

Winning Coalition Size and Economic Performance: The Selectorate Theory and East Asian Developmental States

Jonathan Hanson
Gerald R. Ford School of Public Policy
University of Michigan

Mary Gallagher
Department of Political Science
University of Michigan

Version: April 2012

Prepared for presentation at the Annual Meeting of the Midwest Political Science Association, April 12-15, 2012.

In the *Logic of Political Survival*, Bueno de Mesquita et al. (2003) argue that two characteristics of a country's political institutions, the sizes of the *selectorate* and the *winning coalition*, explain with broad strokes the kinds of policies that rulers pursue. When winning coalitions are large, rulers promote public welfare, produce economic growth, increase political freedoms, and enhance the prospects for peace. By contrast, rulers with small winning coalitions engage in political repression and theft, and they do even less for citizens when small winning coalitions are paired with large selectorates. Seemingly every important political and economic outcome is a function of these two institutional characteristics.

The theory is as parsimonious as the claims are bold, and the *LPS* is heralded by the authors as a way to reconceptualize the way we think about differences across polities, supplanting such other characteristics as the degree of democracy or the form of government. While these provocative claims merit close examination, they rest upon flawed assumptions that point to fundamental problems with the theory. Specifically, the theory assumes all members of the selectorate have homogenous preferences, that unenfranchised citizens are largely irrelevant to the survival calculations of rulers, and that general public goods and political rights are inextricably linked.

To illustrate these flaws, we present a small-sample comparative analysis of the following cases in East Asia: Taiwan 1949-present, the People's Republic of China 1949-1978 and 1978-present, Vietnam 1986-present, and North and South Korea 1961-present. This study shows that small winning coalitions are perfectly consistent with both developmental policies that produce rapid economic growth and substantial improvements in public welfare as well as with policies that immiserate the population. What produces these disparate outcomes is not the size of the winning coalition but elite politics and the preferences of its membership. Additionally, depending upon the

relative costs of repression versus provision of welfare-enhancing public goods, rulers can take very different approaches to manage the threat to their rule from the possible revolt of unenfranchised citizens.

These cases are crucial for the selectorate theory. Substantively, they are important because among them are some of the fastest-growing economies in the post-World War II era, and these countries achieved rapid rates of growth with small winning coalitions and little political enfranchisement of the broader population over several decades. The East Asian capitalist authoritarian states, for example, were characterized by narrow alliances between the state and industrial interests that fostered provision of public goods despite the exclusion of the popular sector from substantive political power. It may be tempting to treat such cases as exceptional, explaining them away as oddities in which rulers of small-coalition systems used their power to pursue development for idiosyncratic reasons. We do not believe this to be the case. Instead, we see a political story that the selectorate theory is ill-equipped to tell.

Second, these cases are crucial because they illustrate the shortcomings in the application and measurement of the theory's core concepts. Notably, the concept of the selectorate comes from Shirk's (1993) study of the politics of economic reform in China, an account in which the preferences of members of the selectorate are central. At the same time, given the murky nature of the leadership selection process in non-democratic contexts, determining the size of the selectorate and winning coalition is a significant challenge even upon close inspection of a country's politics. General approximations calculated from elements of the Polity index, like those in *LPS*, require a leap of faith. Unsurprisingly, then, there is no evidence to link the dramatic shifts in economic policies in countries like China and Vietnam to changes in the sizes of the

selectorate or the winning coalition as measured in *LPS*.

The next section outlines the selectorate theory's key predictions as they relate to economic growth and provision of public goods in the context of the broader literature, highlighting the key assumptions on which these predictions rest. Section 2 then presents the analysis of several cases, demonstrating that policy outcomes in these cases are driven not by the size of the winning coalition but by changes in its membership and the institutional capacities to deliver public goods and repression in various forms.

Predictions of The Selectorate Theory

The model of leadership selection in *LPS* represents the basic elements of political competition as abstractly as possible. The selectorate is the subset of the population that has a role in choosing the leader; all other citizens of the polity are disenfranchised.¹ A ruler and a challenger compete for support from members of the selectorate by offering public and private goods, and individual members of the selectorate give their support to the rival whose package of goods offers greater personal welfare. To hold power, a ruler must gain the support of a coalition of some minimum size W , a threshold that is created by the nature of the selection process.² Differences in the sizes of the selectorate and winning coalition thus embody fundamental dimensions on which polities differ.

This representation of the polity, though stark, provides a logical baseline account of policymaking incentives: rulers design policies to appeal to the subset of politically-relevant citizens that keeps them in power. Starting from this foundation, a natural step would be to predict that the preferences of the coalition, whatever they

¹ We prefer the term “unenfranchised” since it makes no assumptions about previous membership in the selectorate.

² Since rulers wish to retain as much revenue as possible for themselves, they do not build coalitions that are any larger than necessary.

may be, receive disproportionate weight in policymaking. North's (1981) classic, and similarly abstract, theory of the state takes this step. Due to a "competitive constraint," rulers agree to a property rights structure favorable to powerful constituents, the nature of which has implications for economic growth. At the same time, however, rulers are cognizant of other threats to their rule, such as those arising from citizens that might revolt or those posed by external competitors.

The selectorate theory takes a different direction, however, arguing that the size of the winning coalition is what determines the content of the ruler's policies. When rulers have large winning coalitions, they have incentives to provide public goods that enhance social welfare and promote labor, in the process making their countries rich. Additionally, larger coalitions lead to higher levels of political rights, lower levels of corruption, and even better performance in fighting wars. Conversely, "autocratic structures that favor a small coalition and strong norms of loyalty to incumbent leaders have been seen to promote low incomes, low growth, high taxes, and leisure over productive labor" (2003: 161).

LPS presents a wide range of empirical tests of these predictions, but the statistical findings are called into question by difficulties in measuring the key concepts (Kennedy, 2009) and the use of inappropriate estimation techniques (Clarke and Stone, 2008).³ With these criticisms providing grounds to be skeptical of the large-sample statistical analyses, we note how poorly the theory appears to perform in specific cases in East Asia, where we see both examples of extraordinary growth and of stagnation, sometimes in the same country at different times, in polities that can be described as having autocratic structures and small winning coalitions. These cases expose problems in the core assumptions of the theory. A discussion of these assumptions follows.

³ The *LPS* authors respond to these criticisms in Morrow et al. (2008).

First, the theory assumes all the members of the selectorate share identical preferences with respect to the allocation of public and private goods. In this sense, the members of the selectorate are interchangeable, and the composition of the membership of the winning coalition has no bearing on the mix of goods that rulers provide. The selectorate theory is thus remarkably free of the kind of politics that is central in most of the political economy literature. Policy outcomes are not the product of competing ideologies, interest group lobbying, fights between labor and capital, or distributional battles between wealthier and poorer citizens. Even the concept of a median voter is irrelevant because there is no policy dimension along which selectors vary.

Since the cost of delivering private goods is assumed to be proportional to the size of the winning coalition, rulers find private goods the least costly way to buy the support of small coalitions. Using private goods becomes expensive relative to public goods as W increases, however, and rulers shift their allocation of goods accordingly. The result is that policy outputs are driven not by preferences of the ruler's coalition but by the ruler's own preferences for minimizing the costs of coalition maintenance.

Second, the theory's definition of public goods is unusual in that it includes political freedoms and transparent governance along with policy outputs more typically regarded as public goods such as education, public health, infrastructure, and the like. The former category is referred to as "core" public goods. By assumption, when rulers have incentives to provide public goods they supply both types, thus precluding policy mixes in which rulers combine health, education, and other developmental policies with political repression. This definition of public goods also renders the theory tautological: rulers are predicted to provide political rights when a large portion of the population participates in selecting the ruler and political rivals must win the support of a significant portion of these selectors (i.e. in polities where political rights are

already high).

Third, the theory's assumptions make repression the only way to respond to threats to the regime when winning coalitions are small. In *LPS*, where rulers need only maintain a coalition of size W , the unenfranchised citizens of the polity are essentially irrelevant to the ruler's political survival. The threat of revolution does not enter into the ruler's decision calculus. When winning coalitions are small, accordingly, rulers never have an incentive to supply public goods as a means to build mass support for the regime or ameliorate social discontent.

In a modified version of the theory, Bueno de Mesquita and Smith (2009) incorporate the possibility of revolution by the disenfranchised but do so in a manner that preserves the theory's original predictions. When faced with a revolutionary threat, rulers can provide public goods to increase the welfare of the status quo for the unenfranchised and thus reduce the incentives to revolt. Yet, due to the model's assumption that public goods include political liberties, these actions have the countervailing effect of facilitating revolution by increasing the probability it will succeed. Rulers are thus bound to follow a path that combines either political liberalization with public welfare improvements or repression with cutbacks to public welfare policies. The size of the winning coalition determines which route is optimal.

The cases that we examine below call each of these assumptions into question. Chiefly, the preferences of the members of the selectorate and winning coalition matter. Elite-level politics in small-coalition systems produce strikingly different economic trajectories according to differences in the nature of the political coalitions that form and the changes in the composition of these coalitions over time. Secondly, to maintain power and prevent rebellion, rulers employ a variety of carrots and sticks, quite often concurrently. As argued in Gallagher and Hanson (2009), the optimal mix of these tools

depends on the institutional capacity to deliver them to the disenfranchised rather than on the size of the winning coalition.

East Asian Cases

East Asia is an important region to examine the power of the selectorate theory. It includes several countries that successfully transitioned from underdevelopment, civil war, and mass poverty to middle or high income through rapid industrialization and state-led development. Much of this development occurred during periods of dictatorship, that is, during periods when the proportion of the winning coalition to the selectorate predicts much worse outcomes and when large portions of the populations were disenfranchised and repressed.

These East Asian cases are used to demonstrate two critiques of the theory outlined above: changes to the winning coalition, not in terms of its size, but in terms of the preferences of its members and, two, the role of institutions in linking political elites to the disenfranchised (and thus facilitating the distribution of some public goods over others). We argue that theories of political survival, such as the selectorate theory, should include elite preferences and intra-elite conflict when determining how leaders will make choices, including the distribution of public and private goods and other policies that might ensure their political longevity. In regards to the failure of the selectorate theory to take into account the role of the disenfranchised, we introduce the importance of institutions in facilitating the delivery of public goods that hastened economic growth while withholding core public goods that might have threatened the regime's monopoly on political power.

In the cases examined here, the developmental preferences of elites diverged in the aftermath of WW II, winning coalitions shifted in membership, and economic

performance across these states also diverged in stark ways. To simplify, we examine the policy choices of elites in China, Taiwan, Korea, and Vietnam during critical junctures of the post WW-II period. While none of these critical junctures include changes to the size of W or S, they demonstrate how shifts in the makeup and preferences of those in the winning coalition have important effects on economic performance. We also argue that elites in all five regimes were highly motivated to pursue developmental goals, but that differences in the winning coalitions determined success or failure. (Some explanations of East Asian success emphasize culture or the wisdom of elites, but they cannot explain the abject policy failures of North Korea or Maoist China.) We then discuss the importance of institutions in linking elites to the disenfranchised. These institutions facilitated the efficient distribution of non-political public goods and the withholding of key core political public goods.

Socialist Authoritarian	Capitalist Authoritarian
China, 1949-1978	Republic of China, 1949-
DPRK, 1953-	Republic of Korea, 1961-
	China, 1978-
	Vietnam, 1986-

To simplify the array of policy choices taken during these critical junctures, we divide the cases into two cases of socialist authoritarianism (China under Mao, the DPRK for the duration of its existence) and four cases of capitalist authoritarianism (the Republic of China after 1949, and South Korea after 1961, China after 1978, and Vietnam after 1986). Socialist authoritarianism is defined as near total nationalization of the economy, concentrated political control over personnel and resources at every level of

the political system, and limited connection to the global economy (autarky or self-reliance). Capitalist authoritarian states, on the other hand, allow for a vibrant private sector, diffuse political control over personnel and resources, and connections to the global economy through trade and investment.

The historical trajectories of these regimes are closely linked to each other, to the experience of Japanese colonialism and post-war recovery, to civil war and social revolution, and to US post-war hegemony. While we discuss these cases as individual political regimes, we also emphasize the initial common starting point of post-imperial China and post-colonial Korea and Vietnam. As a cluster of cases, they demonstrate the importance of leadership makeup and preferences in determining economic performance. The divergent paths of Taiwan and Maoist China and North and South Korea underscore this point as do the reform experiences of Vietnam and China in more recent years.

Given the initial starting point in colonial occupation, social revolution, and civil war that marks all these cases, we do not debate that political elites were highly mobilized to pursue industrial development. This imperative was a result of the security situation in post-WW II Asia and relative resource scarcity. Doner, Ritchie and Slater (2005) label this condition as “systemic vulnerability.” While these constraints were important in shaping their policy goals, there were stark and important differences in the pathways to development. Socialist revolution with a planned economy was one way forward, under the protection and encouragement of the Soviet Union. Capitalist development and markets were another, often under the security umbrella of the United States military.

In all of these cases, intra-elite competition over which development path to take eventually led to civil war and political division. In China, the Communist Party took

over the mainland in 1949 and began a rapid transformation to a planned economy and industrialization led by state-owned enterprise. The defeated Nationalist Party under Chiang Kai-shek fled to Taiwan and began a developmentalist drive that combined state management over key sectors of the economy and encouragement of a private sector focused on export production. The division of North and South Korea after WW II and the Korean War (1950-1953) left the Korean peninsula with a similar divide in development paths between the communist North and the capitalist South. The communist regimes in North Korea and mainland China claimed the legitimate right to rule over South Korea and Taiwan. Vietnam's experience was similar, but much more protracted due to the long conflict with France and then the United States over decolonization. Internal debates between elites grew into the external threats that defined the Cold War in East Asia. Once political division occurred (in all cases following civil war and social revolution), the small elite ruling each country began to implement developmental plans that hewed to distinct ideologies and produced divergent economic outcomes.

In the split between mainland China and Taiwan and between the two Koreas, political leaders of authoritarian parties in all four countries began to implement ambitious development plans that sought to restore economic and political stability after many years of war and upheaval. The Communist Parties of the PRC and North Korea pursue socialist development goals that strengthened the state's hold over the entire economy, nationalized industry, collectivized agriculture, and minimized sharing of power with other elite groups. In the 1950s, the Chinese Communist Party launched campaigns against landlords, private business owners, government officials, and intellectuals. Rural land reform that initially allocated land to individual poor peasant households quickly radicalized toward full collectivization. The state used surplus

agricultural production to fund capital investments in heavy industry and infrastructure. This initial stage of socialist rule in both the PRC and North Korea led to a boom in growth. If we use the language of *LPS*, the winning coalitions in these regimes were located within the apparatus of the Communist Party. Intra-elite competition had been eradicated and independent bases of power had been eliminated.

In North Korea, which seems to align with the predictions of the selectorate theory most closely among all these countries, rulers constructed a small winning coalition composed of family members of the ruler, party elites, and military officials. The creation of a cult of personality around the ruler facilitated control over different factions of the communist movement (French, 2005), and a powerful official doctrine of self-sufficiency (*Juche*) makes it nearly impossible to question economic policies. The Public Distribution System (PDS) for food and other goods, which is under the control of the state, has been a critical element of political control over the population that has helped the regime sustain itself (Cha, 2012).⁴

Although North Korea's economy kept pace with South Korea's in earlier decades, it began a long decline starting in the late 1970s, leading to famine and other significant social deprivations. In contrast to China, attempts at economic reform have been stymied by politics, since the reform process is carried out by the same elites that are charged with running the central plan and these elites value consensus rather than vigorous debate over alternatives (French, 2005). Reforms thus continue to protect key political constituencies in the military and industrial sectors, preserving the lifestyles of political elites at the expense of the masses.

⁴ Famines in the early 2000s undermined the PDS, leading to the emergence of unofficial markets for food. According to Cha (2012), this has weakened the state's control over the population and will destabilize the regime over time.

Winning Coalitions and Policy Outcomes: Taiwan and South Korea

Taiwan and Korea, after an initial period of heavy dependence on US foreign aid, began developmentalist policies that also relied on a strong state, but with a commitment to private enterprise and markets, albeit controlled. Intra-elite competition and eventual compromise was centered on the relationship between the state and big business. In Taiwan, small and medium enterprises also became increasingly important to the economy as export-led industrialization took hold in the 1960s. In both countries, more traditional elites had been eliminated through land reform and for the Nationalist Party on Taiwan, by its new-found autonomy once it left the mainland. These winning coalitions were, arguably, no larger than those in their Communist counterparts. But they were more diverse and resulted in developmental policies that empowered actors outside the ruling political party and in South Korea, outside the military.

The key difference between socialist and capitalist authoritarian regimes is not the relative size of the winning coalition or its proportion to the broader electorate.⁵ It is the relative degree of elite diversity within these two bodies. If there is a higher level of elite diversity involved in selecting or supporting the leadership, policymaking and resource distribution will reflect this. For example, nationalistic leaders of both socialist and capitalist authoritarian regimes were highly motivated to promote rapid industrialization. Socialist leaders did so by developing policies and distributing resources that enhanced the state-owned sector concentrated in heavy industry, while squeezing agriculture and light industry. A (now seen as myopic) goal of heavy industrialization squeezed out other developmental goals, but played to a more

⁵ We have bracketed the discussion over how to accurately measure these concepts in authoritarian regimes that do not use national competitive elections to choose leaders. Instead we assume that the selectorates of socialist authoritarian regimes are the Communist Party elite, while selectorates in capitalist authoritarian regimes are a mixture of political, economic and military elite.

homogeneous winning coalition that included Party, government, and military elite. Capitalist authoritarian regimes, such as Taiwan and Korea, relied on a strong role of the state in determining economic policy, but could not ignore powerful economic interests in the private sector, which were often championed by a less politicized group of technocrats within the bureaucracy.

Economic policies and the distribution of public goods reflect this diversity. Support for export-oriented industrialization included the distribution of basic public goods, such as macroeconomic stability and investments in public education and healthcare. While these authoritarian regimes were politically repressive and uninterested in expanding political participation for three decades, policies of export-led growth required a broader distribution of goods and state-private business cooperation. Over the longer term, these policies benefited the entire population, with high growth rates, relatively small increases in income inequality, and improvements in human development more broadly.

Post-Mao China and Doi Moi Vietnam

The post WW II trajectories of South Korea and Taiwan (often lumped with Singapore and Hong Kong as the “East Asian Tigers” and preceded by the “Japanese miracle”) fostered a cottage industry in explaining how small states with relative resource scarcity, insecure international security, and authoritarian politics could produce such phenomenal economic performance. These examples of East Asian capitalist success also provided an alternative template for growth for socialist leaders disillusioned with the planned economy and autarky. In the early 1980s as Deng Xiaoping began to implement the shift away from Maoist autarky and the planned economy, he sent dozens of Communist Party officials to nearby East Asian capitalist

economies, including South Korea, Japan, Hong Kong, and Singapore. The point was to notice how far China had fallen behind and how successful these smaller neighbors had become.

However, Deng's reformist strategy did not attempt a frontal assault on socialism; rather, reformist leaders at the top gradually shifted the composition of the selectorate to reflect those who benefited from reform and globalization. With the exception of the expansion of the Standing Committee of the Politburo from seven to nine people in 2002, there has been little change in the size of selectorate, only its composition.⁶ Reformers built a coalition in support of market-oriented policies that both sustained their own power but also benefited the overall economy. The changing composition of the winning coalition reflected more intra-elite diversity and the re-inclusion of non-Party elites into the policymaking process.

In the *Political Logic of Economic Reform*, Shirk provides a detailed study of the murky leadership selection process in China. She finds that leaders in the center used economic decentralization initiatives in the forms of central-provincial fiscal contracts and profit contracting in state-owned enterprises, to build constituencies for themselves among provincial officials. The lower level officials benefited from the policy changes, providing a counterweight to opposition from hardliners and the central bureaucracy to some of the reform measures. A virtuous cycle developed, where economic reforms generated supporters for their perpetuation.

Yang (1996) offers a detailed critique of the Shirk's description of the selectorate in China, arguing that it neglects the influence of party elders and the military in the leadership selection process and focuses too much on economic policy at the expense of

⁶ The expansion of the standing committee may have been a compromise between the factions of the outgoing Party Secretary Jiang Zemin and the incoming leader, Hu Jintao, allowing both factions to gain crucial seats on the committee.

other policy arenas. Yet, these criticisms reinforce the argument of this paper that careful attention to the composition of the selectorate, and the preferences of those who comprise it, is central to understanding policy outcomes. The debate among China specialists focuses mainly on defining the selectorate accurately and also determining how lower level elites exercise power in a system where they are appointed by higher-ups in a semi-competitive process. Shirk argues that there is a system of “reciprocal accountability” in which those selected for membership on the Central Committee of the Chinese Communist Party then go on to exercise some degree of oversight and influence on leaders in the Politburo. Although it is still unclear how this process operates, more attention to the composition of the Central Committee has become the norm in the study of Chinese politics (Zang, 1993; Cheng and White, 1998; Shi et al., 2011; Shi et al., 2012) .

During the reform period, shifts in the composition of the Central Committee “selectorate” have been significant and reflect the ability of key leaders, including Deng Xiaoping, to redirect policy through the gradual empowerment of provinces and provincial elites who had fallen out of favor during the Maoist Era. Institutionally the central CCP leadership was able to sustain reform-building efforts by building reformist goals into the cadre evaluation system and the nomenclature system of elite appointment. As Whiting shows, during the reform era, the two main criteria for measuring local cadre success has been rates of local economic growth and inward flows of foreign direct investment (Whiting, 2004).

By incentivizing the reform program into the system of cadre evaluation, reformist leaders also strengthened the bond between local officials and foreign investors. Foreign investors, eager to take advantage of China’s low labor costs and large internal markets, were meet by equally eager local officials willing to bargain and

compete for foreign investment into their region (Zweig, 2002; Gallagher, 2005). These reformist policies not only strengthened the reformist faction at the top, it also grew new reformist coalitions below as provincial leaders jumped onto the reform bandwagon (Yang, 1997). The key was not changing the mechanisms of leadership selection or changing the size of the formal political elite, but rather changing the composition of the selectorate and changing the incentives of elites generally to favor reform.

The Vietnam case bears many similarities to the Chinese case. Economic reforms in Vietnam emerged in a piecemeal manner in response to economic crisis that followed from attempts to impose centralized planning in the south part of the country following the war from 1976-1982. These reforms were not driven by the design of rulers at the center but instead were "pushed by the actions of individual communities and factories which spontaneously experimented on their own with various kinds of market-oriented solutions to the manifest failures of the planning system" (Riedel and Turley, 1999). The emergence of a political coalition to make economic liberalization official policy goal took time and substantial amount of political maneuvering around vested interests. Even during the 1990s, policy change remained an incremental process. The Vietnamese case thus provides additional support for the notion that the composition of the selectorate was more important in determining the direction of policy change than its size.

Focus on the changing composition of the Vietnamese elite is centered around different types of analysis, including generational, factional, personalistic, and ideological models of communist elite competition. Malesky examines a similar divide among Vietnamese elite in the Central Committee (Malesky, 2009). Although Malesky shows that gerrymandering the division of provinces in Vietnam increased the size of

the selectorate, the absolute size of the Central Committee is not relevant to his argument. Rather, Vietnamese reformist leaders divided provinces according to a political logic that created a greater proportion of reformist elite in the Central Committee. This diluted the power of those who continued to support the planned economy and the state sector at the expense of market reform and foreign investment.

While neither the Vietnamese or Chinese Communist Party have relinquished political power in a major way, both regimes now allow for greater intra-elite diversity, including participation of the private sector, in the policymaking process. Local officials are incentivized to promote economic development and to boost foreign investment as a way to increase their own chances of career success. Elites with ties to and interests in the market economy, including private entrepreneurs and local officials, have increased their presence in central-level decision-making bodies, such as the Central Committee of the Communist Party and the legislatures of both countries. While rule of the Communist Party remained constant during the entire period (in China, from 1949, and in unified Vietnam, from 1976), significant changes to the composition of the winning coalition brought in new elite voices with distinct policy preferences, transforming these economies in the process.

The Role of the Disenfranchised: Public Goods, Repression, and Institutions

As discussed above, two other dimensions of the selectorate theory are ill-equipped to explain these puzzling cases that include broadly distributed economic growth and narrow, uncompetitive political institutions. These dimensions are related to the definition of public goods and the ability of the regime to respond to revolutionary threats from outside the selectorate (from the disenfranchised).

According to the selectorate theory, rulers distribute two kinds of public goods. “Core”

public goods are good governance and political/civil rights. Other public goods include the more typical - infrastructure, public health, and education. In the original theory, distribution of public and private goods was only related to the relative size of the winning coalition. The disenfranchised were inconsequential. In recent elaborations of the theory, Bueno de Mesquita and Smith accept the possibility of a revolutionary challenge from those outside the selectorate. But even in the event of such a challenge, the ruler is still constrained by an inability to divvy out public goods, such as welfare, that might appease disgruntled, disenfranchised citizens while withholding public goods that facilitate coordination and collective action (for example, civil and political rights). The ruler can only provide all public goods, thus increasing the likelihood of revolution by facilitating coordination of the opposition; or withhold all public goods and repress, which limits the challenge from the disenfranchised but further immiserates them. In other words, the ruler cannot strategically divvy out carrots and sticks.

The Chinese Communist Party's longevity in power fits the logic of the selectorate theory - a tiny winning coalition and large selectorate. However, it is more difficult to explain the recent increases in public goods that have accompanied CCP rule within the confines of the theory. To do so, we need to take into account the role of the disenfranchised and how the state is institutionally linked to social actors. These links allow the state to do what Acemoglu and Robinson predict under the "revolution constraint" - provide public goods and repress. The state should increase the benefits of the status quo while raising the costs of anti-regime mobilization. It may be that the real difference between resilient autocracies and breakdown is the relative strength and health of institutions that facilitate the efficient allocation of punishment and rewards.

Bueno de Mesquita and Downs tackled the Chinese case in a recent article for

Foreign Affairs (2005). Tellingly, in explaining the success of the Chinese regime, the article makes no mention of the importance of the selectorate or the winning coalition. Rather, the authors focus on the ability of authoritarian regimes to efficiently distribute some public goods but not others. Resilient autocracies, like China, Vietnam, and other cases discussed here, provide the foundations of economic growth through public goods such as investments in education, infrastructure, etc. while at the same time holding back provision of key public goods that would allow potential challengers to coordinate and mobilize. These include political rights, human rights, freedom of the press, and accessible higher education.

This argument runs the danger of becoming a tautology of "repressive governments survive because they repress." However, the article avoids this danger by acknowledging what is ignored in *LPS*: authoritarian governments have strong incentives to provide an array of goods to a wider part of the population because even those who have absolutely no say in policy or leadership selection are potential challengers to the regime's monopoly on power. Although they do not explain why some regimes, like China, Singapore, and others respond rationally to this incentive, it may be possible that most authoritarian regimes try to balance goods provision with repression but that only some, perhaps even only a few, have the institutional capacity to do so efficiently.

As Geddes (1999) notes in her study of variation across authoritarian regimes, "single-party regimes survive in part because their institutional structures make it relatively easy for them to allow greater participation and popular influence on policy without giving up their dominant role in the political system" (p. 135). While she points mainly to electoral devices like legalized opposition parties, single-party regimes can also develop other effective institutions, including mass organizations like trade unions,

corporatist business associations, government-owned NGOs ('GONGOs'), and parastatal organizations in neighborhoods, workplaces, and schools. These institutions have all been part of the institutional landscape of East Asian authoritarianism. China has used all of these and now also allows competitive elections of village leaders in the countryside. Elected village officials rule in tandem with an appointed Communist Party secretary. These are not "coalitions" of broad-based support, but as Doner et al. argue for the earlier cases of Korea, Taiwan, and Singapore, they are efficient channels of goods provision and, when needed, strategic repression.

How these institutions delay the revolutionary crises laid out in Acemoglu and Robinson can be illustrated by one example. From 1997 to 2001, Chinese state-owned enterprises laid off over 30 million people and employment figures for the urban public sector dropped dramatically. Many scholars and onlookers predicted a rising tide of unrest, labor mobilization, and political upheaval. It was not only the scale of the layoffs but also because urban state workers were privileged members of society, enjoying lifetime employment, extensive welfare benefits, and high ideological status. While strikes, labor disputes, and mass demonstrations did occur and continue to occur, we have seen only a handful of protests that have joined workers across workplaces and not a single incidence of labor mobilization that has crossed regional boundaries. Institutions including the socialist workplace (*danwei*), the Communist-run trade union, workplace-level Communist Party cells, local-level neighborhood committees, and street-level committees have all served dual functions of repression and compensation. In many cases of mass unrest, striking workers have been compensated monetarily, with back wages and pension arrears, while labor activists and leaders have been arrested and imprisoned. Broad-based welfare programs including the minimum-income guarantee (*dibao*), unemployment insurance, and socialized pension funds have

all been expanded, with massive increases in the number of urban citizens receiving income subsidies. The state's efficient use of these institutions to monitor and repress Chinese workers has been matched with a more benevolent form of cooptation and compensation.

Conclusion

Looking across these cases, we see some common threads. Although these countries experienced very different economic trajectories, they did not differ significantly in terms of the sizes of their winning coalitions or selectorates, especially prior to political liberalization in the 1980s in South Korea and Taiwan. Instead, differences in economic outcomes were driven by the different developmental strategies launched by rulers in these countries, and these strategies were the product of elite-level politics.

Additionally, we find that the combination of high levels of public goods provision and political repression was common in many of these countries during the post-war era. Contrary to the assumptions of the selectorate theory, rulers are not bound to link public welfare measures with political liberalization. Where rulers have the institutional capacity to deliver benefits and repression simultaneously, they often do so to temper opposition to the regime.

More importantly, we argue that these empirical findings neither represent unusual outcomes nor something completely unanticipated. Instead, they point to fundamental problems in the assumptions of the selectorate theory. Since the preferences of winning coalitions are not determined by their size, we cannot say that rulers with similar-sized coalitions will produce similar policies. Politics still matters. Additionally, it makes little sense to assume that a ruler's decision to increase spending

on public welfare requires simultaneous political liberalization. Crucially, once we take away these two assumptions, the selectorate theory's central prediction fails.

Bibliography

- Acemoglu, Daron and James A. Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. Cambridge: Cambridge University Press.
- Almeida, Heitor and Daniel Ferreira. 2002. "Democracy and the Variability of Economic Performance." *Economics and Politics* 14(3): 225–257.
- Cha, Victor. 2012. *The Impossible State: North Korea, Past and Future*. New York: HarperCollins Publishers, Inc.
- Banks, Arthur S. 2002. *Cross-National Time-Series Data Archive*. Databanks International.
- Bueno de Mesquita, Bruce and Hilton L. Root. 2002. "The Political Roots of Poverty: The Economic Logic of Autocracy." *The National Interest* 68: 27–37.
- Bueno de Mesquita, Bruce, Alastair Smith, Randolph M. Siverson, and James D. Morrow. 2003. *The Logic of Political Survival*. Cambridge: The MIT Press.
- Bueno de Mesquita, Bruce and George W. Downs. 2005. "Development and Democracy." *Foreign Affairs* 84(5): 77.
- Easterly, William. 2007. "Four Reviews of Economic Origins of Dictatorship and Democracy: Review II." *The Economic Journal* 117(517): F169–F174.
- Bueno de Mesquita, Bruce, James D. Morrow, Randolph M. Siverson, and Alastair Smith. 1999. "Policy Failure and Political Survival: The Contribution of Political Institutions." *The Journal of Conflict Resolution* 43(2): 147–161.
- Bueno de Mesquita, Bruce and Alastair Smith. 2009. "Political Survival and Endogenous Institutional Change." *Comparative Political Studies* 42(2):167–197.
- Clarke, Kevin A. and Randall W. Stone. 2008. "Democracy and the Logic of Political Survival." *American Political Science Review* 102(3):387–392.
- Doner, Richard F., Bryan K. Ritchie, and Dan Slater. 2005. "Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective." *International Organization* 59(2): 327–361.
- French, Paul. 2004. *North Korea: The Paranoid Peninsula: A Modern History*. New York: Zed Books.
- Gallagher, Mary E. 2005. *Contagious Capitalism: Globalization and the Politics of Labor in China*. Princeton, NJ: Princeton University Press.
- Gallagher, Mary and Jonathan Hanson. 2012. "Authoritarian Survival, Resilience, and the Selectorate Theory." In Martin Dimitrov, ed., *Why Communism Didn't Collapse*:

Understanding Regime Resilience in China, Vietnam, Laos, North Korea and Cuba.
Manuscript.

- Gallagher, Mary and Jonathan K. Hanson. 2009. "Coalitions, Carrots and Sticks: Economic Inequality and Authoritarian States." *PS: Political Science & Politics* 42(4): 667–672.
- Geddes, Barbara. 1999. "What Do We Know about Democratization after Twenty Years?" *Annual Review of Political Science* 2: 114–144.
- Goldstone, Jack A. 1995. "The Post-Deng Era: The Coming Chinese Collapse." *Foreign Policy* (99): 35–53.
- Goodman, David S.G. and Gerald Segal. 1994. *China Deconstructs: Politics, Trade, and Regionalism*. London and New York: Routledge.
- Hanson, Jonathan K. 2007. "Political Institutions, Social Heterogeneity, and Development Outcomes." Paper presented at the annual meeting of the Midwest Political Science Association, Palmer House Hilton, Chicago, Illinois, April 12, 2007.
- Huang, Yasheng. 1995. "Why China Will Not Collapse." *Foreign Policy* (99): 54–68.
- Hicken, Allen and Bryan K. Ritchie. 2003. "The Origin of Credibility Enhancing Institutions in Southeast Asia." Unpublished Manuscript.
- Johnson, Chalmers. 1999. "The Developmental State: Odyssey of a Concept." In Woo-Cumings (1999).
- Kennedy, Ryan. 2009. "Survival and Accountability: An Analysis of the Empirical Support for 'Selectorate Theory'." *International Studies Quarterly* 53: 695–714.
- Kalyvas, Stathis N. 1999. "The Decay and Breakdown of Communist One-Party Systems." *Annual Review of Political Science* 2: 323–324.
- Knack, Stephen. 2005. "The Logic of Political Survival." *Journal of Economic Literature* 43(4): 1068–1070.
- Kohli, Atul. 2004. *State-Directed Development: Political Power and Industrialization in the Global Periphery*. Cambridge: Cambridge University Press.
- Malesky, Edmund. 2009. "Gerrymandering—Vietnamese Style: Escaping the Partial Reform Equilibrium in a Nondemocratic Regime." *The Journal of Politics* 71(1):132–159.
- Morrow, James D., Bruce Bueno de Mesquita, Randolph M. Siverson, and Alastair Smith. 2008. "Retesting Selectorate Theory: Separating the Effects of W from Other Elements of Democracy." *American Political Science Review* 102(3):393–400.

- Nathan, Andrew J. 2003. "Authoritarian Resilience." *Journal of Democracy* 14(1): 6-17
- North, Douglass C. 1981. *Structure and Change in Economic History*. New York: W.W. Norton & Company.
- Olson, Mancur. 1993. "Dictatorship, Democracy, and Development." *American Political Science Review* 87(3): 567–576.
- Olson, Mancur. 2000. *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*. New York: Basic Books.
- Pempel, T.J. 1999. "The Developmental Regime in a Changing World Economy." In Woo-Cumings (1999), chap. 5.
- Perry, Elizabeth J. 2007. "Studying Chinese Politics: Farewell to Revolution?" *The China Journal* 57 (January): 1-24.
- Przeworski, Adam, Michael E. Alvarez, José Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the Third-World, 1950-1990*. Cambridge: Cambridge University Press.
- Riedel, James and William S. Turley. 1999. "The Politics and Economics of Transition to an Open Market Economy in Viet Nam." Working Paper No. 152, OECD Development Centre.
- Shirk, Susan L. 1993. *The Political Logic of Economic Reform in China*. Berkeley and Los Angeles: University of California Press.
- Warwick, Paul. 2004. "Reviews: The Logic of Political Survival." *Canadian Journal of Political Science* 37(4): 1035–1036.
- Wintrobe, Ronald. 1990. "The Tinpot and the Totalitarian: An Economic Theory of Dictatorship." *The American Political Science Review* 84(3): 849–872.
- Wintrobe, Ronald. 1998. *The Political Economy of Dictatorship*. Cambridge: Cambridge University Press.
- Woo-Cumings, Meredith, ed. 1999. *The Developmental State*. Ithaca: Cornell University Press.
- Yang, Dali L. 1996. "Review Article: Governing China's Transition to the Market: Institutional Incentives, Politician's Choices, and Unintended Outcomes." *World Politics* 48(3): 424–452.