

Constrained Concessions: Dictatorial Responses to the Domestic Political Opposition*

Courtenay Ryals[†]

cnr05e@fsu.edu

Department of Political Science

113 Collegiate Loop

Florida State University

Tallahassee, FL 32306-2230

Phone: 850-644-5727

Fax: 850-644-1367

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[†]Courtenay Ryals is a Ph.D. candidate in political science at Florida State University.

Abstract

Why do dictators sometimes appease their domestic political opposition with increases in public goods and services and other times respond with increases in liberalization? In this paper, I present an original typology of dictatorial political opposition movements, arguing that their varied goals color interactions with the incumbent regime. As a result, dictators “buy off” some types of domestic political opposition with increased goods and services and are forced to liberalize when they face other types of political opposition. Because dictators often make decisions while facing environmental constraints, however, I also argue that financial conditions can limit a dictator’s ability to respond beneficently to the opposition regardless of its demands.

1 Introduction

Jordan's King Hussein has attempted to "buy off" his domestic political opposition in varied ways over the past fifty years. Although not officially recognized by the Jordanian government, political parties began to grow in strength even after they were banned in 1967.¹ In response to more organized opposition groups, King Hussein liberalized, reopening Parliament in 1984 and granting government recognition of the strengthening parties in 1992 (Lust-Okar, 1997, 2004). When the Muslim Brotherhood, a key political party, was permitted to make demands within the legislature, however, it stopped calling for political change in public. King Hussein's decision to bring the party into the political process did not lead to additional liberalization; instead, it permitted the opposition to change policy and acquire public goods while working within the existing regime (Gandhi & Przeworski, 2006; Schwedler, 2000). Although dictators are well-known to engage in repression, this example highlights at least two interesting additional features of how autocrats interact with their domestic political opposition. First, the Jordanian government dealt with its political opposition peacefully, often providing them with concessions rather than engaging only in repression. Second, the opposition was dealt with differentially over time; sometimes the incumbent regime responded with liberalization, and other times they increased the government provision of public goods and services.²

The story above is hardly rare. Indeed, there are a host of examples of dictatorships interacting with their domestic political opposition in a beneficent manner, sometimes engaging in liberalization and sometimes increasing the government provision of public goods. While such examples are rather ubiquitous among the world's autocrats, the literature has been rather slow to recognize this fact, tending to focus solely on the dictatorial use of repression to suppress political opposition groups.³ But such variation in autocratic behavior begs the question: under what conditions might dictators respond *beneficently* to their domes-

tic political opposition? More specifically, why do dictators sometimes appease opposition groups with increases in public goods and other times respond with liberalization?

Whether dictators respond peacefully to their domestic political opposition has rather profound consequences not only for life under authoritarianism, but also for the prospects of democratic emergence and economic development. Enhanced liberalization and public goods investment under dictatorship has been shown not only to affect the prospects for economic growth (Alesina & Perotti, 1994; Barro, 1990, 1997; Knack & Keefer, 1995; Nazmi & Ramirez, 1997), but also the likelihood of full democratization (Boix, 2003; Haggard & Webb, 1994; Linz & Stepan, 1996; O'Donnell et al., 1986; Mainwaring et al., 1992; Reenock et al., 2007; Schneider, 2004). As such, the beneficent responses of dictators have important political and economic consequences for long run development.

Despite these important consequences, there is little known about the conditions under which dictators resort to beneficent responses. In this paper, I address this oversight by arguing that dictatorial beneficent responses are a function of *both* the demands of the opposition and the financial constraints faced by a dictator. I assume that dictators vary in their uncertainty over what demands an opposition is likely to make from the regime and the financial resources to accede to such demands. Using an original typology to assess the composition of the political opposition under dictatorship, I argue that certain types of domestic political opposition are more likely to place public goods demands on dictators and only in the face of sufficient economic resources will those demands be met. When other types of domestic opposition groups demand political liberalization, however, the dictator's ability to respond is less dependent upon domestic economic resources.

In the following section, I discuss dictatorial tradeoffs between repressive and beneficent responses to the domestic political opposition. Next, I introduce three different types of political opposition, focusing on the differing demands of each type as well as their interactions with the dictatorial regime. Third, I argue that financial constraints limit the ability

of dictators to respond to certain types of political opposition in their preferred manner. I then test several hypotheses using a system of endogenous equations with time-series cross-sectional (TSCS) data on 116 dictatorships from 1976 to 1996. The final section of the paper provides suggestions for future research on interactions between dictatorial leaders and the domestic political opposition.

2 Dictatorial Concessions and Repression

Much is known about political repression in dictatorships.⁴ Although dictators are more likely than democratic leaders to engage in repression (Davenport, 2007b; Vreeland, 2008),⁵ they also sometimes (perhaps unexpectedly) respond *beneficently* to their political opposition.⁶ Dictatorial decisions about the tradeoff between concessionary and repressive tactics are a function of elite bargains within a dictator's support coalition (Baloyra, 1987; Di Palma, 1990; Higley & Gunther, 1992; O'Donnell et al., 1986; Malloy & Seligson, 1987; Rustow, 1970).⁷ To remain in power, dictators must appease the members of their support coalitions and prevent them from defaulting to the opposition. The two types of supporters within dictatorial coalitions—hardliners and softliners—have different preferences about how to respond to the domestic political opposition (O'Donnell et al., 1986). Hardliners want to repress, providing the opposition with little freedom and few public goods (O'Donnell et al., 1986).⁸ Although softliners do not advocate democratization, they believe minimal liberalization and a low provision of goods can discourage dissent and prolong the duration of the dictatorial regime (O'Donnell et al., 1986).⁹ The dictator's challenge is to satisfy these divergent preferences when responding to the domestic opposition.¹⁰

Because opinions about how to best deal with the threat of the political opposition differ between hardliners and softliners, dictators typically respond with a mixture of repression and beneficent responses.¹¹ We already know that dictators repress their political opposition,

and repressive and beneficent responses are not mutually exclusive. As a result, I develop my argument about beneficent dictatorial responses while holding government repression exogenous.¹² Given some level of repression, then, dictators can respond beneficently to their opposition in two ways: 1) by increasing provision of goods and services,¹³ or 2) by increasing the state level of political liberalization.¹⁴

How dictators trade-off between these beneficent responses to the political opposition depends upon the expected costs and benefits they associate with liberalization and public goods provision. The obvious benefit dictators receive from successful concessions of either type is an increased likelihood of remaining in office. But there are also costs associated with both liberalization and public goods provision. The main cost dictators face when providing increased public goods and services is economic; concessions of this type are financially expensive to provide (Bueno de Mesquita et al., 2003). Liberalization can also be costly to dictators because it provides the political opposition with increased power to operate within the previously closed regime (Przeworski, 1991). Because dictators face differing types of political opposition and different environmental conditions, however, these costs and benefits of concessions are not constant. In the following sections, I discuss how heterogeneous opposition movements and environmental conditions inform dictatorial decisions to respond beneficently to their opposition with either liberalization or increased goods provision.

3 Domestic Political Opposition Demands

Dictators appease coalition softliners through either the provision of public goods or liberalization (O'Donnell, 1973). Which method they choose is dependent upon the composition of the domestic political opposition (Acemoglu & Robinson, 2000; Bratton & van de Walle, 1992; Gandhi & Przeworski, 2006; Przeworski, 1991; Swaminathan, 1999). By domestic political opposition, I mean any domestic movement that seeks to garner concessions from

the incumbent regime or seeks complete regime change.¹⁵ They often have differing goals and consequently demand different concessions from their dictatorial leaders. Some types of political opposition accept the hegemony of the ruling party, but want the government to increase its provision of public goods and services to the general population.¹⁶ Dictators can thus satisfy this type of political opposition (as well as coalition softliners) by increasing the provision of these goods. Increases in the provision of public goods can also lead to happier, healthier populaces, which encourage individual productivity and can bring about long-term increases in state revenue. But these long-term benefits come at a short-term price; increases in public goods and services are financially costly (Bueno de Mesquita et al., 2003).

Other types of domestic opposition do not accept the political status quo and instead aspire to achieve political liberalization or democratization to remove the incumbent regime from power.¹⁷ Although liberalization can occur without full democratization,¹⁸ the attainment of democracy is always preceded by a process of liberalization (O'Donnell et al., 1986).¹⁹ In this case, the government provision of public goods and services is unlikely to successfully “buy off” the domestic political opposition. Liberalization is less financially costly for dictators than the extension of public goods, but dictators are often hesitant to liberalize—providing additional civil liberties and political rights, as well as more general human rights—because liberalization may encourage the political opposition to further mobilize by lowering their costs of collective action (Przeworski, 1991).²⁰

Dictators vary in their uncertainty over the type of concessions that the domestic political opposition is likely to demand from the regime. One feature of a dictatorial society that provides informative signals about the likely demands of the opposition is the actual *composition* of the domestic political opposition. In the following section, I argue that the manner in which the domestic political opposition is constituted is useful in reducing a dictator’s uncertainty over the types of concessions it is likely to demand. Specifically, I suggest that two characteristics of the domestic political opposition help dictators distinguish among

their demands and decide whether to respond to those demands repressively or beneficently: 1) level of organization, and 2) level of institutionalization.

By level of organization, I mean the extent to which a political opposition movement forms a coherent “group” to threaten the stability of the dictatorial regime. This is important because political opposition movements do not just form organically; leaders of political opposition movements confront a massive collective action problem in order to mobilize support for their chosen cause. As a result, political opposition movements vary in the extent to which they have overcome the collective action problem to form an groups that threaten the incumbent regime.²¹ Level of institutionalization, on the other hand, refers to the extent to which political opposition movements that have overcome the collective action problem participate in state-sponsored institutions like formal legislatures. Basically, does an organized political opposition participate in the institutionalized political process?

Using these two dimensions, I create an original typology of ideal types of dictatorial political opposition movements. In what follows, I distinguish between three ideal types of opposition based upon organization and institutionalization: 1) *Latent Political Opposition*, which has low levels of organization and institutionalization; 2) *Uninstitutionalized Political Opposition*, which has high levels of organization and low levels of institutionalization; and 3) *Institutionalized Political Opposition*, which has high levels of organization and institutionalization. In the following section, I argue that these political opposition movements have heterogenous goals that force dictators to respond differently to their demands.

3.1 Latent Political Opposition

Even when they are not confronted with an organized political opposition, all dictators face some level of hostility to their rule. If a dictator is unable to maintain the support of the inner coalitions, another potential leader will build his own support coalition and take power from the deposed dictator (Bueno de Mesquita et al., 2003). Under situations where the domestic

opposition is informal and diffuse (and therefore uninstitutionalized), dictators face a *Latent Political Opposition*. Latent domestic political opposition can take on three forms.²²

Perhaps most intuitively, dictators face latent domestic political opposition if they *seemingly* face no opposition at all. Because there are always alternative groups trying to gain power (Buono de Mesquita et al., 2003), dictators constantly have to be aware of the potential of latent opposition groups that can undermine the credibility of the dictatorial regime. Since 1980, one of the best examples of a non-democratic regime with little to no domestic political opposition has been the United Arab Emirates (UAE). Although there has often been internal contention among members of the ruling family about who should become the shaykh, or ruler, this dissention has not diffused into the general populace or created domestic discontent. In fact, few citizens outside the government participate in the political process at all: “There are no trade unions, political parties, or popularly elected bodies through which local demands can be articulated” (Long & Reich, 2002).

Similarly, if the dictatorial regime previously defeated its domestic political opposition through civil war and/or other means, the opposition can also be considered latent. Although this form of latent opposition is more salient than when no political opposition exists, the government is unlikely to feel threatened by its presence. Prior to the U.S. led invasion of Iraq, for example, domestic political opposition and dissent were not tolerated under Saddam Hussein’s Ba’thist party. Official parties were prohibited, and members of secret intelligence units and the military severely cracked down on anti-regime activity (Long & Reich, 2002). Similarly, in the late 1970s and early 1980s, Syria’s Ba’thist government faced both minor challenges and serious revolt from anti-government Islamic fundamentalists, led by urban Sunnis. When the fundamentalist opposition failed to receive widespread support in the countryside, the Ba’thist military suppressed the revolt with considerable force. A February 1982 uprising in Hamah marked the last incident between the fundamentalists and the Syrian government. Since the government suppression of the fundamentalist revolts, “no

serious challenge to the regime’s authority has been mounted” (Long & Reich, 2002).²³

Latent domestic political opposition is also present when there is dissent among part of the populace, but the dissenting factions have not yet overcome the collective action problem to establish a formal party or group. In countries with this form of latent political opposition, there is anti-government sentiment among individuals, but it is so diffuse that it is unlikely to affect the government in power. Although there is anti-regime sentiment in Cuba, for example, it is relatively underdeveloped. In effect, the state prevents anti-government leaders from spreading their message throughout the island, in part by disallowing the existence of organizations that are not associated with the state apparatus (Aguirre, 1988). The opposition is “embodied by subcommunities whose ideological voice has not been sufficiently articulated and broadcast inside Cuba” (Aguirre, 1988).

Dictators are unlikely to respond *beneficently* to any of the three forms of latent political opposition because 1) no response is needed because there is effectively no opposition, 2) repression is a fairly cheap tactic and has been working well, or 3) the opposition does not desire concessions at all. Importantly, however, this argument does not preclude dictators from responding *repressively* to latent opposition groups. A dictator can easily satisfy the members of the support coalition (primarily through the provision of private goods (Bueno de Mesquita et al., 2003) and increased repression) without responding beneficently to a threat from a latent political opposition. Regardless of the demands of latent opposition movements, then, dictators are less likely to respond to their demands with concessions than to other types of political opposition.

3.2 Uninstitutionalized Political Opposition

Dictators often allow their domestic political opposition to form into official state-recognized political parties so as to better monitor their activities (Geddes, 2005). Dictators face an *Uninstitutionalized Political Opposition* if a latent opposition group *does* overcome its col-

lective action dilemma and is permitted to mobilize into a formalized party. These political opposition parties are typically well-organized and powerful, but do not participate in the legislative process. There are two types of uninstitutionalized political opposition groups: those that do not have the opportunity to participate in state-sponsored legislatures because the state does not allow them to do so, and those that *choose* not to participate in state-sponsored institutions because they do not think participation will benefit their goals.

Oftentimes, dictators disallow rival political opposition parties from participating in the legislature (and other domestic political institutions) when they believe they are becoming too powerful. In the late 1970s after many years of single party rule, Egypt's Anwar Sadat began the creation of a multiparty political system. Parties were formally created in 1977 after increased commodities prices led to violent clashes between Sadat's Egyptian Arab Socialist Organization and other groups. As the New Wafd Party and the National Progressive Unionist Party became more powerful however, Sadat "clamped down" on these groups and forbid the formation of additional parties: "Sadat, like Nasser before him, wanted to create a political organization but was unable to tolerate the loss of political control that would occur if these 'parties' were to become genuine vehicles for mass participation" (Long & Reich, 2002). The domestic political opposition in Algeria experienced a similar situation. In the late 1980s, formalized constitutional changes allowed for the formation of political parties other than the powerful National Liberation Front (FLN). Local and regional elections were terminated with the FLN became concerned that it would lose a portion of its hegemonic power to opposition parties (Long & Reich, 2002). Algeria thus provides an example of a situation in which the domestic political opposition is uninstitutionalized because the dictatorial regime disallows it from participating in domestic political institutions.

Another type of uninstitutionalized political opposition refuses to participate in state-sponsored legislatures and elections, even if the dictatorial government provides it with the opportunity to do so. Domestic political opposition groups may *choose* not to participate

in state-sponsored institutions. In some situations, opposition leaders may decide that participation in state-created institutions could actually hurt their ability to meet their organizational goals. In June 2008, for example, the Azerbaijani opposition Azadlig bloc made motions to boycott participation in upcoming presidential elections (TrendNews, 2008). In the same month, Zimbabwean opposition candidate Morgan Tsvangirai declined running against incumbent Robert Mugabe in the country's presidential election, citing corruption in the process (CNN, 2008). Political opposition groups may avoid participating in elections and other government-sponsored institutions if they do not believe them to be legitimate and able to further opposition goals. Why engage in a corrupt process if operating outside the constraints of the regime is potentially more beneficial? Most importantly, these opposition groups recognize that small levels of liberalization are not intended to open the regime (Geddes, 2005), but rather the coopt the activities of the political opposition.

Regardless of whether they represent either of these forms, dictators are forced to pay attention to the goals and demands of uninstitutionalized political opposition groups.²⁴ In this case, hardliners and softliners in the dictator's support coalition are likely to require action toward an uninstitutionalized (but still organized) domestic political opposition group. Although dictators prefer to provide public goods prior to liberalization to reduce inequality and the redistributive pressures that strengthen with liberalization (Rudra, 2005), uninstitutionalized opposition movements are unlikely to be silenced by this offering. Because they are not permitted or choose not to participate in the political process as is, they know that the best way to achieve their goals is to seek liberalization rather than increased provision of public goods and services. Regardless of whether they are excluded from the legislative process by the regime or whether they choose not to participate, they want the dictator to engage in liberalization. If they are excluded from the legislature, liberalization is the only beneficent concession that will allow the uninstitutionalized opposition a say in government. If the political opposition chooses not to participate, it is likely because it does not see in-

stitutionalization as a true opening of the political process. Instead, the political opposition may believe that its goals of actual liberalization (rather than mere cooptation) are more likely to be met if they avoid participation in a seemingly corrupt process. As a result, dictators are more likely to respond to the demands of uninstitutionalized opposition with liberalization than they are to other types of domestic political opposition.

3.3 Institutionalized Political Opposition

If an uninstitutionalized domestic political opposition begins to stand for elections and participate in dictatorial legislatures, it becomes an *Institutionalized Political Opposition*. Dictators often allow legislative access to their political opposition in order to appease them outside of public scrutiny (Gandhi & Przeworski, 2006). In short, an institutionalized opposition is a coopted opposition—dictators only allow a institutionalized political opposition so they can better monitor and control their behavior (Gandhi & Przeworski, 2006; Lust-Okar, 1997; Magaloni, 2006). By allowing political opposition groups to have some say in the political process (and providing them with a venue by which to receive rewards), dictators can better control their domestic political opposition. Furthermore, allowing the political opposition to participate in the legislature is not the same as allowing them equal say in the government: “For dictators, legislatures are a good instrument because they are not the inner sanctum of the dictatorship. Most important decisions are made by the dictator or by a narrow clique around him: a royal family council, a military junta, or a party committee” (Gandhi & Przeworski, 2006). For example, Syria prevented its political opposition from organizing in the late 1970s and early 1990s. In 1990, however, the Ba’thist government enlarged the People’s Assembly and allowed individuals representing other political parties to be elected. The powers of the People’s Assembly, however, are limited: “It is, at best, a watchdog that monitors the actions of the prime minister and his government. In theory, the Assembly can withdraw its confidence from a minister or the entire cabinet. In practice,

however, this is not done” (Long & Reich, 2002).

Why would a political opposition group allow itself to be “coopted” by the incumbent government? Even though they are not afforded equal control over the government, many political opposition groups will allow themselves to be “coopted” by the regime if they believe that doing so will allow them to better attain their goals. In Jordan, the Muslim Brotherhood stopped criticizing the regime in public and rallying people to its cause when it was given some say over policy in the legislature. King Hussein’s decision to bring the Muslim Brotherhood into the political process resulted in their demands being announced (and in part met) in within the confines of the existing institutional regime (Gandhi & Przeworski, 2006; Schwedler, 2000) rather than outside the political process.²⁵ Participation in the legislature also allows an institutionalized domestic political opposition to receive public goods and services and other policy concessions that it would be unlikely to receive if it were to remain uninstitutionalized (Gandhi & Przeworski, 2006). Formal legislatures thus provide a means by which political opposition groups who desire to receive policy concessions and other like goods to have an opportunity to do so. Domestic political opposition groups who avoid “cooptation” and remain uninstitutionalized are thus more likely to want liberalization than their institutionalized counterparts, who join legislatures for concessions. As a result, dictators are more likely to respond to institutionalized opposition with increases in goods and services than they are to other types of political opposition.

The aforementioned discussion of three ideal types of domestic political opposition begets three expectations. First, dictators are unlikely to respond to latent political opposition beneficently. Second, dictators respond to uninstitutionalized political opposition (as compared to latent and institutionalized opposition) with increases in liberalization. Finally, dictators respond to institutionalized political opposition (as compared to latent and uninstitutionalized opposition) with increases in public goods and services. But the story is as yet incomplete because dictators do not make decisions in a vacuum. Instead, political and

economic constraints condition the ability of a dictator to respond to his political opposition.

4 Financial Constraints on Dictatorial Concessions

The previous discussion about ideal types of political opposition assumes that dictators can always respond in a manner consistent with political opposition demands. But this is unlikely to be the case in the “real world” because context affects basically all political decision-making (Linz, 1978).²⁶ More specifically, the ability of a dictator to respond to his political opposition may be limited by domestic political and economic constraints. The costs of appeasing softliners and coopting political opposition groups, for example, are different for dictators facing financial hardship than for a dictator not facing economic decline. Furthermore, the cohesion of a dictatorial coalition becomes more tenuous during times of economic downturn; even when softliners would prefer to increase the government provision of public goods to appease institutionalized opposition groups, financial constraints can prevent this course of action (Haggard & Kaufman, 1995). As financial constraints worsen, dictators are less able to afford to increase their provision of economically costly goods and services to an institutionalized domestic political opposition. Because the discussion of political opposition demands predicts that dictators do not respond to latent or uninstitutionalized opposition with increases in goods and services, however, their provision is unaffected by worsening financial constraints. This reasoning leads to my first hypothesis:

***Hypothesis 1:** As financial constraints increase, dictators respond to institutionalized opposition with fewer increases in public goods, but make no changes to the provision of public goods to other types of opposition.*

Under the conditions of domestic financial constraint, dictatorial governments are limited in their ability to increase their preferred provision of public goods to institutionalized

opposition. But the demand of an uninstitutionalized opposition—political liberalization—is not economically costly; as a result, dictators are not limited in their ability to respond in their preferred manner to uninstitutionalized opposition forces. Furthermore, domestic political opposition movements often increase the magnitude of their demands for liberalization when dictators face economic crises (Acemoglu & Robinson, 2000; Dix, 1982; Linz, 1978; Przeworski, 1991; Valenzuela, 1989). As a result, dictators increase their level of liberalization as financial constraints (and the resulting opposition demands) increase. The Hashemite Kingdom of Jordan, for example, liberalized in part because of popular dissent coupled with a decline in oil related revenues in the late 1980s (Brynen, 1992). Similarly, President Kerekou of Benin was forced to liberalize because his dire domestic economic situation prevented making other allowances to his uninstitutionalized opposition (Bratton & van de Walle, 1992). Based upon this discussion, my second hypothesis is as follows:

***Hypothesis 2:** As financial constraints increase, dictators respond to uninstitutionalized opposition with additional increases in liberalization, but make no changes to liberalization for other types of opposition.*

5 Research Design

My empirical analysis is based on time-series cross-sectional (TSCS) data on 116 dictatorships from 1976 to 1996. Past research (Bueno de Mesquita et al., 2003) models increases in the provision of public goods, political liberalization, and repression using separate models. But dictatorial decisions to increase the provision of public goods and liberalization *or* to increase the incidence of repression are related; decisions to change one affect decisions to change the other. Consequently, I model the provision of public goods, liberalization, and repression using simultaneous equation three-stage least squares (3SLS)²⁷ to account for endogeneity in the system of equations:

$$\begin{aligned}
\text{Goods}_t, \text{Liberalization}_t, \text{Repression}_t = & \beta_0 + \beta_1 \text{Inflation}_t & (1) \\
& + \beta_2 \text{Institutionalized Opposition}_t \\
& + \beta_3 \text{Inflation}_t * \text{Institutionalized Opposition}_t \\
& + \beta_4 \text{Uninstitutionalized Opposition}_t \\
& + \beta_5 \text{Inflation}_t * \text{Uninstitutionalized Opposition}_t \\
& + \beta_6 \text{Controls} \\
& + \epsilon
\end{aligned}$$

The dependent variable is measured in three ways. To measure the concept of government provision of goods and services, *Public Goods*, I need an indicator that meets two criteria. First, the measure needs to tap into a good or service that is manipulable by the government. Second, it has to be a good or service that would improve the lot of domestic political opposition groups. Three measures come to mind: education, health care, and primary commodity provision. Unfortunately, measures of government education and health care expenditures are awash with missing data. Although missing data can be imputed if it is missing at random (Honaker et al., 2001, 2003), the data on health and education expenditures is missing in such a way that it is biased against poor, dictatorial countries.²⁸ Primary commodity provision, on the other hand, can be measured using a country's average per capita food supply in calories in a given year (FAOSTAT 2001).²⁹ Importantly, the spatial and temporal coverage of food supply is far superior to that of education or health care expenditures, and it has been previously used as a measure of government provision (Reenock et al., 2007; Sobek & Boehmer, 2008). Furthermore, food supply is especially appropriate as a measure of *Public Goods* as conceptualized here for several additional reasons.

Although food is not a public good *per se*, it allows me to better get at short term dictatorial concessions than more typical public goods. Expenditures on education and health care are unlikely to appease an opposition in the short term because progress may only occur in the long run. Food can also be directed to the individual members of an opposition group rather than the general population, providing an even better account of dictatorial response than typical public goods, which benefit the population as a whole. Finally, one only need look at the current situation in Zimbabwe—where the government is hoarding food, and people are predicating their electoral decisions on whether they can gain a lasting food supply—to see the political importance of food supply (Dugger, 2008).

Liberalization is measured as the level of a dictatorial country's level of empowerment rights from the Cingranelli-Richards (CIRI) Human Rights Dataset (2004). It is an additive index constructed from CIRI's Freedom of Movement, Freedom of Speech, Workers Rights, Political Participation, and Freedom of Religion indicators, and ³⁰ ranges from zero (no government respect for rights) to ten (full government respect for rights).³¹ Although I do not posit hypotheses about repression, I include a measure of *Government Repression* as a dependent variable in the system of equations. The indicator also comes from CIRI and is measured as a dictatorial country's respect for its citizens' physical integrity rights and ranges from zero (no government respect for rights) to eight (full government respect for rights). I reverse the scale such that zero indicates no government repression and eight indicates highest government repression. It is constructed from CIRI's Torture, Extrajudicial Killing, Political Imprisonment, and Disappearance indicators.³² CIRI codes the level of violations in a country based upon Amnesty International and US State Department Country Reports.

There are three explanatory variables of interest in my model: *Inflation*, *Institutionalized Opposition*, and *Noninstitutionalized Opposition*. Dictators experiencing high levels of inflation are at risk of being overthrown and are unlikely to be able to “buy” their way out of a crisis through the provision of economically costly public goods. As a result, I measure

Inflation using data from the World Bank's World Development Indicators (WDI 2005). The rate of inflation is measured as annual percent change in the consumer price index (CPI) and comes from the International Monetary Fund (IMF). I measure *Institutionalized Opposition* and *Uninstitutionalized Opposition* using a disaggregated version of Gandhi and Przeworski's (2006) LPARTY data.³³ *Institutionalized Opposition* is coded "0" if a country has no legislature and coded "1" if a country has a formalized legislature with at least one participating opposition party. *Uninstitutionalized Opposition* is coded "0" if a country has no opposition parties and a "1" if a country has at least one opposition party not meeting in a formal legislature. *Latent Opposition* is the omitted category. It is coded "1" if a country does not have at least one opposition party. I interact *Inflation* with both *Institutionalized Opposition* and *Uninstitutionalized Opposition* in each of my models to see if the effect of inflation on the government provision of public goods, liberalization, and repression varies with the type of domestic political opposition.

Each model contains the same control variables to ensure that the estimated effects of inflation and type of government opposition on the government provision of public goods and state repression are not affected by varying model specifications.³⁴ A dictator's response to increasing inflation and the domestic political opposition may differ depending on the dictatorial leadership structure. For example, military rulers and monarchs rely on fewer people to remain in power than do civilian dictators; as a result they need less cooperation from their general populace than do their civilian counterparts (Gandhi & Przeworski, 2007). Consequently, I include *Civilian Leader* and *Military Leader* dummy variables to control for the type of leader present in a given dictatorship in a given year; *Monarch* is the omitted category (Gandhi & Przeworski, 2006, 2007).

Following Bueno de Mesquita and Smith (2007), I control for wealth effects and scaling across countries. Dictatorial responses to increasing inflation may be dependent on the general level of resources a dictator has at his disposal. For example, wealthier countries

are likely better able to provide public goods to their populations. As such, I include a control variable for *Country Wealth*, measured as a country's gross domestic product (GDP) per capita (WDI 2005). Similarly, a dictator who has unearned revenues at his disposal is likely to be less responsive to his citizenry and less likely to cooperate with his political opposition (Cardoso & Faletto, 1978) than leaders who rely strictly upon tax revenues. *Mineral Resources* is a time-invariant control coded "1" if the average ratio of mineral exports to total exports exceeds fifty percent (Gandhi & Przeworski, 2006). *Foreign Aid*, another source of unearned revenue, is measured as a country's total domestic foreign aid receipts as a percentage of its GDP (WDI 2005). Dictators with larger populations are likely to spend more overall on public goods (and repression) than those leading less populous countries. I measure *Population* as the number of people living in a given country during a given year (WDI 2005). Finally, I also include in my covariates for repression an additional measure, *Conflict*, coded "1" if a country is engaged in either a civil or interstate war in a given year and "0" otherwise (Poe et al., 1999).

A dictator's decision to respond beneficently to his political opposition is related to the decision whether or not to increase the use of repression. It is likely that dictators trade off between these policy options, considering the provision of one when deciding how much to change the other. Because of the endogenous relationships between the dependent variables in my system of equations, I use simultaneous equation three-stage least squares (3SLS) models in which changes in the provision of public goods, liberalization, and state repression are explained as functions of truly exogenous variables and instrumental variables that proxy for endogenous variables.³⁵ Three-stage least squares typically assumes the use of continuous dependent variables. The use of a linear model on non-continuous variables (including my measures of liberalization and state repression) results in standard errors that are dependent on the coefficients. Even with a binary dependent variable, however, the problem is not insurmountable (Aldrich & Nelson, 1984). Furthermore, because I use

a categorical indicator of empowerment rights and physical integrity rights with ten and eight categories, respectively, the problem is less severe than in the case of true binary dependent variables.³⁶ Following Beck and Katz (2004), I report panel-corrected standard errors (PCSEs), a variant of White’s (1980) robust standard errors, clustered on country, because of their consistency in the face of autocorrelation and heteroskedasticity.³⁷

6 Results and Discussion

I predicted that dictators not facing financial constraints respond to uninstitutionalized political opposition with increases in liberalization and to institutionalized political opposition with increases in public goods and services. I also expected dictators facing uninstitutionalized opposition groups to liberalize more as inflation increases; conversely, dictators facing institutionalized opposition were expected to decrease their provision of public goods in the face of increasing inflation. Table 1 below provides the results from a three-stage least squares (3SLS) regression model with three endogenous variables: the government level of goods provision (i.e., calories per capita), the state level of liberalization (i.e., government respect for citizen empowerment rights), and the level of government repression (i.e., lack of government respect for physical integrity rights). Because latent opposition is the base category, the results in the table report dictatorial responses to uninstitutionalized and institutionalized opposition groups as compared to a baseline response to latent opposition.³⁸

Table 1 about here

Although I did not present formal hypotheses about how dictators respond to their political opposition absent financial constraint, the positive and significant coefficient on *Institutionalized Opposition* in the public goods model of Table 1 indicates that dictators significantly increase their provision of calories per capita to institutionalized opposition as compared to latent opposition when they are not facing increases in inflation. Conversely,

the insignificant coefficient on *Uninstitutionalized Opposition* in Table 1 indicates that there is no difference in the provision of public goods for uninstitutionalized opposition groups as compared to latent opposition groups when inflation is held at zero. Furthermore, the liberalization model shown in the second column of Table 1 indicates that dictators respond to both institutionalized and uninstitutionalized opposition groups with significant increases in empowerment rights (as compared to latent political opposition groups) when inflation is held constant at zero.³⁹ These results are in line with my expectations about how dictators respond to their political opposition absent financial constraint.

In my discussion of financial constraints on dictatorial decision-making, I made two predictions: 1) dictators facing institutionalized political opposition decrease their provision of public goods when they face increasing inflation, and 2) dictators facing uninstitutionalized political opposition liberalize more when they face increasing inflation. But the results in Table 1 provide no information about dictatorial responses to different types of political opposition groups as domestic inflation increases (Brambor et al., 2006). In order to better evaluate my hypotheses about the mediating effects of financial constraints, I plot the marginal effect of a change from latent political opposition to institutionalized opposition as inflation increases in Figure 1 below. Figure 1 shows how the marginal effect of a change from latent to institutionalized political opposition calories per capita changes across the range of inflation. The solid line indicates change in the marginal effect of a shift in political opposition, showing that the marginal effect decreases as inflation worsens. However, a shift from latent political opposition to institutionalized political opposition only has a statistically significant effect on calories per capita when the upper and lower bounds of the ninety-five percent confidence interval in Figure 1 do not encompass the zero line. As predicted, I only find a significant marginal effect of moving from latent to institutionalized political opposition at low values of inflation.

Figure 1: Marginal Effect of Moving from Latent to Institutionalized as Inflation Increases

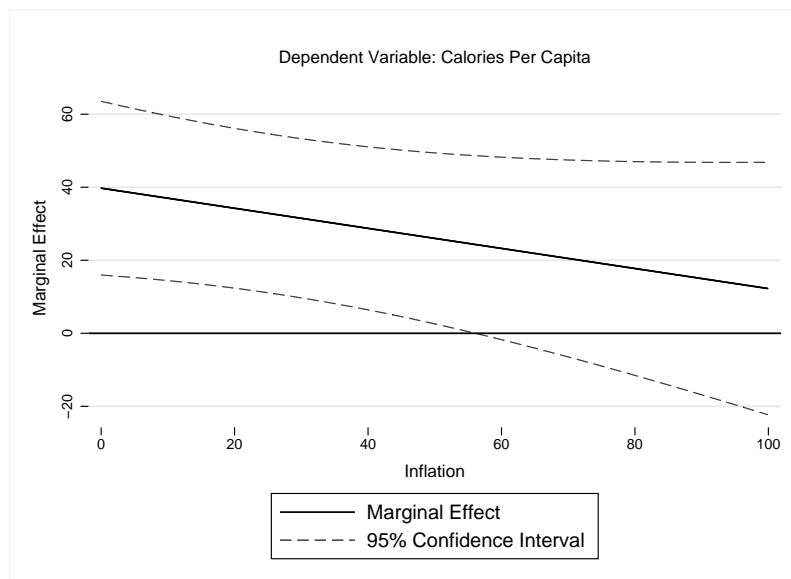
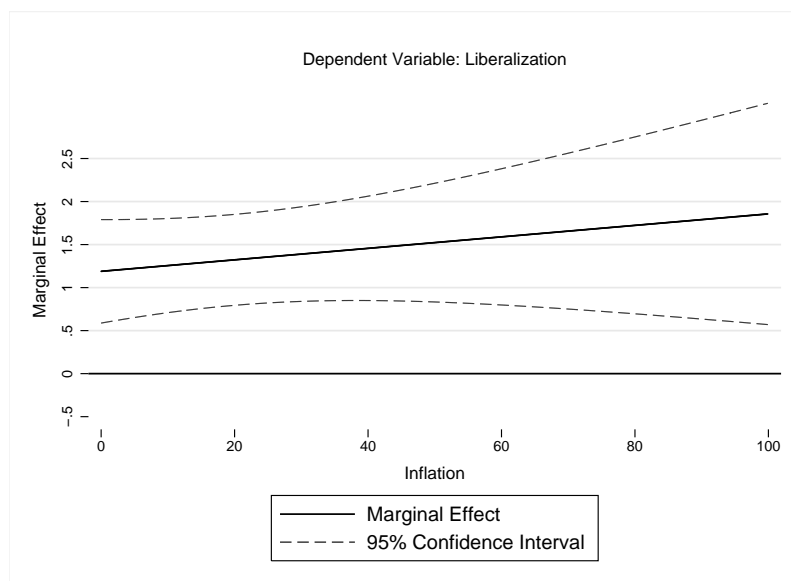


Figure 2 plots the marginal effect of a change from latent political opposition to uninstitutionalized political opposition on liberalization across the range of inflation. It can be interpreted in the same manner as Figure 1 above and provides support for my hypothesis that dictators respond to uninstitutionalized political opposition with increasing liberalization as financial constraints worsen. Although dictators always liberalize when faced with uninstitutionalized opposition (as compared to latent opposition), they increase their level of liberalization when faced with increasing inflation. As financial constraints worsen, then, dictators respond more beneficently to uninstitutionalized political opposition groups (as compared to their latent opposition counterparts).

In sum, sometimes dictators quiet their opposition (and satisfy softliners in their own support coalitions) by responding to political opposition demands beneficently. Because dictators face different types of opposition groups with differing goals and strategies to achieve those goals, they provide increases in public goods to institutionalized opposition groups and increases in liberalization to uninstitutionalized opposition groups. Importantly, however,

Figure 2: Marginal Effect of Moving from Latent to Uninstitutionalized as Inflation Increases



dictators do not make decisions about beneficent responses to their domestic political opposition in a vacuum; they are sometimes forced to operate under financial constraints that limit their available options. When faced with financial constraints, dictators are limited in their ability to increase the state provision of economically costly public goods to appease institutionalized opposition groups, but are able to increase domestic liberalization to appease uninstitutionalized opposition groups.

7 Conclusion

To return to the example outlined in the introduction, Jordan’s King Hussein liberalized when he faced domestic political opposition operating outside of the confines of state-sponsored institutions. Under severe economic crisis since 1983, King Hussein continued to liberalize, culminating with the opening of Parliament and the recognition of political parties (Lust-Okar, 2004). Once his political opposition was coopted into the legislature

(and the economic downturn ended), however, King Hussein responded to its demands with increases in public goods and services.

When dictators respond peacefully to their domestic political opposition, the entire domestic populace often benefits. Whether they respond with increased liberalization or increased public goods provision, the consequences are far-reaching. Liberalization and public goods investment can lead to increased economic growth (Alesina & Perotti, 1994; Barro, 1990, 1997; Knack & Keefer, 1995; Nazmi & Ramirez, 1997). Economic growth is even higher in democracies, however, and liberalization can also increase the likelihood of eventual democratization (Boix, 2003; Haggard & Webb, 1994; Linz & Stepan, 1996; O'Donnell et al., 1986; Mainwaring et al., 1992; Reenock et al., 2007; Schneider, 2004). But the implications of this paper reach beyond the literature on dictatorships, public goods, and liberalization. The typology of political opposition types presented in this paper can be incorporated into the study of other areas of comparative and international politics.

Consider foreign aid. On a basic level, foreign aid increases the level of funding available to recipient regimes (Bueno de Mesquita et al., 2003). Based on this research, how dictators use increased income may be based in part on the composition of their domestic political opposition. Furthermore, depending on the composition of the domestic political opposition, financial constraints can encourage dictators to greater liberalization (or discourage them entirely from public goods provision). The typology of dictatorial political opposition groups presented here could be similarly useful in the area of human rights, where dictatorships are the most egregious violators (Hathaway, 2002). Vreeland (2008) argues that dictatorships with political parties engage in more torture than their counterparts who forbid opposition party formation. Do dictators engage in heightened human rights abuses against one particular type of opposition? Can political opposition groups avoid torture strategically by choosing to form in a particular way? Additional research using the typology presented in this paper could potentially yield insight for scholars interested in these questions.

To close, it is important to note that dictators rarely engage in beneficent responses to the domestic political opposition because they are nice or benevolent. They sometimes respond beneficently, whether through liberalization or increases in public goods and services, because they want to consolidate their hold on power. Interestingly, however, beneficent responses to the political opposition may provide only a short-term fix to a long-term problem. If political opposition groups continue to strengthen, dictators may be undermining the dictatorial regime in the long-term by providing them with concessions in the short-term. Additional research on this topic is necessary to determine the conditions under which the extension of beneficent responses to the political opposition is a wise *long-term* strategy.

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Table 1: Effect of Opposition and Financial Constraints on Public Goods and Liberalization

Regressor	Calories per Capita	Liberalization
<i>Inflation_t</i>	0.27* (0.18)	0.01** (0.02)
<i>Institutionalized Opposition_t</i>	39.75*** (12.14)	0.97*** (0.17)
<i>Inflation * Institutionalized Opposition_t</i>	-0.27* (0.19)	-0.01** (0.00)
<i>Uninstitutionalized Opposition_t</i>	-18.04 (20.71)	1.19*** (0.31)
<i>Inflation * Uninstitutionalized Opposition_t</i>	-0.11 (0.47)	0.01 (0.01)
<i>Dependent Variable_{t-1}</i>	0.93*** (0.01)	0.69*** (0.03)
<i>Country Wealth (In Billions)</i>	0.19* (0.11)	0.00* (0.00)
<i>Population (In Millions)</i>	0.03 (0.04)	0.00*** (0.00)
<i>Mineral Resources</i>	15.09* (10.02)	-0.24* (0.16)
<i>Foreign Aid</i>	-46.62 (38.77)	0.50 (0.61)
<i>Military Leader</i>	-18.91 (13.12)	0.19 (0.21)
<i>Civilian Leader</i>	-42.97*** (14.21)	0.44** (0.22)
<i>Conflict</i>	—	—
<i>Calories per Capita</i>	—	-0.00* (0.00)
<i>Liberalization</i>	-0.74 (2.76)	—
<i>Government Repression</i>	-5.22 (4.14)	-0.20*** (0.06)

NOTES: * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$ (two-tailed). Panel corrected standard errors (clustered on country) from 3SLS are given in parentheses. Results on a constant and using repression as a dependent variable are not reported. Sample size: 116 dictatorial countries from 1976 to 1996. Results on opposition are as compared to a base category of latent opposition.

Notes

¹The country's 1952 Constitution permitted the establishment of political parties, but parties were banned when the Jordanian Parliament was suspended in 1967 Lust-Okar (1997, 2004).

²Although their provision of public goods is lower than that of their democratic counterparts (Brown & Hunter, 1999; Bueno de Mesquita et al., 2003; Lake & Baum, 2001; McGuire & Olson Jr, 1996; Niskanen, 2003; Przeworski et al., 2000), dictators routinely provide some basic level of goods to solidify their rule, discourage political dissent, and encourage economic productivity (Deacon & Saha, 2006; Olson, 2003).

³For a review, see Davenport (2007a).

⁴For a review, see Davenport (2007a).

⁵State repression occurs also more frequently (and is more severe) in countries where unstable politics are pervasive (Fein, 1995; Regan & Henderson, 2002), a situation that occurs in dictatorships.

⁶I define a dictatorial regime as one in which the leader cannot be removed from power through a popular vote Przeworski et al. (2000); Gandhi & Przeworski (2006). This is similar to Huntington's 1991 definition of autocracy, which he defines as any regime in which the general population lacks the institutional capacity to choose its governmental leaders through competitive elections.

⁷Rational politicians form support coalitions that are as large as necessary to retain power (Bueno de Mesquita et al., 2003; Riker, 1962). A more recent body of literature argues that oversized coalitions form in parliamentary democracies (Baron & Diermeier, 2001; Carrubba & Volden, 2000; Crombez, 1996; Lijphart, 1984; Sjölin, 1993; Volden & Carrubba, 2004). Whether the support coalitions formed by dictators are minimal winning or oversized should make little difference to the development of my theoretical argument because one of the reasons we see surplus coalitions is that the size of the winning coalition necessary to stay in power is larger than a bare majority. Oversized coalitions are still as large as necessary, and no larger, to pursue goals of coalition actors. Because the possibility of alternative leadership is the biggest threat to regime stability (Przeworski, 1991), dictators are aware of even latent power struggles within their coalitions.

⁸Public goods are (i) non-excludable — contributors cannot prevent people who did not contribute to the acquisition of the good from consuming it; and (ii) non-rivalrous — consumption by one person does not reduce the consumption of others. Private goods are (i) excludable — only people who contribute to the acquisition of the good benefit from it; and (ii) rivalrous — consumption by one person reduces the consumption of others (Olson, 1965).

⁹Liberalization is “a controlled opening of the political space,” while democratization is “a process that subjects different interests to competition, that institutionalizes uncertainty” Welsh (1994).

¹⁰Coalition hardliners and softliners are not always able to agree, so this can be a challenging task. In Hungary in the 1950s and China in the 1980s, concessions granted to the political opposition by one sect of the ruling alliance led to increased citizen mobilization, which was eventually repressed by other sects of the ruling alliance (Crescenzi, 1999).

¹¹Political leaders do not only respond beneficently to their political opposition for benevolent reasons. Some literature argues that the state is always ready to prey upon society (North, 1990). Even if they are completely unaccountable to electorates and only want to maximize their own rents (Przeworski et al., 2000), dictatorial leaders face incentives to provide at least some provision of goods to spur domestic productivity (provided sufficient time horizons).

¹²In testing the predictions of my model empirically, however, I account for repressive dictatorial responses to the opposition so as to avoid biased inferences.

¹³I employ a broad definition of public goods that includes the provision of general public services.

¹⁴These responses are not mutually exclusive. Dictators can engage in a combination of responses.

¹⁵It is important to note that political opposition movements that seek regime change are not absent from my argument and are included in the discussion of latent political opposition below.

¹⁶Dictators often increase their provision of public goods in the form of increases in food stuffs, better health care, or additional expenditures on education.

¹⁷I focus on the provision of public goods specifically within dictatorships because democracies do not have a policy response equivalent to the dictatorial provision of core public goods—they have already extended democratic freedoms to their populaces and so cannot extend their provision of core public goods in a meaningfully quantifiable way.

¹⁸“Liberalization does not always lead to transition, as the tragic events of Tiananmen Square have reminded us” (Przeworski, 1991).

¹⁹Bueno de Mesquita et al (2003) refers to the goods associated with liberalization as “core public goods.” The majority of these goods are also “coordination goods” because they “critically affect the ability of political opponents to coordinate” (de Mesquita & Downs, 2005).

²⁰Dictators may also invest in democratic institutions not to extend democratic freedoms, but rather to coopt their opposition (Gandhi & Przeworski, 2006); it is likely that, over time, what began as cooption may eventually result in democratization.

²¹I do not assume that all domestic political opposition movements want to form into political parties per se. Many political opposition groups may mobilize against the regime without forming political parties, but

their mobilization is nonetheless subject to the collective action dilemma.

²²I also consider groups that are not interested in gaining concessions to be latent political opposition groups. Al Qaeda, for example, has an opposition presence in many countries. But members of al Qaeda are typically interested only in overthrow of the regime rather than beneficent concessions from the incumbent, and so are considered to be latent for the purposes of this paper.

²³In recent years, however, Syria allowed the formation of political parties and their participation in the People's Assembly (Long & Reich, 2002), a topic upon which I will elaborate below.

²⁴If opposition groups are not permitted to (or choose not to) participate in the political process, they respond with increases in political resistance and mobilization (Dahl, 1971; Franklin, 2002).

²⁵Other examples of dictatorships where the domestic political opposition is institutionalized include Mexico, Nicaragua, Panama, Kenya, Senegal, and Thailand.

²⁶As a result, no unconditional hypotheses were presented in the previous section.

²⁷The use of three stage least squares assumes that the error terms of my three equations are not contemporaneously correlated (i.e. that there are no unobserved variables that simultaneously affect the level of provision of general public goods, core public goods, and state repression).

²⁸Data is less likely to be collected as frequently within poor, dictatorial countries.

²⁹Thanks to Chris Reenock for sharing his data. See Reenock, Berhard, and Nordstrom (2007) for a more detailed description of this variable.

³⁰The CIRI measure correlates highly with other measures of democracy including Polity IV (Marshall & Jaggers, 2006) and Freedom House (2005).

³¹See Aron (2001) for a discussion of the ramifications of switching ordinal indexes into cardinal indexes.

³²Although civil liberties and political terror are ordinal variables, I nonetheless model their provision using typical OLS regression techniques because there is little difference between OLS estimates and ordered logit (or probit) estimates when ordinal variables have a sufficiently high number of categories.

³³Thanks to Jen Gandhi for sharing her data.

³⁴I include one additional covariate, discussed below, in my model of repression.

³⁵Three-stage least squares (3SLS) uses instrumental variables to correct for the fact that endogenous variables are correlated with disturbance terms, violating Gauss-Markov assumptions and leading to biased OLS estimates.

³⁶Following Heckman (1978), I rely on a model that assumes discrete variables to be dependent upon latent probability variables crossing certain thresholds.

³⁷Because of the TSCS data used in this study, I conducted Breusch-Godfrey (BG) tests to test for serial correlation and include a lagged dependent variable in the model. TSCS data is also subject to potential heteroskedasticity because the regression assumption of independent errors is unlikely to hold true.

³⁸Recall that dictators are not expected to respond to latent political opposition groups.

³⁹Note that the positive and significant coefficient on *Institutionalized Opposition* indicates that dictators liberalize in the face of institutionalized opposition as well, but the coefficient on *Uninstitutionalized Opposition* is larger in magnitude. The difference between these coefficients is also positive and significant.