For the past four decades, China has been the world’s fastest-growing country. Meanwhile, it has lifted over 700 million people out of poverty. According to many commonly used indicators, China’s institutional environment during this period appears to have not changed. And yet these indicators fail to identify the deep changes to China’s policy arena that facilitated adaptive policy decisions and enhanced state capacity and thus enabled China’s economic and social transformation.

In China, the Communist Party of China (CPC) has been the sole governing party since 1949. Nevertheless, China has significantly increased contestability by gradually changing processes for leadership selection and collective decision making at both central and local levels. In the years following Deng Xiaoping’s 1980 assertion that “over-concentration of power is liable to give rise to arbitrary rule by individuals at the expense of collective leadership,” the CPC broadened horizontal accountability and institutionalized collective leadership through norms on leadership transitions, rules on selection and retirement, consultative decision making, greater party institutionalization, bureaucratic professionalization, and the introduction of village elections. The growth of state and party bureaucracies, as well as organized business and societal interests, combined with decentralized economic power, led to a proliferation of organizational bases with bargaining power (Lampton 1987). All these reforms reflected the incentives and preferences of those in power: broader accountability and a more rules-based space for contestability helped solve commitment and collective action challenges within the ruling elite and thus enhanced the stability of the ruling party during a period of tremendous change.

When powerful interests resist change, governance institutions that stunt inclusive development can persist. Yet history is rife with examples of countries that improved rules, institutions, and processes that constrained powerful interests and facilitated development progress. All of today’s high-income countries were once poor and had unaccountable governments. These countries sustained economic growth over long periods, while improving social welfare and preventing violence. Sustained inclusive growth was facilitated by evolving institutions and rules of the game that constrained arbitrary behavior by decision makers, enhancing contestation in policy making, and increasing the accountability of decision makers. Such changes have been accomplished using different institutional forms. Some countries have broadened accountability within dominant political parties or opened the space for contestation only in specific domains or at the local administrative levels; others have introduced free and fair competitive elections and broad corporatist consultative arrangements.

**Understanding elite bargains**

The institutions and rules these countries established facilitated nonviolent and equitable development. But why did these durable institutions develop? Changes to the rules of the game that determine policy formulation and implementation result from a bargaining process among elite actors acting in their own interests. Reforms that limit the arbitrary exercise of power today may be necessary for maintaining or enhancing power or providing insurance against a loss of power.
in the future. Formal institutions—moving from deals to rules—can enhance the credibility of commitments, overcoming coordination challenges and strengthening the stability of bargains among elites. In cases of long-term successful transformation, elite actors have adapted to changing circumstances by generating more capable, contestable, and accountable institutions. These institutions themselves helped enable further development.

The processes through which elite actors and the organizations that support them coordinate and commit to one another to determine outcomes can be thought of as elite bargains. Elite bargains are dynamic, constantly adapting to changes in the relative power, incentives, and preferences of elite actors. The development path is bumpy: shocks (such as terms of trade shocks and natural disasters) and gradual developments (such as urbanization or a growing middle class) alter elite power and preferences, often benefiting one group of elites at the expense of another. In the face of these changes, many deals-based bargains that cannot accommodate new actors or demands collapse. At other times, elite bargains successfully adapt to changes in the relative power, incentives, and preferences of societal interests by accommodating new demands through credible rules for elite-elite and elite-citizen interactions (see chapter 2).

Long-term development progress is predicated on this ability to adapt to changing circumstances. The institutional forms selected to solve commitment and collective action challenges at particular junctures in a country’s development may produce trade-offs: growth with higher inequality; more redistribution or less violence accompanied by lower long-term growth; successful growth episodes but with higher environmental costs; or growing levels of injustice or exclusion despite good growth outcomes. The introduction of contestability and accountability mechanisms can help countries adapt when tensions related to these trade-offs arise. When adaptation takes place through rules-based mechanisms, virtuous cycles of continued adaptation and development progress are more likely. However, the conditions under which such rules-based adaptation occurs are limited: in most of the world and most of human history unstable deals-based bargains have dominated.

Who bargains?
Actors in the policy arena bargain over the design and implementation of policies and the definition of rules. Elites are those actors with the ability to directly influence outcomes within a given sector or issue. But identifying these elites can be difficult (box 7.1).

This chapter focuses on national elites—those elites who have direct influence over the formulation and implementation of national policy, as well as the rules of the game by which national power is allocated, exercised, and constrained. Even at the national level, elites differ by sector: those with agenda-setting or veto control over health policy may not have control over constitutional reforms. At the national level, political (state) elites are of particular importance. However, formal political elites wield variable amounts of de facto power. In highly institutionalized countries, political power may flow from official positions, but in most countries—developed and developing alike—nonstate elites also directly influence bargaining outcomes. In the United States, a high-income institutionalized democracy, policies are much more likely to match the preferences of economic elites than the preferences of average citizens, despite a de jure commitment to equal representation (figure 7.1)—see Gilens and Page (2014). Elsewhere, relational or ideological informal power may trump economic or military might: in history, the de facto “power behind the throne” has often been a trusted adviser or counselor who lacked formal de jure powers.

Organizations empower elites, help them overcome coordination problems, and enable them to credibly commit to one another. Elites differ in their capacity to organize: can they credibly commit to those they seek to influence and thus coordinate their behavior? Certain wealthy oligarchic elites may not depend on internal organization directly, but money is fungible, and it can buy collective action when necessary. For example, during periods of political unrest in Thailand economic elites paid “protestors” to occupy public spaces and demand a change in government (Winters 2011). Similarly, intellectual or charismatic leaders may become powerful elites because of their ability to generate large mass followings by shifting preferences. In this sense, elites are elite by virtue of their capacity to organize collective action and thus exercise influence (Mosca 1939; Mills 1956).

The use of an elite bargaining framework helps move beyond the black box view of the state. A state is not monolithic, but rather a reflection of bargaining outcomes among groups of empowered economic and political actors. All governments have some sort of power-sharing arrangement, regardless of their regime type (Bueno de Mesquita and others 2003). Even in regimes that seem to be dominated by one person, the ethnic composition of the ministerial cabinet is inclusive and proportional to the population, reflecting political bargaining rather than
Box 7.1 Expert survey to identify elites

All social science disciplines and development practitioners recognize the importance of elite actors in determining development outcomes—from Aristotle and his “oligarchy” to early 20th-century “elite theorists” such as Mosca (1939), Pareto ([1927] 1971), and Michels ([1911] 1966), to recent grand theorists of economic and institutional coevolution such as North, Wallis, and Weingast (2009) and Acemoglu and Robinson (2012). The international donor community is looking increasingly at the consequences of different “political settlements,” which can be understood as the elite bargaining equilibria that emerge at critical junctures in a country’s development (Di John and Putzel 2009; Khan 2010; Parks and Cole 2010). And yet the set of conceptual research tools available to scholars of elite bargaining and to development practitioners remains limited, as does agreement on exactly who are elites.

To help fill this gap, the World Bank, in collaboration with V-Dem (Varieties of Democracy), conducted an expert survey, Measuring Elite Power and Interactions, to generate cross-national indicators that enable comparison of who holds power and how they wield this power (World Bank 2016b). The survey covers over 100 years of data in 12 countries across six regions. The data produced help to identify how the distribution of elites maps onto national power and the formulation and implementation of laws governing the exercise of power.

The survey reveals that the identity of the powerful elite actors who bargain over national policy decisions differs greatly over space, time, and issue area. For example, although national chief executives were part of the elite ruling coalition in all 12 survey countries in 2015, the other actors varied greatly in both number and representativeness (figures B7.1.1, panel a). With the exception of those in the Russian Federation, Rwanda, and Turkey, where the national chief executives monopolize decision making, the ruling coalition was quite varied. For example, in Bolivia the ruling coalition consisted of legislators, party elites, local governments, labor unions, and civil society organizations.

Ruling elites also differ within countries over time. In the Republic of Korea during the regime of Gen. Park Chunghe (1963–1979), the bargaining strength of military actors, bureaucratic actors, and economic actors was relatively high (panel b). The post-1987 transition to democracy resulted in greater strength for new actors, particularly political parties, legislators, and the judiciary, but economic and bureaucratic actors remained highly empowered. By contrast, Brazil has experienced much more volatility in empowered elites, particularly before the 1990s (panel c).

Figure B7.1.1 Elite actors within national ruling coalitions vary greatly across countries and over time

(Box continues next page)
Box 7.1 Expert survey to identify elites (continued)

Figure B7.1.1 Elite actors within national ruling coalitions vary greatly across countries and over time (continued)

b. Relative strength of elite actors in the Republic of Korea, 1900–2015

c. Relative strength of elite actors in Brazil, 1900–2015

Source: WDR 2017 team, using data from World Bank and V-Dem 2016b.

Note: In this figure, relative strength is measured on a 0–4 scale, ranging from 0 (no power to influence decision making) to 4 (group has a lot of power to influence decision making on many issues). Panel a shows the number of elite groups that have a relative strength of greater than 3. For more information on specific variables and survey methodology, see World Bank and V-Dem (2016a) and Coppedge and others (2015).
coordination, but this credibility depends on maintaining the exclusivity of the bargain. Borrowing from the economic literature on oligopolies, when incumbent elites seek to prevent currently excluded (opposition) elites from entering the ruling coalition, they have three potential strategies: block (to prevent entry); deter (modify incumbent behavior to deter entry); and accommodate (allow other elites to enter and modify the behavior of incumbents and new elites). Despite a tendency for limited deals-based bargains, under certain circumstances elite bargains may expand and generate formal rules to help overcome collective action and commitment challenges, often to bring about effective deterrence or accommodation.

How do bargains adapt to changes in the relative power, incentives, and preferences of elites?

Most elite bargains are deals-based and “exclusive,” and they tend to resist adaptation. Bargains with few actors that are less open to external influences have less accountability, which can undermine future adaptability as new actors become powerful. The lack of adaptability of deals-based bargains helps explain why regimes in low- and middle-income countries are tenuous; they experience violent transitions every eight years on average (Cox, North, and Weingast 2015).

In states with deals-based bargains, the distribution of rents tends to be the glue that provides political stability and enables development (North, Wallis, and Weingast 2009). Commitment to distributing rents to those within the coalition may suffice to generate security and tie the state together, but such a state faces difficulties incorporating the new elites perhaps needed to generate growth and equity (see discussion on security in chapter 4). Indeed, these stable bargains can quickly deteriorate when the source of rents breaks down. For example, in South Sudan from the period of the Comprehensive Peace Agreement (CPA) in 2005 through the formation of the state in 2011, the distribution of rents held together heterogeneous factions and structured power relations that were reflected in patronage networks, including well-connected (but unproductive) “tenderpreneurs,” who survived on government contracts. However, these rents were unreliable, and undoing them proved difficult: a period of austerity in 2012–13 undermined South Sudan’s patronage-based elite bargain, making the country one of the world’s most fragile (Twijnstra 2015).

Under certain circumstances, however, elite bargains adapt to changing circumstances by improving...
state capacity and moving from deals-based agreements to formal rules-based mechanisms for contestability and accountability. In these bargains, elites institutionalize increasingly broad commitments to one another; they move from narrow deals to broad rules.

Elites adopt rules-based mechanisms for two general reasons: to sustain power or to provide insurance against a future loss of power. When actors who have been excluded become stronger, bringing these new actors into credible institutions and granting concessions may be less costly than repressing them. Similarly, expanding the formal accountability space may help provide internal commitments that facilitate agreement. As Tancredi says in *The Leopard*, “If we want things to stay as they are, things will have to change” (Tomasi di Lampedusa [1958] 2007, 40). When ruling elites are no longer confident of their hold on power, the introduction of rules may lower the future costs of losing power by providing “insurance.”

The introduction of rules-based mechanisms will coincide with elite self-interest only under certain circumstances. When the cost to ruling elites of losing power is high, they will be less inclined to increase the space for contestability and accountability and to cede power. If ruling elites believe expropriation or violent punishment will result from ceding power, they will reject electoral results that support the opposition (figure 7.2). The most important determinant of the cost of losing is the level of polarization between the preferences of elite groups; starkly opposed preferences raise the likelihood of violence and instability (Vu 2007). Similar or overlapping elite preferences—low levels of polarization—tend to facilitate coordination across different elite groups. When polarization is high, accommodating new groups becomes more challenging because the concessions may be too costly for the ruling elites. When elite polarization decreases, countries are more likely to institutionalize elite interactions and generate rules for contestation and accountability.

The context in which bargains take place also differs according to how much competition or political uncertainty the ruling coalition faces. This relates to both the contestability of access to decision making as well as the degree of internal cohesion in the ruling coalition. When ruling coalitions face competition or when they have only a weak hold on power, political uncertainty about who will be in power in a future period is high. Thus threats to losing power

Figure 7.2 When the cost of losing power is high, elites are more likely to reject electoral results that support the opposition and are less likely to move toward rules-based contestability and accountability

![Graph showing the relationship between acceptance of election results by losers and the cost of losing power](image)

![Graph showing the relationship between institutionalized elite interactions and the cost of losing power](image)

Sources: WDR 2017 team, based on V-Dem 2015 and World Bank and V-Dem 2016b.

Note: The cost of losing power, the acceptance of election results by the losers, and institutionalized elite interactions are all measured on an ordinal 0–4 scale, as determined by an expert survey.
are credible. Uncertainty does not necessarily imply instability, but rather simply the unpredictability of who will hold power in the future. When uncertainty is high, ruling coalitions are more likely to implement reforms that will serve as insurance to protect them in the event of losing power. Alternatively, when uncertainty is low and ruling coalition elites are confident of their power, they may take a longer-term perspective and accommodate the demands of other elites through the introduction of new rules that can increase or sustain power.

Box 7.2 When do elites have incentives to introduce rules for contestability and accountability?

The cost of losing power—largely determined by the polarization of elite preferences—and the degree of political uncertainty act together to shape elite incentives for introducing rules for contestability and accountability. There are four broad possibilities, considering the high and low values of these two dimensions:

- When uncertainty is high, elites may implement “insurance” reforms to protect themselves in the event of losing power (upper-left quadrant of figure B7.2.1).
- “Insurance” reforms are unlikely to happen, however, if the cost of losing is too high because in this case the commitments of one group of elites to another through either deals or rules are not credible. The result is frequently state collapse or a cycle of violence (upper-right quadrant).
- When uncertainty is low and ruling coalition elites are confident in their power, they may take a longer-term perspective and accommodate the demands of other elites through the introduction of new rules that can increase or sustain power (lower-left quadrant).
- When uncertainty is low but the cost of losing is high, repressive states may arise in which the preferences of the opposition elites are in stark contrast to those of the ruling elites. Repression sustains a large power imbalance between the ruling coalition and the opposition (lower-right quadrant). In this context, it is unlikely that credible rules to regulate contestation and accountability will be introduced.

Results from the Measuring Elite Power and Interactions Survey conducted for WDR 2017 offer empirical evidence to help demonstrate how the cost of losing and political uncertainty can change elite incentives to institute rule-based contestability and accountability. Figure B7.2.1 shows selected historical data points for three countries in the survey: Indonesia, the Republic of Korea, and the Russian

The cost of losing power and the degree of political uncertainty interact to help determine the likelihood that elites will generate rules for contestability and accountability (box 7.2). Historical contingencies and specific country circumstances ultimately help determine outcomes, but a low cost of losing, and thus low polarization, may be a necessary condition for the emergence of bargains that adapt through the adoption of rules. The discussion that follows provides examples of institutions and rules that ruling coalition elites introduced to enhance power...
may strengthen the state through bureaucratic and civil service reforms and party institutionalization in search of what this Report calls *outcome legitimacy*—that is, enhancing cooperation and coordination by delivering effectively on commitments. Under certain conditions, broad administrative reforms that move from patronage to meritocracy may be possible. Although high levels of education and historically strong states may make meritocratic reforms easier, there are no foregone conclusions. Throughout postindependence Africa, individual capacity (education levels) increased while institutional capacity declined as civil service recruitment policies were placed under presidential authority, leading to politicization and deprofessionalization (van de Walle 2001). The Republic of Korea, often assumed to have a “Confucian tradition” of meritocratic civil service, actually undertook massive improvements in bureaucratic quality during the 1960s and 1970s. During the era of the country’s first president, Syngman Rhee, the bureaucracy was legally meritocratic, and yet between 1949 and 1961 only 336 bureaucrats passed the High Civil Service

Elite bargains and uneven state capacity

Over time, state capacity is largely a function of power; ruling elites invest in the capacity of governing structures when it is in their interest to do so—and they neglect those investments when it is not (see chapter 2). Such investments tend to improve institutional functions and development outcomes, but undertaking them is largely a problem of redistributing political power. Increasing the strength of bureaucratic actors is risky, creating the possibility of institutional champions that can contradict ruling elite preferences. And bureaucracies often serve purposes of patronage and rent distribution; undermining these arrangements is politically challenging and can destabilize elite bargains. Despite these challenges, elites may strengthen the state through bureaucratic and civil service reforms and party institutionalization in search of what this Report calls *outcome legitimacy*—that is, enhancing cooperation and coordination by delivering effectively on commitments.

Under certain conditions, broad administrative reforms that move from patronage to meritocracy may be possible. Although high levels of education and historically strong states may make meritocratic reforms easier, there are no foregone conclusions. Throughout postindependence Africa, individual capacity (education levels) increased while institutional capacity declined as civil service recruitment policies were placed under presidential authority, leading to politicization and deprofessionalization (van de Walle 2001). The Republic of Korea, often assumed to have a “Confucian tradition” of meritocratic civil service, actually undertook massive improvements in bureaucratic quality during the 1960s and 1970s. During the era of the country’s first president, Syngman Rhee, the bureaucracy was legally meritocratic, and yet between 1949 and 1961 only 336 bureaucrats passed the High Civil Service 

Box 7.2 When do elites have incentives to introduce rules for contestability and accountability? (continued)

Federation (which shows up as the Soviet Union from 1922 to 1991 in the data).

Indonesia in 1965 and the Soviet Union in 1917 lie in the upper-right quadrant: both the cost of losing and political uncertainty were high. In both countries, elite polarization was extremely high, and elite conflict became violent. Neither state had a ruling coalition willing or able to institute credible rules.

Both Indonesia and the Soviet Union slowly transitioned toward more stable repressive states (lower-right quadrant), one ruled by a dominant individual (Suharto in Indonesia) and the other ruled by a dominant political party (the Communist Party of the Soviet Union). Although both states generated economic growth and reduced political uncertainty, neither broadened contestability or developed strong institutions for accountability. When shocks hit and societal demands increased in Indonesia during the Asian financial crisis and in the Soviet Union in the late 1980s, neither system could adapt.

Korea during the presidency of Gen. Park Chung-hee was also highly stable and nondemocratic, but low elite polarization, identified by high degrees of elite cohesion across the political, military, bureaucratic, and business realms, reduced the potential cost of losing to the opposition elites, enabling the development of rules-based institutions (Campos and Root 1996). This institutionalization included broader space for civil society and the media and institutionalized interactions between business and the state.

Finally, over the last two decades both Indonesia and Korea have transitioned toward increased democratic competition. Korea has done so while maintaining low degrees of elite polarization. As Indonesia moved away from a personalistic system to more rules-based decision making, the winner-take-all mentality declined and reduced elite polarization. Both systems have experienced a turnover of political parties and the establishment of rules by outgoing parties that seek to tie their successors’ hands (to provide “insurance” for the outgoing elite’s eventual loss of power).

Source: WDR 2017 team.
Although at times broad administrative reforms are possible, elites are more likely to direct scarce resources and political capital only toward those agencies that help achieve specific goals, resulting in uneven development capabilities. An elite bargaining framework can help explain the emergence of these bureaucratic pocket of effectiveness—public agencies that carry out agency objectives effectively despite existing in an environment in which most other agencies are ineffective and subject to predation (Leonard 2008). In these cases, influential elite actors have incentives to ensure the effectiveness of such agencies and use their own political capital to shield the organizations from external interference (box 7.3).

Extending the state’s presence to new areas or gaining legitimacy through economic growth may be particularly compelling reasons for developing a non-coercive state capacity. For example, as states have realized they need to know the extent and makeup of their own population (increase “legibility”), they have increased investment in their statistical and census capacity (Scott 1998). In particular, economic

### Box 7.3 Pockets of effectiveness in Nigeria

The emergence of “pockets of effectiveness” depends on political support from powerful elite actors. Taking steps to ensure the professionalization and autonomy of an individual government agency often precedes wholesale reform of the bureaucracy because political elites may seek effective management of a particular sector. High-level political interest in and commitment to an agency’s success and political insulation from other elites whose interests the autonomous agency may harm are essential for effectiveness. Agency autonomy is most likely to be supported when the agency provides benefits that are immediate, identifiable, and beneficial to an important group of elite actors who “have a conception of the state as a public good, rather than simply as a target of predation or a tool for gaining advantage over others” (Leonard 2008, 25). But autonomy and political support are not enough; bureaucratic pockets of effectiveness require adequate resources as well as managerial factors that support rational decision making, including meritocratic recruitment, internal discipline, and performance-based management.

Consider the National Agency for Food and Drug Administration and Control (NAFDAC) in Nigeria as an illustration of one such pocket of effectiveness (Pogoson and Roll 2014). The agency was created in 1993. In 2001 President Olusegun Obasanjo had a personal interest in combating counterfeit and dangerous drugs as a way to improve Nigeria’s international image. He wanted in part to seek debt relief, but also to boost his personal reputation and international prestige. He selected Dora Akunyili to head NAFDAC because of her reputation for incorruptibility. NAFDAC was then granted autonomy from the Ministry of Health to recruit staff and was given an independent budget. It was also allowed to operate free of political control. Under Akunyili’s leadership and Obasanjo’s direct support and clearance, NAFDAC returned to Nigerian ports, from which it had been banned in 1996, and NAFDAC clearance of imported goods again became compulsory, which broke the clearance monopoly of the Customs Service and plugged a major leak for imported counterfeit products. Challenging the interests of these powerful elite interests (the Customs Service) would not have been possible without agency autonomy and direct support of the president. In 2007 NAFDAC ranked first in a national poll of agency effectiveness (at 70 percent, it was 12 percentage points higher than the second-place agency).

Sources: Leonard (2008); Pogoson and Roll (2014).
goals may be essential for regime legitimacy. In Brazil under its military dictatorship, industrial promotion agencies were turned into islands of excellence to ensure growth (Schneider 1991). In Korea, General Park installed technocrats in ministries related to economic development, but filled nondevelopment ministries (such as home affairs, construction, and transportation) with military cronies (Kang 2002).

Often, the institution in which elite groups choose to invest resources is a political party. Chapter 8 looks at political parties as mechanisms for citizen collective action, but parties are also key channels to resolve coordination and commitment challenges among elites. Institutionalization constrains party elites from arbitrary decision making by increasing their accountability to party subordinates and constituents, thereby solving the internal commitment problem and making parties more effective (Panebianco 1988). Party institutionalization may facilitate collective action by supporters of the regime, helping to produce credible commitments and greater private investment by tying leaders’ hands (Gehlbach and Keefer 2012). In doing so, parties contribute to regime durability (Brownlee 2008). When parties become more institutionalized, other formal accountability mechanisms also tend to emerge (figure 7.3).

**Broadening the policy arena to enhance elite power**

In 16th-century France, jurist and political philosopher Jean Bodin advised absolutist French monarchs to voluntarily relinquish power, arguing that “limitations placed upon [a monarch’s] caprice markedly increase his capacity to govern and to achieve his steady aims” (Gandhi 2009, 186). Many elites have followed this advice, institutionalizing bargains among elites through greater contestability and accountability in order to increase and sustain power. Elites in these cases make concessions in order to enhance their own position. This can be done by co-opting newly powerful actors into formal institutional

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**Figure 7.3** Horizontal and vertical accountability become more common as party institutionalization increases

Source: WDR 2017 team, using data from V-Dem 2015.  
*Note*: The data are for 2000 and 2010 and cover 166 countries. All variables range from 0 to 1. Changes are calculated as the difference between 2010 and 2000 values.
To maintain their own power, ruling coalitions may provide rising elites with payoffs or co-opt potential opposition by creating formal mechanisms to channel their preferences.

**Institutionalizing horizontal contestability (broadening coalitions)**

To maintain their own power, ruling coalitions may provide rising elites with payoffs or co-opt potential opposition by creating formal mechanisms to channel their preferences. To sustain coalitions, elites must provide their coalition partners with benefits. Despite a preference for keeping coalitions small, politicians may broaden coalitions when the potential for conflict arises (Riker 1962). Indeed, broadened coalitions help improve regime stability, although there are difficulties in quantifying this effect. In Africa, the addition of one cabinet member lowers the risk of a coup by 23–25 percent, all else being equal (Arriola 2009).

Broadening the bargaining arena by including new actors in the formal decision-making bodies of the state—institutional co-optation—may be cheaper and more sustainable than increasing payoffs. When rising elites are paid off instead of being included in decision making, systems may become overly dependent on the source of rents, making them unable to withstand shocks that undermine this rent source, as illustrated by the case of South Sudan described earlier in this chapter.

Ruling coalitions may be strengthened by bringing local or communal elites into the ruling coalition, often by co-opting existing informal institutions into more formal structures. Co-opting local elites rather than replacing them can increase the power of the ruling coalition. In Somalia, the 1993 clan conference (shir beeleed) in the capital city of Borama brought together 500 elites from the modern and traditional sectors and institutionalized these clans and elders into formal governing bodies, a clan (beel) system that has led to 20 years of stability in a fragile region (Kaplan 2008). In Sub-Saharan Africa more broadly, when ruling authoritarian coalitions incorporated local authorities rather than replace them, these authoritarian incumbents had more support and were stronger during the democratic transition (Riedl 2014).

However, the participation of new actors is a two-way street: it mitigates conflict and creates “insiders” with incentives to support the ruling coalition, but in providing new actors with commitments, it also tends to empower these actors and the sectors they represent at the expense of the current elite, giving them the ability to influence policy formulation and implementation. Decision-making elites likely see co-optation solely as a means of staving off opposition demands rather than as a means of changing the balance of power within the arena. But both processes inevitably occur. Rising elites can in this sense be considered Trojan horses for expressing new demands internally.

Often, the co-opted parties are new economic interests that have grown more powerful over the course of development. The inclusion of business interests in formal institutions can lead to improved economic outcomes through more successful state-business coordination (see chapter 5 on growth). Formal rules for inclusion provide a credible commitment that noninstitutionalized efforts at coordination would not achieve. In Chile, President Augusto Pinochet’s co-optation of business elites to lead ministries and agencies during the 1980s arose out of fear that these elites would turn to the opposition. Their entry in the state led to systematic consultations with peak industries, benefiting business elites themselves while also improving coordination and strengthening the state beyond Pinochet’s rule (Silva 1996). In China, the Communist Party’s decision to add entrepreneurs to its ranks in the early 2000s signaled an increased commitment to the private sector, helping spur growth and also leading to further changes in regime policy and legal development, including constitutional change in 2004 that strengthened legal protection for private property.

Ruling coalitions may also introduce formal institutional “checks” on their behavior to maintain power and sustain rents. Consider the case of authoritarian legislatures. They are not mere window dressing; they provide a safety valve to vent political pressures, co-opt the opposition, signal regime strength, help regimes withstand leadership transitions, and distribute rents.4 However, authoritarian legislatures do not just serve the political purposes that spawn their creation; they can also lead to positive feedback loops. For example, the existence of legislatures in authoritarian regimes increases investment by raising the cost of expropriation (Wright 2008; Gandhi 2009), helping foster negotiations among private actors (Jensen, Malesky, and Weymouth 2014), and providing useful policy information that improves resource allocation (Boix and Svolik 2013).

**Institutionalizing vertical accountability**

The introduction of elections or electoral reforms may be a rational elite strategy to maintain power or privilege, particularly in the face of rising demands from opposition elites. When there are splits among...
elite actors, the introduction of vertical accountability mechanisms and responsiveness to citizens may enhance the power of one faction. For example, countries without elections at the national level may introduce local elections to appease local interests, gain information, and solve the principal-agent control problems of local elites by recruiting citizens to monitor local elites on behalf of the central elites. These local elections may strengthen the regime, but they also may lead to better social outcomes, as in the introduction of village elections in China (Martinez-Bravo and others 2011).

When bottom-up citizen movements (discussed in chapter 8) threaten elite interests, elites may introduce mechanisms to respond to societal demands before such pressures reach a tipping point. When asked “Why liberalize?” for example, the former president of Tanzania Julius Nyerere responded, “When you see your neighbor being shaved, you should wet your beard. Otherwise you could get a rough shave” (Levitsky and Way 2010, 16). In 19th- and 20th-century Europe, the extension of suffrage was predicted by the threat of revolution, proxied by revolutionary activity in neighboring countries (Aidt and Jensen 2014) and by strikes or riots in the home country (Kim 2007; Przeworski 2009).

Even without a direct threat from below, many democratic transitions are initiated from a position of strength to ensure maximum benefits for empowered elites. In a “conceding-to-thrive” scenario, the ruling coalition recognizes a future threat to the regime, but it maintains enough strength relative to the opposition to not fear losing an election (Slater and Wong 2013). It may be rational for elites to engage in democratization now in order to maintain power because the stronger ruling elites are during democratic transitions, the less the economic redistribution after transition (Albertus and Menaldo 2014). For example, in Spain after the autocratic Franco era, because the left had been undermined, conservative elites did not think that the advent of democracy would threaten property rights (Alexander 2002). In Latin America, economic elites allowed democratization when conservative parties were in charge and could protect their interests (Rueschemeyer, Stephens, and Stephens 1992).

Where elections are introduced to strengthen an elite bargain, electoral rules may serve to favor the continued dominance of those in power. Following democratization in post–World War II Japan, rural voters had twice the voting power of urban voters (Hata 1990). In Korea, Japan, and Taiwan, China, the combination of single nontransferable votes and multimember districts undermined the power of emerging parties by creating nationwide coordination challenges for smaller parties, which allowed the dominant parties to maximize legislative seats.5

When binding rules for accountability serve as political insurance

Sometimes, ruling coalition elites, acknowledging threats to their continued dominance, introduce power-constraining rules that they hope will bind not only themselves, but also their successors. In particular circumstances, the adoption of cohesive and constraining institutions increases with the likelihood that the incumbents will be replaced (Besley and Persson 2011).

Although greater political competition may increase the likelihood that elites introduce binding rules, the credibility of these new rules depends critically on continued competition. When power imbalances grow between the ruling elites and opposition forces, rules may fail to bind. For example, in Bangladesh in the 1990s equal power between the ruling and opposition parties led to a constitutional amendment in 1996 that called for establishment of a neutral caretaker government at the end of each term, headed by the last Supreme Court chief justice, to facilitate rules-based transitions. This constitutional arrangement collapsed in 2007 when the ruling Bangladesh Nationalist Party (BNP) interfered with Supreme Court retirement dates, resulting in a violent standoff (Khan 2013).

Horizontal accountability as political insurance

Competition among elites helps explain the emergence of horizontal checks and autonomous institutions in new or weak democracies. Competitive systems facing political uncertainty are more likely to adopt independent judiciaries because the current ruling elites know they will be better off subject to independent actors than to the machinations and retaliations of political rivals. For example, although Argentina’s ruling Peronist party agreed as early as 1994 to strengthen an independent judiciary, such reforms were not implemented until the Peronists thought they would lose power, at which point judicial independence was granted in order to control the opposition after ceding power (Finkel 2004).

Other judicial reforms, including judicial review, also become more common when greater competition...
Adaptation is not a one-off trait. Rather, it is a continual process as the needs and demands of society change over the course of development.

Vertical accountability as political insurance
Elites sometimes introduce elections from a position of strength; at other times, they may do so to insure themselves against exploitation by other elites. Movements toward democracy may result as new economic elites seek to safeguard (ensure a commitment to) their new position and wealth. Under authoritarian regimes, the commitment to protect resources and property is often weak. Broken commitments can lead empowered economic elites to part ways with the ruling coalition and support the democratic transition because they view it as more likely to prevent further exploitation.

When elites introduce elections as a way to insure themselves against exploitation by other elites, the electoral rules are also likely to reflect the interests of these declining powers. When power is weakened, manipulation of the terms of democratization can serve as a source of political insurance. During República Bolivariana de Venezuela’s democratic transition in 1958, the three main political parties signed the Punto Fijo Pact, which not only established respect for constitutions and elections, but also determined that electoral winners should put members of all three parties into positions of power to create national unity governments (excluding the Communists). The pact helped ensure the survival of democracy, but also made outcomes less likely to reflect the will of the people (Myers 2004).

When elites adapt through rules-based mechanisms
In the examples just discussed, elites enhanced state capacity or introduced rules to manage contestation and increase accountability to adapt to changes spurred by the development process that affected the relative power, preferences, and incentives of actors (see part I of this Report). Such adaptation is essential for long-term development.

Adaptation is not a one-off trait. Rather, it is a continual process as the needs and demands of society change over the course of development. At low-income levels, deals may be sufficient to overcome elite coordination and commitment challenges; patronage can effectively provide credible commitment and give the elite ruling coalitions cohesion. At middle-income levels, however, rising societal demands make the transaction costs of coordinating interests greater, potentially undermining deals-based bargains. This situation helps explain why low-income countries that are successful in terms of medium-term economic growth tend to not have governments that are appreciably cleaner than those of comparator countries, whereas upper-middle-income countries that grow to high-income levels experience a sharp decline in perceived corruption relative to those countries that remain at the middle-income level. They also experience greater increases in horizontal and vertical accountability (see spotlight 6 on the middle-income trap).

Bargains that can adapt to accommodate evolving elite interests may nevertheless struggle to adapt to growing citizen demands. Many countries experiencing spells of rapid growth have engaged in rights violations, particularly of student and labor organizations, as a way to support the interests of the state, bureaucratic, and business elites in the ruling coalition (Leftwich 1995). In these cases, the tensions between growth outcomes and equity outcomes and
between legitimizing outcomes and legitimizing processes have increased. Regimes may be delegitimized when decision-making processes are insufficiently inclusive, even when other development outcomes appear successful—that is, process legitimacy may become more important than outcome legitimacy. As discussed in part I of this Report, cooperation and coordination—collective action—are weakened as a result of a “legitimacy deficit.”

Overcoming delegitimization requires greater inclusion in the political process. As elite ruling coalitions grow in size, coordination difficulties increase, elite splits become more likely, and the space widens for citizen groups to enter. Here, the interaction between citizens and elites becomes key, particularly in the development of social movements. When bureaucratic interests diverge from political interests, for example, they may attempt to organize citizens in their support. But this co-optation of citizens follows the same logic as the institutionalized co-optation of other elites: once citizens gain a seat at the table, vertical accountability increases and citizen interests are articulated and reflected in elite bargains. The interaction between elites and citizens is thus a two-way dynamic with both sides playing decisive roles—elites in seeking citizen support and opening up new spaces for contestation and citizens in organizing to overcome collective action problems and apply pressure on elites, as discussed in chapter 8.

Adaptation is necessary for long-term development, but most elite bargains cannot be adapted. Adaptability in elite bargains requires feedback mechanisms, as well as an ability to accommodate rising and falling powers. The free flow of information and greater freedom of association make such accommodation more likely. Many of the reforms described earlier are complementary and make further reform more likely, leading to a virtuous circle. For example, many reforms that tie the hands of elites are embodied in new organizations, including independent bureaucracies, anticorruption agencies, and legislatures. The actors in these organizations can then directly contest in the policy bargaining arena. Stronger organizations want institutional improvements that support themselves, leading to a self-reinforcing virtuous circle (North, Wallis, and Weingast 2009).

Many of the reforms described earlier also tend to lead to further adaptation because the degree of institutionalization of the policy bargaining arena itself influences the level of uncertainty and the cost of losing. The rules that govern formal bargaining by elites help them overcome common agency problems and also provide the structure for repeated interactions that can lead to credible commitments. Credible institutions can lower the costs of losing by tying the hands of competing elites, thereby lessening polarization and making change more likely. Conversely, informal patrimonialism pushes regimes to resist democratic reforms because the costs of transition are higher (Bratton and van de Walle 1997).

Although the conditions that determine whether elites will adapt through rules are historically contingent and highly context-specific, there are a few circumstances in which such adaptability becomes more likely: when elites have exogenous reasons to find common ground; when national institutions produce leaders who effectively shape the incentives and preferences of other elites; and when countries have more balanced, diversified, and organized business interests. These circumstances are discussed in the sections that follow.

Common ground: Reducing polarization by maximizing shared elite interests

When elite preferences converge and polarization decreases, coordination and cooperation become less challenging. Often, there are exogenous reasons for such reductions in polarization. External threats or internal threats from nonelites increase the fusion between ruling and opposition elites. When citizens are united against elite interests, the opposition and ruling coalition can more easily find common ground—the cost of losing to the opposition becomes smaller. In Southeast Asian countries that feared class revolution, elite groups with opposing class and ethnic backgrounds made “protection pacts” with one another to resist mass mobilization (Slater 2010). For example, in Malaysia the threat of urban communists enabled ethnic Chinese businesses to unite across ethnic and ideological lines with traditional Malaysian elites.

Polarization can also decline through shared ideologies and shared experience. When elites share an ideology, they can more readily solve internal collective action challenges, enhancing cohesion and making rules-based bargains more viable (figure 7.4). Shared military and revolutionary backgrounds help to explain the cohesion and long-term stability of Mexico’s Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI) and China’s CPC (Knight 1992). Shared schooling can achieve similar outcomes. Public schooling with nationally determined curricula can generate a national identity that may help overcome underlying schisms. However, education can also increase polarization; ideologically diverse societies may prefer school choice, which can

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coordinate among elite actors to overcome common agency problems and reach positive sum (win-win) outcomes. They also may change the incentives of other elites, taking into consideration who wins and who loses over time (the intertemporal dimensions).

Transactional leaders, by means of “good politics,” can reduce the polarization of elite preferences without shifting norms. In the United States, Lyndon Johnson, as Senate majority leader before becoming president, pushed through the Civil Rights Act of 1957 despite resistance from the opposition as well as the anti–civil rights southern bloc of his own party. By taking personal risks to force a resolution, he overcame a natural tendency of Congress to avoid risk (Schofield 2006). And he did this less by changing beliefs than through good politics, including deals, trades, threats, and ego stroking (Caro 2002).

By contrast, “transformational” leaders can change elite preferences or gain followings by shaping preferences. They are entrepreneurial in coordinating norms and can effect large changes in society by changing the environment in which politics is played out, often by reducing the polarization of elites. Lyndon Johnson would not have been able to push through the more far-reaching Civil Rights Act of 1964 had not the Reverend Martin Luther King Jr. and his fellow civil rights activists successfully shifted the contours of the conversation on race, nonviolence, result in greater ideological and cultural segmentation over time (Kremer and Sarychev 2000).

Specialized “elite” schools may be able to reduce the polarization of elite preferences and facilitate bargains. In Somaliland, elite secondary schools played a crucial role in generating a unified leadership; the highly selective Sheekh Secondary School, which enrolls only 50 students a year, includes students from all clans and has produced three out of four presidents and numerous vice presidents and cabinet members. According to one graduate, “The graduates of Sheekh School have had a huge influence on Somaliland, on its development, its politics. . . . Elite leadership was trained in us there” (Phillips 2013, 70).

Effective leadership: Shaping elite preferences and incentives

Effective leadership can change the parameters of elite bargains. In an elite bargaining framework, the importance of leaders is not in selecting the “right” policy, but in spurring new ways in which organizations can interact (Andrews 2013). Leaders are instrumental in determining outcomes by solving coordination challenges or by transforming the beliefs and preferences of followers (Ahluquist and Levi 2011). The ability to solve coordination challenges corresponds with a “transactional” role for leaders.” Using an array of bargaining tactics and strategies, these leaders coordinate among elite actors to overcome common agency problems and reach positive sum (win-win) outcomes. They also may change the incentives of other elites, taking into consideration who wins and who loses over time (the intertemporal dimensions).

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and human rights in the United States through self-sacrifice, nonviolent struggle, moral courage, and oratorical brilliance.

Transformational national leaders can indelibly alter the nature of the policy arena and the state itself. Perhaps most notably, ideological nation-building efforts can create political and social stability and identity that can lead to greater trust, cooperation, and commitment to ethnically neutral policies (Gellner 1983). In Tanzania, Julius Nyerere’s “extended family” (ujamaa) socialism served as the ethnically unifying basis for national development. Although economic development did not improve initially, mass compulsory education and the widespread use of Swahili helped overcome tribal cleavages and produce a more unified and stable state. In Indonesia, President Sukarno introduced the Five Pillars (Pancasila) to unite disparate elements of society during the process of state formation. The concept survived a military coup as well as the transition to democracy, helping to maintain a coherent national state during destabilizing times (Fukuyama 2014).

National institutions help determine leader quality both through selection (ex ante accountability) and punishment (ex post accountability)—see Maskin and Tirole (2004). When subsets of the population—such as women (see box 7.4)—are excluded from leadership positions, competitive selection is less likely to produce effective leaders. In democracies, political leaders must be elected, and local competition can prove a fertile ground for demonstrating capacity for higher office (see spotlight 9 on decentralization). Regardless of whether citizens or a small elite elect or select leaders, transparency and information provision are critical for screening good candidates (see chapter 8).

For leaders to be effective, they must be not only well-meaning, but also constrained by strong norms or formal institutions, including parties and legislatures (Ezrow and Frantz 2011). Term limits can encourage party-based decisions rather than

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**Box 7.4 Female elites and female leaders**

When half the population is excluded from leadership competition, the political processes are half as likely to generate good candidates. Although gender gaps are narrowing around the world in several domains, female elites remain underrepresented. The proportion of seats held by women in national parliaments is 22.5 percent worldwide; in the world’s largest 200 companies in 2014, women accounted for only 17.8 percent of members of boards of directors, and the average share of female justices in constitutional courts worldwide is 22.4 percent. Even when women do gain positions of power, they are often constrained. For example, when women are appointed ministers (in a sample of 117 countries worldwide), they are largely assigned to less strategic and more “feminine” policy areas (Krook and O’Brien 2012).

The lack of female elite representation has negative effects on the introduction of inclusive policies (see chapter 6) because the preferences of female leaders may be systematically different from male preferences. In the context of elite bargaining, female leaders are also more likely to engage in inclusive decision-making processes. In the United States, female city managers are more likely to take citizens’ inputs into account in decision making (Fox and Schuhmann 1999); female mayors tend to favor cooperation rather than a hierarchical approach to governing (Tolleson-Rinehart 1991); and female chairs of state legislature committees act more as facilitators in committee hearings than do male chairs, who instead use their power to control the direction of the hearings (Lyn 1994).

There is also evidence that female leaders are less prone to patronage politics and corruption. In Africa, women are less likely to become ministers in settings in which incumbents use patronage to support ethnic constituencies (Arriola and Johnson 2014). In India, the 1993 constitutional amendment that mandated the reservation of one-third of local government council positions for women also reduced the incidence of corruption (Beaman and others 2011). In Brazil, random audits of government administrations showed that female municipal mayors were less likely than male mayors to be corrupt and were also less engaged in patronage (Brollo and Troiano 2016). More broadly, countries with a higher representation of women in parliament have lower levels of corruption (Dollar, Fisman, and Gatti 2001).

Source: WDR 2017 team.

a. Data are from the World Bank, World Development Indicators (database); Globe Women, Corporate Women Directors International; and World Bank, Women, Business and the Law (database).
personalistic decisions, as well as the cultivation of successors (Ginsburg, Melton, and Elkins 2011). Term limits also help with informal coordination by signaling to rivals. Even in autocratic settings, higher leadership turnover is associated with more successful economic and human development (Besley and Kudamatsu 2007).

Balanced, diversified, and organized business interests
Economic conditions help determine the adaptability of elite bargaining. Where productive business interests dominate, ruling coalitions are likely to be more dynamic and adaptive; where monopoly interests dominate, policies are more likely to prevent the emergence of new economic elites. Concentrated economic power makes adaptability to external shocks and internal change less likely, with important political consequences. More concentrated economic power tends to lead to concentrated political power that reflects this economic distribution. And when economic power translates into political power, institutions of accountability are less likely to develop (figure 7.5). For this reason, reforms that concentrate economic power without institutions in place to deal with new powerful interests may be ineffective, as in many postcommunist countries, where the initial beneficiaries of market reforms became economically and politically powerful enough to block further reform (Hellman 1998).

Figure 7.5 When economic power maps onto political power, there are fewer institutional checks on power

Source: WDR 2017 team, using data from V-Dem 2015.

Note: The figure maps the association between economic and political power. The analysis is based on data for 170 countries in 2012. The variable indicating how economic power maps onto political power is from V-Dem, based on expert surveys. A score of 0 means that economic elites have a monopoly on political power; a score of 4 means that all citizens have equal power, regardless of economic position.

When diverse productive interests gain in strength because of external shocks and internal change, they can improve elite bargains. For example, in the conflict between the English Parliament and the monarchy during the 17th-century civil war, traders provided parliamentary moderates who lacked mercantile interests with financial assets and company shares, creating a broad parliamentary majority that overcame monarchic rule and changed the mechanisms by which Parliament operated (Jha 2015).

Business associations can help diverse business interests overcome collective action problems and gain influence in elite bargains. They can push for institutionalized consultations that can enhance coordination and decrease elite polarization. Chile’s movement from particularistic state-business relations in the 1970s to peak business association consultations in the 1980s improved economic efficiency, and by aligning the interests of political insiders and business elites it helped pave the way for a smoother democratic transition (Silva 1996). Business associations can also act to balance the power of entrenched political elites. In Korea, the nature of empowered businesses led to a form of business-state collusion that was pro-development, in contrast to business-state relations in the Philippines that tended to be much less conducive to broad-based development (Kang 2002). In these cases, the key to effective business associations is the representation of diverse interests: when business associations represent a diversity of interests, they are more inclined to push for universalistic rules and institutional reforms (Maxfield and Schneider 1997).

Entry points for change through elite adaptation
How can a deeper understanding of elite bargains point to entry points for change? First, changes in the rules of the game in the policy arena are driven by the relative power of self-interested actors. Trying to impose reforms for contestability or accountability is not likely to gain traction. This chapter focuses on national elites, but the same analysis could also consider the subnational level and agency-specific reforms. In all of these cases, reform of the rules by which actors interact can succeed only when the rules reflect the actual distribution of power and interests. Rules that do not reflect this power distribution or change this power distribution will not stick.

Second, under certain circumstances elites do choose to tie their own hands, so there is room for optimism. Trying to create these circumstances by
altering incentives, preferences, and contestability at the margins may be an effective way to help change rules. Although there are few entry points, there are ways to facilitate this process and support development of homegrown rules:

- **Effectively change the incentives of elite actors.** Even when the relative power of actors remains the same, the nature of elite bargains can change when the elites in power face changed incentives, often as a result of shocks or gradual processes of economic development. Economic diversification can undermine rent-based elite bargains, changing the incentives of ruling elites to support more broad-based policies. Effective transactional leaders can engage in “good politics” to change the incentives facing other elites in the policy arena. When citizens overcome their collective action challenges to pressure elites, they change the incentives of elites to respond to their demands (see chapter 8). External actors can help change elite incentives when they present inducements or threats, such as conditional development assistance or the possibility for membership in the European Union or World Trade Organization (see chapter 9).
- **Reshape preferences in the policy arena.** The nature of elite bargains can also change when actor preferences evolve. Often, changes in preferences occur slowly over extended periods, such as global trends over centuries to view the practices of slavery and torture as immoral. In the shorter term, transformational leaders can coordinate norms and change beliefs. Increasing the frequency and depth of interactions between elite actors can help them find common ground. And more cross-border flows of ideas and information can change the preferences of domestic actors through the diffusion of norms and interactions between communities of experts (see chapter 9).
- **Make the policy arena more contestable.** When more actors are allowed to contest in the policy arena, elites are more likely to move from limited deals-based bargains to broader rules-based bargains. When newly powerful elites are allowed to contest in formal institutions, bargains can adapt to the changing balance of power. Empowering agencies by increasing their resources or the technical skills, information, and data available to them can enable them to bargain more effectively. And helping groups of elites or citizens overcome collective action challenges can also lead to newly powerful actors who can directly influence the policy arena. Chapters 8 and 9 discuss the potential influence of other actors (citizens and international actors) to change the nature of elite bargains.

**Notes**

1. The same analysis could also consider the subnational level and agency-specific reforms.
2. This leads to the “limited access orders” described in North, Wallis, and Weingast (2009) and the “extractive” political institutions described in Acemoglu and Robinson (2012).
3. This can happen in both autocratic and democratic settings. In autocracies, elites face a “dictator’s dilemma”: their hold on power is tenuous, and they usually are overthrown from within (Svolik 2012). In democracies with significant oppositions, voting regularizes (institutionalizes) uncertainty because a change of administration entails a loss of power for incumbents.
4. For safety valves, see Malesky and Schuler (2010); for co-optation, Gandhi and Przeworski (2006), Langston (2006), and Gandhi (2009); for signaling, Geddes (2005); for leadership transitions, Ezrow and Frantz (2011); and for rent distribution, Lust-Okar (2006).
6. From 1950 to 2002, the majority of Latin American countries under an autocracy engaged in at least one large-scale expropriation of private finance, land, or natural resources (Albertus and Menaldo 2012).
7. For the distinction between transactional and transformational leaders, see Burns (1978).

**References**


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a. References to titles of publications that include Taiwan, Hong Kong, and Macau/Macao refer to the regions Taiwan, China; Hong Kong SAR, China; and Macao SAR, China, respectively.


