AN ECONOMIC MODEL OF HYBRID (COMPETITIVE – AUTHORITARIAN) REGIMES

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1. Introduction: The rise of hybrid democracy

After the fall of the Soviet Union, one popular idea was that mankind had reached “The end of history” (Fukuyama). Liberal democratic capitalism was simply history’s endpoint, and all countries would end up with these institutions. However, this turns out not to be true after all. It is true that many countries became democratic in “the third wave” but since then there has been a reversal. Not only has dictatorship resurfaced, a new form of government has appeared which is neither democratic nor dictatorial.

There are various names for this new form: “competitive – authoritarian”, “illiberal democracy”, or simply “hybrid”. My point of view here is that they are all the same thing, it just depends whether you conceive of the regime as originating from democracy or dictatorship, or as “basically” democratic or basically dictatorial in some sense. Thus the “Competitive Authoritarian” label refers to a regime which is a dictatorship but has elections. The term “Illiberal Democracy” implies democracy without the rule of law or to a democracy where there are competitive elections, but the economic or political rights or the rights of certain minorities are repressed. In this paper, I will define a “hybrid” regime as one where there are competitive elections, but rights are repressed, and yet they are not repressed to the degree that would be associated with dictatorship. So a hybrid regime exists where there is (1) repression and (2) competitive elections, but (3) the equilibrium level of repression is greater than that under democracy but less than under dictatorship.

Democracy (meaning free and fair elections) today is usually thought of as liberal democracy. Constitutional liberalism means

1. the rule of law, separation of powers, protection of rights of people
2. Protection of property rights
3. free speech and assembly

It is possible to have these without democracy, as in the case of Hong Kong. And one can have democracy without liberalism. By democracy I mean the term in the sense used in public choice theory. That is, there are competitive elections. But one can have competitive elections without constitutional liberalism, meaning that elections occur and they are competitive but the rights of some minorities are not respected, and possibly free speech and assembly are curtailed. In modern work, Fareed Zakaria is usually credited with making this observation, and he has produced a wealth of examples of this phenomenon (Zakaria (1997, 2003))

2. Roots of illiberalism

If democracy were always self-enforcing, i.e., once established it could maintain itself strictly through people following their own selfish interests, the recent resurgence of authoritarianism would not have occurred. What makes an equilibrium in which liberal democracy is self-enforcing? There are a few prominent theories about this. The first idea is simply that there are norms of democracy, in which citizens are educated in schools to believe in democracy and its virtues. In a society in which everyone firmly holds these beliefs, and is willing to make sacrifices to maintain democratic principles, authoritarianism cannot take root. A second possible condition is whether citizens have the ability to act in concert (coordinate) to withdraw sufficient support from leaders who transgress constitutional rules, as in Barry Weingast’s (1993, 1997) model of constitutional protections. Checks and balances on the use of power, independent judiciary, federalism (division of power among jurisdictions), independent house and senate, and free media all facilitate this.
It has been widely believed that in the “advanced democracies” like the United States, Canada, Britain, and France, these norms were sufficiently widespread that democracy came close to being self-enforcing. However, there have been examples of authoritarian tendencies in all these countries, in Britain with Oswald Mosley in 1934\(^1\), in France with the Fronte Nationale, and in the US in the 1950s with McCarthyism and now Donald Trump\(^2\). And in recent years these tendencies seem to have been accelerating in many places.

Another model of self enforcing democracy focusses on wealth and the absence of a certain level of inequality (Przeworski (2005)). In his model there are 2 groups, rich and poor. It is assumed that everyone dislikes dictatorship to a degree. The poor could nevertheless revolt and establish a dictatorship in order to effect redistribution. However, the marginal utility of money income is declining, so after a certain point, the extra value of redistribution to an individual falls below the dislike of dictatorship. The implication is that the more equal the society, the smaller the poor will value of redistribution, and therefore the more stable the government. Thus the model suggests that democracies are more likely to be self-enforcing when income inequality is less.

Another important model is Fearon’s (2011) who suggests that publicly understood rules for regular, non fraudulent elections can make democracy self enforcing.

However, all of these have weaknesses, and for the purposes of this paper we will assume that these forces are often insufficient to guarantee that democracy is self enforcing.

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\(^1\) In 1934 the Daily Mail called Oswald Mosley, founder of the British Union of Fascists, “the paramount political personality in Britain”. See the new account of the period Morris Beckman *The 43 Group: Battling with Mosley’s Blackshirts*, (History Press).

\(^2\) In Canada, there have been authoritarian policies towards its Native population for many years now.
Thus the possibility of a hybrid regime arising is present in many, if not most
democracies. How could that happen? Some connect the origin of hybrids in modern times to
the rise of populism. Populism is connected to illiberalism or authoritarianism in that populists
tend to repress minorities as a way of appealing to the majority. Fundamentally they practice the
politics of division, in which the majority repress minority groups. Essentially this “tyranny of
the majority” is another way to think about hybrid or illiberal democracy.

It has also been suggested that elections are not anymore about right vs left or the size of
government but are focussed on a different dimension— which can be variously labelled “center
vs ‘populist’” -”us” vs “them”, “closed” vs “open” or possibly “authoritarianism vs liberalism”
(Reynie (2016). But the Right and left still exist: For example, Donald Trump is a populist, but
he is certainly right wing. He appeals to the poor (although it appears that his health plan and tax
reforms would certainly disproportionately benefit the rich). Bernie Sanders in the US and
Jeremy Corbyn in Britain are left wing populists (though neither of them appear particularly
authoritarian). Right wing populists tend to be nationalists and left- wing populists sometimes
do as well. Nationalism is a strategy often used to generate solidarity, and a favorite of right
wing authoritarian populists

Dani Rodrik (2017) distinguishes two kinds of populism. The first type is populism
based on nationalism (“us vs them” with respect to foreigners) the other is populism based on
class (“us vs them” with respect to the rich). It is worth noting that with either type of populism,
the Jews usually are usually classified among the enemy.

However, there are many other kinds of populism, for example the former Mayor of
Toronto, Rob Ford, infamous for smoking crack and other peccadillos, was a classic populist.
But he was not obviously right or left wing. His issue was the “downtown elites” vs “the
people” who lived in the immediate periphery of Toronto. Ford’s campaign thesis was that city councilors representing the downtown elites were part of a “gravy train” which exploited the near periphery for the benefit of the elite, “latte-drinking” denizens of downtown. This resembles the “elites vs masses” type of populist.

What is common to all these forms of populism is an ideology that claims that the directly expressed “will of the people” trumps (the verb has already acquired a new connotation) all other sources of authority. And the populist leader identifies himself – or herself, in the case of Marine Le Pen – as the single voice of the people. Donald Trump’s “I am your voice” is a totemic populist line. But as Garton- Ash nicely puts it, it turns out that “the people” is actually only a part of the people. It doesn’t include the “others”: the Kurds, Muslims, Jews, refugees, immigrants, black people, elites, experts, homosexuals, cosmopolitans, metropolitans, etc. (Garton Ash (2017)).

Regardless of the nature of various populisms, it does seem apparent that the left –right dimension still exists and forms an important dimension of competition in most countries. Now, in a democracy with two dimensions, left vs right on the one hand, and, say, authoritarianism vs liberalism on the other, then the standard and well discussed result of competition under these conditions is that no stable equilibrium exists.. This space is depicted in Figure 1. The median in both dimensions is at M, but in general, this is not an equilibrium and, as has been repeatedly shown, equilibrium can be anywhere in the space.

An important contribution to this literature, the probabilistic voting model, showed that there is a theoretical way round this instability\(^3\). In this model, there can be a unique equilibrium even with two dimensions. However, probabilistic voting models assume a form of behavior

\(^3\) Mueller ( ) contains a good exposition of this model.
which may be reasonable in many contexts but is antithetical to the populist/authoritarian strategy of dividing the population into “us” and “them”. Probabilistic voting models assume that a party or candidate maximizes the aggregate probability of citizens’ votes. To illustrate, suppose that a political party is considering the choice between 2 policies, A and B. Policy A would raise one voter’s (or group of voters)’ probability of voting for a candidate from 5 to 15 per cent, while policy B would raise another’s likelihood of support from 45 to 55%. Suppose all other voters are indifferent between A and B. In that case, the candidate adopting a probabilistic voting strategy would choose A over B. The essence of the probabilistic model is that candidates appeal to all voters, even those who are extremely unlikely to vote for them, in order to maximize the aggregate of voting probabilities.

Authoritarian populists, on the other hand, typically divide the population into “us” (his or her support base) vs “them” (opponents and possibly the object of repressive measures). So they would choose policy B. They would ignore voters who have very little likelihood of voting for them. It follows that the probabilistic voting model does not provide a suitable description of the populist strategy, and we are left with the standard conundrum common to models of democracy with more than one dimension, i.e., that there is no equilibrium.

As we shall see in the next section, in the hybrid context, the way out is via the strongman, who can impose an equilibrium.

3. A model of the rise of a hybrid regime

What makes a hybrid (or a dictatorship) arise out of a democracy? In this section we develop a model in which a hybrid regime can arise from democracy. This can happen if a democratic leader institutes repression, and ends up increasing his power or popularity by doing
so. That is, beginning with democracy, one of the defining characteristics of which is that repression is low or zero, a hybrid arises when the leader increases repression and this increases the power of the leader. This possibility of the rise of authoritarianism is the fundamental weakness of liberal democracy. In this section we show how this can happen.

To develop this model, we first have to contrast democracy with dictatorship. To do this we need to take a very brief detour into dictatorship. I first summarize some aspects of my model of dictatorship, developed previously (Wintrobe (1990, 1998)). Figure 2 describes the simple version of that model (Wintrobe (1990)). A dictator’s sources of power are two: repression and loyalty. Power ($\pi$) is depicted by the isoquants in figure 2: $\pi = f(R, L)$, where $f_R$, $f_L$ are both > 0 and $f'' < 0$, so that the isoquants have the usual shape as depicted there.

To see how a dictatorship or hybrid regime can arise, consider the supply of loyalty curve. What happens to the level of loyalty or support for the leader when repression is imposed? Consider first the possible rise of dictatorship out of democracy. Starting from repression $R$ at low or zero level, an increase in $R$ often means $L$ rises. Even if $L$ falls, the net effect of the rise in $R$ and the fall in $L$ might mean an increase in the power of the leader. Again, let me emphasize that this possibility is the fundamental weakness of liberal democracy. People may be willing to see the preferences of those who differ from them repressed, or they may want income redistributed from them, and to do this the others need to be politically repressed. In this case, democracy is not self-enforcing. If people sufficiently dislike the views of opposing groups, and if norms of democracy and checks and balances are both sufficiently weak, the population might be willing to let the ideal of democratic free expression slide.

Let us spell this point out more clearly (For more detail see Wintrobe (1990, or 1998)).
Consider first the case of pure dictatorship. Assume there is a leader in power, no opposition worthy of the name and no elections. Now suppose the dictator decides to raise the level of repression, and ask what happens to a typical individual’s choices as repression R rises. An increase in R means an increase in either the probability of being caught or in the size of the punishment for expressing opposition to the regime. In either case, the price (expected cost) of disloyalty rises. The reaction to a price increase can normally be decomposed into two effects: (1) a substitution effect: since disloyalty is now relatively more costly, individuals are less likely to engage in it; (2) an income effect: the individual feels poorer. Even if he or she engages in only minimal opposition to the regime, or no opposition at all, it is now more either likely that he or she will get caught, or be possibly mistakenly accused, of expressing opposition to the regime. Alternatively the increase in repression might take the form of a higher punishment for anyone caught expressing opposition. In either case, there is what might be termed an “income effect”: the individual feels poorer and the result is that he or she engages in less political activity of any kind. Normally the substitution effect outweighs the income effect, and this would seem to be the case here as long as the level of repression is low, and therefore the income effect small. So, as long as R is low, the increase in R implies a rise in L. In figure 2, this means that, starting from R = 0, the supply of loyalty curve is upward sloping.

However, as the level of R gets larger and larger, the income effect becomes stronger. At very high levels of repression, individuals might be afraid to engage in political activity of any kind. So eventually the income effect outweighs the substitution effect and the supply of loyalty curve ultimately bends backwards, as depicted in figure 2.

If we now add in the preferences of the dictator, we can derive different types of regimes from this analysis. Dictators who merely wish to consume as much as possible while remaining
safely in office (“tinpots”) will be in equilibrium at a relatively low level of power ($\pi_1$ in the figure). Dictators who maximize power will end up at point 2 in the figure. In the simple version of the model (originally developed in Wintrobe (1990), dictatorships are divided into two types: tinpots, who maximize consumption subject to the constraint that they stay in power, and totalitarians, who maximize power. Equilibrium for the tinpot is at $\pi_{\text{min}}$. The tinpot seeks no more power than this, so that he can devote as much resources as possible to consumption. Equilibrium for the totalitarian, on the other hand, is at $\pi_{\text{max}}$: where power is maximized.4

Now let us turn to the rise of hybrid regimes. Suppose now that we are starting from an initial equilibrium where the regime in power is democratic. If we are starting from democracy, there is not only a leader in power but also a legitimate political opposition, and sooner or later there will be a constitutionally mandated competitive election.

In this case, starting from democracy, with a legitimate political opposition and competitive elections, the previous analysis of the substitution and income effects which occur if the leader in power tries to institute repression has to be modified to take into account another force. Suppose once again that the leader increases repression, starting from the low or zero level characteristic of democracy. Any citizen now has three choices, not two: Previously we emphasized two possibilities: he or she can increase his/her support for the leader, or he/she can reduce or cease political activity. In a democracy, there is a third choice: He or she can switch his or her choice from loyalty to the governing party to one or more opposition parties, ie there is a cross-substitution effect along with the income and substitution effects previously discussed.

4 A more general analysis is presented in Wintrobe 1998, where all dictators are assumed to maximize the same utility function $U(\pi, C)$ and are subject to a more sophisticated constraint. This endogenizes the nature of the regime, and also allows for other possible types including tyranny.
Of course there is always some opposition even under dictatorship, but with no legitimate alternative government and no forthcoming election this force will not play much of a role, and so this was neglected it in my analysis of dictatorship. But with an organized political opposition and constitutionally mandated forthcoming election which are fundamental to democracy, the possibility of switching one’s vote or loyalty to an opposition leader is obviously much easier.

Now we can see how self-enforcing democracy works in this context. If a democracy were self enforcing, any leader who attempted to repress some group would simply find his loyalty reduced even among his supporters. However, if democracy is not self enforcing, this might not happen, and the beneficiaries of the policy of repression might increase their loyalty or support for the leader. Those who are repressed will presumably withdraw their support. The next question is: What happens to the power of the leader?

There are three possible results when a democratic leader decides to raise the level of repression.

1. **Stable democracy**: Loyalty falls (\( LR < 0 \)) as \( R \) rises from zero and the effect on power of the fall in \( L \) is larger than that of the rise in \( R \), so that the net effect is that power falls. Under these circumstances, *democracy is stable*. The most likely reasons which would account for this outcome is that constitutional norms among the population are strong, so the citizenry do not like to see the rise in repression even if they are not fond of those groups repressed or their preferences. Another possibility is that checks and balances are strong, so that the increase in repression is met by opposition from other branches of the federal government, from the media, the judiciary, the governments of sub-national jurisdictions, and other political parties. This opposition galvanizes the citizenry into opposing
repressive measures. Or the leader may anticipate this opposition, and simply be aware that any repressive measures will be met by opposition even from those who stand to gain from them. Knowing that the measures will reduce his power, the leader simply refrains from implementing repression in the first place.

2. *The possibility of a hybrid, but not dictatorship*: Loyalty falls ($L_R < 0$) as $R$ rises but the net effect of the rise in $R$ and the fall in $L$ is that Power rises. In that case, the likely result might be a slightly compromised democracy or a hybrid regime, but not a dictatorship. Whether a hybrid or a dictatorship results depends on what happens if $R$ were to be increased further, i.e., on how large a range the curve $L(R)$ continues to have a positive slope. The smaller this range, the more likely the result is to be a hybrid and not a dictatorship.

3. *Hybrid or dictatorship*: Loyalty rises ($L_R > 0$) as $R$ rises and the $L(R)$ curve continues to have a positive slope over a considerable range. Power increases both because of the rise in $R$ and the rise in $L$. If a range like this exists, but is short, the likely result is a hybrid. If the range is large, the result is dictatorship. If a leader can keep raising repression on the population and raise his support in doing so, why wouldn’t he continue to do this? His power rises both because of the rise in repression and the rise in loyalty. It also follows that the larger this range, the more repressive the dictatorship is likely to be, i.e., the more likely the result is a totalitarian and not a tinpot dictatorship.

To summarize, the most likely circumstances under which a hybrid regime might emerge from democracy occur if many in the population are willing to accommodate and even support some repression (particularly on groups whose preferences are opposed to theirs), but turn away
from the regime and switch their support to the opposition if that repression were to become very large. Thus, under case 2 the likely result is a hybrid but not a dictatorship. In case 3 the likely result is dictatorship, and the dictatorship gets more powerful (it goes from tinpot towards totalitarian) as the span over which \( L_R > 0 \) gets larger.

So far we have discussed the emergence of authoritarianism (hybrid or dictatorial regime) but we have not addressed the question of equilibrium. How does a hybrid equilibrium emerge from democracy? Consider Figure 3. Figure 3 reproduces Figure 1, but now we can substitute the more general and precise term Repression for Authoritarianism. The dimension is the same, but now we redefine the Authoritarianism –Liberalism dimension in terms of the level of Repression, where \( R = 0 \) means pure Liberalism with no repression at all. By “Liberalism” we mean Constitutional Liberalism, as discussed previously in sections 1 and 2. As before, there are 2 dimensions and therefore, in general, no equilibrium. Suppose initially, that we are in a two party democracy with no repression and no possibility of repression (democracy is self enforcing). Then the standard result is the median voter theorem, and equilibrium is at point M, the median in left-right space. Now introduce the possibility of repression. If democracy is not self enforcing the median position is not stable. The ruler, in order to stay in power, may move in an authoritarian direction. In general, there are now 2 dimensions and there is no equilibrium.

Suppose now that the leader is a “strongman” (or “strongwoman”). Define a “strongman/woman” as a leader who can implement repression and either a) not reduce loyalty so much that he loses power or b) actually gain loyalty at the same time (he moves up the upward sloping portion of the supply of loyalty curve). Thus the strongman picks some \( R > 0 \). In doing so, he moves away from point M (the median) so there is more room for an enemy (those at the other end of the left right spectrum). Indeed, there is an attraction in moving away
from the median which has not been discussed in economic theories of democracy: *the more extreme the strongman’s position, the larger the number of “enemies” for the strongman to point to*. For example, in the case of a right wing authoritarian, the more he moves to the right, the more people there are to the left of him. In fact, in general the number of possible enemies is maximized at either the extreme right or left. Of course, there will be few allies there, so that is unlikely to be an equilibrium point. But neither is the median for the politician who thinks like a strongman (“I can implement repression and gain power by doing so”). It goes without saying that there can be left wing as well as right wing strongmen (Chavez in Venezuela is one obvious example of left wing authoritarianism). In the analysis that follows we will use right wing authoritarianism for illustration purposes but the analysis applies equally well to left wing authoritarians.

What is the equilibrium in this case? Look again at Figure 4. The left hand pane (Figure 4a) shows the two dimensional space we have discussed previously, with Repression on the vertical axis and the Left-Right space on the vertical one. The right hand pane (Figure 4b) reproduces Figure 3 showing how repression and loyalty can be combined to produce power. Suppose the strongman raises repression. His power increases. He could raise R (say, to R₁ but stay at the median in left –right space and move to point 1 in Figure 4a, (because loyalty would increase). In that case he ends up at point 1’ in Figure 4b. But that is not necessarily the power maximizing solution. As long as he is at the median, he can’t have that many “enemies”. He can get more of them (but fewer allies) by moving further to the left or right. Suppose he moves further to the right, say to point 2, and his power increases because his supporters now have more people on the left to redistribute away from, or to be able to ignore in the provision of public
goods. (They may want to repress those on the left because the preferences of those on the left are so different from their own).

The curve PPC in Figure 4a is positively sloped. One way to think about the PPC curve is that it shows the strongman/woman’s response to the question: if I implement a policy that is x% more to the right (or left) from the median, how much repression will be needed to implement that policy? In general, more extreme policies require more repression. And the larger the population of the population which actually likes repression, the flatter this curve will be (less repression will be needed to implement a policy which is x% to the right (or left) of the median.

Another way to think of the PPC curve is this: it gives the strongman/woman’s response to the following question: what is the position in policy (left-right) space which maximizes net loyalty given that repression is at level R1? By “net loyalty” I mean the gain in support from new supporters on the right minus the loss from those on the left. Suppose that point is 2. Then that is one point on the upward sloping equilibrium policy line in Figure 4 (a). The net loyalty corresponding to that is point 2’ on the supply of loyalty curve drawn in Figure 4b.

But the selection of repression level R1 was arbitrary. Now the strongman might think: what if I raised repression further, say to R2? And changed my policy position further to the right? Now there are more enemies, as well as an increase in loyalty from those on the right. Again, the strongman asks: what is the position in left–right space that maximizes net loyalty, given the level of repression R_E? Suppose that is position R_E in left right space. Again, this gives another point on the net loyalty curve in Figure 4b. Repeating this exercise traces out the both the policy position choice line PPC in Figure 4 (a) and the net supply of loyalty curve in Figure 4b. The policy position choice line in effect shows the relationship between the extremism of the policy and the level of repression required to carry it out.
Equilibrium is going to be somewhere on this supply of loyalty curve, and corresponding to that there is going to be an equilibrium in the left-right space in Figure 4a. Why is that? After all, if there is opposition, the strongman may pick a point in left-right space but the opposition could then pick some other point which would beat that point in an election. But here, the vertical axis is the level of repression. We will assume that the strongman can anticipate what the opposition will do after he chooses his policy, and prevent that from happening by repressing the opposition. He can put the opposition leaders in jail, or shut down exactly those newspapers or websites that would be most effective at promoting the opposition’s message. He can shut down the courts that are opposing him (as Orban in Hungary did), or the universities whose free thinking is effective (Orban again), blackmail the oligarchs who can bankroll the opposition (Putin in Russia), shut down the demonstration that effectively expresses opposition (Erdogan in Turkey), “trump up” the charges against his opponent, label leading newspapers and TV networks “false news” and so on (Trump, Trump and Trump). So it is worth emphasizing that the supply curve of loyalty when there is an opposition is the supply of “net loyalty” which takes into account the possible reaction of the opposition, and the capacity of the strongman to repress it. And the point in left right space depicts the best possible policy (which maximizes net loyalty and power as well, as long as the supply of loyalty curve slopes upwards) taking this repression into account.

To summarize, the strongman traces out the set of positions in left-right space which maximize net loyalty for to each level of repression R. If, as he does this, he finds that loyalty

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5 If the supply of loyalty curve bends backwards, there is a conflict between maximizing net loyalty and power, which is discussed below.
keeps rising, his power will continue to increase. If that happens over a considerable range, he might find that he has enough power to establish a dictatorship. That will happen if the supply of loyalty curve keeps its positive slope past the minimum power line in Figure 4b. Then we are in the world of dictatorship, and whether the strongman ends up in equilibrium as a tinpot or totalitarian depends on the range over which the net supply of loyalty maintains a positive slope. This provides a simple model of the rise of dictatorship.

But there is another possibility. This is that at a level of power short of the minimum necessary to establish a dictatorship, the net supply of loyalty curve bends backwards even at the best possible choice of policy in left–right space. Then we have a hybrid. Power is less than that of a dictator, but repression is positive. One possible equilibrium is where the net supply of loyalty curve is tangent to the highest possible power line. This is πH (Hybrid equilibrium power).

How much power is that? Figure 5 compares equilibrium hybrid power with that of dictatorship. Two types of dictators, tinpots and totalitarians are displayed. Note that equilibrium hybrid power is less than that of dictatorship (otherwise, the strongman would be a dictator, not leader of a hybrid). Note also that, even though his power is low, his equilibrium resembles that of a totalitarian, not a tinpot. At the hybrid equilibrium displayed, the isopower line is tangent to the backward bending supply curve.

However, there is a curious feature of this equilibrium. At the margin, an increase in repression means a fall in net loyalty. This is shown in Figure 4(b), where, starting from point zero, an increase in repression raises power but loses loyalty. So, at this margin, the hybrid has a choice between more power and more loyalty. Now, a fall in loyalty means a fall in support, and if the next election is close, the leader might prefer more loyalty. Reaching for power from the
point where the supply of loyalty curve starts to bend backwards might mean increasing the likelihood of losing the next election, as votes will fall as loyal support falls at the margin.

Note that this choice is unique to a hybrid. Neither a democrat nor a dictator faces this conundrum. A tinpot dictator does not have this choice: at the margin, in his case, the supply of loyalty curve is upward sloping, so an increase in power means an increase, not a decrease, in loyal support. A totalitarian does not have to worry about it either, even though his supply of loyalty curve is negatively sloped at the margin. The reason is that, by definition, a totalitarian leader is safely in power and never has to worry about losing an election. So the loss of loyalty in going for more power is less consequential for him.

The magnitude of the choice facing a hybrid depends on the slope of the isopower isoquant. The flatter it is, (i.e., the higher is the marginal product of loyalty compared to that of repression (MP_L/MP_R) the more loyal support will be lost as power increases at the margin.

As long as the hybrid maximizes power, equilibrium is at point π_H, as depicted in Figure 4(b). Corresponding to that is an equilibrium E in policy space on the line PPC. But this discussion points to another possible equilibrium, namely at point 3. This would be the equilibrium for a loyalty or vote – maximizing hybrid. Indeed, for a hybrid who maximizes a function like U = U (π, L), equilibrium could be anywhere along the backward –bending portion of the curve. However, the comparative statics or behavior in response to some exogenous change appears to be similar in all of these cases, as we show in what follows.

4. Behaviour of Hybrids

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6 We are assuming that vote maximization and loyalty maximization are the same here. An interesting complication arises in the case where these diverge. This is discussed below.
Let us turn to the analysis of the behavior of a hybrid. Two different questions can be addressed with this model. First, we can ask: How the level of repression under a hybrid regime responds to exogenous events such as a deterioration in economic performance, loss in war, or other event that might cause the leader to suffer a loss in support or loyalty? Secondly, we can ask a more complicated question: what happens to the stongman’s equilibrium position in left – right space? Does he move left or right in response to exogenous forces like these and to other forces? Or, to put it differently, what circumstances can be expected to make the hybrid leader adopt more extreme policies? Note that the model solves for equilibrium policies and equilibrium repression simultaneously.

Turning to the first question, what happens to repression in response to a fall in loyalty due to some exogenous change? Figure 6 displays the situation for a power maximizing hybrid. In Figure 6(b) the supply of loyalty falls exogenously because of any of the events we discussed: loss in war, rise in unemployment, etc. The curve depicting the supply of loyalty moves backwards and the new equilibrium moves from $\pi_{H0}$ to point $\pi_H$ in the figure. As the figure shows, the result is that repression falls. Note that repression would still fall (though, interestingly, not by as much) in the case of a loyalty – maximizing hybrid (not shown).

Note that this behavior resembles that of a totalitarian dictator, despite the vast differences in the power of these regimes. It does so in two senses: first, in the character of equilibrium: like a totalitarian, this is at a tangency between the supply of loyalty and an isopower curve; secondly, in the positive relationship between repression and economic performance or other improvements in the lives of the citizenry. As with a totalitarian, the more things improve, the more repressive the regime becomes.
Figure 6 (a) then shows the effect of the fall in loyalty on the degree of political extremism. The hybrid leader becomes less extreme, and moves downward along PPC towards the centre.

The model can be used to predict the regime’s response to other kinds of exogenous changes. One class of events are those divisive events, those which cause many in the population to think more along divisive (“us” vs “them”) lines. For example, suppose there is an exogenous increase in immigration, and this occurs in a society where immigrants or foreigners are not well tolerated. In that case, the supporters of the strongwoman might want to see more repression applied to people they do not think are like themselves. Figure 7 displays this situation. The result of the increase in immigration (or any other divisive policy means that the level of repression required to implement an extreme policy falls, as those people loyal to the strongwoman are now more supportive of extreme measures, and less repression is required to implement them. So in Figure 7 (a) the PPC curve shifts to the right: At any level of extremist policy, less repression is required than before to implement it. In Figure 7b), loyalty at every level of repression would increase, as reflected in the outward shift of the supply of loyalty curve. The new equilibrium can be found in Figure 7b, at the tangency of the power isoquant with the supply of loyalty curve. So long as the hybrid maximizes power, the new supply curve of loyalty allows him or her to obtain more power than before. And so she takes this opportunity. Repression increases, as depicted there. Here we see the essential menace to liberalism of the power maximizing strongman: even though she actually needs less power than before to stay in office and implement extreme policies, the increased support of his base for extreme policies towards a minority allows him to actually increase the level of repression applied to them and gain power by doing so. Since she likes power, she takes this opportunity.
Note that the increase in repression would probably be less repression in the case of a vote or loyalty maximizing strongman (whose equilibria would be at the vertical tangencies of the supply of loyalty curves before and after the increase in support for divisive policies (not shown)). To put it simply, the general result here is that the more a strongman is attracted to popularity rather than power, the less the threat to liberalism in a hybrid regime.

This provides a guide to policy. The choice available to institutions or countries seeking to promote freedom (e.g., the UN, the US, or the EU) in dealing with hybrid regimes is the same as that with respect to dictatorships. Assume the goal is to reduce repression under the regime, and possibly to destabilize it and cause it to collapse, if it is thought that the result would be democracy and not a worse form of dictatorship. The instruments available to these institutions are trade policy, sanctions and foreign aid. A policy of sanctions will reduce the economic performance of the regime, while positive trade agreements and foreign aid will increase it. Either policy can be analyzed with Figure 6. The figure makes clear that events causing the regime’s performance to worsen will actually reduce repression under that regime. On this ground it is clear that sanctions are the preferred policy, just as is the case with a totalitarian regime.

There is, however, one major difference which has to be taken into account: unlike a totalitarian, a hybrid is only capable of a low level of repression, and has a low level of power. A policy of sanctions is likely to destabilize the regime. If that were to result in democracy, then the policy has even more to recommend it, but if it were to end up as a dictatorship, then that policy would obviously be mistaken. Which result is more likely? Theory cannot predict this, and there is at the moment no definitive empirical answer. However, there are some studies
which point to the encouraging result that destabilized hybrids tend to become democracies, not dictatorships. These studies include Hale (2005), But the question deserves more research.

5. Conclusion

In recent times not only has dictatorship resurfaced, a new form of government has appeared which is neither democratic nor dictatorial. There are various names for this new form: “competitive – authoritarian”, “illiberal democracy”, or simply hybrid. Some obvious examples are Hungary, Poland and Turkey. Some connect the origin of hybrids in modern times to the rise of populism. Populism is connected to the illiberal or hybrid idea in that populists tend to repress minorities as a way of appealing to the majority. Authoritarian populists, on the other hand, typically divide the population into “us” (his or her support base) vs “them” (opponents and possibly the object of repressive measures). In this paper, I developed a model of how a hybrid can arise from democracy. I introduced the character of a “strongman” or “strongwoman” as a leader who can implement repression in a democracy and gain power. I developed a simple model of a “hybrid” regime in which equilibrium repression is less than that under dictatorship but greater than that under liberal democracy. In the analysis, the hybrid regime is a special case of my general theory of dictatorship. However, I go further here than I did in that theory and show, not only equilibrium repression (under the hybrid regime), but also equilibrium in terms of the strongman/woman’s policy, i.e., how extreme (either right or left) the regime tends to be. I show how the hybrid regime reacts to exogenous shocks, including increased support for policies that repress minority rights. In particular, I show that the more a strongman/woman is attracted to popularity rather than power, the less the threat to liberalism in a hybrid regime.
I also develop optimal policy for other countries and institutions interested in reducing repression (the UN, US or EU) towards hybrids.
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Figure 1.
Figure 2. Types of dictatorship
Figure 3.

Repression
(Authoritarianism)

Left
M
Right
Figure 4 (a)

Repression

Left

M

Right

Loyalty

Figure 4 (b)

Repression

$R_E$

$R_1$

1. 2

E

PPC

$S_1$

1’ 2’

$\pi_H$

3

E
Figure 5. Hybrid equilibrium compared to dictatorship
Figure 6
Figure 7

Repression

Left

Right

Loyalty

(a)

(b)