The Influence of the Resource Wealth on the Transformations in Competitive Authoritarian Regimes

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Introduction

As a result of the absence of a firm agreement, the discussions about the political regime classifications appear on a scientific agenda and causes, even more, controversy. The minimalist concept of the democracy corresponds with the previous theories and argumentations, however, the weak side of this was evinced in the studies of the last two decades. Rapid changes in the economic performance and the regime transitions in Southern Europe (the 1970s), Latin America (from the late 1970s through the late 1980s) etc. were fondly interpreted by scholars as the "transition to democracy" or "democratization". Nevertheless, the "third wave" of democracy and other explanations in this paradigm were criticized. The "gray area" between democracies and autocracies is exceedingly wide.

Countries which were roughly marked as democracies are developing in a new turn of the political regime transformations. Larry Dimond, for instance, determines this process as the democratic recession basing on trends of the dramatical decline of the freedom and the rule of law in the mature democracies (L. Diamond, 2015). Why do European democracies such as Germany, Great Britain or France still exist and demonstrate the tendencies of the successful development whereas democracies of the third wave tend to be unstable? This is a significant sign of the misunderstanding about the previous classifications.

Despite the fact of the concept disagreements, one thing that alarms scientists is connected to the current state of affairs in the countries which are marked as the state of the autocratic transition. In such countries as Russia, Turkey, Ukraine or Venezuela the contradictions between the artificial democratic climate and the real quality of the democratic political institutions become more salient. Hence, sharp turns back to the classification of the gray area and the efforts to explain mechanisms of the regime transitions are meaningful in the mainstream of the modern political science. Another meaningful issue is the country's resource wealth which has become the subject of wide discussions about the regime transformations. The earliest assumption of the oil curse concept explains simple interaction where the resources bonanza leads to much more authoritarian regime characteristics. However, the latest researches show that there are the examples of the resource blessing when the institutional mechanisms are effective.

This research is devoted to the regime transitions in the countries of the gray area defined as competitive authoritarian regimes. The combination of the resource wealth theory and the assumptions of the competitive authoritarianism provide good results in the estimation of institutional quality and the explanation of the regime transition mechanisms, avoiding the democracy bias which commonly appears in the modern political science.

Under the conditions of the instability in competitive authoritarian regimes, the change of institutional quality is particularly meaningful. A closer look at the economic institutions especially on institutions of the property rights and the institutionalized guarantees, focusing on the resource-rich countries where different actors are interested in the resource rents. At the same time, authoritarian governments are interested in staying in an office and the expropriating rents. However, the causal mechanisms which explain how this trade-off can be solved are not developed.

Hence, the research question is the following. *Do the institutionalized incentives and the formal rules in the form of the Investment profile affect similarly the transitions in the resource rich and the resource poor competitive authoritarian countries?*

The Concept of the Competitive Authoritarianism in the Political Science: Arguments For and Against

A Political Regime as the Institution

The contradiction in the literature begins from the earlier discussions about the political regime definition. The field of political science has been flooded with the different interpretations. Concurrently, conceptualization of the political regime is strongly connected to the definitions of state, government, ideology etc. Hence, the absence of the clear boundaries between these autonomous entities leads to the repetitions without the increment of knowledge.

The attempts to separate in terms of the political institutions the regime and the state have been made in the 1970s. As Jeroen Van den Bosch noticed, "The concept [of the political regime] is commonly accepted, but still there exist very few works that have compared definitions [of the political regime and the state] with the aim to improve them"(Van den Bosch, 2014, p.79). Methodological costs of this approach are the high risks of concept substitutions and the stretchings. In other words, the question is how to explain political regime as the institution without the overlappings with the state definition.

Dividing these concepts, it is useful to compare the definitions of the political regime of Robert Fishman and Svend-Erick Skaaning. According to first, "A regime may be thought of as the formal and informal organization of the center of political power, and of its relations with the broader society. A regime determines who has access to political power, and how those who are in power deal with those who are not"(Robert M . Fishman Reviewed, 1990, p.428). The criterion to distinguish regime and state, as Fishman noticed, is the permanency where the political regime is less structural and more flexible for changes in a coercive apparatus of the state (Robert M . Fishman Reviewed, 1990).

A bit more clear comprehension was given by Skaaning who said "A political regime designates the institutionalized set of fundamental formal and informal rules identifying the political power holders and it also regulates the appointments to the main political posts as well as the vertical limitations and horizontal limitations in the exercise of political power" (Skaaning, 2006, p.9). At the same time, Skaaning, following the Weberian tradition, makes clear differences and defines the state as the bureaucracy system, the public administrative organization, which is the institutional part of the regime. The author also notices, "As different government can succeed each other within the same regime (by accepting the rules constituting an established regime to exercise state power), regimes have similar relations vis-a-vis…"(Robert M . Fishman Reviewed, 1990, p.428). Hence, this allows explaining the various combinations of the regime types and the government

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structures.

Summarize, in order to define the political regime in the institutional paradigm the definition of Skaaning fits better then Fishman's one. This definition strongly distinguishes concepts of the state and the regime whether in terms of organizations or rules. The political regime by Skaaning emphasizes the directing role of the institutions in a social process and also marks out the individual contribution and their rational estimation of the institutional effectiveness.

The Classification of Political Regimes

The developed classifications of the political regimes are easily gathered by the similarity which may be defined as the "democracy bias". The binary world view and the tendentiousness of scholars lead to the over consciousness about the political regimes classification as the democratic and the non-democratic. Therefore, the results in the appearance of democracies with adjectives and misunderstandings about political transformations in empirical cases. Try to understand the assumptions of the "democracy bias".

The conceptualization of the political regime and the intersections with the other concepts lead to an antinomy: statistical models estimate the effect of the democracy on the democracy, using as the independent variable the institutions are figured in the "democracy" definition. "Elections do no equal democracy" (Van den Bosch, 2014, p.86).

The division between the minimalist and the maximalist concepts of the democracy are strongly connected to the theoretical approaches of Adam Przeworski, Joseph Schumpeter, Karl Popper, William Riker, and etc.. The most flexible for analysis definition of democracy was given by Adam Przeworski. As Przeworski said, "a system in which parties lose elections" (Przeworski, 1999). Therefore, the value of the democracy here is the assumption of the political system change-ability and the role of institutions in their competitive spirit.

From the alternative which is the authoritarian regime, scholars usually associate it with such terms as the dictatorship, the autocracy rule, the personalism and the despotism and etc. Starting from the 1950s the first attempts to classify authoritarian regimes on works of Brooker, Geddes, Linz and Stepan tried to refine typology, where the key idea is to distinguish the authoritarianism and the totalitarianism. Subsequently, several empirical cases demonstrate the presence of the democratic institutions in autocracies and especially the elections.

If we combine these arguments, we can easily find that dichotomous approach is a reason of methodological errors. The gray zone or the "twilight zone" (L. J. Diamond, 2002) between the democracy and the authoritarianism expects to be conceptualized. Several scholars tempted to determine gray zone as the separate concept of the hybrid regimes or the amalgams. In the next paragraph, I conceptualize this terms.

Authoritarianism with Adjectives

The core concept which is used in this research is the "competitive authoritarianism". However, there are a lot of other concepts, which instinctively mean the same, such as the electoral authoritarianism or the hybrid regime. There are three main reasons, why the concept of the competitive authoritarianism is used in this research.

First, this is a tribute of respect to the modern political science approaches and another attempt of paying attention to the empirical cases which are beyond assumptions of the advocates who sticks the dichotomous logic. Secondly, this concept better corresponds to the methodological

assumptions than others. Finally, competitive authoritarianism is borne out the empirical cases and it is approved by the scholars with the developed mechanisms. Consider this in more details.

As mentioned, the binary view of the political regime restricted closely related concepts in their exploratory theories. For example, the condition of the state between the autocracy and the democracy is labeled as "in transition". The theory of the democratization waves by Samuel Huntington is valid while explains the first and the second waves. However Huntington does not give a single meaning answer for an open-ended question about the third wave, making just a prediction: "Judging by the record of the past, the two most decisive factors affecting the future consolidation and expansion of democracy will be economic development and political leadership. <...> Economic development makes democracy possible; political leadership makes it real" (Huntington, 1991, p.33).

Carothers and Diamond clarify Huntington's idea, introducing several amendments. Waves come and go and the third wave is not so successful as it was expected (L. Diamond, 1997). Following this, Thomas Carothers denies the five core assumptions of the transitional paradigm, accusing scholars of the democracy bias: "Aid practitioners and policy makers looking at politics in a country that has recently moved away from authoritarianism should not start by asking, "How is its democratic transition going?" They should instead formulate a more open-ended query, "What is happening politically?"" (Carothers, 2002, p.18).

Meanwhile, Larry Diamond emphasizes "Few conceptual issues in political science have been subjected to closer or more prolific scrutiny in recent decades than this problem of "what democracy is ... and is not,"1 and which regimes are "democracies" and which not." Diamond's classification of political regimes explains the significant points: the dimension of transition may be as democratic as authoritarian; the democracy is characterized by different extents of the institutional quality; generally, "that most regimes are "mixed" to one degree or another" (L. J. Diamond, 2002, p.21).

In political science agenda, as Andrea Cassani noticed, the most discussable question today is not about the existence or absence of the hybrid regimes, per contra the puzzles of the stability and the transition dimensions (Cassani, 2013). For instance, Leonardo Morlino analyze Freedom House rates and classify the transitions and singles out the components of the hybrid regimes (Morlino, 2009). These theoretical discoveries allow the applying of the quantitative methods of analysis and the estimation of the effects on the transitional dimension.

Nevertheless, despite the fact of the autonomous "hybrid regime" concept, in this research, I concentrate on the "competitive authoritarianism" by Levitsky and Way. In the conceptual map of the overarching shift by Leah Gilbert and Payam Mohseni who, moving on Ladder of Generality, provide the classification in the grey zone, where competitive authoritarianism is on the Subtype level and connected to the hybrid regimes and electoral regimes in general, but it is not connected to the democracy or the authoritarianism at all (Gilbert and Mohseni, 2011).

Dimond criticizes the Huan Lintz's approach and say, "Certainly Linz does not identify, among his seven principal authoritarian regime types, anything like the "competitive authoritarian" regime type discussed by Levitsky and Way — and for good reason. This type of the hybrid regime, which is now so common, is very much a product of the contemporary world" (L. J. Diamond, 2002, p.24). The definition of the core concept is

> "Competitive authoritarian regimes are civilian regimes in which formal democratic
> institutions exist and are widely viewed as the primary means of gaining power, but in
> which incumbents" abuse of the state places them at a significant advantage vis-a-vis
> their opponents. Such regimes are competitive in that opposition parties use democratic

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institutions to contest seriously for power, but they are not democratic because the playing field is heavily skewed in favor of incumbents. Competition is thus real but unfair" (Levitsky and Way, 2006, p.5).

There is one more argument for using this concept. "It is a state of normality for many societies, for better or worse", Carothers sad (Carothers, 2002, p.18). Hence here we can analyze the incentives of economic actors to modify the regime. Per contra, Andreas Schedler suggests a broad concept of the electoral authoritarianism, however, this more centered on the intercommunication of actors then formal and informal rules in the institutional approach (Schedler, 2009).

Resource Wealth as the Curse or a Blessing

In this study the two well-known concepts are mixed in order to get meaningful results for empirical political science. As Ross noticed, the aim of a new research on the topic of resource bonanza should not only be to explain the causation, but also to recommend new strategies for the public policy (M. L. Ross, 2015). There is one more attempt to combine the assumptions of the resource abundance theory and the transition of competitive authoritarian regimes theory.

There are a lot of disputes about the interrelation between the political regime, economic performance and resource abundance. The metaphors such as "the resource curse" and "the resource blessing" divide the scientific community on two sides. This section is dedicated to the literature review of the current research trends on the determinant factors of the dimension of causality. One can articulate the overall research question of the reviewed articles as "Does the natural resource wealth lead to political dysfunction?" (M. Ross, 2008). Each word of this sentence can be defined in many ways, with every definition leading to its own answer.

First, what does the 'natural resource' mean? Intuitively, the natural resources such as oil, gas, minerals, wood, diamonds and gemstones, gold are the most appropriate for analysis: they are extracted and exported as materials for the final products. However, Collier and Hoeffler define the natural resources very broadly, and include the agricultural commodities in the term (Collier, 2007). Nevertheless, the effects of minerals, forest products and agricultural commodities on political and economic indicators are rarely observed in current studies. As Ragnar Torvik said, 'This is the reason they strongly influence the intersectoral structure of the economy, generate much rent seeking, and have a large effect on political incentives. For oil and minerals it is clearly the case that they are very valuable; for agricultural goods it may not be the case' (Torvik, 2009).

Just as there is a 'democracy bias' in political regime research, there is also the 'petroleum bias' in resource abundance theories. The relationship of the abundance of oil and the democratic regime in a relationship with democracy is a common subject of study. This approach is connected to the solid empirical base (Russia, Venezuela, Muslim countries and etc.), the available data and the exclusive role of petroleum on the global market. Recent articles also tried to divide the onshore and the offshore oil, taking the technical innovations into account. As Torvik said, "Offshore oil demands more complicated technical solutions – which may be an advantage" (Torvik, 2009, p.249).

As a result, when the scholars control their models for the resource abundance effect, they usually use such indicators as 'oil rents' or 'OPEC membership' (Fish, 2002). Additionally, the minerals and gemstones are also commonly used for the estimation of resource abundance effect.

Second, how to measure the resource bonanza? Ross indicates that generally scholars prefer to measure the salient quality of the resource as the quantity of production, the value of production,

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the rents generated by production, and the value of exports (M. Ross, 2008). Another strategy of measurement was given by K. Sonin et al. who decided to use the oil reserves as an indicator of the resource abundance. The argument for this is the exogeneity which is based on independence of the reserves from the economic development (Egorov, Guriev, and Sonin, 2009).

Finally, it is obvious that the effect of the resource abundance are only seen in the connection to the political and economical institutions. A negative sign for the oil and interaction term of institutions with oil is the argument for resource curse. However, the typical critique is that the "Resource curse is a statistical artifact created by either endogeneity or omitted variable bias" (M. L. Ross, 2015, p.2).

Does the resource abundance affect democracy? Answer on this question is a choice between the two metaphors: the resource curse or the resource blessing. However, this question does not fit into the conceptual frames of the current research, because such assumption leads to the democracy bias. Despite this, following the causal mechanisms which explain the effects for democracy, we can generalize the assumptions and look at the transitions in competitive authoritarian regimes.

Kevin K. Tsui is one of the proponents of 'more oil, less democracy' assumption. He has found a robust effect which retains statistical significance of the negative relationship between the democracy and the oil, using the measurement as discoveries, because it allows avoiding endogeneity problem (Tsui, 2011). However, it is easy to find the opposite point of view. For instance, the resource abundance may distort the authentic views of modernization, increasing the wealth, which leads to the establishment of democracy without significant changes in national income structure (M. Ross, 2008).

The common opinion on the Dutch disease is challenged by the theories that indicate that the institutional characteristics affect the influence of resources on the political dysfunction. Daniel Treisman has confirmed this, analyzing the Russian pathway to democracy and an increase in oil exploration. Unexpectedly, the predicted values for the Polity score, estimated in a model of strong intercorrelation between the type of the political regime and the resource abundance, were not the same as the observed score. Hence, he concludes that it is an example of omitted-variable bias and the other characteristics need to be included in a model (Treisman, 2010). The Russian case was also explored in terms of 'hybrid regime'. Alexander Libman has found that in some regions the resource rents provide a chance to redistribute finances in favor to the improvement and overcoming of the political dysfunction (Libman, 2010). Despite this arguments, such results do not correspond to the cross-country comparisons due to the problem of external validity.

The consensus on the dimension of transition determined by the institutional quality was not explored enough. As Ross has summarized, "There are two broad possibilities: oil could strengthen authoritarian governments and prevent them from transiting to democracy, and it could weaken democratic governments and push them toward authoritarianism" (M. L. Ross, 2015, p.7). Scholars emphasize the role of the institutional quality in this issue. Here we discuss some covered issues of the interrelation between the resource abundance and the institutions.

The role of information has become extremely high in the modern world. Some theories approve that the governmental strategies of the agenda setting are determined by the resource abundance and especially oil. Konstantin Sonin et al. found that "A negative relationship between resource abundance and media freedom; this relationship should be especially strong in less democratic countries" (Egorov et al., 2009, p.647). However, there are no valid mechanisms which explain effect of different natural resource types.

The stability of a political regime may be measured by the likelihood of conflicts and civil

wars which are intuitively correlated with the violence. There are a lot of discussions on the validity of the results and the form of the interrelation between the resource abundance and violence. As Cotet and Tsui have found, this intercorrelation becomes statistically significant only when country fixed effects are not included in a model: in other cases, the interaction term of violence and oil abundance seem to be not statistically proven (Tsui, 2011). However, scholars found that the type of the resources and the geographical region must be included in the analysis in order to find relevant results. Alluvial diamonds, for instance, affect conflicts in the marginalized regions with high ethical heterogeneity (mostly, in Africa) (Le Billon, 2001). Nevertheless, the consensus is not achieved yet.

Another discussable theme considering the resource abundance influence is connected to the corruption. For instance, Pedro C. Vicente conducted a research following the idea of 'buying votes' and estimated the effect of oil exploration on corruption. He has found that the politicians tend to use the resource rents to impove the likelihood of being elected. Despite this, the increase of corruption is expected to be found in other public services (Vicente, 2004). His foundings clarifies the probable situation in competitive authoritarian regimes, where corruption significantly affects the political functioning of the system.

Significant results for the current topic were provided by Jorgen Juel Andersen and Silje Aslaksen. Their aim was to explain how the constitutional features as electoral rules and the governmental structures affect the interaction between the resource abundance and the economic growth. The results show that the presidential regimes suffer from the resource curse but the parliamentary regimes do not (Andersen and Aslaksen, 2008). In other words, we can notice that the resource abundance effect may be different for the combinations of regime characteristics and the government structure.

To sum up, there is no unique pathway for the resource-rich countries across the world. The individual effect of the resource abundance seems to be an econometrical trap. In order to understand the ways of transition of the political regime it could be helpful to estimate the institutional quality and to find interactions between different resource values. The most helpful advantage for the resource study is the variation of the measurement and the subtypes which may lead to the various consequences. In the next paragraph I use this argument for theory building.

Theory

Competitive authoritarian countries are usually unstable. The reason for this is a structural contradiction between the formal and the informal rules. On the one hand, the juridical institutions are formally confirmed and guarantee clear procedures such as elections, transaction operations, the investment and etc. However, from the side of the informal rules, the various manipulations and the constraints organized by the government structures result in the authoritarian rule. In other words, there is a rough inconsistency between formal and informal institutional rules. According to the rational choice institutionalism, individuals are interested to destruct such institutions and create another which maximize the benefit for individuals.

This supposition is particularly significant for the economic actors who are interested in the clear contracts and transactions. Note that, as the domestic as the international actors have the same incentives. I emphasize the role of the international actors here because countries across the world after the 2000s are strongly involved in the global economy and try to change general policy line following the international trends.

The key problem for economic actors is the guarantee of the property rights and the clear

contract conditions. The political regime, in general, does not affect the investment, for instance. The evidence is given by Quan Li who explain the mechanism of the Compensating effect of the Tax incentives (Li, 2006). In other words, the high investment in the authoritarian countries as possible as in the democracies.

In the resource abundant countries, these mechanisms have significant meaning because the resources are a kind of "manna from heaven" and resource extraction business tends to be perspective. On the one hand, the foreign direct investment in the resource extraction sector leads to the development and the increase of rents. Concurrently, domestic economic actors are interested in developing resource extraction business if their property rights are guaranteed. Developing leads to the accumulation of the capital, but in the context of the instability, there are no confident predictions how the formal rules (defined as the Investment profile) will regulate this and guarantee the fair redistribution. At the same time, the main political actors are interested in expropriations if the resource rents increase. Hence, there is a trade-off for the decision-makers in competitive authoritarian regimes, how to stay in power and to expropriate as much as it possible. In other words, how much guarantees, they can give to economic actors and do not fear of the revolve due to the expropriations.

The concept of the Investment Profile explains the institutionalized incentives for the economic actors to invest in the economy and develop their property. These rules, which are determined by the government, is a predictor for the political regime transition dimension in competitive authoritarian regimes. The Investment profile estimates the property rights and the guarantees for economic actors. If the changes in these rules, according to rational choice institutionalism, do not correspond with the preferences of the economic actors, they will be interested in the institutional change which affects the political regime performance.

Approving Theory: Statistical Approach to Empirical Evidence

Operationalization of the Concepts

I use the observational data from the several data sources, databases and indexes. In general, the sample consists of 40 countries defined as competitive authoritarian regimes according to Levitsky S. and Way L., combining it with the modern approach to the definition of the competitive authoritarianism by Sam Handlin. For analysis I use panel data for 8 years from 2002 till 2010 because of the data availability and the theoretical assumptions. Sam Handlin noticed, that the cases of 2000s are the most reliable for the analysis of competitive authoritarian regimes (Handlin, 2016). Despite this, there is an opinion that the phenomenon of competitive authoritarian regimes is due to the fact of democratic recession after the third wave of democratization in the 2000s.

The dependent variable is the degree of democracy in competitive authoritarian regimes. The constraint here is the common issue in the social science connected to the absence of the reliable proxy for regime quality in unstable, hybrid, competitive authoritarian or electoral authoritarian regimes (Marshall, Gurr, and Jaggers, 2013). Following the tradition, I use the Polity2 variable from the Polity IV data set. There are three main arguments for this measurement.

On the one hand, this variable takes into consideration the institutionalizes autocracy characteristics and the institutionalized democracy characteristics, hence there is less influence of the democracy bias. Subtracting Polity IV's institutionalized autocracy score from the institutionalized democracy score mean that developed democratic institutions, for instance, not a sign for marking this country as democracy in dichotomous perspective. Full democracy and full autocracy are just

Table 1: The list of competitive authotitarian countries in sample (according to Levitskiy S., Way L. and Handlin S.)

Albania	Armenia	Bangladesh	Burkina Faso	Cameroon
Colombia	Congo	Ethiopia	Gabon	Ghana
Guatemala	Guinea	Guinea-Bissau	Haiti	Jordan
Madagascar	Malawi	Malaysia	Mexico	Moldova
Morocco	Mozambique	Nicaragua	Nigeria	Pakistan
Paraguay	Peru	Russia	Senegal	Sierra Leone
Somalia	Sri Lanka	Suriname	Togo	Turkey
Uganda	Ukraine	Yemen	Zambia	Zimbabwe

the endpoints on the interval from -10 to 10. Secondly, Polity score is not about the freedom of mass media, associations or expression. It is mostly about the procedural aspects of the electoral regimes such as the competitiveness and openness of the executive recruitment and the competitiveness of political participation. Finally, usage of such measurement corresponds with the idea of a gradual political regime transition, which is especially relevant for the unstable competitive authoritarian regimes.

As the main independent variable, I use the Investment Profile and the Natural Resource rents. It is important to note that Investment Profile variable is not equal to the capital investment in general. There is a common opinion about the problem of the endogeneity in the relationship between democracy level and the foreign direct investment. However, once again, in this research, I try to explain the influence of institutional presuppositions for the investment in the economy, which are mostly connected to the property rights.

The measurement for investment profile is the component of the ICRG (the International Country Risk Guide) of the same name where 0 points mean a very high risk and 12 points mean a very low risk. Investment profile in the ICRG consists of three subcomponents which are Expropriations, Profits Repatriation, and Payment Delays. Moreover, the IP is cleared out of other political, economic and financial risk components, hence, there are no reasons to explain the strong endogeneity. In order to avoid this in the econometrical model, I use one-year lag. There are missing data for the time periods.

The second main independent variable is the resource abundance. Total Sum of the natural resource rents is a good indicator, however as K. Sonin noticed, there is also may be the endogeneity problem because politicians are interested in the rent maximization (Egorov et al., 2009). Nevertheless, Thad Dunning found that we can use the rents measurement in the empirical analysis. Politicians could be interested in rents maximization but this interest is not a constant and, hence, when the decision-making period comes up, politicians usually less care about it (Dunning, 2010). No need to use such indicators as the reserves or the export values, hence I use the Total natural resource rents variable from the WDI database (the World development Indicators) measured as the percentage of GDP (World Bank, 2014). Emphasize that Total natural resource rents are the sum of the oil rents, the natural gas rents, the coal rents (hard and soft), the mineral rents, and the forest rents. I also use them separately estimating specifics of the different type of resources. The data for rents for the each type of natural resources is also from WDI is measured in a percentage of GDP. There are missing data for the time periods.

I also use a pool of control variables. The discussable theme in the scientific agenda is the

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role of the economic development and the economic growth in the democratization process. Many scholars believe in the role of the national capital increase which leads to lack of conflicts, high supply of economic goods and prosperity (Przeworski and Limongi, 1997). Another believe, that economic growth is a probable situation for authoritarian regimes too. Combining these arguments, I use log GDP per capita fixing economic prosperity for each year. Data are available for all countries in the sample.

Concentrating on the economic performance, it is not enough to say how wealthy the nation is. The second control variable is strongly related to the problems of social inequality. For instance, the egalitarian concepts of democracy emphasize the role of public goods distribution and the guarantees for the absence of poverty (Woodburn, 1982) . Concurrently, Kevin M. Morrison emphasizes how distribution structure affects the stability of the political regime in the oil-rich countries (Morrison, 2009). Hence, I use the Equal distribution of resources variable from the Varieties of Democracy data set, controlling for effect of inequality in unstable competitive authoritarian regimes. There are missing data for the time periods.

Despite the factors are related to the economy structure, the government quality proxies as the Rule of law or the Government effectiveness are also the determinants of stability in competitive authoritarian regimes. The concept of "legal hybridity" fully explain the paradoxical existence of the rule of law within the authoritarian polity: "Legal hybridity is a situation in which law, while instrumentally used by a regime to strengthen its authoritarian power, imposes constraints on the regime's unlimited authoritarian power" (Myint, 2014). Nevertheless, including in the model Rule of Law leads to the strong multicollinearity. The Investment Profile as the independent variable is a particular case of the property rights guaranteeing, then it is expected to observe the significant correlation between them. Accordingly, I use the Government Effectiveness from The Worldwide Governance Indicators (WGI) data set in its standard normal unit, ranging from approximately -2.5 to 2.5 (Kaufmann, Kraay, and Mastruzzi, 2013). Data are available for all countries in the sample.

Finally, if the citizenry is not satisfied with the current state of affairs, they have a chance to revolve the government and totally change the political system. This argument is supported by the advocates of the civil society theories who believe in the mobilization of individuals especially in the condition of the autocratic rule. Controlling for this, I use the Freedom of association variable from the Varieties of democracy (the V-Dem) data set measured on the normalized scale from 0.0 (low degree of freedom) to 1.0 (high degree of freedom) (Gerring et al., 2016). Freedom of association estimates civil society cooperation as well as to what extent are parties, including opposition parties, allowed to form and to participate in elections. There are missing data for the time periods.

Summary Statistics

The summary statistics are given below. According to Table 2, the sample size is rather small because of the specifics of competitive authoritarian regimes which are obviously less observed empirically than the democracy or the autocracy and only during the restricted time period. Moreover, there is a problem of the missing data.

The percentage of the missing data is small, however, for the not available data in this sample, it is expected to be the MNAR problem. Missing not at random data is a serious issue and in this case, the data check shows that the information is missing for only one country which is Somalia. As a result of the civil wars in Somalia and the total instability, the data is not available, so it deserves particular attention. I exclude Somalia from the analysis.

A closer look at the density plots below give the interesting findings. Firstly, the Polity

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Table 2: Summary Statistics for the sample o competitive authoritarian countries (time period 2002-2010)

Statistics	N	Mean	St. Dev.	Min	Median	Max
Polity score	352	3.560	4.562	-6	5	9
Total natural resource rents (GDP %)	343	11.526	11.108	0.150	8.589	54.048
Investment Profile	352	7.563	1.880	1.000	8.000	11.500
Government Effectiveness	352	-0.603	0.578	-2.450	-0.588	1.247
Freedom of Association	352	0.760	0.139	0.285	0.772	0.933
Equal Dist. of Resources	352	0.498	0.188	0.089	0.507	0.819
GDP per capita (US $)	343	2 114.8	2 486.9	111.5	1 043.3	11 635.3

score across competitive authoritarian countries show that there are two clusters of countries which tend to be more authoritarian (negative value of polity score) and more democratized (polity score under 0). In other words, there is an empirical evidence of the variation in the political regime transitions and competitive authoritarian regimes in the each period of time may take the road of democratization or autocratization.

Secondly, there are no cues to expect the systematic bias for resource rich countries in the sample. According to a density plot, the same consistent pattern is observed for all countries in the sample: in general, the lobe of countries where total resource rents formulate higher than 20 percent of GDP is approximate 22%. In other words, competitive authoritarian regimes are not equal to the resource-rich countries.

Another interesting finding that the median for freedom of association variable is approximately 0.7665. Competitive authoritarian countries tend to allow the associations of civil society and the opposite party organizations. As it is noticed in literature, governments in this countries try to organize the illusion of the competitiveness and the clear electoral competitions. Hence, freedom of association is the significant predictor for the regime transitions especially when the government is motivated to constrain it. The autocracy warnings may be found in Russia, for example.

The tendency of the low government effectiveness in the competitive authoritarian countries is confirmed on density plot. This characteristic of competitive authoritarian regimes is presented mostly in African countries such as Congo, Togo and etc.. However, some countries distinguish from the main trend and show the positive values, for instance in Turkey or Malaysia.

Under this, data for competitive authoritarian regimes approved empirically some expectations, however, the equality of resource distribution, for instance, looks polysemantic across countries. The models of the rent distribution are totally different across competitive authoritarian countries. All given density plots are shown below at Figure 1.

In order to explain simple relationship between dependent variable and independent variables separately I estimated bivariate regressions for each predictor. The results are below on Table 3. These findings from bivariate regressions are rather expected and correspond with current con-

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Figure 1: Density plots (red curves are the approximation to the normal distribution)
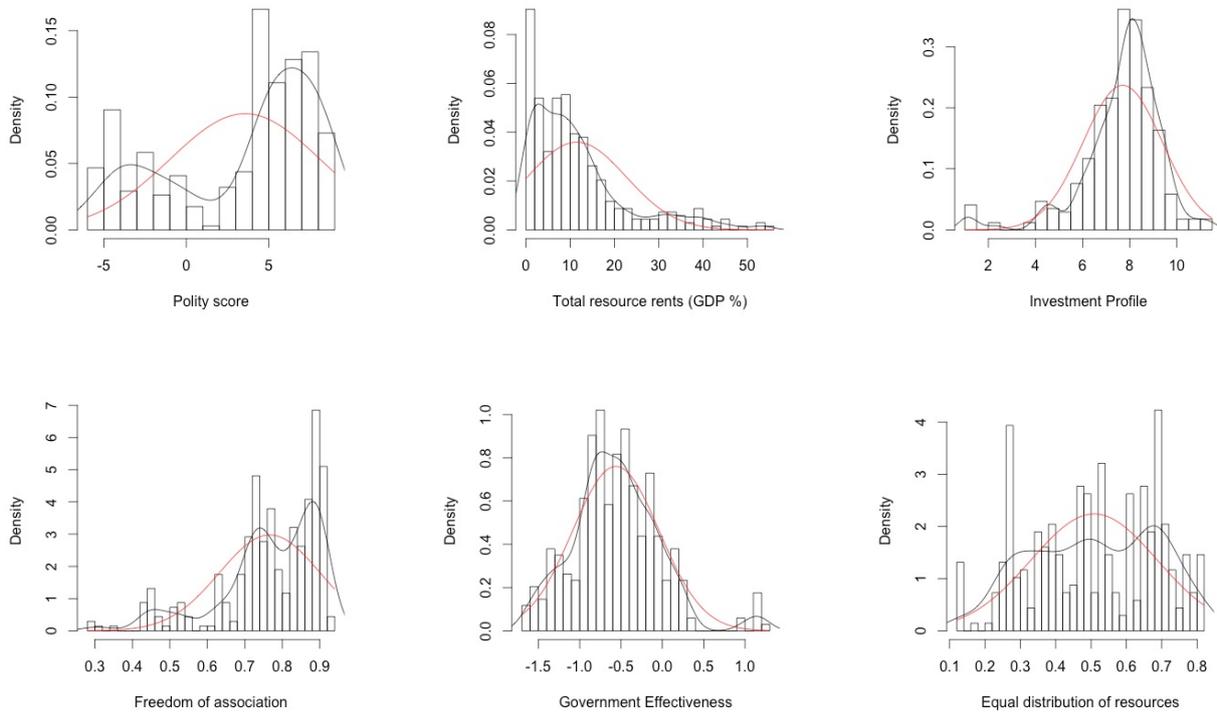
sensuses about regime transition factors. For instance, the negative coefficient of the total resource rents complies with the resource curse theory.

Specification of the Statistical Models

There is a consensus in the previous literature about the methods which are the best suited for estimation of the resource abundance effect on the political regime. Haber and Menaldo were the pioneers who suggested to use fixed effect models instead of pooling estimation, that leads to the unbiased estimations and give proper weight to the heterogeneity across countries. However, their weak side is the usage of the logistic regression with binary dependent variable "democracy — autocracy" (Haber and Menaldo, 2011). Criticizing scholar for unappreciated factor, Haber and Menaldo do not take into account the conditions of the political regime between these endpoints.

Another methodological assumption requires using the interaction term between the institutional factor and the natural resource abundance indicator. The idea is to estimate the conditional effect which changes the resource curse into a blessing or in another scenario reinforces the negative consequences of the increasing natural resource capital. Despite this, the characteristic issue of such method is the multicollinearity problem.

Firstly, have a look at the heterogeneity across country and year below. The graphs show changes in mean values across countries and years. Red lines determine boundaries of the 95% confidence intervals.

According to these graphs, the scattering of total resource rents across countries and the Polity score across years is mostly homogeneous. High heterogeneity is observed in the Polity score across countries and the total resource rents across years. Note here that, for instance, the rapid

Table 3: Bivariate regressions on hypothesizes determinants (the dependent variable is Polity score)

Statistics	Coef.	Obs.	N	R^2
Total resource rents (GDP %)	−0.105*** (0.022)	343	39	0.065
Investment Profile score	0.444*** (0.145)	343	39	0.027
Freedom of Association score	18.974*** (1.528)	343	39	0.309
Government Effectiveness score	1.484*** (0.464)	343	39	0.029
Equal Distribution of Resources score	5.142*** (1.357)	343	39	0.040
Log GDP per capita (US $)	0.968*** (0.216)	343	39	0.056

Note: Significance levels $^*p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$; Standard errors are in parentheses; N - number of countries; time period 2002-2010.

Figure 2: Heterogeneity across countries and years (mean value plots with 95% confidence intervals for Polity score variable and Total resource rents variable)
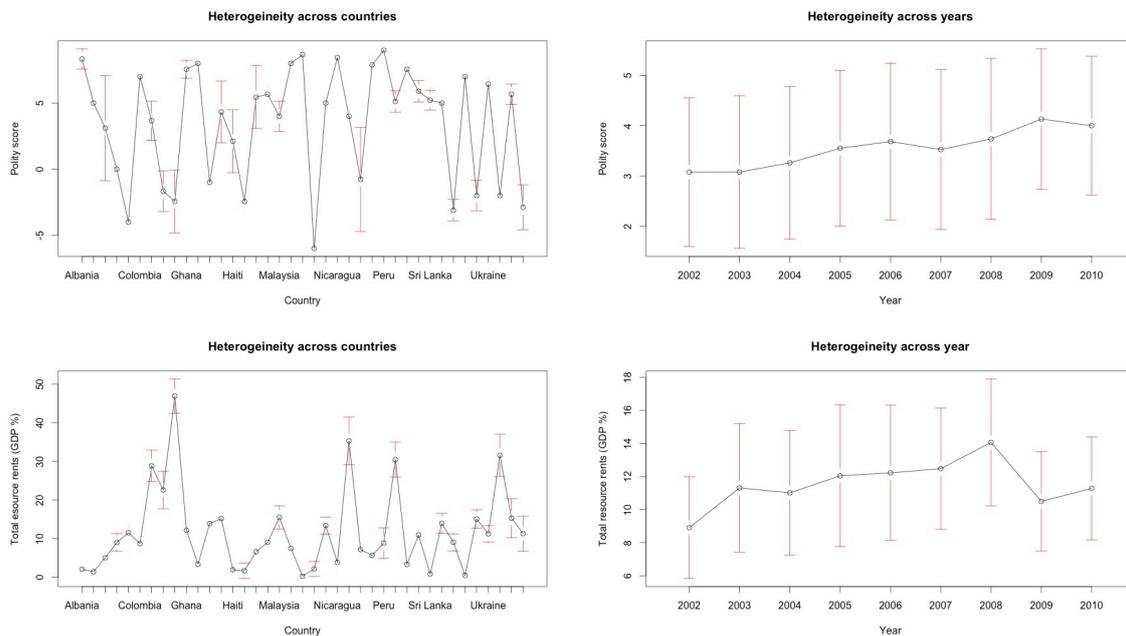
decline in total resource rents in 2009 connected to World Economic crisis. Hence, it is significant to distinguish such changes across years.

In other words, we can use fixed effect models in order to stick with the individual specifics across competitive authoritarian regimes and emphasize differences in politics of each country. On the other hand, the usage of random effect model estimation is appropriate because of the short time

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Table 4: Fixed-effect model Within estimation with interaction term between Total natural resource rents amd Investment profile for Time period 2002-2010

	Dependent variable:			
	Polity IV score			
	(1)	(2)	(3)	(4)
Total Res. Rents	0.047	0.046	0.041	0.035
	(0.083)	(0.083)	(0.083)	(0.078)
Lag Inv. Profile	0.785***	0.772***	0.804***	0.882***
	(0.237)	(0.239)	(0.241)	(0.225)
Log GDP per capita	0.409	0.439	0.433	0.013
	(0.364)	(0.367)	(0.367)	(0.349)
Gov. Effect.		−0.592	−0.550	−0.453
		(0.926)	(0.928)	(0.866)
Equal Dist. of Res.			−4.884	−3.975
			(5.208)	(4.864)
Freedom of Assoc.				16.593***
				(2.644)
Res. Rents×Invest.	−0.010	−0.010	−0.009	−0.008
	(0.011)	(0.011)	(0.011)	(0.010)
Observations	304	304	304	304
Countries	39	39	39	39
R^2	0.065	0.067	0.070	0.193
Adjusted R^2	0.056	0.057	0.060	0.164
F Statistic	4.577***	3.735***	3.258***	8.831***

Note: Significance levels *$p<0.1$; **$p<0.05$; ***$p<0.01$; Robust errors are in parentheses

period and insignificant changes in mean values (confidence intervals intersects in most cases).

I use the one-year lagged Investment Profile in order to avoid endogeneity problem in the econometrical model and robust errors because of heteroscedasticity in panel data modeling. To test for autocorrelation I used Durbin-Watson test. Multicollinearity is expected to be as a result of interaction term is included in the model, but this is not significant. Results of tests give the grounds that the model specification is correct and the interpretation of the coefficients is justified.

The models below test these hypotheses:

H_0: There is no effect of the increase in the Investment Profile quality on the negative effect of the resource abundance on political regime transition in competitive authoritarian regimes.

H_1: The increase in the Investment Profile quality alleviate the negative effect of resource abundance on the political regime transition in competitive authoritarian regimes.

Two different estimation methods give the same results. The coefficients at the total resource rents are not statistically significant irrespective of the estimation method. Concurrently, the positive coefficients at the Investment Profile are highly statistically significant at the confidence level of 0.01% in each model. Coefficients of the Interaction term between total resource

Table 5: Random-effect model with interaction term between Total natural resource rents amd Investment profile for Time period 2002-2012

	Dependent variable:			
	Polity IV score			
	(1)	(2)	(3)	(4)
Total Res. Rents	0.039	0.040	0.040	0.021
	(0.081)	(0.081)	(0.081)	(0.075)
Lag Inv. Profile	0.721***	0.724***	0.722***	0.764***
	(0.221)	(0.221)	(0.222)	(0.204)
Log GDP per capita	0.499	0.552*	0.544	0.137
	(0.320)	(0.330)	(0.332)	(0.310)
Gov. Effect.		−0.555	−0.576	−0.315
		(0.780)	(0.790)	(0.719)
Equal Dist. of Res.			0.616	0.153
			(3.222)	(2.830)
Freedom of Assoc.				17.007***
				(2.315)
Res. Rents×Invest.	−0.010	−0.011	−0.011	−0.006
	(0.011)	(0.011)	(0.011)	(0.010)
Constant	−5.001*	−5.698**	−5.958*	−16.262***
	(2.636)	(2.817)	(3.142)	(3.164)
Observations	304	304	304	304
Countries	39	39	39	39
R^2	0.067	0.069	0.069	0.213
Adjusted R^2	0.066	0.067	0.067	0.207
F Statistic	5.375***	4.389***	3.649***	11.447***

Note: Significance levels *p<0.1; **p<0.05; ***p<0.01; Robust errors are in parentheses

rents and investment profile are insignificant in each model, however, note here, that all of them are negative.

Despite this, as it is seen from the models, including the freedom of association control variable in model leads to an increase of R^2. The coefficients of the Freedom of association are highly statistically significant at the confidence level of 0.01% in each model. Other control variables are insignificant in each model.

Nevertheless, the insignificance of the coefficients could be connected to the unaccounted factors. As Ross found, the different type of resources is not bound to affect the dependent variable in the same way (M. L. Ross, 2015). In order to find valid and relevant results, I estimate the fixed effect and the random effect models for the the different type of resources. I use natural gas, forest, coal, fuel minerals and oil rents measured in percentage of GDP instead of total natural resource rents. The results are given in tables below.

The models below test these hypotheses:

H_0 : The effect of the Investment Profile on the effect of the resource abundance in competitive authoritarian regimes is not determined by the type of resources.

H_1 : The influence of the Investment Profile on the effect of the resource abundance

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in competitive authoritarian regimes is determined by the type of resources.

Table 6: Fixed-effect model Within estimation with interaction term between Total natural resource rents amd Investment profile for Time period 2002-2010 (compare the effect of resource types)

	Dependent variable:				
	Polity IV score				
	(1)	(2)	(3)	(4)	(5)
Oil Rents	0.162				
	(0.111)				
Nat.Gas rents		−2.304***			
		(0.419)			
Mineral Rents			0.209		
			(0.252)		
Forest Rents				0.051	
				(0.232)	
Coal Rents					−0.050
					(0.479)
Lag Inv.Prof.	0.927***	0.132	0.833***	0.752***	0.780***
	(0.199)	(0.214)	(0.190)	(0.208)	(0.189)
Log GDP per cap	0.052	−0.181	0.116	0.107	0.015
	(0.347)	(0.330)	(0.371)	(0.360)	(0.353)
Gov.Effect.	−0.636	0.816	−0.345	−0.302	−0.474
	(0.871)	(0.853)	(0.869)	(0.899)	(0.879)
Equal Dits. of Res.	−4.833	−2.047	−3.776	−3.901	−3.901
	(4.842)	(4.618)	(4.860)	(4.861)	(4.893)
Freedom of assoc.	16.517***	16.374***	17.232***	17.422***	16.694***
	(2.630)	(2.506)	(2.663)	(2.699)	(2.647)
Oil×Inv.Prof	−0.029**				
	(0.014)				
Gas×Inv.Prof		0.270***			
		(0.049)			
Mineral×Inv.Prof			−0.036		
			(0.032)		
Forest×Inv.Prof				0.005	
				(0.029)	
Coal×Inv.Prof					−0.036
					(0.100)
Observations	304	304	304	304	304
Countries	39	39	39	39	39
R^2	0.204	0.274	0.197	0.195	0.191
Adjusted R^2	0.174	0.234	0.167	0.166	0.162
F Statistic	9.467***	13.998***	9.051***	8.962***	8.708***

Note: Significance levels *$p<0.1$; **$p<0.05$; ***$p<0.01$; Robust errors are in parentheses

The expectations about different results have been justified. The null hypothesis about the equal effect within the different natural resources interacting with the Investment Profile on the democracy level in the competitive authoritarian countries is rejected in favor of the alternative.

First, the effect of the resource curse in competitive authoritarian regimes is statistically significant on 1% significance level only in the case of natural gas. On average under otherwise equal by increasing the share of natural gas rents in the GDP by one percent, the Polity score is reduced by

Table 7: Random-effect model with interaction term between Total natural resource rents amd Investment profile for Time period 2002-2012 (compare the effect of resource types)

	Dependent variable:				
	Polity IV score				
	(1)	(2)	(3)	(4)	(5)
Oil Rents	0.132				
	(0.104)				
Nat.Gas rents		−2.247***			
		(0.394)			
Mineral Rents			0.234		
			(0.243)		
Forest Rents				0.081	
				(0.218)	
Coal Rents					−0.044
					(0.468)
Lag Inv.Prof.	0.791***	0.110	0.744***	0.659***	0.681***
	(0.176)	(0.187)	(0.171)	(0.190)	(0.168)
Log GDP per cap	0.249	−0.066	0.190	0.263	0.118
	(0.310)	(0.294)	(0.325)	(0.329)	(0.313)
Gov.Effect.	−0.442	0.835	−0.215	−0.090	−0.255
	(0.719)	(0.711)	(0.723)	(0.734)	(0.720)
Equal Dits. of Res.	−0.076	−0.459	0.148	0.449	0.428
	(2.789)	(2.698)	(2.844)	(2.830)	(2.776)
Freedom of assoc.	16.808***	17.466***	17.727***	17.966***	17.301***
	(2.292)	(2.196)	(2.325)	(2.357)	(2.298)
Oil×Inv.Prof	−0.026*				
	(0.014)				
Gas×Inv.Prof		0.269***			
		(0.047)			
Mineral×Inv.Prof			−0.038		
			(0.031)		
Forest×Inv.Prof				0.0002	
				(0.028)	
Coal×Inv.Prof					−0.010
					(0.097)
Constant	−17.082***	−9.344***	−17.255***	−17.820***	−16.129***
	(3.000)	(3.039)	(3.082)	(3.284)	(2.953)
Observations	304	304	304	304	304
Countries	39	39	39	39	39
R^2	0.225	0.289	0.215	0.214	0.211
Adjusted R^2	0.220	0.281	0.210	0.209	0.206
F Statistic	12.311***	17.173***	11.601***	11.533***	11.323***

Note: Significance levels $*p<0.1$; $**p<0.05$; $***p<0.01$; Robust errors are in parentheses

2.247 if the Investment Profile is 0 (which means that the Investment Profile is extremely bad). The increase in the quality of the Investment Profile, however, alleviates the effect of resource curse by 0.269. Hence, for every 1-percent increase in the natural gas rents, the polity score in competitive authoritarian countries with the excellent Investment profile (12) will be Polity score increase on 0.981 whereas in competitive authoritarian countries with the bad enough Investment Profile (1) will be the Polity score decrease on 1.978. These results correspond to the idea that the effect of

resource abundance relates to the institutional quality.

On the other hand, the effect of the Investment profile in competitive authoritarian regimes is statistically significant on 10% significance level only in case of oil, though concurrently the coefficient on oil rents is insignificant. On average under otherwise equal by increasing the percentage of the oil rents in GDP by one the positive effect of the Investment Profile reduces on 0.026. In oil-poor economies (approximately 0 percent of GDP) the increase in Investment Profile by one point leads to the increase of the Polity score by 0.791 on average under otherwise equal. In this case, there is the inverse logic of the causal explanation as it was noticed under.

Another significant finding is that the effect of freedom of association in competitive authoritarian regimes is statistically significant on 1% significance level in all models irrespective of the estimation. On average under otherwise equal by increasing the freedom of association score by 0.01, the Polity score increases for approximately 0.17. Concurrently, the other control variables are statistically insignificant. The most unexpected result is the insignificance of log GDP per capita variable, however6 the reasons for this may be a small sample size and the limitations of the time period.

What are the reasons for this relationship? This is not enough to extract resources. The structure of the natural resource markets is strongly connected to the type of natural resources. Comparing oil and natural gas, oil tends to be more mobile rather than natural gas. Barrels of petroleum are easily extended because of the low transportation costs. Oil export is a significant part of the revenues in the oil-rich countries. Moreover, it is a flexible product which is offered for sale on the international market. The reason for this is that export channels are easily changed in the situations of the economic crises, civil wars and etc. That is why domestic and international investors are interested in the developing this economic sector. If the government guarantees fewer risks in the Investment profile it leads to the development of the sector and results in the increase of the national income. However, the effect of the resource curse appears when there is a combination of high rents and good Investment Profile, and government "goes crazy" with so much capital which they can expropriate. In other words, this is a situation when the blessing changes to the curse.

At the same time, natural gas in these terms is less mobile. In order to realize the gas products on the international market, produce pays high transactional costs for the transportation of the gas products or to build gas pipeline. This moment refers to the third comparison criterion.

Governments are interested in guaranteeing of the good investment climate because the gas sector demands capital not only for the extracts but also for the realization of the gas products on the international market. Big collaborative projects request not just the economic contracts but also the political agreements. Hence the increase in the Investment profile leads to democratization which determines the high investment. In other words, the gas demands for the investment to the gas sector in general and the quality of agreements affect the democracy level. In the case of the oil sector, governments promise the good Investment Profile just in order to increase oil extracts. The high rents, the high opportunities for expropriation which corrupts competitive authoritarian regimes.

Conclusion

In this research, I use the statistical approach to develop causal mechanisms of the relationship between the country's resource abundance and the Investment Profile where this affects transformations in competitive authoritarian regimes.

First, the studies which explain institutional changes in competitive authoritarian regimes retain its actuality. The correct conceptualization allows emphasizing that competitive authoritarian regimes are not connected to the democracy or the autocracy as itself, but are mostly explained in terms of hybrid regimes which correspond with the gray zone. Moreover, the rise of the competitive authoritarianism across the world is empirically observed and some of the researches can provide good regulatory mechanisms how to achieve the stability between the formal rules and the informal practices.

Secondly, the summary of the recent findings in the natural resource abundance studies illustrates that there are a lot of consensuses about the separate topics of this theme, but in general there is no unique scenario for the resource-rich countries in general. Some of the causal mechanisms of the interaction between the resource abundance and the political or the economical institutions can be rethought in terms of the current state of affairs. As I showed particularly in this research, the combination of the recent findings in the resource curse theory in the conceptual frames of competitive authoritarian regimes give innovative results.

The concept of the Investment Profile is the perspective for future analysis because it is not equal to the Investment in general and it allows avoiding the endogeneity problem, and moreover may be a good proxy for the property rights and the institutionalized guarantees as for the domestic, as for the international actors. The correct specification of model give an opportunity to estimate differences of the natural resource types and as it can be seen, predictors of the oil and the natural gas, for instance, lead to different results.

In order to be more confident about the results, I focus on a comparison of oil and gas. This is the endpoint of this paper, however, future research can concentrate on these structural differences. The type of natural resources determines the economy structure and organize the different incentives for the economic actors. Does, for example, Russia suffer from the oil curse? But what about the natural gas curse and etc.? Different type of resources leads to the different consequences. This is a potential vector for the next studies.

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