5. Dictatorship and Democratization
Outline

- *5.1 Patters of Existing Dictatorships*

- *5.2 The Conditions for Political Survival*

- *5.3 The Consequences of Autocratic Survival*

- *5.4 Trends in Dictatorship and Democratization*

5. Dictatorship and Democratization
5.1 Existing Patterns of Dictatorships
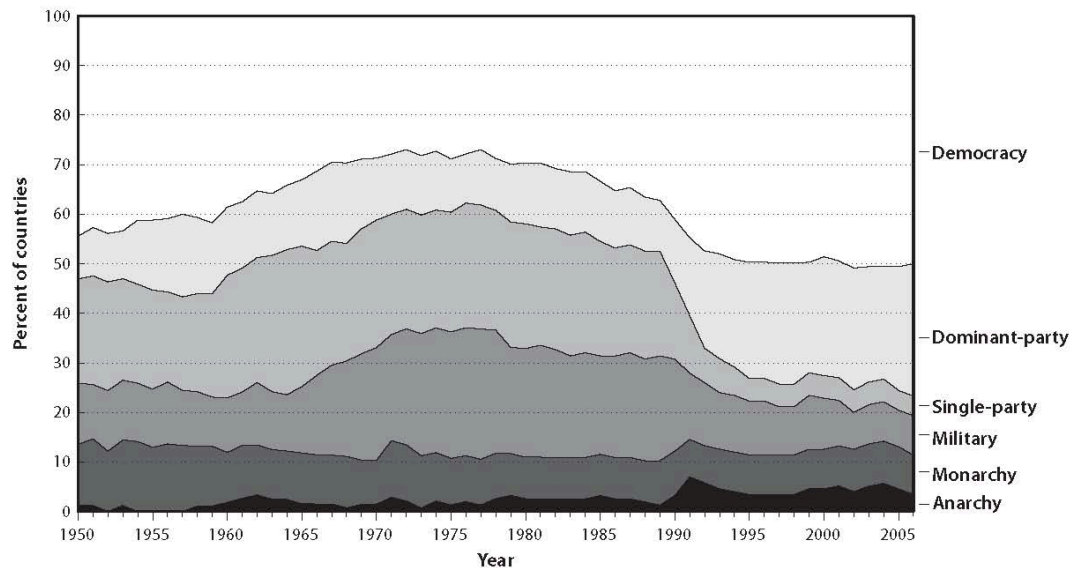
- *Trends in Dictatorships*

Figure 1

Political order: democratic, anarchic, military, monarchic, single-party, and dominant-party regimes during 1950–2006.

(Magaloni & Kreicheli 2010)

- *Classifications of Dictatorships*

  - *Why dominant-one party regimes (during economic globalization)?*

42

5. Dictatorship and Democratization
5.2 The Conditions for Political Survival

- *The Basics: Selectorate Theory*
  - *What distinguishes democracies from non-democracies)?*
    - *The selectorate and the size of the winning coalition*
      - *The selectorate*
      - *The size of the winning coalition*

  - *What is crucial for leader survival?*
    - ➔ *The loyalty of the winning coalition*

  - *What are the difficulties and consequences of autocratic survival?*
    - *The economic policy difficulties?*
    - *The political difficulties?*

5. Dictatorship and Democratization
5.2 The Conditions for Political Survival

- The Consequences of Selectorate Theory
  - Policy provision
    - The leader's choice
      - Distribution of public and private (target) goods
    - The leader's dilemma
      - Larger winning coalition
    - → more public goods (target goods too expensive)
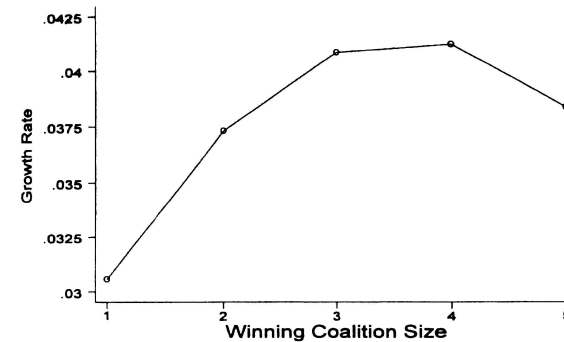   - → more challenges/defection

Figure 1: Winning Coalition Size and Economic Growth

TABLE 2
Cox Proportional Hazards Results of the Effect of Institutions on
Leader Survival: All Cases and When Policy Performance Is Poor

	All Cases		When Policy Performance Is Poor	
	Hazard Ratio	Probability (one-tailed)	Hazard Ratio	Probability (one-tailed)
W	1.09	0.00	1.08	.11
S	0.91	0.02	0.75	.02
N	9,502		915	

Selectorate and growth (Bueno de Mesquita et al. 1999) **44**

5. Dictatorship and Democratization
5.2 The Conditions for Political Survival

- **The Consequences of Selectorate Theory**
  - Compared to democracies
    - Volatility more than growth

FIGURE 1 Growth Rates and Growth Volatility, 1974–89, by Level of Democracy with Growth/Volatility Relationships for Low and High Growth Cases
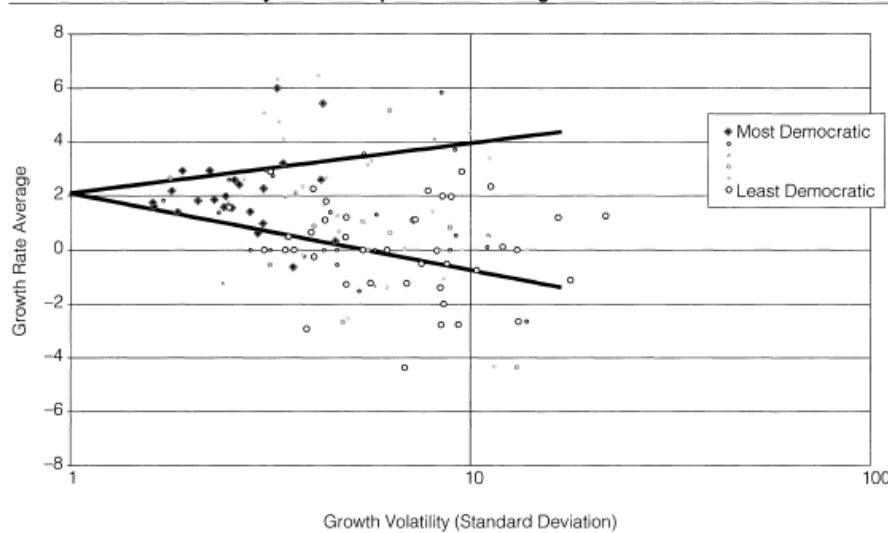

TABLE 4 Democracy Is a Robust Determinant of the Volatility of Economic Growth

| Variable	Model 1	Model 2	Model 3	Model 4
Prior Volatility (logged, 1963–1973)	.171** (.073)	.256*** (.072)	.241* (.127)	.147 (.086)
Initial GDP per capita, 1973 (log)	.029 (.073)		.260*** (.085)	.341** (.095)
Investment (logged) (INV)	–.200 (.175)		–.356 (.282)	.203 (.185)
Population Growth (GPO)	.091 (.058)			.122* (.061)
Secondary-School enrollment (log) (SEC)	.093 (.077)			.054 (.076)
Primary-School enrollment (log) (PRI)	.014 (.107)			–.149 (.105)
Trade Openness (log, Imports + Exports as a Percentage of GDP)	.083 (.075)	.260** (.113)	.043 (.125)	.260* (.101)
Volatility of Government Expenditures (log, as % of GDP)	.080*** (.016)	–.244 (.151)	.063*** (.019)	.187** (.053)
Index of Democracy, 1973	–.787*** (.234)	–.524*** (.197)	–.673** (.285)	–.631** (.214)
Change in *Index of Democracy* ΔDemocracy (1974–1989)	–0.689** (.030)	–.548** (.279)	–.455 (.373)	–.432* (.214)
Average Annual Growth (GDP7489)		–.090*** (.026)		.002 (0.035)
Growth, 1974–89, Squared		.012* (0.006)		.009 (.006)
Volatility in Terms of Trade (log) (VARTERMS)			.317*** (.093)	
Share of Primary Products as % of Exports (SXP)			1.694** (.717)	
Government Consumption (log) (GOV)				–.020 (.012)
Growth of Government Share (GSG)				.011 (.015)
Revolutions/coups (REVC)		.047 (.215)		–.010 (.225)
Political Instability, 1974–89 (Feng, Kugler, and Zak 2000)		1.243 (1.768)		
Africa dummy (AFRICA)				.308* (.142)
Latin America dummy (LAAM)				.368* (.144)
Growth of domestic credit (GDC)				–.001 (.001)
Standard Deviation of Domestic credit (STDC) (log)				.070 (.062)
Export-share growth (XSG)				.042** (.012)
Intercept	2.369*** (0.834)	2.203*** (.519)	.314 (1.201)	–1.69 (1.01)
Observations	105	96	45	88
Adj. R²	.47	.48	.55	.59

(Standard errors are listed below the coefficients) * ≤ .1; ** ≤ .05; *** ≤ .01 Notes: Coefficients were estimated using ordinary least squares regression (OLS), with a Heteroskedasticity-Consistent Covariance Matrix (White 1984).

Democracy, Growth, and Economic Volatility (Quinn and Woolley 2001)   **45**

5. Dictatorship and Democratization
5.2 The Conditions for Political Survival

- *The Consequences of Selectorate Theory*
  - *Compared to democracies*
    - *Is inequality of essence?*

INCOME DISTRIBUTION-DEMOCRACY SCATTERPLOT WITH LOWESS LINE

DEMOCRACY-INCOME DISTRIBUTION SCATTERPLOT WITH LOWESS LINE
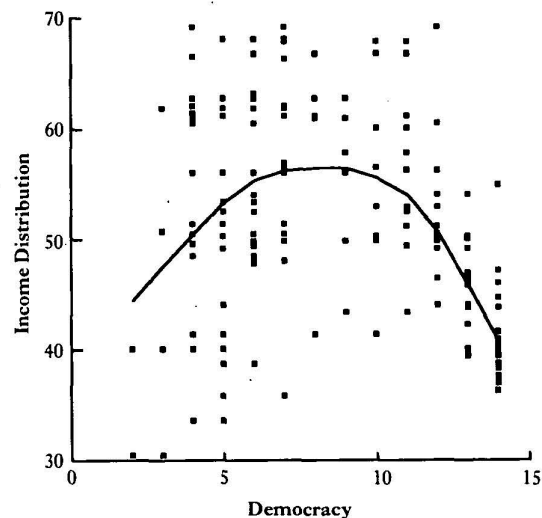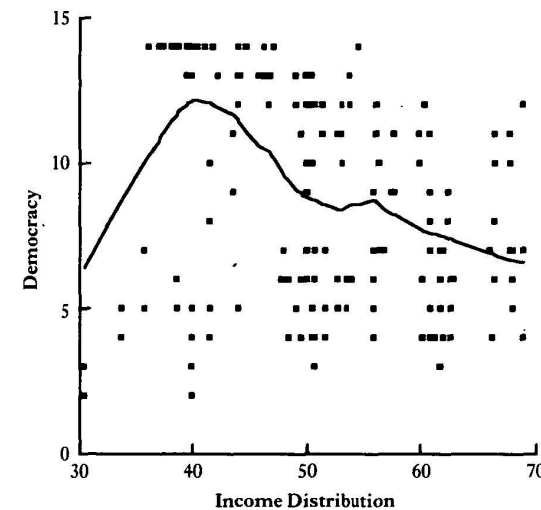
Note: To read the scatterplots, the democracy scale from left to right in Figure 1 and from bottom to top in Figure 2 represents increases in democracy for each country plotted. Income distribution from bottom to top in Figure 1 and from left to right in Figure 2 represents increases in income inequality.

(Burkhart 1997) **46**

5. *Dictatorship and Democratization*
5.3 The Consequences of Autocratic Survival

- *The Political Dilemma of Dictators*
  - *Political stability and the loyalty of the winning coalition*

- *Easing the Political Dilemma of Dictators*
  - → *Autocratic Power Sharing*
    (Hybrid Regimes/Competitive Authoritarianism)
    - → *Coopting the opposition/elite bargaining/mass mobilization*
      - *Legislatures and limited parties (→ next slide)*
      - *Single party dominance*

- *Discussion: Un-democratic democratic institutions?*
  - *In what ways are the same institutions different?*

5. Dictatorship and Democratization
5.3 The Consequences of Autocratic Survival

- *Autocratic Power Sharing*

  - *Legislatures and limited parties*

    - *Need for cooperation vs. strength of opposition*

Number of Legislative Parties, as a Function of the Need for Cooperation and the Strength of Opposition

Variable	Coefficient	SE	Pr [IZI ≥ z]
Constant	−1.9709	0.1151	0.0000
RESOURCE	−0.3888	0.0511	0.0000
MILITARY	0.2579	0.0738	0.0005
CIVILIAN	0.8236	0.0703	0.0000
INHERIT	0.7028	0.0296	0.0000
ACCHEAD	0.0700	0.0083	0.0000
ODWP	3.0652	0.2322	0.0000
μ	1.2315	0.0290	0.0000

Note: RESOURCE = mineral resource endowments (1 = the average ratio of mineral exports to total exports exceeds 50%); MILITARY = military effective head; CIVILIAN = civilian effective head; INHERIT = inherited political parties; ACCHEAD = accumulated number of changes in effective head of government during an authoritarian spell; ODWP = other democracies in the world, as a percentage.

Gandhi & Przeworski 2007

TABLE 4 Legislatures in Authoritarian Regimes

	All Years	Cold War	Post–Cold War
Personalist	69%	63%	82%
Monarchy	62%	60%	69%
Military	37%	36%	42%
Single Party	92%	90%	98%

Each cell is the percent of country-year observations where there is a legislature.

Wright 2008

5. Dictatorship and Democratization
5.3 The Consequences of Autocratic Survival

- ## The Consequences of Autocratic Legislatures
  - ### Investment

TABLE 6   Authoritarian Legislatures and Investment

Model	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
β_1 Legislature	−0.736*	−0.741*	−0.701*	−0.510	−0.649+	−0.735*	−0.682	−0.667+	−0.647+
	(0.36)	(0.37)	(0.35)	(0.37)	(0.36)	(0.36)	(0.41)	(0.36)	(0.36)
β_2 Military Legislature	1.880*	3.361**	1.773*	2.323**	1.958*	1.891*	1.611+	1.922**	1.846*
	(0.77)	(0.99)	(0.75)	(0.77)	(0.77)	(0.77)	(0.83)	(0.74)	(0.74)
β_3 Military No Legislature	0.036	1.103+	−0.015	0.695	0.040	0.034	−0.222	0.139	0.111
	(0.47)	(0.62)	(0.46)	(0.49)	(0.47)	(0.47)	(0.53)	(0.47)	(0.47)
β_4 Single Party Legislature	2.641**	3.778**	2.623**	1.848**	2.599**	2.544**	1.992**	2.264**	2.214**
	(0.70)	(0.76)	(0.63)	(0.64)	(0.70)	(0.72)	(0.77)	(0.71)	(0.70)
β_5 Single Party No Legislature	1.869**	2.359**	1.867**	1.102+	1.844**	1.806**	1.375+	1.733**	1.686**
	(0.62)	(0.78)	(0.59)	(0.61)	(0.62)	(0.63)	(0.72)	(0.62)	(0.62)
β_6 Monarchy Legislature	−1.605	−1.137	−1.739	−1.893+	−1.760	−1.615	−1.711	−1.333	−1.169
	(1.16)	(1.08)	(1.14)	(1.03)	(1.15)	(1.16)	(1.60)	(1.16)	(1.12)
β_7 Monarchy No Legislature	−3.470**	−3.005*	−3.576**	−3.624**	−3.623**	−3.476**	−4.941**	−3.045*	−2.823*
	(1.34)	(1.28)	(1.34)	(1.25)	(1.35)	(1.34)	(1.74)	(1.34)	(1.31)
Log(GDPpc)	5.533**	3.908**	5.590**	4.562**	5.462**	5.602**	5.510**	6.169**	5.968**
	(0.62)	(0.60)	(0.61)	(0.55)	(0.61)	(0.62)	(0.63)	(0.69)	(0.67)
Life Expectancy	0.068	0.202**	0.068+	0.127**	0.074+	0.056	0.080+	0.034	0.027
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)	(0.04)	(0.04)
Prob(Fail)				−14.421**					
				(2.74)					
Polity					−0.056+				
					(0.03)				
Communist						1.478			
						(1.99)			
Govt Consumption							−0.066*		
							(0.03)		
Constant	−32.932**	−28.063**	−33.249**	−28.007**	−32.974**	−32.881**	−32.456**	−34.520**	−32.618**
	(3.42)	(3.15)	(3.35)	(2.90)	(3.39)	(3.43)	(3.43)	(4.83)	(4.73)
R^2	0.162	0.226	0.183	0.197	0.165	0.162	0.201	0.179	0.189
Observations	2342	1766	2340	2340	2340	2342	1926	2342	2342
Countries	91	77	91	91	91	91	88	91	91
Influential obs	no	no	yes	no	no	no	no	no	no
Hybrid regimes	yes	no	yes	yes	yes	yes	yes	yes	yes
Region dummies	no	no	no	no	no	no	no	yes	yes
Decade dummies	no	no	no	no	no	no	no	no	yes

Marginal Effect of Legislature: $\beta_{Legislature} + \beta_{RegimeLeg} - \beta_{RegimeNoLeg}$

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Military $\beta_1 + \beta_2 - \beta_3$	1.11+	1.52+	1.09+	1.12+	1.27*	1.12+	1.15+	1.12+	1.09+
	(0.65)	(0.85)	(0.64)	(0.67)	(0.65)	(0.65)	(0.68)	(0.59)	(0.60)
Single Party $\beta_1 + \beta_4 - \beta_5$	0.04	0.68	0.06	0.24	0.11	0.00	0.06	−0.13	−0.12
	(0.48)	(0.67)	(0.47)	(0.48)	(0.48)	(0.48)	(0.58)	(0.48)	(0.48)
Monarchy $\beta_1 + \beta_6 - \beta_7$	1.13	1.13	1.13	1.22	1.21	1.12	2.55*	1.00	1.01
	(0.79)	(0.80)	(0.79)	(0.80)	(0.79)	(0.79)	(1.09)	(0.79)	(0.79)

Dependent variable is domestic investment as a share of GDP. Estimation is OLS with AR(1) correlation and panel corrected standard errors that allow for panel heteroskedasticity. Omitted regime type is personalist. Decade dummies are 1950s, 1960s, 1970s, 1980s, and 1990s (omitted). Region controls are Central America, South America, Sub-Saharan Africa, North Africa, Middle East, Central Asia, East Asia, and Europe (omitted). Years covered in sample: 1950–2000. $^+p < .10$; $^*p < .05$; $^{**}p < .01$.

- ## The Consequences of Autocratic Legislatures
  - ### Growth

TABLE 7   Authoritarian Legislatures and Growth

Model	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
β_1 Legislature	−0.519	−1.448*	−1.451*	−1.342*	−1.154+	−1.607*	−1.426*	−1.225+
	(0.39)	(0.68)	(0.66)	(0.66)	(0.66)	(0.68)	(0.68)	(0.69)
β_2 Military Legislature		1.012	0.834	0.766	0.938	1.052	1.033	0.569
		(0.68)	(0.70)	(0.68)	(0.70)	(0.67)	(0.68)	(0.66)
β_3 Military No Legislature		−1.614*	−1.623*	−1.499*	−1.194*	−1.687*	−1.581*	−1.284+
		(0.73)	(0.71)	(0.71)	(0.71)	(0.74)	(0.73)	(0.76)
β_4 Single Party Legislature		1.061*	1.079*	1.064*	1.019*	1.130*	1.000*	0.459
		(0.45)	(0.48)	(0.43)	(0.45)	(0.44)	(0.45)	(0.45)
β_5 Single Party No Legislature		−0.080	−0.433	0.005	0.301	−0.080	−0.041	−0.410
		(0.91)	(1.38)	(0.91)	(0.90)	(0.91)	(0.91)	(0.92)
β_6 Monarchy Legislature		1.402*	1.249*	0.885	0.835	1.624*	1.427*	0.251
		(0.64)	(0.60)	(0.64)	(0.58)	(0.66)	(0.64)	(0.79)
β_7 Monarchy No Legislature		2.194*	2.167+	1.772+	2.042+	2.425*	2.221*	1.167
		(1.11)	(1.12)	(1.08)	(1.05)	(1.14)	(1.11)	(1.25)
Log(GDPpc)	0.583	0.534	0.685+	0.302	0.132	0.570	0.563	0.818+
	(0.38)	(0.39)	(0.37)	(0.36)	(0.31)	(0.39)	(0.39)	(0.43)
Ethnic Frac.	−2.314**	−2.491**	−2.303**	−2.084**	−1.873**	−2.614**	−2.375**	−2.892**
	(0.64)	(0.67)	(0.72)	(0.65)	(0.63)	(0.68)	(0.68)	(0.69)
Sub-Saharan Africa	0.443	0.504	0.731	−0.027		0.625	0.541	1.034
	(0.59)	(0.61)	(0.62)	(0.57)		(0.62)	(0.61)	(0.71)
British Colony	1.224*	1.384**	1.162*	1.152*		1.319**	1.379**	1.454**
	(0.48)	(0.49)	(0.47)	(0.48)		(0.48)	(0.49)	(0.49)
Investment (% GDP)	0.168**	0.173**	0.186**	0.172**	0.179**	0.174**	0.169**	0.153**
	(0.03)	(0.03)	(0.04)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Govt Consumption	−0.204**	−0.210**	−0.193**	−0.177**	−0.182**	−0.216**	−0.207**	−0.210**
	(0.04)	(0.04)	(0.04)	(0.03)	(0.03)	(0.04)	(0.04)	(0.04)
Inflation	−0.000*	−0.000*	−0.000*	−0.007**	−0.000*	−0.000*	−0.000*	−0.000*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
1960s	1.053*	0.960+	0.912+	0.821	0.832	0.963+	1.007+	1.270*
	(0.52)	(0.53)	(0.53)	(0.51)	(0.53)	(0.53)	(0.53)	(0.52)
1970s	1.410**	1.452**	0.887+	1.348**	1.346**	1.500**	1.485**	1.762**
	(0.36)	(0.37)	(0.38)	(0.36)	(0.37)	(0.37)	(0.37)	(0.37)
Polity						0.057+		
						(0.03)		
Communist							1.271	
							(1.30)	
Military	−0.422							
	(0.51)							
Single Party	0.763+							
	(0.40)							
Monarchy	1.502**							
	(0.52)							
Constant	−2.181	−1.119	−2.588	0.457	1.417	−0.974	−1.438	−3.190
	(2.65)	(2.83)	(2.61)	(2.67)	(2.19)	(2.87)	(2.84)	(3.08)
R^2	0.130	0.135	0.147	0.165	0.126	0.137	0.135	0.154
Observations	1576	1576	1279	1571	1576	1575	1576	1576
Countries	80	80	73	80	80	80	80	80

5. Dictatorship and Democratization
5.4 Dictatorship and Democratization

- *Patterns of Regime Transition*

  ➔ *From autocracies to single/dominant party autocracy*

Table 1 Estimated regime transition matrix, 1950—2006

Original regime type	Transitions						Total transitions	Stability	Total
	To anarchy	To monarchy	To military	To single party	To dominant party	To democracy			
Anarchy	– 	3.9% 2	23.5% 12	3.9% 2	33.3% 17	35.3% 18	23.18% 51	76.82% 169	100% 220
Monarchy	0.0% 0	– 	63.6% 7	9.1% 1	27.3% 3	0.0% 0	1.50% 11	98.50% 723	100% 734
Military	30.4% 28	2.2% 2	– 	7.6% 7	27.2% 25	32.6% 30	7.31% 92	92.69% 1165	100% 1257
Single-party	8.8% 5	0.0% 0	38.6% 22	– 	33.3% 19	19.3% 11	4.14% 57	95.86 1321	100% 1378
Dominant-party	17.5% 11	0.0% 0	23.8% 15	30.2% 19	– 	28.6% 18	5.04% 63	94.96 1188	100% 1251
Democracy	12.1% 7	0.0% 0	67.2% 39	1.7% 1	19.0% 11	– 	1.90% 58	98.10% 2991	100% 3049

5. Dictatorship and Democratization
5.4 Dictatorship and Democratization

- *The Inequality and Democratization Debate*
  - *If inequality is a characteristic of autocracy, what is the relation between inequality and democratization?*

    ➔ *positive (Boix) vs. inverted-U (Acemoglu and Robinson) vs. conditionally negative (Ansell and Samuels) vs. multiple paths (Haggard and Kaufman)*

- *Democratization and autocratic reversion/within-regime changes*
  - *Is the same logic applicable?*
  - *Is there a dominant party paradox?*

- *The dilemma of new democracies*
  - ➔ *Instability and the worst of two-worlds?*
    - *Low credibility of competing parties and non-democratic challenge*
      - *Lower provision of public goods and stronger pressure for patronage*

TABLE 2   Effect of the Persistence of Competitive Elections (*OLS*)

| | Nontargeted Goods | | | | | | | | | | Targeted Goods | | | |
| | Rent Seeking | | | | | | Market Share, | | Gross Secondary | | | | | |
Dependent Variable	Corruption in Government		Rule of Law		Bureaucratic Quality		Gov't.-owned Newspapers		School Enrollment		Central Gov't. Wage Bill/GDP		Public Investment/GDP	
Continuous years of competitive elections	.087	.051	.083	.02	.10	.03	−.005	.002	.92	.22	−.0004	−.0005	−.0003	.00007
	(.00)	(.00)	(.00)	(.05)	(.00)	(.00)	(.00)	(.09)	(.00)	(.02)	(.00)	(.01)	(.00)	(.58)
Total population (10 millions)	−.15	−.13	−.18	−.11	.11	.21	−.33	−.50	−3.5	−.58	−.006	−.007	−.0003	−.0005
	(.003)	(.01)	(.00)	(.09)	(.19)	(.00)	(.02)	(.00)	(.00)	(.41)	(.00)	(.00)	(.00)	(.00)
Land (millions km²)	−.03	−.14	.37	.03	.44	.29	−.03	−.01	−1.5	−5.73	−.03	−.03	−.002	−.0002
	(.94)	(.81)	(.21)	(.95)	(.34)	(.63)	(.63)	(.89)	(.89)	(.20)	(.00)	(.03)	(.00)	(.01)
GDP/capita (real, PPP-adjusted, thousands)		.083		.16		.28		.004		.95		.02		−.001
		(.16)		(.00)		(.00)		(.57)		(.03)		(.08)		(.20)
Percent population young		−7.2		−11.7		−1.98		1.79		−190.12		.14		.02
		(.014)		(.00)		(.48)		(.003)		(.00)		(.02)		(.55)
Percent population rural		1.12		1.28		1.29		.15		−12.60		.025		.03
		(.23)		(.22)		(.24)		(.52)		(.15)		(.32)		(.05)
Primary school enrollment									.44	.26				
									(.03)	(.004)				
Total education expenditures/GDP									−85.5	132.06				
									(.56)	(.12)				
R²	.57	.68	.42	.72	.55	.73	.15	.40	.39	.86	.22	.31	.17	.31
N	97	96	98	98	98	97	73	73	106	106	89	89	85	84

Note: *p*-values in parentheses. Each observation is the average across a country-regime, beginning in the first year a country has competitive elections (or 1975) and ending in the last year that a country has competitive elections (or 2000). Robust standard errors are reported, clustered by country so that multiple country-regimes from the same country are not treated as independent observations. All regressions include a constant (not reported).

5. Dictatorship and Democratization
5.4 Dictatorship and Democratization

- *The dilemma of new democracies*
  - *Low credibility of competing parties and non-democratic challenge*
    - *Political business cycles*
    - *Inexperienced voters or desperate politicians?*

Table 2: The political budget cycle across countries, fixed effects estimates

Estimation period	All Democracies			All 'New Democracies'			'New Democracies' Excluding 'Transition Economies'[a]			'Old Democracies'		
Dependent variable[b]	(1)			(2)			(3)			(4)		
	1960–2001			1960–2001			1960–2001			1960–2001		
	Balance	Texp	Trg	Balance	Texp	Trg	Balance	Texp	Trg	Balance	Texp	Trg
Elect[c]	−0.352***	0.085	−0.251	−0.868***	0.747**	−0.153	−0.684**	0.434*	−0.237	−0.109	−0.131	−0.223*
	(0.123)	(0.193)	(0.171)	(0.273)	(0.292)	(0.236)	(0.290)	(0.260)	(0.247)	(0.135)	(0.146)	(0.118)
R^2	0.683	0.905	0.915	0.461	0.937	0.954	0.504	0.928	0.92	0.764	0.959	0.969
F-statistic	47.96	211.63	239.87	9.42	150.57	203.18	11.62	140.19	120.61	94.937	693.3	928.81
DW statistic	1.955	1.562	1.455	1.821	2.051	2.114	1.682	1.925	2.134	1.9	1.987	1.872
No. of countries	68	68	68	36	36	36	26	26	26	32	32	32
No. of obs	1616	1631	1640	415	423	415	336	344	336	1105	1112	1128
Avg. time series length	23.8	24	24.1	11.5	11.8	11.5	13	13.3	13	34.5	34.8	35.3

The covariates include one lag of the dependent variable, the log of per-capita GDP, the ratio of international trade to GDP, the fraction of the population over age 65, the fraction of the population between ages 15 and 64, and the log difference between real GDP and its (country specific) trend, estimated using a Hodrick–Prescott filter.
[a] The 'new democracies' among the transition economies are listed in Table A1.
[b] Variable definitions (all in per cent of GDP): balance-central government surplus; texp-total expenditure by the central government; trg-total revenue and grants of the central government.
[c] Elect – a dummy variable with the value 1 in the election year and 0 otherwise.
*Significant at the 10 per cent level; **Significant at the 5 per cent level; ***Significant at the 1 per cent level.

5. Dictatorship and Democratization
Summary

- *5.1 Patters of Dictatorships*

- *5.2 The Conditions for Autocratic Survival*

- *5.3 The Consequences of Autocratic Survival*
  - *The stability and loyalty dilemma*
  - *The growth and inequality dilemma*

- *5.4 Dictatorship and Democratization*
  - *The democratization and equality debate*
  - *Autocratic reversals and within-autocratic changes*

- *What are the implications for economic openness?*