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"King of the Mountain," or Why Postcommunist Autocracies Have Bad Institutions

The authors analyze levels of democracy and state capacity (including quality of institutions) in the postcommunist countries over the past two decades and consider the theoretical implications of the relationship between these variables. In particular, they cast serious doubt on the general validity of the J-curve hypothesis. They present their own informal "king of the mountain" model.

The problem

What is the relationship between the quality of institutions and the character of a political regime?[1] In what way are various levels of state capacity connected with regime trajectories? Why do all developed and consolidated democracies have good institutions that ensure law and order, observance of

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property rights, effective governance, limitations on corruption, political and economic competition, freedom of the mass media, and so on? Conversely, why do some autocracies have generally good institutions while others have very bad ones?

Today these questions are the focus of intensive theoretical and empirical research. A number of authoritative researchers are coming to the view that a nonlinear J-shaped relationship exists between state capacity and the quality of institutions, on the one hand, and the level of democracy, on the other. From this the particular conclusion is drawn that consolidated autocracies possess greater state capacity and better institutions than transitional and hybrid regimes. Singapore, Oman, and Qatar often figure among the few examples cited. But does this apply to other samples—to the postcommunist countries, for instance? Have autocracies with good institutions and high state capacity arisen over the quarter of a century of transformation in these countries? And if not, why not?

The literature

A very impressive literature devoted to problems of the interrelationship among state capacity, quality of institutions, and political regimes has appeared over the past two decades or so (see, e.g., Baeck and Hadenius, 2008; Bratton, 2004; Carbone and Memoli, 2011/12; Fortin, 2011; Fukuyama, 2007; Grzymala-Busse and Jones Luong, 2002; Hansen, 2008; Linz and Stepan, 1996; Moller and Skaaning, 2011; Rose and Shin, 2001; Tilly, 2007). This literature is highly diverse, but it shares the virtually a priori assumption that the state or "stateness" is a necessary prerequisite of democracy. This thesis goes all the way back to Dankwart Rustow (Rustow, 1970, pp. 337–63). The corresponding literature often cites the statement of Juan J. Linz and Alfred C. Stepan that "democracy is the form of government in the modern state. Thus, without the state modern democracy is impossible" (Linz and Stepan, 1996, p. 17). This argument is developed in many works by contemporary authors.

It is indeed beyond doubt that modern democracy is impossible without a viable state and can only exist in a space of stateness. The problem, however, is that the modern world has various kinds of states with very different characteristics of stateness. Differentiation by level of state capacity is used as one of the means for measuring and comparing them—in terms of regime differences as well as in other aspects. A theoretical argument concerning various relationships between levels of stateness and types of political regime has been substantiated, in particular, by Charles Tilly (2007, p. 19) (see Table 1).[2]

The theoretical argument advanced by Tilly in fact already contains the aforementioned thesis of the J-curve, which also appears in a whole series

Table 1

Combinations of Levels of Stateness and Types of Political Regime (according to Tilly)

	Political regime	
State capacity	High potential state capacity—undemocratic regime	High potential state capacity—democratic regime
	Low potential state capacity—undemocratic regime	Low potential state capacity—democratic regime

of well-known empirical works (Baeck and Hadenius, 2008; Charron and Lapuente, 2010; Fortin, 2011; Moller and Skaaning, 2011). On the basis of the results of the studies by these and other authors, conducted on large samples, it is asserted that the highest levels of state capacity (and of quality of institutions) are achieved in developed and consolidated democracies. But these levels are also relatively high in consolidated autocracies—at least, much higher than in transitional and hybrid regimes.[3]

It is logical to conjecture that if the J-curve really does reflect some sort of general regularity, then among postcommunist countries there should also be autocracies with high state capacity and good institutions (roughly as Tilly assumed). It is possible to extend this line of reasoning and suppose that a certain logic also exists in the sequence of reforms and transformations in transitional countries: a "strong" state and a "power vertical" must be consolidated before undertaking democratization, which otherwise is fraught with the danger of uncontrollability, chaos, and even state collapse.[4] If this is so, then one of the chief problems of the democratic transition is how to get through the problematic stage at which political and economic reforms may lead to deterioration in the socioeconomic situation, the weakening of governance, and discontent on the part of the social strata that "loses out."

This logic is present in the literature. For example, Przeworski refers to the "bottom" of the J-curve as the "valley of transition" (Przeworski, 2001), while Schmitter calls it the "valley of tears" (Schmitter, Wagemann, and Obydenkova, 2005). In other words, if a society undergoing transformation is held back in this "valley," masses of "early losers" (workers in state industries, former bureaucrats, pensioners, unemployed, etc.) will emerge out of whom a dangerous antireform coalition may be fashioned.

But the problem has another facet: what can compel the "early winners" (who have exploited the blessings of privatization in their own interests) to proceed further on the road to reform, establish institutions of economic competition,

and thereby put at risk their rental income? Joel S. Hellman (1998), in his critical examination of the logic of the J-curve, agrees that at the initial stages of transition reforms harm the economy and political stability, but argues that if reforms are continued, recovery will inevitably follow. It is another matter that the "early winners" do not want this to happen and have no motives to make it happen, as they have obtained access to rent. This is a strong argument against the idea—popular in certain circles of politicians and experts—that authoritarian modernization can facilitate economic reform. On the contrary, Hellman's study demonstrates (at least insofar as postcommunist countries are concerned) that political stability does not facilitate reform and that successful reforms have been achieved precisely in countries with high levels of political participation and competition (i.e., under conditions of real democratization).

In this article, we seek to contribute to the study of the problematic outlined above by testing empirically whether any postcommunist autocracies with high state capacity and good institutions exist, and—having determined that such regimes do not exist—by explaining why this is so. We also formulate an informal model that has great potential for subsequent formalization.

Our hypothesis

The hypothesis that we have formulated based on a critical analysis of the existing literature and of factual data comes down to the following: postcommunist autocracies, unlike other varieties of authoritarianism, do not exhibit high levels of state capacity or good institutions. This hypothesis must be confirmed or refuted, and also further explained.

Data and methodology

Our study uses quantitative methods of analysis (multivariate statistical analysis) and qualitative methods of analysis (case-by-case, binary, cross-national, and other comparisons).

The database of the study includes empirical indicators of various aspects of state capacity and indicators of political regime.

The main tasks that were accomplished within the framework of the study and required the use of instruments of statistical analysis included reducing the number of omissions in the data, constructing indexes, classifying trajectories of regime transformation and state capacity, and also determining the form of the relationship between state capacity and the level of democracy (the level of democracy is regarded as a basic integral characteristic of a political regime).

The many omissions in the data were the reason that in our previous study

(Melville, Stukal, and Mironiuk 2012a) we examined the trend in indicators averaged by decade. When we switched to a shorter time interval, we had to give up the expert appraisals that played an important role in measuring the level of state capacity in our preceding project: our experts were unable to assess multiple characteristics of state capacity for postcommunist countries at intervals shorter than ten years due to the inadequacy of the information available to them. However, this exacerbated the problem of omissions in the data accessible from existing open sources (the World Bank, the International Monetary Fund, the United Nations, and other international organizations).

To eliminate the omissions we used a two-step regression procedure for data restoration. Let X_0 be an indicator containing omissions that need to be filled; let $X_1, ..., X_k$ be indicators connected with X_0 and containing nonomitted values for at least some observations with omissions in X_0. The indicator with omissions (X_0) is regressed against $X_1, ..., X_k$, and forecast (model-based) values for the dependent variable X_0^{mod} are retained in the database. Then a new variable X_0 is created that is equal to X_0 in the absence of an omission in the data and equal to x_0^{mod} otherwise.

The remaining omissions in X_0 are filled at the second step. For this purpose, X_0 is regressed against the time variable (year) separately for each group of objects (states). This regression model enables us to discern the trend in the indicator over time and fill the remaining omission by means of interpolation or extrapolation using a model-based value of the variable X_0.

The database, filled in by the method described, was then used to construct indexes of democracy and state capacity, classify trajectories of regime transformation, and investigate the relationship between political regime and state capacity.

Another serious methodological task for us was the operationalization of state capacity. The contemporary literature proposes various approaches to this task (for a more detailed account, see Melville, Stukal, and Mironiuk, 2012b). The approach we chose requires the creation of a new state capacity index that takes into account the problem of omissions in the data and the presence in statistical databases of necessary indicators for the postcommunist countries of interest to us.

Indexes of state capacity and democracy were constructed on the basis of weighted averages of components. State capacity was conceptualized as a multifaceted phenomenon whose aspects include state capacity to maintain law and order, state capacity to ensure control, and state capacity to use resources. The new state capacity index that we used consists of three indicators, reflecting: (1) availability of resources; (2) quality of financial institutions; and (3) quality of the institutions that maintain law and order. It was measured by averaging the following indicators: (1) per capita gross domestic product

(GDP) in terms of purchasing power parity (data from the World Bank); (2) "contract-intensive money" (data from the International Monetary Fund [IMFund]); and (3) the Cingranelli–Richards index of the right to physical inviolability (the arithmetic mean of indicators for torture, disappearances, extrajudicial reprisals, and political prisoners).[5] Before being used to construct the index, all indicators were rescaled to the range from 0 to 10, where 10 is the maximum value of the indicator.

To measure democracy, we averaged the index Polity IV and the organization index produced by Freedom House (both indicators were first rescaled to the range from 0 to 10, where 10 corresponds to the highest level of consolidation of democracy). Trajectories of regime transformation were classified by means of cluster analysis, as in our earlier studies (Melville and Stukal, 2011; Melville, Stukal, and Mironiuk, 2012a, 2012b).

Finally, parametric and nonparametric methods of regression were used to determine the nature of the relationship between the state capacity index and the democracy index. The nonparametric regression modeling required the use of locally weighted kernel regression with the Epanechnikov kernel. The form of the regression equation obtained using this approach is fully determined by the available data, and is not a sort of compromise between the data and the model assumed by the researchers.

The parametric regression modeling involved the fitting of a first- or second-order polynomial model (depending on the results of the nonparametric regression modeling) by the least squares method, with subsequent estimation of the quality of the model. The theory of the J-curve was criticized based on the regression coefficients and by visualizing the models obtained.

Analysis

Study of the indexes of state capacity and democracy for twenty-seven postcommunist countries at the start of transformation in 1989–93 and twenty years later (i.e., in 2009–10) and comparative analysis of dispersion diagrams based on these data permit us to draw a number of conclusions concerning the relationship between state capacity and democracy during postcommunist transformations.

The dispersion diagrams distribute postcommunist countries among four quadrants as follows:

Quadrant 1—high level of democracy, high level of state capacity;
Quadrant 2—high level of democracy, low level of state capacity;
Quadrant 3—low level of democracy, low level of state capacity;
Quadrant 4—low level of democracy, high level of state capacity.

The dispersion diagram for the period 1989–1993 (see Figure 1) demonstrates a clear correlation between level of state capacity (the *X*-axis) and level of democracy (the *Y*-axis). A number of points should be noted.

First, countries with a relatively high level of state capacity are also leaders in the process of democratization—Slovenia, the Czech Republic, Macedonia, Slovakia, Hungary, Poland, Lithuania, Latvia, Estonia, Bulgaria, and so on (Quadrant 1).

Second, low levels of state capacity characterize countries with low levels of democratic development—Uzbekistan, Turkmenistan, Tajikistan, Azerbaijan, Kazakhstan, etc. (Quadrant 3).

Third, hardly any countries (with the exception of Georgia) have a low level of state capacity that is accompanied at the start of transformation by a relatively high level of democracy (Quadrant 2).

Fourth, Quadrant 4 is empty: at the start of transformation no formerly communist countries have low levels of democracy and high state capacity.

The dispersion diagram for 2009–10 (Figure 2) demonstrates on the whole the same effects as twenty years before. However, new effects have also emerged associated with differentiation of the developmental trajectories of the postcommunist states, some of which have finally turned into consolidated democracies while others have become "strong" autocracies ("strong" not in the sense that their institutions are strong but in the sense that they have firmly established and stable undemocratic regimes).

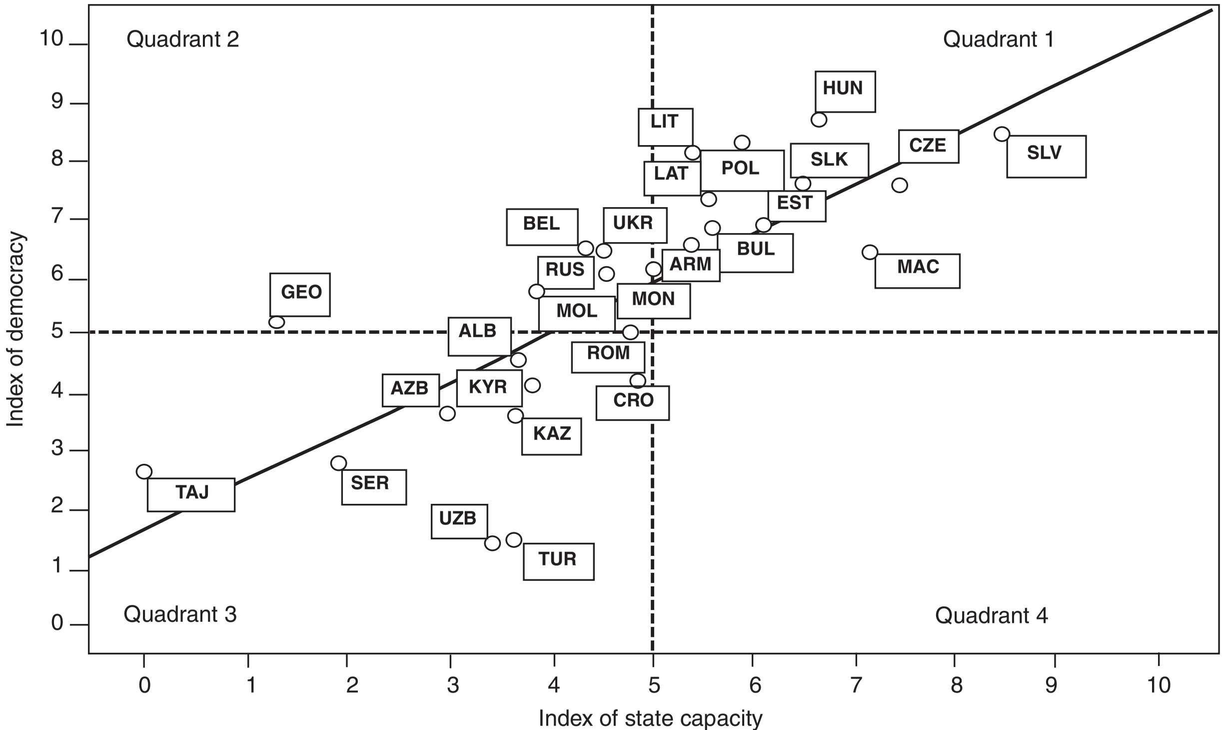
First, leadership in the process of democratization is connected in one way or another with a rise in the level of state capacity (almost all of the states that were in Quadrant 1 twenty years ago are still there with improved democracy indicators, but they have been joined by new countries such as Albania, Romania, Serbia, and Croatia; Armenia has left the quadrant after deterioration of its indicators for both state capacity and democracy).

Second, the most widespread tendency over the past twenty years has been a gradual rise in state capacity, irrespective of regime characteristics (there are exceptions: for example, Ukraine and Kyrgyzstan have achieved at the same time a rise in the democracy index, while Armenia, Uzbekistan, and Russia have "fallen" on both the state capacity and the democracy index).

Third, despite increased levels of state capacity in Kazakhstan, Turkmenistan, and Belarus, Quadrant 4 is still empty (with the exception of Kazakhstan, which is on the very edge of the quadrant). From this the conclusion can be drawn that despite two decades of development no postcommunist dictatorships with high state capacity have emerged. To put it in conventional terms, Kazakhstan is not Singapore and Azerbaijan is not Oman.

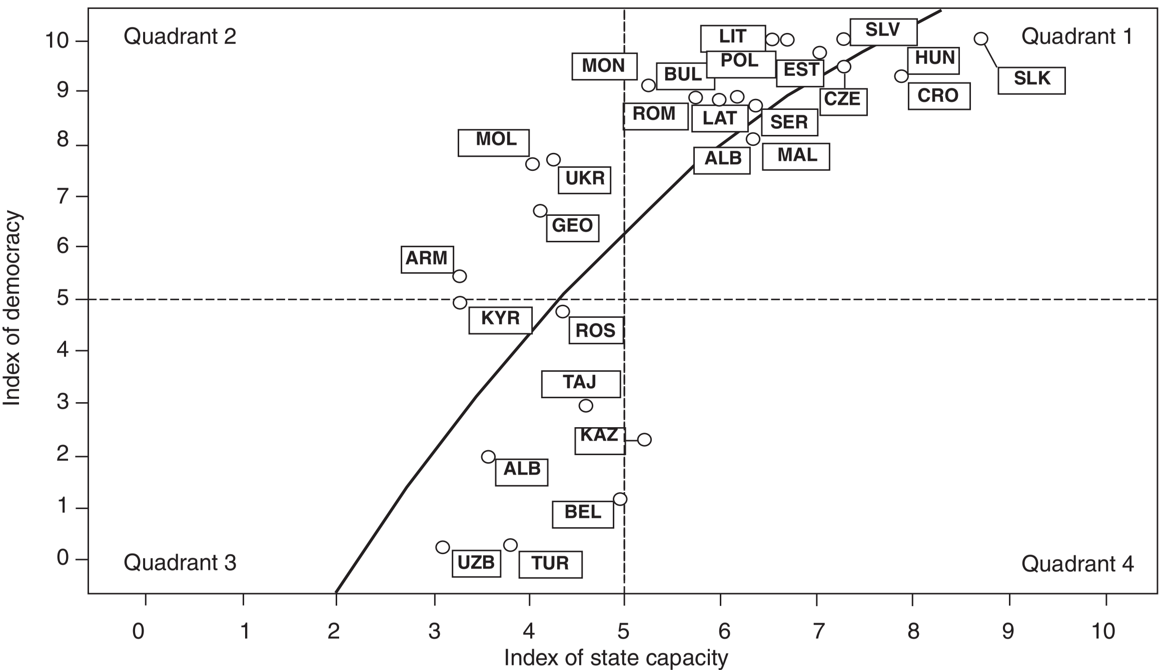
Attentive study of Figure 2 compels us to ask whether the axes have been

Figure 1. **Dispersion Diagram, 1989–1993**



Key: ALB—Albania; ARM—Armenia; AZB—Azerbaijan; BEL—Belarus; BUL—Bulgaria; CRO—Croatia; CZE—Czech Republic; EST—Estonia; GEO—Georgia; HUN—Hungary; KAZ—Kazakhstan; KYR—Kyrgyzstan; LAT—Latvia; LIT—Lithuania; MAC—Macedonia; MOL—Moldova; MON—Mongolia; POL—Poland; ROM—Romania; RUS—Russia; SER—Serbia; SLK—Slovakia; SLV—Slovenia; TAJ—Tajikistan; TUR—Turkmenistan; UKR—Ukraine; UZB—Uzbekistan.

Figure 2. **Dispersion Diagram, 2009–2010**



Key: ALB—Albania; ARM—Armenia; AZB—Azerbaijan; BEL—Belarus; BUL—Bulgaria; CRO—Croatia; CZE—Czech Republic; EST—Estonia; GEO—Georgia; HUN—Hungary; KAZ—Kazakhstan; KYR—Kyrgyzstan; LAT—Latvia; LIT—Lithuania; MAC—Macedonia; MOL—Moldova; MON—Mongolia; POL—Poland; ROM—Romania; RUS—Russia; SER—Serbia; SLK—Slovakia; SLV—Slovenia; TAJ—Tajikistan; TUR—Turkmenistan; UKR—Ukraine; UZB—Uzbekistan.

arranged correctly. Is state capacity not a function of democracy rather than vice versa? And if we switch the axes do we not obtain the same J-curve of which the literature speaks and that we do not find in the data on postcommunist states? Figure 3 shows the diagrams that we get when we switch the axes.[6] The continuous curve is the graph of the locally weighted kernel regression mentioned above. This curve indicates the general trend revealed by the observations, without giving it any functional form chosen in advance by the investigator.

Figure 3a on the whole confirms the linear relationship that we postulated between state capacity and democracy during the first five years of transformation (the slight bend in the right-hand section of the graph is insignificant—a result of the proximity of Uzbekistan and Turkmenistan, which "outweigh" Tajikistan). Figure 3b, which shows the relationship between the levels of state capacity and democracy in 2009–10, confirms the nonlinearity [*sic*] revealed by Figure 3a. At the same time, it offers no grounds for the assertion that autocracies have higher levels of state capacity than hybrid regimes: the left-hand tail of the graph is horizontal. Figure 3b categorically indicates only that levels of state capacity are lower in autocracies and hybrid regimes than in consolidated democracies—it does not show any J-shaped relationship.

More detailed study of the indexes of state capacity and democracy for the periods 1989–93 and 2009–10, visually represented by the dispersion diagrams, shows the existence of the following four clusters of postcommunist states, formed on the basis of similarities in the extent and direction of change in the indexes of state capacity and democracy.

First cluster—growth in the state capacity index accompanied by growth in the democracy index: Poland, Slovenia, Slovakia, Hungary, Bulgaria, Lithuania, Latvia, Estonia, Romania, Albania, Serbia, Croatia, Georgia, Moldova, Mongolia, and Tajikistan (sixteen states).

Second cluster—moderate decline in the state capacity index accompanied by quite significant growth (by at least one point) in the democracy index: the Czech Republic, Macedonia, Ukraine, and Kyrgyzstan (four states).

Third cluster—moderate (with the exception of Armenia) decline in the state capacity index accompanied by quite significant decline (by at least one point) in the democracy index: Armenia, Russia, and Uzbekistan (three states).

Fourth cluster—moderate growth in the state capacity index (with the exception of Kazakhstan) accompanied by decline in the democracy index: Azerbaijan, Turkmenistan, Belarus, and Kazakhstan (four states).

For the states in the first cluster, synchronic growth in the indicators of state capacity and democracy demonstrates that an increasing ability to perform state functions facilitates the maintenance of institutional, social, and economic

Figure 3. **Alternative Dispersion Diagrams**

conditions conducive to the functioning of democracy. This assertion applies in full to the fifteen states of the first cluster (the exception being Tajikistan) that have achieved even higher (by comparison with 1989–93) values of the democracy index against the background of growth in the state capacity index. Nevertheless, the starting conditions of transformation were not identical for all states in this cluster, and this enables us to identify three groups of states within it: Group 1—growth in the indexes of state capacity and democracy from relatively high starting values to even higher values (Poland, Slovenia, Slovakia, Hungary, Bulgaria, Lithuania, Latvia, Estonia, and Romania); Group 2—rapid concurrent growth in the indexes of state capacity and democracy from relatively low starting values to high values (average for the cluster or higher) (Albania, Serbia, Croatia, Georgia); and Group 3—moderate growth in the state capacity index accompanied by rapid growth in the democracy index (Moldova and Mongolia).

An obvious outlier in this cluster is Tajikistan, which represents a separate, fourth type of trend. Nevertheless, Tajikistan, for all its differences from the other states of the cluster in terms of starting conditions and results achieved, demonstrates the general tendency—growth in the democracy index accompanied by growth in the state capacity index. However, high values of the democracy index cannot be achieved while the state capacity index remains low.

A salient position in the first cluster is occupied by Group 2, consisting of Albania, Serbia, Croatia, and Georgia, which have demonstrated a strong positive trend on both indexes. This is attributable to the end of armed conflicts on their territory or with their participation (or in the case of Albania—to the end of domestic political confrontation). The results of transformation in Georgia are more modest, but they too are on the whole consistent with the logic of a connection between state capacity (let us recall that Georgia still shows no sign of overcoming its territorial fragmentation) and democracy.

In the second cluster it is possible to distinguish three groups of states: Group 1—a slight decline in the state capacity index accompanied by growth in the democracy index (the Czech Republic); Group 2—a relatively significant decline (by 0.9 of a point) in the state capacity index accompanied by significant growth in the democracy index (Macedonia); and Group 3—a moderate decline (by 0.3–0.5 of a point) in the state capacity index accompanied by moderate growth in the democracy index (Ukraine and Kyrgyzstan).

It might have been expected that the Czech Republic, being one of the most successful examples of postcommunist transformation and of the consolidation of democracy, would fall into the first cluster (the Czech Republic remains in Quadrant 1). The slight decline in its state capacity index accompanied by growth in its democracy index is attributable to the openness of the Czech economy, which has been negatively affected by crisis phenomena in the

world economic and financial system, and also to the exceptionally free and independent Czech mass media, which publicize even minor violations of citizens' rights and freedoms, episodes of corruption, and so on. By contrast, the decline in the state capacity index of Macedonia (which also remains in Quadrant 1) has to do with the circumstance that in the process of the disintegration of Yugoslavia the political effects of the outburst of nationalism were delayed in Macedonia (by comparison with Serbia and Croatia) and did not make themselves felt until 1999–2001.

The presence in a single group of Ukraine (Quadrant 2) and Kyrgyzstan (Quadrant 3) is also attributable to similarity in the direction and extent of change in their indexes of state capacity and democracy, despite significant differences between these states both in terms of starting conditions and in terms of the results of transformation. Ukraine's higher indexes of state capacity and democracy have had an effect on transformation processes, even though Ukraine and Kyrgyzstan have experienced similar "revolutions" (the "Orange Revolution" of 2004 and the "Tulip Revolution" of 2005, respectively) against ruling regimes that had falsified elections.

The third cluster, which consists of Armenia (Group 1) together with Russia and Uzbekistan (Group 2), is the complete opposite of the first cluster in terms of the direction of change in the indexes of state capacity and democracy. The states in this cluster also differ significantly, both in terms of starting conditions and in terms of the results of transformation over the past two decades (e.g., Russia's democracy index in 2009–10 was 4.8, while the democracy index for Uzbekistan, where the political regime can be described as a personal autocracy, was 0.3). In other words, these are different states with different sets of developmental resources, different national agendas and challenges, and so on; nevertheless, they demonstrate similar "falling" tendencies in institutional development, leading to a decline in the quality of the functioning of democracy and/or to the growth of autocracy. These "falling" tendencies find expression in the fact that various aspects of state functioning and social life are increasingly determined not by a maturing system of institutions but by decisions of the authorities at various levels, informal agreements, corruption, inconsistent state plans and programs, and so forth.

In the fourth cluster we can distinguish three groups of states: Group 1—moderate growth in the state capacity index accompanied by moderate decline in the democracy index (Azerbaijan and Turkmenistan); Group 2—moderate growth in the state capacity index accompanied by sharp decline in the democracy index (Belarus); and Group 3—significant growth in the state capacity index accompanied by decline in the democracy index (Kazakhstan). Nursultan Nazarbayev in Kazakhstan and Saparmurat Niyazov in Turkmenistan, who both came to power at the end of the 1980s, and also

Alexander Lukashenko, who won competitive elections in Belarus in 1994, created regimes of personal power. In Azerbaijan, drawn as early as 1988 into the Armenian–Azerbaijani conflict in Nagorno Karabakh, political competition proceeded in the context of domestic instability and an extremely unfavorable situation in Nagorno Karabakh until the return of Heydar Aliyev in 1993.* With an effective monopoly of state power, Aliyev succeeded in extracting the country from the armed conflict in 1994, consolidating his regime, and initiating major oil and gas projects that fueled economic growth.

The autocracies created in the states belonging to this cluster have led to the elimination of real political competition (although simulated elections are still held) and to deterioration in the situation with regard to political rights and freedoms. This explains their low values on the democracy index for 2009–10. In Belarus a sharp decline in the democracy index has been accompanied by slight growth in the state capacity index, while in Kazakhstan substantial growth in the state capacity index has been accompanied by a moderate (in comparison with Belarus) decline in the democracy index. In Azerbaijan and Turkmenistan the extent of change in the two indexes has been more moderate. The growth in state capacity in the countries in this cluster does not on the whole reflect the success of strategies devised by the autocrats (only Nazarbayev has clearly articulated a real developmental strategy) to create institutional conditions for the long-term development of their domains; it is, rather, a consequence of having at their disposal substantial funds from the sale of oil and gas, which they use to buy the loyalty of elite groups and the population as well as to create means of coercion capable of effectively suppressing the opposition. (Belarus is an exception inasmuch as it does not have oil or gas; under Lukashenko's leadership, however, it profits from playing the role of a transit country.)

The main conclusion that flows from our quantitative and qualitative analysis and pertains to the key problem of our study is that among the postcommunist countries there have not been—either at the start of transformation or two decades later—any autocracies with high state capacity and good institutions. Some of the postcommunist autocracies have enhanced state capacity to a certain extent. Setting aside Tajikistan as a special case, the largest increase in state capacity (from 3.6 points to 5.2 points) has been achieved by Kazakhstan, which has overtaken Belarus (4.9 points in 2009–10). In all other postcommunist autocracies, state capacity has either shown moderate

*Aliyev was party leader in Azerbaijan from 1969 to 1987, when he was forced to resign. He bided his time first in Moscow and then in his native Nakhchivan. In 1993 a military coup enabled him to return to power as president of independent Azerbaijan.—Trans.

growth (as in Azerbaijan and Turkmenistan) or declined (as in Uzbekistan). A relatively low level of state capacity (by comparison with the leaders in democratization) does not mean that postcommunist autocracies have no resources for development (on the contrary, the majority of them are rich in natural resources, although the revenue from their export is distributed very unevenly) or that they are exceptionally poor and "weak"—in other words, that they lack the coercive potential to suppress opponents. Quite the opposite: over the past two decades they have seriously augmented their coercive potential and successfully resisted pressure from the legal but really powerless opposition as well as from the illegal opposition (for instance, the Islamists in Uzbekistan). Has the quality of institutions in these countries improved? The answer to this question must be negative, as shown by high levels of corruption, the striving of autocrats to replace institutions (e.g., representative institutions) with other constructs, unpredictable and potentially recurrent outbursts of violence even in flourishing and "exemplary" autocracies (such as the disturbances in 2011 in Janaozen, Kazakhstan), and the predisposition to use force to resolve (or, more often, "freeze") conflicts.

It is quite obvious that the results obtained conflict with the logic of the J-curve.

The "king of the mountain" model

Our analysis of dispersion diagrams and identification of clusters of postcommunist countries based on the trends in their state capacity and regime characteristics over the past two decades lead—in light of positions widely found in the literature—to a number of nontrivial conclusions, some of which pertain to the hypothesis of our study. We have shown that, despite a widely held opinion (the J-curve argument), authoritarian regimes—at least those in our sample—by no means demonstrate high levels of state capacity or high-quality institutions.[7]

True, we do register a certain general trend toward gradual growth in the state capacity of postcommunist countries over the two decades of their transformation, irrespective of starting conditions and achieved regime characteristics (with the few indicative exceptions analyzed above). Our analysis does however show—and this is a very important conceptual and practical conclusion—that postcommunist autocracies and the hybrid regimes that gravitate toward them do not possess any high level of state capacity or good institutions. It is clear from the dispersion diagrams that both at the start of the postcommunist transformation and twenty years later, Quadrant 4 (high state capacity and a low level of democracy) is virtually empty (only Kazakhstan and Turkmenistan approach axial values for state capacity). To

put it in conventional terms, the postcommunist autocracies do not have their own "Singapore" or "Oman."

Let us try to understand why there are no autocracies with high state capacity and good institutions among the postcommunist countries. For this purpose we propose an informal "king of the mountain" model—a curve showing the relationship between the quality of institutions (the *X*-axis) and the extraction of rent (the *Y*-axis) in postcommunist autocracies (see Figure 4).

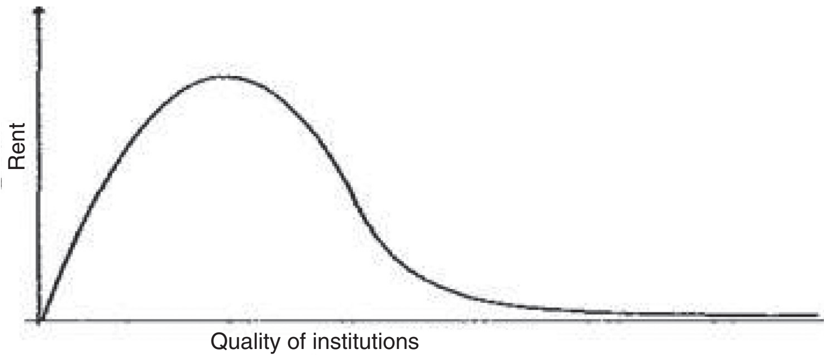
Our "king of the mountain" is by no means identical to Mancur Olson's "stationary bandit"—that is, he is not a "benevolent and rational dictator" with a long-term perspective who deliberately provides public goods and creates good institutions, including law and order, protected property rights, and limitations on corruption.[8] First, there are few authoritarian leaders of this type in the contemporary world—"benevolent and rational dictators" like Lee Kuan Yew [prime minister of Singapore, 1965–90] and Sultan Qaboos [of Oman, 1970–] are perhaps exceptions. The majority of contemporary "dictators" are, rather, "plunderers" (Haber, 2006) with an inclination toward "roving" behavior, despite the long periods that they may remain in power and the long time horizons toward which they may be oriented. Second, we find no "benevolent and rational dictators" in our postcommunist sample—neither at the start of transformation nor two decades later.

This, we repeat, is a quite strong argument against the foreign and Russian propagandists of the idea that authoritarianism at the initial stages of transition is preferable because it may facilitate economic and other reforms. This idea was indeed valid in the 1980s, when transition from agrarian to industrial societies was on the agenda in countries like South Korea and Taiwan, but in no instance has it been applicable to a contemporary transition from an industrial to a postindustrial society based on innovation and high technology.

A "king of the mountain" faces a multitude of problems, including those arising out of the "dictator's dilemma" (Wintrobe, 2007): he never knows for sure who in his entourage is really loyal to him and who might prepare a conspiracy. Therefore (in the ideal situation), to ensure that he stays in power he must choose the most effective—that is, the most rational (this, alas, does not always happen)—ways of interacting with those who support him and other elites and organizations. And in order to maintain equilibrium in society he must determine situationally optimal ways of interacting with existing and potential groups and communities outside the regime.

Of course, the specific strategies used by a "king of the mountain" may be highly diverse, situated in the broad range between the two extreme variants analytically identified in the literature—repression and co-optation. Different approaches can be taken to the study and comparison of these strategies, from game theoretic models to case analysis. The important thing for us here is to

Figure 4. **The "King of the Mountain" Model**



uncover certain general characteristics of the phenomenon under analysis. For this purpose we turn to the relationship between quality of institutions and rent—both economic and political.

The issue of rent is especially relevant to postcommunist countries, where market relations were absent at the starting point of transition; this is the reason that in many of these countries property and power were closely interwoven—that is, to economic rent was added political rent. In postcommunist countries that "got stuck" in the middle of transition (or "slid" back toward authoritarianism) it was precisely the victorious elites (for all their internal "wars") who won positions alongside the "king of the mountain" and secured for themselves the guaranteed extraction of political and economic rent.[9]

A "king of the mountain" simply has no interests or motives that might induce him to form good institutions of governance or introduce practices that are at all democratic. The "bad" (i.e., corrupt, opaque, and ineffective) institutions that he has created are precisely the institutions that are "good" for him, because they perform the functions for which they were created and set the corresponding "institutional trap" (Gel′man, 2010). The result is "state capture"—by coercive means among others (Volkov, 2002)—and further consolidation of a "big" but "weak" (in terms of quality of institutions) authoritarian state (Petrov, 2011). Economic and political rent, rather than the priorities of economic and political competition or guarantees for property, become the chief motive for preserving the status quo and resisting reform, and this in turn raises one of the main obstacles to democratization.

Rent, however, is the basis on which the status quo is preserved, but does not guarantee its preservation. In tackling the "dictator's dilemma" and redistributing rent, a "king of the mountain" uses institutions (simulated elections,

a dominant party, an intrasystem opposition incorporated into the regime, the state apparatus, etc.). With their aid he tackles the problems of internal and external legitimation, ensuring the loyalty of the "selectorate" (Bueno de Mesquita et al., 2003) and its supporting coalition, and minimizing the threat of the "desertion" of elite groups and the potential for mass protest. But for these tasks he does not need good institutions because (among other reasons) rent is usually redistributed along informal channels of patronage.[10]

In this kind of situation, the real obstacle to reform is not the resistance of "losers," from whom the state and the regime supposedly have to "isolate" themselves (thereby becoming authoritarian—out of good intentions, as it were, and almost against their will). On the contrary, it is precisely the "winners" who erect obstacles to reform, doing everything within their power to prevent its real continuation or to emasculate its content and make them purely simulative. In fact, this is precisely what Hellman had in mind when he constructed his "winners take all" model (Hellman, 1998).

We further modify Hellman's "winners' curve," which pertains primarily to economic rent, and incorporate into it the factor of political rent, which to a "king of the mountain" is of fundamental importance. The point is that in postcommunist (to be more precise—post-Soviet) autocratic regimes, political rent, by ensuring a monopoly of state power, is a condition for the extraction of economic rent. Without guaranteed political rent, which presupposes participation (or at least involvement) in the power monopoly, and in the absence of guarantees for private property and other clearly defined rules of play, as is characteristic of the "roving bandit" situation, no one—whether an oligarch, the state-appointed head of a state corporation, or anyone else—can be sure of steady access to economic rent. It is not very difficult for a "king of the mountain" who displays "roving" behavior to confiscate property or block access to rent.

In the "king of the mountain" model, the monopolist of political and economic rent simply has no motive to improve the quality of institutions or introduce political competition. Stability and preservation of the status quo are his chief priorities; renouncing them entails a real threat of losing economic rent. The question must arise: what can induce a "king of the mountain" to start reforms and why—reforms that under conditions of open competition will jeopardize his status and continued possession of at least a significant part of the state property that he has seized?[11]

In principle, such inducements might be generated by various circumstances. First, splits can occur within the ruling elites, including the emergence within them of a reformist wing (this too is one of the classical themes of transitology). Obvious historical examples include Spain after the death of Franco, the Soviet Union with the accession to power of Gorbachev, and so on. Although the real correlation of forces inside a "king of the mountain"

regime and the extent to which such a regime is monolithic are hard to assess and predict, this seems to us at present an unlikely scenario for the postcommunist autocracies.

Second, new and sufficiently strong elite groups may arise that are not connected with the interests of the regime of the "winners" and strive to establish new, effective, and high-quality institutions and political and economic arrangements. This too has happened in the past—for instance, at the end of the 1980s in Czechoslovakia, in the Baltic countries, and elsewhere. The "king of the mountain" is well aware of this danger and therefore uses various strategies ("sticks and carrots") to preserve his monopoly.

Third, increasing pressure may come from below (mainly in the form of what the contemporary literature on the problematic under discussion calls "peaceful demonstrations"). If—to use the well-known argument of Guillermo O'Donnell regarding the evolution of bureaucratic authoritarianism—the "costs of repression" start to exceed the "costs of tolerance" and prompt changes, then the "king of the mountain" will no longer be able to ignore such pressure. Here, however, the opposite reaction is also quite likely—"tightening of the screws" and a switch from moderate to open authoritarianism with arrests, harsher restrictions, and so forth. At the same time, not only protest from below but also changes in the demands of the broad public (Rogov, 2012) may impel the "king of the mountain" to transform his regime.

Fourth, pressure from the external environment may have an effect. Here we refer not to political pressure from particular states or organizations, against which postcommunist countries "stuck" in the middle of transition have erected strong "sovereign" defenses. We have in mind the broad world context of the globalization of economic processes and transnationalization of political processes. These are also conditions faced by the "king of the mountain" in international economic, political, informational, and other interactions.

All of these important questions, however, lie outside the scope of the present study. But they are very promising themes for further theoretical and practical research.

Conclusions

Our study enables us to confirm the hypothesis formulated above and draw a number of nontrivial conclusions.

We have shown that the links among various aspects of state capacity (including the quality of institutions) and regime characteristics are multifaceted and multidimensional in character. At the same time, different aspects of state capacity influence the trajectories of regime transformation in postcommunist countries in different ways.

The general tendency over the past two decades has been a relatively gradual growth in state capacity ("rising trends"), irrespective of regime characteristics (with particular and indicative exceptions—Armenia, Uzbekistan, to a partial extent Russia, and some other countries). Taking into account the composition of our new index of state capacity, it still remains to determine what exactly is influencing this growth—resources or institutions.

In a number of cases we have also registered "falling trends" of various types—a decline in the level of democracy without significant change in state capacity; a decline in the level of democracy accompanied by some growth in state capacity; a decline in the level of democracy accompanied by a decline and some growth in state capacity; and also relative growth in state capacity without significant change in the level of democracy.

The results obtained prompt a critical reappraisal of certain important theoretical and empirical propositions that the contemporary literature on the problematic of state capacity and quality of institutions and on regime characteristics considers largely proved. This refers, above all, to the argumentation used with regard to the J-curve, according to which autocracies show higher levels of state capacity than transitional regimes. Our study casts serious doubt on the universal validity of this argumentation. The "king of the mountain" model proposes a preliminary explanation of why this argumentation does not apply to postcommunist autocracies.

Our conclusions contribute to contemporary comparative political studies, broadening their empirical and theoretical base. The results achieved make it possible to define promising areas for further research. Above all, they concern the questions of the effectiveness of governance in nondemocratic states and the ability of borrowed institutions to perform the functions expected of them rather than "mimicking" such performance in an unfavorable institutional and cultural context.

Notes

1. The study was conducted within the framework of the Program of Fundamental Research of the National Research University–Higher School of Economics (NRU HSE). The article uses material from the 2012 draft "State Capacity as a Prerequisite of Democracy? (An Empirical Analysis of the Interconnection Between Types of State Capacity and Trajectories of Regime Transformation in Countries of the 'Third Wave of Democratization')" and from the 2013 draft "'Good Enough Governance' Under Conditions of Regime Transformation: Quality of Borrowed Institutions in Countries Undergoing Catch-Up Development."

2. It is indicative that Tilly should cite Kazakhstan as an example of the combination of high state capacity and an authoritarian regime. (We will dispute this thesis below.)

3. Let us note in this connection that the thesis of the J-curve does not contain any indication—at least any explicit indication—of the direction of the causal link between the character of a political regime and state capacity or quality of institutions. There is a problem of endogenicity here: we do not know for certain what influences what, and "third" causes are absent from the model. In other words, are the level and trend of state capacity and regime characteristics connected only with one another, or are they also connected with other factors—for example, economic development, institutional traditions, or external influences? We will return to this question below.

4. The concept of a "strong" state (as opposed to a "weak" state), which is often used in the literature, is not altogether correct. It is far from always clear what the sources and factors of this "strength" are—the weakness of the opposition, the repressive powers and monopoly of the executive branch of state power, the passivity of society, control over the mass media? This is not only a theoretical but also a quite practical question, directly connected with the arguments of both foreign and Russian authors in favor of authoritarian modernization.

5. Here we avoid the problem of endogeneity because these indicators pertain to the quality of institutions, irrespective of the character of the political regime.

6. It is difficult to categorically answer the question of the correct arrangement of the axes. A great deal will depend here on the focus of the research question and hypothesis. The existing literature permits us to conjecture that we are dealing with a recursive influence: state capacity influences democracy and vice versa. For this reason we have not used regression models. The estimation of recursive structural models requires the use of instrumental variables, and as yet we have been unable to find any.

7. In this respect, our results also fail to provide empirical confirmation of the aforementioned conceptual schema of Tilly.

8. For us, as for many other authors, the concept of "dictator" is analytical and not judgmental (see, e.g., Charron and Lapuente 2011; Gandhi and Przeworski, 2006, 2007; Magaloni, 2008; Olson, 1993; Wintrobe, 2007). Let us note that the same nonnormative approach can already be found in Machiavelli. In real situations, of course, we encounter a broad range of manifestations of the "king of the mountain" position—from neosultanism to electoral authoritarianism of various degrees of repressiveness.

9. However, the nature of connections and interactions between the "dictator" and elites in the context of our problematic remains an open question, due inter alia to the inaccessibility of information. The problem of these connections and interactions is discussed in the contemporary literature. For example, argumentation is proposed in the spirit of collective action theory regarding alternative strategies of multiple elites in relation to their patron (Hale, 2006, pp. 305–29). Within the framework of our model, one of the key unresolved issues is the degree of autonomy of elites, how independent they are of their patron in their decision making.

10. Let us note that the problem of the quality of borrowed institutions is broader than the problem of the "king of the mountain" regime: it is of a more general character and encompasses the real difficulties involved in institutional transplantation in countries undergoing catch-up development. It is to this circumstance, in particular, that North, Wallis, Webb, and Weingast draw attention in elaborating the idea of "good enough governance" (North et al., 2012).

11. In this kind of analysis, in particular, various game theoretic models can also be used (this is one of our tasks for the future).

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