

Redistributive Consequences of Competitive Authoritarianism

Evidence from the Turkish Mass Housing Development Administration

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Background

- Piecemeal erosion of democratic institutions and norms in Turkey since the Justice and Development Party's (AKP) (democratic) ascension to power in 2002.
- Exacerbated with incumbency of President Recep Tayyip Erdoğan in 2014.
- All main “democracy indicators” (e.g. Polity IV, V-Dem, Freedom House) code Turkey's decline as a democratic regime.
 - Part of a broader trend of democratic recess around the world today (e.g. Levitsky & Ziblatt, 2018).

Democratic Recess in Turkey

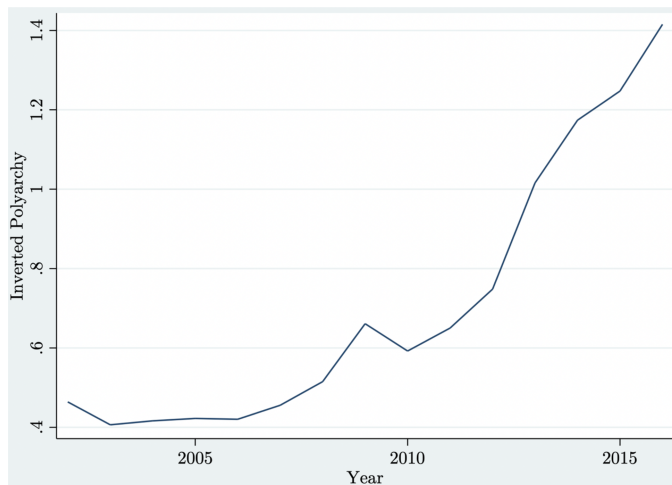


Figure: (Inverted) V-Dem 'Polyarchy' Score

Main Research Question

- What have been the redistributive consequences of these anti-democratic developments?
 - Use within-country variation of Turkey as a case study, quantifying the redistributive consequences over a prominent national public good – the Turkish Mass Housing Administration (TOKİ) – towards 81 (general) electoral provinces.

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Competitive Authoritarianism

- “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-à-vis their opponents” (Levitsky & Way, 2010, p. 5).
- Essentially, democratic elections are *competitive*, but they are highly *unfair*.
 - Gross incumbent abuses of power favour their electoral odds.
 - Ultimately, elections *still* matter in Turkey, despite the polity becoming more authoritarian in nature.

Brief History of Competitive Authoritarianism

- This distinct “hybrid regime” emerged post-Cold War.
 - Previous conceptualisations of political systems had a democratisation “bias”, but this did little to further the debate on emerging hybrid regimes that were not fully democratic or autocratic by previous standards.
 - Many democratising nations during the ‘Third Wave’ implemented some form of elections, but these violated standard “procedural minimum” definitions of the democratic process (Schumpeter, 1942; Huntington, 1991; Diamond, 2002).
 - Hence, new conceptualisation of these types of regimes were necessary to go beyond coarsening, dichotomous approaches of regime types (e.g. democracy versus autocracy, with no in-between).

Rising Competitive Authoritarianism in Turkey

Esen & Gumuscu (2016)

- Turkey no longer satisfies minimal requirements of what constitutes a democracy.
- No systematic “rigging” of elections, but they are still unfair due to AKP’s manipulation of media access, distribution of public goods through unelected provincial governors, and increased defamation lawsuits to suppress freedom of expression.
 - Esen & Gumuscu (2016) omit any specific discussion of TOKİ however.

Levitsky & Way (2020)

- Turkey, amongst other previously strong democracies post-Cold War (e.g. Hungary), have receded from democracy into competitive authoritarianism.

Mass Housing Development Administration (TOKİ)



Mass Housing Development Administration (TOKİ)

- Responsible for social housing, urban regeneration and transformation, as well as building educational and social facilities around TOKİ projects.
- Attached to the Ministry of Environment and Urbanization; decision-making over distribution of contracts is vertically centralised, with President Erdoğan at the top.
- Considered a powerful tool under Erdoğan's control to redistribute projects among ruling elites; alleged the AKP has systematically used TOKİ to favour loyal businessmen with public housing construction contracts (Gürakar, 2016).

Mass Housing Development Administration (TOKİ)

Organization Scheme

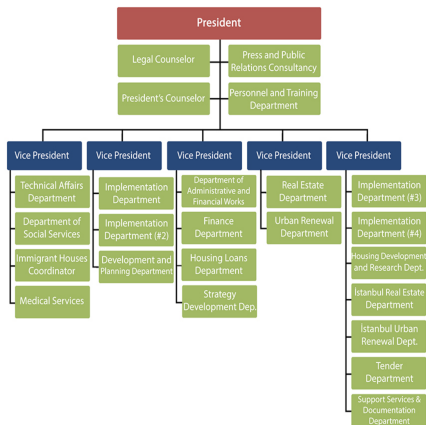


Figure: TOKİ Organisation Scheme

Rising Competitive Authoritarianism and TOKI

- Running cross-sectional OLS regressions between AKP vote share and no. of TOKI contracts per province, increasing size (and significance) of coefficients mimics broad pattern of democratic backsliding from V-Dem's inverted polyarchy score.
 - Each dot corresponds to the year a general election was held.
 - For illustrative purposes, we define the June 2015 election as corresponding to the year 2015, and the November 2015 election as corresponding to 2016.

Rising Competitive Authoritarianism and TOKi

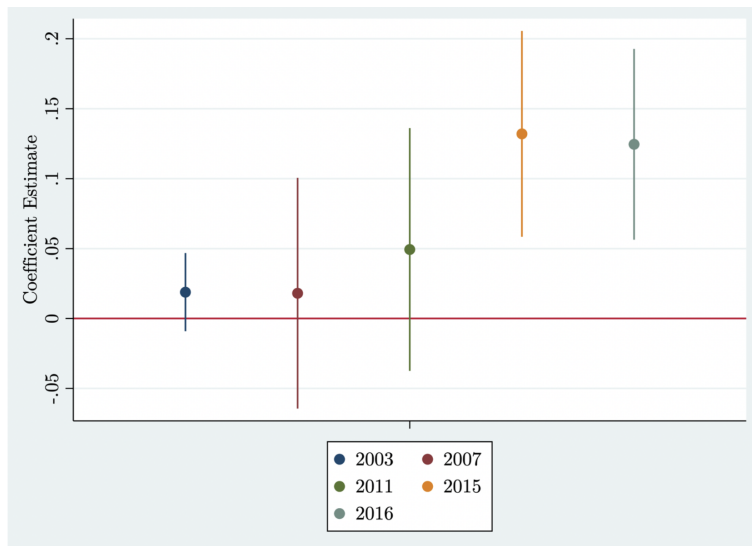


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Theoretical Expectations

- As per Levitsky & Way (2010), we expect the state to exploit its economic assets for electoral gain, thus making the democratic playing field “uneven”.
- But the more overarching question remains – *how* and *where* exactly will TOKİ be distributed?

Laebens & Öztürk (2020)

- Recently find, using cross-sectional survey data, that “partisan social identities in Turkey are tightly connected to the perception that other political parties pose a threat to one’s economic well-being and political freedom” (p. 3).
- Hence, we expect the AKP to reward partisan loyalists whilst simultaneously punishing the primary opposition.

Hypotheses

- 1 Greater AKP vote share in a province, more TOKİ contracts awarded.
- 2 Greater Republican People's Party (CHP) vote share (i.e. the main opposition party) in a province, *relative* to the AKP, less TOKİ contracts awarded.
- 3 Pre-Erdoğan, TOKİ contracts do not correlate with either AKP or CHP vote shares (i.e. TOKİ was not used as a political tool).

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Data and Measures

- Scrape all TOKİ contracts per electoral province per year between 2002 and 2018 from official TOKİ website.
- Data on other covariates stems from the Turkish Statistical Institute.
- To measure the *relative* CHP vote share, we subtract the AKP vote share from the CHP vote share, thus capturing the vote margin between the two major parties.

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Baseline Methods

- Use basic fixed effects model with linear time trends to control for unobserved heterogeneity at the province level and allow this to vary smoothly over time.
- Also interact covariates with time trends to allow their effects to grow linearly over time (e.g. Burgess et al., 2015).
- Explore heterogeneous effects by including a dummy variable for pre-Erdoğan's incumbency in 2014.
- Given the “count” nature of the dependent variable ($TOKI$), we also use a negative binomial fixed-effects model as a more appropriate functional form.
 - For OLS fixed effects models, we transform $TOKI$ into a continuous variable by adding 0.01 and taking the natural logarithm (e.g. Michalopoulos & Papaioannou, 2013).

Baseline Specification

$$h_{it} = \alpha_i + \delta_t + \theta(t \cdot \alpha_i) + \phi v_{it} + \xi(v_{it} \times \mathbf{1}[\text{Year} \leq 2014]) \\ + \beta(\mathbf{X}'_{it-1}[t - 2002]) + \varepsilon_{it}$$

- h_{it} – TOKİ contracts.
- v_{it} – vote share (AKP or relative CHP).
- \mathbf{X}'_{it-1} – time trended province-level characteristics (demographic and economic).
 - We also include a one-year lag of whether a province had an AKP affiliated mayor.

Panel Difference-in-Differences

Table 1: Panel Difference-in-Differences Estimates

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Dependent variable is $\log(0.01 + TOKI_t)$</i>								
AKP Vote Share _t	0.08** (0.03)	0.07** (0.03)	0.11*** (0.04)	0.11*** (0.04)				
AKP Vote Share _t × 1[Year ≤ 2014]	-0.01 (0.02)	-0.01 (0.02)	-0.03 (0.03)	-0.03 (0.02)				
CHP-AKP Vote Share _t					-0.05** (0.02)	-0.05** (0.02)	-0.12*** (0.03)	-0.12*** (0.03)
CHP-AKP Vote Share _t × 1[Year ≤ 2014]					0.00 (0.01)	0.00 (0.01)	0.03 (0.02)	0.03** (0.02)
Province FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Demographic Trends	YES	NO	NO	NO	YES	NO	NO	NO
Economic Trends	NO	YES	NO	NO	NO	YES	NO	NO
Province Trends	NO	NO	YES	YES	NO	NO	YES	YES
Observations	1209	1209	1209	1209	1209	1209	1209	1209

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors clustered by province in parentheses. Columns 4 and 8 use Driscoll-Kraay standard errors to account for cross-sectional dependence. All specifications include a lag of an AKP-pro mayor. Demographic trends refer to population and migration levels in 2002, and economic trends includes provincial GDP per capita, human capital as measured by education levels, and pre-existing housing stock in 2002, all of which are linearly trended.

Negative Binomial Fixed Effects Models

Table 2: Negative Binomial Fixed Effects Estimates

	(1)	(2)	(3)	(4)
	<i>Dependent variable is TOKI_t</i>			
AKP Vote Share _t	0.03*** (0.01)	0.03*** (0.01)		
AKP Vote Share _t × 1[Year ≤ 2014]	-0.01 (0.01)	-0.01 (0.01)		
CHP–AKP Vote Share _t			-0.02*** (0.00)	-0.02*** (0.01)
CHP–AKP Vote Share _t × 1[Year ≤ 2014]			0.00 (0.00)	0.00 (0.00)
Province FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Observations	1291	1291	1291	1291

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Columns 2 and 4 use bootstrap standard errors.

Dynamic Panel Data Approaches

- Need to control for the possibility that TOKI actually increases AKP vote share; hence we include lags of the dependent variable.
- We first run OLS fixed-effects specifications with one-year lag of TOKI, and then use the Anderson-Hsiao estimator.
 - Helps overcome standard 'dynamic panel bias' (Nickel, 1981).

$$\Delta h_{it} = \Delta \delta_t + \Delta h_{it-1} + \phi \Delta v_{it} + \xi \Delta(v_{it} \times \mathbf{1}[\text{Year} \leq 2014]) + \Delta \varepsilon_{it}$$

- We then include up to four lags, covering the entire pre-electoral period (given general elections occur every 5 years, at least before 2015), and further use the Arellano-Bond estimator.

One Year Lag and Anderson-Hsiao Estimates

Table 3: Dynamic Panel Data Estimates with One Lag

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Dependent variable is $\log(0.01 + TOKI_t)$</i>								
AKP Vote Share _{<i>t</i>}	0.08** (0.03)	0.08** (0.03)	0.12*** (0.04)	0.32* (0.19)				
AKP Vote Share _{<i>t</i>} × 1[Year ≤ 2014]	-0.01 (0.02)	-0.02 (0.02)	-0.04 (0.04)	-0.10 (0.09)				
CHP–AKP Vote Share _{<i>t</i>}					-0.06** (0.02)	-0.06** (0.02)	-0.13*** (0.03)	-0.45** (0.23)
CHP–AKP Vote Share _{<i>t</i>} × 1[Year ≤ 2014]					0.00 (0.01)	0.00 (0.01)	0.04 (0.02)	0.07 (0.06)
TOKI _{<i>t-1</i>}	-0.07** (0.03)	-0.07** (0.03)	-0.14*** (0.03)	-0.01 (0.05)	-0.07** (0.03)	-0.07** (0.03)	-0.14*** (0.03)	-0.03 (0.05)
Province FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Demographic Trends	YES	NO	NO	NO	YES	NO	NO	NO
Economic Trends	NO	YES	NO	NO	NO	YES	NO	NO
Province Trends	NO	NO	YES	NO	NO	NO	YES	NO
Implied cumulative effect of vote shares	0.07** (0.03)	0.07** (0.03)	0.11*** (0.04)	0.32* (0.19)	-0.05** (0.02)	-0.05** (0.02)	-0.11*** (0.03)	-0.44** (0.21)
Observations	1209	1209	1209	1127	1209	1209	1209	1127

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors clustered by province in parentheses. Columns 4 and 8 use Driscoll-Kraay standard errors to account for cross-sectional dependence. Specifications 1 through 3 and 5 through 7 include one-year lags of TOKI, and are estimated via OLS using the fixed-effects “within transformation”. Demographic trends refer to population and migration levels in 2002, and economic trends includes provincial GDP per capita, human capital as measured by education levels, and pre-existing housing stock in 2002, all of which are linearly trended. Columns 4 and 8 use the Anderson-Hsiao estimator, whereby the coefficients refer to the first-differences of the corresponding variables. The implied cumulative effect is calculated via $\hat{\phi}/(1 - \hat{\gamma})$, with standard errors calculated via the delta method. All specifications include a lag of an AKP-pro mayor.

Four Year Lags and Arellano-Bond Estimates

Table 4: Dynamic Panel Data Estimates with Four Lags

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Dependent variable is $\log(0.01 + TOKI_t)$</i>								
AKP Vote Share _t	0.13*** (0.04)	0.12*** (0.04)	0.06 (0.06)	0.23** (0.10)				
AKP Vote Share _t × 1[Year ≤ 2014]	-0.00 (0.02)	-0.00 (0.02)	-0.06 (0.04)					
CHP-AKP Vote Share _t					-0.10*** (0.04)	-0.11*** (0.04)	-0.09 (0.05)	-0.28** (0.16)
CHP-AKP Vote Share _t × 1[Year ≤ 2014]					0.00 (0.02)	0.00 (0.01)	0.06 (0.03)	-0.01 (0.01)
Province FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Demographic Trends	YES	NO	NO	NO	YES	NO	NO	NO
Economic Trends	NO	YES	NO	NO	NO	YES	NO	NO
Province Trends	NO	NO	YES	NO	NO	NO	YES	NO
Implied cumulative effect of vote shares	0.10*** (0.04)	0.11*** (0.04)	0.03 (0.03)	0.22** (0.11)	-0.08*** (0.03)	-0.09*** (0.03)	-0.05 (0.03)	-0.31** (0.14)
Observations	966	966	966	884	966	966	966	966

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors clustered by province in parentheses. Columns 4 and 8 use the Arellano-Bond estimator, whereby the dependent variable, the non-interacted vote share variables and the interacted vote share variables are all instrumented with deeper lags. To overcome the ‘too many instruments’ problem with GMM estimators, we also include lag limits with regards to the number of lags that can be used as viable instruments. The implied cumulative effect is calculated via $\hat{\phi}/[1 - \sum_{s=1}^4 \hat{\gamma}_s]$, with standard errors calculated via the delta method. Output for all four lags of TOKI are suppressed for brevity. Demographic trends refer to population and migration levels in 2002, and economic trends includes provincial GDP per capita, human capital as measured by education levels, and pre-existing housing stock in 2002, all of which are linearly trended.

Main Results (Discussion)

- Across all specifications ran, strong positive association between TOKİ contracts and AKP vote share.
- Moreover, we find a strong negative association between TOKİ contracts and CHP's vote share *relative* to the AKP.
- Hence, we provide suggestive evidence that Erdoğan favours partisan loyalty and punishes his strongest rivals.
 - Classic competitive authoritarianism story.
- Moreover, before Erdoğan's incumbency in 2014, TOKİ appears to be a completely non-political tool, given it does not correlate with either AKP or relative CHP vote shares.

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