



Revisiting the Personalism and Economic Performance Debate: Do All Personalist Dictators Produce Worse Economic Outcomes?

Political Studies Review

1–7

© The Author(s) 2024

Article reuse guidelines:

sagepub.com/journals-permissions

DOI: 10.1177/14789299241297799

journals.sagepub.com/home/psrevJoan C Timoneda 

Abstract

I revisit the debate around personalism and economic performance in dictatorships and the stylized fact that personalist regimes produce poor economic outcomes. Conceiving of and measuring personalism as a time-varying trait of autocratic rule as opposed to a regime typology, I find that many regimes with high personalism scores perform quite well in terms of both gross domestic product (GDP) per capita and growth. Only regimes at the highest levels of personalism have significantly worse performance. These results are based on quantitative analysis of cross-national data from 101 countries between 1960 and 2010 to probe the hypothesis. These early findings are relevant to the growing literature on personalism in dictatorship and raise new questions regarding the conditions under which personalism leads to poor economic outcomes.

Keywords

authoritarianism, personalism, quantitative methods, political economy

Accepted: 17 October 2024

One of the most robust findings in the authoritarianism literature is that personalist dictatorships produce poor economic performance (Gandhi, 2008; Geddes, 1999; Geddes et al., 2018; Wright, 2008). Personalist autocracies tend to have per capita gross domestic product (GDP) values 8.7% lower and grow 22.7% slower than other regime typologies, on average.¹ Despite the robustness of these findings, a new question beckons in light of recent developments in the literature: how does personalism as a *time-varying* trait of dictatorial rule affect economic performance? Do the findings mirror known facts about personalist *regime types*?

Purdue University, West Lafayette, IN, USA

Corresponding author:

Joan C Timoneda, Purdue University, 2230 Beering Hall, 100 N. University St., West Lafayette, IN 47907, USA.

Email: timoneda@purdue.edu

The stylized fact that personalist regimes hinder economic development emerged from the analysis of personalism as a *regime typology* (Geddes, 1999; Geddes et al., 2014). Yet personalism can also be conceived as a time-varying characteristic of autocratic rule that transcends regime typologies, which is in line with recent literature (Chin et al., 2022; Frantz et al., 2020; Geddes et al., 2018; Timoneda et al., 2023; Wright, 2021). In this research note, I use continuous personalism data from Wright (2021) to show that personalism is only associated with worse economic performance (GDP per capita and economic growth) at extreme values, that is, when personalism levels are above the 91st percentile. Importantly, many dictators with high personalism scores (in the upper quartile of the distribution) still produce strong economic performance. This counterintuitive finding has important implications for our knowledge of personalist regimes and opens the door to further exploring the mechanisms that link personalism and economic performance.

Personalism and Economic Performance

Personalist dictatorships have long been associated with worse policy outcomes: they tend to engage in inter-state war (Weeks, 2012), strongly repress their citizens (Frantz et al., 2020), develop nuclear weapons (Weeks, 2014), and suffer severe economic crises (Geddes, 1999) more frequently than other regime types (see Brownlee, 2007; Gandhi, 2008). This article delves deeper into one of these stylized facts: the comparatively poor economic performance of personalist regimes. Extant work has argued that the institutions within dictatorship constrain the autocrat's confiscatory behavior, promoting growth and investment (Wright, 2008). These constraints are the result of the autocrat's need to coopt domestic opposition. The institutions that emerge from cooptation improve cooperation among different groups within the regime and thus promote economic growth (Gandhi, 2008). Personalist regimes, the argument goes, lack institutional constraints on the dictator because neither the military nor the party are "not sufficiently developed or autonomous to prevent the leader from taking personal control of decisions and the selection of regime personnel" (Geddes, 1999). Absent these constraints, personalist dictators rule through patronage and focus on keeping a small inner circle loyal through material goods (Bueno De Mesquita et al., 2003; Geddes, 1999; Geddes et al., 2018). Expropriation and wealth extraction is more common in these regimes, where economic performance is not the priority (Geddes, 1999). Poor (or calamitous) economic growth and development often follow. Examples such as Joseph Mobutu in Congo or the Kim dynasty in North Korea support these arguments.

Yet recent work has shown that personalism is a time-varying phenomenon as much as it is a regime typology (Chin et al., 2022; Escribà-Folch and Timoneda, 2024; Frantz et al., 2020; Geddes et al., 2018; Timoneda et al., 2023; Wright, 2021). Access to better data (Wright, 2021) has allowed researchers to study how personalism evolves over time and the factors that prompt increases or decreases in personalization (Fails, 2020; Frantz et al., 2020; Timoneda et al., 2023). This invites us to question, again, to what extent personalism as a time-varying characteristic of authoritarianism affects economic performance.

Based on extant work on regime typologies and economic performance, we should expect a significant drop in economic growth at high levels of personalism. We might also expect lower growth at low levels of personalism, as the uncertainty brought on by leadership transitions may negatively impact short- and medium-term growth.² The crucial

question that remains unanswered is *at what level* of personalism the decline should begin. Indeed, we can expect that fully personalized regimes, those with a latent score of 1,³ should have worse performance. Yet, below that, we have little sense from the literature as to when personalism affects economic performance. Military regimes, for instance, perform better than other regime types and are usually associated with lower levels of personalism (Geddes, 1999). However, not all dictators with low personalism scores in a given year are military dictators, and many of these may lead countries with poor economic performance.⁴ At the other end of the spectrum, consider some regimes with non-natural resource revenues and high levels of personalism, such as Alfredo Stroessner in Paraguay (1954–89), Francisco Franco in Spain (1939–75), Park Chung Hee in the Republic of Korea (1962–79), and Vladimir Putin in Russia (since 1999), among others. All presided over strong periods of economic performance.⁵ It is indeed possible that economic performance only suffers when regimes are fully personalized, but not before that. Full personalization entails gutting state institutions and plundering state coffers, and only then does personalization affect economic performance negatively. High but not full personalization might entail that regime institutions and the state's financial situation remain sufficiently strong for the economy to remain competitive. The case of Russia is a good example, as its strongest period of growth occurred between 2006 and 2012, when Putin's level of personal control was strong but not yet absolute. Since 2013, Russia's GDP has remained stagnant, going through periods of steep declines and only approaching its 2013 peak in 2022 before decreasing again due to war in Ukraine. Therefore, my main hypothesis is that the effect of personalism on economic performance is non-linear, with weak performance at low levels, generally strong performance before the regime is fully personalized, and a steep decline in performance at very high levels of personalism.

Data and Methods

The unit of analysis is the dictator spell and the unit of observation is the dictator-year. To measure economic performance, I use growth data from The World Bank.⁶ The variable ranges from 1960 to 2022 and is normally distributed with a minimum value of –64.04% and a maximum value of 81.88%.⁷ In Appendix E, I also provide tests using logged GDP per capita, also from The World Bank.⁸

I use personalism data from Wright (2021) and Geddes et al. (2018) who created a latent personalism score from an Item Response Theory model based on eight observable indicators (see Appendix A for more details). The variable captures the extent to which a dictator personally controls decision-making and personnel appointments within the ruling party and the military. A score of 0 means that both the party and the military apparatus retain full autonomy, while a score of 1 means that the dictator fully controls both. The resulting continuous variable ranges from 0 to 1, with a mean of 0.422, a median of 0.429, and a standard deviation of 0.278. The 25th percentile is 0.196 and the 75th is 0.608. As controls, I include oil production (Fails, 2020), military expenditure (Easton and Siverson, 2018), and failed coups (Timoneda et al., 2023). The choice of controls follows extant work on personalism and economic performance. Oil is a particularly relevant control as many personalistic regimes have high levels of oil production, which boosts their GDP and, in turn, may foster personalization. The final sample has 2,416 dictator-year observations, and includes 173 regimes and 263 dictator spells from 101 countries between 1960 and 2010.⁹

I run ordinary least squares (OLS) regressions with dictator spell (unit) and year-fixed effects and errors clustered by dictator spell. The choice of model is driven by the fact that

our dependent variable, economic growth, is continuous.¹⁰ To be able to estimate the varying effects of personalism on economic performance at different levels of personalism, I include second- and third-order polynomials for latent personalism. Doing this helps us capture non-linearity, which is important considering our hypothesis. Appendix F provides an alternative test with Simonsohn's (2018) two-line approach for non-linear u-shaped relationships.¹¹ All independent variables are lagged 2 years (Fails, 2020).

Specifically, I run four model specifications. The detailed results for these models are reported in Tables B1 and B2 in Appendix B. Model (a) is a binary model with dictator spell (unit) fixed effects but without year-fixed effects. Model (b) includes year-fixed effects. Model (c) includes two-way fixed effects as well as all controls, while model (d) includes two-way fixed effects, all controls, and polynomials for the continuous score of latent personalism. See Appendix B for further details on the model specification and for an interpretation of the Table results.

Results

Figure 1 plots the main results of the article. It shows the predicted values of economic growth at different levels of personalism. The predictions derive from Table B1, model (d) in Appendix B. First, the general finding that personalist regimes have worse economic performance is confirmed by the significant drop in average growth at the highest levels of personalism. Dictators whose latent personalism score is more than 0.85 oversee economies with significantly lower growth rates than other regimes with *lower* personalism levels. Indeed, a novel and interesting finding is that the average economic performance of dictators with high personalism scores between 0.45 and 0.85 is stronger on average than in both high personalism dictatorships and those with below-average levels of personalism (below 0.42). A personalism score of 0.85 corresponds to the 91st percentile in the personalism distribution. In fact, many regimes in the high range of personalism 0.6–0.85 are considered personalistic and represent almost half (47.21%) of all personalist dictatorships in my sample. Examples include Venezuela under Hugo Chavez (0.749), Azerbaijan under Heydar Aliyev (0.782), Zaire (DR Congo) under Joseph Mobutu (0.802),¹² Spain under Francisco Franco (0.763), and Russia under Vladimir Putin

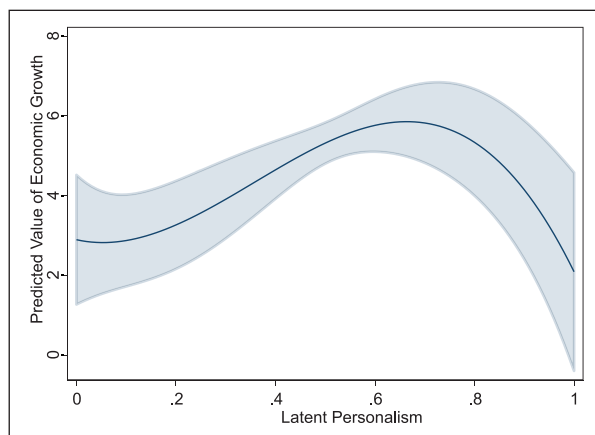


Figure 1. Effect of Latent Personalism on Economic Performance.

(0.608).¹³ Therefore, while personalist regimes and their structures produce worse economic outcomes, on average, the result is driven mostly by dictators at the highest end of the personalism distribution. Mobutu is a good example of this: Zaire's GDP per capita was at the sample average in the late 1970s, when Mobutu's personalism oscillated between 0.743 and 0.802 and had more or less consistently expanded since he took over in 1960. However, after Mobutu fully consolidated power over his party's executive committee and over military appointments in 1983, moves that improved his personalism score to a perfect 1, Zaire's economy entered a profound slide. Average yearly growth rates from 1984 onward were -3.21 percent, or the 6th percentile in the growth distribution. These low figures stand in stark contrast with the 3% positive rates that the DRC averaged in the first 8 years of Mobutu's rule, where his personalism was low (0.18 on average). Also by 1997, the year of Mobutu's downfall, Zaire's GDP per capita (logged) sat at a lowly 9th percentile of the variable's distribution, one of the lowest values recorded. Other examples of poor economic performers at extreme levels of personalism are the Dominican Republic under Rafael Trujillo (first percentile in the growth variable) and the Central African Republic under André Kolingba (third percentile). See Appendix E for a full set of results with GDP per capita as the dependent variable.

Conclusion

This brief note has revisited the debate around personalism and economic performance in dictatorships. Conceiving of and measuring personalism as a time-varying trait of autocratic rule, as opposed to a regime typology, I find that many regimes with high personalism scores in fact perform quite well in terms of both GDP per capita and growth. Only regimes at the highest levels of personalism (above 0.85, the 91st percentile), have significantly worse performance than other regimes with lower levels of personalism. These results, therefore, partly confirm the long-standing finding that personalist regimes have poor economic outcomes. However, they also point to the fact that many personalist regimes, or regimes with high levels of personalism, can actually produce good economic performance. Future research should explore the reasons behind this finding.

Declaration of conflicting interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author received no financial support for the research, authorship, and/or publication of this article.

ORCID iD

Joan C Timoneda  <https://orcid.org/0000-0001-7057-872X>

Supplemental material

Additional supplementary information may be found with the online version of this article.

Appendix A: The Latent Personalism Measure.

Appendix B: Main Model Specification and Result Tables.

Table B.1: Effect of Latent Personalism on Economic Growth.

Appendix C: Level of Development through Life Expectancy.

Table C.1: Effect of Latent Personalism on Economic Growth (With Life Expectancy as a New Control).

Figure C.1: Effect of Latent Personalism on Economic Performance, Model (d) From Table C1.
 Appendix D: Additional Controls.
 Table D.1: Effect of Latent Personalism on Growth (Additional Controls).
 Figure D.1: Effect of latent personalism on GDP per capita (additional controls: Table D1, model (g)).
 Appendix E: Results with GDP per capita as Dependent Variable.
 Table E.1: Effect of Latent Personalism on GDP Per Capita.
 Figure E.1: Effect of Latent Personalism on GDP Per Capita.
 Appendix F: An Alternative Specification—The Two-Lines Approach.
 Figure F.1: Fitted lines from cubic splines for the relationship between economic growth and personalism.
 Figure F.2: Two-lines approach using separate OLS regression lines.
 Bibliography.

Notes

1. From The World Bank Databank (see empirical section).
2. This article shows that once leader spell and year-fixed effects are added to the model, growth is consistently lower at low levels of personalism. This may run counter to some expectations around military and single-party regimes, which often have lower levels of personalism and better economic performance. However, leadership transitions often coincide with lower levels of personalism at the outset of a dictator's tenure, before they have had time to consolidate power. Leadership transitions, especially in dictatorship, often induce uncertainty which may negatively impact short-term growth. While this brief article is not theoretically focused, it does provides early empirical evidence that low personalism is often linked with low growth. This story is consistent with the use of leader level fixed-effects instead of regime or country-level fixed effects.
3. Using Geddes et al. (2018) and Wright (2021) personalism data described in the next section.
4. In fact, many dictators who become personalistic over their tenure start out with lower levels of personalism and poor economic growth. This was the case with Joseph Mobutu in the Democratic Republic of the Congo, whose levels of personalism remained low between 1960 and 1967, and only increased significantly after 1968 (Wright, 2021).
5. For all these autocrats, the personalism score was at least greater than 0.6 (the 75th percentile), and they presided over periods of high economic growth. Their non-oil GDP per capita was also above the 75th percentile of the distribution.
6. We use economic growth as our main dependent variable because it best captures the relationship between economic performance and personalism. According to neoclassical growth theory, poorer countries should grow faster than rich ones. At the same time, personalism maybe easier to implement in poor countries. The data can be found at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>. Accessed on: February 2, 2024.
7. I only use data up to 2010 due to missingness in personalism data after that year.
8. For GDP: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>. The variable is normally distributed and ranges between 3.12 and 10.92.
9. Personalism data range between 1950 and 2010, while economic performance data range from 1960 to 2022.
10. GDP per capita, in Appendix E, is also continuous.
11. This approach helps in two key ways. First, it tests whether a functional form with two lines, where one is positive (negative) the other is negative (positive) before and after a cut point, yields efficient estimates. Second, it helps us understand whether the relationship is significant in all relevant parts of the distribution. In our case, the relationship is significant both before and after the cut point (see Appendix F).
12. Mobutu's personalism reached a full score of 1 later on in his tenure and his economic performance became untenable, in keeping with both the literature and my argument here.
13. 2010 score. The data only cover Putin until 2010, and his personalism score has risen since then. Economic performance, however, remained above-average until 2013 (World Bank Data), when his personalism was already high.

References

- Brownlee J (2007) *Authoritarianism in an Age of Democratization*. Cambridge: Cambridge University Press.
 Bueno De Mesquita B, Smith A, Siverson RM, et al. (2003) *The Logic of Political Survival*. Cambridge, MA: MIT Press.

- Chin J, Escribà-Folch A, Song W, et al. (2022) Reshaping the Threat Environment: Personalism, Coups, and Assassinations. *Comparative Political Studies* 55 (4): 657–657.
- Easton MR and Siverson RM (2018) Leader Survival and Purges after a Failed Coup D'état. *Journal of Peace Research* 55 (5): 596–608.
- Escribà-Folch A and Timoneda JC (2024) The Personalization of Power in Dictatorships. In: Lindstaedt N and Van den Bosch JJJ (eds) *Research Handbook on Authoritarianism*. Cheltenham: Edward Elgar Publishing, pp.76–95.
- Fails MD (2020) Oil Income and the Personalization of Autocratic Politics. *Political Science Research and Methods* 8: 772–779.
- Frantz E, Kendall-Taylor A, Wright J, et al. (2020) Personalization of Power and Repression in Dictatorships. *The Journal of Politics* 82 (1): 372–377.
- Gandhi J (2008) Dictatorial Institutions and Their Impact on Economic Growth. *European Journal of Sociology / Archives Européennes de Sociologie* 49 (1): 3–30.
- Geddes B (1999) What Do We Know about Democratization after Twenty Years? *Annual Review of Political Science* 2 (1): 115–144.
- Geddes B, Wright J and Frantz E (2014) Autocratic Breakdown and Regime Transitions: A New Data Set. *Perspectives on Politics* 12 (2): 313–331.
- Geddes B, Wright J and Frantz E (2018) *How Dictatorships Work: Power, Personalization, and Collapse*. New York: Cambridge University Press.
- Simonsohn U (2018) Two Lines: A Valid Alternative to the Invalid Testing of U-Shaped Relationships with Quadratic Regressions. *Advances in Methods and Practices in Psychological Science* 1 (4): 538–555.
- Timoneda JC, Escribà-Folch A and Chin J (2023) The Rush to Personalize: Power Concentration after Failed Coups in Dictatorships. *British Journal of Political Science* 55: 878–901.
- Weeks JLP (2012) Strongmen and Straw Men: Authoritarian Regimes and the Initiation of International Conflict. *American Political Science Review* 106 (2): 326–347.
- Weeks JLP (2014) *Dictators at War and Peace*. Ithaca, NY: Cornell University Press.
- Wright J (2008) Do Authoritarian Institutions Constrain? How Legislatures Affect Economic Growth and Investment. *American Journal of Political Science* 52 (2): 322–343.
- Wright J (2021) The Latent Characteristics That Structure Autocratic Rule. *Political Science Research and Methods* 9 (1): 1–19.

Author Biography

Dr. Joan C Timoneda is Assistant Professor of Political Science at Purdue University. His research focuses on power concentration in dictatorship, democratic backsliding and quantitative methods in political science.