators out of the 18 that are still alive and *not* in power are currently serving prison sentences.[51] Of the 93 personalist dictators that are not currently in office, 16% (15) exited office by dying, 13% (12) were ousted by popular rebellions and 7% (6) were ousted by foreign intervention. 73% of those that died in office were assassinated. 40% were removed in a coup.

TABLE 2.2 Personalist Leaders, Dates, Exit, and Death – 1946-2017

Country	Leader	Dates	Exit	Death
Afghanistan	Mohammed Daoud Khan	1974-1978	Coup	Assassin.
Afghanistan	Hamid Karzai	2010	Legal	alive
Argentina	Juan Domingo Perón	1952-1955	Coup	Heart Attk
Armenia	Levon Ter-Petrosyan	1995-1998	Resign	alive
Armenia	Robert Kocharyan	1999-2008	Term	alive
Armenia	Serzh Sargsyan	2009-2017	-	In power
Azerbaijan	Abulfaz Elchibey	1992-1993	Coup	cancer
Azerbaijan	Heydar Aliyev	1994-2003	Died	Heart Attk
Azerbaijan	Ilham Aliyev	2004-2017	-	In power
Benin	Hubert Maga	1961-1963	Coup	Heart Attk
Benin	Christophe Soglo	1963	Legal	?
Benin	Mathieu Kérékou	1973-1990	Coup	natural
Burkina Faso	Maurice Yaméogo	1961-1966	Coup	natural
Burkina Faso	Sangoulé Lamizana	1967-1980	Coup	? 2005
Burkina Faso	Thomas Sankara	1983-1987	Coup	Assassin.
Burkina Faso	Blaise Compaoré	1988-2014	Coup	alive
Bangladesh	Ziaur Rahman	1976-1990	Coup	Assassin.
Belarus	Aleksandr Lukashenko	1995-2017	-	In power

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[50] This was accomplished mostly by reading the Wikipedia page for each leader. The table is for illustrative purposes only. For me, it allows the visualization of the richness of information that is left out when one uses a dummy variable to measure regime type.

[51] One should find this to be interesting given the severity of the crimes many of these individuals are responsible for.

Country	Leader	Years	Exit	Death
Bolivia	René Barrientos	1965-1969	Died	Helicopter
Cen. African Rep.	David Dacko	1961-1965	Coup	-
Cen. African Rep.	Jean-Bédel Bokassa/Bokassa I	1966-1979	Foreign	Heart Attk
Cen. African Rep.	David Dacko	1980-1981	Coup	Asthma
Cen. African Rep.	François Bozizé	2004-2013	Legal	Alive
Ivory Coast	Robert Guéï	2000	Legal?	killed
Ivory Coast	Laurent Gbagbo	2001-2010	Coup	Hague
Cameroon	Paul Biya	1984-2017	-	In power
Congo (DRC)	Mobutu Sese Seko	1961-1997	Foreign	cancer
Congo (DRC)	Laurent-Désiré Kabila	1998-2001	Died	Assassin
Congo (DRC)	Joseph Kabila	2001-2017	-	In power
Congo (RC)	Fulbert Youlou	1961-1963	Revolt	Hepatitis
Congo (RC)	Denis Sassou Nguesso	1998-2017	-	In power
Cuba	Fulgencio Batista	1953-1959	Revolt	Heart Attk
Dom. Republic	Rafael Leónidas Trujillo Molina	1946-1961	Died	Assassin.
Dom. Republic	Joaquin Balaguer	1967-1978	Legal	Heart Attk
Ecuador	José María Velasco Ibarra	1946-1947	Coup	Suicide?
Ecuador	José María Velasco Ibarra	1971-1972	Coup	Suicide?
Spain	Francisco Franco	1946-1976	Died	Parkinson
Georgia	Zviad Gamsakhurdia	1992	Died	Suicide?
Georgia	Eduard Amvrosiyevich Shevardnadze	1993-2003	Revolt	Old age
Ghana	Jerry John Rawlings	1982-2000	Legal	Alive
Guinea	Lansana Conté	1985-2008	Died/C	Old age?
Guinea	Moussa Dadis Camara	2009-2010	At. As.	Alive
Gambia	Yahya Jammeh	1995-2017	Legal	Alive
Guinea-Bissau	João Bernardo Vieira	1981-1999	Revolt	Shot
Guinea-Bissau	Kumba Ialá	2003	Coup	Heart Attk
Guatemala	Carlos Castillo Armas	1955-1958	Died	Assassin.
Guatemala	Miguel Ydigoras Fuentes	1959-1963	Coup	?
Haiti	Franck Lavaud	1946	Coup	?
Haiti	Paul Magloire	1951-1956	Revolt	Old Age
Haiti	François Duvalier	1958-1971	Died	?
Haiti	Jean-Claude Duvalier	1972-1986	Legal	Heart Attk
Haiti	Jean-Bertrand Aristide	2000-2004	Revolt	Alive
Indonesia	Sukarno	1950-1966	Legal	Kidneys
Iraq	Muhammad Najib Ar-Ruba'i	1959-1963	Coup	?
Iraq	ʿAbd ul-Salam Arif Al-jumaily	1964-1968	Died	Plane Cra
Iraq	Saddam Hussein	1980-2003	Foreign	Hanged
Kazakhstan	Nursultan Nazarbayev	1991-2017	-	In power
Kyrgyzstan	Askar Akayev	1992-2005	Revolt	Alive
Kyrgyzstan	Kurmanbek Bakiyev	2006-2010	Revolt	Alive
Cambodia	Saloth Sar (Pol Pot)	1971-1975	Legal	Suicide
South Korea	Syngman Rhee	1949-1960	Legal	Old age
Laos	Boun Oum	1961-1962	Legal	Illness
Liberia	Samuel K. Doe	1981-1990	Revolt	Shot
Liberia	Charles Taylor	1998-2003	Legal	Prison
Libya	Muammar al-Gaddafi	1970-2010	Foreign	Shot
Madagascar	Didier Ratsiraka	1976-1993	Legal	Alive

Country	Leader	Years	Exit	Death
Madagascar	Andry Rajoelina	2010-2014	Legal	Alive
Mali	Moussa Traoré	1969-1991	Coup	Alive
Mauritania	Moktar Ould Daddah	1961-1978	Coup	Illness
Mauritania	Mohamed Ould Louly	1979	?	?
Mauritania	Mohamed Ould Haidalla	1980-1984	Coup	Alive
Mauritania	Maaouya Ould Sid'Ahmed Taya	1984-2005	Coup	Alive
Mauritania	Mohamed Ould Abdel Aziz	2009-2017	-	In power
Malawi	Hastings Kamuzu Banda	1965-1994	Legal	Old age
Niger	Ibrahim Baré Maïnassara	1997-1999	Coup	Assassin.
Nicaragua	Anastasio Somoza Garcia	1946-1955	Died	Assassin.
Nicaragua	Luis Somoza Debayle	1956-1967	Died	Heart Attk
Nicaragua	Anastasio Somoza DeBayle	1967-1979	Revolt	Assassin.
Pakistan	Zulfikar Bhutto	1976-1977	Coup	Hanged
Panama	Arnulfo Arias	1950-1951	Coup	Old age
Panama	José Antonio Remón Cantera	1954-1955	Died	Assassin.
Peru	Alberto Fujimori	1993-2000	Legal	Alive
Philippines	Ferdinand Marcos	1973-1986	Revolt	Kidneys
Portugal	António de Oliveira Salazar	1946-1968	Died	Accident
Portugal	Marcello Caetano	1969-1974	Coup	Heart Attk
Paraguay	Higinio Moríñigo	1946-1948	Coup	Old age
Russia	Vladimir Putin	1994-2017	-	In Power
Sudan	Gaafar Muhammad Nimeiry	1970-1985	Coup	Old age?
Sudan	Omar al-Bashir	1990-2017	-	In Power
Sierra Leone	Johnny Paul Koroma	1998	Foreign	?
Somalia	Mohamed Siad Barre	1970-1991	Revolt	Old age?
Syria	Gamal Abdel Nasser	1958	Coup	Heart Attk
Chad	Hissène Habré	1983-1990	Coup	In Jail
Chad	Idriss Déby	1991-2017	-	In Power
Togo	Sylvanus Olympio	1961-1963	Coup	Assassin.
Togo	Grunitzky	1964-1967	Coup	Car Crash
Togo	Gnassingbé Eyadéma	1968-2005	Died	Heart Attk
Togo	Faure Gnassingbé	2006-2017	-	In Power
Thailand	Thawan Thamrongnawasawat	1946-1947	Coup	Old age?
Tajikistan	Emomali Rahmon	1992-2017	-	In Power
Uganda	Apollo Milton Obote	1967-1971	Coup	Kidneys
Uganda	Idi Amin	1972-1979	Foreign	Kidneys
Uganda	Apollo Milton Obote	1981-1985	Coup	Kidneys
Uganda	Yoweri Museveni	1987-2017	-	In Power
Venezuela	Hugo Chavez	2006-2010	Legal	Cancer
Yemen	Abdul Rahman al-Iryani	1968-1974	Coup	Old age?
Yemen	Ali Abdullah Saleh	1979-2012	Legal	Alive

Note: Years begin with first full year in office. Country and years come from GWF 2014. Leader, exit, and death researched by the author. Information mostly from leaders' Wikipedia pages.
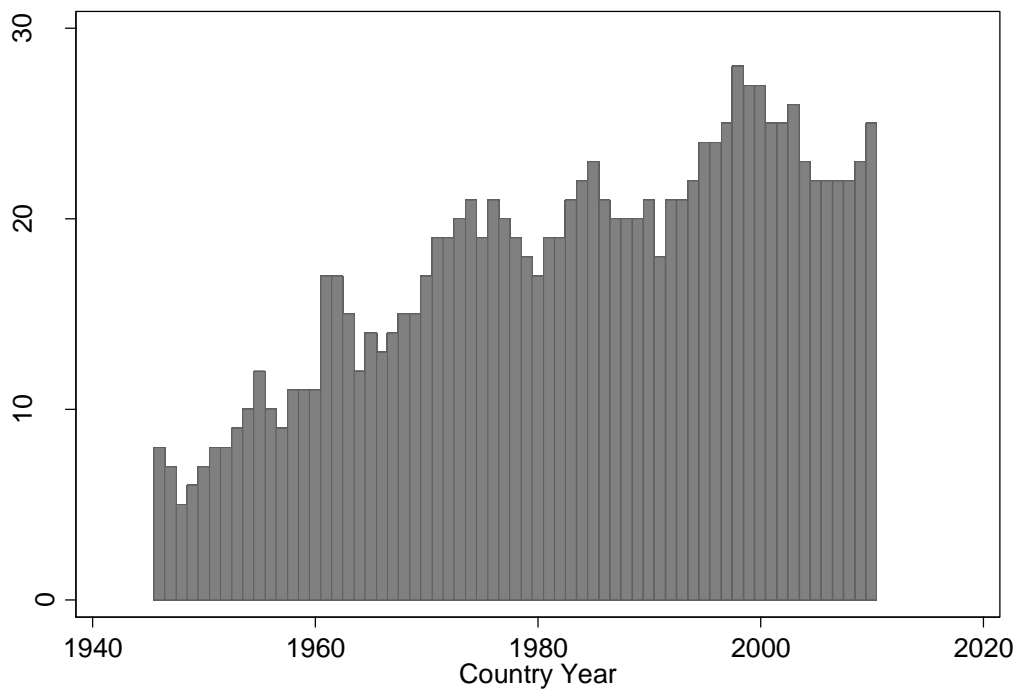
FIGURE 2.5: Number of Regimes Identified as Personalist by Year

Other facts like four committed suicide, two were hanged, four were shot, and four were killed in transportation accidents, are likely expected from an unconstrained leader that rules through violence and corruption. However, what is interesting is that of the 93 personalist dictators that exited power, 23% (21) left in some sort of legal transition, whether it was an official resignation (forced or voluntary) or the loss of an election. This is fascinating because it runs counter to what scholars theorize about personalist regimes, but it also implies that the GWF dummy variable for personalist regimes might not be measuring the underlying latent trait of rule through violence and corruption.

Table 2.2 and Figure 2.5 illustrate several issues with the use of a dummy variable to measure regime type or leader behavior. Leaving aside the problems mentioned earlier with using the Geddes typology to measure regime type (see Geddes 2003), the first thing

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one cannot help but notice in Table 2.2 is the richness of information that is bludgeoned by the dummy variable in Figure 2.5. Comparing the data within Table 2.2 to the counts in Figure 2.5 should emphasize the point.

In most studies that use the Geddes typology researchers implicitly assume that "personalist regime" is a structural type that theoretically could be mutually exclusive to military regimes, single-party regimes and monarchies. This analysis deviates from that view. It models personalism as the behavioral choice of a leader rather than a structural environment. Therefore, modelled as a behavioral choice, or management style, the level of personalism, or how unconstrained or constrained a dictator is, can be determined in all non-democracies, and yes, even democracies. A continuous factor score is likely the best way to go about exploring a new method of measurement.[52]

There are many continuous measures on scales that represent democracy and dictatorship, I am unaware of any continuous measures of personal leadership styles. That is what I am attempting to build here, a measure of personalism to be used in a bi-level analysis. This will be a first cut attempt at using factor analysis to create a factor score for all leaders.

Applying the previous discussions and the mountains of papers published on personalist regimes, an unconstrained autocrat manages his regime with violence and corruption and has little need to share power with his elite coalition. He is likely to tax at higher levels than constrained autocrats and of course have higher levels of state corruption and state violence. Furthermore, we should expect unconstrained autocrats to have a lower

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[52] In future iterations I plan on using more and different data and Bayesian IRT models to calculate this score. One other option is to crowd source psychologists to study profiles of leaders and then rank them according to a set of criteria or standardized psychological diagnostic surveys, similar to the ones used in prisons today to identify dangerous inmates. This factor score is purely exploratory and a first-cut at this approach.

rule of law score, lower life expectancy, and a poorer performing economy. Table 2.3 shows the different factors used in computing the score and describes the variables in the discussion below.

Factor analysis is a popular technique in the social sciences. It produces continuous measures of underlying latent processes or qualities contained in a number of various variables. The reasons for using factor analysis varies from field to field and perhaps began in psychology (Spearman 1904) and further attempts to diagnose behavioral patterns that were broad and difficult to observe directly, such as schizophrenia (Peralta et al 1992). The general goals of factor analysis include 1) reducing the number of variables in data sets and 2) identifying a latent variable (such as the level to which a dictator is constrained or unconstrained). Factor analysis comes in two basic forms, exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) (Distefano, et al 2009). Here, using the factors identified in Table 2.3, I have used exploratory factor analysis to compute an establishment score for all autocrats from 1981-2010.

TABLE 2.3. Factors of Autocratic Management Styles

	Unconstrained	*Constrained*
Political Corruption	High	Lower
Political Violence	High	Lower
Rule of Law	Low	Higher
Life Expectancy	Low	Higher
GDP Growth Rate	Low	Higher

A total of seven variables are used to calculate the factor scores. The measure of political corruption comes from the Varieties of Democracy dataset (Coppedge et al 2016) and is a composite measure of the pervasiveness of corruption in a given regime and year. It ranges from .009 (least corrupt) to 0.95 (most corrupt) with a mean of 0.49 and standard

deviation of 0.28 and answers the question "how pervasive is political corruption?" Political violence is measured through three ordinal variables measuring the prevalence of extrajudicial killings, political prisoners, and torture (Cingranelli et al 2014). An extrajudicial killing is a political murder "by government officials without due process of law. Political prisoners are people that are incarcerated "by government officials because of: their speech; their non-violent opposition to government policies or leaders; their religious beliefs; their non-violent religious practices including proselytizing; or their membership in a group, including ethnic or racial group." Torture is the "purposeful inflicting of extreme pain, whether mental or physical, by government officials or private individuals at the instigation of government officials." Rule of law indicates "the extent to which the judiciary is independent of control from other sources, such as another branch of government or the military" (Cingranelli et al 2014). Extrajudicial killing, political prisoners, torture (the political violence indicators) are ordinal variables that range from 0 to 2 where a 0 indicates high levels of the violence and a 2 represents the absence of them.

Life expectancy and GDP growth are standard variables used (UNESCO 2016). These are state level variables are included because it is very likely that an unconstrained ruler unwilling to share power will drive down both of these quickly. Because of data limitations, the factor score is only calculated from 1981 to 2010. The final factor score ranges from -1.5 to +1.5. Lower numbers indicate less constraints on management style (or personalism).[53]

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[53] Calculated using the "factor" command (using the default principal factor method) in Stata. Factor loadings and the orthogonal rotation matrix can be found in Appendix B. Principal component extraction is used instead of maximum likelihood because of problems with the variables not being normally distributed. Several different iterations of computations with different extraction methods, variable transformations, and subsets resulted in virtually identical scores so the most simple and conservative method was chosen. It should be noted that the results in Appendix B indicate that the political corruption variable is capturing most of the variance in the factor score. This is somewhat problematic

Data are rarely or never missing at random (Gleditsch 2002). Unconstrained dictators routinely fail to publish good data on the economy. For example, look at the unconstrained dictators used in Chapter 1, Un and Obiang. Notice that neither the Kims nor Teodoro Obiang or his uncle show up in Table 2.2. This is because all three of the Kim dynasty regimes are classified as single-party regimes in the GWF data and Equatorial Guinea, for reasons unknown to me, is missing in the GWF data. Furthermore, economic data and the other factors in this score are not available either.[54]

The distribution of the factor score in Figure 2.6 (below) compared to the average score in Figure 2.7 implies a distinct difference between democracy and non-democracy.[55] In Figure 2.6, right around a positive 1, the factor score steeply rises again in its distribution, giving it an almost bimodal appearance. In Figure 2.7 we see that on average democracies have a positive score and non-democracies have negative scores. This is why in Chapters 3 and 4 the data are subset on only non-democracies in later chapters.[56] The resulting factor score variable is correlated with the GWF dichotomous measure of personalist dictatorships at 0.43, which indicates that the factor is picking up some of the categorical measure but is also picking up something else that possibly the dichotomous measure is missing. The factor score correlates with the disaggregated POLITY "Executive constraints" (or EXCONST) at the 0.64 level.

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for the idea of identifying an underlying latent variable, but it can be finer tuned in future research and it does not violate the logic of identifying unconstrained management styles.

[54] Scholars of international political economy (IPE) strongly warn about the dangers of ignoring missing data and note that there are few, if any, conclusive methods for handling missingness properly (Barbieri, Keshk and Pollins 2009). However, the missing data here is not catastrophic. Looking through the data, almost all missingness is in archetypal personalist dictatorships. Being that these brutal outliers are left out of the factor score means that 1) it is a more conservative approach because it is likely slightly skewed towards constrained autocrats and 2) if the score is picking up on personalism without these cases, we can say that the measure has face validity.

[55] I leave 1946-1979 blank in 2.7 to illustrate the time constraint of this measure.

[56] There is an interesting finding here. Assuming that this exploratory factor score is actually measuring the level of leader constraint, using the same factors for democracy the scores seem to indicate that on average democracies are becoming more unconstrained, which seems to match with the most recent historical record at face value.

.5

.4

.3

.2

.1

0

-2   -1   0   1   2
Scores for factor 1

Kernel density estimate
Normal density

kernel = epanechnikov, bandwidth = 0.1337
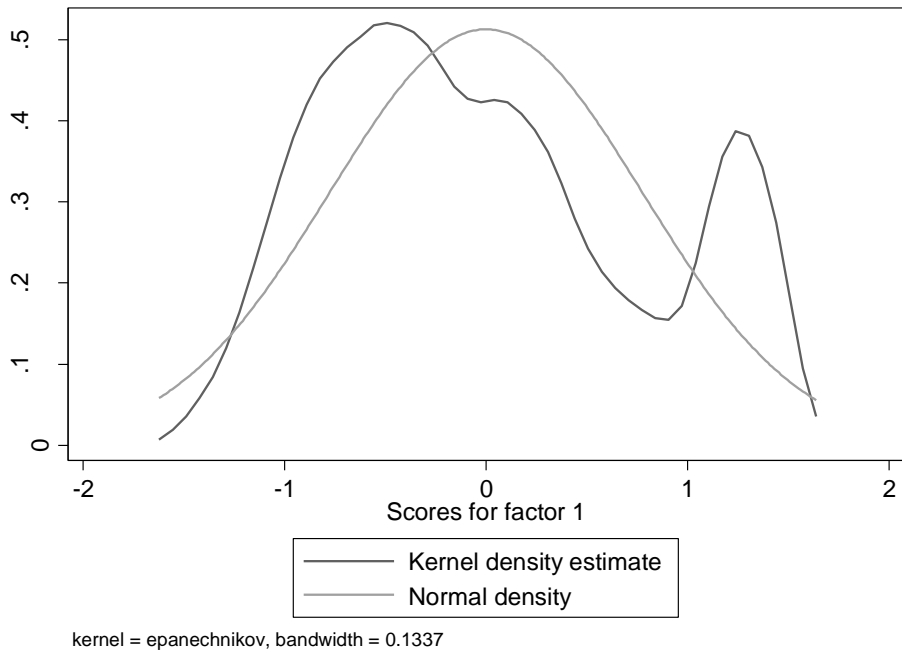
FIGURE 2.6: Distribution of Factor Score
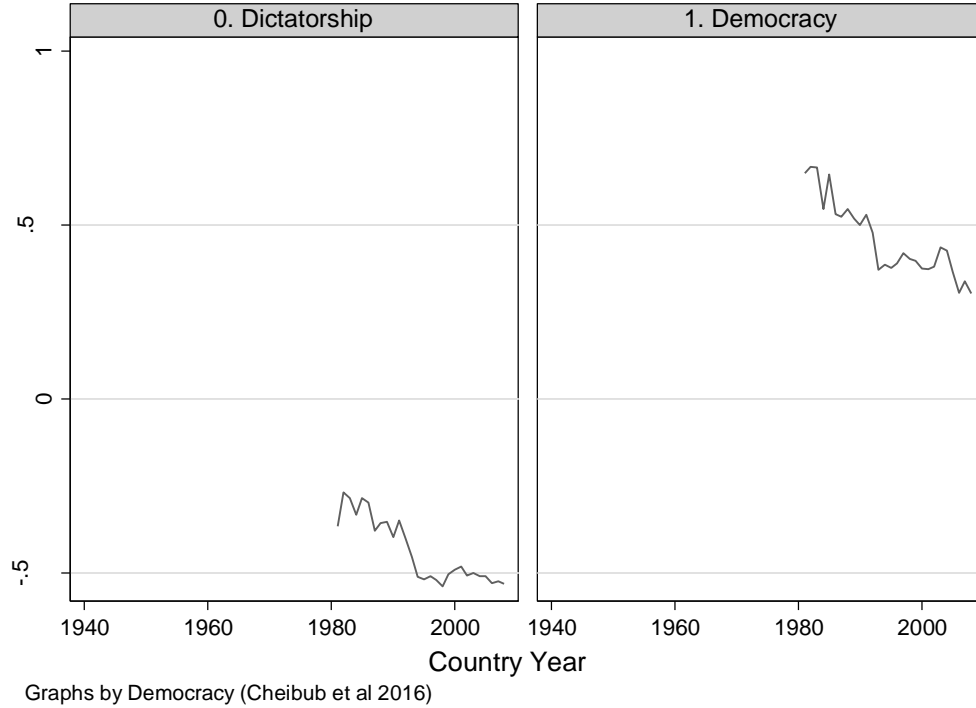
FIGURE 2.7: Average Factor Score of Leaders

Figure 2.8 is a basic scatterplot of all factor scores by year and by the type of regime. The top left graph is all regimes classified as personalist by GWF (the list in Table 2). After 1993, no personalist dictatorship has a factor score greater than zero, indicating that this may be a natural cut point if one is needed for subsetting. There is relatively wide variation, but a central tendency right around -1. In the rest of the graphs, this personalist scatterplot stays the same with an overlay of factor scores in the three other GWF types.

It is interesting that monarchs tend to fall above zero, indicating that kings are generally more constrained and better at sharing power. However, note that many observations of monarchy fall well below zero, indicating that monarchs can be either constrained or unconstrained.
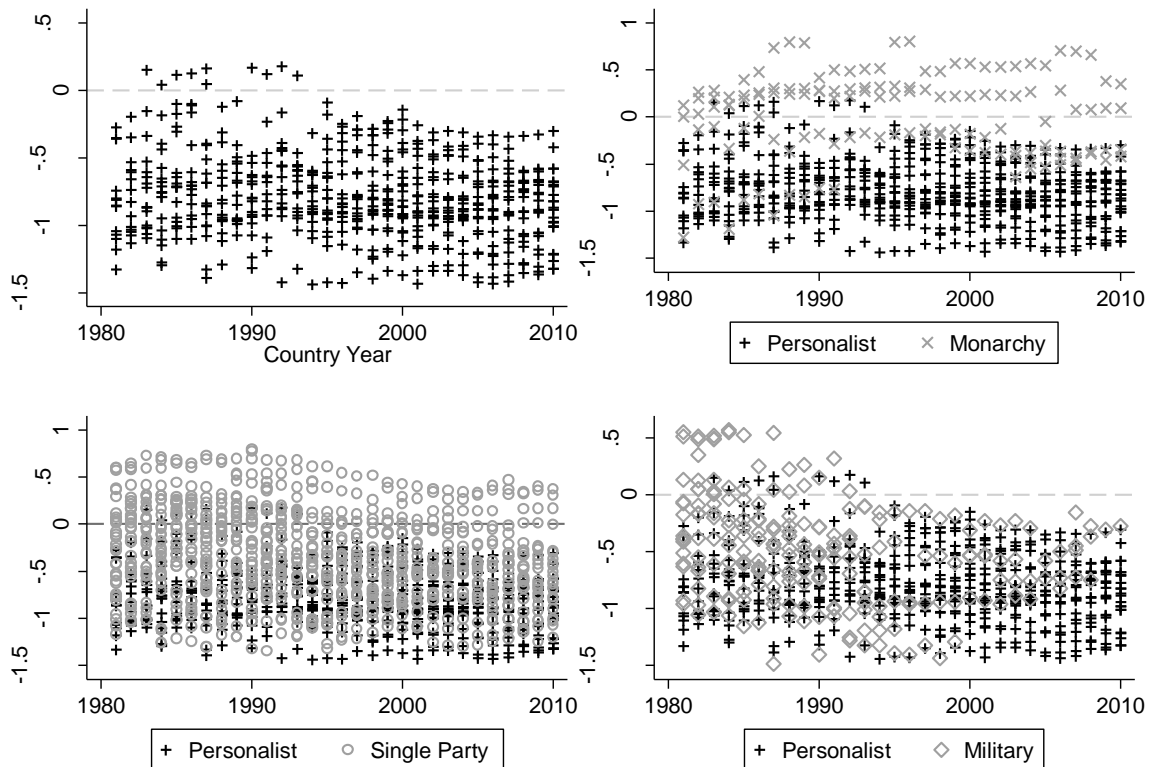
FIGURE 2.8: Factor Score by Regime Type

The bottom left graph shows us that single-party leaders, tend to be more constrained than personalist dictators, but still have variation across the board, indicating that leaders of single-party regimes can be extremely personalist as well. This seems to have face validity given that the Kim dynasty in North Korea and Castro family are both typically counted as single-party regimes despite the personality cults that surround them. Lastly, the bottom right graph shows that military regimes have become less constrained over the years, but the number of military regimes has also dwindled sharply since the end of the Cold War – in 1980 there were 15 military regimes and by 2010 there were only two (Algeria and Myanmar).

Figure 2.8 illustrates that fact that any type of leader can be more or less personalist, independent of the regime. Assuming this factor score is measuring the latent level of a leader's management style, we can say that personalism is more of a behavioral style of leaders than a structural environment. This makes intuitive sense and immediately brings up the question of what should be done about the personalist regime type, if indeed it is a behavior rather than a structure. This will be addressed in future work, but it should prove to be relatively straightforward, after all, personalist regimes have parties, military leaders and hereditary succession. This finding has wide ranging implications and could possibly completely change the way we think about dictatorships.

Figure 2.8 begins to exemplify this new view of personalism, but this is not good enough. We should look through the historical record and see if this measurement is actually reflecting what it is intended to. Figure 2.9 plots out the scores of two modern democracies, the United States and Peru, one of which happened to be ruled by a personalist dictator from 1990-2000 and is classified as such in the GWF data. Alberto

Fujimori was elected President of Peru in the 1990 elections as a "dark horse" candidate beating Mario Vargas Llosa unexpectedly. Vargas' party and another opposition party still controlled both chambers of the Peruvian Congress as Fujimori tried to implement his neoliberal economic reform package nicknamed "Fujishock" and battled a growing insurgency from the Maoist Shining Path guerillas (Palmer 2000).

On April 5 1992, frustrated with deadlock in Congress, Fujimori carried out what is known as a "presidential coup" (Kenney 2004). These are fairly rare in modern history, but they are also called "autogolpe" (Spanish for self or automatic coup) and locally as "Fujigolpe." In this so-called self-coup, Fujimori purged judges, suspended the constitution, and closed down congress (Palmer 2000).
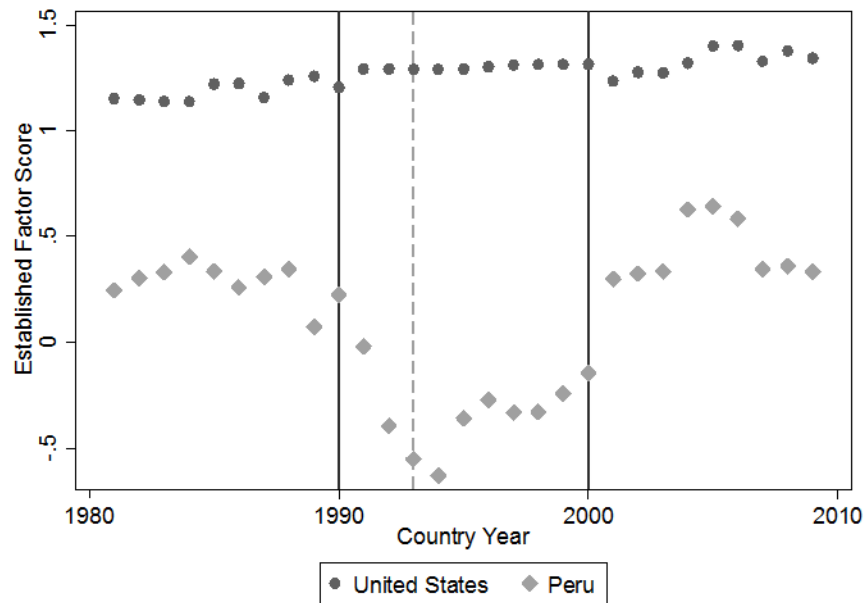
FIGURE 2.9: Factor Score Comparisons (US and Peru)

In 1993 he passed a new constitution, granting amnesty to him and his supporters. In 1994 Fujimori went through a publicized divorce where he stripped his wife of "First

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Lady" status and gave it to his eldest daughter. In 1995 he was popularly reelected as the domestic insurgency grew and his popularity culminated largely with the highly publicized successful management of the 1996 Japanese embassy hostage crisis (Carrion 2006). In 2000 he attempted to fax his resignation in to Congress from exile in Japan, but it was rejected and he was later arrested. Later on, Fujimori was tried and convicted of human rights abuses in his campaign against the Shining Path. A lot more information came to the surface in these trials. During 1995-2000 it is estimated that Fujimori had around 300,000 indigenous women sterilized in family planning campaign called "Voluntary Surgical Contraception." He was also convicted of ordering the kidnapping of journalists, bribing and tapping the phones of journalists, and embezzlement.

Figure 2.10 is the same setup as Figure 2.9 but with four cases. Again, the goal here is not to look for personalism in democracies, but rather to investigate the validity of this measure. Looking at factor scores for the UK over time, the score is high and positive as we would expect for democracies, but there is one prominent drop in 1993. John Major was PM in the UK, taking over after Margaret Thatcher resigned. In 1993 his government became embroiled in a series of so-called "sleaze" scandals that eventually drove the Conservatives from power and introduced a long period of Labour rule. Looking at Saudi Arabia the score has relatively little change over time other than one dip below zero in 2005. King Fahd became king in 1982 and ruled until his death in 2005 when King Abdullah took over and ruled until his death in 2015. Typically when a new king takes over in any dictatorship the first thing he does is attempt to separate himself from the previous king and shore up his winning coalition. He usually does this through typical personalist

behaviors such as firing anyone that does not agree with him in purges, doling out cash bonuses, and cracking down on opposition groups.

Looking at Mexico, we see the score likely reflects the problematic Mexican elections of 1988. The elections featured a new computer system that mysteriously crashed in the middle of counting the votes. The PRI still won and three years later in 1991 all the physical ballots were destroyed and some PRI members admitted publically that it was rigged. This led to the eventual loss of the PRI and the democratization of Mexico with the election of 2000. Mexico is not so clear of a case, but it does not put the measure in serious doubt.
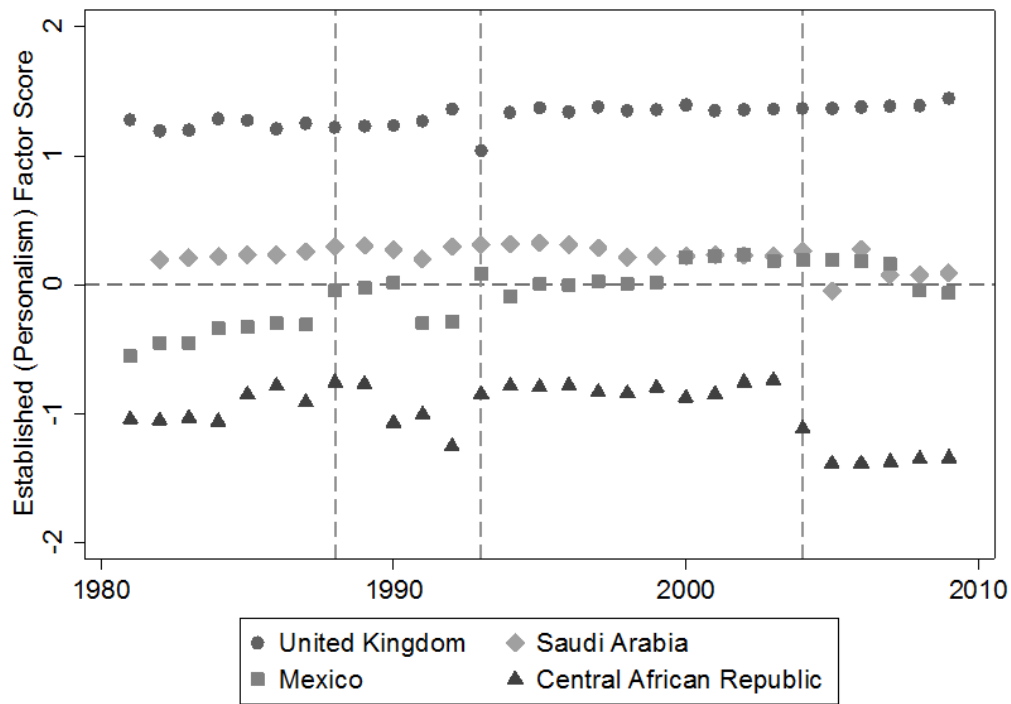
FIGURE 2.10: Factor Score Comparisons (UK, Mexico, Saudi Arabia, CAR)

Looking at the Central African Republic (CAR) André-Dieudonné Kolingba took power from David Dacko in a bloodless coup in 1981. Ange-Félix Patassé won power in

an election in 1993, but stands accused of many human rights violations and embezzling state wealth. François Bozizé took power through military force in 2003. All four of these CAR leaders are listed in Table 2.2 and we can see in the graph that the score changes with their coming to power, indicating that 1) each ruler rules in a unique style and 2) the factor score is picking up individual level behavior.

In sum, this is an individual level factor score that measures the management style of a leader. It estimates the level to which a leader prefers to manage by violence and corruption or by deliberation and delegation – the level to which a dictator is unconstrained or constrained.57 This new variable will be used in Chapters 3 and 4 to explore the effects of SEZs, SWFs, and leader management regime and leader survival.58

2.3 AUTHORITARIAN ECONOMIC POLICIES

Government arises as rational theft through taxation by the group or individual best able to mobilize and harness the use of violence (Olson 1993). All governments started out as non-democracies, or in other words, stationary bandits that stole through taxation. Democracy happens by the accidents of history where groups of stationary bandits find themselves in a stalemate – a balance of power – and have no other choice but to build strong long-lasting institutions of power-sharing. In states where these accidents of history never occurred, regimes and leaders remain stationary bandits, some even still wear

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57 In informal conversations I like to describe the measure as answering this question: If he must, how willing is the leader to murder his closest relative to retain power?
58 Recently, scholars found that when personalist dictators create political parties, they become more likely to democratize (Frantz and Kendall-Taylor 2017). Unconstrained autocrats are the most likely to go to war, they have the highest poverty levels, and are the most likely to turn their regime into a failed state (Frantz and Kendall-Taylor 2017) that can spread nasty side-effects to neighboring countries (Starr 2013, Iqbal and Starr 2015). Identifying unconstrained leaders correctly has wide ranging implications.

crowns, and they mostly still work to increase economic activity to rationally steal more through taxation.

In Olson's piece, he reasons that dictators will tax at a maximum allowable level before taxation begins to reduce productivity – similar to the Laffer curve and the concept of taxable income elasticity. But this is clearly not the case when we look at authoritarian economies like the U.A.E., Singapore, or China. They do not tax at the maximum rate and are very competitive internationally. Olson (1993) explains that democracies tend to do better economically because they tend to have lower tax rates. Democracies tend to have lower tax rates because different factions share power in democracies. When control changes hands in democracies, the outgoing faction does not want to leave the incoming faction with high revenues to pursue its policy agenda. Furthermore, power in democracies is rotated according to votes, so, factions tend to run for reelection on the basis of a record of lowering taxes or promises of it – surprisingly, few people enjoy paying taxes.

There should be a correlation between tax rates and the management style of a leader. Power-sharing leads to lower tax rates in democracies, but all democracies power-share by definition. In non-democracies, the constraint of power-sharing varies, so assuming Olson's theory is correct, we should expect unconstrained autocrats to have high general tax rates and constrained autocracies to have lower general tax rates.

SEZs and SWFs allow leaders to distort tax laws and apply them selectively. Special enclaves that operate outside of the normal customs area are a perfect policy for high taxing unconstrained autocrats *and* for lower taxing constrained autocrats. The tax rates within a SEZ can be specifically targeted to help specific investors (domestic and international), the geographic location can be strategically chosen, and the policies can be

easily justified to elites and the masses based upon expected economic development while keeping continuity in the existing state-wide tax rates.

This section on authoritarian economic policies describes SEZs and SWFs in detail. Specific information on the collection and use of these data is presented after the descriptions.[59]

SPECIAL ECONOMIC ZONES

Special economic zones (SEZs) are geographically delineated areas managed by a single entity that entice investors with prefabricated infrastructure, labor pools, little or no taxation for import and export, cheap rents, and streamlined (i.e. relaxed) regulatory structures. Outside of political science, special economic zones (SEZs) receive great scrutiny. Work in the fields of economics, international business, anthropology, and geography look to varying degrees at when and where the zones do and do not produce favorable FDI arrangements. The literature is scattered and mostly divided into case and regional studies. Farole and Akinci (2011) look at zone programs in general, others focus on zone programs in Africa (Farole 2011), in China (Zeng 2010), in Asia (Carter & Harding 2013), in India (Palit & Bhattacharjee 2008; Das 2009; Gupta 2012), in Latin American security issues (Reyes 2011) and even university zone cluster models for Western Europe and BRIC countries (Klimova, Kozyrev, & Babkin 2015) – including the highly advertised "START-UP NY" SEZ program in New York.[60] This outside literature dedicated to

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[59] Appendices, data, and codebooks are available upon request.
[60] To read more about the New York SEZ program, visit http://startup.ny.gov/business-growth. While SEZs exist in all types of regimes, they serve the authoritarian preference to maintain a monopoly on power in non-democracies and serve a democratic purpose of increasing already existing competitiveness in democracies.

studying SEZs is quickly growing, but is plagued by a dearth of comprehensive data and theorizing. For several decades SEZs have been shrugged off by political scientists as simply a pragmatic economic policy, but some are beginning to recognize the role of SEZs in regime stability (Fuller 2015, 2017).

The phrase special economic zone is a "generic expression to describe the broad range of modern economic zones" (Farole & Akinci 2011;3).[61] The World Bank identifies four key characteristics that all modern SEZs have: 1) a geographically delineated area, 2) a single management/administration, 3) eligibility for benefits based upon physical location within the zone, and 4) a separate customs area (duty-free benefits) and streamlined procedures (FIAS 2008).

All four characteristics represent an effort to boost investment while simultaneously restricting who domestically will benefit. In 1986, there were 176 special economic zones (SEZs) in 46 countries. During the next twenty years SEZs grew by a factor of twenty and nearly tripled in the number of countries with them (Farole & Akinci 2011; Boyenge 2007). The exponential growth in the use of SEZs is displayed in Figure 2.11 and Table 2.4.[62] Figure 2.12 shows the disparity between democracies and non-democracies in the number of zones.

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[61] "Free zones" of all sorts existed to promote economic activity around the world for centuries. A few examples of early free zones include Gibraltar (1704), Singapore (1819), Hong Kong (1848), Hamburg (1888), and Copenhagen (1891). Modern SEZs—thought to first appear in the early 1980s – are more diverse, but still perform the same functions. There are Free Trade Zones (FTZs) that support the re-export business, Export Processing Zones (EPZs) for onsite manufacturing and export of goods, Hybrid EPZs to support local economies, Freeports that are much larger and comprehensive and thus resemble historical free zones, and Enterprise Zones to spur on urban revitalization. The term 'special economic zone' can also include Petrochemical Zones, Airport Based Zones, Tourist Attractions, Logistics Parks, Education Cities, Health Care Zones, Technology or Science Parks, Financial Services Zones, Media Cities, and Internet Zones.

[62] Special economic zones (SEZs) exist in all regime categories. The British were one of the first to begin using SEZs. The United States embraced the idea of using geographic areas with little or no tax barriers in order to increase foreign trade in 1934 with the passage of the Foreign Trade Zones Act. In 2010, US zones imported over $500billion worth of goods. China was the one of the first non-democracies to adopt a SEZ strategy in the late 1970s, followed by the United Arab Emirates in 1985, and then a large "wave" of countries in the 1990s.

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TABLE 2.4: World Export Processing Zones, 1975-2006

	1975	1986	1997	2002	2006
Number of Countries with EPZs	25	47	93	116	130
Total number of EPZs and other zones	79	176	845	3,000	3,500
Employment (in millions)	-	-	22.5	43	66

Source: Boyenge (2007) Note: Employment figures only for years available. Export Processing Zones (EPZs), Free (Foreign) Trade Zones (FTZs), and number of others are all considered to fall under the rubric of Special Economic Zones (SEZ).
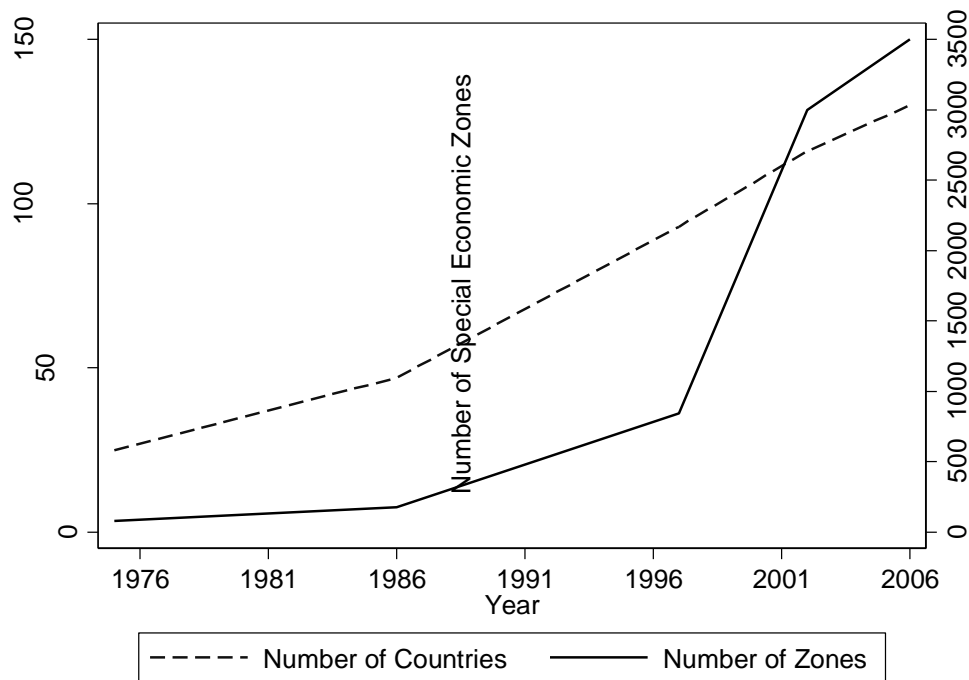
Source: International Labour Organization. Boyenge (2007)

FIGURE 2.11: Growth in SEZs (1976-2006)
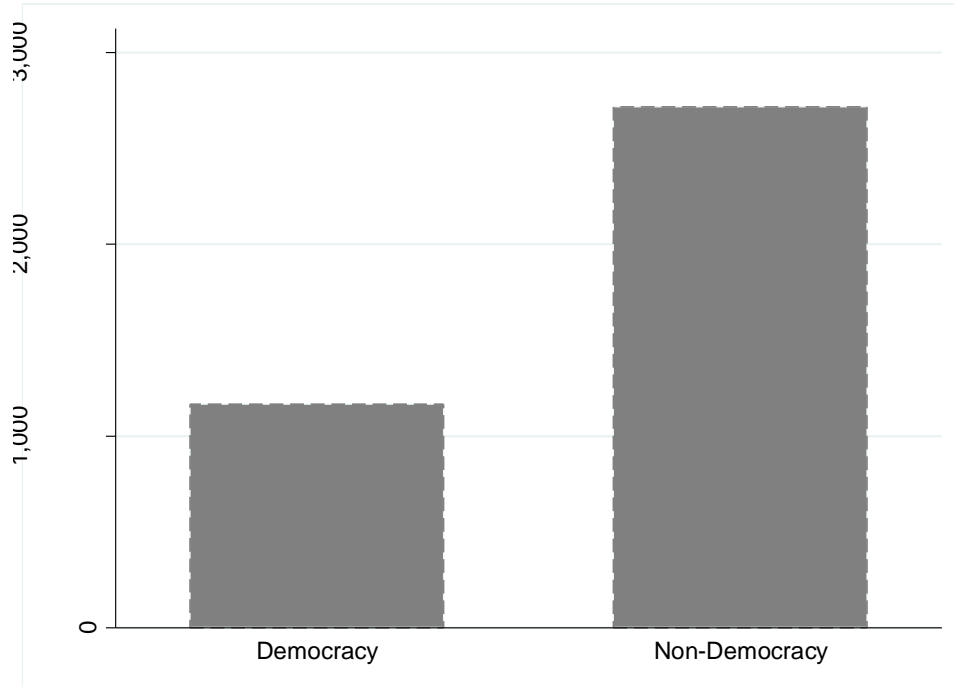
FIGURE 2.12: Total Number of SEZs by Regime Type, 2008

Table 2.5 outlines the direct and indirect benefits expected from SEZs. Many economists agree that SEZs generally have a positive impact on growth, but there is not a general consensus. The Economist magazine reports that a robust zone program on average increases GDP growth annually by two percent (2015). Using municipality-level data in China, Wang (2013) reports that SEZ programs on average increase FDI per capita by 21.7% and FDI growth by 6.9%, further noting that SEZ programs neither 'crowd in' or 'crowd out' domestic investment. SEZs also bring technology transfer and employment. The stories of China copying technology from Western companies located within zones are legendary. Total employment estimates range from 40-60 million workers worldwide, with the overwhelming majority of employment in Asia, the Middle East, and Central

America and Mexico (Economist 2015, Palit 2009). Detailed, reliable, and up-to-date data

is difficult to come by. My data begins to fill this gap.[63]

TABLE 2.5: Potential Direct and Indirect Benefits of SEZs

	Direct	Indirect
Foreign Direct Investment	X	
Employment Generation	X	
Government Revenue	X	
Export Growth	X	
Foreign Exchange Earnings	X	
Upgrade in skills		X
Testing Field for Wider Economic Reforms		X
Technology Transfer		X
Demonstration Effect		X
Export Diversification		X
Enhancing Trade Efficiency of Domestic Firms		X

Source: World Bank Policy Research Working Paper #5583 by Douglas Zhihua Zeng 2011.

SEZs exist in democracies and non-democracies alike, although we have seen faster

and wider growth in the usage of them in non-democracies. A likely criticism of the focus

on SEZs in dictatorships is the assertion that there is no difference between democracies

and non-democracies concerning the effects of SEZs. I squarely disagree with this

assertion. SEZs only enhance the already existing competitive nature of liberal democratic

economies that naturally flows from democratic freedoms. In a democracy, investors see

little difference between the benefits that SEZs offer and the benefits that individuals, other

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[63] Today estimates hover from 4,500 – 5,000 zones and exist in most countries. In an article titled "Political priority, economic gamble: Free-Trade zones are more popular than ever-with politicians, if not economists," the Economist reports that 73% of all countries have SEZs with a global total of about 4,300 units in 2014 (Economist 2015). My data finds that 75% of countries have SEZs in 2015. Thomas Farole, Lead Economist at the World Bank, was quoted in the same article saying "Any country that didn't have [an SEZ] ten years ago either does now or seems to be planning one" (Economist 2015). The original data presented here does not count individual zones. It codes them according to zone program scope and size. It is hoped that this research will lead to further funding to collect specific numbers and geographic coordinates of all SEZs.

companies, sub-national units (in federal systems), and municipalities already offer. In other words, SEZs blend in with and compliment the customary liberal economic environment in all democratic states. SEZs in India, for example, are very popular and controversial at the same time (Palit & Bhattacharjee 2008). When an Indian state sets up an SEZ, other Indian states build similar ones and then offer more competitive benefits to investors in a sort of race to the bottom between the states (Jenkins et al 2014, Moberg 2015). A similar dynamic occurs in the United States and the European Union.

Often in democracies, residents will have no idea that they live in or near an SEZ.[64] When SEZs in democracies are built, they have to be approved by regulatory boards often at subnational and national levels, and are subject to the laws governing those boards. Democracies generally provide public plans for the development that are often times voted on by plebiscite.[65]

For non-democracies coming out of the Cold War, SEZs are a low cost approach to economic development and integration into global markets. The dictator builds it, if they (investors) come, great. If they do not come, the dictator can merely repurpose the zone by decree – infrastructure is infrastructure. Generally, a non-democratic regime will pass a SEZ law through the non-democratic legislature or by decree, appropriate some land in a strategic area (either a natural or man-made deep port or near urban population centers to draw laborers from), and then start advertising.[66] When investors show up, they negotiate

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[64] For those who live in South Carolina, there is one a Columbia Metropolitan Airport (U.S. Foreign Trade Zone #127) and a large one in Charleston (Foreign Trade Zones #21 and #38). A complete list of US FTZs by state is available at http://enforcement.trade.gov/ftzpage/letters/ftzlist-map.html#washington

[65] This process can become hotly contested in less developed democracies. Even when contested, it is a very different process than when in a dictatorship.

[66] View an ad for Myanmar's Thilawa SEZ on YouTube: https://www.youtube.com/watch?v=RxPt2xlDrOY ; In Gabon https://www.youtube.com/watch?v=7IVIvUYgGUY ; In Laos https://www.youtube.com/watch?v=l44hUeTCWb0 ; In Kazakhstan https://www.youtube.com/watch?v=IF58UpiFsco

a contract – typically requiring partial investment from a domestic partner – and enter a lease – usually something like a 99 year lease with zero taxes for the first 10 years and a gradual negotiated increase over time – and then often negotiate the building of specialized infrastructure or the appropriation of more lands. It is a relatively standard FDI arrangement, except for the fact that they are geographically restricted, managed by a sole government chosen entity, and theoretically under the supervision of an international independent arbiter (the WTO).

We actually know very little about what goes on in many of these zones. They are somewhat akin to the wild west of economic liberalization, often becoming supply-chain workhorses for drug and human traffickers, terrorist financers, and all sorts of criminal behavior. There is a SEZ in the Golden Triangle (Bokeo Province, Laos) where gambling is rampant, tigers are openly farmed for their hides, bones, and their meat, and live bear cubs are available for purchase. Once purchased they will slaughter the cub in front of customer, and then prepare it for eating.[67] Complete tiger skeletons are displayed in giant fish tanks filled with wine for men to drink.

Non-democracies selectively use SEZs to experiment with liberal economic policies. SEZs generate more credible commitments among authoritarian elites by creating formal rules necessary for the management and development of the zones. Because of the specific geographic delineation of SEZs, elites are able to more easily monitor each other. Because the zones are designed to attract investment from actors that demand transparency, the zones are more likely to generate more transparency than with investments outside of zones. Since the zones deal in international transactions, the use of them ties authoritarian

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[67] View the brief documentary on the illegal animal trade in this SEZ – 'Sin City' – https://www.youtube.com/watch?v=4GCHs-Vv84Y .

elites to independent power sources capable of arbitrating potential disputes. Concerning

the problem of popular management, the geographic nature of SEZs allow for strategic

placement by the regime. Strategic placement allows the regime to fragment the labor pool,

breaking up potential pockets of opposition and encouraging sunk investments by regular

people in the success of the regime. This is covered in detail in Chapters 3 and 4.

THE SPECIAL ECONOMIC ZONES DATA

No complete or partial dataset with temporal observations of the creation, number,

or size and quality of special economic zones (SEZs) exists. There is no centralized source

for data and the few sources that do exist often publish contradictory information.[68] This is

likely because 1) SEZs are very diverse and 2) there has been little if any theoretical

development concerning SEZs over the past few decades.[69]

The data are gleaned from several sources. I crosscheck the International Labour

Organization (ILO) report of 2003 and 2007 (Boyenge 2003, 2007) and the World Bank

Foreign Investor Advisory Service (FIAS) report (2008) when coding the SEZ program for

each country. Neither of these sources contain temporal data, so I then search for a SEZ

website or the actual SEZ law on a search engine. There are also several other SEZ

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[68] Currently the most used sources are the FIAS World Bank 2008 report on SEZs and the ILO 2007 report. However, large portions of data are missing from each and some shared data are contradictory. Several other different institutes, such as the Flagstaff Institute or WEPZA, have sprung up and then disappeared over the past few decades. Reporting is extremely sporadic.

[69] Anthropologists and geographers use intensive case studies of specific zones. None that I know of examine SEZs from a global structural point of view. Farole and Akinci (2011) make a direct call for political scientists to address SEZs in the final chapter of their edited volume.

descriptive data aggregators out there that I consult.70 Finally, I consult secondary online news sources and governmental websites for further confirmation.71

The explanatory variable that results from this effort, special economic zone (SEZ) program, is a scale that ranges from 0 – 6 where 0 represents the absence of a SEZ program and 6 represents an extensive SEZ program (see Table 2.6).72 A score of 1 = In Name Only and represents the passage of a SEZ law. The SEZ program categories range accordingly; 2 = Isolated, 3 = Small, 4 = Medium, 5 = Large, and 6 = Extensive. Each of these categories represents a significant step up in the size and quality.73 In the large and extensive categories, this coding implies that a significant amount of wealth and power is being restricted to a screened group of regime supporting elites. According to the theory we should expect that higher levels of SEZ program in contested autocracies will positively and significantly correlate with regime stability is such regimes, *ceteris paribus*. *Isolated zone programs* typically contain a small EPZ, industrial park, or single factory program with mostly local investment. Cameroon is an example of this type of zone system; it has one small EPZ, a single-factory, and mostly local investment (FIAS 2008). *Small zone programs* have moderate size EPZs or FTZs with at least one foreign investor and a limited number of production sectors. Belarus is an example; its *Brest Economic Zone* set up in 1996, is of a moderate size and boasts investment from three neighboring countries, but this program has grown rapidly to cover each of its six subnational units (Oblasts).

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70 A blog called "Living Offshore" is a good example of one of the many different SEZ data aggregators I used to crosscheck and add to the ILO and FIAS data. See it here http://livingoffshore.com/free-trade-zones.htm

71 A fifty-page list of these sources by country is available upon request.

72 Arguably, everything that goes in and out of SEZs is determinable on an exact dollar basis, however, for the purposes of this study such accuracy is not necessary. The dependent variables are blunt measurements as well, thus, any accuracy gained by attaining the exact value of SEZs would be lost in the analysis. I have not performed an official inter-coder reliability test, but I have convinced several others to code a few cases and results are similar.

73 It is not obvious what a move from category to category means substantively. This poses problems for interpretation, but the goal of this study is to demonstrate the SEZs matter, not the exact extent to which they do.

Medium zone programs have several moderate sized EPZs, FTZs, and a Freeport. Venezuela illustrates this category; it has a Freeport (Isla Margarita) and three moderate sized FTZs (Paraguana Peninsula, Santa Elena de Uairen, and Merida). *Large zone programs* have multiple EPZs, FTZs, or Freeports with multiple sectors and multiple foreign investors. Russia and Singapore fall in the large category. Russia has over 25 SEZs that are ambitiously expanding and Singapore has 8 large freeports and SEZs spread over its small territory. Honduras, a country that declared the entire country a SEZ in 1998, falls in this category as well (Farole & Akinci 2011).

TABLE 2.6: Coding Scheme Special Economic Zone Program

Value	Name	Description of observation
0	Absent	SEZs and SEZ laws are absent, nonexistent
1	In Name Only	SEZ exist only in official law, no zones completed during FY
2	Isolated	Small EPZ, industrial park, or single factory, local investment
3	Small	Moderate size EPZ or FTZ, one main production sector
4	Medium	Moderate size EPZs, FTZs, and a Freeport
5	Large	Large EPZs, FTZs, Freeports, multiple sectors
6	Extensive	SEZs are a foundation of macroeconomic development policy

Extensive zone programs are essentially large zone programs that represent a larger portion of the state's macroeconomic outlook and contain specialized zones such as Education Cities, Media and Internet zones, or other purposeful zones. In essence, the SEZ program is the core of the state's development model. The U.A.E., China, Egypt, and Jordan are examples of this category. The U.A.E. and Jordan have every type of zone imaginable, China creates zones for very narrow purposes that now almost cover the entire country, Egypt has what are called QIZ (qualified industrial zones) that have been set up by the U.S. in order to foster trade and peace between Egypt, Jordan, and Israel (FIAS

2008). Table 2.6 outlines the variable values, name, and a brief description of the observation. Table 2.7 gives a snapshot of the distribution of observations.

There are a total of 9,167 observations in the SEZ data (country years). It includes all democracies and non-democracies. There are several variables, but only two that are complete thus far. These are the SEZ variable that codes every country year according to the scale outlined above and a dichotomous dummy variable formed from the continuous one. Other variables include ones taken from the World Bank FIAS (2008) and are limited only to the cases that the World Bank publishes. These include the number of zones that are privately managed and those that are publically managed. These variables are not used in the analysis as I have no way of verifying that the World Bank's sample is representative (random) and it is exceedingly difficult to decipher whether or not a specific zone is publicly or privately managed, especially in a dictatorship.[74]

TABLE 2.7 Percentage of County-years with a Specific SEZ Score over Time

	SEZ=0	SEZ=1	SEZ=2	SEZ=3	SEZ=4	SEZ=5	SEZ=6
Dictatorship 1945-79	90.7	0.6	3.2	2.8	2.1	0.6	-
Dictatorship 1980-89	74.7	2.1	9.9	5.1	6.3	1.9	-
Dictatorship 1990-99	60.3	2.7	17.1	9.5	6.0	3.1	1.4
Dictatorship 2000-09	36.6	4.5	23.6	17.0	7.1	5.6	5.7
Dictatorship > 2010	18.5	6.7	24.9	23.4	9.6	8.1	8.9
Democracy 1945-79	71.0	0.1	6.6	18.5	0.6	3.1	-
Democracy 1980-89	51.9	-	10.4	30.9	3.8	2.9	-
Democracy 1990-99	34.7	2.4	16.1	31.9	10.5	4.4	-
Democracy 2000-09	22.9	1.6	18.8	35.3	13.8	7.1	0.6
Democracy > 2010	18.6	3.8	18.1	37.0	14.0	6.4	2.2

Source: Author

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[74] I have reached out to the World Bank and the authors of this FIAS (2008) report on multiple occasions and have never received a response. The majority of authors that study SEZs cite this same report, yet there is no explanation for why it is incomplete. Thomas Farole at the IMF did respond and indicated that no such complete data exist.

SOVEREIGN WEALTH FUNDS

Sovereign Wealth Funds (SWFs) are essentially giant government managed hedge funds – large pools of capital used to invest in international and domestic markets for profit. Just as with SEZs, the origins of SWFs are debatable, but we know that they have grown to massive proportions and numbers in the past decade (Clark, Dixon, and Monk 2013). The most commonly accepted story is that the first modern SWF launched in Kuwait in 1954 (Loh 2010). Of the top 80 SWFs today, 53 (or 66%) are managed by non-democratic governments.

Traditionally, SWFs were used by non-democratic countries as a way to stabilize windfall incomes from natural resources like oil (van der Ploeg and Venables 2008). It was also a way to diversify, as SWFs were soon being used to fund the building of infrastructure for special economic zones (SEZs) – as in Dubai. China recently set up a fourth SWF dedicated mostly to investing in start-up SEZs in Africa. Again, democracies have SWFs as well, as these are liberal economic policies that are not exclusive to one type of regime. Democracies have close to the same number of funds as dictatorships but 80% of the ~$9 trillion held within them is in non-democratic sovereign wealth funds. Figures 2.13 and 2.14 visualize this trend.

SWFs, like SEZs, take on a multitude of sizes, shapes, and names. Occasionally economists will disagree on exactly what is a SWF and what is not. For these data, SWFs are conceptually defined as "government-owned investment funds operating in private financial markets" (Monk 2009).[75]

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[75] In reality this definitional determination is made by the two sources I cross check when coding the data, the Sovereign Wealth Fund Institute (SWFI) (which understandably charges a very large amount of money for access to their data) and United States State Department business environment reports.
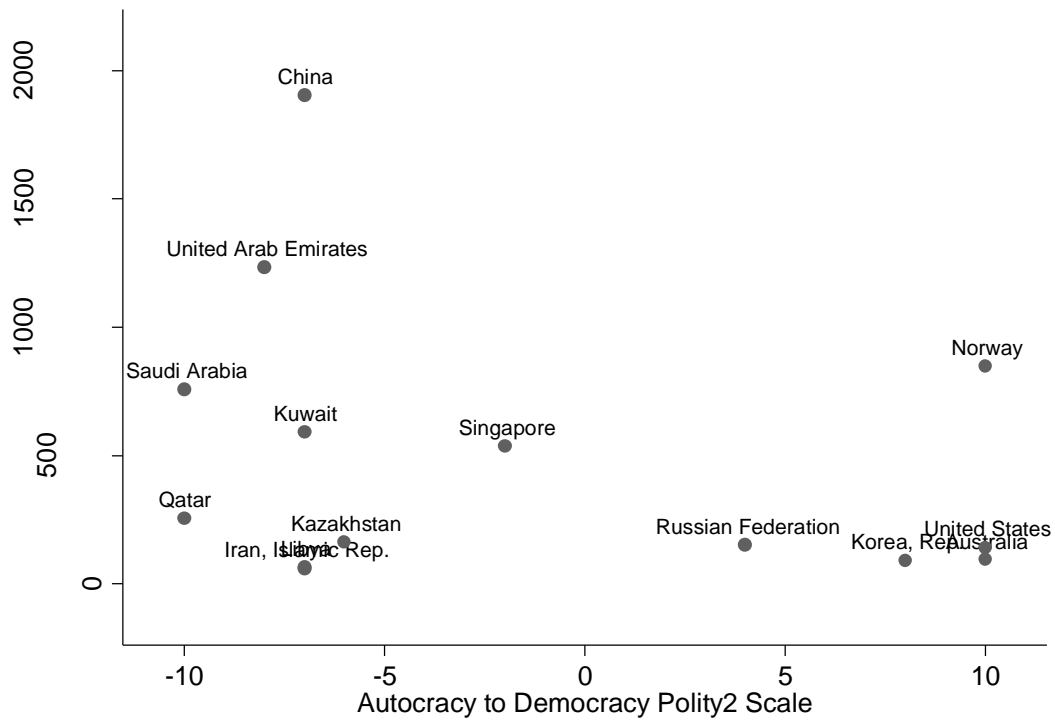
FIGURE 2.13: SWF Value by POLITY Score, 2015
Source: Sovereign Wealth Fund Institute (2015)
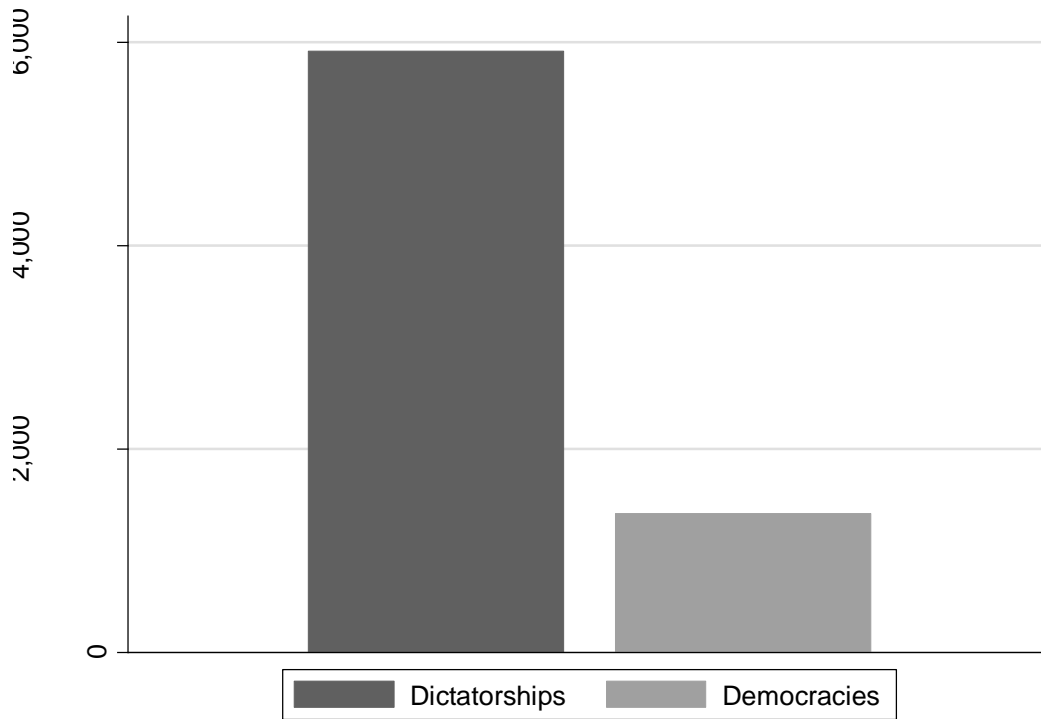
FIGURE 2.14: Assets Held in SWFs by Regime Type, 2014
Source: Sovereign Wealth Fund Institute (2014)

Monk also points out that twenty years ago Cohen (1986;3) argued that "high finance can no longer be kept separate from high politics." Some IR scholars seem to agree (Drezner 2008, Bahgat 2008, Cohen 2009, Helleiner 2009, Yi-Chong 2010), although there are not many quantitative or theoretical evaluations by political scientists and findings are scattered.

In democracies SWFs are typically used as investment instruments for either pooled state employee retirement funds (401k) or to gather and invest profits from state-owned natural resources (or the tax-revenue collected from extracting them). For example, the US State of California has a SWF for the retirement contributions of all its state employees (Helleiner 2009), and the US States of Wyoming and Alaska each have one for mineral and oil incomes. In each of these instances, the SWFs are used to provide public goods directly to all citizens and are under control of an elected leadership (in Wyoming all profits are used for education and in Alaska profits are directly distributed to residents that apply for it in a check).[76] In dictatorships, SWFs are under the control of the leader and the regime, who, can pick and choose exactly how to use these funds absent of democratic values of oversight and republican values of equality under the rule of law.

Table 2.8 outlines 6 selected SWFs in democracies and their stated reasons for creation. Table 2.9 does the same for 6 selected dictatorships. It is relatively clear from these tables that democratic SWFs tend to be created in order to secure public goods in the public sector, such as social welfare. Conversely, it is relatively clear that non-democracies

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[76] The dividend calculation is made by the Permanent Fund Dividend Division and is allocated according to how many citizens apply each year. The checks from $300 to $2000 dependent on how well the SWF performs and the number of applicants. To give a sense of different these are in democracies, Alaska passed a constitutional amendment to create its fund and mandated that 25% of all state income from natural resources be invested through the fund. It further mandates that this principal amount shall never be spent, but the profits made off of investments can either be spent by the state or distributed to citizens through an application process. Read all about it at the Alaska Permanent Fund Corporation (APFC) website http://www.apfc.org/home/Content/aboutFund/aboutPermFund.cfm

tend to create SWFs in order to either 1) stabilize windfall profits from natural resources or 2) achieve macroeconomic objectives, such as ambitious SEZ programs or the development of new production sectors.

TABLE 2.8: Sample of Democratic SWFs and Impetus for Creation

Democracy	SWF	Impetus for Creation
Australia	Future Fund	Assist future governments meet the cost of public sector superannuation liabilities
Canada	Alberta Heritage Savings Trust Fund	Save for future; strengthen or diversify economy; and improve the life of Albertans
France	Strategic Investment Fund	Stabilize French firms
Ireland	National Pensions Preserve Fund	Meet as much as possible of the costs of Ireland's social welfare and public service pensions
Norway	Government Pension Fund-Global	Support long-term management of oil revenues and facilitate savings to meet future pensions expenditures
United States	Alaska Permanent Fund	Save a portion of the state's oil revenue for future

Source: Clark, Dixon, and Monk 2013

TABLE 2.9: Sample of Autocratic SWFs and the Impetus for Creation

Dictatorship	SWF	Impetus for Creation
Bahrain	Mumtalakat Holding Company	Diversify the economy away from oil and gas
China	China Investment Corporation	Diversify foreign reserves and increase risk-adjusted returns, facilitating macroeconomic objectives
Kazakhstan	Kazakhstan National Fund	Ensures that economy is stable during price swings of oil, gas, and metals
Russia	Reserve Fund	Ensure financing of the federal budget expenses and maintain budget balance
Singapore	Government of Singapore Investment Corp	Invest reserves in long-term and high-yielding assets
United Arab Emirates	Abu Dhabi Investment Authority	Secure and maintain current and future prosperity of the Emirate through prudent management of assets

Source: Clark, Dixon, and Monk 2013

SWFs are government owned, government run funds. In all types of states the funds have generally followed a profit motive, but the threat of a political motive always lurks around the corner (Drezner 2008, Weiner 2010). Interestingly, SWFs can play a diplomatic role in that because they are sovereign, when they invest in democratic countries it can either stir conflict or create lasting linkages. For example, in 2006 one of Dubai's SWFs attempted to purchase the port management of six major US seaports. Many in the US claimed that this sale to an Arab, non-democratic country would compromise security (even though Dubai, like Saudi Arabia, was and is a close ally of the US and the port security was already managed by a foreign British firm that was owned by Dubai Ports World). This became known as the "Dubai Ports World Controversy" as the US Congress voted nearly unanimously to block the deal negotiated by President George W. Bush (NPR 2006).[77]

These sorts of reactions have led to non-democratic countries focusing on building SEZs and investing SWF money in other non-democratic countries or at a minimum, taking steps to avoid controversies. The OBOR policy of China also uses SWF money to make huge investments in SEZs in Belarus and Kazakhstan. The post-soviet states along the OBOR appear to be very eager to accept China's investments (Gabuev 2015). Furthermore, the China-Africa Development Fund (CADF) has been moving fast to help states such as Nigeria, Egypt, and Ghana development their own SEZ programs (AFC 2012).

SWFs can have very positive stabilizing effects, not only within the ruling coalition (as I theorize in Chapter 3), but for the global economy as well. Two years after the Dubai

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[77] It is interesting to note here that the U.A.E. is currently very close to finishing several nuclear reactors capable of creating weapons grade nuclear material, yet there seems to be no public outcry. Find the sleek U.A.E. Nuclear Energy Corporation website at https://enec.gov.ae/. Find analysis of the program in Foreign Affairs (Guzansky 2017).

Ports World debacle, in 2008, the same SWF from the U.A.E. swooped in to purchase vast amounts of troubled properties in New York, including 90% of the Chrysler Building (Drezner 2008), helping to stabilize the US real estate market after its collapse. When markets abroad crash and prices tumble, often SWFs will swoop in to purchase these troubled assets in an effort to make a long-term profit on them when the market recovers.

Because SWFs mainly entail elite behavior and deal with international groups, these policies will likely only effect the question of elite management in non-democracies. This is explained further in the theory section and a case study on the Abu Dhabi Investment Council in Chapter 3.

THE SOVEREIGN WEALTH FUNDS DATA

The data collected for this project comes from the Sovereign Wealth Fund Institute website and is crosschecked with US State Department business climate reports.[78] The data covers 160 countries from 1946-2015. It contains a dichotomous variable representing the presence of at least one SWF in a given country-year, a continuous variable that contains the estimated value of all SWFs in 2014 only (measured in billion$), a variable for establishment year, a dichotomous variable for being commodity or non-commodity based, a variable for the total number of SWFs in a given country year, and a variable indicating the 2015 Linaburg-Maduell Transparency Index. There is an observation for every country-year only with the dichotomous presence of a SWF variable. It is the only SWF variable that is currently time variant. This is because this was the only information that could be

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[78] The website can be found here http://www.swfinstitute.org/. A codebook with explanations for each case is available upon request.

independently verified considering sources. All other variables come directly from the SWF Institute and are only available for the funds they have publicly listed on the website.

Only 25% of all states have an SWF today. In 2015, there were 46 of them in existence. Twenty-three of them are in democracies, with 9 belonging to the United States. The other 23 are in non-democracies, with 7 belonging to the U.A.E., 5 belonging to China, 3 to Kazakhstan and Russia each, and 2 to belonging to Oman, Saudi Arabia, Singapore, and Nigeria each. Some typologies of SWFs have been proposed. For example, Clark, Dixon, & Monk (2013) propose the following typology: Postcolonial SWFs, Rentier SWFs, Productivist SWFs, Territorialist SWFs, and Moralist SWFs. The problem though, as the authors point out, is that this typology is not mutually exclusive. It is useful for them because the trajectory of their analysis explores why states create SWFs and where SWFs derive their legitimacy from.

Using a mostly mutually exclusive binary typology, SWFs come in two basic types: commodity and non-commodity funds. Commodity funds tend to be created out of excess government revenue, typically from large natural resource deposits. The commodity SWF is funded through the export of natural resources and is designed, in part, to protect against commodity (oil) price fluctuations by turning fixed "in the ground" assets into financial assets that can be managed, rather than directing windfall profits into immediate consumption. Non-commodity SWFs are generally funded by excess foreign currency reserves during a current account surplus (Chopra 2013). The important point is that these two basic types tend to behave in different ways. Commodity funds "do not show any inclination towards undertaking outbound FDI investments [they] are more inclined towards controlling domestic inflation and undertaking investments for infrastructure and

social developments" (Chopra 2013). Figure 2.15 illustrates the distribution of commodity and non-commodity SWFs in democracies and non-democracies.
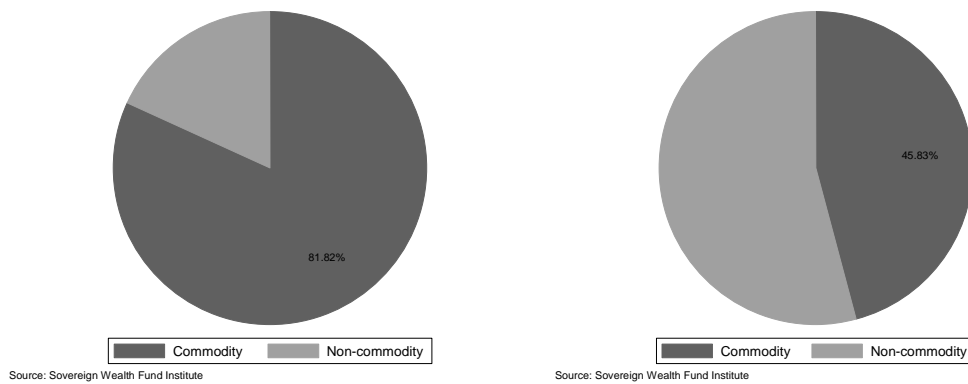
FIGURE 2.15: Non-Democratic (left) and Democratic (right) SWFs by Type, 2015

This is important because in 2015 82% of SWFs managed by non-democracies were commodity funds, but among democracies SWFs are split about evenly between commodity and non-commodity origins, funding, and actions. Combined with the fact that non-democratic SWFs hold over three times the worth of assets that democratic SWFs hold, this illustrates the idea that non-democracies are using SWFs for domestic authoritarian purposes. Principally, the way they do this is by funding the building of infrastructure for SEZs.

Furthermore, the non-democratic SWFs that are ranked on the Linaburg-Maduell Transparency (LMT) Index tend to have lower transparency scores than SWFs managed by democracies (see Table 2.10 below). The LMT scale was developed by Carl Linaburg and Michael Maduell for the Sovereign Wealth Fund Institute as a "global standard benchmark" for transparency in SWFs. The transparency of SWFs is important to many actors because investors frequently cite concerns that these very large government run

investment vehicles may one day act on political motives rather than a profit motive

(Truman 2007). The LMT score ranges from 1-10 with a score of 1 representing the lowest

level of transparency and a 10 the highest. The scale takes the following observations into

account when scoring funds:

1. Fund provides history including reason for creation, origins of wealth, and government ownership structure
2. Fund provides up-to-date independently audited annual reports
3. Fund provides ownership percentage of company holdings, and geographic location of holdings
4. Fund provides total portfolio market value, returns, and management compensation
5. Fund provides guidelines in reference to ethical standards, investment policies, and enforcer of guidelines
6. Fund provides clear strategies and objectives
7. If applicable, the fund clearly identifies subsidiaries and contact information
8. If applicable, the fund identifies external managers
9. Fund manages its own website
10. Fund provides main office location address and contact information such as telephone and fax (SWFI 2016)

TABLE 2.10: Sovereign Wealth Funds and Transparency Ratings

Democracy	Selected SWF	LMT Index
Australia	Future Fund	10
Canada	Alberta Heritage Savings Trust Fund	9
Ireland	Ireland Strategic Investment Fund*	10
Norway	Government Pension Fund-Global	10
United States	Alaska Permanent Fund	10
United States	Texas Permanent School Fund	9

Dictatorship	Selected SWF	LMT Index
Bahrain	Mumtalakat Holding Company	10
China	China Investment Corporation	8
Kazakhstan	Kazakhstan National Fund	2
Russia	Reserve Fund	5
Singapore	Government of Singapore Investment Corp	6
United Arab Emirates	Abu Dhabi Investment Authority	6

Source: Sovereign Wealth Fund Institute 2016. NOTE: 10=fully transparent

This tells us two things. First, the management of SWFs in non-democracies is different than that of democratic SWFs. Second, despite having low scores the mere fact that non-democratic SWFs have allowed the SWF Institute enough access to the inner workings of the funds to measure them on the LMT scale tells us that these non-democracies are at a minimum interested in transparency, in fact, some, like Bahrain, have funds that are just as transparent as their democratic counterparts. There are also trends in the timing of startup and the regional location of SWF countries. Tables 2.11 and 2.12 display these trends. Regarding startup timing, it is interesting to note that 67.1% of all SWFs were created after the year 2000 and 78.5% of all SWFs were created after the fall of the USSR. Regionally, as of 2015 80% of all SWFs are located in the Middle East and Asia.

TABLE 2.11: The Timing of SWF Creation

Creation Time Period	Percentage
Pre-1970	7.6
1970-1979	6.3
1980-1989	7.6
1990-1999	11.4
2000-2009	45.6
2010-2015	21.5

Source: Sovereign Wealth Fund Institute

TABLE 2.12: Regional Distribution of SWFs, 2015

Region	Percentage
Africa	2.7
Europe	13.1
Middle East	40.2
Asia	39.8
Americas	2.8
Other	1.4

Source: Sovereign Wealth Fund Institute

CHAPTER 3: ELITE MANAGEMENT THROUGH ECONOMIC POLICY

Under the miserable conditions of authoritarian rule there are two main functions of economic policies that allow us to consider these policies as way to manage leader and elite relations: more credible commitments through greater monitoring and transparency, and a connection to independent arbiters. Scholars suggest that legislatures are capable of tying the hands of greedy autocrats (Wright 2008). Others suggest that it is not the legislature that is associated with greater investments, but rather the corporate governance rules associated with the authoritarian legislature (Jensen et al 2013). Furthermore, others argue that internationally oriented economic policies can do the same (Zheng 2014).

International organizations (such as the WTO) and regional organizations (such as ASEAN) can encourage cooperation under the conditions of international anarchy[79] through monitoring and enforcement (Abbott and Snidal 1998; Pevehouse 2005). International agreements of any kind that require iterative management cast a long shadow of the future on signatories (Axelrod 1984, Fearon 1998), meaning that once an agreement is signed, expectations of future cooperation or conflict surrounding the agreement constrain the choices of leaders (Gartzke and Gleditsch 2004). Industrialization and technological advances mean that modern autocrats are increasingly courting international

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[79] For non-political scientists, anarchy merely means that the state (country) is the highest form of legitimate government. Or in other words, there is no global government with the ability to force states to obey international laws, treaties, organizational statutes, etc. It is all mostly voluntary because every state has sovereignty according to the Treaty of Westphalia (1648) and the founding principles of the UN Charter.

investors and looking to invest internationally themselves, often through international and regional organizations and bilateral and multilateral agreements.

Looking outward has led many autocrats to implement specialized policies of partial economic liberalization in line with the rules for the world created by IOs (Barnett and Finnemore 2004).[80] Two of these policies are special economic zones (SEZs), or geographically delineated investment areas, and sovereign wealth funds (SWFs), or government run investment funds. These policies have been successful in generating revenues and they are widespread among non-democracies. My argument is that these internationally oriented policies generate important domestic effects in dictatorships. Specifically they enhance credible commitments, lower the costs of monitoring, raise the costs of conflict between the leader and the regime, and connect the regime to an independent arbiter.

The implementation of internationally oriented economic policies such as SEZs and SWFs requires intense deliberations, contracts, and a variety of different actors with varying expertise. They require lawyers, economists, analysts, managers, investors, and planners. These deliberations generally create the rules of corporate governance. These rules have also been found to be mechanisms that constrain autocrats (Jensen et al 2013). In comparison to legislative bodies, the coalition of actors needed for economic policies is more diverse and far reaching. Legislative bodies do not produce anything but laws, and in a dictatorship legislators are often even restricted from legislating.

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[80] Constructivists argue that joining these IOs can change state and leader behavior by starting a process of legitimation – when they follow through on commitments, role redefinition – when the leader or the state reconsiders its position because of legitimation, and then reflection – or further changes. As an example with no evidence that I know of, China joining the WTO in 2001 and then following through with many of its regulations has caused the regime to redefine itself in a way, towards a more market orientation.

In a non-democratic legislative body, all that is needed from actors is loyalty (real or feigned).[81] Loyalty in dictatorships often stems from the provision of goods to a small winning coalition (Bueno de Mesquita et al 2003) and the argument here is that loyalty and the collection and distribution of these goods is more credibly done through the mechanics of economic policy. It is more likely that direct management of economic policies through a diverse coalition of experts will generate credible commitments than a building called parliament full of people that print words on paper.[82]

Furthermore, credible commitments are generated through economic policies whether the policies are aimed at generating public or private goods. Any leader could fill a room with sycophants, movie stars, and sports players that are trained and willing to do anything they are told, sign some fancy sheets of paper and then claim they are sharing power. This is precisely how many democratic executives approach filling their cabinets. Domestic political promises between elites are rarely credible in any type state unless there is a specific punitive consequence to not following through on the promise or specific economic benefits and costs attached to the promise. If there is no independent arbiter, there are no punitive consequences and economic costs and benefits become the foundation of rule.

A successful economic policy requires constant monitoring and modification. This generally compels all of those involved to meet often, collect data, and submit reports.

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[81] A recent study of all the legislatures of the world (193 national legislatures) by a group of architects revealed that there are only five basic geographic shapes of legislatures – opposing benches, semicircle, horseshoe, circle, and classroom (XML 2016, Cohen de Lara and Mulder van der Vegt 2017). Interestingly, they find that the classroom shape is most common in non-democratic countries and offer the armchair theory that this is likely because this shape discourages debate relative to any other used shape and allows a leader to lecture his ruling coalition.

[82] Economic policies are generally understood to be laws, but in a dictatorship, despite being "more than mere window dressing" (Gandhi 2008), legislatures are generally rubber stamps for the dictator and his small ruling coalition when it comes to policy.

These policies can also require strict, contractual rules on membership and jurisdiction to create the predictable results that most successful business ventures and large investments require. Combined, these necessities encourage elites and the dictator to closely and regularly monitor each other's activities while working towards a common goal. The fact that these economic policies are often connected to IOs, trade agreements, and foreign elites means that the costs of monitoring are significantly lowered because they are shared among many actors – many of which exist independent of the leader and the regime. It also means that the costs of intra-regime conflict becomes higher because more actors are capable of observing it.

Having an arbiter with an independent source of power is likely the strongest deterrent to the use of destabilizing violence within dictatorships. The WTO has 164 member states and 20 observer nations as of 2016. Dispute resolution within the WTO can be very complicated, but is considered by the organization and its members to be the foundational process of the entire trading system (Busch and Pelc 2015). Membership within the WTO allows elites in dictatorships to file trade disputes and have them adjudicated internationally instead of facing accusations of not living up to the dictator's demands. Zhang and Li (2013) find that "in general, China is highly motivated to comply with the WTO DSS [dispute settlement system] due to the reputational costs of noncompliance." Using IOs and their dispute systems also allow the dictator to monitor the behavior of his elites when complaints are filed from other countries. Regional organizations, large MNCs, and trade agreements have their own dispute resolution mechanisms as well.

Specific examples of how these policies generate credible commitments and independent arbitration are given in the following subsections. The rest of this section sets out to explicitly outline the theory and explore the assumptions and implications of it that lead to hypotheses. The next subsections (3.1 and 3.2) outline the mechanisms under which commitments become more credible and the role independent arbiters play in authoritarian economic power-sharing. Following that are brief examples (case studies) of an existing SEZs and SWFs, detailing the specific ways in which each of these mechanisms work in specific environments. Chapter 3 ends with an empirical analysis of the effects of SEZs and SWFs on leader tenure. First, we will briefly walk through a generalized theory of power sharing between elites and the ruler through economic policies.

Theory:

When a dictator announces to his ruling coalition the intent to build a SEZ or create a SWF he signals his willingness to share power outside of a legislature with his supporting elites, whether this signal is his intention or not. Elites in a dictatorship know that an economic policy designed to attract foreign investment (such as a SEZ) or designed to invest in foreign and domestic economies (such as a SWF) will bring along with it a torrent of international regulations, new domestic laws, and especially increased coordination between the ruler and his winning coalition. These new issues cannot be handled solely within the purview of an authoritarian legislature designed to be mostly a rubber stamp. They require expert consultation from economists and all sorts of coordination and transaction costs that reach outside of the political realm (legislature) and into the economic realm. Non-democratic legislatures are not necessarily designed for deliberation and

delegation (most authoritarian legislatures are shaped like classrooms), they are assumed here to be designed in dictatorships to keep the ruling group in power.[83]

Once the intent to create a SEZ or SWF is announced, the ruling coalition will work to figure out all the details. In this economic work, inside or out of a legislature, they do their best to please the dictator but they will also learn of the many checks and balances that come along with 1) being sure that the policy is exactly what the leader wants, 2) being sure that the policy has its intended outcome, and 3) designing an economic policy that is compliant with WTO regulations, regional trade agreements, and bilateral trade agreements (especially if this is the regime's first economic liberalization policy). With all of this information in their heads, the ruling coalition will then be forced to decide whether it is worth it to invest the time, energy, and loyalty into making the policy a reality.

The calculation of the ruling coalition is crucially determined by the coalition's perception of the dictator. The coalition will perceive with a probability that the dictator has a constrained management style and will delegate and deliberate and a different probability that he prefers an unconstrained management style and will basically do anything to be sure he is the only one in charge. If the coalition perceives the dictator as a more constrained manager than an unconstrained manager, then the coalition will set forth on the premise that the leader will continue delegating and deliberating even with the added scrutiny of policy management and independent arbiters like the WTO. The atmosphere of delegation and deliberation that existed prior to the policy (i.e. the perception of the leader as having a constrained management style), will merely continue and deepen at this point. In the event that they engage in delegation and deliberation, both the leader and the

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[83] In the authoritarian institutions literature it is rarely assumed that dictators create legislatures to deliberate and delegate, they do it to stay in office. Sometimes that requires deliberation and delegation, sometimes it does not.

coalition will be better off by both retaining their positions and all having increased power through economic growth.

If the coalition that perceived the leader to have a constrained management style decides to use the proposal of this economic policy as a tool to try and remove the leader by using the new publicity to expose grievances (such as defecting in a prisoner's dilemma game and forcing the cooperating player to take the sucker's payoff), the leader will act to remove these "bad eggs" quickly and replace them with loyal supporters, given he has sufficient monitoring and power to do so. This is an unlikely outcome as ruling coalition members that perceive the leader to be one that prefers to manage through delegation and deliberation will not risk the extraordinary costs of betraying the leader.[84]

In the event that the ruling coalition perceives the dictator as one who prefers to manage through violence and corruption, the coalition will go along doing whatever it has to do to remain in the coalition as by definition an unconstrained autocrat will work to delegitimize and purge regime institutions. However, in this case if a leader perceived to have an unconstrained management style insists on creating a SEZ or SWF, it will happen, but the coalition will likely only put in the minimal effort necessary to not be eliminated by the dictator. They will work with the leader only in the manner that the leader allows, if he allows it, and the resulting payoff for both the leader and the coalition will be the status quo. This means that we should never expect to see very large or successful SEZ or SWF programs in autocracies led by autocrats with a management style characterized by corruption and violence. We should observe most SEZs started by autocrats with

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[84]Thinking back to North Korea, feigning loyalty and actual loyalty is always better than being fed to a hungry pack of dogs (at least in economic terms). Psychologically, in the North Korea example, being fed to dogs might be more satisfying than worshipping the Supreme Leader as a god, to some.

unconstrained management styles to appear as if they were started and then basically abandoned. This also means that dependent upon who is in the unconstrained autocrat's ruling coalition, they may use this new policy to expose grievances to the world. These grievances, if bad enough, can inspire insiders and outsiders to form a coup, assassination, or foreign intervention. Therefore, unconstrained autocrats that create these policies should experience higher risk of removal proportional to the magnitude of use of the economic policy.

This is a surprising finding that has face validity.[85] In the case with a dictator that is perceived to rule by corruption and violence and is insisting on a specific economic policy, the ruling coalition is actually now armed with the possible ability to impose costs on the leader through the same channels – credible commitments and independent arbiters. In this world, three situations become important. First, in the event that the coalition misperceives the leader or its perception is sufficiently low so it is close to chance, this will cause information asymmetry problems and make conflict between the leader and his regime more likely. Second, if there is a disloyal opposition within an authoritarian government (a secret "shadow government" or faction) that has an indivisible objective (such as "remove the leader") when the policy is implemented, this could give the group its opportunity to make a move and will also make conflict between the leader and his coalition more likely. Or, third, in the event that perceptions of the leader's type change over time, this can create elite rebellion as well.

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[85] Farole (2011) and many others (FIAS 2008) note that SEZs in Africa and any country with really bad corruption problems never get off the ground. They stagnate and sometimes disappear. The only case I know of where an SEZ was actually shut down after opening was in Senegal.

However, in the event that a conflict takes place, the theory is agnostic to which side will win (i.e. the leader purges the regime or the regime removes the leader). This is likely determined by available resources and exogenous conditions. This means that unconstrained autocrats (those that prefer to rule through corruption and violence) that conduct higher levels of international business through specialized partial liberalization policies may be more likely to be removed by internal rebellions (peaceful or violent) and foreign interventions than those that isolate and do not engage the larger global economy, but they are also more likely to purge those that try. Those that purge and isolate are not expected to survive in power any longer or shorter than the human life span will allow, but there is nothing in the theory that tells us how likely this violent leader is to be successful. We should expect that leaders with a constrained management style (i.e. prefer to manage through delegation and deliberation) will continue to exit power mostly through institutional turnovers and those that enact specialized liberalization policies will be more likely to survive their full terms than those without the policy and also exit power in a legal or orderly fashion.

Assumptions:

A dictator prefers to stay in power. A leader can propose a specialized economic liberalization policy that involves increased power-sharing between himself and his ruling coalition. By sincerely engaging in the development of the policy, the dictator increases the credibility of his commitment to manage through deliberation and delegation. The ruling coalition prefers to keep their heads first, and if they see a way to increase their power over the dictator or to enrich themselves, all without losing their head, then they will pursue that also. The ruling coalition and the dictator, once engaged in the economic policy,

become attached to international actors that are capable of settling disputes that may or may not arise.

There are two relatively distinct styles of elite management that exist on a continuum between the two. The more constrained a dictator's management style is, the more likely he is to engage in deliberation and delegation. When a dictator engages in true deliberation and delegation through an economic policy, the more likely that policy is to succeed in its mission and continue into the future. A dictator with an unconstrained management style will not consent to a legal transition of executive power and will prefer to do whatever it takes to stay in power until forcibly removed. When an unconstrained management style, the ruling coalition, if given the opportunity, can try and use these economic policies against the leader in an effort to replace him, but the leader always retains the option to use violence and purge the ruling coalition.

Hypotheses:

The implications that logically flow from these assumptions are that first, dictators with a constrained management style that create partial liberalization economic policies are more likely to enhance stable relations in the balance of power between the dictator and his ruling coalition, meaning that among autocrats with constrained management preferences, those that create these economic policies should survive full legal terms (and possibly longer ones) and will be more likely to exit in a legal orderly manner. Second, dictators with an unconstrained management style that do not create these policies will survive in office until they die or are removed or killed by a foreign power or a domestic coup. Unconstrained leadership styles in the presence of internationally oriented economic

policies will have similar tenures in comparison to those that do not and similar likelihoods of exit type.

3.1 CREDIBLE COMMITMENTS

Authoritarian regimes have a variety of ways in which they can signal the credibility of their commitments. Commitments become credible when the expected utility of a given choice is sufficiently high enough to eliminate the possibility of other choices. An unconstrained leadership style faces a steep uphill battle if it wishes to signal the credibility of a choice to delegate and deliberate, say through a legislature, SEZ, or SWF. The theory is agnostic as to why a leader would chose to manage his elites through corruption and violence. Of course, the basic economic assumption of rationality likely drives "need" for more power, but choice of this management style is likely more a personality predisposition (such as narcissism) that elicits such behavior.

When opportunities to deliberate and delegate arise, we should expect leaders with an unconstrained management style to undermine them at every turn. In a legislature they will ban the opposition. In a SEZ they will purposefully restrict budgets and disrupt the process. This is all done by these violent leaders in order to reduce the costs of potential conflict with the ruling coalition. In other words, if a conflict arises between the ruling coalition and an autocrat with an unconstrained management style, then the easier it is to remove members of the ruling coalition the lower the cost of conflict (it is much easier to kill, exile or jail an opponent then to work through regime institutions to have them removed).

The low cost of conflict means that the leader's utility of conflict increases. The easier it is to remove members of the ruling coalition, the easier it is keep threats to tenure in check and remain in power. The effect of this purposeful lowering of the costs of conflict means that as the dictator's utility of conflict rises as his expected utility of deliberation and delegation lowers, meaning that in this instance the dictator cannot credibly commit to deliberation and delegation. His utility of marginalizing his regime is too high to credibly commit to working with the regime. Figure 3.1 illustrates this.

FIGURE 3.1: Costs of Intra-regime Conflict with Leaders

An autocrat with a constrained management style will recognize that he has already increased the costs of potential conflict with the ruling coalition by ruling through deliberation and delegation – typically described to be through a legislature. A leader that

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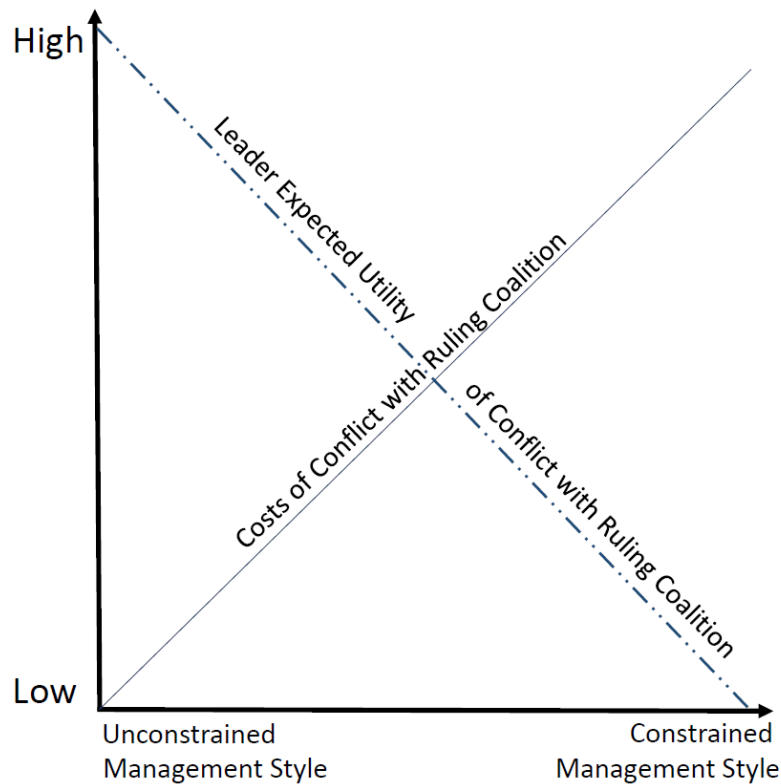

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An autocrat with a constrained management style will recognize that he has already increased the costs of potential conflict with the ruling coalition by ruling through deliberation and delegation – typically described to be through a legislature. A leader that

is predisposed to deliberation and delegation will 1) already be able to credibly commit to his ruling coalition because of the high costs of potential conflict with the coalition, 2) will be more likely to be forced to adopt more deliberation and delegation policies precisely because of his previous credible commitment and 3) will be more likely to seek out new opportunities to delegate and deliberate in his bid to remain in office precisely because the ruling coalition already has a credible threat of punishment in this situation.

Increasingly, dictators and their ruling coalitions have been looking past their own borders for ways to increase the costs of potential conflict in an effort to make commitments even more credible. One core aspect of the so-called "going global" strategy entails enormous media projects, such as Russia's RT media empire, China's CCTV and People's Daily, or even Iran's Press TV – all of which enjoy global reach and a substantial following in Western countries via the Internet.[86] These efforts are clearly dedicated to changing, challenging, and undermining long held norms and perceptions of liberal democracy while promoting a distinct brand of authoritarianism. They are building strawmen so they can knock them down.

This relates to credible commitments in that it exemplifies how the international advertising of ideas can increase the costs of conflict with regime elites. It is comparable to the process of international solicitation of foreign investment in SEZs. By advertising a sort of authoritarian ideology through international media outlets authoritarians raise the costs of potential internal conflict simply by globally promoting their own ideas. By using state media to broadcast propaganda internationally the leader places himself at risk of that

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[86] Other core aspects of authoritarian outreach outlined in initiatives at the National Endowment for Democracy (NED) include coordinated attacks on civil society, restricting cyberspace, promoting worst practices, spreading 'counter-norms,' the 'use and misuse of international organizations,' 'pseudo-election monitoring,' and giving foreign aid to other authoritarians (2016).

same state media being used against him. Once an international media campaign is launched, the ruling coalition must also worry about it being used against them. In the event it is, the costs of conflict with the ruling coalition increase exponentially.87

SEZs must be advertised globally as well. They require messaging and international travel that increase the costs of conflict between the ruler and the ruling coalition. SEZs begin by passing a formal law or decree through some form of a legislature. This law outlines the geographic area, how management works, and what benefits can be offered to investors. Regimes often enlist the help of friendly neighbors or allies to help in the initial setup. Once the SEZ program is established in law, the dictator and his allies must agree on how to advertise it, who to allow in,88 and how to deal with expansion – all requiring formal deliberative meetings between the dictator and his ruling coalition. Often times, in order to boost investment, regimes historically have joined the WTO to add an extra layer of international credibility. Thus, SEZs in dictatorships are formal, deliberative, publically advertised, and often linked to an independent arbiter (WTO) resulting in greater

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87 All dictators have their own personal state-run media. Just by having a message out there that is connected to the regime, the costs and probability of conflict within the regime likely increases. For example, a dictator trying to globally promote a new form of authoritarianism may decide to offer asylum to a whistleblower that holds citizenship in a democracy in an effort to highlight contradictory state behavior of the democracy. However, by granting the whistleblower asylum, he opens himself up to the possibility that the whistleblower can do the same thing in his asylum granting dictatorship, given the whistleblower is able to obtain access to sensitive records. Or, state reporters could be sent to other states for stories, where they may defect and become regime opponents. If one counts national football players as elites and football as a form of global advertising, the Eritrean soccer team is an interesting example. In 2015, ten members of the Eritrean national soccer team defected in Botswana. In 2012, seventeen members defected to Uganda, in 2009 twelve defected to Kenya, in 2007, six defected to Angola (Taylor 2015). These high profile signals of disloyalty increase the costs of a leader's potential conflict with the ruling coalition in a variety of ways, such as reputation costs and legitimacy costs.

88 For example, the UAE has a history of excluding Jewish people. Today, Israeli passport holders are barred from entry and if one has an Israeli stamp in their passport book they are subject to being denied entry. In 2002, the UAE President's research center published a report claiming that Nazis did not kill the Jews in Europe, rather it was the Zionists (US Department of State (2004), this is evidently a common belief in the region. In 2010, in response to the assassination of a Hamas leader in a Dubai hotel, the Dubai police chief claimed that anyone that looked or sounded Jewish would be given a language test and denied entry (Mackey 2010). Somewhat ironically, these "language tests" have a Jewish origin. In the Book of Judges tells us that the Gileadites and the Ephraimites sorted out ethnic groups after battle by making soldiers say "sibbolet," which was a word for corn, but one group always pronounced it with a "sh" sound. Now, the word "shibboleth" is generic noun for these types of tests. In WWII (pacific theater) the nonsensical word "lallapolooza" was used to distinguish between Japanese and others approaching checkpoints. Soldiers were instructed that if the respondent repeated the word as "rarrapolooza" they were to shoot the respondent at the first r (Stimpson 1946).

transparency and a publically observable signal of commitment that increases the costs of potential conflicts.

SWFs in non-democracies are encouraged by IOs and INGOs to be more transparent (Truman 2007). Within the regime, the large sums of money managed require a certain level of transparency between the leader, the regime, and the elites that manage the fund(s). SWFs cannot adequately profit off of global markets without proper monitoring protocols. Furthermore, SWFs often operate as the chief financier of popular domestic development projects, such as SEZs.[89] However, in sum, economic policies can and do enhance the credibility of commitments (Zheng 2014). They do so through the mechanism of increasing the potential costs of conflict between a leader and his ruling coalition to the point that they are sufficient to induce cooperation or allow for a push to remove the leader.

3.2 INDEPENDENT ARBITERS

Regional organizations, recently theorized to be the bringers of democracy (Pevehouse 2005), are not off limits to authoritarians. Nursultan Nazarbaev is the current and only President of Kazakhstan (since 1991) who is routinely elected with upwards of 98% of the vote. He has amended the constitution to allow himself (and only himself) to run for an unlimited number of five year terms, and has never held an election that met international standards (Holley 2007). Nazarbaev was awarded the 2010 Chairmanship of the Organization for Security and Cooperation in Europe (OSCE) (Cefalo 2009). How did

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[89] Because there are relatively few SWFs in the world, they may be better analyzed either by themselves or in detailed case studies.

that happen? That is a question all in its own, but this example provides an insight into how enthusiastically willing authoritarian rulers can be to join international organizations – so much so that they will join organizations that have explicit goals that run counter to domestic policy.

Authoritarians also create their own international organizations. The Gulf Cooperation Council (GCC) was created in 1981 and consists solely of Arab absolute monarchies working to unify their militaries and economies. Similarly, the Greater Arab Free Trade Area (GAFTA) and the Council of Arab Economic Unity (CAEU) both consist of almost exclusively non-democratic states. The oil cartel best known for its 1973 embargo against liberal democratic nations that supported Israel in the Yom Kippur War, the Organization of the Petroleum Export Countries (OPEC), currently boasts 14 members – not one of which comes very close to being considered a democracy. Furthermore, the Association of Southeast Asian Nations (ASEAN), excluding possibly the Philippines, is anything but a shining beacon of democracy in the region.

Saudi Arabia has long been known spread its Wahhabi sect of Sunni Islam through funded Madrasas in Pakistan. Not only was Osama bin Laden killed in Pakistan, but it remains a fertile breeding ground for Islamic terrorists of all brands. Almost 70% of the school system in Pakistan is made of Islamic Madrassas funded by Saudi Arabia (Paul and Jacob 2013, p. 58). Qatar and Turkey worked hard to support the democratically elected Islamist President Morsi of Egypt in the wake of the Arab Spring, only to have Saudi Arabia and the United Arab Emirates pledge billions in aid to General Sisi the day after his military coup d'état (Worth 2013).

Saudi Arabia's main geopolitical rival, Iran, has long been known to fund terrorist organizations and paramilitary operations globally (Wigginton et al 2015) and actively supports Assad's regime in Syria while Russia actively supports Iran (Trotman 2014) and other dictatorships like Belarus financially (Razumovskaya 2013). Venezuela has long used its oil to prop up the Castro regime in Cuba and other questionable democracies in Latin America.

The point is that dictators and their regimes have friends. There are more IOs out there than the ones created by democracies.90 Authoritarians belong to and create their own international organizations and networks and they also are members in many of the same ones that democracies are. They blend in well, especially in the post-cold war era where international divisions are not as clear. What this means is that dictators and their ruling coalitions, whether they intend to or not, are engaging in behavior that connects them to a number of actors outside of the borders of the home state. Some of these actors are state actors in other non-democracies, some are foreign elites that may reside in democracies, and still others may be international organizations that can range in charter and scope from the WTO to OPEC.

Membership in any of these organizations is theorized to increase the potential costs of conflict between the dictator and his ruling coalition and reduces the cost of monitoring. Going back to the example of the mafia, when conflicts arose, bosses could murder anybody they wanted for any reason they wanted and then credibly either claim it was a misunderstanding or simply just stick with whatever reason they came up with. When

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90 The IO literature tends to only write about IOs formed by democracies – typically the ones that came out of WWII (UN, WTO, NATO, etc.). Scholars would benefit from a systematic review or greater understanding of authoritarian IOs and how they operate. Arguably the existence of international cooperation among authoritarians that rule with less institutional domestic control is a greater or more complex feat than democracies cooperating internationally.

mafia families got together to stop the violence, they appointed a consigliere (an independent arbiter) to arbitrate disagreements and disseminate information, the same thing that IOs do. This reduced conflict between and within families because it raised the costs of conflict. One could imagine that in the mafia, murdering someone for doing something that an even slightly respected independent power source already publically said they did not do, is far worse and damaging than the same events in the absence of a consigliere. The same goes for dictators and dictatorships.[91]

3.3 AN EXAMPLE WITH SEZS – KISH TRADE-INDUSTRIAL FREE ZONE (IRAN)

These case studies are given in order to show the reader exactly what the zones look like within specific contexts and to conduct small qualitative tests of the theory before a large-N quantitative one at the end of this chapter. Kish is called a "Trade-Industrial Free Zone" inside Iran. It is a 35 square-mile island nicknamed the "Pearl of the Persian Gulf." It hosts two stock exchanges and is now a major tourist destination. It sees around a million visitors per year. Specific statistics are difficult to come by. This is important to point out because it is the reason behind the slow development of the study of non-democracies. Data like "number of visitors per year to X" are readily available in democracies because of the open structure of democracies.[92]

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[91] Because dictators that prefer to manage their elites through violence and corruption are more likely to use extralegal means, there is corollary implication here that these autocrats are likely members in fewer international organizations.
[92] This is why democracy is a sufficient condition for capitalism (i.e. with it, capitalism will occur), but it is not necessary (i.e. a system can be authoritarian and capitalist).

At the moment, non-democracies generally report the bare minimum, if anything at all. As expected, autocrats that prefer to rule by deliberation and delegation generally report more data publically than autocrats that prefer to manage elites through corruption and violence, but none make it easy to come by. Most everything presented in this section was taken off of Wikipedia pages and government website pages. Data and information in this case has largely gone "underground", along with many international business deals, most likely due to the Western sanctions placed on Iran.[93]

Prior to the revolution, the Shah opened up one of the world's largest casinos on Kish Island. After the Islamic Revolution in 1979 it became just another hotel (Mohajerani and Miremadi 2012). Often the rules within SEZs vary greatly, as do the names given to them. Chapter 2 outlined the four basic components of an SEZ (geographically restricted, single management, special benefits/incentives, outside the normal customs area). To give the reader a specific example of what these "special benefits" can include, below lists the benefits offered by a regime often called a theocracy. Kish Island (one example of many) offers the following investment incentives according to the Islamic Republic of Iran official government website:

1. 15-year tax exemptions for economic activities since the operation date
2. Visa-free entrance
3. Full freedom for capital transfer
4. More flexibility for banking operations
5. Guaranteeing the legal rights of foreign investors
6. No limitation for foreign investment and cooperation
7. Speedy administrative activities
8. Easy capital transfer from mainland, abroad and other free zones of Iran
9. Exemption from customs tax and commercial interests for the imports of raw materials and industrial manufacturing machinery of Kish industries
10. The possibility of foreign investment without Iranian cooperation

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[93] With the motivation (and the money) it is likely that a field researcher could gather specific data, but for this exercise what is available will do. In addition, as stated before, most non-democratic politics are non-institutional or actively try to subvert institutions, so that specific data may not be all that helpful for the more general questions being asked here.

11. The possibility of purchasing and selling land, renting out land for domestic investors, and leasing the land to Iranian and foreign investors
12. No limitation for buying, selling, and exchanging currency
13. Performing all transactions and currency transfers in the Zone through real legal persons
14. Company registration and industrial and intellectual ownership through Free Zone Organization
15. No limitation for any commodity entrance except for the ones which are inconsistence with the Islam orders or contrast specific regulations of the free zones.
16. Transiting and re-exporting of foreign goods with the minimum formalities
17. Exporting the goods produced in the Zone to other countries or other free zones with the minimum formalities
18. Exporting the produced goods to the mainland considering their value added index
19. Setting governing rules for employee-employer relations based on concluded contracts[94]

Closer inspection reveals that Iran distinguishes between two types of zones. Many countries do this, but they all do it differently. Iran has Free Trade Zones (FTZs) and Special Economic Zones (SEZs). Here, the differences are negligible, but it may offer some promise for the future.[95] It seems that the main difference is that there is no visa required to enter a free zone and anyone can engage in retail. Free Zones in Iran operate similar to a duty-free shop at the airport. Special Zones appear to have more restrictions and are more focused on specific needs. As far as I can tell, there are 7 FTZs and 15 SEZs in Iran today. Pars Special Economic Energy Zone is located on the Iranian coast, northwest of Kish. It was created in 1998 in an effort to develop and exploit all possible oil and gas resources in the region. It is a zone dedicated to energy trade, production, and refinement. The official government website for this SEZ does not give a list of benefits like it does for Kish, but it goes into some detail, stating that its objective is

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[94] It is interesting to note that only number 15 makes any mention of Islam. This striking lack of sharia enforcements in the Islamic Republic highlights the fact that all non-democracies are now trying to engage the larger global liberal economic environment.

[95] In the data, all policies that meet the four criteria of the World Bank FIAS (2008) are considered SEZs, regardless of what the home country calls them.

Facilitating for the on-time execution of various oil and gas projects, providing the appropriate foundation to attract local and foreign partnership with the aim of developing oil, gas and petrochemical industries as well as inter-related and downstream industries, creating local job opportunities and attracting skilled and semi-skilled workforce from neighboring provinces with regards to its positive effects on economic prosperity in the provinces of Bushehr, Fars and Hormozgan.[96]

This statement is interesting for several reasons. The first sentence, "on-time execution," provides us with a glimpse of purpose behind the zone. It is seen as a way to make things more efficient. Further in the statement, it shows a belief that that the zone will "attract local and foreign partnership." This is one way in which we can see that an internationally sanctioned state is still trying to connect itself to what could be considered independent arbiters. It also mentions "downstream industries" indicating that they expect some technology transfer. All of these aspects show that the Iranian Revolutionary government would like to use SEZs to generate better coordination among elites. It also shows that the government is forward looking towards the industries that will be affected by the development of other industries.

Figure 3.1 provides satellite imagery of Kish Island. The primary definitional aspect of a SEZ is that it is geographically delineated. It should be fairly obvious that geography is important to international politics (Starr and Most 1976, Starr 2000, 2015). It is equally important in domestic politics. In a non-democratic environment, geographic control over different types of economic policies translates to some form of control, but the delineation

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[96] I ask the reader to take a mental note of the last sentence – "creating local job opportunities and attracting skilled and semi-skilled workforce from neighboring provinces with regards to its positive effects on economic prosperity in the provinces of Bushehr, Fars and Hormozgan." This strongly relates to the theory of labor fragmentation outlined in Chapter 4.

of geographic areas is not just an authoritarian strategy. Parents today put devices on their child's first car that will alert them or kill the engine if the car exits a specified geographic area. This desire for control is the primary reason many people and states are fascinated with building "great walls" (figuratively, literally, and imaginatively). Figure 3.2 is there below so the reader can get a better idea of just how geographically determined zones can be. One of the future plans for this research project is to collect the geographic coordinates of all SEZs and map them into GIS (Geographic Information Systems). [97]

FIGURE 3.2: Satellite Imagery of Kish Island, Iran
Source: NASA – Earth Observatory

To provide a very brief outline of important events related to this case study, in 1993 Iran passed a law on the administration of free trade and industrial zones. In 1999 it revised and adopted amendments to the law expanding zones in some legal areas and restricting them in others, but overall expanding the SEZ program. This revision turned into a new Act passed in 1999. In 2000 another law was approved by the Council of Ministers further diving into what is allowed and what is not allowed within the zones and

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[97] So far I have only been able to do this for three countries. The results are promising.

in 2002 a law was passed expanding them to different parts of the country.[98] In 2009, the Iranian Green Revolution occurred and the regime cracked down hard on protesters and took a very hardline stance (Bakhtavar 2009, Hashemi and Postel 2011).

Figure 3.3 plots out Iran's SEZ score and compares it to its factor score of leader management style (or personalism – outlined in Chapter 2) over time. The factor score ranges from -1.5 to +1.5 and in this case never goes above zero, indicating that Iran's two modern dictators have both preferred a management style closer to that of violence and corruption than that of deliberation and delegation.[99] This arguably matches what we observe in reality, considering the failed 2009 Green Revolution and Iran's generally obstinate behavior. We should always expect all new leaders to work to consolidate power immediately after taking office. A dictator, especially an established one, will act fast. We should also expect some power struggles in that move to consolidate power. The factor score for Iran just after the revolution is very low and then bounces back and forth as the first Ayatollah (Supreme Leader), Khomeini, worked to find that balance.

SEZs were introduced in Iran just after the death of Ayatollah Khomeini in 1989 and the rise of Ayatollah Khamenei as the second Supreme Leader of Iran. This happens to coincide with a sharp rise in the factor score and the size of the Iranian SEZ program. The factor score dips back down right around the controversial rigged election of 2009. This evidence lends some support to many of the assumptions of the theory. The

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[98] The information on bills passed was taken directly from The Supreme Council of Iran's Free Trade, Industrial & Special Economic Zones – Government of the Islamic Republic of Iran. I have not found a way to confirm through secondary sources.

[99] Later in the dissertation, a cut point of -0.42 in the factor score is used to distinguish between dictators who prefer to manage their elites through violence and corruption (unconstrained) and those who prefer to manage their elites through delegation and deliberation. If this is the true cut point in this exploratory factor score, then Figure 3.3 indicates that Iran's first Ayatollah was more of an unconstrained type manager and the current Ayatollah is more of a constrained type manager.

assumption that unconstrained managers will hold onto power until they die bears out. The hypothesis that a leaders with a more constrained management style (such as Khamenei) can deliberate and delegate through SEZs seems to be supported. Also the idea that all leaders prefer to be unconstrained and will move that way if they can seems to be exemplified by the 2009 Green Revolution. We should look at further evidence though.
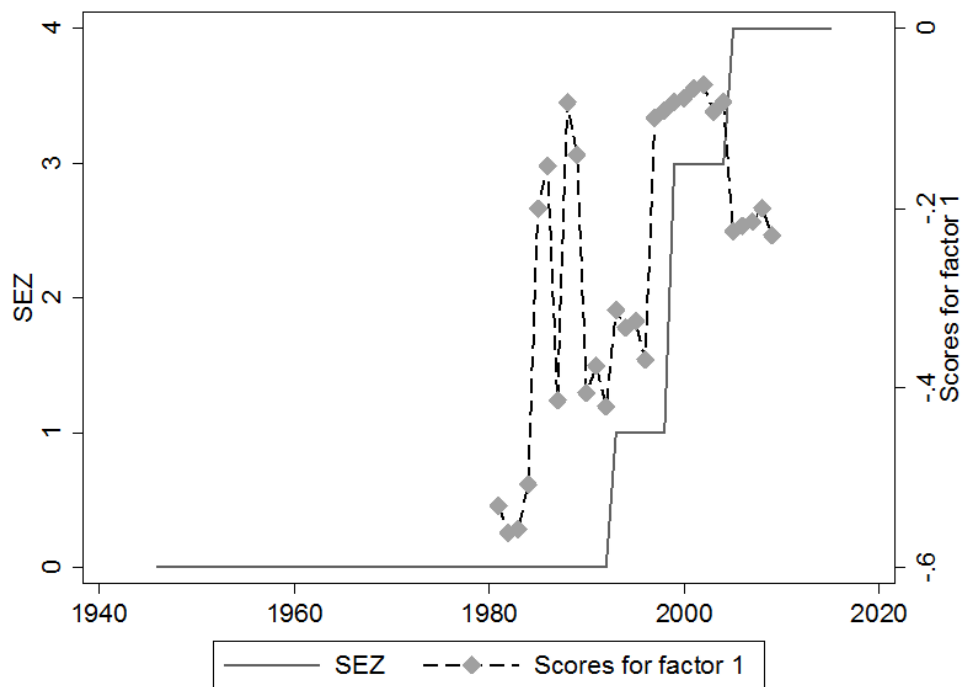
FIGURE 3.3: Iran SEZs and Factor Score

Connecting this example back to the theory, we can look at the management of Kish Free Trade Zone to see if they are managed by the ruler's ruling coalition (i.e. elites). Unlike most SEZs, Iran seems to be a little more secretive than others about the management structure of its zones. On the official website there is only one name listed and he has the title of "Secretariat of the Coordination Council for Free Trade-Industrial

Zones and Specific Economic Zones."[100] His name is Akbar Torkin, and according to his Wikipedia page he is a long-time regime insider and currently holds another title – "Senior Advisor to the President of Iran" – since 2013. If one does a cursory search for the managing directors of SEZs in non-democracies one will find that they are almost always regime insiders.[101] Iran's zones are arguably either more or less connected to independent arbiters because of the long-term sanctions Western countries have placed on the country. However, this just makes it more likely that the international connections are hidden or obfuscated, not that they do not exist.[102]

3.4 AN EXAMPLE WITH SWFS – FERRARI WORLD (ABU DHABI, U.A.E.)

The Abu Dhabi Investment Council (ADIC) is a SWF that was split off in 2007 from a larger SWF, the Abu Dhabi Investment Authority (ADIA). The ADIC is a great example of how leaders 1) place elites (ruling coalition members) as the directors of these funds, 2) use SWFs to generate domestic development – often through financing SEZs and 3) connect themselves and the regime to a host of independent arbiters able to settle internal and external disputes.

To first show how elites make up the management teams of most SWFs, the following list displays the board of directors of the Abu Dhabi Investment Council.[103] Board members are appointed through official decree from the ruler of Abu Dhabi, His

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[100] I am not sure why the term "specific" is used. Visit the website at http://www.freezones.ir/Default.aspx?tabid=137
[101] The only other study I have found on this, Teti and Gervasio 2012, finds that in Egypt elites are heavily tied to the management of SEZs.
[102] Sanctions rarely work, they typically just drive business underground or to friendlier partners.
[103] Not to be confused with the Abu Dhabi Investment Authority (another SWF) or the Abu Dhabi Investment Company (a private firm located in Abu Dhabi). This information was taken from Wikipedia and then confirmed through secondary news sources and the ADIC website.

Highness Sheikh Khalifa bin Zayed Al-Nahyan, meaning that he can replace or add

members with a signature. They currently are almost all members of the royal family.

Chairman of the Board:
- HH Sheikh Mohammad Bin Zayed Al Nahyan (Crown Prince of Abu Dhabi and Deputy Supreme Commander)

Members of the Board:
- HH Sheikh Sultan Bin Zayed Al Nahyan (Representative of His Highness the President of the State)
- HH Sheikh Mansour Bin Zayed Al Nahyan (Deputy Prime Minister and Minister of Presidential Affairs)
- HH Sheikh Hamed Bin Zayed Al Nahyan (replacing his deceased brother Ahmed bin Zayed Al Nahyan)
- HE Mohammed Bin Habroush Al Suwaidi (special advisor to Sheikh Khalifa, ruler of Abu Dhabi)
- HE Eissa Mohamed Al Suwaidi (Managing Director)
- HE Younis Haji Khoori (Chairman of Etihad Credit Bureau)

To draw connections between the ADIC and how SWFs work, I present the

example of "Ferrari World" (in the UAE, SEZs are often called "worlds", i.e. "Media

World," "Technology World" etc.). It is quite a complex picture, but I attempt to draw the

connections in Figure 3.4 below. The SWF, ADIC, owns a majority share of the Abu Dhabi

Commercial Bank (ADCB). The ADCB, managed by some of the same and other elites,

then partners with large multinational corporations (in this case Pepsi and Lavazza) to hire

another local development firm, Aldar Properties, to develop Ferrari World.

Aldar Properties is owned by a mix of state-owned enterprises (SOEs) and private

companies. There are many other SWF investments on Yas Island (where Ferrari World is

located), such as the famous Yas Marina Circuit, a large number of hotels and residential

housing, and other businesses. The entire Yas Island is generally considered to be a SEZ.

Despite the messiness of Figure 3.4, it should make it clear that these economic policies

are 1) managed by regime elites and 2) are connected to independent sources of domestic and international power.

FIGURE 3.4: The Investment Chain from ADIC to Ferrari World

In this situation, a high-profile conflict between the Abu Dhabi ruling coalition and the emir would be catastrophically expensive for anyone involved – including the emir. Perhaps this is exactly why we do not observe high-profile conflicts in the UAE. Ferrari World is quite an achievement in itself. It is the largest "space frame" structure ever built. It houses the fastest rollercoaster in the world (the Formula Rossa). The roof is made of aluminum and covers around 925,696 square feet (86,000 square meters). The whole thing from start to finish was constructed in less than three years.

FIGURE 3.5: Aerial View of Ferrari World Abu Dhabi, 2010

Figure 3.5 gives the reader a visualization of the scope and grandeur that can sometimes come along with these projects. Most people know of the artificial palm shaped islands off the coast of Dubai that are visible from space, the tallest building the world (Burj Khalifa), and the largest indoor ski slope with a bar where everything, including the cups, are made out of ice (and it's in the dessert). All of these were either built within SEZs or with the help of SWFs.

In sum, what is happening here is that elites and the leader are effectively deliberating and delegating through economic policy. As assumed in the theory, an autocrat perceived to have a constrained management style by his ruling coalition will tend to foster deeper power-sharing through these economic policies. The numerous local entities that are all staffed with regime elites must coordinate hundreds of extremely complex investment and supply chains.

This setup requires the ruler and his elites to meet regularly, make decisions together and on their own, and put up a united front to everyone else in order to protect

their investments. The Pepsi Corporation and Lavazza Coffee could be considered to be a type of independent arbiter that in the event there is a clash between the ruling coalition and the emir, they could technically arbitrate in a number of ways, including threats to pull support if it is not resolved.

It is important to note here that the UAE is a confederacy of seven monarchies. This poses unique analytical issues that cannot be easily dealt with in large-N statistical studies, but also provides us with an opportunity to address anticipated questions about the larger analysis. First, the case study here implies that the UAE's ruler has a preferred management style of deliberation and delegation. In reality, this study is agnostic to this theoretically answerable question. This is because the UAE does not report statistics for a few of the variables used to calculate the factor score, so there is not an exploratory factor analysis (EFA) score for it. It is classified by GWF as a monarchy. But it is not exactly a monarchy, it is a confederacy of monarchies. Second, typically monarchs rule for life, so, according to the theoretical expectations of leader exit, we must consider the monarch's life appointment a legal term limit achieved through deliberation and delegation with his ruling coalition.

Nothing can be done at the moment about the missing data, but that can be filled in eventually through field work and technology. If we recall Chapter 2, we see that there are observations of monarchies all across the factor score range. At first thought, one might think that monarchs are unconstrained rulers (meaning in this theory that they would prefer to rule through corruption and violence).

However, monarchs are not invincible. Abdications and successions happen, and can happen frequently. Private and public coups and assassinations occur in monarchies.[104] Furthermore, hereditary succession to the throne according to the succession rules of the kingdom are by definition an institutionalized turnover, albeit with longer terms than in a single-party dictatorship.[105]

3.5 EXAMINATION OF LEADER TENURE

In the examination of leader tenure there are several expected outcomes. First, leader tenure should be shorter for a leader that prefers to manage elites through deliberation and delegation (constrained management style) and chooses not to create internationally oriented economic policies as compared to the same type leader that does create these economic policies. Second, leader tenure should be longer for a leader with a preference for managing through violence and corruption (unconstrained management style) and chooses not to create internationally oriented economic policies as compared to the same type leaders that do create these policies.

The theory's assumptions lead us to a hypothesis that the use of SEZs and SWFs should increase leader tenure, however, violent autocrats will be less likely to create these policies in the first place. When a violent autocrat creates these policies, the policies have

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[104] There is also some evidence that monarchies are more susceptible to revolutions, but the question here is about how the leader manages his ruling coalition. Questions about popular management are addressed in the next chapter.

[105] Dealing with seven subnational units in a confederacy is not an easily answerable point because as far as I know the UAE is the only modern nation-state that operates as a confederacy. It should also be pointed out that ever since the 2008 economic crash, Abu Dhabi has exerted the most power in the UAE, so it is possible that the small country is not exactly a confederacy anymore. But these are questions for a different project. The case studies are not presented as definitive support for the theory. They are explanatory, exploratory, and supportive cases that exemplify "the facts on the ground." Similar processes occur in all other non-democracies that I have studied. This is where we turn to look at the whole picture of leader survival and economic policies.

the possibility of increasing the likelihood of conflict between the ruler and the ruling coalition. Because the policies give the regime and the leader the same tools (credible commitments and independent arbiters), the likelihood of the regime winning a conflict is equal to chance or less than chance since the leader has more resources to begin with. This implies that statistically there could be null results for the effect of these policies on the tenure of a dictator that manages elites through violence and corruption.

Since the factor score for management style ranges in time from 1981-2008, I have taken the universe of non-democratic leaders for that period as my sample. I did this by taking Svolik's (2012) leader data (mostly taken from the ARCHIGOS data base – Goemans, Gleditsch, and Chiozza 2009) and compared it to my panel data on SEZs, SWFs, and the factor score. I then abbreviated everything down to one observation per leader using the following process.

First, I calculated the exact number of days each leader was in power by subtracting Svolik's (2012) "begin date" from the "end date." Later I divide the number by 365 in order to get a score for years in office so the results are more readable. Next, if the leader created SEZs or SWFs during his tenure, I simply average the SEZ or SWF score over each year the leader was in power to create an average SEZ and SWF score. If nothing changes during the leader's tenure, then the score remains the same, even if the leader inherited the economic policies. For the factor score, I created a variable for the score at the beginning of tenure, one for the year he exits, and an average for the entire term. I also went through and coded each dictator for 6 specific geographic regions in the world: Latin America & the Caribbean, Europe & Central Asia, Sub-Saharan Africa, the Middle East & North

Africa (MENA), South Asia, and East Asia & the Pacific.[106] What results is 333 observations of dictators for the time period.[107]

Because this analysis is *exploratory*, the tests designed to evaluate these hypotheses are kept as simple as possible. First, in order to try and distinguish between autocratic management styles, I take the median factor score from the sum of factor scores on the last date a leader was in office. The last date is likely a better choice than the average because a majority of non-democratic leaders leave office with a worse score than they started out with. In practice, this exit factor score median is close to the average of averages and the median of average. The decided cutoff comes out to be -0.45. Lower or equal numbers are considered "unconstrained managers" (-1.5 to -0.45) and higher numbers are considered the "constrained managers" (-0.46 to +1.5).[108]

Table 3.1 is by no means a definitive test of the implication that unconstrained managers are more likely to meet a violent extralegal exit, but it does provide some evidence that the exploratory factor analysis and cut point is working. The first thing we should notice is that there are many more constrained managers than there are unconstrained ones in this time period.

Using the leader as the unit of analysis, only 34.12% (115 of 333) of all dictators between 1981 and 2008 practice unconstrained management of elites (what is called personalist at the regime level). Table 3.1 is subtotaled after exits that could roughly be considered extralegal (such as coups) and again after those that are roughly considered to

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[106] I include region because many scholars have exposed clear regional trends in the behavior and structure of dictatorships (Ezrow and Frantz 2011). This can be explored in more depth in future analyses. Because this is an exploratory factor analysis (EFA) the modeling is kept as simple as possible on purpose.

[107] 51 of these dictators drop out because they are still in power today. Another 50 have missing data in the exploratory factor score. This leaves us with 236 observations for analysis.

[108] In future work I will look at "close call" cases deeper, i.e. if the factor score is -0.47 or -0.43 or around there.

be legal (such as a resignation or election loss). A simple majority (58.76%) of leaders considered to be unconstrained leaders exited office through assassination, civil war, coup, foreign invaders, popular rebellions, and dying of old age or sickness *while in office*. The largest types of exits for unconstrained managers are coups (21), revolts (12), death (12), and step-downs (17).

TABLE 3.1: Leader Exit by Management Style, 1981-2008

	Unconstrained Management		Constrained Management	
	Frequency	(Percentage)	Frequency	(Percentage)
Assassination	2	(1.74)	2	(0.92)
Civil War	6	(5.22)	4	(1.83)
Coup	21	(18.26)	35	(16.06)
Foreign	4	(3.48)	4	(1.83)
Revolt	12	(10.43)	8	(3.67)
Natural (death)	12	(10.43)	29	(13.30)
Subtotal	*57 (58.76*)*	*(49.57)*	*82 (44.09*)*	*(37.61)*
No Contest	3	(2.61)	3	(1.38)
Resignation	3	(2.61)	15	(6.88)
Stepdown	17	(14.78)	20	(9.17)
Term Limit	5	(4.35)	27	(12.39)
Interim	5	(4.35)	20	(9.17)
Elections	3	(2.61)	9	(4.13)
Consensus	2	(1.74)	5	(2.29)
Other	2	(1.74)	5	(2.29)
Subtotal	*40 (41.24*)*	*(34.78)*	*104 (55.91*)*	*(47.71)*
Total Exited	*97**	*(100*)*	*186**	*(100*)*
In Power Today	18	(15.65)	32	(14.68)
Totals	*115*	*(100.00)*	*218*	*(100.00)*

Source: Svolik (2012) and author's research. Note: Established is a factor score less than or equal to -0.45, the median score for all autocrats in the time period. Contested autocrats are those with a factor score greater than -0.45. *=percentages taken from total exited.

Out of 218 constrained managers, a simple majority (55.91%) of those that exited power did so through roughly non-violent means such as elections (9), serving as interim leaders (20), resignations (15) and term limits (27). These exits more closely reflect what is generally referred to as institutionalized turnover and is expected of constrained autocrats

that manage through deliberation and delegation. This all falls generally in line with the expectations of the theory and gives hope for future iterations of this approach to analyzing dictators and dictatorships. However, one should note that no single type experiences solely one type of exit.[109]

Some interesting trends appear when looking at leaders compared to their SEZ score. Table 3.2 displays cross tabulations of leader exit by type of leader and SEZ score at exit. The first thing to note, which is not in the table, is that unconstrained managers in the sample never reach the highest value of SEZ program (6), only 2 of 115 reach the second highest score of 5, and only 3 of 115 reach the third highest score of 4.[110] Also, constrained managers are very unlikely to have an SEZ score of 1 (not displayed in the table). In fact, only one constrained type manager in the sample exits with a SEZ score of 1 (Ortega in Nicaragua). Recall that this score of 1 means that the regime has passed a SEZ law, but has not physically built an operational one yet. There are 8 unconstrained managers that exit with the specific SEZ score of 1. This indicates that constrained leaders are likely more credible than unconstrained leaders, meaning that they follow through on their promises.[111] It also provides some evidence that unconstrained managers are more likely to undermine or delegitimize anything that may shorten or weaken their rule.

Furthermore, among constrained managers during this time period, *none with a SEZ score higher than zero* exited by assassination or civil war. Only one constrained leader with a SEZ score higher than zero exited by foreign intervention (Noriega). In sum, what Table 3.2 tells us about constrained leaders that manage elites through deliberation and

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[109] This does not diminish the explanatory power of the factor score, rather it reminds of its nuance and the reasons why we should probably not be using blunt categorical dummy variables as typologies.
[110] Compared to contested autocrats, out of 218, 4 reach SEZ=6, 11 reach SEZ=5, 19 reach SEZ=4.
[111] This would be a good area to explore audience costs theories in future research.

delegation in this sample is that those that do not have SEZs, or even an SEZ law, face a probability of chance (0.50) that they will meet a violent removal or a non-violent removal from office. Those constrained managers that have any sort of SEZ program have a greater likelihood of exiting office with their head still attached and functioning (68%) while only 32% of contested leaders with a SEZ program face violent removal.

TABLE 3.2: Leader Exit by Type and SEZ score, 1981-2008

	Unconstrained		Constrained	
	SEZ>0	SEZ=0	SEZ>0	SEZ=0
Assassination	2	0	0	2
Civil War	1	5	0	4
Coup	5	16	5	30
Foreign	1	3	1	3
Revolt	3	9	2	6
Natural (death)	2	10	11	18
*"Violent" Subtotal**	*14 (42%)**	*43 (67%)**	*19 (32%)**	*63 (50%)**
No Contest	1	2	3	0
Resignation	1	2	11	4
Stepdown	8	9	8	12
Term Limit	5	0	6	21
Interim	4	1	5	15
Elections	0	3	4	5
Consensus	0	2	1	4
Other	0	2	2	3
*"Non-violent" Subtotal**	*19 (58%)**	*21 (33%)**	*40 (68%)**	*64 (50%)**
*Total Exited**	*33 (85%)*	*64 (84%)*	*59 (71%)*	*127 (94%)*
In Power	6 (15%)	12 (16%)	25 (30%)	8 (6%)
Total	39 (100%)	76 (100%)	83 (100%)	135 (100%)

* = Subtotal percentages are calculated from the total exited. Note: Non-violent and violent are in quotations because they are definitively mutually exclusive. Elections can be violent and revolts can be non-violent.

In comparison, unconstrained leaders that manage their elites through corruption and violence in the sample with a SEZ score of zero face violent removal at 67% (non-violent at 33%), whereas the same type rulers that have any size of SEZ program face a

violent removal at 42% and a non-violent removal at 58%. Among unconstrained rulers with SEZs, two exited by assassination (Sadat – Egypt and Rahman – Bangladesh) and one by civil war (Doe – Sierra Leone). It should be noted that these tables tell us very little (actually nothing) about time or the effects of time. It should also be noted that these tables are not arguing that SEZs are the primary cause of the type of leader exit. Rather, the factor score is theorized to have the biggest effect on leader exits.

To design a test of the general hypothesis that these economic policies affect leader tenure (not necessarily exit), I use the data described above to do some simple OLS estimations on the continuous outcome variable of time in office.[112] Table 3.3 displays the results. I subset the sample because we theoretically expect different things to be occurring in different sets.[113] The ruling coalition will behave differently depending on what type of manager they perceive their own autocrat to be. I include a set of regional indicators to account for regional variation. The unit of analysis is each individual dictator that held office at some point between 1981 and 2008. The outcome variable is years in office, which is calculated by taking the total number of days in office and dividing by 365. The special economic zones variable is the 0-6 indicator explained in Chapter 2, however, if the SEZ score changed during the leader's tenure, I use the average over all years in office. The sovereign wealth fund score is a binary indicator of the presence of a SWF – if it was created during a leader's tenure I take the average.

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[112] Diagnostics are available upon request. There were some slight problems, but after correcting the same results were obtained. Therefore I left most variables untransformed to make interpretation easier. Duration models are presented after OLS and all basically point in the same direction (see below). OLS is just the simplest and works because the transformed outcome variable is true continuous variable. It also highlights the "management trap" better.
[113] Managers above the cut point manage through deliberation and delegation, those below manage through violence and corruption, two distinct processes.

The outcome is interesting. It also falls squarely within the assumptions of the theory. It seems that on the leader level, the use of these economic policies have no significant effect on time in office for constrained managers but the coefficient is in the right direction (positive) and weak, which is what the theory predicts. However, we find that for a one unit increase in the factor score (i.e. becoming more violent and corrupt), an unconstrained autocrat can expect to survive almost a full decade longer than staying where he is (assuming everything is specified correctly and this sample is representative of the universe of dictators).

This finding exemplifies the trap that unconstrained managers find themselves in and possibly explains why they end up resorting to violence. If an unconstrained dictator worked to be less violent and corrupt enough to change his factor score from -0.45, the cutoff point, to +0.45, he would cease to be an unconstrained manager and will become a constrained manager that will likely face institutional turnover, or loss of office. But what is really interesting is that for a one unit increase in the level of SEZs, an established dictator can expect to survive almost 2 years *less* than if he would have held SEZs constant, typically at zero.

This creates a trap, where the unconstrained manager much choose between becoming more violent and corrupt or developing a management style of deliberation and delegation. If he does the former, he faces outright internal rebellion or foreign intervention or nothing (which we will assume for now all happen with a probability of chance). If he does the latter he faces institutional turnover. Any way the unconstrained manager looks at a situation involving internationally oriented economic policies, he faces some higher probability of losing office, hence the trap.

TABLE 3.3: OLS Estimates of Predicted Dictator Years in Office, 1981-2008

VARIABLES	(1) Constrained Dictators Years in Office	(2) Unconstrained Dictators Years in office
Management Factor	3.380	9.459**
	(3.376)	(3.797)
Special Economic Zones	0.410	-1.656**
	(0.583)	(0.768)
Sovereign Wealth Funds	1.744	3.600
	(2.558)	(3.997)
2. Europe & Central Asia	3.504	5.061
	(4.213)	(4.580)
3. Sub-Saharan Africa	3.151	7.553**
	(3.326)	(3.078)
4. Middle East & North Africa	9.461**	16.98***
	(3.716)	(4.429)
5. South Asia	-2.470	3.443
	(3.628)	(3.640)
6. East Asia & Pacific	-0.211	6.861
	(2.570)	(4.605)
Constant	6.610**	15.07***
	(2.795)	(4.265)
Observations	119	117

Note: Establishment score ranges from -1.5 to + 1.5. Cutoff for subsets
is taken as the median score amongst the universe of dictators from
1981-2008, at -0.45. Robust standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

This authoritarian "bad manager trap" finding provides support for the theoretical argument that when (and if) an unconstrained manager creates these economic policies, the costs of conflict to the manager (i.e. removing coalition members) increase as they decrease for the regime, making the likelihood of conflict between the two higher. This is visualized in Figure 3.6 which plots the predicted years in office for unconstrained and constrained management styles by level of SEZ program. The confidence intervals around the predicted unconstrained manager tenure are very wide because very few of these dictators build large

SEZ programs, just as the theory predicts. Maybe this is because violent leaders intrinsically know that these policies will weaken their rule because they already know that the foundations of authoritarian rule are mostly economic, or perhaps unconstrained autocrats that share power through economic policies are merely removed from power before the policies ever grow into anything large.
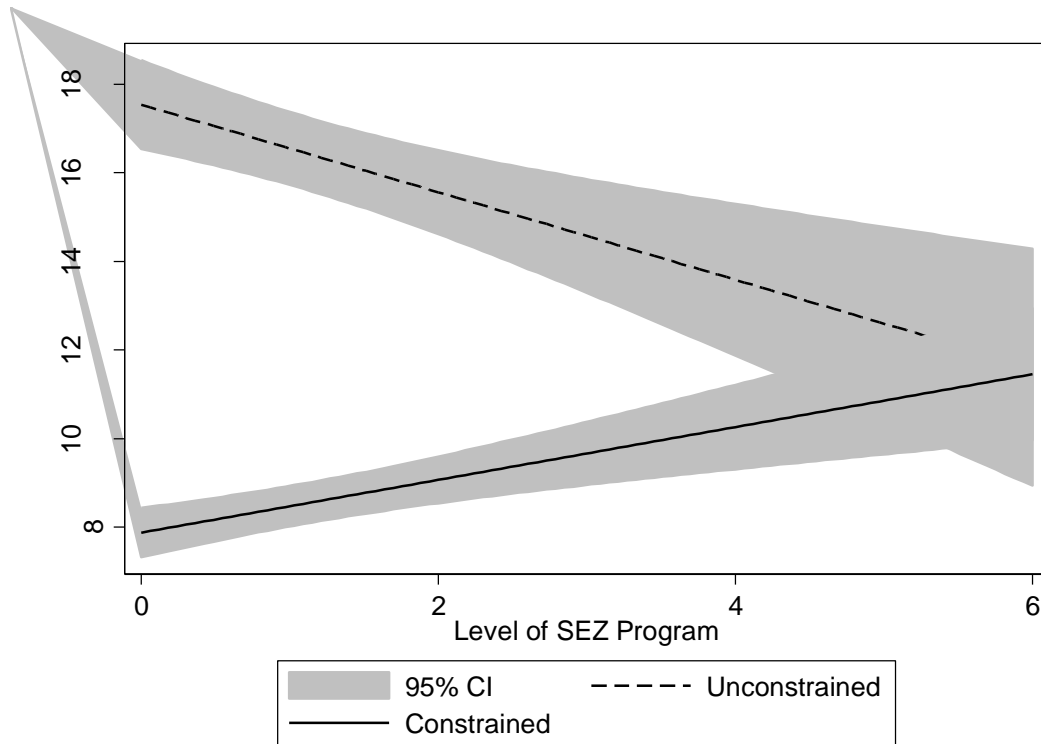
FIGURE 3.6: Predicted Leader Years in Office

The confidence intervals in Figure 3.6 connect between SEZ levels of 4 and 6. These post estimations are from two separate models, but I interpret this to mean that possibly at these high levels of SEZ program is where leadership styles may be forced to transition, but this will have to be addressed in future research. Of course, in Table 3.3 we also see that the regions of MENA and sub-Saharan Africa are the most full of leaders with unconstrained management styles. This has been well established in many studies on

personalism in Africa and the Middle East due to the highly significant coefficient in model 2. Another thing to point out is that on the leader level, constrained managers, who are expected to have shorter survival rates because they tend towards institutional turnover (and they are shorter, between 8 and 12 years), do increase in their predicted tenure by level of SEZ program. Interestingly enough, the maximum predicted tenure for contested autocrats is not much longer than average term limits in general (typically 2, 5-7 year terms in non-democratic presidential and semi-presidential systems).[114]

To be sure that the finding here are robust, I estimate two different survival models better suited at capturing the element of time. The models only include a limited number of variables that have already been described.[115] Survival models were developed in biostatistics to evaluate the effects of drugs on terminally ill patients over time. The models calculate a hazard and a survival function, which estimate the increasing risks or the decreasing likelihood of survival, respectively. The models are very prone to specification errors and distributional errors. Table 3.4 displays the results of a Weibull distribution survival model and Cox-proportional hazards model (a lognormal distribution gives the same results).[116] The table displays coefficients rather than hazard ratios, but one can tell from the direction and significance what is happening.

Negative coefficients represent a hazard ratio less than 1 – a decreasing hazard in which the leader becomes less likely to exit. Positive coefficients represent a hazard ratio

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[114] Sovereign wealth funds (SWFs) were not significant in any of the models. This is likely because they are relatively rare, especially during this time period.

[115] This is done because of the exploratory nature of this chapter and more variable will be added in the future to gain better fit.

[116] The Weibull distribution assumes that hazard rates change over time in either direction and is generally considered to be the best fit to many questions in political science.

greater than 1 – meaning an increasing hazard over time. SEZs reduce the risk of loss of office significantly and management style increases risk of losing office significantly.

TABLE 3.4 Leader Survival

VARIABLES	(1) Weibull	(2) Cox
SEZs	0.876***	0.837***
	(0.042)	(0.043)
Management	1.327**	1.369**
	(0.181)	(0.187)
SWFs	0.915	0.888
	(0.119)	(0.129)
Constant	24.65***	0.970***
	(1.387)	(0.055)
Observations	227	227

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Note: Table displays hazard ratios, not the traditional coefficients. A negative coefficient or a less than 1 hazard ratio means that subjects experience less of a hazard compared to a reference group. A positive coefficient or a hazard ratio larger than 1 means that a subject experiences more of a hazard from the treatment compared to the reference.

Figure 3.7 plots out the survival function by type of management and sizes of SEZ programs. There is a significant increase in the length of predicted survival for leaders with a constrained management style when they have large SEZ programs as compared to other constrained and unconstrained leaders, which supports the hypothesis. However, there appears to be no significant difference between leaders with an unconstrained management style and SEZs or no SEZs. Unconstrained managers are estimated in the graph at a SEZ level of 3. This is because empirically we observe almost no unconstrained leaders with an

SEZ program larger than 3. If estimated at the level of 6 (which we do not observe empirically, the unconstrained management type is predicted to survive about the same amount of time as a constrained manager at that level. Kaplan Myer survival estimates are in Appendix C.
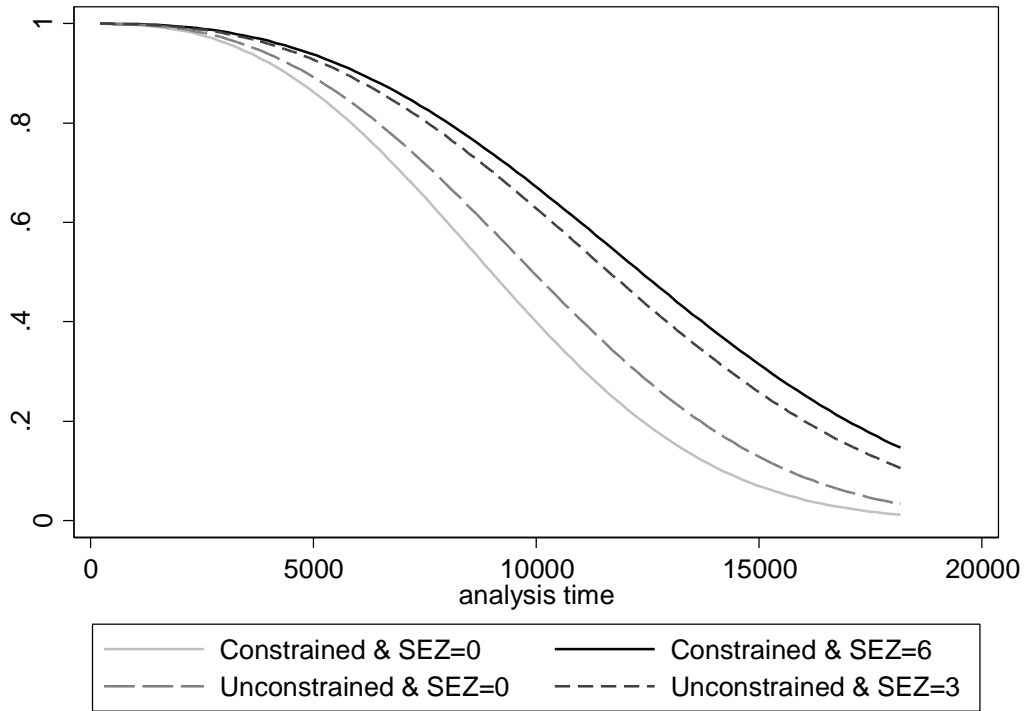

FIGURE 3.7 Survival Post-Estimation

CHAPTER 4. POPULAR MANAGEMENT THROUGH ECONOMIC POLICY

General populations in dictatorships are largely presented as having little or no agency due to their disenfranchisement or lack of a legitimate opposition. Some may call them subjects rather than citizens. Others refer to them as the residents and largely exclude them analysis (Bueno de Mesquita et al 2003). Acemoglu and Robinson (2006) bring the people into the picture by arguing that economic inequality can have effects on the prospects of the development of dictatorships and democracies, but most analyses center disproportionately on elites.

It is difficult to deny that general populations play an important role in authoritarian rule. Ask former Ukrainian President Victor Yanukovych living in self-imposed exile in Russia, former Egyptian President Hosni Mubarak living in legal limbo in a military hospital, former Tunisian President Ben Ali living in exile in Saudi Arabia, or the disputed Yemeni President Mansour Hadi living in exile in Saudi Arabia.[117] Alternatively, one could also ask Turkish President Recep Erdogan about the importance of people after his calls to supporters through social media helped thwart an attempted military coup in 2016.

People have power. Recent studies have found that not only is non-violent resistance often more effective than outright violent rebellion, but it only takes approximately 3.5% of a national population committed to nonviolent resistance in order

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[117] The point is that the list is extensive and these are all rulers that are still alive. Dead ones that might appreciate the power of people would include Serbian President Slobodan Milošević convicted of war crimes and died in prison in The Hague or Augusto Pinochet voted out of his Chilean dictatorship in a disastrous 1988 miscalculation of public opinion.

to topple a dictator (Chenoweth and Stephan 2011). This means that to survive, authoritarian regimes must devise a way to fragment, repress, and harness the power of people all at the same time. Remember, the concept of popular management here is not the classical conception of violent repression or coercion, it is the rational use of economic policies to limit or exclude negative externalities from affecting the largest number of those residing outside of the ruling coalition during the process of liberalization. Popular management in this sense is inducing loyalty through incentive structures and reducing opposition through a political monopoly on the process of liberalization.[118]

Violence and repression are constants within all dictatorships. Indeed, to be fair, it is a constant in all governments in general across all times and spaces. Of course it exists at different levels in different states, but the theory and analysis here treats violent repression as a constant.[119] However, we should briefly consider other forms of repression. The use of economic policy as a form of repression is not only a strange idea, but highly unlikely to succeed in a society that enjoys any level of economic development other than abject poverty. For example, in Saudi Arabia two-thirds of employees work in the public sector (Kerr 2016). King Salman is unlikely to convince many Saudi nationals to comply with his decrees or become more loyal by withdrawing large public sector salaries, housing, and car allowances. This is more likely to incentivize rebellion. However, in Swaziland where 27 percent of the population is infected with HIV, life expectancy is 49 years, and

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[118] In the previous sentence, replace opposition with "bad behavior," political monopoly with "authority," liberalization with "process of becoming an adult," and most parents would easily recognize this as, well, parenting. In essence this is the sense of control meant here, but on a different level, one that involves armies and police and economies of scale. It is historically common for people to refer to their own dictators as "fathers." Founders of all sorts of systems are often called "fathers" as well. This conception of political control is deeply rooted in the development of all systems of governance.

[119] Sort of. Certain forms of political violence are calculated into the establishment score in Chapter 2, so technically it is included in the later analyses, but theoretically it is treated as a constant. See below.

50 percent of the population lives on less than two dollars a day, King Mswati III lowers public sector wages with no immediate effect.

Therefore, even though violence and repression are constants within all dictatorships, due to the ineffectiveness of economic policy as a form of repression in poor *and* rich dictatorships, here I will focus on how economic policy can prevent rebellion through harnessing economic expectations and capabilities and encouraging loyalty through labor fragmentation and sunk investments in the pursuit of economic gain. We should not expect that regimes create SEZs or SWFs with the expressed intent of increasing levels of political control, although it is possible (but it would seem a little silly). They likely do it to encourage FDI and development. However, the increased loyalty and control (popular management) theorized to result is most likely a side-effect of the policies. The effect begins with the regime's desire to control any possible negative externality that may stem from the policy.

The most peaceful way to encourage complicity in large societal groups is to manage the relative distance between perceived value expectations and value capabilities (Gurr 1970). This is the theory of relative deprivation. Values is a vague concept that can mean a number of things. For the purposes of this analysis I will only briefly explore political values before moving to economic values. In a dictatorship, political expectations will likely stay low because the autocratic regime's central goal is to maintain a monopoly on power, and by definition, the people in autocracies lack certain forms of political agency such as voting, free press, or various other civil liberties (but this does not mean that the people have no political agency). In other words the costs of exit and voice (political participation) are very high. Political expectations will likely stay low because of these

high costs, so regimes must manage political capabilities. This is relatively easily done through censorship, surveillance, and repressive violence and is achieved at varying levels of depravity dependent upon the ruler's personality and the role of the military in the regime and other various structural factors like wealth, geography and demography. In contrast, economic value expectations will typically tend to rise in all societies due to the general nature of economics (i.e. expansion, inflation, comparative advantage, etc.) and the growth of transport technology and global communications networks that increase local knowledge of neighboring and far flung economies.

Rising economic value expectations requires the regime to carefully increase economic capabilities in order manage the margin between the two. If expectations outstrip capabilities too far (the relative deprivation gap), people become frustrated and one external cue, such as a fruit vendor self-immolating (Tunisia – the Arab Spring 2011), can fuel a frustration to anger cycle in the populace capable of toppling the regime. One way to manage economic expectations is to use propaganda, censorship, and fake data, but these are short term solutions that can backfire – especially in the information age. A more concrete approach to managing the expectations gap would be to limit access to employment and increasing economic activity to small geographic areas, therefore reducing a potentially deprived population into smaller groups. Once these limited access areas are created, the people within and around them can be closely monitored, surveilled, censored, and most importantly, *bargained with* in a more private manner – if necessary. Figure 4.1 on the next page is a graphic depiction of how this works.

The private bargains a regime can make with residents within a controlled geographic area (Areas A & B in Figure 4.1) act to manage economic capabilities and work

to prevent economic expectations from travelling to groups outside of the area. However, it is unlikely that the regime can completely stop economic expectations from rising because they are constantly rising and, well, people talk, even in dictatorships. When people outside hear of rising economic capabilities within the geographically limited economic area, this knowledge increases the outsiders' economic expectations and creates a relative deprivation gap. When these outsiders, such as the dissatisfied group in Figure 4.1, become frustrated they will choose the less costly option of moving closer to the economic area before the extremely costly option of rebellion. This labor fragmentation helps alleviate the problem of authoritarian control whether there is a political party associated with the regime or not. It fragments the dissatisfied populations into smaller and more easily marginalized groups.

Laborers, skilled workers, and managers will migrate to the more developed areas in search of economic gain when labor is fragmented by purposively uneven development. This migration represents a sunk investment in the success of the limited access economic policy. Moving can be risky, especially where there is uncertainty and a lack of assured forms of political agency. The delayed incentive structure of employment in one of these economic areas encourages loyalty to the regime that created it, for if the policy does not succeed, the worker will not only lose employment, but all the costs associated with the move – including monetary, familial, and interpersonal costs as well.

For the laborers that already live within or around the area (Areas A & B), they will remain fiercely loyal and will likely marginalize all coming migrants out of their own self-interest, but they will especially attack those that may wish to do harm to the new policy or organize against it in some way. They have something special within their special

economic zone and they want to keep it that way, whether or not a political party or the military is involved. This process works where labor pools are native to the regime and those where laborers are imported from abroad. The process is generally apolitical, yet it generates political control through popular management even when that is not the expressed intention. It does so uniquely in dictatorships due to miserable atmosphere of authoritarian rule.[120]
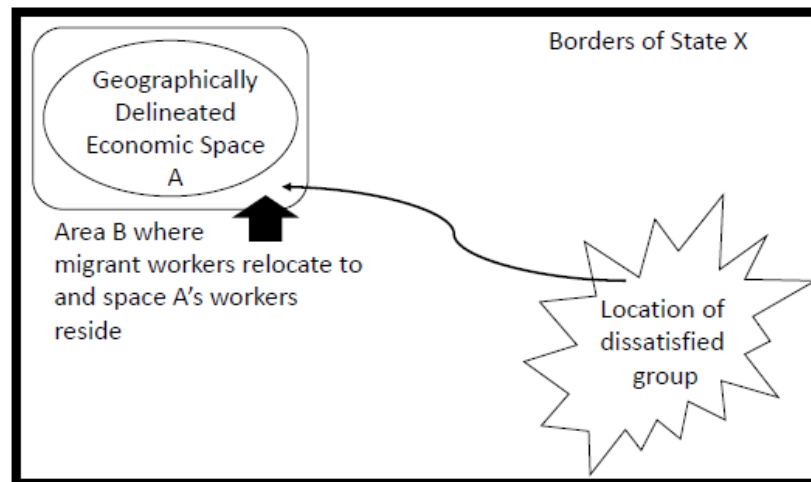
FIGURE 4.1 Graphic Depiction of Labor Fragmentation

SEZs are a prime example of how authoritarian regimes fragment a labor pool. SWFs are involved in the process because these funds are often used to create SEZs, but they are not directly involved. The remainder of Chapter 4 clearly states the theory and gives specific examples of this process in a case study. Chapter 4 concludes with an empirical examination of the effects of SEZs and SWFs on regime longevity. The findings

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[120] For more information on ways in which SEZs are different in democracies, see Moberg 2015 or Jenkins et al 2014.

indicate that these policies, especially SEZs, significantly extend the life of the regime in dictatorships regardless of the presence of a political party or leader management style.

Theory:

What follows is a general stylized argument built from the previous discussions. It is important to note that this chapter takes the full regime as the unit of analysis, not the leader. When a non-democratic regime announces its intentions to build a place where foreign companies will come set up and jobs will be available, the people listen. They instinctively know that the decision represents an opportunity. A laborer in an authoritarian economy has little in the sense of rights or protections, but they still are an integral part to the regime's encompassing interest (Olson 1993). After all, in order to govern, one must have a population to govern. Most countries have generally uneven levels of development around the country. The areas that are less developed tend to be areas where opposition groups will rise – or, conversely the area could be less developed precisely because it contains historically rebellious groups. This could also be due to climate, geography, or any other number of factors. The point is that opposition groups reside within these less developed areas because in these areas the relative deprivation gap (i.e. the relative distance between economic expectations and economic capabilities) is larger than in more developed areas.

By announcing plans to build a special economic zone (SEZ) in a specific geographically delineated area where more employment will be available, the regime effectively distracts disgruntled laborers from their political and economic plight. The laborer knows that he has little agency on his own to change the politics in a non-democratic regime, so he will need to join large groups of other unhappy workers to pool

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enough agency to rebel against the regime. Faced with the opportunity costs of not moving to or near the SEZ to look for better employment, he will choose to go and work at the SEZ over staying home and protesting or rebelling (these are examples of negative externalities). The costs of protesting or rebelling in a dictatorship are usually prison or death…and sometimes worse. In 2015 Saudi Arabia arrested a 17 year old ostensibly for participating in a small peaceful protest and being the son of a Shiite cleric. He was sentenced to death by beheading in the public square followed by crucifixion to display his dead body as warning to others.[121]

The regime benefits handsomely from the use of SEZs in many ways. First, they get specific choice on the exact geographic coordinates within which economic liberalization will take place. Typically, the regime will select an area based on two factors, 1) the geographic landscape – such as a natural deep port or a border crossing and 2) the relative loyalty of the labor pool in the specific area. For example, if there is a natural deep port but very few people live there, the regime will choose this port for an SEZ. In a landlocked state, such as Belarus, the regime will choose to locate SEZs either along natural trade routes, in capital cities where the regime has the most capacity and presence, or a combination of both. Specific choice of location by the regime (a form of economic segregation) also means that the regime will continue to collect revenues from the broader economy, creating a slow stable and conservative process that assuredly will minimize any negative externalities from the liberalization policy.[122]

[121] His name is Ali Mohammed al-Nimr and he is still on death row today at the age of 22 waiting to be beheaded and crucified. There is a small international effort to try and have him freed.
[122] This is one of the core reasons why democracy is a sufficient but not necessary condition for capitalism. This topic is discussed in other writings by the author.

The regime also benefits from foreign investment, increased employment, technology transfer, and many other things listed in Chapter 2. A regime always retains the option to close down a SEZ and kill the liberalization experiment at any time for any reason. After all, an authoritarian regime maintains a monopoly on power. This geographic quarantine contains "spiritual contamination" within the zone and reduces the possibility of negative externalities from the process of liberalization spreading too far beyond the perimeter of the SEZ before they can be managed. Furthermore, the decision of the laborer to pursue employment in an SEZ rather than rebel represents a sunk investment by the laborer into the success of the policy and by extension the regime.

By forgoing rebellion, the laborer makes a costly investment in looking for better economic opportunities near the zone. By focusing on improving his own economic status through the prescribed policy introduced by the regime (a SEZ in this case), the laborer consciously or subconsciously increases his or her personal loyalty to the regime by attaching the expected utility of employment in the zone to the premise for success of the zone – regime survival.

However, the entire theory is based on the premise, or assumption, that the regime is able to credibly commit to building an SEZ and actually attract firms that will employ the people. Based on previous discussions, we know that this premise will not hold across all non-democratic regimes. Remember that we specified that leaders that prefer to manage their elites in an unconstrained style will work to destabilize power-sharing arrangements in his quest to stay in office and in fact, we saw in Chapter 3 that no ruler of this type ever succeeds in creating large successful zones. Ruling coalitions that support an unconstrained autocrat will do the bare minimum necessary to retain their position in the regime, meaning

that at the regime level, those that are led by an unconstrained manager will be less likely to succeed at creating effective zones.

Assuming that the assertion that SEZs represent a way to deliberate and delegate among elites, no regime led by an unconstrained autocrat can credibly commit to the people to build a large successful SEZ program. This means that the above theory will mostly apply to regimes that are led by constrained managers. This may make it seem that SEZs will not increase regime survival in regimes led by an unconstrained autocrat, but this is not the case. Recall in Chapter 3 that the theory is agnostic to who will win in the event of conflict between the regime and the ruler. Just because a ruler is assassinated or steps down (exits), or even if the regime is purged of disloyal actors, this does not mean that the regime dies. Often times the ruling coalition can and does appoint a successor and maintain some continuity in the ruling coalition and often times the leader successfully replaces or does without those that he purges. In this sense, it is possible that SEZs extend the rule of regimes led by an unconstrained manager precisely because the low cost of conflict makes it more likely that the regime can toss out a bad leader and the leader can remove bad eggs.[123]

Assumptions:

The theory assumes that laborers in a non-democratic society are utility maximizers and treats them as if all workers are the same. Of course no labor pool makes decisions as a single unit, but it is clearly possible. The theory speaks of individual laborers for clarity, but in reality labor pools in all countries organize themselves along various lines and

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[123] However, this process leads to a logical trap where we do not know at which point an regime that is successful at removing its leader becomes a regime led by a constrained autocrat. I am confident that this can be worked out empirically, but data and time limitations make it difficult at this point in time.

subdivisions and will typically follow the directives of the leaders of these divisions. This is the whole idea behind labor unions, guilds, and professional associations.

The theory further assumes that the regime acts as a unitary actor that takes on the character of its leader. While this assumption is not necessarily realistic, it is helpful for this particular question of popular management. When it comes to managing a large population, truly no dictator rules alone. In the effort to exert control (or limit negative externalities), the regime must act as whole or surely whatever opposition groups that do exist will seize upon and exploit any perceived divisions between the dictator and his ruling coalition. Now, this does not mean that all regimes act the same way or even always function as rational utility maximizers. But it is clearly possible that a leader can surround himself with like-minded advisors.

The theory assumes that regimes led by an unconstrained manager will typically wipe away the prospects of success with an SEZ before the laborers even have a chance to make a choice to move there. Likely, the people (laborers) will already know this and note the regime's decision to build an SEZ as not credible, hence stopping the process of management through economic policies before it even starts. This is likely one of the reasons why unconstrained autocrats tend to rely on violent repression for popular management – they fail to produce it through economic policies.

The theory also assumes that there are geographically diverse groups of laborers that are looking for better economic opportunities. This assumption is not so controversial, but it becomes difficult to generalize when applying it to very geographically small authoritarian states such as the U.A.E. and its constituent Emirates. This is elaborated upon in the following subsection on labor fragmentation.

There is also a built in assumption of labor mobility. While it is true that domestic mobility is typically more restricted in non-democratic states, the global phenomenon of economic migration shows us that when individuals feel that they have a better economic opportunity in a different geographic location they will do just about anything to get there, regardless of how high the wall is or how many laws there are against it. This assumption gets to the heart of why management through economic policy is likely more effective than traditional conceptions of control such as violent repression – i.e. "the economic foundations of authoritarian rule."

Hypotheses:

The hypothesis that flows naturally from the theory and its assumptions is that SEZs will increase regime longevity through the mechanisms of labor fragmentation and sunk investments. In regimes managed by an unconstrained ruler, the addition of SEZs provide a possible way in which to throw him out and possibly replace him with a leader prepared to share power, but we cannot know who will win (the leader or the regime). In all regime and management style configurations, SEZs will increase political control through minimizing negative externalities and thus extend regime survival.

4.1 LABOR FRAGMENTATION

Labor fragmentation refers to the strategic use of geographically dispersed labor markets. In the international business literature, the term fragmentation has been used to describe the splitting up of production processes in globalization. By fragmenting an integrated production process, one "opens up new possibilities for exploiting gains from

specialization" (Jones and Kierzkowski 2000). Here, by fragmenting the process by which laborers look for better economic opportunities, authoritarian regimes are able to exploit gains from labor specialization even if specialization means moving from subsistence agriculture to garment manufacturing. In developing countries, the people often *are* the integrated production process. The building of a SEZ represents the creation of new labor market that is geographically limited and can entail any number or level of requisite labor capabilities. The opening up of these labor markets provides the regime with an opportunity to exploit gains in connection with the sunk investments required to work within the zones.

Labor fragmentation comes in two varieties, one involving domestic labor markets and one involving foreign labor markets. I will first discuss the domestic variety, which tends to be used in geographically larger countries where there is a larger labor pool, and then I will discuss the foreign variety, which tends to be used in geographically smaller countries with smaller domestic labor pools.

In domestic labor fragmentation in a large country, the non-democratic regime will use policy to concentrate economic development and activity in specific areas close to 1) a desirable geography (a deep port, border crossing, or population center) and 2) in close proximity to a preferred labor pool. The reasoning behind the criteria of a strategic geographic location, like a port, a border crossing, or an airport, is pretty straightforward. These are the areas that allow the most traffic of goods. The preferred labor pool merely means that the regime feels comfortable with the people of a certain region immediately having more economic opportunity. This assumption stems from the idea that autocratic regimes are naturally conservative, but the general idea can travel anywhere, including democracies. For example, if a Republican Party president in the US decided to give a

series of subsidies or economic packages to specific geographic entities in the US, it is highly unlikely that the first entity to receive it would be California, or Vermont, or any other Democratic Party stronghold. The same and opposite would be true for any Democratic Party president of the US.

Democrats (politicians in a large winning-coalition democracy) must compete for power through providing good policy that benefits everyone, or public goods (Bueno de Mesquita et al 2003). Authoritarians compete for power by bribing their smaller coalitions with economic goods that keep them loyal, or private goods. Therefore, authoritarians in power, like any regime with a monopoly on power, generally like the status quo and are cautious about anything that may change it, especially something that could increase the size of its winning coalition and dwindle the amount of private goods available to buy them off. Autocratic regimes know that if they undertook a complete macroeconomic liberalization plan and increased the living standards of everyone in the country they would de facto also increase the capabilities of the regime's opposition, and there are opposition groups in every country waiting for those opportunities.

Labor fragmentation is a conservative way of increasing economic activity while maintaining a monopoly on political power. In large countries it works through the geographic mechanism of it. By increasing employment, skills, and benefits in one area, the regime sets off a sort of demonstration effect to the other labor pools that are less developed or may not be so friendly to the regime. The effects are exponential over time as success in one zone leads to the creation of more zones until there are so many zones that the economy becomes de facto liberalized. One could call this conservative liberalization, in the sense that the liberalization process is done slowly and with specific

geographic constraints in an effort to reduce or eliminate any possible negative externalities associated with liberalization.

China is a great example. Not only was China one of the first enthusiastic non-democratic adopters of SEZs, but it has leaned on the policy and expanded it so much that in some sense the entire economy has lurched towards complete liberalization. Wang (2013) uses a rare municipal-level Chinese data set on the development of SEZs in that country. While it is not known if the inferences are generalizable outside of China, the findings are instructive in understanding how labor fragmentation works. Wang (2013) finds that SEZs in China 1) increase FDI per capita in provinces where they are created, 2) SEZs do not crowd out domestic investment, and 3) they create significant increases in the wages of local workers relative to the cost of living. All three of these findings are consistent with the assumptions of my theory that SEZs increase a regime's ability to manage its popularity through the reduction of negative externalities.

Looking at Figures 4.2 and 4.3, one can see that whether it was intentional or not, the Chinese Communist Party (CCP) chose to experiment with SEZs first only on the coastline near ports and where the majority ethnic Han Chinese live. Notice that even in 2006, after 20 years of experimenting with SEZs, they had not spread into the troubled Tibetan areas. It is also interesting to note that in Figure 23, Wang (2013) counts Taiwan (or the Republic of China - ROC) seemingly as part of the People's Republic of China (PRC or mainland China). Furthermore, the SEZs did not show up in Taiwan until after they had had already spread to other ethnic areas on the mainland. Many of the SEZs in Taiwan do a lot of trading with mainland China.
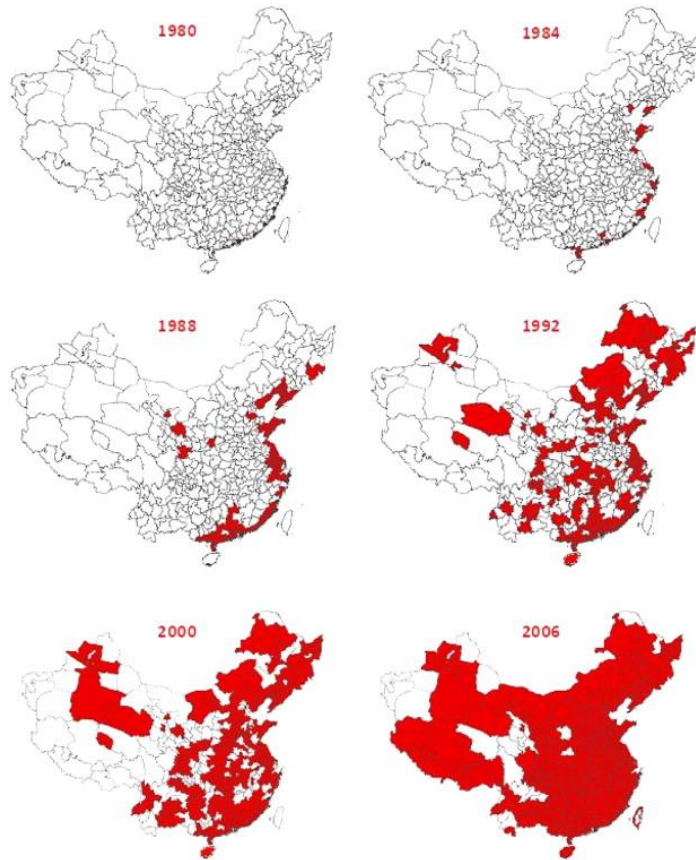
FIGURE 4.2: Wang (2013) Development of SEZs in China over Time
Note: Figure Reuse License#4063760734833 with Elsevier Publishers

FIGURE 4.3: Ethnolinguistic Groups in China
Note: Image reproduced under "fair use" doctrine.
Originally published by Rand McNally & Co.

The second variety of labor fragmentation occurs in a geographically small state and is one of tapping foreign labor markets in order to spur a diversification development model focused on foreign investment. Here, the non-democratic regime will ship in workers from foreign countries in order to build infrastructure aimed at attracting a more diverse set of foreign investors with the hopes of diversifying the economy. The UAE is a great example. The UAE inhabits about 32,300 square miles with 819 miles of coastline.[124] China, in contrast, sits on around 3.71 million square miles with about 9,000 miles of coastline. This is roughly the equivalent of comparing the size of the US State of South Carolina to the entire territorial space of the United States of America. The UAE and China were both early and enthusiastic adopters of SEZ programs.

With labor fragmentation in a geographically small state, the state is still able to exploit specialization and attract laborers through the geographic nature of SEZs, however, what is different is that they recruit laborers from overseas. The regime still chooses the geographic location of the SEZ and they also choose which labor pools to recruit from. In these small geographic country examples it is easier to see clearly the manner in which regimes choose friendly labor pools to come and work in SEZs. Table 4.1 shows the unofficial demographic breakdown of the UAE (the confederacy does not publish public demographics). Only 11% of all people living in the UAE are actually Emirati (Snoj 2015). The overwhelming majority are South Asian laborers. Furthermore 70% of all people residing in the UAE are male (which is another issue that the UAE shares in common with China).

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[124] The coast was referred to periodically as the "Pirate Coast" and then later the "Trucial Coast" once the British signed truces with the local tribes that kept raiding East India Co. ships. After the discovery of oil in the 1960s, the tribes began pushing for independence and achieved recognition as the UAE in 1972. See Fuller (2010) for an in-depth qualitative case study.

Most of the South Asian workers in the UAE are low-skill immigrant workers, much as the theory of labor fragmentation explains. These workers are selected from populations that are thought by the regime to be "friendly" or at a minimum will bring with them the fewest negative externalities. Notice, for instance how low the geographically close Iranian population is or that, despite all of its rhetoric, there are very few Palestinian (or even Arab) workers in the United "Arab" Emirates. One could imagine that the regime feels safer with foreign workers that are not directly connected to the state's international and regional conflicts and ones that are of a different ethnicity (i.e. "look different") than the small national population.

TABLE 4.1: Demographic Breakdown of UAE

Nationality	Percentage
India	28%
Pakistan	13%
Emirati (UAE)	11%
Bangladesh	7%
Philippines	6%
Iran	5%
Egypt	4%
Nepal	3%
Sri Lanka	3%
China	2%
All Other	18%
Total	**100%**

Source: Snoj (2015) – BQ Magazine

As said previously, the UAE government does not actually publish statistics on nationality, but these numbers roughly match what has been estimated by numerous other sources. The above table (Snoj 2015) was made by visiting the diplomatic consulate for each country and asking for an estimate. Foreign employers in the UAE typically reside within a SEZ and are afforded different rights and operate under a different set of laws than

the rest of the country. For example, Western employers can apply for a license that allows them to consume alcohol and pork. There are separate beaches for Westerners and Muslims. Women in the UAE that are raped have no legal recourse other than to leave and file charges from a different country. If they go to the authorities they will be charged with extramarital sex and imprisoned according to Sharia Law. These examples are given to show the types of negative externalities that can occur within and around SEZs and how the regime is able to contain or limit them.

FIGURE 4.4 Collection of Posters Advertising Work in UAE and Qatar
Note: Reprinted under the "fair use" doctrine.

Gulf News reported in 2009 that one SEZ (JAFZA – Jebel Ali Free Zone) in one Emirate (Dubai) employed 169,000 people. Dubai had a total population of ~2 million in 2009. There are around 30+ SEZs in the UAE, and this *one* in Dubai employs almost 10% of its population. Figure 4.2 displays a collection of advertisements in Malaysia and India

for jobs in the UAE and Qatar. There have been many accusations of these types of recruiters confiscating the passports of women and then selling them into slavery.

4.2 SUNK INVESTMENTS

Sunk investments refer to an individual's willingness to invest time, money, and labor in the success of a macroeconomic policy like SEZs, despite the fact that there may be better opportunities out there. A very large body of work has shown that people will typically violate the assumption of economic rationality by permitting sunk costs (or non-recoverable investments) to sway decision making. The basic idea that people faced with sure gains will be risk-averse and people faced with sure losses (a sunk investment) will be risk-acceptant is one of the key elements of prospect theory (Kahneman and Tversky 1979) and is used frequently in studying international relations (Levy 1992, 1997, McDermott 1992).

This effect is readily and easily found in purely economic transactions, especially gambling and insurance. However, the theory of sunk investments here is about more than just economic transactions. It is about laborers deciding to move across country, put in more effort, and marginalize competitors. Another line of the sunk costs literature branches over into psychology and applies sunk costs to personal involvement (Arkes and Blumer 1985, Cuncha Jr. and Caldieraro 2008). All of the studies I have looked at find some evidence for "behavioral sunk-cost effects" through various forms of experiments, but most heavily qualify the findings by pointing out that everyone has a different metric for the economic value of behavior – i.e. I value "effort in finding employment" differently than

laborer *X*, but $1 is generally valued at $1 or close to it by most. A highly cited article in political science and international relations in the analysis of foreign policy decision making is Fearon's "Tying hands versus sinking costs" piece (1997, cited 898 times as of March 2017). For Fearon though, sunk costs were financial and audience costs were behavioral. Here it is a mix of both also.

The effect of sunk investments here is similar to how Svolik (2012) conceptualizes sunk investments through a party structure. With Svolik, people are convinced to join the political party and they then put in costly work up front, such as proselytizing, spying, ballot stuffing, or surveillance, and then continue to remain loyal to the regime because these sunk investments become sure losses if he walks away from the party. This explanation is more behavioral than financial, but Svolik notes that one reason the party member continues to sink investments and remain loyal to the party is for the delivery of future economic benefits. With economic policies, sunk investments arise among ordinary citizens through their own effort to better their own lot. People living in underdeveloped areas move in and around SEZs to find work. This move entails a sunk investment. Once they spend the money, time, and effort to move near an SEZ, that cost can only be recovered through continued support of the SEZs and continued work to make it better.

The sunk investment encourages citizens to "buy in" to what the regime is trying to do at an early stage, therefore delaying the benefits of an increased standard of living to them and at the same time restructuring preferences so that individuals will be more likely to comply with other policies. This is a much more efficient approach to popular management than literally "buying off" everybody. It is much more beneficial to all actors than violent repression. Sunk costs work in tandem with labor fragmentation. They both

reduce the number of negative externalities a regime will likely face, thus increasing the levels of political control over the populace.

4.3 AN EXAMPLE WITH SEZS – BREST SEZ (BELARUS)

SEZs in Belarus are called FEZs or Free Economic Zones. They also have High Technology Parks (HTPs) and boast of a coming new "special economic zone" in conjunction with China. This specific SEZ is a pet project of President Xi Jingping of China and is slated to be the endpoint of his signature economic policy, the "One Belt, One Road" (OBOR). This proposed endpoint is referred to specifically as a "special economic zone," but the zone's actual name is the "China-Belarus Industrial Park Great Stone." Is it a SEZ or an industrial park?[125] I point this out because it highlights the difficulty in studying SEZs. One of the principal challenges is to find a way to classify the many different diverse forms that SEZs take and the cascade of names assigned to them. Without being able to personally look at each SEZ it is difficult to design a precise way of measuring them. This is why the next step in this project is to collect the geographic coordinates of all SEZs and map them out in a GIS (geographic information systems).

The way I get around this in the data is by looking at the incentive structures within zones of any type of name to see if they fall within the World Bank definition of an SEZ given in Chapter 2. As of October 2016, the Belarussian government advertises that its six FEZs have a total of 419 resident firms that employ 124,000 Belarussians. They claim $4.6 billion in foreign merchandise trade in the first quarter of 2016 and calculate that this has

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[125] Industrial parks are considered SEZs in most instances. It depends on the incentive structure.

afforded Belarus a $742.3 million trade surplus. The government publishes statistics in the form of professionally crafted infographics.126 Some of the statistics seem exaggerated, seeing how Belarus has been in an economic recession for a while now. However, it also reports a 24.3% growth rate in the output of merchandise in the first quarter of 2016 or a 44.6% increase in profits and a 13% increase in government revenues. Getting non-democracies to accurately and clearly publish economic statistics has always been somewhat of a challenge due to the closed nature of them. The reporting is also very sporadic. There seems to be no rhyme or reason to when or where government studies on SEZs are published, but assuredly it has something to do with advertising to foreign investors. This should give the reader a clearer picture of why I developed such a blunt measure of SEZs (a 0-6 scale). Data are time inconsistent and missing in an unknown systematic way, so I created my own measure.

Belarus sits strategically in the geographic center of Europe, straddling the border between the European Union (EU) and the Eurasian Economic Union (EAEU). Belarus has chosen to place SEZs in each of the capitals of its subnational units (Oblasts), which happen to also be close to major border crossings in most areas. Brest Free Economic Zone was the first zone built in Belarus (1996). It exists around the Oblast's capital city and sits near and on the border with Poland, and by extension the EU. There is a major highway that goes through the FEZ that is said to handle solely freight traffic day and night from the EU to Russia. There is also a major railway that is assumed to play the same role. The zone has its own international airport and a direct waterway leading to the Black Sea. It claims to host over 70 businesses and employ 15,000 people. The Belarussian government

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126 Visit the website with the infographic I am referring to at http://www.belarus.by/en/business/business-environment

website says that it exported $750 million in goods and attracted $83 million in investments in 2008, mostly from Russia, Poland, and Germany.[127]

FIGURE 4.5: FEZs of Belarus
Source: www.belarus.by "Official Website of the Republic of Belarus"
http://www.belarus.by/en/invest/Investor-country-profile. Image reproduced
under the "fair use" doctrine.

This case illustrates several points regarding the theory. First, Brest, and in fact all Belarussian FEZs, were geographically selected according to the theory (Figure 4.5). They exist first in locations of high traffic and secondly close to friendly or more easily monitored labor pools. A 2009 UN study estimates that around 70% of the ~9.5million population lives in urban centers.[128] The overall population is rather homogenous. Over 80% are ethnic Belarussian and about 8% are ethnic Russian. About half the population is Orthodox Christian and about 40% atheist or agnostic. The state is divided into six

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[127] Find all this information at http://www.belarus.by/en/invest/Investor-country-profile/brest_oblast_investor_profile .
[128] View the UN website at http://un.by/en/aboutbelarus/population

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administrative "oblasts" that are each governed by an executive appointed by President

Lukashenko and a legislature (or regional council) elected by the people. Furthermore, each

of the six regions are divided into 118 "raions" (districts) that have a raion council elected

by the people and executive appointed by the oblast governor.

The Brest FEZ has its own administration. Unlike the example in Chapter 3 of the

UAE, I was not able to directly connect the managing team to the ruling government. The

FEZ Brest website lists a CEO, assistant, and two deputy chiefs. There are no email

addresses, but there are names and phone numbers (calling several of them received no

answer and no answering machine). Google searches for their names came up with very

few hits outside of the FEZ website. One produced a LinkedIn profile with no picture and

no other information other than the title "direcktor." This exemplifies yet another one of

the difficulties in studying SEZs in general. However, on the news feed on the Brest FEZ

website, it reports that its FEZ administration received the Ambassador of Sweden on Feb.

2, 2017 and the French Ambassador visited on a fact-finding mission Jan. 1, 2017. This

indicates that whoever is administering this particular zone is well connected in the

government.

4.4 EXAMINATION OF REGIME SURVIVAL

The problem of popular management is a regime level issue. Popular management

is neither a necessary nor sufficient condition for leader survival, but is both necessary and

sufficient for regime survival. Many leaders stay in office despite losing control of big

portions of the population. Many leaders stay in office throughout civil wars and nation-

wide insurgencies. Many leaders step down or are forcibly removed despite having full control over the population. Therefore, for the question of popular management the regime is the unit of analysis. The natural consequence of loss of control is regime de-legitimization and ultimately failure.

The data are in panel format. They range from 1946-2015 and include all states of the world. For this analysis I limited the sample down to only non-democracies (determined by Cheibub, Antonio, Gandhi, and Vreeland 2010). Missing data are always problematic and rarely, if ever, missing at random. List-wise deletion is the method used here for two reasons. First, much of this analysis centers on the exploratory factor analysis (EFA) and is designed to provide a justification for getting rid of the personalist regime type and modeling personalism as a behavior instead of a structural environment. Second, after looking at what was missing, it is the usual culprits. Interregnums and especially those autocrats in places like North Korea and Equatorial Guinea. Therefore, these missing data likely make this test a more difficult and conservative test.

I use the same SEZ and SWF data that were explained in Chapter 2 and averaged out in Chapter 3. Here, they are all in standard country-year panel format. I include a standardized GDP per capita variable to account for variation in personal income. I include the natural logarithm of the total population in order to account for variation in the size of labor pools being fragmented (or not in the absence of SEZs). For controls in other models I also use oil income as a percent of GDP and the effective number of political parties in order to account for the traditional explanations of legislatures, parties, and elections. The idea here is to keep it simple. If a regime has more than zero political parties, then they have 1) a legislature, 2) elections, and 3) political parties.

The evaluation includes four Weibull survival models displayed in Table 4.2. The outcome variable (survival) is in year format.[129] A regime losing power (failure) means that it has been restructured in a way that is distinguishable from the previous regime and is coded by GWF 2014. The Weibull distribution is the most appropriate here because it allows for variation in the effects of time. The models utilize the classic regime typologies used in the literature. Monarchies and military regimes are kept as the reference category because there are no monarchies in the data that failed (and only 7 total) and there are only two military regimes today. The expectation is that the use of SEZs by any regime type will extend regime loyalty, so all models interact SEZs with regime type. The base model (model 1) only includes land area, population, and political parties as control variables. The trend in political science for a while now (especially in international relations) is to include every possible control one can think of to improve fit, and I want to try and avoid it for various good reasons (see Achen 2002, i.e. "ART – a rule of three").

The second model includes a fourth control for oil wealth. It is measured as percentage of GDP that comes from oil extraction. The third ("manage") model includes the factor score from Chapter 2 to control for leader management style. The fourth model includes the factor score interacted with SEZs (as well as regime type interactions). Survival models can be exceedingly difficult to interpret and there is no standard approach to interpreting them, especially given the different variables in these particular models. The models in Table 4.2 report hazard ratios rather than coefficients. Hazard ratios can be considered to be either increasing or decreasing hazards (or likelihood of failure) relative to a reference group. A hazard ratio of 1 means there is no change. Higher than a 1 can be

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[129] It should be noted that the outcome variable is not exactly "political control" per se, but regime duration implies an ability to control the population.

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interpreted as an increasing hazard and hazard ratios smaller than 1 can be considered a decreasing hazard.

TABLE 4.2: Regime Survival

VARIABLES	(1) Base Weibull	(2) Oil Weibull	(3) Manage Weibull	(4) Interact Weibull
SEZ	0.722***	0.711***	0.790**	0.741***
	(0.074)	(0.073)	(0.089)	(0.082)
Personalist Regime	0.471***	0.446***	0.308***	0.349***
	(0.102)	(0.098)	(0.095)	(0.106)
Party Regime	0.328***	0.322***	0.316***	0.310***
	(0.081)	(0.081)	(0.107)	(0.106)
SEZ*Personalist	1.344**	1.401**	1.373*	1.219
	(0.201)	(0.205)	(0.235)	(0.231)
SEZ*Party	1.077	1.140	1.095	1.060
	(0.182)	(0.186)	(0.201)	(0.198)
SWF	0.378*	0.421	0.650	0.624
	(0.205)	(0.266)	(0.418)	(0.420)
Land Area	0.950	0.961	0.944	0.955
	(0.082)	(0.075)	(0.078)	(0.081)
Population	1.137	1.187	1.120	1.098
	(0.129)	(0.133)	(0.141)	(0.141)
ENPP	0.880	0.889	0.815**	0.807**
	(0.072)	(0.076)	(0.081)	(0.084)
Oil Rents		0.909*	0.952	0.941
		(0.050)	(0.052)	(0.054)
Management Style			0.617**	0.900
			(0.133)	(0.230)
SEZ*Management				0.762**
				(0.096)
Constant	0.000204***	0.000192***	6.61e-05***	5.53e-05***
	(0.000259)	(0.000266)	(0.000125)	(0.000104)
Observations	3,662	3,265	2,502	2,502
N Countries	108	105	101	101
N Failures	168	147	107	107

Reported in Hazard Ratios. Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

However, using interaction terms complicates the interpretation in all statistical models, but especially in survival models. From the table, there are few things that can be substantively interpreted. One finding is that SEZs are highly significant across many specifications. Also, interacting SEZs and regime type flips the direction of the hazard for both types of regimes and is significant for personalist regimes, indicating that the interaction between the two is creating substantively different hazard functions. Oil rents and SWFs are marginally important. This is expected, given that the findings of the resource curse literature are extremely mixed and that SWFs tend to play a backseat role in the question of popular management. Political parties become significant when the factor score (a measure of leadership style – violence and corruption or delegation and deliberation) is included and again when the factor score is interacted with SEZs. This would follow the empirical reality that leaders that prefer to rule through delegation and deliberation often do so through political parties.

Typically, the best way to interpret survival models is through graphing the hazard curve or the survival curve. The hazard function and the survival function are related and essentially show the same thing in a different way, but here it makes more sense to plot the survival function because we want to see how long a regime is predicted to survive rather than when exactly it comes to an elevated risk of failure (hazard). Figure 4.6, plots the survival curves for personalist and single-party regimes in model 1 that have the largest levels of SEZ program and SWFs and those that do not have any. The two dashed lines are personalist regimes and the two solid lines represent single-party regimes. There is a noticeable increase in the predicted survival of each regime when SEZs and SWFs are present. This increase in survival occurs monotonically as SEZ program size increases.
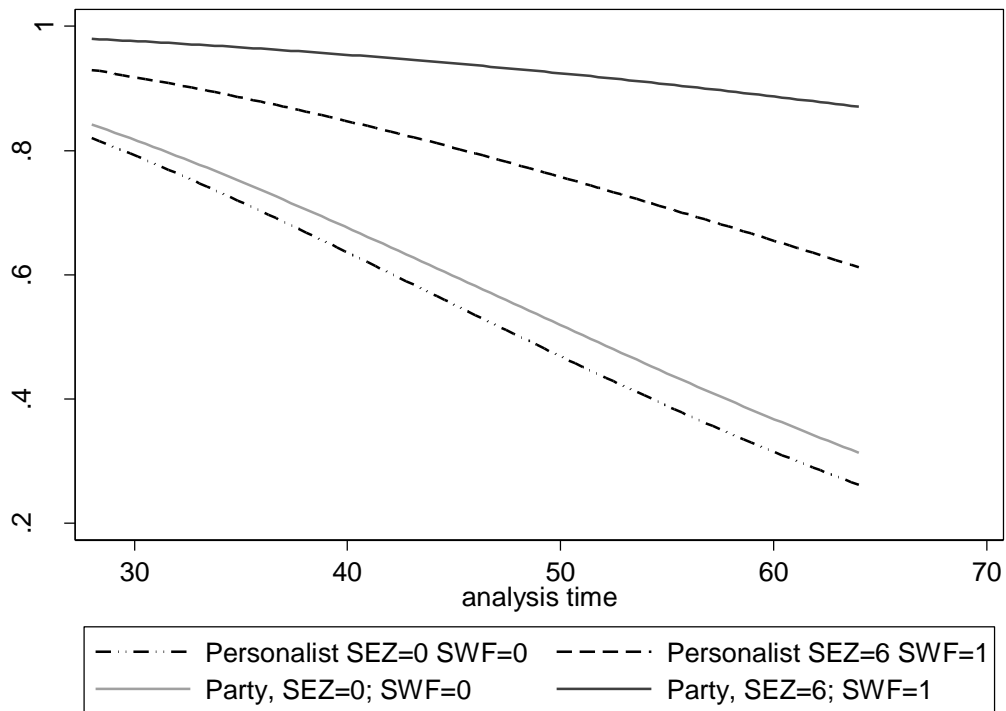
FIGURE 4.6: Predicted Survival

Probably the most significant finding here is that at 60 years into the rule of single-party regimes that have SEZs and SWFs, the regime is expected to survive into the next year with a 90% probability. Whereas, a single-party regime with no SEZs and no SWFs at 60 years out only has about a 40% chance of surviving into the next year. For personalist regimes, those that have SEZs and SWFs are expected to have a somewhat greater than chance probability of survival at 60 years out and one without these economic policies is predicted to have less than a 30% chance at survival.

To conclude this chapter, I think it is important to point out two analytical things before driving home the implications of this full project in the conclusion. First, it is very easy to fall into a levels of analysis trap here. I have tried to avoid it, but admittedly probably stepped in it somewhere. Second, this "test" in Chapter 4 does not directly test

the theory. It does so in a very roundabout way by testing the implication that labor fragmentation will lead to longer regime survival. So these results should not be interpreted as fully predictive of behavior or outcomes. It should be interpreted as evidence that economic policies in non-democratic states have political effects that are likely very important to a whole host of people. We should study them more. The next step is to test directly for the effects of labor fragmentation and sunk investments.

CHAPTER 5. CONCLUSION

No political scientist, economist, or anybody that I know of has ever created a measure to comprehensively measure SEZs. SEZs are extremely diverse and perform a number of different functions. SEZs are not the same as FDI, even though they are designed to attract FDI. They are also designed to attract employment and perform any other number of goals preferred by the governments that create them. They are quickly becoming the supply chain workhorses for the global economy and demand sharper scrutiny. The measure I created for SEZs is admittedly blunt, but this is done precisely because SEZs are so diverse and go by so many different names. It is also because authoritarian leaders will not give me data on their zones and especially will not allow me to come visit them and interview elites. Dictators are extremely vain and they will frequently ban academics that do not portray them in the best light from travel to their country. I expect to be banned from several of them once this dissertation is published, however, I do not expect any of them to stop advertising their SEZs and I am willing to bet that if enough investors grouped together and called on all countries to regularly report comprehensive SEZ data, most would. It is in the interests of investors to do this because it brings more predictability.

What has been published about SEZs, including a recent book on the political economy of SEZs (Moberg 2017), utilizes case studies and country specific data when it is available. To bridge their findings I offer my global data. The data definitely can be made better (with time and money). The next step is to collect all the GPS coordinates for all the

SEZs of the world and map them out in GIS for spatial analysis. Another step already underway is to collect employment numbers, number of firms, types of firms and investment dollars for cross-sectional analysis. I also plan to use these data to create a typology of SEZs that captures their diversity better than just the names that different countries give them.

Economic policies such as SEZs and SWFs can both substitute for and compliment the roles of authoritarian legislatures and political parties. SEZs can help stabilize rulers and ruling coalitions and they can help manage the populace through minimizing the effects of negative externalities on the broader population in the process of liberalization. SEZs are theorized to possibly facilitate the removal of violent and corrupt leaders (such as Teodoro Obaing of Equatorial Guinea) and some evidence is provided of this. The academic implications of these findings are that delegation and deliberation often occurs outside of legislatures and loyalty can be induced regardless of the presence of a political party. This is what is meant by the "Economic Foundations of Authoritarian Rule." I have not directly shown it here, but I believe that precisely because authoritarian regimes are historically and contemporarily politically secretive, the role of economics is actually more important than authoritarian legislatures and parties. Future research will address these questions, but this is a good start. It is important first to establish that economic policies play an important role in authoritarian politics.

What this dissertation has established is that 1) the analysis of specific economic policies in authoritarian regimes is important and 2) analyzing dictatorships through a bi-level conceptual approach and a factor score of the underlying latent variable of leadership style is a viable new path worthy of further exploration. The dissertation will likely benefit

in the future from applying a formal modelling approach in order to possibly find a more direct empirical test on the implications. There are also many opportunities for field work contained within this research. Furthermore, after establishing that SEZs and SWFs have specific effects in non-democracies, it logically stands to reason that although the effects are likely completely different, these policies might have significant effects in democracies as well. If they do not, then democracies could benefit from more explicit theorizing about them so they can make the ones they have work better for them.

The policy implications of these findings are important and far-reaching. First, the whole idea of SEZs and SWFs needs more scrutiny by academics and especially by the WTO. SEZs at face value seem to clearly violate the WTO Agreement on Subsidies and Countervailing Measures (ASCM). In authoritarian economies the state acts with a monopoly on power and seems to have found a way to fit SEZs into their political toolkit seamlessly. This does not necessarily mean that SEZs should be banned or more regulated, these zones have been great for the global economy. SEZs represent a form of power-sharing that can stabilize dictatorships. Stability is a good thing. Also, it is likely that increases in the level of power-sharing should logically increase the likelihood of a regime transitioning to democracy.

In any case, I believe that it is time for the study of authoritarian politics to move from a focus on legislatures, parties, and elections to a more concrete theoretical underpinning of the economic foundations of authoritarian rule. Western scholars have spent so much time studying legislatures, parties, and elections that we have tricked ourselves into believing that they are the only possible way to govern. If an election is truly rigged is it still an election? If all but one political party is banned, is the remaining one

still a political party? If the legislature merely listens to lectures and signs off on decrees is it really a legislature? These are deep constructivist questions that I believe in time we will answer all with a resounding "no." Authoritarian political institutions are not democratic institutions and each are designed and used for very different purposes. Legislatures, parties, and elections may predict outcomes in democratic settings, but that is not so clear in authoritarian settings. Furthermore, when institutions do not exist, the personality (or style of rule) of the ruler becomes the institutions. Authoritarian rule is the oldest form of governance and its foundations are economic.

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APPENDIX A: Alternate Graph to Figure 2.2
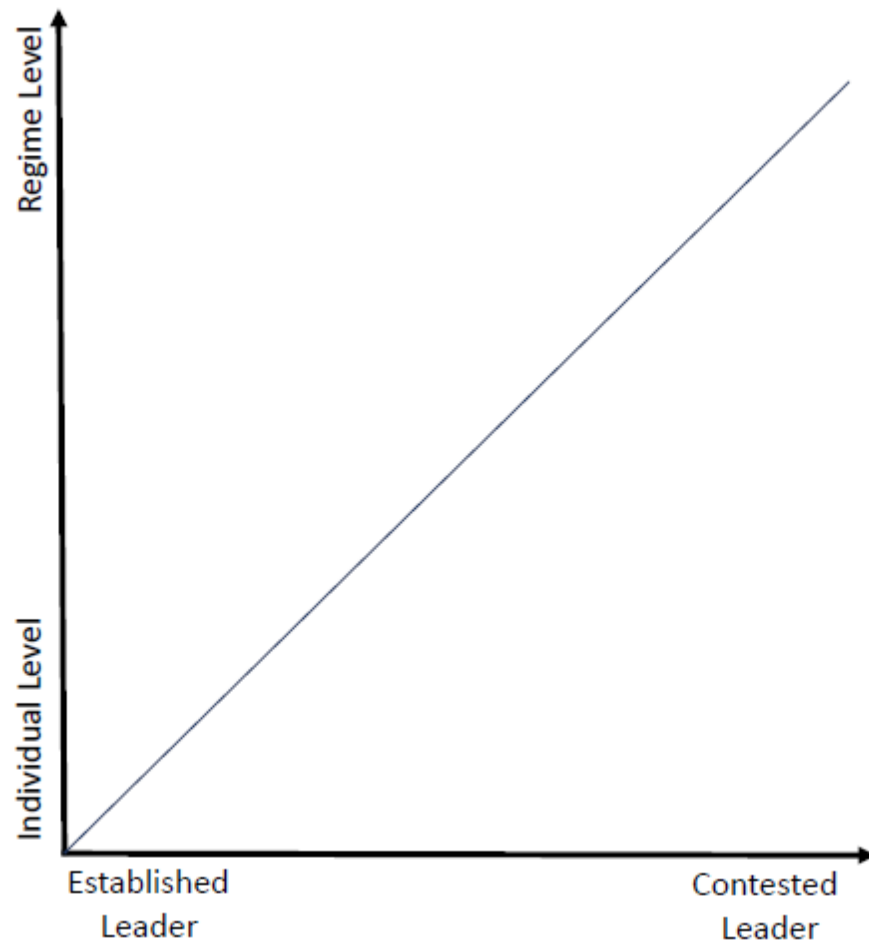
APPENDIX B: Factor Score Loading

```
. factor vdem_corr ciri_kill ciri_polpris ciri_tort une_gdpgr une_leb ciri_injud
(obs=3,933)

Factor analysis/correlation                    Number of obs    =      3,933
    Method: principal factors                  Retained factors =          3
    Rotation: (unrotated)                      Number of params =         18
```

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	2.57874	2.32238	1.0618	1.0618
Factor2	0.25636	0.18247	0.1056	1.1673
Factor3	0.07388	0.10325	0.0304	1.1977
Factor4	-0.02936	0.02481	-0.0121	1.1856
Factor5	-0.05417	0.12468	-0.0223	1.1633
Factor6	-0.17885	0.03900	-0.0736	1.0897
Factor7	-0.21785	.	-0.0897	1.0000

```
    LR test: independent vs. saturated:  chi2(21) = 7799.28 Prob>chi2 = 0.0000

  Factor loadings (pattern matrix) and unique variances
```

Variable	Factor1	Factor2	Factor3	Uniqueness
vdem_corr	-0.7773	0.2146	0.0085	0.3496
ciri_kill	0.6192	0.2054	0.1183	0.5604
ciri_polpris	0.6122	0.1290	-0.0062	0.6085
ciri_tort	0.6767	0.2363	0.0040	0.4862
une_gdpgr	-0.1055	-0.0347	0.1682	0.9594
une_leb	0.5007	-0.2975	0.1054	0.6496
ciri_injud	0.7047	-0.0766	-0.1427	0.4772

```
. rotate

Factor analysis/correlation                    Number of obs    =      3,933
    Method: principal factors                  Retained factors =          3
    Rotation: orthogonal varimax (Kaiser off)  Number of params =         18
```

Factor	Variance	Difference	Proportion	Cumulative
Factor1	1.55882	0.28833	0.6418	0.6418
Factor2	1.27049	1.19082	0.5231	1.1649
Factor3	0.07967	.	0.0328	1.1977

```
    LR test: independent vs. saturated:  chi2(21) = 7799.28 Prob>chi2 = 0.0000
```

Rotated factor loadings (pattern matrix) and unique variances

Variable	Factor1	Factor2	Factor3	Uniqueness
vdem_corr	-0.7242	-0.3548	-0.0017	0.3496
ciri_kill	0.3197	0.5766	0.0699	0.5604
ciri_polpris	0.3743	0.4997	-0.0418	0.6085
ciri_tort	0.3512	0.6229	-0.0492	0.4862
une_gdpgr	-0.0691	-0.0739	0.1743	0.9594
une_leb	0.5628	0.1251	0.1341	0.6496
ciri_injud	0.5893	0.3915	-0.1492	0.4772

Factor rotation matrix

	Factor1	Factor2	Factor3
Factor1	0.7492	0.6618	-0.0274
Factor2	-0.6579	0.7387	-0.1464
Factor3	-0.0767	0.1277	0.9888

APPENDIX C: Kaplan Meier Graphs

Kaplan-Meier survival estimates

analysis time

sez = 0	sez = 1
sez = 2	sez = 3
sez = 4	sez = 5
sez = 6	

Kaplan-Meier survival estimates

analysis time

const1 = 0   const1 = 1