Public Choice
https://doi.org/10.1007/s11127-018-0574-9

An economic theory of a hybrid (competitive authoritarian or illiberal) regime

Ronald Wintrobe[1]

Received: 9 June 2018 / Accepted: 16 June 2018
© Springer Science+Business Media, LLC, part of Springer Nature 2018

Abstract
Recently, not only has dictatorship resurfaced, but a new form of government has appeared that is neither democratic nor dictatorial. There are various names for this new form: "competitive—authoritarian", "illiberal democracy", or simply "hybrid". Some obvious examples are Hungary, Poland and Turkey. Some connect the origin of hybrids in modern times to the rise of populism. Populism is connected to the illiberal or hybrid idea in that populists tend to repress minorities as a way of appealing to the majority. Authoritarian populists typically divide the population into "us" versus "them". This paper develops a model of how a hybrid can arise from democracy. I introduce a "strongman or strongwoman" as a leader who can implement repression and gain power. I develop a simple model of a "hybrid" regime in which repression is less than that under dictatorship but greater than that under liberal democracy. The hybrid regime is a special case of Wintrobe's general theory of dictatorship, but it goes further than that by endogenizing equilibrium extremism of the regime as well as repression. I show how the hybrid regime reacts to exogenous shocks, and develop optimal policy for other countries and institutions interested in reducing repression (the UN, US or EU) towards hybrids.

Keywords Authoritarianism · Hybrid · Illiberal · Competitive authoritarian · Extremism · Repression · Dictatorship

1 Introduction: The rise of hybrid democracy

After the fall of the Soviet Union, one popular idea was that mankind had reached "The end of history" (Fukuyama 1992). Liberal democratic capitalism simply was history's endpoint, and all countries would end up with these institutions. However, that has turned out not to be true after all. It is true that many countries became democratic in "the third wave" but since then a reversal has taken place. Dictatorship has resurfaced and, as of this writing (2018), appears to be gathering steam around much of the world. But something else has appeared: a new, "hybrid" form of government, one that is neither a democracy nor a dictatorship but appears to combine elements of both types of regime.

✉ Ronald Wintrobe
rwintrob@uwo.ca

[1] Western University, London, Canada

Published online: 25 June 2018

Various names for this new form have been offered: "competitive–authoritarian" (Levitsky and Way 2002, 2010), "illiberal democracy" (Zakaria 1997, 2003), or, simply, "hybrid" (Diamond 2002). My point of view here is that they are all similar; it just depends whether you conceive of the regime as originating from democracy or dictatorship, or as somehow "basically" democratic or basically dictatorial. Thus, the "Competitive Authoritarian" label refers to a dictatorship that holds elections. The term "Illiberal Democracy" implies democracy without the rule of law, or democracy in the sense that competitive elections are held, but the economic or political rights or the rights of certain minorities are repressed.

In this paper, I will define a "hybrid" regime as one characterized by (1) competitive elections and (2) repression, but (3) the equilibrium level of repression is less than that under dictatorship (but greater than that under democracy).

Today, democracy (meaning free and fair elections) usually is also thought of as liberal democracy. Constitutional liberalism means

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

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

The next section looks at some of the roots of contemporary illiberalism. Section 3 shows how a hybrid regime can arise out of a democracy and Sect. 4 describes the behavior of hybrid regimes (comparative static responses to exogenous changes). Section 5 concludes. The paper explains the rise of hybrid regimes beginning with a simple model of the rise of authoritarianism in general. The discussion relies on Wintrobe's model of dictatorship (e.g., Wintrobe 1990, 1998), but it extends that work in two new directions: first, to explain the rise of a hybrid regime or a dictatorship from democracy and, second, to analyze the behavior of hybrids, not a subject I have considered before. In addition, the paper looks, not just at the behavior of repression under authoritarianism, which was the focus of my previous work, but also at changes in the degree of policy extremism (i.e., extremes of the right or left). This work differs from other discussions of hybrid regimes in that it employs a simple formal economic model that is capable of generating predictions about hybrid behavior. The model also generates recommendations for the kinds of policies that can be employed (sanctions versus trade) to combat the extremism and repression characteristic of those regimes. Perhaps the most unusual feature of the model herein is that it shows that the rise of authoritarianism has roots on both the supply and the demand sides. On the supply side, the rise of a hybrid is attributed to the appearance of a "strongman" (or "strongwoman") who is capable of appealing to large sections of the electorate. On the demand side, the paper shows that people are willing to support the strongman/woman when the policies offered imply the repression of minorities whose preferences or behavior they believe responsible for their

difficulties, or whom they simply dislike. The stronger are those attitudes, the easier it is for the strongman/woman to succeed in implementing repressive and extreme policies.

2 Roots of illiberalism

If democracy were always self-enforcing, i.e., once established it could maintain itself strictly by people following their own selfish interests, much of the recent resurgence of authoritarianism would not have occurred.

What makes an equilibrium in which liberal democracy is self-enforcing? One possibility is simply that some societies harbor strong democratic norms, in which citizens are educated in schools to believe in democracy and its virtues. In a society in which those beliefs are widely held and the people are willing to make sacrifices to maintain democratic principles, authoritarianism cannot take root.

A second possible condition for self-enforcing democracy is that citizens have the ability to act in concert (coordinate) to withdraw sufficient support from leaders who transgress constitutional rules, as in Barry Weingast's (1997, 2004) model of constitutional protections. Checks and balances on the use of power—an independent judiciary, federalism (division of power among jurisdictions), an independent house and senate, and free media—all facilitate sustainable democracy. So, too, do "open access" societies as compared to "limited access" societies.

Another idea is that publicly understood rules for regular, nonfraudulent elections can make democracy self-enforcing (Fearon 2011). It had been believed widely that in the "advanced democracies" like the United States, Canada, Britain, and France, democratic norms were sufficiently widespread that democracy was at least close to being self-enforcing. However, examples of authoritarian tendencies in all of those countries are well-known, in Britain, especially with fascist tendencies in the 1930s,[1] in France, with the Front Nationale in recent years, and in the United States in the 1950s with McCarthyism and, now, Donald Trump.[2] And those tendencies seem to have been accelerating in many places today, especially Eastern Europe.

Another model of self-enforcing democracy focuses on wealth and the absence of a certain level of equality (Przeworski 2005). Two groups, rich and poor, populate this model. It is assumed that everyone dislikes dictatorship to a degree. The poor nevertheless could revolt and establish a dictatorship in order to effect redistribution. However, the marginal utility of money income is declining, so after a certain point, the extra value of redistribution to an individual falls below his or her dislike of dictatorship. The implication is that the more equal the society, the less the poor will value redistribution and, therefore, the more stable the government will be. Thus, the model implies that a democracy is more likely to be self-enforcing when income inequality is less. That factor obviously is important today, as income inequality has risen substantially in recent years, particularly in the United States.

To sum up, norms, constitutional protections, regular elections and relative income equality all help to make democracy self-enforcing. For the purposes of this paper we

[1] In 1934, the *Daily Mail* called Oswald Mosley, founder of the British Union of Fascists, "the paramount political personality in Britain". See the new account of the period by Morris Beckman (2013).

[2] Authoritarian policies towards Native populations have been on view in Canada for many years now. So, too, in Australia's treatment of Aboriginal people.

simply will assume that those forces are insufficient to guarantee that democracy is self-enforcing. Indeed, the weakening of many of these protections in recent years goes some way towards explaining the contemporary resurgence of authoritarianism.

For all of the foregoing reasons, the possibility of a hybrid regime arising is present in many, if not most democracies. Another force is the rise of populism. Populism is connected to illiberalism or authoritarianism in that populists tend to repress minorities as a way of appealing to the majority. Fundamentally, populists practice the politics of division, in which the majority represses minority groups. Essentially this "tyranny of the majority" is another way to think about hybrid or illiberal democracy.

It also has been argued that elections are not anymore about right versus left or the size of government, but are focused on a different dimension— which variously can be labelled "center versus populist", "us" versus "them", "closed" versus "open", or, possibly, "authoritarianism versus liberalism" (Reynie 2016). And it has been argued that a "cultural backlash" has come into play, which, along with the rises in income inequality and immigration, explains the contemporary emergence of populist parties (Inglehart and Norris 2017).

But the Right and Left still appear to exist: For example, Donald Trump is a populist, but he certainly is right-wing as well. He appeals to the poor (although it appears that his healthcare plan and tax reforms would disproportionately benefit the rich, and his appeal to the poor is restricted to poor whites). Bernie Sanders in the United States and Jeremy Corbyn in Britain are left-wing populists (though neither of them appears to be particularly authoritarian). Right-wing populists tend to be nationalists but left-wing populists sometimes are as well, as in the case of Hugo Chavez in Venezuela. In this paper, I will assume two separate dimensions: right versus left and authoritarian versus populist.

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

However, many other kinds of populism are possible. For example, the former Mayor of Toronto, Rob Ford**, i**nfamous for smoking crack and other peccadillos, was a classic populist. But he was not obviously right- or left-wing. His issue was the "downtown elites" versus "the people" who lived in the immediate periphery of Toronto. Ford's campaign thesis was that city councilors representing the downtown elites were part of a "gravy train" that exploited the near periphery for the benefit of the elite, "latte-drinking" denizens of downtown. He resembles the "elites versus masses" type of populist.

What is common to all forms of populism is an ideology that claims that the directly expressed "will of the people" trumps (the verb has already acquired a new connotation) all other sources of authority. And the populist leader identifies himself—or herself, in the case of Marine Le Pen—as the single voice of the people. Donald Trump's "I am your voice" is a totemic populist line. But as Garton Ash nicely puts it, it turns out that "the people" is actually only a part of the people. It doesn't include the "others": the Kurds, Muslims, Jews, refugees, immigrants, black people, elites, experts, homosexuals, cosmopolitans, metropolitans, and so on (Garton Ash 2016).

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

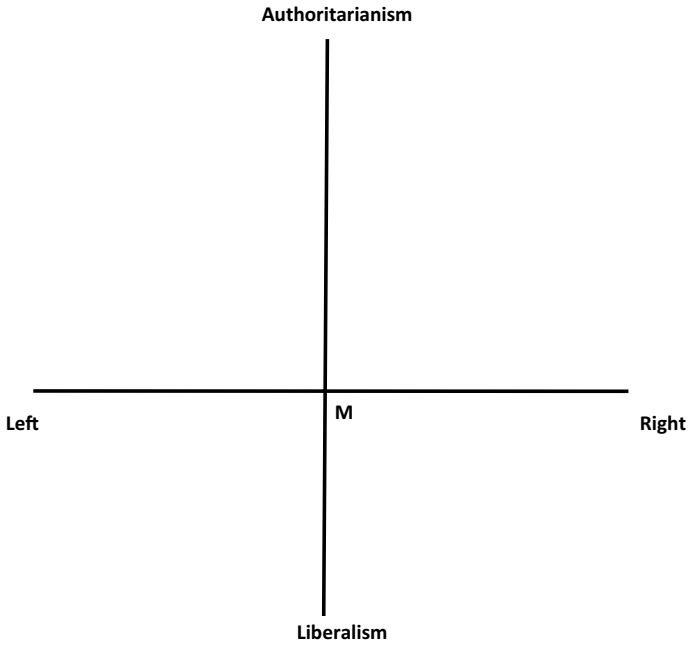

Fig. 1 Two dimensions of political competition

Now, a theoretical way around this instability exists, known as the probabilistic voting model.[3] In that model, a unique equilibrium is possible even with two dimensions. However, probabilistic voting models assume a form of behavior that may be reasonable in many contexts, but is antithetical to the populist/authoritarian strategy of dividing the population into "us" and "them". Probabilistic voting models assume that a party or candidate maximizes the aggregate probability of citizens' votes. To illustrate, suppose that a political party is considering the choice between two policies, A and B. Policy A would raise one voter's (or group of voters') probability of voting for a candidate from 5 to 15%, while policy B would raise another's likelihood of support from 45 to 53%. Suppose that all other voters (outside the two groups) are indifferent between A and B. In that case, the candidate adopting a probabilistic voting strategy would choose A over B, even though the absolute probability of receiving votes from the A group is small. The essence of the probabilistic model is that candidates appeal to *all* voters, even those who are extremely unlikely to vote for them, in order to maximize the aggregate of voting probabilities.

But that model would seem to have limited applicability in the present context. Authoritarian populists typically divide the population into "us" (his or her support base) and "them" (opponents and possibly the object of repressive measures). They would ignore voters who have very little likelihood of voting for them. So, they would choose policy B. It follows that the probabilistic voting model does not provide a suitable description of

[3] Mueller (2003, chapter 12) contains a good exposition of the probabilistic voting model.

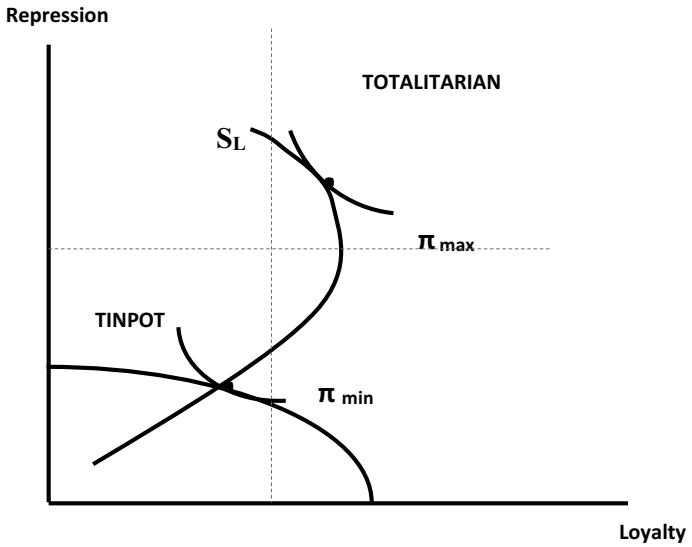

Fig. 2 Types of dictatorship

the populist strategy, and we are left with the standard conundrum common to models of democracy with more than one dimension, i.e., that no equilibrium exists.

One way out of this instability is via "the strongman (or strongwoman)". The next section shows how he/she can impose an equilibrium.

3 A model of the rise of a hybrid regime

What makes a hybrid (or a dictatorship) arise out of a democracy? This section develops a model to show how that can happen. In the model, a hybrid may result if a democratic leader institutes repression and ends up strengthening his power or popularity by doing so. That is, beginning with democracy, one of the defining characteristics of which is that repression is low or zero, a hybrid can arise when the leader increases repression and this strengthens the leader's power. If the leader continues to increase repression, and his/her power continues to increase, beyond some point the result will be a dictatorship, not a hybrid. A hybrid regime results if equilibrium repression is greater than under democracy, but less than a low-level ("tinpot") dictatorship. This possibility of authoritarianism arising in either hybrid or dictatorial form is the fundamental weakness of liberal democracy. This section shows how this can happen.

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

To see how a dictatorship or hybrid regime can arise, consider the supply of loyalty curve. What happens to the level of loyalty or support for the leader when repression is

imposed? Consider first the possible rise of dictatorship out of democracy. Starting from repression R at low or zero level, an increase in R may mean that L rises. People may be willing to see the preferences of those who differ from them repressed, or they may want income redistributed from them, and to do this the others need to be politically repressed. In either case, democracy is not self-enforcing. If people dislike the views of opposing groups sufficiently, and if norms of democracy and checks and balances are both sufficiently weak, the population might be willing to let the ideal of democratic free expression slide.

Even if L declines, the net effect of the rise in R and the fall in L might mean an increase in the leader's power. Either of those possibilities, by which a leader can gain power by increasing repression, represents the fundamental weakness of liberal democracy.

Let us spell out how that can happen more clearly (for more detail, see Wintrobe 1990, or 1998). Consider first the case of pure dictatorship. A leader is in power, no opposition worthy of the name exists, and no elections are held. Now suppose that the dictator decides to raise the level of repression and ask what happens to a typical individual's choices as repression R rises. An increase in R means an increase in either the probability of being caught or in the size of the punishment for expressing opposition to the regime. In either case, the *price* (expected cost) *of disloyalty* rises.

Now, the reaction to a price increase normally can be decomposed into two effects: (1) a substitution effect: since disloyalty is now relatively more costly, individuals are less likely to engage in it; and (2) an income effect: the individual feels poorer and, because political activity is a "normal good" and positively related to income, the result is that he or she engages in less political activity of any kind. Even if he or she engages in only minimal opposition to the regime, or no opposition at all, it is now more likely that he or she will get caught (or be possibly mistakenly accused) and convicted for expressing opposition to the government, or that the penalty for doing so will be higher. In either case the individual is poorer and participates less in politics because of this.

Normally the substitution effect outweighs the income effect, and that would seem to be the case here as long as the level of repression is low and the income effect therefore small. Hence, as long as R is low, the increase in R implies a rise in L. In Fig. 2, the implication is that, starting from $R = 0$, the supply of loyalty curve is upward-sloping.

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

If we now add in the preferences of the dictator, we can derive different types of regimes from the foregoing analysis. In the simple version of the model (originally developed in Wintrobe 1990), dictatorships are divided into two types according to their preferences: *tinpots*, who maximize consumption subject only to the constraint that they stay in power, and *totalitarians*, who maximize power. Equilibrium for the tinpot is at π_{min}. The tinpot seeks no more power than that, so he/she can devote as many resources as possible to consumption. Equilibrium for the totalitarian, on the other hand, is at π_{max}: where power is maximized (point 2 in the figure).[4]

[4] A more general analysis is presented in Wintrobe (1998), where all dictators are assumed to maximize the same utility function, $U(\pi, C)$, and are subject to a more general constraint. That work endogenizes the nature of the regime and also allows for other possible types of dictatorship, including tyranny.

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

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

Of course, some opposition may arise even under dictatorship, but with no legitimate alternative government and no forthcoming election that force will not play much of a role, and so it was neglected it in my analysis of dictatorship. But, now we are starting from democracy. With an organized political opposition and a constitutionally mandated election on the horizon, both of which are fundamental to democracy, the possibility of switching one's vote or loyalty to an opposition leader plainly is much easier.

Now we can see how self-enforcing democracy works in this context. If a democracy were self-enforcing, any leader who attempted to repress some group simply would find his loyalty reduced even among his supporters. (In Fig. 2, the supply of loyalty would have a negative slope starting at $R=0$.) However, if democracy is not self-enforcing, that might not happen, and the beneficiaries of the policy of repression might increase their loyalty to or their support for the leader. (Those who are repressed presumably will withdraw their support). The next question is: What happens to the power of the leader?

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

1. *Stable democracy* Loyalty falls ($(L_R<0)$ as R rises from zero and the effect on power of the decline in L is larger than that of the rise in R. The net effect is that the power of the leader falls. Under those circumstances, *democracy is stable*. The most likely reasons accounting for such an outcome is that constitutional norms among the population are strong, so the citizenry does not like to see the rise in repression even if they are not fond of the groups being repressed or their preferences. Another possibility is that checks and balances are strong, so that the increase in repression is met by opposition from other branches of the federal government, from the media, the judiciary, the governments of sub-national jurisdictions, and other political parties. Or the leader may anticipate the opposition and be aware that any repressive measures will be met by opposition even from those who stand to gain from them. Knowing that the measures will reduce his power, the leader simply might refrain from implementing repression in the first place.
2. *The possibility of a hybrid regime, but not dictatorship* Loyalty falls ($L_R<0$) as R rises, as in case #1, but the net effect of the rise in R and the fall in L is that the leader's power stengthens. In that case, the likely result might be a somewhat compromised democracy or a hybrid regime, but not a dictatorship.
3. *Hybrid regime or dictatorship* Loyalty rises ($(L_R>0)$ as R rises. Power increases because of the rise in both R and L. If a range like that exists, but is narrow, the likely result is a hybrid. If the range is wide, the result is dictatorship. If a leader can keep raising

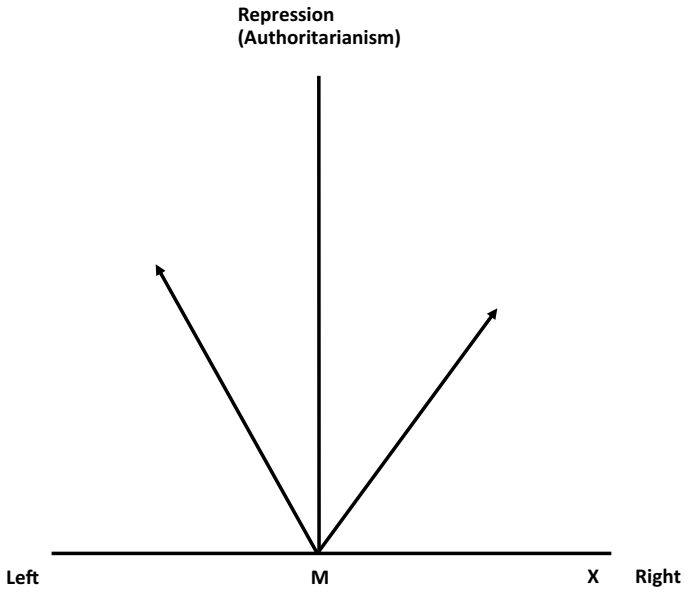

Fig. 3 The rise of a strongman or strongwoman

repression on the population and increase his support by doing so, why wouldn't he/she do that? His/her power rises both because of the rise in repression and the rise in loyalty. It also follows that the wider is the range, the more repressive the dictatorship is likely to be, i.e., the more likely the result is a totalitarian and not a tinpot dictatorship.

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

Thus far, we have discussed the emergence of authoritarianism (hybrid or dictatorial regime), but we have not addressed the question of equilibrium. We now want to go further and ask: How does a hybrid *equilibrium* emerge from democracy?

To answer that question, consider Fig. 3. Figure 3 reproduces Fig. 1, but now we can substitute the more general and precise term Repression for Authoritarianism. So, we can redefine the Authoritarianism–Liberalism dimension in terms of the level of Repression, where $R = 0$ means pure Liberalism with no repression at all. By "Liberalism" we mean Constitutional Liberalism, as discussed previously in Sects. 1 and 2. As before, two dimensions are portrayed in the figure and, therefore, in general, no equilibrium exists.

To see how a hybrid equilibrium can arise, suppose that, initially, we are in a single dimension (left–right) two-party democracy with no repression and no possibility of repression (say, because democracy is self-enforcing). Then the standard result is the median voter theorem, and equilibrium is at point M, the median in left–right space.

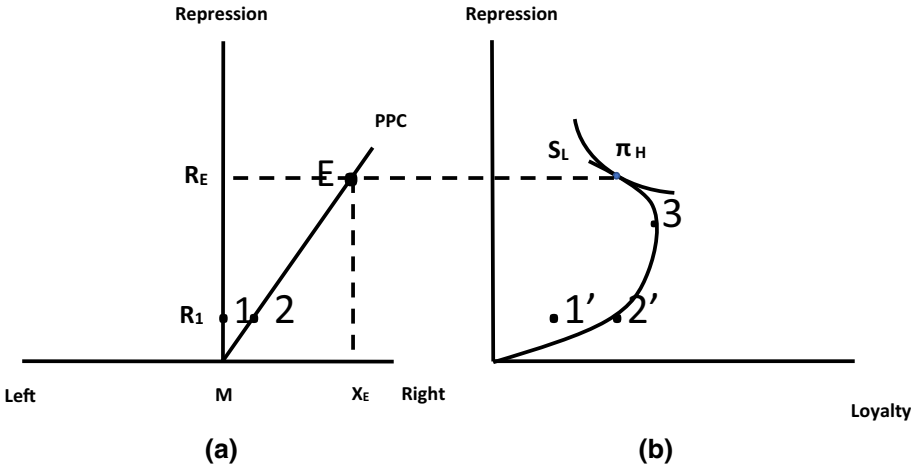

Fig. 4 Hybrid equilibrium: more extremism requires more repression

Now drop the assumption of self-enforcing democracy and introduce a second dimension: repression. Now that two dimensions must be accommodated, the median position is not stable. The ruler, in order to stay in power, may move in an authoritarian direction. In general, no equilibrium exists in the space (Fig. 3).

Suppose now that the leader is a "strongman" (or "strongwoman"). Define a "strongman/woman" as a democratic leader who can implement repression and gain power by doing so. That may be because (a) loyalty falls, but does not fall so much that he/she loses power or (b) loyalty rises as repression rises (he/she moves up the upward-sloping portion of the supply of loyalty curve). In either case, by picking some $R > 0$ the strongman/woman moves away from point M (the median), opening more room for an enemy (those at the other end of the left–right spectrum). Indeed, moving away from the median is attractive in ways not discussed in economic theories of democracy: *the more extreme the strongman/woman's position, the larger the number of "enemies" to whom he/she can point*. For example, in the case of a right-wing authoritarian, the more he/she moves to the right, the more people are to the left of him/her. In fact, in general the number of possible enemies is maximized at either the extreme right or left. Of course, few allies will be found at either extreme, so neither of those points is likely to be an equilibrium. But neither is the median for the politician who thinks like a strongman ("I can implement repression and gain power by doing so").

It goes without saying that left-wing as well as right-wing strongmen can emerge (Chavez in Venezuela is one obvious example of left-wing authoritarianism). In the analysis that follows we will use right-wing authoritarianism for illustration purposes, but the analysis applies equally well to left-wing authoritarians.

What is the equilibrium in this case? Look at Fig. 4. The left-hand panel (Fig. 4a) shows the two-dimensional space we have discussed previously, with Repression on the vertical axis and the Left–Right space on the horizontal one. The right-hand panel (Fig. 4b) reproduces Fig. 2 showing how repression and loyalty can be combined to produce power. Suppose that the strongman or strongwoman raises repression. His/her power increases. He/she could raise R (say, to R_1), but stay at the median in left–right space and move to point 1 in Fig. 4a (because loyalty would increase). In that case, he ends up at point 1′ in Fig. 4b, but

that is not necessarily the power-maximizing solution. As long as he/she is at the median, he/she can't have that many "enemies". He/she can get more of them (but fewer allies) by moving further to the left or right. However, although allies might be fewer there, they are stronger (more loyal). Suppose that he/she moves further to the right, say to point 2, and power increases because his or her supporters now have more people on the left to redistribute away from or to be able to ignore in the provision of public goods. (The leader's supporters may want to repress those on the left because the preferences of those on the left are so different from their own.)

The policy preference curve (PPC) in Fig. 4a shows the strongman/woman's response to the question: if I implement a policy that is x% more to the right (or left) from the median, *how much repression will be needed to implement that policy?* In general, more extreme policies require more repression. Note that the larger is the proportion of the population that actually *likes* repression, the flatter the curve will be (less repression will be needed to implement a policy x% to the right (or left) of the median.

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

But the selection of repression level R1 was arbitrary. Now the strongman/strongwoman might think: what if I raised repression further and moved my policy position further to the right? Now I have more enemies, but those on the right are more loyal. Again, the strongman/strongwoman asks: what is the position in left–right space that maximizes net loyalty, given the level of repression? Again, the answer yields another point on the net loyalty curve in Fig. 4b. Repeating the exercise traces out both the policy position choice line PPC in Fig. 4a and the net supply of loyalty curve in Fig. 4b. The policy position choice line in effect shows the relationship between the extremism of the policy and the level of repression required to carry it out.

Equilibrium is going to be somewhere on the supply of loyalty curve and corresponding to that is an equilibrium in the left–right space in Fig. 4a. Why is that? After all, if opposition arises, the strongman/strongwoman may pick a point in left–right space, but the opposition could then pick some other point that would beat the strongman/strongwoman's position in an election. Normally, such reasoning explains why no equilibrium exists in two-dimensional space.

But here, the dimension on the vertical axis is the level of repression. We will assume that the strongman/strongwoman can anticipate what the opposition will do after he/she chooses a policy and prevent that from happening by repressing the opposition. He can put the opposition leaders in jail or shut down exactly those newspapers or websites that would be most effective in promoting the opposition's message. He can shut down the courts that oppose him (as Hungary's Orban did), or the universities whose free thinking is effective (Orban again), blackmail the oligarchs who can bankroll the opposition (Putin in Russia), shut down the demonstrations that effectively expresses opposition (Erdogan in Turkey),[5]

[5] Graphs depicting political freedom and civil rights in Turkey, Hungary and Poland over the 1972–2018 period all show sharp reductions in political rights and civil liberties beginning in 2013 and continuing through 2017–2018. See https://freedomhouse.org/report-types/freedom-world. I owe this point to an anonymous referee for this journal.

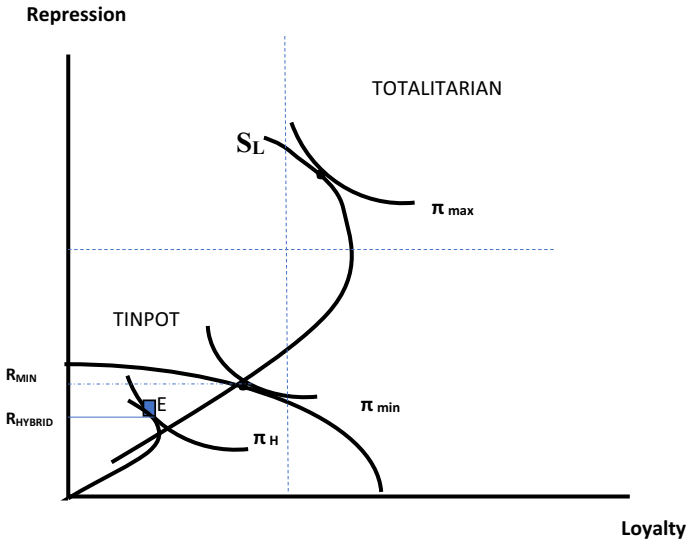

Fig. 5 Hybrid equilibrium compared to dictatorship

"trump up" charges against his opponent, label leading newspapers and TV networks as sources of "fake news" and so on (Trump, Trump and Trump).

So, it is worth emphasizing that the supply curve of loyalty under democracy with an opposition is the supply of "net loyalty" that takes into account the opposition's possible reactions and the capacity of the strongman/strongwoman to repress it. And the point in left–right space depicts the best possible policy corresponding to that level of repression.

To summarize, the strongman/strongwoman acts as if he or she traces out the set of positions in left–right space that maximize net loyalty for each level of repression R. If, as he/she does this, loyalty keeps rising, his/her power will continue to increase. If that happens over a considerable range, the leader might acquire enough power to establish a dictatorship. That will happen if the supply of loyalty curve keeps its positive slope past the minimum power line in Fig. 4b. Then we are in the world of dictatorship, and whether the strongman/strongwoman ends up in equilibrium as a tinpot or totalitarian depends on the range over which the net supply of loyalty maintains a positive slope. Note that this analysis provides a simple model of the rise of dictatorship.

But another equilibrium is possible: a hybrid regime, not dictatorship. That outcome occurs if, at a level of power short of the minimum necessary to establish a dictatorship, the net supply of loyalty curve bends backwards even at the best possible choice of policy in left–right space. We then have a hybrid. Power is less than that of a dictator, but repression is positive. If we assume that the leader maximizes power, then equilibrium is where the net supply of loyalty curve is tangent to the highest possible power line. This is π_H (hybrid equilibrium power). Corresponding to that is a level of repression R_E and a position in left–right space of x_E in Fig. 4a.

How much power is that? Figure 5 compares equilibrium hybrid power with that of dictatorship. Two types of dictators, tinpots and totalitarians, are displayed. Point E depicts equilibrium hybrid power (π_H) and equilibrium repression (R_{HYBRID}). Note that both are less than that of (any form of) dictatorship. Note also that, even though the leader's power is low, the form of the equilibrium resembles that of a totalitarian, not a tinpot. That is, at

the hybrid equilibrium displayed, the iso-power line is tangent to the backward bending supply of loyalty curve.

However, the equilibrium has a curious feature. At the margin, an increase in repression means a fall in net loyalty. That is shown in Fig. 4b, where, starting from point 3, an increase in repression raises power, but loses loyalty. So, at that margin, the hybrid has a choice between more power and more loyalty. Now, a fall in loyalty means a fall in support, and if the next election is close, the leader might prefer more loyalty. Reaching for power from the point at which the supply of loyalty curve starts to bend backwards might mean increasing the likelihood of losing the next election, as votes will drop as loyal support declines at the margin.

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

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

As long as the hybrid maximizes power, equilibrium is at point π_H, as depicted in Fig. 4b. Corresponding to that is an equilibrium E in policy space on the PPC line. But this discussion points to another possible equilibrium, namely at point 3. That would be the equilibrium for a loyalty or vote–maximizing hybrid.[6] Indeed, for a hybrid who maximizes a function like $U = U(\pi, L)$, equilibrium could be anywhere along the backward–bending portion of the curve. However, the comparative statics or behavior in response to some exogenous change appears to be similar in all of these cases, as we show in what follows.

4 Behavior of hybrids

Let us turn to the analysis of the behavior of a hybrid regime. Two different kinds of questions can be addressed with the model. First, we can ask: How does the level of *repression* under a hybrid regime change in response to exogenous events? For example, economic performance deteriorates, or foreign policy experiences a setback, such as a failure to defeat an enemy in war. Such events might cause the strongman/woman to lose support or loyalty. Would the leader respond to such a loss by raising repression, or by lowering it?

We can also ask a second, more complicated question: what happens to the strongman/woman's equilibrium position in left–right space? Does he/she move towards the extreme or towards the center in left–right space in response to exogenous events like those above? What circumstances can be expected to make the hybrid leader adopt more extreme policies? Note that the model answers both the first question above and this one, that is, it

[6] We are assuming that vote maximization and loyalty maximization are the same here. An interesting complication arises in the case when the two diverge. The possibilities are discussed below.

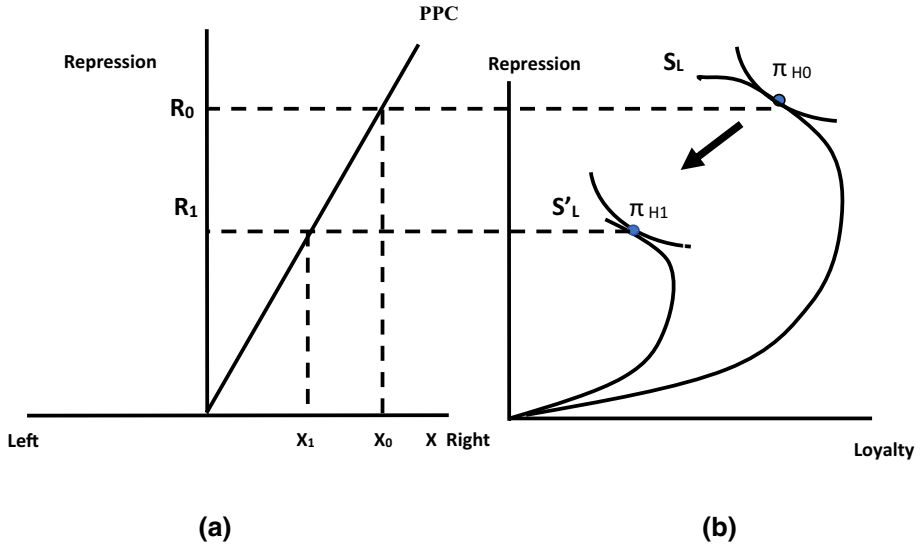

Fig. 6 A fall in support reduces both repression and extremism in a hybrid regime

solves for equilibrium policies (position in left–right space) and equilibrium repression (R) simultaneously.

Beginning with the first question, what happens to repression in response to a fall in loyalty owing to some exogenous change? Figure 6 displays the situation for a power-maximizing hybrid. In Fig. 6b, the supply of loyalty falls exogenously because of any of the events we discussed: defeat in war, rise in unemployment, and so on. The curve depicting the supply of loyalty moves backwards and the new equilibrium moves from π_{H0} to point π_{H1} in the figure. As the figure shows, the result is that repression falls. Note that repression would still fall (though, interestingly, not by as much) in the case of a loyalty–maximizing hybrid (not shown).

It is worth emphasizing that such behavior resembles that of a totalitarian dictator, despite the vast differences in the power of those regimes. It does so in two senses: first, in the character of equilibrium: like a totalitarian, equilibrium occurs at a tangency between the supply of loyalty and an iso-power curve; secondly, in the *positive* relationship between repression and economic performance or other things that make the lives of the citizenry better. As with a totalitarian, *the more things improve, the more repressive the regime becomes.*

Figure 6a then provides the answer to the second question above: it shows the effect of the fall in loyalty on the degree of political extremism. As the figure shows, when loyalty or support falls, the hybrid leader becomes less extreme and moves downward along PPC towards the center from x_0 to x_1.

The model can be used to predict the regime's response to other kinds of exogenous changes. One class of events are *divisive* events, i.e., those that cause many in the population to think more along divisive ("us" versus "them") lines. For example, suppose that immigration flows increase exogenously to a nation where immigrants or foreigners are not well tolerated. In that case, the supporters of the strongman/woman might want to see more repression applied to people they think are "different". Figure 7 displays that situation. The result of the increase in immigration (or any other divisive policy) means that the level of

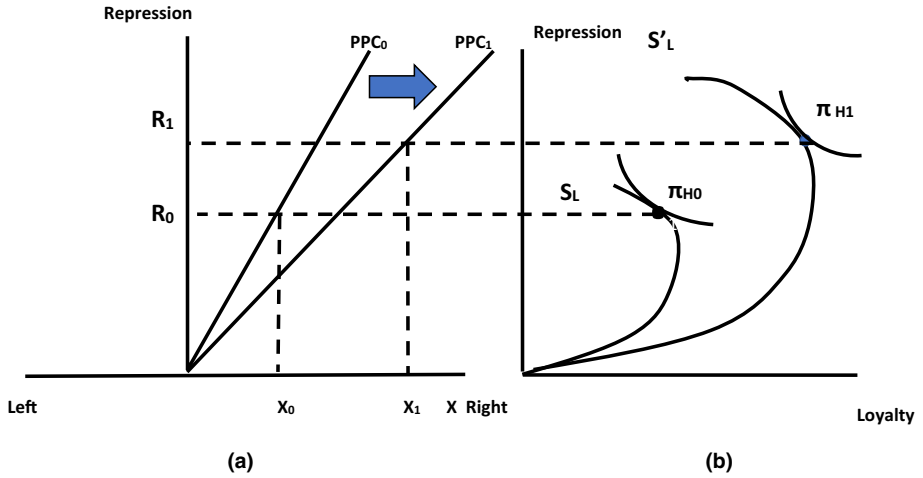

Fig. 7 A divisive event increases both extremism and repression in a hybrid regime

repression required to implement an extreme policy *falls*, as people loyal to the strongman/woman are now more supportive of extreme measures, and less repression is required to implement them. So, in Fig. 7a the PPC curve shifts to the right: At any level of extremist policy, less repression is required than before to implement it. In Fig. 7b, loyalty at every level of repression would increase, as reflected in the outward shift of the supply of loyalty curve. The new equilibrium can be found in Fig. 7b, at the tangency of the power isoquant with the supply of loyalty curve. So long as the hybrid maximizes power, the new supply curve of loyalty allows him or her to obtain more power than before. And she takes that opportunity. Repression *increases,* as depicted there. The policies of the regime become more extreme, as depicted in Fig. 7a (the new equilibrium is at x_1, more extreme than x_0).

Here we see a deeper aspect of the essential menace to liberalism of the power-maximizing strongman/woman: even though she actually needs *less* power than before to stay in office and implement extreme policies, an increase in the support from his/her base for extreme policies towards a minority allows the leader actually to increase the level of repression applied to them and gain power by doing so. Since he/she maximizes power, he/she exploits the opportunity.

Note that the increase in repression probably would be smaller in the case of a vote- or loyalty maximizing leader (whose equilibria would be at the vertical tangencies of the supply of loyalty curves before and after the increase in support for divisive policies (not shown)). To put it simply, the general result here is that the more a strongman or woman is attracted to popularity rather than power, the less the threat to freedom or liberalism in a hybrid regime.

These results provides a guide to policy. The choices available to institutions or countries seeking to promote freedom (e.g., the United Nations, the United States, or the European Union) in dealing with hybrid regimes are similar to those with respect to dictatorships. The instruments available to these institutions are trade policy, sanctions and foreign aid. The EU, in particular, has a vast array of tools available to reward or punish its member states for violations of EU policies. Assume that the goal is to reduce repression under the hybrid regime. Of course, it is possible that the application of sanctions might destabilize the regime and even cause it to collapse. This goal might also be reasonable as long

as it is thought that the result of collapse would be democracy and not a worse form of dictatorship.

To analyze the results of policy, assume that sanctions will reduce the regime's economic performance, while positive trade agreements and foreign aid will increase it. Either policy can be analyzed with Fig. 6. From the figure, it is clear that events causing the regime's performance to worsen actually will reduce repression under that regime. On that ground it is clear that sanctions are the preferred policy, just as is the case with a totalitarian regime. One important caveat to the use of such policies is that they might promote nationalism, thus playing into the hands of the strongman/woman who is always on the lookout for foreign "enemies.", So the policies chosen must take that possibility into account.

Comparing these results with the effects of policies towards dictatorships, as opposed to hybrid regimes, one major factor must be appreciated: unlike a totalitarian, a hybrid is capable only of a low level of repression and of obtaining a low level of power. A policy of sanctions is likely to destabilize the regime. If destabilization were to result in democracy, then the policy has even more to recommend it, but if it were to end up as a dictatorship, then that policy would obviously be mistaken. Which result is more likely? Theory cannot predict the outcome and no definitive empirical answer is available at the moment. However, some studies (e.g., Hale 2005) point to the encouraging result that destabilized hybrids tend to become democracies, not dictatorships. But the question clearly deserves more research.

5 Conclusion

In recent times not only has dictatorship resurfaced, a new form of government has appeared that is neither democratic nor dictatorial. Various names have been given to this new form: "competitive–authoritarian", "illiberal democracy", or simply "hybrid". Obvious examples are Hungary, Poland and Turkey. Some scholars connect the origin of hybrids in modern times to the rise of populism. Populism is linked to the illiberal or hybrid idea in that populists tend to repress minorities as a way of appealing to the majority. Authoritarian populists typically divide the population into "us" (his or her support base) versus "them" (opponents and possibly the object of repressive measures). This paper develops a model of how a hybrid regime can arise from democracy. It introduces the character of a "strongman" or "strongwoman", defined as a leader who can implement repression in a democracy and thereby gain power. It develops a simple model of a "hybrid" regime in which equilibrium repression is less than that under dictatorship, but greater than that under liberal democracy. In the analysis, the hybrid regime emerges as a special case of Wintrobe's general theory of dictatorship.

However, the paper goes further than he did in developing that theory and shows not only equilibrium repression (under the hybrid regime), but also equilibrium effects on the strongman/woman's policies, i.e., how extreme (either right or left) the regime tends to be. I show how the hybrid regime reacts to exogenous shocks, including greater support for policies that repress minority rights. I also develop optimal policy for other countries and institutions interested in reducing repression (the UN, US or EU) towards hybrids.

References

Beckman, M. (2013). *The 43 group: Battling with Mosley's blackshirts*. Stroud: History Press.

Diamond, L. (2002). Thinking about hybrid regimes. *Journal of Democracy, 13,* 21–35.

Fearon, J. D. (2011). Self-enforcing democracy. *Quarterly Journal of Economics, 126*(4), 1661–1708.

Fukuyama, F. (1992). *The end of history and the last man*. New York: The Free Press.

Garton Ash, T. (2016). Pushing back against populism. *Toronto Globe and Mail*. November 12.

Hale, H. (2005). Democracy, autocracy, and revolution in post-Soviet Eurasia. *World Politics, 58,* 133–165.

Inglehart, R., & Norris, P. (2017). Trump and the populist authoritarian parties: The silent revolution in reverse. *Perspectives on Politics, 15*(2), 443–454.

Levitsky, S., & Way, L. (2002). The rise of competitive authoritarianism. *Journal of Democracy, 13,* 51–65.

Levitsky, S., & Way, L. (2010). *Competitive authoritarianism: Hybrid regimes after the cold war*. New York: Cambridge University Press.

Mueller, D. (2003). *Public choice III*. New York: Cambridge University Press.

Przeworski, A. (2005). Democracy as an equilibrium. *Public Choice, 123,* 253–273.

Reynie, D. (2016). The specter haunting Europe: Heritage populism and France's National Front. *Journal of Democracy, 27,* 47–57.

Rodrik, D. (2017). *Populism and the economics of globalization. John F. Kennedy School of Government working paper*.

Weingast, B. (1997). The political foundations of democracy and the rule of law. *American Political Science Review, 91,* 245–263.

Weingast, B. (2004). Constructing self-enforcing democracy in Spain. In I. L. Morris, J. S. Oppenheimer, & K. E. Soltan (Eds.), *Politics from anarchy to democracy: Rational choice in political science* (pp. 161–195). Stanford: Stanford University Press.

Wintrobe, R. (1990). The tinpot and the totalitarian: An economic theory of dictatorship. *American Political Science Review, 84,* 849–872.

Wintrobe, R. (1998). *The political economy of dictatorship*. New York: Cambridge University.

Zakaria, F. (1997). The rise of illiberal democracy. *Foreign Affairs, 76,* 22–43.

Zakaria, F. (2003). *The future of freedom: Illiberal democracy at home and abroad*. New York: W.W. Norton.