DICTATORSHIP

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The literature which takes a public choice approach to dictatorship, largely barren before 1990 except for North's (1981) model of the monarchy and Tullock's *Autocracy* (1987) is now growing and may be entering a period of prosperity. This survey focusses on the most recent literature, and on three questions in particular: (1)The behaviour of dictators, including the the strategies dictators use to stay in power; (2) The relative efficiency of dictatorship: Which is better, dictatorship or democracy, in promoting economic growth and efficiency?; and (3) What policies should the democracies adopt to deal with dictatorships if they are interested in promoting freedom?

1. THE BEHAVIOR OF DICTATORS

a) The Dictator's Dilemma

The standard view of the difference between democracy and dictatorship in political science (eg, Friedrich and Brzezinski (1965)) is that dictators can use the tool of repression to stay in power. Thus dictators typically impose restrictions on the rights of citizens to criticize the government, restrictions on the freedom of the press, restrictions on the rights of opposition parties to campaign against the government, or, as is common under totalitarian dictatorship, simply prohibit groups, associations, or political parties opposed to the government. To be effective, these restrictions must be accompanied by monitoring of the population, and by sanctions for disobedience. The existence of a political police force and of extremely severe sanctions for expressing and especially for organizing opposition to the government such as imprisonment, internment in mental hospitals, torture and execution are the hallmark of dictatorships of all stripes.

However, the use of repression creates a problem for the autocrat. This is the Dictator's

Dilemma (Wintrobe (1990, 1998)--the problem facing any ruler of knowing how much support

he has among the general population, as well as among smaller groups with the power to depose

him. The use of repression of course breeds fear on the part of a dictator's subjects, and this fear

breeds a reluctance on the part of the citizenry to signal displeasure with the dictator's policies.

This fear on their part in turn breeds fear *on the part of the dictator*, since, not knowing what the

population thinks of his policies, he has no way of knowing what they are thinking and planning,

and of course he suspects that what they are thinking and planning is his assassination. The

problem is magnified the more the dictator rules by repression, i.e., through fear. The more his

repressive apparatus stifles dissent and criticism, the less he knows how much support he really

has among the population.

From a theoretical point of view, the Dictator's Dilemma originates from the lack of an

enforcement mechanism in politics. It is advantageous for the dictator to "buy off" some of his

constituents, especially those who may be too powerful to repress, and those whose demands are

easily satisfied. So a simple trade of rents or policies for support would solve the dictator's

dilemma, and also allow his subjects to rest easily. But there is no mechanism analogous to legal

contractual enforcement which would enforce this trade. Another way to put it is that the dictator

and his subjects have a mutual *signalling* problem. In general, the easiest way to overcome the

problem of obtaining support is to "overpay" supporters, that is, to pay them more than they are

worth by distributing rents to them. The support of workers can be obtained through paying them

excessive wages, of capitalists by giving them monopoly privileges, of particular regions by

locating manufacturing facilities in places where they don't really belong but where they are

politically valuable, of ethnic groups by giving them special privileges and so on. Of course,

similar practises are widespread in democracy where they are known as "pork barrel politics."

They are often decried as a failure of democracy. But if democracy may be likened to a pork

barrel, the typical dictatorship is a temple of pork!! That is, these practises appear to be much

more widespread under dictatorship than under democracy.

In sum, while there is always a class of people who are repressed under a dictatorship, there is also, in any successful dictatorship, another class--*the overpaid*. As far as the people in the middle are concerned, the sad thing is that they can side with either group. The general population may be repressed in that their civil liberties may be taken away, but other aspects of the regime may compensate for this as far as they are concerned.

However, *the use of repression doesn't mean that dictators aren't popular.* Indeed, it sometimes appears from the historical record that the more repressive they were, the more popular they became! All the evidence indicates that Hitler was very popular. Communism was *popular* at one time; when it became unpopular, the regimes fell. Reports in the newspapers suggest that Castro and Saddam Hussein were often popular with their peoples[1].

That dictatorships use two instruments--repression and loyalty or popularity--to stay in power suggests a useful classification of regimes. Four types can be distinguished: tinpots (low repression and loyalty), tyrants (high repression, low loyalty), totalitarians (high levels of both), and timocrats (low repression, high loyalty). Thus, totalitarian regimes combine high repression with a capacity to generate loyalty. Under tyranny, the regime stays in power through high repression alone and loyalty is low. A tinpot regime is low on both counts. And timocracy implies that loyalty is high even at low levels of repression. These four types or *images* have tended to recur over and over in the literature on dictatorship[2].

This classification may be thought of in three ways. On one level, the regimes simply represent different combinations of the variables loyalty and repression. However, the classification also illuminates behaviour, because *the regimes differ in their response to economic change.* Suppose, for example, that there is an increase in economic growth which raises the dictator's popularity. Tinpots and timocrats both respond to an increase in popularity by

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[1] See for example, John Deutsch, "Options: Good and Bad Ways To Get Rid of Saddam", *Hte New York Herald Tribune,* February 24, 1999, p. 8 on Saddam Hussein's popularity.

[2] For details, see Wintrobe (1998), Chapter 1.

lowering the level of repression; tyrants and totalitarians, by raising it.

A third way to think about the regimes is that they simply represent different solutions (levels of repression and loyal support) to the same general model. Thus, assume that all dictators have the same utility function, where the arguments are consumption (*C*) and power (π) .

(1) $U = U(\pi, C)$

Power may be desired either for its own sake, or because dictators wish to impose their ideas of the common good on society[3]. The tinpot ruler represents the special or "corner" solution where the sole aim is to maximize consumption. On the other hand, the leaders of tyrannies and totalitarian regimes represent the opposite extreme of dictators who maximize power. Finally, timocracy[4] represents the case of benevolent dictatorship, where the dictator's objective is the welfare of its people. While many if not all dictators profess this objective, it is hard to think of

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[3]The model does not distinguish between the desire for power for its own sake (as an end in itself) and the desire for power as a means to implement some other objective, eg, in order to implement some personal or party preference as government policy. Bernholz (2001, discussed further below) stresses that dictators pursue power in order to implement a vision of society, eg, Nazism with respect to racial objectives or communism with respect to equality. Wittman emphasized the same point with respect to politicians in a democracy: that they are interested in ideological objectives as well as being elected (Wittman (1983)). In my book I did not rule out other objectives for dictators besides power and consumption, but I tried to see how far one could go with this simple and basic public choice perspective. Of course, sometimes an ideology interferes with the pursuit of power; this could be incorporated into the model in the same way as consumption benefits already are. However, ideology is in part a tool (often incorporated in propaganda) to accumulate power, so the pursuit of power and that of an ideological objective are often difficult to distinguish in practise.

[4]The Greek root of timocracy is *Thymos*- to love. The term is borrowed from Plato's *Republic.*

an instance where it explains much about their behaviour[5].

Combining this utility function with a constraint which shows how money can be converted into power and power into money provides an illuminating explanation of the limits to a dictator's power. Totalitarian dictators in particular appeared to maximize the control of the state over the individual. For example in Nazi Germany, one official suggested that "the only time an individual has a private life is when he is asleep." What limits a dictator's pursuit of power? it would be arbitrary to specify that the dictator's power is limited by a revenue - maximizing tax. For, so long as the dictator has sufficient power, he can raise more funds by imposing new tax bases and by finding other ways to raise money.[1] In short, if there is no limit to his power, there is no limit to his resources either. And *vice versa*. In the end, the constraint on his behavior does not arise from an artificially fixed budget, nor from arbitrary limits to his power, but from the ultimately diminishing possibilities of transforming money into power and *vice versa*. So the limits to budgetary resources and to power must be simultaneously determined.

More precisely, the dictator is constrained in two ways. The first constraint--the costs of accumulating power--is governed by the political institutions of the regime, and the second--the capacity to use his power to increase revenue--by the dictator's economy. These constraints are combined in equation

(2) $\qquad B(\pi) = P_\pi \ \pi(B\text{-}C) + C.$

The left-hand side of the constraint (2) shows the dictator's budget *B* as a function of power (π), i.e., it shows how the dictator's power may be used (through taxation, regulation or

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[5]In my book I suggest the example of the Age of the Antonines, following Gibbon's description of this time as "the happiest the world has ever known", in his *Decline and Fall of the Roman Empire* (1981).

the provision of public goods) to obtain budgetary resources. The right-hand side shows how the

funds are "spent": either on consumption, C, or accumulating power π via the money-to-power

relation $\pi(B\text{-}C)$, with each unit of π multiplied by P_π--the "price" of power in terms of money.

The solution (first-order conditions) may be obtained by choosing π and C to maximize

(1) subject to the constraint (2). Rearranging terms, it is expressed simply as

$$(3) \qquad \frac{U_c}{U_\pi} = \frac{1}{P_\pi(1 - \frac{1}{\epsilon^\pi}) - B_\pi}.$$

Equation (3) displays in a particularly transparent way the elements that enter into the

dictator's calculus---the marginal costs of accumulating power $P_\pi(1 - \frac{1}{\epsilon^\pi})$,

where $\epsilon^\pi = \dfrac{\partial \pi}{\partial P_\pi} \dfrac{P_\pi}{\pi} > 0,$ is the elasticity of π with respect to its price; the marginal effect of

power on the dictator's budget (B_π), and U_C/U_π--the dictator's preferences for power vs.

consumption.

The first term (P_π) is governed by the dictator's political apparatus for building

loyalty and for repression and the productivity of these instruments in producing power. The

second (B_π) shows what the exercise of power does to the dictator's budget via its effects on the economy, e.g., its effects on economic growth, economic efficiency, and the capacity to implement taxes. Sometimes (for example if power is used to provide a public input, or to raise or implement taxes) the exercise of state power will raise revenue, i.e., $B_\pi > 0$. Sometimes (for example if power is used to impose inefficient regulation on industry) power will lower state revenue ($B_\pi < 0$). The third factor (U_C/U_π) simply represents the dictator's preferences between consumption and power. Sometimes one can see some of the factors at work moulding these preferences--e.g., how Party organization or the nature of the dictator's support can drive him in the direction of maximizing power. But, perhaps more than any other political or economic agent, political dictators have some freedom to put their stamp on society.

This equilibrium provides the limit to power. At the equilibrium, the dictator cannot obtain more power (its marginal cost in money is larger than the extra power required to support this budget) and cannot obtain more revenue (the power required to do so is larger than the revenue necessary to support this level of power). Note the simultaneous equilibrium of money and power.

In turn the model also simulaneously determines the dictator's consumption, equilibrium level of repression and loyal support. So this model of a utility maximizing dictator can be put together with various types of economic system (communist, apartheid, capitalist-authoritarian, etc. each of which contain values of B_π, ϵ_π and P_π) to derive implications about the behaviour of different regimes-- comparative static changes in Π and B, as well as in levels of repression, loyalty, etc. Put differently, the three elements in equation (3), determine the nature of the dictatorship--whether the regime resembles more closely that of a tinpot, totalitarian, tyrant, or timocrat.

As far as the economy is concerned, what turns out to be crucial is not whether the dictator's intervention helps or hurts the economy on the whole, but the effects of *marginal*

(further) interventions on economic growth, efficiency, or the dictator's budget. If this marginal effect (B_π) is positive, whether the total effect is positive or negative within a considerable range, the dictator will tend to be oriented more towards power rather than consumption. On the other hand, if the use of power tends to retard growth and other dimensions of economic efficiency rather than favoring it, the dictator tends to be a tinpot. So the marginal economic effects of the dictator's power helps to determine whether the dictator is tinpot, totalitarian or tyrant.

Winer and Islam (2001) test Wintrobe's theory of non-democratic regimes using a large sample of both non-democratic and democratic countries. Some additional hypotheses about the differences between democratic and non-democratic countries suggested but not explicitly considered by Wintrobe are also considered. The results indicate clearly that the relationship between an index of civil and political freedoms and economic growth varies substantially across all regime types. Other aspects of the theory are partially confirmed. In particular, positive growth leads to a reduction in the degree of freedom in totalitarian regimes (that attempt to maximize power), and negative growth (falling levels of per capita real income) appears to reduce freedom in tinpot regimes (that just attempt to maintain power), as predicted by the Wintrobe theory. On the other hand, positive growth in tinpots and negative growth in totalitarians also reduces freedom, contrary to the theory, although in the case of tinpots, the absolute value of the effect on the index of freedom appears to be bigger for negative than for positive growth, as predicted by Wintrobe's model. Some results concerning differences across regimes in the effect of schooling on freedom are also provided.

b) New work on repression: dynamics, ideology and genocide

The theory of repression has been extended by Philip Verwimp (2001), who attempts to understand the behaviour of the Habyarimana regime in Rwanda, and in particular to

explain the origins of the tragic genocide that took place there. The paper applies Wintrobe's model in a new way (by using the price of coffee as an index of the capacity of a dictatorial regime to generate loyalty) and it extends the model to explain genocide. Verwimp suggests that the Habyarimana regime, frustrated by its loss of power, attempted to split the population along ethnic lines and set one group against the other, culminating in rewarding Hutus for the extermination of Tutsis. Thus the genocide is interpreted as the attempt by the regime to remain in power by accentuating the ethnic split the population into two groups, ultimately singling out one for extermination by the other.

Spagat (2001) studies the optimal strategy for a dictator hanging onto power by choosing how much repression to apply in every period. State variables are the amount of ``hate'' and ``fear'' in society which are both increasing in the amount of repression from the previous period. Hate, fear and a random shock determine the quantity of repression required for the dictator to survive. They show that in every period there are only two possible optimal choices: the minimal repression necessary to retain power (``no demonstration'') or the maximum possible repression (``demonstration''). The state space can be divided into two regions separated by an increasing function such that ``no demonstration'' is optimal in one and ``demonstration'' in the other. Under some conditions the opportunity for international borrowing makes demonstration optimal when it would not have been without this option.

Bernholz (2001) develops a model of the evolution of totalitarian regimes. In the model there are " believers" who are convinced that others have to be converted to the supreme values of their ideology for their well-being and, possibly, enemies of their creed whose presence is obnoxious to them. Believers spend resources on winning new converts and to win the secular power of the state. Whether they succeed in this endeavour depends on the costs of converting new believers and on the amount of resources they are prepared to

spend for this purpose, given their incomes and their propensity to consume. Their chances of success are greater if a crisis occurs, an event which is usually outside of their control. Once secular power has been secured, the resources of the state can be used to win more converts, to drive into exile or to kill inconvertibles and to try to reach the imperialistic aims implied by the ideology. If the latter is not the case, the regime may turn into a mature "ideocracy" after having reached its domestic aims. This would for instance be the case, if all inconvertibles had been removed and all the other population been converted. In this case no further terror and (or) repressions characteristic of totalitarian regimes are required. If the ideology implies ambitious imperialistic aims, for instance the conversion of all people on earth (except for inconvertibles) or the domination of the whole globe by the believers, it is highly probable that these aims cannot be reached. As a consequence either a war is lost and this leads to the removal of the totalitarian regime, or the ends have to be adapted to maintain the credibility of the ideology. But then the totalitarian state may again turn into a mature ideocracy, if the ideology has been reinterpreted to remove its unrealistic imperialistic aims. Or the change of the ideology weakens the regime in a way that it loses its proselytizing character altogether, and turns into an ordinary autocratic regime.

c) The Irony of Absolutist Monarchy

Another important analysis of the limits on the power of dictatorship is provided by the "irony of absolutism." The problem is described in a series of works by North, Weingast, Root and others [e.g., North (1981), North and Weingast (1989), Root (1994)]. In North's (1981) model of the monarchy, the King maximizes revenue, and the central problem is that the structure of property rights which is appropriate for this purpose is not usually that which is efficient from the economic point of view. More subtly, there is a tradeoff between power and revenue. As Root describes the "Irony of Absolutism", absolute power gave the King the capacity to repudiate

debts, but

> "Creditors took into account the king's reputation for repudiating debts and therefore demanded higher interest rates than would otherwise have been needed to elicit loans. Actually, *because he was above the law, the king had to pay more for loanable funds than did his wealthy subjects.* In short, the Crown had a problem asserting its credit because it had a history of reneging on commitments. [Italics added.][6]

North and Weingast suggest that this problem gave rise to the Glorious Revolution in England, in which power over the Treasury was devolved on Parliament. In this way the King could credibly commit to repay. No such devolution of power occurred in France. The result was that the English King solved the problem of how to raise funds and could finance his army and other expenditures while the French King did not, leading to the chronic shortage of revenue that was one of the factors leading to the French revolution[7].

Congelton (2000) extends this analysis by pointing out that all kings share power. He suggests a generalized template, "King and Council" for looking at these issues. In practice one rarely observes pure forms of dictatorship that lack a council, or pure forms of parliament that lack an executive. Generally government policies emerge from organizations that combine an executive branch of government, "the king," with a cabinet or parliamentary branch, "the council." Congleton provides an explanation for this regularity: The bipolar "king and council" constitutional template has a number of properties which give it great practical efficiency as a method of information processing and collective choice. First, a

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[6]Root (1994), p. 177.

[7]Note that the irony of absolutism is already incorporated into equation (3) above: it means that $B_\pi < 0$, i.e, that an increase in the autocrat's power π reduces budgetary revenue B. Presumably this would be true at high levels of π.

council generally has a wider array of direct experience and/or knowledge than

the king does, and therefore is in position to be a better estimator of "policy consequences"

than the king alone tends to be. Second, a bipolar design can reduce losses from conflict in

cases where significant power centers other than the king exist. Third, a king and council

template which provides agenda control to the king, tends to reduce the extent to which

majoritarian cycles may arise in the council. Fourth, the king and council templates allow

gradual evolutionary shifts of power between the executive and parliament as circumstances

change without the necessity of violent conflict. Insofar as a form of majority rule is used by

the council and is stable, the recommendations of council tend to be both robust as estimators

and moderate in their policy recommendations.

2.   GROWTH AND ECONOMIC EFFICIENCY UNDER DICTATORSHIP

There has been a lot of research asking the question, which is better for the economy,

democracy or dictatorship? The answer is complex, mainly because the economic systems under

autocracies vary so much. Those who believe there is some simple formula for distinguishing the

economy of dictatorship from that of democracy should compare, for example, the economies of

Nazi Germany, Apartheid South Africa, Papa Doc's Haiti, Pinochet's Chile and the Former Soviet

Union.

a)   Democratic Inaction

One general proposition which is true of all these systems is that dictators have a greater

capacity for *action*, good or bad. If a dictator wishes to raise taxes, declare war, or take tough

measures vs. crime, he may have to deal with some opposition to these policies among his advisers, but by and large he can do so. Democracies, on the other hand are often mired in *inaction*[8]. The basic reason is that democratic leaders can only act when they can build support for their policies and there may be no consensus as to what to do. Even on problems where there is agreement that something should be done, there may be no agreement on *what* should be done. In extreme cases, the political system of a democratic country may become paralyzed by conflicts or opposing viewpoints[9]. In these circumstances, politicians often prefer to do nothing, to shroud ,their positions in ambiguity, or to pretend to be on all sides of an issue. The result is that the population can become cynical, and lose trust in the promises of any politician. This can set in motion a downward spiral, since the more this happens and trust is lost, the harder it becomes for politicians to do something by forging a compromise. This is more likely to happen when the pressures for political action on an issue are particularly conflicting, when positions are far apart, when issues are particularly divisive, when the population is divided along racial or ethnic lines, and when there is relatively little trust in politicians by the citizens.[10]

b)   Economic Growth and Efficiency

   i)   introduction

Some new theorizing and empirical work compares the economic performance of democracies and dictatorships directly. A convenient place to start is Barro≈s empirical work

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[8]Some formal conditions for the existence of equilibrium inaction, as well as the circumstances under which this is inefficient, are discussed in Howitt and Wintrobe (1995) and in Wintrobe (1998), chapter 11.

[9]There is a large literature in political science which associates the historical breakdown of democracy in various countries with precisely these variables: inaction, lack of credibility, and their mutually reinforcing effects (for details and references see Wintrobe (1998), chapter 13).

[10]See e.g., Huntington (1976) or Sartori (1976).

(1996a and b)).   Barro stresses the advantages of dictatorship, which are that it controls rent seeking and other redistributory pressures , i.e. the autocrat, unlike the democratic politician, is capable of shutting down or simply ignoring the redistributory demands of interest groups characteristic of democracy (Barro (1996b), p. 2). His empirical work suggests that more democracy raises growth at low levels of political freedom but depresses growth when a moderate amount of freedom has already been attained.. However, the effect of an increase in political freedom on economic growth is not very large and the overall effect Anot statistically different from zero@ (Barro (1996b), p. 6). Barro's results are only obtained once certain variables are held constant, including free markets, the rule of law, and small government consumption. So, really, again, only certain *kinds* of dictatorship are being discussed. The paper also, finds, perhaps surprisingly, that democracy does not necessarily promote the rule of law.

Przeworski et al. (2000) find that basically there is no difference between the rates of growth in dictatorships vs democracies in their comprehensive examination of the performance of these two kinds of regimes in 141 countries over the 40 years or so after the second world war. But the same study confirms the importance of politics on economic growth. They show that changes in office (political instability) and other forms of unrest such as strikes, demonstrations and riots reduce economic growth substantially under dictatorship, whereas while these are more frequent under democracy they do not cause a reduction in the rate of growth there (Przeworski *et.al.* (2000) pp. 192-3).

Sen (1999) calls the general idea that dictatorship is better suited to economic development than democracy the Lee thesis, after Lee Kwan Yew, the autocratic but economic efficiency-minded ruler of Singapore for many years. Sen raises many questions about Lee=s ideas and suggests instead that democracy is intrinsically important to the process

of development. In particular, Sen=s observation that famines only seem to occur under

dictatorship is provocative. However, no general theoretical model is presented which

compares democracy with dictatorship.

ii) the predatory state

The most prominent theoretical idea in this literature is undoubtedly Olson's concept

of an autocrat as a "stationary bandit"– at one point he refers to it as "the other invisible

hand"–that guides rulers to use their power to at least some extent in the public interest. In

his (2000) book, this concept is approached through a criminal metaphor. Each theft reduces

the wealth of society and therefore the amount available for the thief to steal. Does this lead

the thief to curtail his activity, in order to preserve the wealth of his prey? For the typical

criminal, the answer is "no" because his interest is too narrow. The wealth of the society on

which he preys is like a public good to the typical small scale criminal, his effort to preserve

it would have only a minuscule effect, and so he is better off free riding. rather than

attempting to conserve it. On the other hand, the Mafia and other criminal organizations

which have a monopoly on crime in their area, do have a sufficiently *encompassing* interest

to take the effects of their thefts on the wealth of society as a whole. Thus, Olson asserts,

they typically do not steal at all but engage in protection instead, charging the citizens a fee to

ensure the safety of their victims both from others and from the protectors themselves.

This criminal metaphor then becomes the foundation for the origins of government.

The logic is the same as that just outlined with respect to government by a "roving" vs that

by a "stationary" bandit: the stationary bandit, unlike the roving one, has an encompassing

interest in preserving the wealth of the society from which he steals, and therefore limits his

"theft" (taxes) and even provides public goods-- both to the point where the marginal benefit

to him is sufficient to account for his costs in terms of foregone income. The history of the

forms of government is then simple to derive: autocracy (the stationary bandit) arises out of

anarchy as the bandit(s) with the greatest capacity for violence take over the area and

substitutes an encompassing for a narrow interest; democracy arises out of dictatorship when

autocracy is overthrown and none of the individuals or leaders involved in the coup has

sufficient power to make themselves autocrats.

In the end, just two variables are necessary to compare and analyze governments:

  i) how encompassing (breadth of self interest) is the interest of the ruler

  ii) how long (time horizon)is his interest.

Thus, in the same way that dictatorship is superior to anarchy because the dictator has

an encompassing interest in the society he rules, so democracy is superior to dictatorship

because democratic majorities are more encompassing than the interest of the dictator.

Secondly, dictators or democracies with long time horizons have more of an interest in

preserving or enhancing the wealth of the society they rule than those who rule only for the

short term.

Some evidence is presented in Keefer, Knack and Olson (1996), who argue that any

incentive an autocrat has to respect property rights comes from his interest in future tax

collections and national income and increases with his planning horizon. They find an

empirical relationship between property and contract rights and an autocrat's time in power.

So, comparing dictatorships, the basic implication is, the more encompassing, the

better. Political scientists indeed have a classification that appears to match this: between

"mobilizational" regimes which encourage political participation among the ruled and

regimes which simply try to stamp out opposition.   The problem with Olson's analysis is

that, comparing dictatorships, the worst regimes in human history appear to be precisely those such as Nazi Germany, Soviet Russia, or Cambodia which appear to have been the most encompassing. The reason is simple: it was those regimes which wanted to remold the citizens and the societies under their rule and therefore intervened most dramatically and thoroughly into the lives of their citizens. Whether it is their brutal treatment of minorities or their record on the environment, it is an understatement to suggest that the historical record of these regimes offers little that is to be admired. So the theory appears to be capable, not just of misleading with respect to the understanding of autocratic regimes, but of "getting it wrong" in a spectacular fashion.

The same problem appears with respect to the second variable, the time horizon of the dictator. In Olson's model, the longer the time horizon, the better, i.e., the more the dictator tends to rule in the social interest . But regimes with a long time horizon have been precisely those in which the leaders had a tighter grip on power, and hence were more capable of molding the society and the individuals within it, i.e, the mobilizational regimes just discussed. Those where the regime is just interested in looting the society typically have a shorter time horizon.

In short, from the point of view of citizens of these regimes, or more specifically from that of the peasants under Stalin, the Jews under Hitler, the blacks in South Africa, and so on, it would no doubt have been better if their bandits had been less stationary!

The alleged superiority of dictatorship over anarchy is also challenged in a major article by Moselle and Polak (2001) .In their model, the existence of a state can result in lower levels of both output and welfare than would occur under anarchy. This occurs if the state is "predatory" in the sense that the rulers extract taxes from the population for their own ends. In this framework, even a weak state can be bad for output and welfare and that a

"corrupt" state that makes side deals with bandits can be especially bad.

Perhaps the most basic problem with Olson's framework is, I suspect, the lack of emphasis on competition.   Once the struggle for power is assumed away, many of the most interesting aspects of the behaviour of dictators become idiosyncratic features of their preferences, and hence largely unpredictable, instead of being derived from the principle of competition.   Thus the wars among the monarchies, etc are all aspects of "princely consumption." And how would the model explain Stalin's war against the peasantry, Hitler's treatment of the Jews, and the persecution of minorities in other dictatorships? On the bandit model, the only way to understand these forms of behaviour is that dictators have some monopoly power, and that they use this power to implement their preferences which happen to be weird preferences.   The reason for this is that the model does not deal with the competitive struggle to acquire and maintain dictatorial powers. So the behaviour of the dictator cannot be understood as motivated by competition or survival in office but simply as consumption.

Two other contributions address the problem of why some dictatorships , most notably regimes in East Asia and Chile, appear to be pro-growth while in others the autocrat is "predatory" and simply plunders the economy. Robinson (1997) argues that the likelihood of predatroy behaviour may be positively related to the extent to which a regime is encompassing and values the future. He develps a model in which whether or not a state is predatory hinges on the relationship between development and the distribution of political power. Development is typically inconsistent with the preservation of the political status quo and this gives those in power an incentive to oppose it. Predatory behaviour is also more likely the lower the level of income and the more unequal the society. To put it bluntly, from the dictator's point of view, ruining the economy can sometimes be a good thing! And the

regimes of Mobutu and Papa Doc, who both did this, were extremely long lived. A democratic politician cannot hope to profit in the same way.

Michael Spagat's (2001) paper addresses this problem by suggesting that there is a "bifurcation point" or evel of capital below which it does not pay the dictator to try and develop the economy, and above which the dictator pursues rapid growth in order to maximize his personal consumption over time. He develops this idea in a simple formal model. A particularly novel feature of it is that there is an endogenous probability of a political catastrophe which removes the dictator from power, and this in turn depends on the dictator's capacity to satisfy certain groups which depends on the level of the capital stock. Hence a dictator's economy sometimes grows faster than a social planner's might, as capital accumulation wards off the possibility of catastrophe. The authors use simulation analysis to show the existence of bifurcation and to show how it depends on various parameters, and they provide some empirical evidence using Gastil data of the existence of bifurcation, and of their basic prediction that the variance of growth rates in dictatorship is higher than that under democratic regimes.

iii) the contest for power

In contrast to economic models which stress the incentives of a ruler, *once he is in office,* Wintrobe (2002) focuses on the conditions under which the ruler obtains power, and how he can be deprived of it. All political systems contain a mechanism which determines the allocation of political power, and if and how it is reallocated when a transfer would improve the functioning of the system. Among the most obvious and commonly considered types of political system **B** democracy, dictatorship, anarchy, and hereditary monarchy **B** *only* democracy appears to possess a relatively low - cost procedure or mechanism which makes

it possible to transfer political power on a regular and systematic basis, where the transfer is accepted by those who lose power as well as those who gain it, and which offers some possibility that these reallocations will tend to shift power into the hands that can use it most effectively.

Thus there is a strict analogy between democracy, based on human rights, and capitalism, based on property rights: democracy makes power transferable just as capitalism makes the ownership of capital assets transferable. This gives democracy an enormous advantage over these other political systems.

To elaborate, the main economic advantage of the election mechanism would seem to be that it allows for the transfer of power at relatively low cost. It solves the *contest for power* problem. If there are no elections, the only ways to transfer power are by such means as revolutions, insurrections, coups and wars. Compared to these, democratic elections on the basis of inalienable human rights would seem to be, in a word, cheap. Thus the economic attractiveness of the election mechanism is simple: it provides a formal and agreed -upon procedure to decide on the allocation of political power, and one that is explicitly accepted by or consented to in advance by the parties who lose the contest. Among the most commonly discussed systems of government **B** anarchy, hereditary monarchy, dictatorship and democracy **B** only democracy possesses this advantage.

Granted that democracies can transfer power at relatively low cost, does power typically transfer from lower to higher valued uses? Do democracies allocate power properly? In the models of Stigler (1971), Peltzman (1976) and Olson (1982), democracy is inefficient because it is dominated by interest groups and the policies pursued by interest groups are inefficient and wasteful. In the rent-seeking framework, it is the contest itself which is inefficient and wasteful. These theories are the foundations of Barro=s (1996)

empirical work. However, Becker (1983) showed that under democracy the losses from

inefficient policies enter into the workings of the political system and affect its allocation of

power. The reason is that the larger the deadweight losses from a policy, the more opposition

there will be to it from the groups which bear these losses. Alternatively the more inefficient

a subsidy, the less the group which gains from the subsidy will exert pressure to obtain it.

Consequently, even in a model such as Becker=s, which focuses solely on interest group

competition, the contest is not wasteful, and it tends to select efficient over inefficient

policies. To put it simply, if power ends up in the Awrong@ hands the democratic political

process takes account of this and tends to set it right[11].

What about dictatorship? The basic difference between dictatorship and democracy is

that dictators have the capacity to repress opposition to their policies (as outlined above).

They can silence demonstrations, censor the media, ban opposition parties, put leaders of

troublesome groups in jail, and, not uncommonly, torture or execute them. As a

consequence, the repressed are, in effect, not allowed to spend resources to exert political

pressure: instead they are silenced by the government. It follows that if the costs of public

policies can be made to fall on those who are repressed, these costs do not enter into the

competition among interest groups[12].

Assume for a moment that this is the case, i.e., all of the costs of inefficient policies

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[11]Newer, dynamic models of democratic decision- making cast doubts on the efficiency of democracy in a dynamic context. The basic problem discussed there (e.g., in Besley and Coate (1998) is the inability of a representative democracy to commit to future policy outcomes. The question from the point of view of this survey is of course, whether a dictatorship could be expected to do better in this respect. To my knowledge nothing has been written on this issue but it is worth noting the evidence in Przeworski et al. that the average life of a dictatorship is less than democracy.

[12]Thus in Becker=s model, equation (13) would not hold for a repressed group since the group cannot spend resources to pressure the government; neither would equation (14), in which each person maximizes his income from producing pressure.

fall on those whose political demands are effectively repressed by the regime. Since the losses make the repressed worse off, this weakens the capacity of those who are opposed to the regime to resist it[13]. This is the strategy of Aimmiserization@ practised most notably, perhaps, by Papa Doc of Haiti[14]. Another nice illustration of this is the effect of sanctions against Saddam Hussein, discussed by Kaempfer, Lowenberg and Mertens (2001). The sanctions generate rents, and these are appropriated by those who are close to Saddam. The losses from the sanctions are borne by those who are opposed to the regime, and this in turn weakens their capacity to oppose it, leading to his further entrenchment in power. To put it simply, the sanctions against Saddam Hussein don=t necessarily weaken his hold on power at all.

On the other hand, to the extent that the repressed cannot be made to bear all of the costs of the public sector, some of these costs will fall on other groups B actual supporters, potential supporters and largely passive acceptors of the regime. To the extent that the costs of public expenditures and regulations fall on these groups, they would indeed enter into the competition among groups for subsidies and other rents from the regime under dictatorship, just as they do under democracy. However, even in this case, the mechanism does not work as well as under democracy. The reasons are: (1) The information problem deriving from the Dictator=s Dilemma: In a democracy the different groups competing for redistributory policies or public goods are free to openly debate and criticize existing policies and to expose flaws in each others= proposals. Under dictatorship, any form of attack on policies which have been or might be favored by the regime can be interpreted as a sign of disloyalty,[15] and

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[13]Contrast this proposition with Becker=s point that under democracy larger deadweight losses increase pressure from the group experiencing them to lobby against the policies.

[14] For more details, see Wintrobe (1998)

[15] As an illustration, Mao Tse Tung=s personal physician, Li Zhisui, appeared to be afraid to criticize Mao even on the smallest matters. See Zhisui (1994). Other illustrations of this point for various regimes can be found in Wintrobe (1998).

for this reason people may not be eager to report problems to the autocrat. (2) What incentive is there for the dictator to correct bad policies? After all, among the fruits of dictatorship is Athe quiet life@B freedom from competitive pressures so long as he is safely in office. (3) Finally, once decisions are made there may be no mechanism by which to correct them except by the overthrow of the dictator. Since there is no peaceful and regularized way to replace an autocrat, he may tend to oppose any attempt to change the policies, since any change may be threatening to his survival in office.

To sum up, the economic losses from inefficiency may or may not enter into the dictator's political budget equation, depending on who experiences them. Let us take the two cases in turn: (1) Suppose the losses are experienced by actual or potential supporters. The lack of political competition under dictatorship still implies that the economy may be allowed to deteriorate more (compared to a democracy) before some attempt is made to change the policies or replace the dictator; (2) On the other hand, suppose the economic losses are experienced primarily or wholly by those who are opposed to and repressed by the system. In this case the losses typically weaken rather than strengthen the capacity of those who are opposed to the regime to actually topple it, and this raises the attractiveness of inefficient policies from the point of view of the dictator.

A final issue is the relative influence of producer vs consumer groups under dictatorship vs democracy. Ever since the work of Downs, it has been a standard proposition in the economics of politics that democracy favours producer groups over consumer groups (Downs (1957), Stigler (1971), Peltzman, (1976), Olson (1982) Becker (1983)). The main reasons advanced arethat since these groups are small, it is relatively easy for them to overcome the free rider problem, and since their *per capita* benefits would be large from any subsidy, they have a substantial interest in applying pressure to obtain it. On the other hand,

consumer groups are large, and the *per capita* benefit from any subsidy would be small.

I pointed out above that dictators cannot survive in office on the basis of repression alone but need support as well. Which groups can be expected to support dictators? Consumer groups, environmental groups and other groups with a large number of potential supporters, each of which has a small stake in issues like the prices of goods or the state of the environment have difficulty surviving or forming under autocracy. There are typically no laws protecting human rights under dictatorship. Without such laws, it is difficult for large groups - such as consumers - to organize. There is no free press to call attention to pricing or environmental or labour abuses and to aid in the formation of a mass membership and there are no independent courts in which to sue violators. And it is difficult for supporters of human rights, who have been crucial in generating the "rights revolution" (Epp (1998), Ignatieff (2000) to mobilize support. In brief, the common weapons of mass organizations- publicity and the courts- are more easily countered by a dictator than a democratic politician.

On the other hand, the weapons of small producer groups such as cash donations actually thrive in the closed environment and tame courts of a dictatorship. In exchange, dictators obviously have much to offer producers for their support including tariffs, subsidies and other rents, fewer problems from labour unions, and the removal of unfavorable regulations. So the possibilities of a trade of rents for support between the dictator and the small, concentrated interest group is actually *enhanced* under dictatorship, just as trades with representatives of broader public opinion are diminished. This implies that *producers typically have more power under dictatorship than democracy.*

This analysis also provides an alternative explanation for Barro's evidence cited above: that the rate of growth is slightly higher under dictatorship than democracy at low

levels of dictatorship and lower at high levels of repression. Since producers especially

benefit from economic growth, their greater political weight under dictatorship implies that

dictators would emphasize this policy. Note, however, that this growth comes as the result

of the greater influence of producer groups and is not necessarily a Pareto improvement.

Thus the growth could arise to the detriment of the environment, the consumer, etc.

Moreover, at high levels of repression, this positive effect on growth is increasingly

overwhelmed by the information problems generated by the Dictator's Dilemma, which

increasingly hamper growth and ultimately strangle it.

Finally it is worth pointing out that an extension of the theory of property rights used

in this analysis provides a simple economic justification of human rights. Economic

efficiency justifies the ownership of private property on the ground that property should be

allocated to the party who is most highly motivated to maximize its value. Who is it that can

be counted to manage or take care a piece of property best? The owner. Human rights give

this privilege of "ownership"of the individual (if you like, of his human capital) to that

individual himself or herself.   Under dictatorship, it resides with the sovereign. But the

dictator, as Sen suggested (1993), tends to regard the people under his rule as Astock@ and

cannot be expected to care for their lives the way they would themselves. Perhaps this

explains Przeworski= *et. al.*=s striking result that the average life span is systematically lower

under dictatorship (see Przeworski et al.,(2000) chapter 5)).

3.   POLICY TOWARDS DICTATORSHIP

a)   Aid: **A Single Standard**

What policies should be followed towards dictatorship by democratic regimes interested

in promoting freedom? Suppose, idealistically, that the only goal of Western policy is to reduce

repression. The "weapons" in our arsenal are sanctions, trade agreements, imposing human rights

constraints, and aid packages. Take a classic example of a tinpot dictator like Ferdinand Marcos.

Should we have given aid to his regime? Suppose Marcos' only goal was to consume as much as

possible--in his' case, this meant buying shoes for his wife Imelda. What limited his

consumption? Why didn't he spend all of the GNP of the Philippines on shoes for her? The

constraint is that he had to stay in office, so he could not allow his power to fall so low that he

was in danger of being deposed. As a tinpot, the levels of both repression and loyalty under his

regime were just high enough to stay in office.

Suppose first that the tinpot is safely in office, which, at one point, according to accounts

of the regime, Marcos felt he was. Then there is no point in giving him aid, because all he will do

with the money is to buy more shoes. A trade agreement would have the same effect. On the

other hand, suppose he is in danger of being deposed. Then the aid simply props up the regime.

So, *in neither case does the aid reduce repression*. An alternative policy would be to insist on

human rights observances as a condition of receiving aid. But if the levels of repression and

loyalty were previously just sufficient to stay in office , Marcos will simply be deposed if he if he

lowers repression. So he would have refused this offer, and the policy is ineffectual.

On the other hand, suppose the aid is tied to human rights observances in a particular

way. In order to keep receiving the aid, repression must be steadily relaxed over time. Then the

dictator has an incentive to use the aid to improve the welfare of his people. The reason is that if

their welfare improves, and he can claim credit for this, loyalty or support for him will tend to

increase. As a result, he can afford to relax repression, and still buy the same number of shoes for

Imelda as before.

Now look at totalitarian regimes or tyrannies, defined as regimes whose rulers are

uninterested in consumption, but in power. Should we aid them? Again, suppose that, as the result

of either policy, economic growth improves. This gives the rulers an opportunity to accumulate

more power, and since power is the only thing they care about, they take this opportunity, in the same way that a businessman who is already rich will grab an opportunity to make more money. So, for these regimes, aid which is untied to human rights observances is not merely wasted, but counterproductive--repression *increases* when the economy improves. This is what happened under Hitler and Stalin: the more popular they were, the more they took these opportunities to put the screws to all those elements of the population whose absolute loyalty was uncertain. In the same way, the enormous economic growth in China has resulted in not the slightest degree of relaxation in the level of repression there.

It might seem obvious that we would not aid these regimes, since the aid money would be spent on accumulating more power over the population, including repressing them. But, again, if the aid is tied to a human rights constraint, which becomes progressively more stringent over time, the policy will work in the right direction. If the economy improves as a result, support increases, and the rulers can afford to relax repression and still have the same level of power as before. The human rights observances constraint is absolutely necessary if this is to lead to a fall in repression and not an increase.

So we have a very simple guide--a *single standard*--to the policies which should be pursued by foreign governments interested in reducing repression. This is to make human rights observance the cornerstone of Western policy. Aid to any type of regime can be expected to produce beneficial effects provided it is accompanied by a long term human rights constraint, one which becomes progressively more stringent over time. Without the human rights standard, the effects of aid will be ineffectual or perverse.

b)   Trade

Another policy dilemma is whether to trade with dictatorships. Trade policy is a bit more complicated than aid. We can distinguish the following effects:

1. Trade may be expected to increase national income of the target regime, as productivity there will rise due to the availability of imported inputs at a lower price, and the demand for the target's exports increase. To the extent that the regime can successfully claim the credit for this improvement in welfare, loyalty to the regime may be expected to increase.

2. The rise in income will also increase tax revenues, giving the dictator more resources at his disposal. These may be used either for his own consumption, or to further his hold on power through increased expenditures on either repression or loyalty.

3. Since the richer people are, the more they tend to demand liberty, the increase in income tends to reduce loyalty to the dictatorship as people increasingly demand their rights (Bilson (1982), Londregan and Poole (1996). However, note that the estimated size of this effect is very small. Thus, as Londregan and Poole conclude their analysis of this effect in non-European countries, "Those expecting income growth to promote the development of democratic institutions must be very patient indeed". (p.22-23)

4. The increase in trade creates further links to foreign businesses and among domestic producers, possibly resulting in the development of independent power bases within the target regime. This is particularly likely when the trade is not organized through the central government (as it is in Cuba, for example). Thus, in China, regional governments in particular have built up substantial connections with outsiders and with the private sector, and are much more independent of the central government for revenue than they were before Deng launched his "social market" revolution. To the extent that this happens, loyalty to the regime may fall. On the other hand, it has been argued, most forcefully by Huntington (1996), that trade between different types of civilizations actually increases mistrust, as the

increased intensity of contacts simply breeds hostility. He points out, for

example, that World War I occurred at precisely the last peak of the "openness" of

the international system. In that case, while there may be a short-run fall in loyalty

due to the initial increase in contacts, in the longer run, further contacts simply

breed nationalism and possibly *increased* support for the dictatorship in the target

regime.

To disentangle the implications for policy, suppose first that the net effect of these

changes, is, as seems likely, that support for the regime increases as the result of the trade

agreement. Suppose also that the ruler is a tinpot. Then it can be argued that, with increased

support, the tinpot will be himself motivated to relax repression (so that he can buy more shoes

for his wife), and there is no need for a human rights constraint. But note that, even in this case,

the human rights constraint does no harm; it simply asks the dictator to do what he would do in

any case, and therefore it should be acceptable to him. On the other hand, if, on balance, loyalty

to the regime were to decrease, the tinpot would want to raise repression in order to stay in office,

and the human rights constraint is absolutely necessary for the trade agreement to lower, not

raise, repression.

Suppose now that we are dealing with a totalitarian dictator. Again, if loyalty were to

increase, on balance, as the result of the trade agreement, the dictator would tend to raise

repression, and the binding human rights constraint is necessary to prevent a loss of freedom. The

only case for a trade agreement with a totalitarian regime is where the opposite happens, and

loyalty to the regime decreases from the trade agreement. In that case, repression falls as well.

This is the only case where trade with a totalitarian regime makes sense. But note that, the

totalitarian leader, in pursuing this trade agreement, cannot fail to be aware of the likely

consequences of the trade agreement for his hold on power; namely, that his capacity for

repression, the loyalty to him of the citizenry, and his power are all going to diminish as a result

of his signing up. So, if this analysis were correct, it requires us to believe that the totalitarian is

either unaware of, or deliberately acting contrary to, his own long run interest.[16] It is noteworthy

also that all the totalitarian regimes which have collapsed historically did so as the result of

falling, not rising real income, and that the increase in income in China has resulted in not the

slightest relaxation of repression there after almost two decades of reform and spectacular

economic growth. The case for trade with totalitarian regimes, therefore is particularly weak.[17]

Finally, suppose that the human rights constraint cannot be implemented, either because

the target regime is too powerful, or because no agreement can be reached among the countries

involved in implementing the policy. Or alternatively suppose the dictator promises to abide by

the human rights constraint and then reneges. Then there is a difficult choice between a policy of

sanctions, on the one hand, and trade agreements with no effective human rights constraint, on the

other. Of course, the actual choices are never this stark, and the actual policies followed will be a

mixture of trade and sanctions, but the basic principle involved in the choice remains one of

engagement or isolation. In that case, the analysis here implies that the least harm is likely to

come from a trade agreement with a tinpot regime, the most harm from trade with a totalitarian,

with tyranny an intermediate case.

c)   **Sanctions**

Historically, the most important alternative to a policy of aid to motivate dictatorships to

behave is to use sanctions to punish those that do not. However, it is vital to realize that

sanctions are not just the reverse of aid, and that policies like those pursued by the United States

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[16]Note that the situation is very different for a tinpot, for whom the relaxation
of repression following a trade agreement serves his interest, rather than acting
contrary to it, as is the case for a totalitarian.

[17]The analysis of the effects of trade on tyranny is identical to that for
totalitarian regimes; the only difference is that the magnitude of the change in the
supply of loyalty is smaller.

and the United Nations vis-à-vis regimes like Castro's Cuba, Saddam Hussein's Iraq or Milosevic's Serbia may superficially resemble those described here, but in fact they work very differently. In all these cases, the U.S. or the UN imposed sanctions, and offered to lift them as a reward for better behavior.   Such policies are not necessarily wrongheaded, but they do not work in the manner of those advocated here. The reason is that the sequence is reversed: the regime has to liberalize *first*, i.e., before the sanctions are lifted, trade allowed to resume and aid to flow. This means that the regime has no chance to use the benefit of aid or trade to build loyalty prior to liberalization, as with the policies advocated here. So the dictator who agrees to liberalize puts himself in immediate danger of being deposed, and it is no surprise that dictators like Castro, Hussein and Milosevic were all reluctant to do so.

Kaempfer, Lowenberg and Mertens (2001) extend Wintrobe's 1998 model of dictatorship and combine it with the public choice analysis of sanctions. They note that 85% of the time that sanctions are imposed they are imposed on a non-democratic regime. They point out that damaging economic sanctions can be counterproductive, undermining the political influence of the opposition. In the public choice approach, sanctions work through their impact on the relative power of interest groups in the target country. An important implication of this approach is that sanctions only work if there is a relatively well organized interest group whose political effectiveness can be enhanced as a consequence of the sanctions. For example, as the authors note, sanctions vs Iraq have had a devastating on the country but have been ineffective in destabilizing the Hussein regime. The reason, they argue is the fragmentation of the Iraqi opposition. At the other extreme, sanctions against South Africa were highly effective, because, in that case, there was a well organized opposition. The authors suggest that the effectiveness of the opposition is key to the effectiveness of sanctions and they try to show why this is true and to derive implications of this insight.

They also extend the model by adding two exogenous variables to it, *s* the impact of

sanctions on the terms of trade; and q, the level of opposition; moreover q depends on s, $q_s >$ 0, and by making the price of repression P_R (constant in Wintrobe's model) a variable which depends on q and $s,$ (in addition to their other effects on the model) as well as on the country's economic performance.

In their model sanctions have two main and opposing effects on the dictator's budget: (1) the budget of the dictator rises through the appropriation of sanctions rents; (2) the budget falls due to the increase in opposition. There are two cases. In the first case, the opposition is significant enough that $q_s > 0$. If, in addition, the second effect is large enough, the budget falls. If in addition, loyalty to the dictator falls due to the sanctions then sanctions are effective.

In the second case, there is no significant opposition. Then the net effect on the dictator's budget of sanctions is that it *rises* due to the appropriation of sanctions rents. If in addition loyalty *rises* because those close to the dictator are happy about their increased capacity to appropriate these rents, then the sanctions are entirely counterproductive, and the budget of the regime, its power, and the level of repression all increase.

4. CONCLUSION

In recent years a small but now growing literature has looked at dictatorship from the point of view of public choice. While there is no consensus in the literature and it would be too soon to look for one, a number of ideas are attracting interest. The literature looks at (1) the objectives of dictators; (2) the constraints on their behavior; (3) their strategies for staying in office; (4) their incentives to provide public goods compared to that under democracy; (4) the economic efficiency of dictatorship compared to democracy; and (5) policy towards dictatorships. On the *objectives* of dictators, some models simply assume that dictators maximize lifetime consumption, as in standard economic models. However although this is

certainly true of small scale dictators, it hardly fits many of the most important dictatorships like those of Hitler or Stalin and other models explicitly posit a taste for power or, in common with many models of democracy, ideological objectives. Since dictators are by definition monopolistic, the case for including such other objectives is particularly strong. Wintrobe looks at the *strategies* used by dictators to stay in office and emphasizes the Dictator's Dilemma- the tradeoff between using repression and building support, noting that only the latter provides a firm foundation for autocratic rule. Recent contributions extend this framework to consider dynamic models of repression, the issue of genocide and the efficacy of sanctions against dictatorships.

The *constraint* on autocratic maximization is sometimes specified as the maximum revenue available. Other models specify the so-called "irony of absolutism" as the chief limit to a dictator's power. Wintrobe reasons that as long as more power is available there are ways to extract more revenue from the private sector. Similarly, as long as more revenue is available, it is possible to accumulate more power: For these reasons in his model the equilibrium power and budget of the dictator are determined simultaneously

The model of the dictator as "stationary bandit" originated by Mancur Olson shows that even a dictator has an *incentive to provide public goods* in order to raise revenue though arguing that this incentive is less under dictatorship than under democracy.

There is, as always, disagreement about the *economic effic*iency of dictatorship vs democracy but the disagreement appears to be narrowing. On both theoretical and empirircal grounds there appears to be a consensus that high levels of repression are inimical to economic efficiency. Empirical work by Barro and others provides some (very slim, as acknowledged) evidence that growth rates are higher under dictatorship at low levels of repression though even this is challenged in a major empirical study by Przeworski and others. Theoretically, such a result can be explained by a reduction of rent seeking or redistributory pressures, as Barro does, or by the greater influence of producer groups under

dictatorship, in which case the growth might come about at the expense of consumers or workers and need not signal greater efficiency. The "contest for power" framework, on the other hand, emphasizes that only democracy provides a mechanism for getting incompetent or corrupt rulers out and suggests that democracy might be more economically efficient than dictatorship when this factor is taken into account.

On policy the Wintrobe model provides a simple guide to the policies that should be pursued by foreign governments interested in reducing repression. This is to implent human rights observances, which become more stringent over time, as a condition for receiving aid or trade. One problem with this is that the dictator may promise to abide by human rights and then renege. The literature continues the standard skepticism of economists on the effectiveness of economic sanctions as a tool for getting dictators to lower repression.

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