

International Economic Shocks & Redistribution in Autocracies

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Prepared for IPES 2010

Puzzle

How do autocratic regimes
respond to economic crises?

Preview

Exogenous shocks to government revenue – oil prices increases for oil importers – are associated with higher levels of urban bias.



The Power of Proximity

Urban residents – due to proximity to each other and the seat of power – have a greater ability to oust dictators (Bates 1981).

Urban bias is endemic in the developing world.

Short vs. Long Term

Short term:

Cities → Protests → Regime Collapse

Urban bias reduces likelihood of protests.

Long term:

Urban bias → Cities → Protests → Regime Collapse

Urban bias induces migration & danger.

Principal Hypothesis

Economic crisis → fiscal triage

Regimes facing negative shocks to revenue will shift redistributive policy towards *more urban bias*, all else equal.

Data: Universe of Cases

Dictatorships, 1955-2004

Regimes coded by Cheibub and Gandhi 2004 as dictatorships (dichotomous, following Przeworski et al. 2000)

Data: Dependent Variable

Urban bias

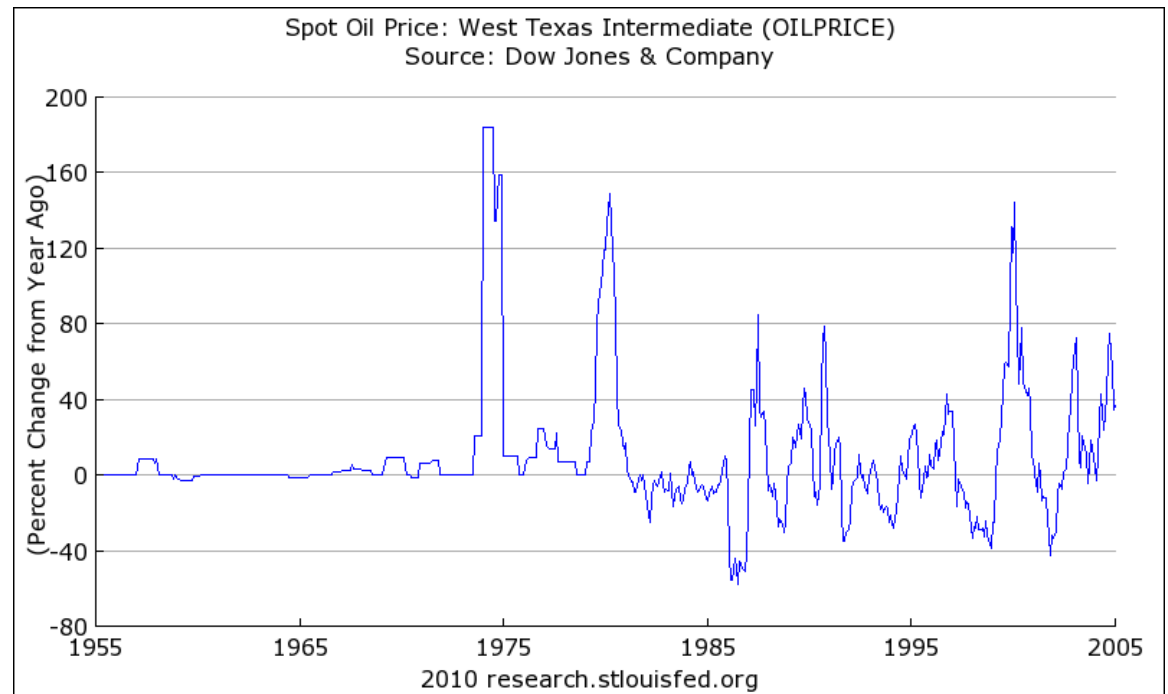
Source: Distortions to Agricultural Incentives

Based on border price differences, domestic market prices, exchange and inflation rates, price distortions for intermediate inputs, and international trading costs, among others.

Data: Independent Variable

Revenue shock: Change in World Oil Price
% change from previous year

Source: St. Louis Federal Reserve



Data: Controls

- Higher GDP per capita → *less* urban bias
- More democratic → *less* urban bias
- More inequality → *more* urban bias
- Larger urban pop. share ?

Table 1: Negative Revenue Shocks Lead to Increased Urban Bias Levels

	Model 1	Model 2	Model 3	Model 4
Lagged DV	0.778*** (0.053)	0.766*** (0.047)		0.769*** (0.047)
Δ Oil Price	0.087*** (0.011)	0.038** (0.028)	0.078*** (0.015)	
Oil Price Spike				2.442*** (0.932)
Oil Price Collapse				1.368 (2.063)
Year		-0.214*** (0.043)	-0.809*** (0.251)	-0.240*** (0.046)
Constant	1.339 (4.267)	12.170*** (1.824)	51.024*** (8.680)	12.897*** (1.846)
Observations	841	841	865	841
Number of Countries	36	36	36	36
R^2	0.668	0.640	0.151	0.638

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Robust standard errors in parentheses

Table 2: Controls Mostly Fail to Explain Urban Bias Levels

	Model 5	Model 6	Model 7	Model 8	Model 9
Lagged DV	0.764*** (0.062)	0.750*** (0.067)	0.727*** (0.063)	0.699*** (0.091)	0.749*** (0.060)
Δ Oil Price	0.064** (0.026)	0.067** (0.028)	0.062*** (0.023)	0.065* (0.033)	0.073** (0.029)
GDP PC		-5.163 (4.670)			
Imputed Polity			-1.850*** (0.447)		
Inequality				0.034 (0.357)	
% Urban					-62.873* (31.526)
Constant	7.611*** (2.684)	46.417 (35.171)	14.670*** (2.459)	6.973 (16.993)	24.030*** (8.046)
Observations	543	543	503	348	543
Number of Countries	31	31	31	28	31
R^2	0.660	0.661	0.665	0.605	0.665

*** p<0.01, ** p<0.05, * p<0.1

Robust standard errors in parentheses

Table 3: Larger Importers Turn More to Urban Bias when Oil Prices Rise

	Model 10	Model 11	Model 12	Model 13
Lagged DV	0.718*** (0.071)	0.720*** (0.070)		
Δ Oil Price*Energy Import Share	0.002** (0.001)	0.002** (0.001)	0.003** (0.001)	0.003*** (0.001)
Δ Oil Price	-0.028 (0.028)			
Energy Import Share	0.061** (0.027)	0.056* (0.029)	0.069 (0.068)	
Imputed Polity				-5.539*** (1.556)
Year	-0.288*** (0.131)	-0.274** (0.123)	-1.169*** (0.314)	-1.062*** (0.195)
Constant	10.293** (3.880)	9.958** (3.651)	43.841*** (5.166)	59.621*** (5.152)
Observations	494	494	502	462
Number of Countries	29	29	29	29
R^2	0.620	0.619	0.236	0.310

Robust standard errors in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Conclusion

Economic crises lead to fiscal triage in autocracies, increasing urban bias.

Further research:

Impact of revenue shocks on other policy dimensions (e.g. repression, military spending)

Impact of different shocks (e.g. leader deaths)

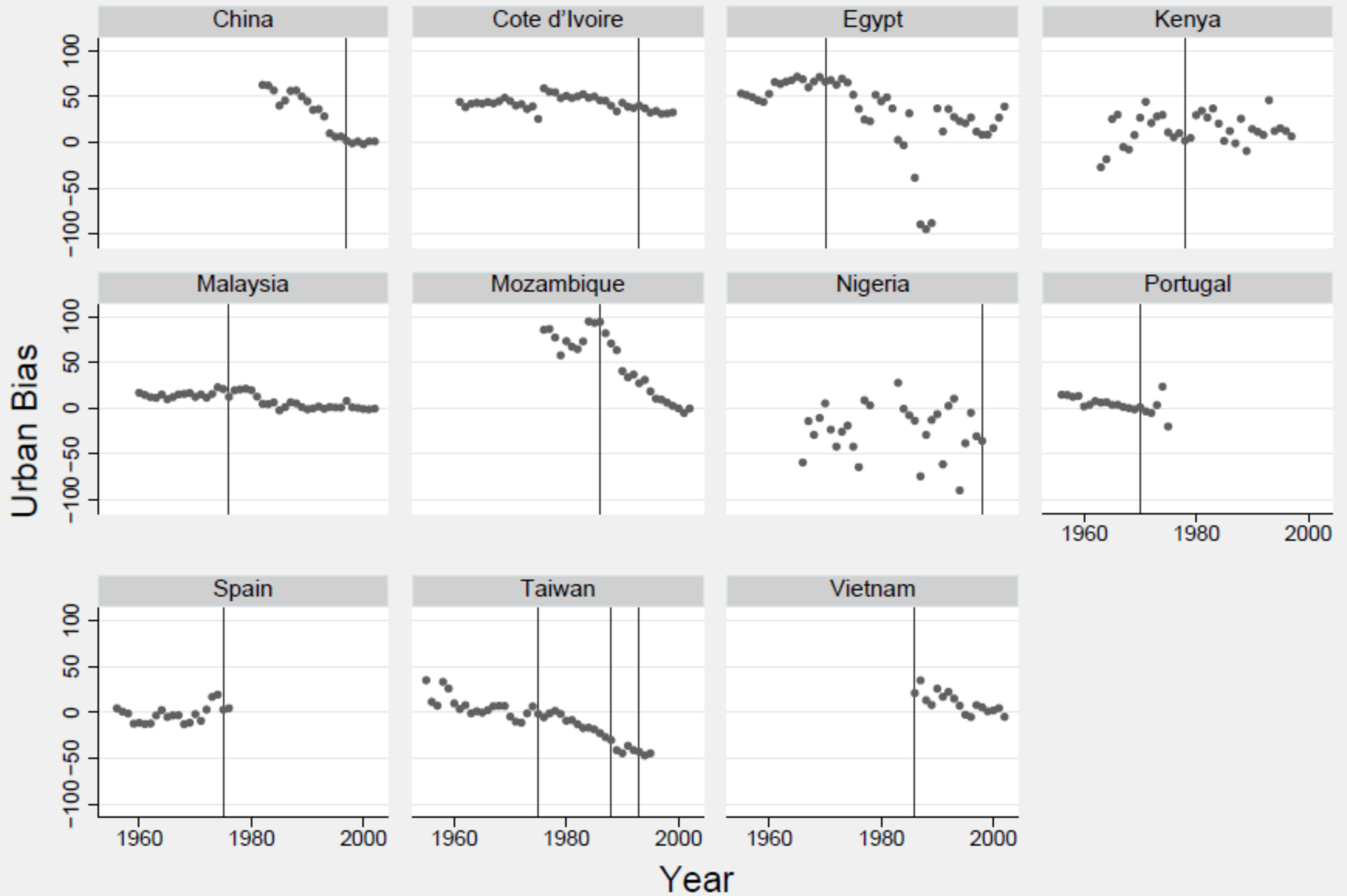
Time Horizon Shocks

The natural deaths of autocratic rulers.

Transitions are difficult for autocracies and are often the source of regime collapse. Deaths represent an exogenous transition and an increased likelihood of near-term collapse.

Data from Archigos 2.9 (Goemans, Gleditsch, Chiozza 2009).

Figure 1: Urban Bias for Countries with Natural Leader Deaths



Graphs by country

Table 4: Changes in Oil Prices Predict Changes in Urban Bias

	Model 1	Model 2
Δ Oil Price	0.128*** (0.038)	
Oil Price Spike		13.543** (5.142)
Constant	-14.636*** (4.739)	-14.636*** (4.739)
Observations	899	899
Number of Countries	37	37
R^2	0.092	0.092

Robust standard errors in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Survival Analysis of Non-Democratic Regimes

Independent Variable	Model 1	Model 2	Model 3	Model 4
Urbanization (range: 0.02 to 1.0)	1.41** 0.72	0.99 0.76	1.92** 0.79	1.92** 0.86
GDP Per Capita (Logged)	-0.34** 0.15	-0.25 0.16	-0.35** 0.15	-0.29* 0.16
Economic Growth (1 Year Lag)		-2.84 1.75		
Monarchy			-1.99** 1.01	-1.74* 1.01
Other			-0.98*** 0.22	-0.91*** 0.22
Single Party			-1.03*** 0.37	-1.01** 0.40
Civil War				0.71*** 0.22
Observations	2758	2624	2758	2673

Note: Cox proportional hazard model run in R 2.5.1. Coefficients in boldface, standard errors below.
 * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Autocratic Politics

Fascinating

Under-studied

Opaque [what we have studied cross-nationally,
with some exceptions, is visible – type of
leader; survival of regime]

Policies rarely move

when they do, endogeneity rears its head

Exogenous Shocks

Advantages to the researcher:

1. Shocks often overcome inertia
2. Identification problems reduced

Problem: Difficulty studying autocratic politics and policy choices

Solution: exogenous shocks.

Requires: DV – cross-national, comparable policy data; IV – shocks

This Paper

Overcomes these roadblocks.

1. It uses a new World Bank dataset on Distortions to Agricultural Incentives as a measure of urban bias.
2. Two kinds of exogenous shocks – one to revenue and one to time horizons of autocratic regimes – to adjudicate between these two potential explanations for shifts away from UB.

World Bank Distortions to Agricultural Incentives

DV: Urban Bias

Distortions are measured on a per-crop basis for each country-year and then are aggregated up to national level estimates.

Based on: border price differences, domestic market prices, exchange and inflation rates, price distortions for intermediate inputs, and international trading costs, among others.

Two measures: (1) Nominal Rate of Assistance (NRA) and
(2) Relative Rate of Assistance (RRA)

Both measure support of ag, so I transform RRA and NRA into measures of Urban Bias by multiplying them by -100.