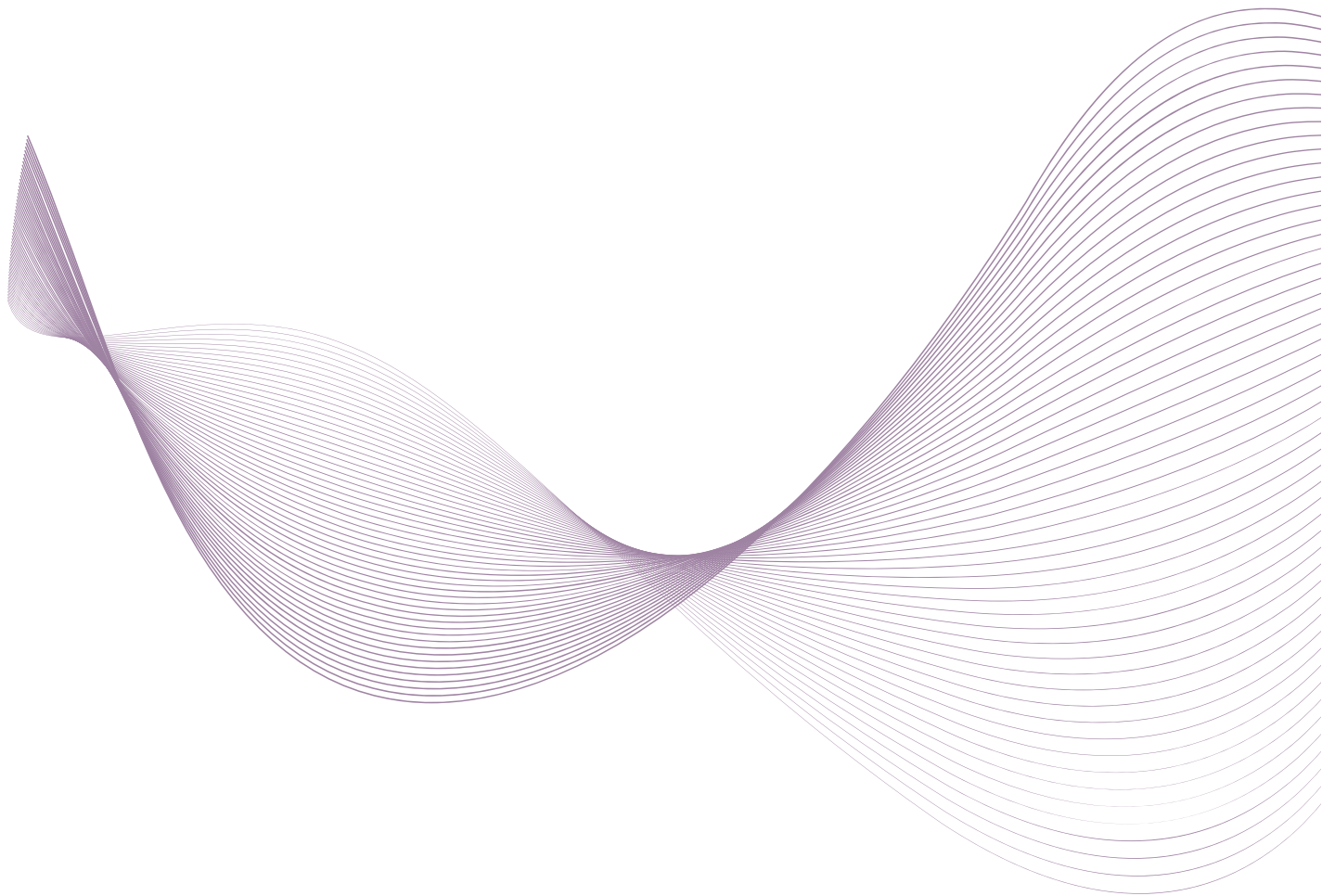


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# Democracy and Autocracy

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## Editors' Introduction

**Anne Pitcher, University of Michigan;**  
**Ricardo Soares de Oliveira, University of Oxford**

How do authoritarian regimes broadcast power abroad? What technologies do they employ to monitor their critics, and where are they sourced? Do linkages with transnational companies solidify the cohesion of authoritarian elites? Do offshore financial arrangements and major financial centers in the West help to strengthen or extend authoritarian rule? How widespread is the use of reputation laundering through prestigious institutions such as universities, think tanks, and the world of sports?

This newsletter examines the international political economy linkages, networks, and channels that authoritarian regimes rely on to sustain and legitimate their power. Of course, autocratic regimes have always been a part of the international system and have long had regime-defining relationships with other countries. But with the fall of the Soviet Union in the late 1980s and the widespread adoption of neoliberal policies, the international economic system has undergone sweeping structural change. Most countries of the Global South and of the former Eastern bloc privatized state assets, liberalized trade and capital flows, reformed their financial systems, and welcomed foreign investment. These reforms promoted greater integration with, and reliance on, the global economy. Scholars have not ignored the potential effects of these changes. Indeed, because they happened in the 1990s when many countries were democratizing, initially the literature celebrated the potential of increasing global integration to foster democratization and greater openness in autocracies. Levitsky and Way (2010) even posited that greater linkages with the West would result in greater liberalization.

Surveying the changes that have occurred up to 2022, our approach is more pessimistic. The last decades have seen the emergence of an “offshore world” (Palan 2005) of financial structures, institutions, and techniques designed to provide secrecy, asset protection, and tax exemption. Authoritarian elites have increasingly relied on these tools not only to reproduce their power, but also to enhance their individual wealth. Simultaneously, a veritable army of for-profit professional facilitators in major capitals and financial centers has acquired a central role in servicing the elites of autocratic states. These include lawyers, bankers, accountants, real estate agents, management consultants, security and surveillance professionals, public relations experts, and

company-incorporation executives, among others.

This new system allows autocratic elites to become transnational citizens (Cooley and Sharman 2017) often traveling with purchased foreign passports. They hold their assets in safe jurisdictions, and their family's lives, including their education, leisure, health, and consumption, play out in politically and legally safe, wealthy enclaves. Simultaneously, they maintain firm control over the sovereign states which are their sources of power and wealth. Autocrats guard their sovereignty and surveil their civil societies for any hint of external support. Yet their own field of action is global. Whether they launder stolen monies, burnish cosmopolitan credentials through art buying, bogus charity, or "corporate social responsibility," source surveillance from private companies, or kidnap and kill exiled opponents, they now work across national borders.

The complex, multi-layered global linkages of oligarchs and autocrats have two major implications for the analysis of authoritarianism. First, as Alexander Cooley and John Heathershaw demonstrate in *Dictators without Borders* (2017), the international system generates significant material, coercive, and ideational resources that regimes or leaders can redeploy domestically for their own survival and strengthening. For example, extensive financial, industrial, and real estate holdings in Portugal by family members of the former President of Angola, José Eduardo dos Santos, muted criticism by the Portuguese government of human rights abuses and corruption in Angola for many years. Only after a new President assumed power in Angola and ordered a criminal investigation into the dos Santos family's investments in Angola did the Portuguese government seize some of the family's assets in Portugal.

Second, the transnational reach of authoritarian power is becoming a significant element in the domestic politics of major financial centers in the West, such as London and Paris (Heathershaw *et al.* 2021; Cohen and Soares de Oliveira 2022). As autocrats and their home states shift from money laundering to reputation laundering, they target, with the assistance of their professional enablers and co-opted politicians, prestigious institutions such as universities, think tanks, and art museums. As such, they shape the programming, interests, and decision-making of these institutions over time. In the USA, for instance, the governments of Saudi Arabia, Qatar, and the UAE have invested heavily in lobbying the political establishment in Washington, DC, and have complemented these efforts by donating lavishly to think tanks such as the Brookings Institution and the Center for Strategic and International Studies (Lipton, Williams, and Confessore

2014). The Saudi government has also donated to museums in New York and influenced their exhibits (Masuike 2018). An abundance of similar examples could be provided regarding Western Europe, and the UK in particular.

### How to Study the International Political Economy of Authoritarian Regimes

Research into the international political economy of authoritarian states poses theoretical, ethical, and practical challenges that are similar to those that dog the study of the domestic dimensions of authoritarianism. How should social scientists produce new knowledge about authoritarian regimes in disciplinary contexts long shaped by assumptions of democratic convergence and heavily reliant on data-gathering methods designed for open societies and public-spirited institutions? These are epistemological issues concerning the appropriate tools for analyzing the politics of authoritarian regimes often where evidence is thin. They also raise practical concerns regarding the necessary skill set required for research in authoritarian settings. Finally, conducting interviews, surveys, and experiments in authoritarian settings can be risky and thus raises ethical and safety concerns for both researchers and their subjects.

While the disciplinary conversation about these matters is ongoing, we would highlight both the transnational character of the research agenda and the variety of approaches and methodologies that can be deployed, which are illustrated in the contributions to this special issue (see Soares de Oliveira, Forthcoming). Much of the research on transnational connections takes place not in the data-scarce domestic setting of authoritarian states, but in the global hubs where autocratic elites and their professional facilitators congregate: major Western capitals and financial centers, such as London, Paris, New York, Washington, DC, Zurich, Geneva, Frankfurt, Lisbon, and Milan; British Overseas Territories, such as Bermuda, the Cayman Islands, and Jersey; and tax havens, such as Luxembourg, Mauritius, Panama, Monaco, and Lichtenstein. While many significant financial centers in Asia, such as Dubai, Singapore, and Hong Kong, may prove inhospitable to some forms of fieldwork, the vast majority are information-rich, open societies where researchers do not face significant risks. A partial exception is the UK, where researchers face expansive libel laws which autocrats have amply deployed.

Methodologically, this research agenda will prosper through creativity and pragmatism. Contributions to this issue employ diverse approaches to studying

linkages and information control, from process-tracing and ethnography to the use of court records. All move away from a singular focus on formal institutions and take informality and the ideas, behavior, and attitudes of actors seriously. Ethnography, process-tracing, large-N research, and the experimental work best illustrated by the agenda-setting *Global Shell Games* volume (Findley, Nielson, and Sharman 2014) all make a significant contribution to this growing body of knowledge. Researchers have tracked social media usage by autocratic elites, built databases of autocrat-owned London property, and produced convincing estimates of the funds parked in offshore tax havens. Court documents from criminal cases, as well as cases of arbitration, have provided significant new information about autocratic dealings in major financial centers. The databases made available by the International Consortium of Investigative Journalists in the wake of leaks such as the Panama Papers, or the beneficial ownership company data available through ORBIS and Sayari are vast and still relatively underused resources for scholars.

### Contents of the Special Issue

This special issue examines the complex, multi-faceted linkages that authoritarian regimes rely on to sustain and reinforce their power. The first two articles illustrate how different kinds of capital generated in different ways interact globally to fortify authoritarian regimes. The opening essay by Faisal Ahmed focuses on the extent to which democracies and dictatorships operate in an economically integrated world economy. Ahmed explores how the combination of various types of foreign capital can affect political survival in dictatorships, primarily through its effect on public finances. He discusses opportunities for dictators to augment their rule and enhance their durability via three different channels—foreign aid, remittances, and foreign direct investment (FDI). As he argues, these channels and their implications for authoritarian endurance constitute “an important and under-investigated area of future research linking foreign capital to authoritarian politics.”

Adeel Malik’s paper shifts the focus to the global recycling of oil rents by authoritarian states. Focusing on oil-rich states in the Middle East, Malik explains that strategically targeted capital outflows can help authoritarian leaders project soft power abroad and buy political acquiescence from foreign stakeholders.

*“This special issue examines the complex, multi-faceted linkages that authoritarian regimes rely on to sustain and reinforce their power.”*

The latter matter significantly for both domestic prosperity and survival of these regimes. Such rent circulation is massive in size and scope, and occurs through investments in financial and property markets, the acquisition of prestige assets and companies, and arms purchases. Such investments and purchases are common for many countries in the global economy, but Malik’s paper also highlights the use of strategic philanthropy, support for foreign policy think tanks, and the purchase of sports clubs as legitimating strategies of autocratic regimes. It also highlights the important role played by the region’s Sovereign Wealth Funds in the global recycling of oil rents. Importantly, these funds sit at the crucial intersection of domestic and global political economy.

Alex Cooley and John Heathershaw unpack how the global networks of autocratic regimes function and explore their role in the reversal and stagnation of democratic transitions. They focus on “transnational uncivil society networks” (TUSNs), which are global networks of kleptocrats and their professional enablers in the major Western capitals and financial centers. These networks recast authoritarian elites as globalized individuals by laundering their monies and reputations and creating space for them in Western democracies. This phenomenon, Cooley and Heathershaw argue, partly explains today’s intertwined erosion of democracies, as well as the revival of autocracies.

Jody LaPorte addresses the impact of foreign capital on domestic politics and regime outcomes, a perennial concern for political science. Instead of studying more frequently addressed formal capital flows, she focuses on the role of informal capital flows, especially among political elites, in shaping domestic political power. LaPorte explains that, given the role of unofficial economies and informal institutions more generally in authoritarian regimes, it is important to understand how they serve elite interests. Focusing on Kazakhstan, LaPorte discusses how autocrats rely on bribes by multinational investors to sustain authoritarian resilience in the face of opposition.

Contributions by Alexander Dukalskis and Ronald Deibert look at monitoring abroad by authoritarian regimes. Dukalskis offers a conceptual apparatus for understanding methods of information control by authoritarian regimes. He examines the ways in which regimes censor debates or manipulate the media to engage with or silence critics, influence global norms, and shift or shape perceptions of their rule. Dukalskis illustrates a vast repertoire of tactics that extends from image-making and branding to extraterritorial repression, and demonstrates that the deployment of surveillance and coercion is a significant dimension of authoritarian regimes. Deibert studies the reliance of authoritarian regimes on transnational companies and technology to engage in surveillance, repression, and even espionage. Focusing on the role and supply of international surveillance systems from Israel, the paper examines the spectrum of technologies employed to broadcast power beyond the state, and the extent to which surveillance remains a critical element in autocratic resilience.

The article by Leonardo Arriola and Fiona Shen-Bayh explores the ineffectiveness and mock compliance of the anti-corruption agencies that have proliferated in African autocratic regimes and weak democracies for the past two decades. Focusing on Uganda, they show that the promotion of such institutions and their reformist claims were principally driven by Western donors and Western-influenced international financial institutions responsible for the “structure, timing, and implementation of anti-corruption agencies.” These external sponsors have also established different benchmarks, whereby regimes secure praise for their parchment reformist measures, but fail to implement them fully in practice. The paper thus shows that Western financial interests have played “a key role in structuring the global political economy of autocracy, often creating conditions that are highly conducive for autocrats to continue corrupt practices while paying lip service to reform.”

The final contribution to the issue is co-authored by two investigative journalists (Tom Mayne and Casey Michel) and an academic (Tena Prelec). They argue that some of the most effective approaches to studying and exposing intricate forms of transnational corruption and illicit financial flows by authoritarian regimes entail collaborations between journalists, civil society, and scholars. Despite different approaches and goals, these knowledge communities have strong complementarities in terms of the skill sets necessary to unearth new data and provide authoritative analysis about these complex and often opaque transactions. The article first highlights the obstacles that have

prevented more fruitful and frequent partnerships. The authors then call attention to the wealth of information resulting from the collaboration between journalists and academics on the 2021 Pandora Papers leaks. The article concludes by identifying potential synergies that could be realized in the future.

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## Foreign Capital and Public Finance in Dictatorships

**Faisal Z. Ahmed**, Princeton University

Democracies and dictatorships operate in an increasingly integrated world economy. On the financial side, the volume of cross-border flows of foreign capital has exploded in the past 50 years. From 1970 through 2015, cumulative annual flows of (just) foreign aid, migrant remittances, and foreign direct investment (FDI) increased more than twenty fold from around \$50 billion to over \$1 trillion (in 2010 US dollars). These transfers of intangible assets—basically, money—from actors in one country to another can come in various forms. For example, this includes migrant remittances between family members residing in different countries, direct investments involving firms operating in distinct markets, foreign purchases of equities and bonds by official and private sector participants, and the transfer of foreign aid between governments (and increasingly to non-governmental organizations that bypasses recipient governments). Crucially, foreign capital can be received by different actors within a domestic economy (i.e., households, firms, governments), which suggests that studying these transfers *together* may be worthwhile.

Given the sheer magnitude of cross-border financial flows, which often comprise a nontrivial share of a country's total economic activity, political scientists and economists are increasingly probing the political consequences of foreign capital, particularly in recipient countries. Indeed, to the extent that foreign capital is an important source of development finance, especially in the Global South, conventional scholarly wisdom portends that these transfers may be a conduit for political liberalization. One pathway may arise from economic growth. To the extent that foreign aid, remittances, and FDI foster economic growth in recipient countries, rising levels of economic development may induce a “modernization effect” that can underlie demands for political liberalization (Acemoglu and Robinson 2006). Other pathways may be more specific to each type of capital flow. For example, bilateral and multilateral donors may tie foreign aid disbursements to the induction of democratic reforms by recipient governments (e.g., Bermeo 2011). Relatedly, governments may undertake political reforms as a means to attract FDI (Li and Resnick 2003). In contrast, as a source of additional individual income, remittance income may weaken patronage networks in weak democracies and hybrid autocracies, potentially empowering voters to elect more accountable

governments (Ahmed 2017; Escribà-Folch, Meseguer, and Wright 2018).

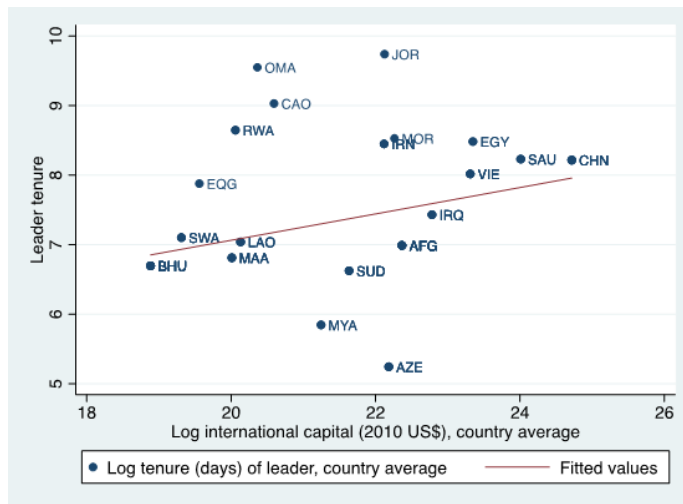
While these pathways are plausible, they tend to evaluate the impact of each capital flow on governance in isolation from each other. Moreover, these studies tend to overlook the strategic behavior of governments (leaders) to harness financial transfers to their political advantage. This essay describes a research agenda that explores how the combination of various types of foreign capital can affect political survival in dictatorships, primarily through its effect on public finances (e.g., Bueno de Mesquita and Smith 2010; Ahmed 2012, 2013, 2016, 2020; Ahmed, Schwab, and Werker 2021).

### Some Empirical Patterns

A good place to start is with simple bivariate plots. If foreign capital can strengthen dictatorship (as hypothesized in the previous paragraph), then it should be positively correlated with the duration of governments in dictatorships, and less so in democracies. As a first pass to evaluate this hypothesis, I examine raw data over the period 1970–2015 (see Figures 1–3). Here, the patterns suggest that foreign capital may be associated with differential patterns of political survival across democracies and dictatorships.

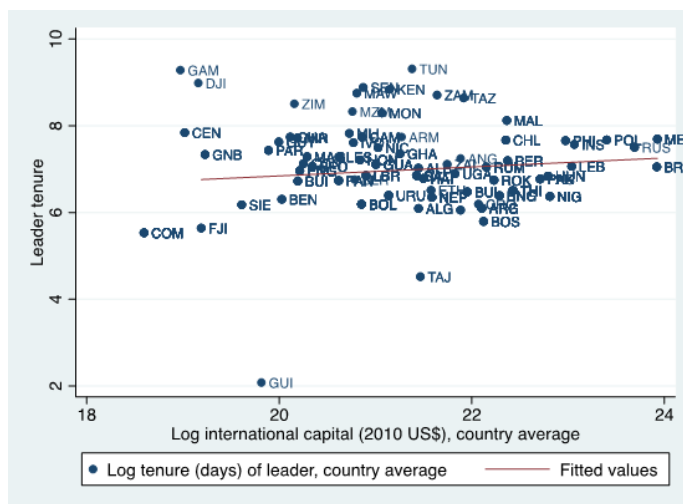
Since foreign capital can be received by households, firms, and governments, I use a composite measure that sums a country's volume (monetary value) of migrant remittances (officially recorded), FDI, plus foreign aid received in a country. By construction, this is likely to *undercount* the actual level of a country's foreign capital inflows. For instance, it does not include remittances that are sent through unofficial channels (i.e., not directed through a country's central bank), nor accounts for sovereign borrowing (e.g., issuance of government bonds). Including these capital flows is likely to strengthen the associations in Figures 1–3. To measure a government's political survival, I draw on the duration of a leader's “spell” in office from the Archigos database (Goemans, Skrede Gleditsch, and Chiozza 2009, updated 2015). I use a country's composite POLITY score compiled by Marshall, Gurr, and Jaggers (2017) to categorize its quality of political institutions. This score ranges from -10 to +10 where a higher value implies more democratic-oriented institutions that correspond to enhanced checks on executive authority and opportunities for candidates to compete for political office and greater political participation from the masses.

**Figure 1: Leader Tenure and International Capital in Strong Autocracies**



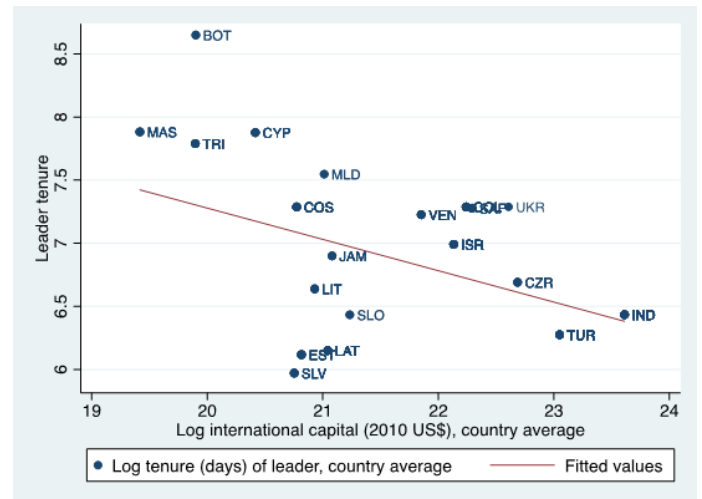
Notes: The plot is limited to a sample of countries with an average composite POLITY score less than -6. On the y-axis, leader tenure is the average leadership spell of a government (in log number of days) since 1970. On the x-axis, international capital is the country's average inflows of foreign aid, remittances, and FDI since 1970.

**Figure 2: Leader Tenure and International Capital in Weak Autocracies**



Notes: The plot is limited to a sample of countries with an average composite POLITY score between -6 and +5. On the y-axis, leader tenure is the average leadership spell of a government (in log number of days) since 1970. On the x-axis, international capital is the country's average inflows of foreign aid, remittances, and FDI since 1970.

**Figure 3: Leader Tenure and International Capital in Democracies**



Notes: The plot is limited to a sample of countries with an average composite POLITY score equal to or greater than +6. On the y-axis, leader tenure is the average leadership spell of a government (in log number of days) since 1970. On the x-axis, international capital is the country's average inflows of foreign aid, remittances, and FDI since 1970.

Figures 1-3 plot a country's average level of foreign capital (in log units) against the average tenure of a government (in log number of days) across different institutional settings. In Figure 1, the sample of countries is limited to those with "strong" autocratic structures, i.e., countries with an average POLITY score between -10 and -6. For example, this includes China, Rwanda, Saudi Arabia, and Vietnam. The line of best fit shows a strong positive association between a country's total inflow of foreign capital and leader tenure. Figure 2 shows that this positive association weakens in a sample of "weak" autocracies, whose average POLITY scores range between -6 to +5 (this range corresponds to the concept of an "anocracy"). Finally, in a sample of democracies (whose average POLITY scores exceed +5), Figure 3 suggests a negative association between foreign capital inflows and leader tenure. These suggestive associations between foreign capital, the quality of democratic institutions, and government survival are "robust" (statistically significant) with more stringent statistical analysis that accounts for potential confounding factors. For example, I estimate an "interactive model" that pools all the annual country-year observations in Figures 1-3 and demonstrates that foreign capital lowers the probability that a leader will lose power in countries with more authoritarian political institutions (2020, Table 2.4 and Figure 2.5). The statistical analysis is



careful to control for important time-varying country-specific confounders, such as a country's prevailing quality of political institutions, level of economic development (per capita GDP), annual rate of economic growth, population size, measures of term limits, and fixed effects that vary at the country and year level. Controlling for country-fixed effects accounts for all country characteristics that do not vary over time, but might affect governance, such as a country's colonial history. In contrast, the inclusion of year-fixed effects captures any global shock that might affect political (in) stability, such as variation in world oil prices and the end of the Cold War.

Taken together, the patterns in Figures 1–3 and corroborating statistical analysis from my book, *The Perils of International Capital* (2020), generate two inferences. First, a country's political institutions may mediate the association between foreign capital and government (leader) survival. Second, this association is stronger in less democratic regimes: that is, higher volumes of foreign capital may extend the duration of dictatorships. While the figures do not necessarily imply a causal relationship, I provide several causally identified empirical strategies for each (separate) capital flow and statistical analysis that point in this direction (2020).

## The Politics of Public Finance

What might explain the observed patterns in Figures 1–3? One plausible explanation stems from a country's prevailing quality of democratic political institutions and the incentives they generate for the incumbent government to strategically incorporate foreign capital in its spending decisions (Ahmed 2020). In less democratic settings, governments wrestle between two tensions: the problems of authoritarian power-sharing and control (Svolik 2012). The former refers to how governments share power with a select group of regime loyalists (e.g., the military), while the latter describes how governments can tame the masses from mounting revolution (e.g., via repression, fostering superior economic performance, and/or delivering public goods). In either situation, governments with sufficient revenues are in a stronger position to resolve these tensions. Distributing targeted financial benefits to regime supporters (patronage) can help strengthen their loyalty to the incumbent, while financing a robust security apparatus and military can enhance the government's repressive capacity and effectively thwart internal rebellion.

That government spending on patronage and repression is likely to be higher in less democratic regimes is

consistent with prominent models in political economy that tie regime type to fiscal policies. For instance, in Bueno de Mesquita *et al.*'s (2003) selectorate theory of political survival, a dictator's tenure in power hinges on his ability to “buy” the loyalty of a small group of individuals (e.g., the military) through the allocation of targeted benefits. Failure to do so heightens the likelihood that members of this small “winning coalition” will defect to another political challenger who can provide these benefits. An important implication of selectorate theory is the prediction that dictatorships will allocate a greater share of their expenditures on patronage to a narrow set of elites relative to the provision of public goods to the masses. In a similar vein, Acemoglu and Robinson's (2006) theory of political transitions posits that leaders democratize as a credible commitment to redistribute public resources in the future. Doing so comprises a strategy to tamper revolutionary threats from the masses that would adversely affect the economic interests of elites.

## Leveraging Foreign Capital

The importance of public finances in calculations of political survival—especially for dictatorships to supply patronage and fund repression—suggests that governments may have an incentive to attract foreign capital as a means of possibly augmenting their spending choices. Casting governments as strategic actors that may seek to attract foreign capital is related to a larger body of research examining the politics of international economic integration.

To date, much of this scholarship has investigated the political consequences from trade liberalization and how governments can devise strategies to enhance its benefits while minimizing its costs. An important strand of this literature focuses on the winners and losers from international trade by honing in on the (domestic) distribution consequences from liberalization. For example, the workhorse Heckscher-Ohlin model of international trade predicts that individuals engaged in the production of goods and services that use a country's abundant factor intensely (e.g., capital and skilled labor in developed countries) benefit from trade liberalization, while individuals employing the scarce factor (e.g., unskilled labor in developed countries) are adversely affected. These economic interests then map to political preferences: in developed countries, individuals with skilled labor (e.g., computer programming) will tend to support trade liberalization and politicians that advocate that position, while unskilled labor (e.g., textile workers) will tend to oppose trade liberalization and support politicians that favor protection. These political

preferences, in turn, relate to how governments interact with domestic groups and other governments, such as the incentives for groups to lobby the government for tariff protection (or for groups that benefit from trade liberalization, to lobby for lower trade barriers); redistributive policies to “compensate” the losers from trade; and negotiations with other governments to expand market access for domestic firms engaged in trade abroad.

**“Casting governments as strategic actors that may seek to attract foreign capital is related to a larger body of research examining the politics of international economic integration.”**

An important takeaway from this (brief) discussion is that economic integration can be politically costly, especially in democracies where the political survival of an incumbent hinges on safeguarding the interests of the masses (e.g., in formal models, satisfying the interests of the median voter). While reducing the economic costs of integration for the masses (at some minimum level) matters for governments in less democratic settings, political survival may not necessarily depend on it (and could matter less in natural resource abundant countries where resulting resource rents may fund strategies of political survival—see for example, Bueno de Mesquita and Smith 2010). Rather, protecting and enhancing the economic interests of a narrow subset of the population can be a more effective political survival strategy in dictatorships.

## Channels

In this context, governments in dictatorships may have an opportunity to incorporate foreign capital in their revenue base so as to more effectively supply patronage, and if necessary, fund repression as well. Of course, since foreign capital accrues to different actors in a domestic economy, a government may need to employ a mix of strategies (Ahmed 2020).

Perhaps the easiest strategy involves foreign capital that flows directly to a government’s coffers, such as from foreign aid and sovereign borrowing. Here, through an *income effect*, a government can allocate a share of aid (or income from sovereign bonds) directly to patronage. This share is likely to be higher in countries with

stronger autocratic institutions (Bueno de Mesquita *et al.* 2003; Acemoglu and Robinson 2006), implying the income effect is heightened in “strong” autocracies (as suggested by Figure 1). Empirically, a number of analyses find that foreign aid can fund patronage, particularly in dictatorships.

In a cross-national setting, I, together with Schwab and Werker (2021), use case study evidence with corroborative statistical analysis to trace how unearned foreign income—notably, foreign aid and sovereign borrowing—bought political stability in numerous dictatorships in Latin America, the Middle East, North Africa, and South Asia during the 1970s and 1980s. An income effect associated with foreign aid has also been documented *within* countries, even in instances where donors sought to use foreign aid to facilitate a democratic transition. For example, at the sub-national level, Jablonski (2014) leverages detailed data on the geographic and temporal distribution of aid projects in Kenya from 1992 to 2010, a period in which the country transitioned from autocratic to nascent democratic governance. Jablonski’s analysis reveals that with new regime changes in Kenya, the subnational distribution of aid spending shifts towards the regime’s supporters and frequently away from those of the losing regime. This pattern of aid allocation is consistent with the idea that governments, even in new and fragile democracies, can use aid to reward supporters (i.e., supply patronage).

As funds directly received by governments, foreign aid and sovereign borrowing comprise, perhaps, an easy case in which foreign capital can finance patronage and repression. With capital flows that accrue directly to individuals or firms, such as remittances and FDI, governments need more creative strategies. Migrant remittances, for example, are received by households, and a large share of these transfers are sent from migrants residing in developed economies (e.g., North America and Europe) to their family members in developing countries. In practice, governments in developing countries frequently lack the resources to fully track and monitor remittance inflows and are unable to effectively tax them (Chami *et al.* 2008). To overcome these challenges, an incumbent could engage in an expenditure-switching strategy (Ahmed 2012). Since remittances are received by households, it is plausible that they may spend some of it on certain welfare goods that a government could also provide, such as health care or education. Since health care and education are “normal goods,” it is reasonable that households may spend more on these goods as their income increases. Cognizant of this possibility, a government may strategically choose to reduce

its spending on these welfare goods (since migrant households are spending some of their remittance income on them) and redirect the unspent funds to patronage. This process comprises a *substitution effect* by which remittance income *indirectly* enters a government's revenue base.

While a substitution effect is theoretically plausible, do governments actually implement this strategy? In several studies (e.g., Ahmed 2012, 2013, 2020), I have documented a substitution effect in autocracies through which higher levels of remittances are associated with a reduction in welfare spending by a government in favor of increased spending on patronage (e.g., public sector salaries to regime supporters) and an expansion of authoritarian politics, such as a lower probability of regime turnover and a reduction in political constraints faced by the government. While recent studies suggest that remittances may finance opposition and foster anti-incumbent protests (e.g., Escribà-Folch, Meseguer, and Wright 2018), they do not necessarily demonstrate that remittances remove dictatorships from power nor do they take into account the possibility that governments may act strategically to counteract these anti-incumbency effects through a substitution effect, for example, that can strengthen the support of regime loyalists. Indeed, the existence of a substitution effect is present with spending decisions at the national level, and interestingly, has also been employed by municipal governments in Jordan (and perhaps sub-nationally in other countries as well).

Turning to foreign capital that goes directly to private businesses, such as FDI, there may be opportunities for governments in dictatorships to capture some of this financial inflow. One plausible channel may be through fostering corruption in certain industries. This strategy is based on two factors. First, governments in autocracies may reward regime supporters by permitting them to engage in corrupt acts, such as collecting bribes and kickbacks (Bueno de Mesquita *et al.* 2003). Second, governments can be selective in opening up industries to foreign investment. In particular, industries with high fixed capital costs (e.g., oil production, petrochemicals) can create opportunities for bureaucrats and politically connected elites to extract bribes. Together, these two factors imply that dictatorships may welcome foreign investments in industries with high fixed costs, in part to generate bribes (or rents) to government supporters. This strategy is akin to supplying patronage to regime loyalists.

This *rentier effect* has been documented in various dictatorships, especially as it relates to ties between

multinational corporations (MNCs) and domestic elites (see Evans 1979 for an early study of Brazil). In contemporary China, Zhu (2017) investigates whether activities by MNCs at the provincial level generate opportunities for rent extraction in the form of bribery among local government officials (e.g., senior cadres of the Communist Party). Zhu leverages various measures of corruption (e.g., number of filed cases, value of recovered funds, perceptions by individuals and firms) to demonstrate that provinces with more MNC activity are strongly associated with higher levels of corruption and that firms in regions with greater MNC activity tend to pay more bribes. Moving to the cross-national level, I have linked FDI associated with as-if random oil discoveries and the subsequent extraction of oil to increased military spending (Ahmed 2020, Chapter 6). This relationship between FDI, oil extraction, and military spending is only observed in dictatorships. There is no such relationship in democracies. To the extent that funneling financial resources to the military is a means to buy their political support (Svolik 2012), the rents generated from inward FDI can strengthen a dictator's survival prospects.

## Final Remarks

The tremendous growth of various types of foreign capital may offer opportunities for dictatorships to augment their rule and extend their time in power. This essay describes a research agenda examining how foreign capital that flows to individuals, firms, and governments can finance strategies of political survival in dictatorships. Through three distinct channels—foreign aid, remittances, and FDI—autocratic governments may be able to successfully incorporate (some of) these financial transfers into their revenue base and subsequent spending decisions. The distinctiveness of each channel is noteworthy as it implies that a dictatorship can employ each simultaneously—as described and formalized in Chapter 3 of *The Perils of International Capital* (Ahmed 2020).

Moreover, these channels do not preclude other channels through which foreign capital might affect a government's survival prospects. For example, remittance income can lower a government's sovereign borrowing costs (Singer 2012), which might in turn further fund patronage. Attracting FDI and foreign aid may necessitate economic reforms which could spur economic growth and generate additional tax revenues (and more spending) for governments. Of course, it is plausible that foreign capital might generate countervailing effects that weaken political survival in dictatorships. For instance, remittance income could finance anti-government protests (Escribà-Folch,

Meseguer, and Wright 2018). Or perhaps, incentives “tied” to foreign aid might compel dictatorships to liberalize. These countervailing effects do not necessarily weaken the theoretical arguments linking foreign capital to public finance in dictatorships. However, from an empirical perspective, they do require “controlling” for them. To consider these opposing channels and their overall (net) implications for authoritarian endurance represents an important and under-investigated area of future research linking foreign capital to authoritarian politics.

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## Autocrats without Borders: How Arab Gulf Regimes Recycle their Wealth Abroad to Buy Political Acquiescence

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There is broad recognition among political scientists that autocratic survival is predicated on three important pillars: legitimacy, repression, and co-optation (Gerschewski 2013). Autocratic rulers need to build active consent for their rule, establish authoritarian control through selective repression, and share power with other elites that may challenge them (Gandhi 2008; Svobik 2012). With more resources at their disposal, oil-rich autocracies are better able to deliver on all three fronts. In Arab states of the Gulf, oil-funded distribution includes generous social welfare entitlements to citizens and selective privileges to elites.

While such domestic distribution of oil rents is a dominant feature of oil-rich autocracies, it is not the only politically salient form of rent circulation. Another important, yet frequently neglected, aspect of high rent autocracies is that they recycle their oil rents globally in ways that help them buy political acquiescence from foreign stakeholders. A recent example is the Saudi acquisition of the popular English football club, Newcastle United. Described as an instance of Saudi Arabia “sports washing” its poor human rights record, the deal is part of a broader paradigm of rent distribution that binds both the remitting and receiving parties in a relationship that carries profound political consequences.

Beyond the world of sports, such rent circulation takes many forms: arms purchases, investments in financial and property markets, acquisition of prestige assets and companies, strategic philanthropy, and support for foreign policy think tanks. Ostensibly, this global recycling of oil rents is geared towards earning high economic returns and image building of regimes. However, strategically targeted foreign transfers can create dense economic entanglements between remitting and receiving countries that can be politically advantageous for Gulf regimes. They can help to project soft power, display a reformist posture of Gulf regimes, neutralize negative public opinion about them, improve their geopolitical standing, prevent regional democratization waves from taking root, and secure “buy-in” of western policy elites. Additionally,

such transfers are part of a two-way exchange that is mutually beneficial for both sending and receiving parties. Gulf capital sustains the global arms industry, supports western financial markets, funds strategic areas of growth, fills key economic gaps, and facilitates job creation (Hanieh 2018). Just as oil-funded contracts and concessions bind the interests of local elites, carefully targeted resource transfers can help secure binding commitments for regime support from foreign countries and their policy elites.

Before outlining the main argument, it is useful to provide the context within which the region’s external financial transfers ought to be studied. The oil-rich countries of the Gulf Cooperation Council (GCC), such as Saudi Arabia, United Arab Emirates, Qatar, and Kuwait, occupy a special place in global political economy as their capital account surpluses feed global banking, investment, and finance (Hanieh 2018). The oil-rich states of the Gulf have also historically remained crucial nodes in the projection and maintenance of global hierarchies of power (Spiro 1999).

The GCC states have also historically relied on foreign powers for both “income” and “security” (Rogan 2019). Gulf states enjoy security guarantees from major western powers—notably the United States, France, and Britain—and host foreign military bases. The three major western powers not only possess significant coercive capacity in the region but also can de-legitimize autocratic rule through their ability to sanction, blacklist, and isolate countries. With such concentration of coercive power, and in a milieu where “recalcitrant dictatorships have faced sanctions or even direct intervention” (Kaire 2019, 395), rulers feel obliged to keep foreign patrons happy. The greater the ability of a foreign power to impose domestic political damage, the greater the need to share resource rents with it. This is akin to the “proportionality principle” posited by North, Wallis, and Weingast (2009). It stipulates that each member of the ruling coalition receives rents that are in proportion to its disruptive capacity. It is thus unsurprising that petrodollar recycling is overwhelmingly directed at the United States, Britain, and France. In the remainder of this article, I document different ways in which oil rents from the GCC are globally recycled, and highlight, where possible, the domestic political salience of such external recycling of oil wealth.

Wealthy Gulf states are prominent buyers of U.S. treasury securities, only behind China and Japan. By late 2020, Saudi Arabia held \$136.4 billion in U.S. Treasury securities, making it the 14th largest holder of U.S. securities globally. The UAE, Kuwait, and Qatar

are also important buyers of U.S. securities. Until recently, disaggregated data on GCC holdings of U.S. securities were kept secret as part of a deal with the Saudi King in 1974 where the oil-rich kingdom was persuaded to “finance America’s widening deficit” with its petrodollars (Wong 2016). As a *Bloomberg* report revealed, the underlying bargain was “strikingly simple” in that: “[T]he U.S. would buy oil from Saudi Arabia and provide the kingdom military aid and equipment. In return, the Saudis would plow billions of their petrodollar revenue back into Treasuries and finance America’s spending” (Wong 2016).

**“The greater the ability of a foreign power to impose domestic political damage, the greater the need to share resource rents with it.”**

Gulf states also strategically invest in foreign capitals and companies. The region’s petrodollar wealth is used to make prestige acquisitions in London, Paris, and New York. Qatar has an important footprint in Britain through its investment stakes in the country’s iconic assets, ranging from British Airways and Heathrow Airport to retail (Sainsburys and Harrods), real estate (the Savoy Hotel and the Shard skyscraper), and business districts (Canary Wharf and London Stock Exchange) (*Reuters* 2020). Beyond these glitzy investments, Gulf autocracies are an important source of foreign direct investment. The UAE is the 14th largest investor in the United Kingdom. While the UAE’s investments have traditionally been concentrated in hotels, tourism, real estate, and transportation, its recent investment pledge of \$14 billion positions the country in a new strategic investment partnership with the United Kingdom in energy, infrastructure, technology, and life sciences industries (England and Kerr 2021). The UAE is similarly fostering new investment engagements with state-owned conglomerates in France and Silicon Valley in the United States. Gulf investors no longer see themselves as just lords of real estate but as increasingly important influencers in Silicon Valley’s high-tech sector, investing in such frontier sectors as artificial intelligence and self-driving vehicles. In 2017, the UAE contributed \$15 billion to the technology arm of the \$100 billion Vision Fund of SoftBank, a Japanese investment management conglomerate.

Saudi Arabia has closely followed suit through its splashy deals in Silicon Valley, the most prominent of which was an early \$3.5 billion investment in Uber,

in addition to investments in other famous start-ups Lyft and Magic Leap. With their substantial financial contributions to the Vision Fund, the UAE and Saudi Arabia are now passive investors in “San Francisco’s self-styled market disruptors” that include, among others, Slack, Doordash, Uber, Compass, Fanatics, Ordermark, OakNorth, and WeWork (Powers 2021, chapter 1). The total Saudi portfolio in U.S. equities stood at \$12.8 billion in late 2020. This is complemented by direct investment partnerships between Saudi institutions and companies. For example, in October 2019, the Saudi utilities developer entered into an agreement worth \$11.45 billion with Air Products and Chemicals Inc. (*Reuters* 2021).

Typically, these investments are undertaken through the region’s large Sovereign Wealth Funds (SWFs), which act as the principal vehicles for global recycling of petrodollars (Clark, Dixon, and Monk 2013). Their operations are notoriously opaque, their decision-making is centralized, and they frequently serve political ends (Roll 2019). While ostensibly designed to protect resource wealth for future generations, they are also inherently political instruments for consolidating the power of rulers (Hatton and Pistor 2012). This is amply demonstrated in the remarkable expansion of the Public Investment Fund (PIF) under Saudi Arabia’s crown prince, Muhammad Bin Salman (MBS). The PIF’s transformation from a little-known entity to the central organizational driver of domestic and overseas investments took place at a time when MBS was establishing his political credentials and consolidating his grip on power. While the front end of the PIF is economic reform and transformation—reflected in Vision 2030—the back end is regime consolidation for which the PIF acts as a central political node. Under the stewardship of his long-time confidante, Yasir Al-Rumayyan, the PIF has provided MBS access to the kingdom’s oil resources that can be strategically used to buy support at home and abroad. Domestically, the PIF’s central role in reshaping the economy through new investment initiatives has helped to centralize Saudi Arabia’s “segmented patronage system” (Roll 2019). Its expanding overseas portfolio enabled MBS to buy international legitimacy and secure support from key foreign policy constituencies at a politically sensitive moment when MBS was elbowing his way up to royal power and outmaneuvering other princely competitors to the throne (Hope and Scheck 2020). Just as the PIF’s role in financing domestic projects cannot be considered as politically neutral, neither can its strategy for overseas investments and acquisitions. As Hatton and Pistor (2012, 1–2) argue, “SWFs are deeply embedded in the political economy of their respective sovereign sponsors” whose ruling elites use them as part of “an

increasingly diverse array of tools to protect their autonomy within the global system and hedge against unexpected turmoil.”

GCC purchases of sophisticated weaponry are a sizable and stable component of the region’s capital outflows. They have survived periods of low oil prices, regional political shocks (e.g., the Arab Spring in 2011), and objections in selling countries against arms exports to Gulf countries. The three principal arms suppliers—the United States, Britain, and France—are also major guarantors of Gulf security. Between 1999 and 2019, Gulf countries bought around a fifth or more of all arms exports from the U.S., France, and the UK, highlighting the three countries’ dependence on Gulf purchases. During the last 20 years, over 75% of the arms bought by each Gulf country has been from one of these three strategic countries (Amit 2020; England and Warrell 2020). On average, arms exports from these three states rose from about 4% of all exports in 1969 to 33% of exports in 2019.<sup>1</sup> Saudi Arabia is one of the most important customers of arms manufactured by the U.S. Aerospace and Defense sector, which according to a recent study by Deloitte and cited by Young (2018), remains “one of the most significant employers and taxpayers” in the country. Such job creation is crucial for political reasons as was amply demonstrated by insistence from successive U.S. administrations on maintaining defense contracts despite domestic opposition. Former U.S. President Donald Trump was particularly emphatic on resisting calls to halt arms exports to Saudi Arabia as “a lot of people are at work” due to these exports (Wilts 2018).

There are many other guises through which petrodollars are recycled abroad. These include overseas spending and investments by high net-worth individuals. With its 5,100 ultra-wealthy individuals, whose net wealth exceeds \$30 million, Saudi Arabia ranks 16th on the latest Wealth Report from Knight Frank (Rahman 2020). The rich GCC states are also a lucrative market for global consulting firms, such as McKinsey, Deloitte, KPMG, and PwC. Foreign firms also participate in projects frequently announced by GCC governments. Since 2017, the total value of projects planned and underway in GCC countries has remained about \$1.7 trillion annually (ZAWYA 2021). The Gulf rulers’ deep pockets can also be handy for supporting multilateral initiatives and institutions of global governance (e.g., UN, OECD, IMF, World Bank).

<sup>1</sup> Calculation based on data from the Stockholm International Peace Research Institute (SIPRI)

While it is not always easy to establish the domestic political salience of such petrodollar recycling, some types of external transfers are more directly connected with the need to buy regime stability. Foremost amongst these is financial support for major U.S. think tanks that influence foreign policy. Gulf countries, notably the UAE, have heavily invested in this space. The UAE is the third largest funder of the top 50 think tanks in the United States, with Qatar in 8th place. When compared with other autocracies, UAE’s funding of influential think tanks stands out as the largest (Freeman 2020). It supports such prominent outfits as the Middle East Institute, the Atlantic Council, the Belfer Center for Science and International Affairs, Brookings, the RAND Corporation, the Center for New American Security, the Hudson Institute, and the Foundation for Defense of Democracies, among others. Such support can help to project soft power and produce a friendly narrative for GCC donors (Bawa and Freeman 2021). Scholars from think tanks are frequently called upon to provide expert testimony in U.S. Congressional hearings, and their opinions are sought after on prominent media platforms (Powers 2021). Such financial support for think tanks can help in “watering down” congressional testimonies, setting foreign policy agendas, generating talking points for lobbyists, “cleaning, packaging, and the distribution of favourable contents,” “grooming relevant audiences,” and shaping editorial power and media representation (Powers 2021, chapter 2, p. 5).

Another important avenue for buying direct political leverage in the United States is through foreign lobbying operations. While data is scarce, information based on reporting for FARA (Foreign Agents Registration Act) suggests that Gulf countries are some of the largest spenders on political lobbying in the United States. The 2017 blockade of Qatar by the UAE and some other Gulf neighbors, and the ensuing diplomatic crisis, intensified these states’ lobbying in the U.S., highlighting how this money is spent. After the blockade started, Qatar retained seven U.S. lobbying firms, and spent around \$5 million on public relations campaigns about the Gulf crisis. In response, U.S. Secretary of State Rex Tillerson and U.S. Secretary of Defense James Mattis both attended a new U.S.-Qatar Strategic Dialogue, signing various bilateral agreements and sending a clear message of support to Qatar (Allen-Ebrahimian and Dubin 2018). Similarly, Thomas Barrack, the chairperson of former U.S. President Donald Trump’s inaugural committee, was recently indicted for influencing U.S. foreign policy and pushing for pro-Emirati candidates for cabinet-level appointments while acting as an unregistered foreign agent (LaFraniere and Rashbaum 2021).

The Gulf's oil-rich states also regularly extend financial support to neighboring Arab states. Such support is ultimately governed by a domestic political logic, which is to politically insulate Gulf countries from a possible regional democratization wave. For the past several decades, rich Gulf states have effectively subsidized and underwritten the social contract of several neighboring countries, including Yemen, Jordan, Egypt, and Bahrain. Since the fall of the Ben Ali regime in Tunisia in 2011, Gulf states have invested huge sums in stabilizing regional dictatorships. Egypt is a prime example; during the period 2003–2020, it received close to \$150 billion in lieu of foreign aid and capital investment from rich Gulf states. To support neighboring Arab countries, rich Gulf states are increasingly replacing cash support with a more diverse range of instruments, such as foreign direct investment, soft loans, and deposits in central banks (Young 2020).

Taken together, the Gulf Sheikdoms stand out in terms of the size of their capital surpluses, the scale of their overseas spending, and the diverse range of instruments used to recycle this wealth abroad. Such external recycling is implicitly shaped by a strategic political calculation. How should scholars of authoritarianism consider the domestic political salience of such global circulation of rents? While it is not straightforward to establish a causal link between such resource outflows and regime durability at home, it is hard to believe that transfers of such scale and scope are politically neutral, especially in a milieu where autocrats care about their international reputation (Escribà-Folch and Wright 2015). As Kaire (2019, 395) notes: "Autocrats are not only concerned with their selectorate, but also with the demands of the international community" (see also, Mainwaring and Pérez-Liñán 2014, 204–40; Levitsky and Way 2006, 382–83). For example, former Mexican president José López Portillo recognized that his tenure "had to enjoy the favor of the United States. Express antipathy would have been fatal" (Castañeda 2000, 160).

For astute political observers on the ground, whether it be diplomats, journalists, or elite actors, it is plainly obvious that the survival of Gulf autocrats depends on keeping both domestic and external constituencies happy. In their international best seller, *Blood and Oil* (2021), Hope and Scheck provide fine-grained details on MBS's rise to power in Saudi Arabia and the important role of U.S. interlocutors. In a typical caricature of palace politics, the contenders to the Saudi throne were trying to "quietly feel out" the United States about different possibilities of political transition (57). In this milieu, MBS felt most threatened from those members of the royal family who enjoyed close and long-established ties to the U.S., such as Mohammed bin

Nayef (84). As Hope and Scheck explain, MBS realized that, "[T]o survive, like his uncles and grandfather before him, he'd need support from the United States" (137). He not only used the U.S. Ambassador as a "sounding board and a conduit to Washington, DC" (69), but also actively tried to reduce Prince Nayef's diplomatic contact with Washington.

Relative to other royal contenders, a key advantage for MBS was his ability to deploy oil revenues at his disposal to make splashy overseas investments that presented him as a serious deal maker to Western policy audiences. Deals worth billions of dollars were announced during MBS's early visits to the United States, President Trump's inaugural visit to Riyadh, and during the "Davos in the desert" conference that gathered global tech and finance elites. To an external audience, these occasions provided a crucial opportunity for MBS to showcase his reformist credentials and signal that he is willing to share the pie with external patrons. Trump's famous poster display in a joint meeting at the White House showed the value of these deals for the U.S. public. But to Saudi Arabia's domestic audience, MBS's sharing of the global stage with the U.S. President and global influencers offered an important political optic, especially to royal family competitors. The message was loud and clear: he now enjoys U.S. support and his older royal cousins must submit to his authority.

Despite the significance of this external context, it is admittedly challenging to establish a causal connection between external rent recycling and domestic regime stability. Power relations are masked and communicated through signals and symbols. Interactions between local power brokers and foreign patrons are often repeated, face to face, and built on prior beliefs. To understand this cryptic language of power, researchers need to rely on an eclectic mix of resources, such as oral history, autobiographies that detail real time accounts of such interactions, and interviews with local and international actors with intimate knowledge of how things work in practice.

As this article has suggested, the national and international scales are so fundamentally interwoven that ignoring such inter-linkages represents a major blind spot in the study of authoritarianism. While prior work has shown how international capital can "foster authoritarianism" at home, it has predominantly focused on the role of capital inflows (Ahmed 2019). By contrast, we have relatively limited knowledge on the domestic political consequences of capital outflows. This remains a virgin territory for researchers. A related but separate area for research is to map out the



consequences of Gulf money on the political systems of receiving countries. Ahmed (2019) has shown how foreign aid and remittances from oil-rich Arab countries has compromised the democratic prospects of other Muslim countries. One might also ask: to what extent do capital outflows from Gulf countries also tarnish democratic processes in recipient Western states?

In *Dollars and Decadence*, Colin Powers documents the vast influence and lobbying operations of the UAE in American economy and politics. This influence exploits the “permeability” between public and private sectors facilitated by a revolving door between the upper echelons of the private sector and government. Many top executives and board members of technology, finance, and arms companies have either previously served in U.S. government or are likely to take up a future public policy role. Big money can also buy more direct influence through board memberships; recent investment deals by Saudi Arabia in Uber and Newcastle United have come with board memberships for the chair of Saudi Arabia’s Sovereign Wealth Fund. Gulf money is also used to “cultivate relations with Republican and Democratic Party insiders of high status” (Powers 2021, chapter 2).

The breadth and depth of economic entanglements afforded by Gulf investments allow these countries to tap into interlocking networks of elite power. They can favorably structure elite incentives towards Gulf countries, as nothing binds the interests of elites more than their self-interest. During his stint as the U.S. Treasury Secretary in President Trump’s administration, Steve Mnuchin came in close contact with GCC sovereign wealth funds and their official patrons. After finishing his term, he established a multibillion-dollar private equity fund, the Liberty Strategic Capital, which raised most of its capital from the same sovereign wealth funds in the Middle East (Perlberg and Basak 2021). Such conflicts of interest are not rare and underscore the need to study the impact of large capital transfers from the Gulf on western polities as well.

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## Transnational Kleptocracy and the Post-Soviet Transition

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What explains the widely recognized “global patrimonial wave” (Hanson and Kopstein 2022) or “rise of kleptocracy” (Walker and Aten 2018) of recent years? These two framings are not identical and in fact indicate two competing approaches to understanding the problem: the first considers patrimony as a matter of diffusion (a comparativist’s perspective), and the second considers kleptocracy as an essentially transnational networked phenomenon (an international relations perspective). In this paper, we argue that better explanations for the reversal and stagnation of democratic transitions must recognize the emergence of transnational kleptocracy. What we identify as “transnational uncivil society networks” (TUSNs) are comprised of global networks of kleptocrats and their professional enablers who recast these elites as globalized individuals by laundering their monies and reputations and creating space for them in Western democracies (Cooley and Heathershaw 2019, 47). This phenomenon offers a partial explanation for the intertwined erosion of established democracies and the revival of embattled autocracies. In this contribution, we briefly outline the historical and intellectual contexts of transnational kleptocracy and introduce TUSNs as a concept to address the theoretical challenge it raises.

### Explaining the Post-Soviet Transition

The post-Soviet region has been at the forefront of these developments in the thirty years since the dual transitions to democracy and market economies contributed to new modes of globalized autocracy. The comparative study of authoritarianism has generated important new insights into the cyclical reproduction and diffusion of authoritarian regimes. In Central Asia, the competition between patrons over rent-seeking opportunities is especially visible (McMann 2009; Radnitz 2010; McGlinchey 2011; Duvanova 2013; Markowitz 2013; Spector 2017; Ismailbekova 2019). Scholars of comparative authoritarianism in the broader post-communist space have also begun to explore more systematically the political economy of clientelistic exchanges. This research has exposed how openness to global markets produces different forms of authoritarianism (Duvanova 2013; Hale 2014; Frye 2017; Gans-Morse 2017; Appel and Orenstein 2018; Sharafutdinova 2021). All this work has offered valuable

insights into the domestic sources of engagement with global markets.

Our approach is different, and emerges from the second framing—that of international relations. Rather than addressing the question in the comparativist terms of the patterns of transition and the possibilities for cross-national diffusion, we argue that kleptocracy and grand corruption must be understood as inherently transnational (see also Sharafutdinova and Lokshin 2020; Logvinenko 2021). In our book *Dictators Without Borders* (2019), we demonstrated empirically how the Central Asian states experienced political transition in a global context. While the consultants of democratization and the market preached domestic reform, the newly independent states’ political elites pursued power and wealth transnationally, selectively liberalizing state-owned assets and engaging in capital flight through new regimes of financial globalization. For example, the Rahmon regime in Tajikistan shifted the legal ownership and profits from its aluminum industry—the state’s largest—to the Caribbean, with the acquiescence of its Norwegian partner, and as litigated in a London court. And it was the relationships with security services, and private and criminal actors, through which exiled oppositionists could be caught in legal jeopardy (as in the case of the Kazakh Mukhtar Ablyazov’s family and associates in the UK, France, and Italy) and sometimes killed (as in the case of the Uzbek cleric Obidkhon qori Nazarov in Sweden).

However, our book provided little theorizing on how and why these global processes occurred. It was clear that no theory of international relations or comparative politics could easily explain these interaction patterns, the global processes, and their significance. A main reason for this is that the foundational actor of the transnational kleptocracy we observed is not the newly independent state or its authoritarian regime, but a political elite which increasingly extends transnationally: the kleptocrat, their family members, their cronies that form the nucleus of these autocratic regimes, and their political allies and private sector enablers overseas. These actors constitute regimes of power in their home countries but are also ensconced in global networks through which they pursue private gain; these networks typically span across what we usually regard as “clean” and “corrupt” countries (Cooley and Sharman 2015) and serve to syphon off and protect these wealth transfers. At times, such money-laundering activities also require them to protect state sovereignty—especially from inquisitive investigative journalists or foreign regulators who inquire into the origins of funds—but this is usually a secondary matter.

## The Emergence of Transnational Kleptocracy

Classically understood as the “rule of thieves,” kleptocracy has found a new generation of analysts in the last decade. The term has found cache in important journalistic accounts, including Oliver Bullough’s *Moneyland* (2020), Tom Burgis’ *Kleptopia* (2020), and Sarah Chayes’ *Thieves of State* (2016), while it has also been widely deployed by Western civil society on both sides of the Atlantic (Judah 2016; Transparency International 2016, 2020). These studies of kleptocracy often focus on Russia and post-Soviet states, while the journalist Catherine Belton (2020) and the academic Karen Dawisha (2014) have even deployed kleptocracy as the prism to understand Russia. The preponderance of work by journalists and activists here suggests that academics remain reluctant to engage kleptocracy, associating it with a narrow and perhaps pejorative account of regimes as personal networks of political economy.

This reluctance is unfortunate; kleptocracy is both an ancient mode of governance and one which remains alive and well, as demonstrated from the Panama to the Pandora Papers, as state actors prosecute capital flight on a prodigious scale. “Grand corruption” (i.e., “the abuse of high-level power that benefits the few at the expense of the many, and causes serious and widespread harm to individuals and society” (Transparency International 2016)), is a derivative of kleptocracy, with the latter denoting a logic of rule. According to a recent definition employed in the *Journal of Democracy*, “kleptocracy is a system in which public institutions are used to enable a network of ruling elites to steal public funds for their own private gain” (Walker and Aten 2018, 20). However, modish terms are freighted with connotations. Bálint Magyar and Bálint Madlovics identify the move to analyze kleptocracy as a “certain linguistic turn in political science in response to the post-communist experience” (2020). They argue that this turn does not necessarily represent a move away from the flawed modes of analyzing the supposed transition from communism to market democracy that shaped the debate after 1989. The concept of kleptocracy may simply be the latest placeholder for “autocracy” and another antonym for “democracy.”

We suggest that effective theory in this area must shift away from state-centric framings to a focus on networks, brokers, and their global social context. While such networks of transnational kleptocracy are observable in many world regions, the post-Soviet space appears to offer paradigmatic cases. Just as the post-communist transition was a project of transnational capital accumulation (Belton 2020; Dawisha 2014),

we should be attentive to the various forms in which today’s clientelistic dynamics extend into elite relationships across borders where dictators recruit public and private allies overseas to increase their control of business and politics at home (Cooley and Heathershaw 2019).

**“We suggest that effective theory in this area must shift away from state-centric framings to a focus on networks, brokers, and their global social context.”**

Inducing transnational uncivil society from the historical context of Eurasia, we adapt Stephen Kotkin’s (2010) use of the term to refer to the actions of communist elites and bureaucrats who lost formal positions of privilege but often retained informal influence through the authority and networks formed in the late-communist period (also, Wedel 1999). These cadres sought to access global markets and foreign currencies by leveraging their sovereign status during the experimental openness of the late Soviet era. For Kotkin, “uncivil society” was a passing phenomenon of the early post-socialist period, as the *nomenklatura* dug in to protect their vested interests. Here we expand this concept to describe the *global networks that elites, family members, and regime allies forge in order to consolidate their domestic political power and launder their monies and reputations overseas*. We refer to these individuals as “uncivil elites” or kleptocrats. Together with professional, private sector intermediaries and their philanthropic institutions, these elites constitute TUSNs.

## Outlining Transnational Uncivil Society

In a recent paper (2021), we and Ricardo Soares de Oliveira contrast the global social context of TUSNs to that of transnational activist networks (TANs), defined by Keck and Sikkink (1998) in the peak of liberal global civil society during the 1990s. This is no mere heuristic. TANs were widely recognized as an important agent of international advocacy and a force to undermine state sovereignty during the putative transition to democracy of the 1990s; in the emergence of transnational kleptocracy, TUSNs are no less crucial for understanding the dynamic and globalized foundations of today’s kleptocrats. Our stylized understanding of transnational uncivil society rests on five conceptual comparisons with TANs.

First, the two types of networks differ in terms of their primary actors. According to Keck and Sikkink, TANs may include, but are not limited to, social movements, domestic civic organizations and intellectuals, NGOs, international organizations, foundations, the media, and sympathetic government agencies or legislatures that are eager to partner and pursue a particular social agenda (1998, 9). By contrast, TUSNs include many of these “third sector” actors, but they are often contracted by or otherwise paid-for by the primary actors to facilitate kleptocracy: uncivil elites and kleptocrats require professional assistance. They employ a distinct group of global service professionals or *enablers* who are the nodal points in these transnational networks (Lord, Campbell, and Van Wingerde 2019). International accountants and lawyers move funds via anonymous shell companies, bankers and real estate brokers maintain confidentiality to conceal the beneficial owner of these transactions, public relations firms shape critical international news coverage of their clients, and lobbyists look for opportunities to shore up political allies for foreign kleptocrats within democracies. These networked actors are just as much critical architects of the post-Soviet transition as the technical advisors from international financial institutions.

Second, TANs and TUSNs contrast in how network relationships are structured. As Avant, Finnemore, and Sell note, “it is not the type of actor but the *character of relationships*...that is key to understanding global politics” (2010, 3). In TANs, global networking allows domestic activists and NGOs to effectively leverage transnational allies in their domestic advocacy campaigns to affect change against recalcitrant states, which Keck and Sikkink label the “boomerang effect” (1998, 12–14). While a TAN leverages its activists to pressure initially unresponsive states to enact social change for a putative global public good, a TUSN works in the linkages between patrons and clients for uneven but reciprocal private goods. These relationships may begin as contractual ones, but over the long-term, they are likely to become clientelistic as each party gains greater knowledge of the other’s “grey” and illegal behaviors. Consider Paul Manafort’s advisory on behalf of his Eurasian clients, where he openly promoted the kleptocratic Ukrainian president Viktor Yanukovich’s pro-Western credentials while legitimizing the politically motivated jailing of his main political rival, Yulia Tymoshenko (Cooley and Heathershaw 2019, 233–234). According to Jana Hönke, such *transnational clientelism* pertains to the “discharging of order-making to brokers and intermediaries via an asymmetric distribution of benefits and co-optation” (2018, 110).

Third, TANs and TUSNs differ in terms of their public practices. While TANs name and shame non-compliant governments, TUSNs enhance or “launder” the reputations of kleptocrat elites and their family members. We define reputation laundering as the process of “minimizing or obscuring evidence of corruption and authoritarianism in the kleptocrat’s home country and rebranding kleptocrats as engaged global citizens” (Cooley, Heathershaw, and Sharman 2018, 44). Reputation laundering includes the very public and strategic use of *philanthropy*, including funding and promoting domestic foundations, partnering with international organizations, and awarding international prizes to cultivate a certain image of their country, capital, company, or selves. It also includes *reputation management*: “running an aggressive image-crafting and public relations campaign” (Ibid, 44–45). London’s thriving market is full of firms staffed by former state intelligence and security officials, offering such services on a global scale. They selectively and instrumentally deploy the liberal norms and institutions of global governance against a broad-based rights spotlight. Lola Karimova-Tilayeva, the second daughter of former President of Uzbekistan Islam Karimov, is highly active as a UNESCO ambassador and the head of various foundations and charities; following her father’s death in 2016, she survived with her wealth and status largely intact, in contrast to her sister Gulnara Karimova, who was brought down by international allegations of corruption (Cooley, Heathershaw, and Soares de Oliveira 2021).

Fourth, although both TANs and TUSNs are transnational in form, they differ spatially. While TANs seek to open autocracies to democratic social forces, TUSNs seek to open democracies to autocratic elites. TUSNs, however, forge networks across very similar types of actors as TANs: international organizations, NGOs, think tanks, and local charities. Grynaviski defines intermediaries as “actors with political power owing to their position between societies” (2018, 18). The professional enablers we study exercise this “power of betweenness” by helping uncivil elites circumvent the due diligence processes prescribed in law as Politically Exposed Persons (PEPs). Effective enabling will prevent exposure of the uncivil elite’s sources of wealth in their homeland; it may be this feature of TUSNs which explains the difference between Karimova-Tilayeva flying under the radar of TANs, while her sister became an object of notoriety.

Fifth, transnational activists and transnational uncivil society differ most dramatically in terms of their intended goals. The putative effect of TANs is to erode the sovereignty of the authoritarian state by introducing

more and more aspects of global governance to advance liberal, universal, and progressive values. By contrast, TUSNs seek not merely (and not always) to protect their own exclusive national sovereignty at home, but to erode popular sovereignty in states where they reside abroad by using clientelistic ties and influence within liberal democracies to promote themselves as globalized elites. London remains perhaps the number one destination in this regard. Post-communist Chinese, Russian, and Eurasian elites obtained the vast majority of the UK's Tier 1 investor visas between 2008 and 2015, when checks were almost non-existent (Transparency International UK 2015). The naturalization of these elites, their inculcation into UK charitable and cultural networks, and their considerable gifts to the foundations of royal family members and the Conservative Party suggest that their influence is rising. This in turn creates a perception of undue influence that is potentially corrosive to British democracy and the rule of law (Heathershaw *et al.* 2021).

### What's the Point?

Thinking through the rise of kleptocracy allows us to ask a whole different set of questions about post-Soviet Eurasia and its "failed transition," and recasts the evolving nature of global governance more broadly. This new agenda relates to the character of relations among networked actors, not with their regime types. Kleptocrats use the liberalization of finance and interactions with global service providers—both firmly within the liberal international order—to move and secure their assets in safe global jurisdictions, and to recast their very public image as corrupt elites. Some distinctions between the consolidated "West" and the transitioning post-communist states are increasingly losing their meaning, given the very particular networks and chains of actors that enable the twin laundering of finances and reputations across both spaces. But at the same time, the penetration of democratic politics and global governance institutions by external kleptocrats can both compromise the foreign policy positions of individual states and dilute the institutional missions of international actors that are complicit in these networks. Kleptocracy is not merely an extreme form of corruption but an important driver in the transformation of international order. We are only now starting to, belatedly, appreciate and theorize these overall effects.

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# The Politics of Foreign-Funded Kleptocracy: The Case of Kazakhstan

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What is the impact of foreign capital on domestic politics and regime outcomes? This question has been a major point of inquiry in political science for several decades. Standard theories of democratization and development suggest that increased economic linkages yield positive effects, particularly in the post-Cold War environment (Levitsky and Way 2006; Whitehead 2001). Yet, many scholars have not been so optimistic. Dependency theorists argued that foreign and domestic investment had distinctly negative consequences for economic development in Latin America, with the former promoting “enclaves” that cause stagnation (Cardoso and Faletto 1979; Evans 1979). Echoes of this idea can be found in the more recent literature that explores how reliance on foreign aid affects the incentives for governments to promote national development (Burnside and Dollar 2000; Knack 2004; Morrison 2007; Kono and Montinola 2009). Meanwhile, the sprawling literature on the resource curse suggests that different types of resource endowments affect both institutional outcomes as well as citizens’ willingness to hold leaders accountable (Palmer 2013; Ross 2015). These research agendas focus on different sources of foreign income—multinational corporations, foreign governments, international organizations, and foreign consumers—but they coalesce in the claim that reliance on foreign capital is more likely than domestic capital to sustain authoritarian rule.

Much of the existing literature, however, focuses on the impact of *formal* capital flows and official sources of state revenue, at the expense of overlooking the importance of *informal* capital flows, especially among political elites, in shaping regime outcomes. This oversight is particularly important given the role of unofficial economies and informal institutions more generally in authoritarian regimes.

This article discusses how rulers’ access to foreign bribes shapes regime outcomes and authoritarian resilience. It draws from my larger project on the domestic politics of highly corrupt autocracies, which I refer to as “kleptocracies.” I examine how different sources of informal revenue—that is, private payments and the sources of personal wealth for ruling elites—affect the long-term trajectory of these regimes

(LaPorte 2017).<sup>1</sup> While the project draws on case studies from across Central Asia and the Caucasus, this article focuses on the case of Kazakhstan to trace these dynamics as they play out when multinational companies take ownership over the country’s most productive assets. The focus on informal revenue highlights an important, and previously overlooked, effect of foreign capital in authoritarian regimes.

## Varieties of Kleptocracy

I argue that political outcomes in kleptocracies are fundamentally influenced by the sources of rulers’ private wealth. Kleptocratic rulers seek to extract private wealth from their public positions. Yet, every country contains a variety of resources, enterprises, and capital assets that contribute to the economic output of the national economy. While extant literature has attributed political outcomes to the type of assets that predominate in a given country, I argue that the key factor is who *owns* these assets (Jones Luong and Weinthal 2010) and how that ownership relates to the wealth-maximizing goals of different kleptocrats. I identify three patterns of ownership that matter: the most productive assets may be owned by the state, by domestic capitalists, or by foreign investors. These patterns affect the means by which rulers extract private wealth, the relationship that they pursue with capitalists in society, and the overall durability of the regime.

Drawing on Mancur Olson’s theory of the stationary versus ruling bandit, the underlying mechanism centers on the varying role of domestic economic growth in rulers’ wealth accumulation strategies (McGuire and Olson 1996; Olson 1993). Specifically, when the state retains ownership over the most productive assets, I suggest rulers have little need to enhance domestic economic growth in order to satisfy their ongoing revenue accumulation. They pursue economic policies that may not produce the highest levels of growth but incentivize rulers to pursue pre-emptive repression against even potentially disloyal elites. Consequently, political and economic elites will remain united, with few (if any) capitalists overtly or successfully moving into the political opposition.

By contrast, when domestic capitalists hold productive assets, rulers are highly reliant on domestic growth for ongoing revenue accumulation. The policies that

<sup>1</sup> Details of the case study present here are excerpted from “Foreign versus Domestic Bribery: Explaining Repression in Kleptocratic Regimes” (LaPorte 2017). The project is also the subject of a current book manuscript-in-progress.



rulers pursue to achieve this growth, in turn, are likely to facilitate a divided elite. Capitalists under these circumstances have significantly more capacity to defect from government and move into the opposition (Junisbai 2012; Radnitz 2010). In turn, I argue that in pursuit of financial gain, rulers are likely to refrain from harsh repression against their capitalist opponents. Because they rely on the bribes extracted from these individuals for their ongoing wealth accumulation, rulers have little leeway to suppress the development of robust parties led by competing economic elites.

*“These patterns affect the means by which rulers extract private wealth, the relationship that they pursue with capitalists in society, and the overall durability of the regime.”*

Foreign ownership over the most productive asset presents a more complex scenario. Ruling elites who control a valuable state-owned asset or regulate market entry can extract informal payments from foreign investors as a condition of the sale of this asset. Rulers can also extract bribes from multinationals seeking to enter the domestic market. In both cases, this creates an offshore source of illegal private revenue for rulers. In the short run, this implies that rulers do not need capitalists to generate domestic growth, as they have foreign sources of wealth. However, foreign bribes are likely to be singular transactions, involving a large upfront bribe from the sale of the asset, rather than an ongoing source of payments. Ruling elites can attempt various schemes to extract ongoing bribes from foreign companies, as in domestic bribery, but it is uncertain that foreign companies will comply. Due to the passage of anti-bribery laws in their home countries—including the Foreign Corrupt Practices Act in the U.S. and the 2010 UK Anti-Bribery Act—large fines and legal sanctions may be imposed on multinational companies caught paying bribes overseas, making the risk of getting caught much higher. Even absent the risk of prosecution, however, foreign firms have a credible exit option: if the costs of doing business escalate too high, they may choose to leave the market entirely.

Consequently, these rulers are likely to hedge their bets by extracting short-term upfront payments from foreign investors, while also reserving the possibility of turning to the domestic economy for future informal

revenue when foreign sources run out. Like the stationary bandit, we can expect these ruling elites to offer some support for the domestic economy—by creating a stable business environment, encouraging the growth of private firms, and developing new sectors of the economy. These efforts mean that capitalists will have access to economic resources and independent sources of wealth, and thus be more likely to try to defect from government.

But because capitalists are only part of rulers’ wealth accumulation strategy, these rulers are unlikely to tolerate the political effects of these policies, such as the development of a robust capitalist opposition. Although rulers would prefer not to repress, they will do so as it becomes politically necessary. When and if capitalists do defect, rulers may grant them the chance to re-join the government. But if capitalists fail to see the error of their ways, and prove to be intransigent oppositionists, then rulers will respond with harsh measures. The end result is a sort of “enforced cohesion” between rulers and capitalists that is held together by coercion and the threat of coercion.

### Foreign-Funded Kleptocracy in Kazakhstan

The case of Kazakhstan illustrates these dynamics. Kazakhstan’s territory is rich with hydrocarbons and minerals, including some of the largest oil and gas fields in the world. Under Soviet rule, ownership rights over the republic’s resources were held by the central government in Moscow. However, upon independence in 1991, the rights and management of these resources transferred to the newly sovereign state of Kazakhstan.

The government pursued an aggressive plan to sell off ownership and development rights to foreign companies and multinational corporations (Jones Luong and Weinthal 2010). In the process, ruling elites who brokered these deals also used their control over these oil and gas fields to extract private wealth. Foreign court proceedings and investigative journalism shed light on how this occurred, particularly in the oil sector. For example, some of the early deals were brokered by James Giffen, an American merchant banker hired to advise Kazakhstan’s government on oil sector development. Foreign companies seeking to do business in Kazakhstan were asked to cover the Kazakhstani government’s fees to Giffen’s company. Giffen then used this money to disperse kickbacks to the President and then-Minister of Oil. In a 2003 indictment, U.S. prosecutors alleged that Giffen alone passed a total of \$78 million in bribes to ruling officials in Kazakhstan (Global Witness 2004; Hersh 2001).

Other deals suggest this pattern was common in Kazakhstan. In 2007, the American company Baker Hughes confessed to paying a total of \$5.2 million in bribes to unnamed executives at KazakhOil, the state oil company, in order to secure oil services contracts. Separately, Timur Kulibayev, the president's son-in-law and a major figure in Kazakhstan's hydrocarbon industry, was accused of taking a \$166 million bribe from China National Petroleum Corporation (CNPC) in exchange for selling at a reduced price a large stake in AktobeMunaigas, Kazakhstan's fourth largest oil producer. Although charges were eventually dropped, a senior official at the state oil company expressed concern about Kulibayev's continuing "avarice for large bribes" from foreign enterprises (Chazan 2010; Norris 2007; Orange 2010).

Ruling elites' access to foreign payments generated a series of economic and political consequences. With an eye toward the future, Kazakhstan's rulers rapidly privatized large sections of the economy, supported the growth of new sectors, such as banking and financial services, and supported the growth of new enterprises. In turn, as others have shown, these economic reforms fueled the rise of a capitalist opposition (Radnitz 2010; Junisbai 2012). Two movements stand out. The Republican People's Party of Kazakhstan (RNPK) was organized in 1998 and led by Akezhan Kazhegeldin, a wealthy entrepreneur and former Prime Minister. In 2001, the country's most prominent businessmen and government officials mobilized to found the Democratic Choice of Kazakhstan Party (DCK).

The leaders of these opposition parties were among the country's most forward-thinking entrepreneurs, technocrats, and economists. The RNPK's founder Kazhegeldin was one of Kazakhstan's leading industrialists and the architect of Kazakhstan's post-Soviet economy. Trained as an economist, Kazhegeldin served as an enterprise manager in Kazakhstan's industrial north before co-founding one of the country's earliest private industrial conglomerates. As Prime Minister, he implemented sweeping reforms, including privatization of small and medium enterprises and construction of market-supporting institutions.

The founding members of the DCK were directors of Kazakhstan's largest commercial banks and biggest financial industrial conglomerates. These included Mukhtar Ablyazov, who owned Turan-Alem (later BTA) Bank, among many other assets, through his massive Astana-Holding company. Another DCK signatory, Bulat Abilov, founded Butya-Kapital, an investment firm that had been "the largest single actor" in the purchase of state-run enterprises (Olcott 2002, 138). Entrepreneurs

such as these were joined by senior government officials and influential economists. Oraz Dzhandosov was Minister of Finance and former head of the National Bank of Kazakhstan. He directed the country's macroeconomic strategy, including relations with international financial institutions. Kairat Kelimbetov was Dzhandosov's deputy; he had drafted Kazakhstan's official ten-year plan for economic development. Others, such as Zamanbek Nurkadilov and Galimzhan Zhakiyanov, were reformist regional governors.

In the broader project, I show that in other settings the desire to extract bribe revenue discouraged rulers from repressing political opponents, especially those with considerable wealth or those who were key to growth and production. Indeed, if ruling elites had relied on domestically sourced bribes, the RNPK and DCK founders—as bankers, industrialists, and policymakers—would have been critical for economic growth and their continued accumulation of private wealth. However, in Kazakhstan, as one director of a local NGO explained in my interviews, "the political elite got rich off of oil and privatization deals; there is little business otherwise" (Personal interview, March 2008). Having built their wealth on payments from foreign firms, they were willing to face the economic consequences of repressing capitalist opponents.

Rulers were careful to keep tight political control over domestic economic elites and were quick to crack down on capitalists who sought to form opposition movements. RNPK leaders faced violent assaults and criminal prosecution; several were physically attacked. Tax authorities launched a multi-year investigation into Kazhegeldin's financial affairs. Kazhegeldin fled abroad in 1998; at the time of his trial, he did not appear to have remaining financial investments in Kazakhstan. He was found guilty of corruption-related charges and sentenced in absentia to ten years in prison. By 2001, the party had all but dissolved as leaders resigned their positions.

After the DCK was established in 2001, Nazarbayev made it clear that his first priority was suppressing the capitalist opposition, and that he was willing to risk brain drain, capital flight, and lower economic growth to achieve this objective. He publicly warned that economic elites—as well as their associated investments and expertise—were welcome in Kazakhstan but only up to a point. Nazarbayev announced:

We need them [entrepreneurs]—both large businesses and especially small and medium-sized businesses... but they should not interfere either directly or indirectly, through their people in power, in taking political decisions (Kusainov 2002a).

At another point, the president actively encouraged opposition leaders to leave the country. In a loosely veiled reference to the DCK, Nazarbayev declared:

All those who say everything is bad and that we have corruption, that we have this and that, only cheat Kazakh citizens. We should get rid of them. Let them go to Kyrgyzstan... Is it clear? (Saidazimova 2005).

DCK leaders' safety became contingent on abstaining from opposition politics. Those entrepreneurs who renounced the DCK were rewarded. Just days after Nazarbayev's public ultimatum, Yerzhan Tatishev, a DCK leader and chairman of BTA Bank, issued a public statement abandoning politics:

The very decision to join [DCK] was originally taken by all banks somewhat spontaneously. Taking part directly or indirectly, through managers, in various political movements is not correct with respect to the professional form of business (Saidazimova 2005).

Nurzhan Subkhanberdin also resigned from the DCK and retained control of Kazkommertsbank. Kairat Kalimbetov quickly removed himself from political debates; he was subsequently appointed Minister of Economic and Budget Planning.

Those who did not exit opposition politics faced systematic repression. Bulat Abilov was investigated for embezzlement and tax evasion. In 2004, he was charged with criminal libel and fined \$38,000 for insulting a member of parliament. In 2002, Galimzhan Zhakiyanov was sentenced to seven years in prison for embezzlement and abuse of office during his time as governor of the Pavlodar region. He was pardoned and released in February 2006. Mukhtar Ablyazov was sentenced to six years in jail on similar charges; he was pardoned in 2004. For Ablyazov and Zhakiyanov, staying out of politics was a condition of their release (Alibekov 2004, 2005).

DCK leaders responded to this political repression by liquidating their companies, moving their business investments offshore, and fleeing abroad. Abilov dissolved his investment fund, Butya-Kapital, in December 2004. In an open letter to shareholders, he said that his decision was motivated by the fact that the government was putting pressure on his business, as a result of his political activities. Zhakiyanov relocated to the United States and redirected his financial investments to China and Mongolia. Ablyazov moved to Moscow after his release in 2003 and invested millions

of dollars in British real estate assets (Neate 2014).

The DCK founders had publicly cautioned about the potential consequences of repression. This was articulated most explicitly by Bulat Abilov, who described the charges against Zhakiyanov and Ablyazov as "a real strike at both major and medium-sized businesses in Kazakhstan." He announced:

I know many businessmen who are now thinking of taking their businesses out of Kazakhstan. They believe that continuation of economic repression in relation to any businessman is possible... they are negotiating the sale of their companies here and have already started to work out ways of transferring their businesses to Russia (Kusainov 2002b).

However, the government refused to change course. Nazarbayev responded by declining to intervene in the DCK trials, stating: "The court will say whether they are criminals or not. Far be it for me to judge anybody" (*Interfax-Kazakhstan* 2002). In a regime where the judiciary is not independent from the executive, this refusal to stop the proceedings effectively green-lighted the oppositionists' conviction.

### Do We Need a New Mechanism?

A wide body of existing literature has established a causal link between foreign funding and authoritarian regime outcomes. What, then, is the value of highlighting a new mechanism? I suggest that the argument put forth here pushes our understanding forward in three key ways.

First, it highlights the importance of informality generally, and illicit revenue specifically, as a driving force in autocratic politics. Over recent years, a new generation of scholars has identified how formal institutions—such as elections, legislatures, and ruling parties—work to extend the lifespan of non-democratic regimes (Gandhi and Przeworski 2007; Geddes 1999; Magaloni 2006; Meng 2020; Svoboda 2012). This "institutional turn" has reinvigorated the study of comparative authoritarianism and advanced our theoretical understanding of politics outside of democratic settings.

But scholars also must grapple with the frequent—and some might argue, inherent—weakness of political institutions and state agencies in autocratic contexts. The endogeneity problem is especially relevant in post-Soviet Eurasia, where scholars have traced the origins and design of these political institutions back

to the underlying power dynamics that were present during the transition and, in many cases, still continue today (Frye 1997; Jones Luong 2002). In this context, formal institutions cannot be guaranteed to constrain autocrats, and thus provide a partial explanation at best for the range of policies that they pursue. The argument advanced here highlights how informal economic transactions shape political outcomes and suggests that the working of even formal political institutions cannot be neatly separated from the goals and objectives of ruling elites.

Second, the larger project underscores the importance of identifying sources of variation across highly corrupt regimes. Scholars and policymakers alike are increasingly motivated to understand the dynamics of kleptocracy, but thus far, recent work has focused on the external dimensions of these regimes—including their foreign policies, Western enablers, and international linkages (Cooley, Heathershaw, and Sharman 2018; Cooley and Sharman 2017; Heathershaw *et al.* 2021). In contrast, few studies have unpacked the systematic differences in the internal politics of these regimes. My work shows that there is significant heterogeneity across these regimes, with important implications for the conduct of politics, political competition, and the prospect for long-term regime stability.

Third, this argument generates implications for Western policymakers seeking to combat foreign corruption and support political accountability in non-democratic regimes. In particular, it suggests the need for the international community to sanction foreign companies for paying bribes and to reduce kleptocrats' ability to launder their ill-begotten gains in the West. As the case of Kazakhstan illustrates, because kleptocrats have access to payments from foreign companies, the resulting political dynamics make it difficult for domestic citizens to hold their own rulers to account. Responsibility falls on Western governments to pass legislation and enact measures that limit multinational companies' ability to make informal payments to foreign officials, while also denying kleptocrats' access to Western financial institutions to conceal their fortunes.

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# Authoritarian Economic Power and Extraterritorial Information Control

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The international dimensions of authoritarian rule have received renewed attention from political scientists in the last decade (e.g., Ambrosio 2010; Bader 2015; Tansey 2016; Cooley and Heathershaw 2017; Glasius 2018). One consensus of this literature is that there is no coordinated or concerted effort to impose a specific authoritarian blueprint around the world. Neither the zeal, coordination, nor strategy of the old Comintern finds parallel today.

However, this does not imply that authoritarian states take a *laissez-faire* approach to shaping political ideas beyond their borders. Powerful authoritarian states attempt to influence global norms and institutions to tolerate robust versions of sovereignty and relativistic conceptions of human rights and democracy (e.g., Cooley 2015; Bettiza and Lewis 2020). But their most concerted efforts are devoted to developments, criticisms, and threats that relate directly to their own hold on power. There is abundant evidence that contemporary authoritarian states attempt to coerce their exiled critics into silence (e.g., Moss 2016; Michaelsen 2018), use their state-controlled media to influence foreign perceptions (Brazys and Dukalskis 2020; Carter and Carter 2021), whitewash their repressive or corrupt reputations abroad to better achieve their goals (Cooley *et al.* 2018), and censor or otherwise manipulate media domestically in the hopes that their own populations think that foreign audiences regard their system as praiseworthy (Hoffmann 2015).

This newsletter contribution sketches out preliminary ideas about one aspect of international authoritarianism: autocracies attempting to regulate or otherwise influence the political speech of private actors abroad. Sovereignty makes extraterritorial censorship difficult, but states nonetheless sometimes attempt to expunge or obscure information abroad that they find objectionable.

Economic entanglement with authoritarian powers can result in political spill over beyond the borders of the authoritarian state. The compromises made by industries, particularly those reliant on knowledge production or entertainment, when they enter an authoritarian market can influence political speech even outside that market (Tiffert 2020).

Pils summarizes the risk:

As political communities and systems interact more intensely at a civil society level in today's globalized world, the control exercised by autocrats can be extended to democratic societies and institutions in various ways, potentially undermining the protections of liberal-democratic orders (2021, 2).

Political speech can cut across borders, but forces that limit political speech can also diffuse from illiberal states across borders.

Here, I suggest four methods by which extraterritorial control of political speech may occur: *access-based deprivation*, *pre-emptive compliance*, *post-hoc punishment*, and *sovereign regulation of global information platforms*. Access-based deprivation refers to the state controlling information that leaves the country so that foreign audiences have less critical data about the state. With pre-emptive compliance, foreign entities regulate their own political statements in order to secure or protect access to the authoritarian state's market. Post-hoc punishment occurs when entities make political statements that offend the state and are penalized for it, forcing a choice between market access and political principle. Finally, through sovereign regulation of global information platforms, authoritarian states censor political speech that takes place outside the country but on platforms owned or controlled by state-linked actors or actors otherwise under the jurisdiction of the authoritarian state. The logic of each, along with examples, are discussed below and summarized in Table 1.

All things being equal, a bigger share of the global economic pie should make actions like these easier to undertake. Given that it is the largest and most important authoritarian economy, examples from the People's Republic of China (PRC or China) are used to illustrate the categories, but in principle, they can apply to any willing and capable state.

Three caveats should be stressed. First, this discussion is exploratory and focused on initial concept formation about a relatively new topic. Second, these methods are not always deployed, or always succeed. They may lay dormant, not be activated in many cases, or even backfire. My aim is to illustrate them. Third, although the methods overlap in some respects, they rely on different strategies, namely censorship, self-censorship, coercion, and structural control.

**Table 1: Methods of Extraterritorial Authoritarian Information Control**

Name	Description	Strategy	Example from PRC
<i>Access-based deprivation</i>	Deny access to information domestically so that it does not “travel” abroad.	Censorship	Preventing independent international journalists from visiting Tibet
<i>Pre-emptive compliance</i>	Private foreign actors self-regulate their speech to preserve access to the authoritarian market.	Self-censorship	Avoiding inclusion of material likely to upset Chinese authorities in films even when destined for global market
<i>Post-hoc punishment</i>	Authoritarian state penalizes actor after comments or actions.	Coercion	Censoring Boston Celtics NBA basketball games in China after comments by Celtics’ Enes Kanter about Tibet and Xinjiang
<i>Sovereign regulation of global information platforms</i>	Regulatory control of communication platform allows for influence over political speech for actors in different jurisdictions.	Structural Control	WeChat censorship for users with Chinese phone numbers even when outside of China

#### Four Means of Extraterritorial Speech Influence

Access-based deprivation is underpinned by a strategy of censorship in which the authoritarian state denies access to information that otherwise might enrich inquiry in a liberal public sphere. Here the authoritarian state does not directly censor an actor’s speech but instead deprives her of the information necessary to make or substantiate a statement. It can use the technologies of sovereignty to limit the access on which political inquiry is based, for example by denying visas for scholars or journalists. This does not prevent individuals from speaking or writing about their chosen issue, but it does conceal from them data that would help draw reliable conclusions. The upshot is that the speech may never appear, or may appear in weakened form that makes it easier for the authoritarian state to refute. Access-based deprivation is not solely reliant on controlling physical movement. Sources may be coached

in how to speak with foreigners, for example, or digital information platforms, such as archives that foreign researchers use, may be censored.

All states engage in access-based deprivation to some degree; there are no radically transparent states that make all information available to everyone. The PRC denies more access than most, however, and its access denial is remarkable given its status as one of the most important global economic centers. Two examples stand out. First, China severely restricts access to foreign media outlets, particularly if they are seen as critical of Chinese Communist Party (CCP) personnel or policies. Foreign correspondents are denied access to large parts of the country, such as Tibet, and to information about particular topics through the use of surveillance, harassment, visa denials, detention, and pressures from authorities (Dukalskis 2021, 83–110). Access denial means that many would-be stories are not filed. Repression in Tibet, for example, is largely off the international agenda mainly because foreign journalists are prohibited from visiting.

Second, academic researchers engaged with China may face barriers in obtaining necessary access to gather information (Greitens and Truex 2020). This is exacerbated for themes such as human rights or state repression. Again, this manifests not just in barriers to physical access to the PRC or subsets of its citizens. Historical researchers in their office or library outside China using PRC-based digital archives may be unknowingly engaging with censored materials (Tiffert 2019). Access-based deprivation is meant to keep certain topics off the agenda by making it increasingly difficult to research them.

Pre-emptive compliance exploits self-censorship, as actors prefer to stay silent or even actively support illiberal ideas in order to protect their market access, career prospects, or other goals. Here, engaging in a small amount of self-censorship may yield large profits. Some entities go further and argue that their presence will have liberalizing effects, as when Apple CEO Tim Cook argued that “you get in the arena, because nothing ever changes from the sideline” (Nicas, Zhong, and Wakabayashi 2021). However, it is easy to view such arguments as self-justification. After all, Apple’s quarterly earnings from China have ranged from \$14 to \$25 billion in recent years (Apple reports its figures for “Greater China,” which includes Taiwan and Hong Kong) (Higgins and Yang 2022). From the state side, the payoff of pre-emptive compliance is clear: foreign partners are happy enough to enjoy economic exchange without causing political trouble, or perhaps even defending the state.

**“Here, engaging in a small amount of self-censorship may yield large profits.”**

The desire to protect or expand access to China’s lucrative market drives a range of entities, including universities (Owen 2020, 245; Pils 2021), Hollywood studios (Kokas 2017, 26–27), sports leagues (O’Connell 2021), technology companies (Nicas, Zhong, and Wakabayashi 2021), and academic publishers (Wong and Kwong 2019) to censor themselves to varying degrees. Self-censorship is not always pre-emptive—there may be suggestions that an entity should censor and the latter complies without questioning the decision. For example, Springer Nature, a major academic publisher, apparently did not strongly object to censoring 1% of its catalogue for the Chinese market, which may have knock-on effects for what is published internationally (Hernandez 2017). At other times, the self-censorship is strictly pre-emptive, as when Hollywood studios refrain from producing movies or including characters that might upset PRC authorities, even in films destined for the global market (Kokas 2017).

Post-hoc punishment uses coercion to enforce political red lines of private actors abroad, although illiberal actors surely hope that punishment also acts as a signal leading to the pre-emptive compliance of others. Sometimes actors do not adhere to pre-emptive compliance and must, from the state’s perspective, be brought back in line. For example, employees of a company or university may make politically relevant comments without their employer’s prior knowledge and face punishment from the state. O’Connell (2021) argues that the entertainment industry is particularly prone to these dynamics, as “employees” (e.g., athletes or actors) are public-facing figures while their “employers” (e.g., sports leagues or media conglomerates) have economic incentives to avoid alienating authoritarian regimes.

The 2019 standoff between the PRC and the National Basketball Association (NBA) is perhaps the most high-profile recent example of post-hoc punishment. The episode stems from a (re)tweet sent by an executive of the Houston Rockets expressing support for pro-democracy protests in Hong Kong. Chinese authorities responded by blacking out NBA games, which affected advertising and sponsorship. Games eventually returned on China’s Tencent’s streaming services, but the slate of games broadcast on CCTV, the main party-state television conglomerate, was reduced. Rockets games have returned, but Tencent has dropped Philadelphia

76ers games because the executive who sent the tweet became the general manager of the 76ers. In addition to domestic censorship, Chinese officials demanded an apology, and “leveraged the commercial incentives of ... various actors,” including other NBA stars, to condemn the tweet (Tyler *et al.* 2021, 4; see also O’Connell 2021). NBA commissioner Adam Silver stated that the league likely lost about \$400 million in the process. Such post-hoc punishment may have been designed to induce pre-emptive censorship from other entertainment industry actors invested in the PRC market. The NBA’s relationship to China has remained in the news, however, as Enes Kanter Freedom of the Boston Celtics has been outspoken about human rights in China during the 2021–2022 season. Celtics games were blacked out in China in October 2021.

Sovereign regulation of global information platforms relies on structural control; here, information platforms are ultimately controlled or influenced via state regulations. This can have several effects for political information, such as tethering diaspora communities to the home state’s information and censorship infrastructure, downplaying or amplifying issues relevant to the state, and/or allowing the state to access users’ data.

The PRC provides several examples. Despite being an American company, the video conferencing platform Zoom has significant research and development operations and affiliate companies in China. In June 2020, it shut down meetings (organized by groups outside China) commemorating the 1989 Tiananmen repression at the request of the PRC authorities. WeChat, the dominant messaging app for Chinese users, censors user content beyond the Chinese mainland if their account was originally registered using a mainland Chinese number (Kenyon 2020). TikTok, owned by Chinese company ByteDance, has censored content by users outside China that addressed the PRC’s draconian repression of Uyghurs in Xinjiang. To be sure, some such instances were reversed, but some continue or are never discovered. Chinese state or state-affiliated entities have shown a willingness to attempt extraterritorial censorship of this sort, while tech companies are often willing to comply to protect their own access to the Chinese market.

## Conclusion

None of these processes is insurmountable by actors resisting censorship and speech influence. Nor do they signal the inevitable erosion of free speech in democracies as China becomes more powerful. However, they do present a serious challenge that sectoral leaders



in many liberal democracies have not thought through adequately. Better understanding of the processes by which authoritarian states influence the political speech of private actors in other jurisdictions is a necessary first step toward developing a strategic response.

Issues of censorship and extraterritorial speech regulation are challenging to study, but the challenges can be managed. Process-tracing can be used on incidents that come to light. For example, tracing the differences between the responses and interests of the Women's Tennis Association, the International Tennis Federation, the Association of Tennis Professionals, and the International Olympic Committee in light of the Peng Shuai case that began unfolding in November 2021 could yield interesting comparative insights. Research groups like CitizenLab at the University of Toronto use digital forensics to understand sovereign regulation of global information platforms. Other sources of data include legal documents or company filings, leaked information, interviews to trace processes, and text analysis tools that illuminate the effect on global discourse, among other possibilities.

Finally, we must confront the issue of the effectiveness of the four methods of information control outlined above. Each method has a different underlying logic, with different levels of visibility intended. Access-based deprivation and sovereign regulation of transnational platforms work mainly by keeping issues off the agenda, while post-hoc punishment benefits from publicity because it reinforces boundaries for other actors. Those who observe post-hoc punishment, the state hopes, will engage in pre-emptive compliance. Observable implications of each method can be specified, and the empirical record can be analyzed for the conditions of (in)effectiveness and interaction between the methods.

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## Authoritarian Power and the Commercial Surveillance and Private Intelligence Marketplace

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### Introduction

For many years it was widely assumed that digital technologies, and especially social media, were empowering global civil society, and helping to hold governments and corporations accountable with a new type of distributed people power. Although there is evidence from many cases (Reuter and Szakonyi 2015) to support such an assumption—the 2011 Arab Spring, to give one example—the causal relationship between digital technologies and civil society may be changing quickly and dramatically. Over the last decade, a growing, sophisticated, and highly lucrative commercial surveillance and private intelligence (CSPI) industry has sprouted and proliferated, servicing the needs of a wide range of government clients to counter digital mobilization, further influence operations, and undertake targeted espionage. While these services are typically marketed to assist governments investigating serious matters of crime and national security, the reality is that there are few safeguards around how government clients end up employing them—especially among those governments lacking in independent oversight over their security agencies. Consequently, the services of CSPI firms are now implicated in a growing pandemic of human rights abuses and illegal activities spanning the globe.

The CSPI market is also helping fuel the spread of authoritarian practices, as well as some of its companion practices like kleptocracy and corruption, thus presenting serious and growing risks to liberal democratic institutions worldwide. As it changes the calculus around the exercise of authoritarian power, the CSPI market has also become a major factor in the rise of transnational repression worldwide and the gradual subversion of civil society and other institutions essential to liberal democracy. While a growing number of studies have begun to map the spread and dynamics of transnational repression (Moss 2016; Schenkkan and Linzer 2021; Adamson 2020), including how digital technologies are facilitating it (Michaelsen 2017, 2020a, 2020b), the broad spectrum of resources available to repressive regimes from the CSPI market has so far received little systematic attention. However,

it is important to understand the broad spectrum of resources provided by the CSPI market and the underlying political economy that sustains and grows it, as the practices they propel forward begin to constitute a new and unprecedented form of subversive power in the international realm (cf. Maschmeyer 2021).

### An Illustration: CSPI Services and the United Arab Emirates

Consider for example the case of the United Arab Emirates (UAE), as viewed through the lens of the research of the Citizen Lab at the University of Toronto. In August 2020, Citizen Lab senior researcher Bill Marczak was investigating targeted espionage against a UAE dissident based in the UK and discovered that IP addresses belonging to a prominent UK law firm were also being targeted (Kirka 2021). After reaching out to the firm and conducting further forensic analysis, Marczak determined phones connected to the law firm and individuals involved with one of the firm's highest profile clients had all been hacked using Pegasus—a sophisticated spyware sold by Israel-based mercenary surveillance vendor, NSO Group.

Among the victims was Princess Haya, former wife of Sheikh Mohammed bin Rashid al-Maktoum, Prime Minister of the UAE. The phone of Baroness Shackleton, Princess Haya's lawyer and a sitting member of the UK House of Lords, was also hacked, as were the devices of several of the Princess' close associates. At the time, the Sheik and the Princess were embroiled in a custody dispute in UK family courts. NSO Group markets Pegasus spyware to government clients for criminal and terrorism investigations; here, it was used by a billionaire Sheik to subvert his wife's legal case around custody rights of their children.

This was not the first instance in which the Sheik used private surveillance services for the exercise of personal power. In 2018, one of his daughters, Princess Latif, organized a secret escape from the UAE on a private yacht. The Sheik reportedly turned to the surveillance company Rayzone, among whose services is providing access to the global cell network's insecure Signaling System 7 (SS7) protocol via an arrangement with the Channel Islands that allows them to locate mobile phones anywhere in the world (Black 2020). With geolocation provided by Rayzone, Indian commandos intercepted the yacht 30 miles off the coast of Goa and forcibly returned the Princess to the UAE, where she has not been heard from since.

In fact, the UAE has a long track record of exploiting CSPI firms to bolster the regime's authoritarian rule.

The first documented case of NSO Group's Pegasus spyware being abused dates to 2016 and the Citizen Lab's "Million Dollar Dissident" report (Marczak and Scott-Railton 2016a), in which we determined the UAE used Pegasus to target the iPhone of human rights defender, Ahmed Mansoor, who is currently in prison in the UAE for activities that "harm the reputation of the state" (Zayadin 2021). At roughly the same time, UAE authorities set up a foreign espionage operation run by a start-up called "Dark Matter," among whose operations was Project Raven, the aim of which was to hack the phones of dissidents, lawyers, journalists, and activists worldwide (Reuters 2019). At the time, the Citizen Lab believed this to be the work of a threat group that we called "Stealth Falcon," which had hacked the device of UK journalist Rory Donaghy, but it was in fact the work of Dark Matter (Marczak and Scott-Railton 2016b). Recently, the United States Department of Justice issued indictments (Associated Press 2021) against three US citizens who worked for Dark Matter and were former employees of the U.S. National Security Agency (NSA).

The Sheik of Dubai and other senior members of the UAE royal family also reportedly (Gambrell 2019) employed the services of U.S.-Lebanese businessman (and convicted sex offender) George Nader (Akkad and Cobain 2019) to facilitate foreign engagements, and to negotiate business with surveillance firms, including a now defunct Israel-based social media disinformation company called PsyGroup (the successor for which is now known as WhiteKnight based in the Philippines). Nader also facilitated a December 2016 meeting between UAE officials and then president-elect Donald Trump associates Jared Kushner, Michael Flynn, and Steve Bannon, as well as a January 2017 meeting in the Seychelles Islands convened by a UAE crown prince that was attended by, among others, Erik Prince, founder of the private security contractor, Blackwater. Both meetings were investigated by the U.S. Special Counsel Robert Mueller (for which Nader was subpoenaed) (Mueller 2019). Nader was charged in U.S. federal court for violating campaign finance laws after using \$3.5 million—which he received from an undetermined source—to try to ingratiate himself into Hillary Clinton's 2016 presidential campaign (Hsu and Zapotosky 2019).

What we see in the UAE case is not unique. The UAE's activities are probably best understood as a microcosm of a larger universe of such cases becoming disturbingly common worldwide, each with a slightly different flavor but all sharing common elements: senior government officials capitalizing on the protections afforded by sovereign immunity to undertake with impunity clandestine operations for personal gain,

while potentially violating laws in foreign jurisdictions; the use of a broad spectrum of private intelligence and security contractors, including private investigators and “dark PR” firms to organize what are traditionally conceived of as state activities in the covert realm; the deployment of these private firms’ capabilities to foment subversion and undermine public accountability; an inherently transnational dimension that crosses authoritarian–democratic divides, and involves institutions, private firms, and individuals based in western or liberal democratic countries, thus muddying the distinction between “good” and “bad” regimes; and finally, the extension of authoritarian repression to foreign jurisdictions in order to target adversaries who have fled or are based abroad.

### Capabilities: Poor/Absent to Rich/Omnipresent

The market for CSPI has fundamentally altered the resource landscape for the exercise of authoritarian power. As recently as a few decades ago, most authoritarian regimes lacked in-house math, science, and technology capabilities that would enable them to undertake the type of now-common foreign influence, espionage, and subversion operations. Beginning in the 2000s, as the disruptive and politically mobilizing potential of digital technologies became more apparent in events like the Arab Spring, security organs of repressive regimes began organizing themselves to aggressively counter them (Deibert 2015).

A vast and diverse range of firms, many of them associated with cyber security and counter terrorism missions, emerged to service this growing appetite. To date, most of these firms have their origins in the West, with roots in the sudden expansion of state surveillance practices (Priest and Arkin 2011), and the outsourcing related to it, that originated after 9/11 and the ensuing war on terror. As regulations around export controls in many host jurisdictions are typically weak or absent, these firms have been able to expand their sales to authoritarian and illiberal regimes with little resistance—indeed, often with the assistance of their home governments under bilateral or regional security assistance agreements. Subsequently, the services of CSPI firms end up being deployed for reasons not strictly related to national security or law enforcement but rather to facilitate despotism, kleptocracy, and authoritarianism.

Thanks to CSPI firms, autocratic regimes lacking in-house resources and expertise can now purchase their own highly sophisticated covert capabilities “off-the-shelf,” creating, in effect, a new type of “despotism-as-a-service.” Consider Ethiopia, one of the poorest countries in the world with an Internet penetration rate

of around 25%. In the past, for Ethiopia to undertake transnational repression or foreign espionage, it would require significant labor power and physically risky missions crossing borders and involving human agents in foreign jurisdictions vulnerable to arrest and prosecution. Its lack of direct access to global telecommunications infrastructures meant that it would also be unable to undertake anything but rudimentary foreign signals intelligence. Today, thanks to companies like Israel-based Cyberbit, from whom Ethiopia contracted surveillance technologies—as a recent Citizen Lab investigation showed (Marczak *et al.* 2017)—the government can mount a global cyber espionage operation targeting dozens of individuals simultaneously in more than 20 countries, with the mere push of a button.

**“Subsequently, the services of CSPI firms end up being deployed for reasons not strictly related to national security or law enforcement but rather to facilitate despotism, kleptocracy, and authoritarianism.”**

The CSPI market is varied, wide, and growing, with the result that authoritarians now have at their disposal a large menu of products and services to undertake repression and subversion, both domestically and abroad. CSPI firms supply traffic analysis, data fusion and analytics, location tracking, intrusion software, device forensics, and biometric and facial recognition, including those that are powered by various forms of machine learning and artificial intelligence. There are firms that specialize in “reputation management” and social media “scraping,” but which also offer more “offensive” activities, such as psychologically-based influence operations or professional disinformation campaigns—sometimes referred to in shorthand as “dark PR” or “digital black ops.”

Some of the technologies at the core of CSPI firms’ offerings are “dual-use,” meaning that they can be marketed with benign sounding purposes but can very easily be redeployed for more malign ends. For example, deep-packet inspection and Internet-filtering systems, such as those sold by the U.S./Canadian-based companies Sandvine (Marczak *et al.* 2018a) or Netsweeper (Dalek *et al.* 2018), can be used by Internet service providers (ISPs) and telecommunications companies for quality-of-service functions, but also to censor politically objectionable content or

undertake mass and targeted surveillance. Intrusion software, such as the Pegasus spyware, is marketed to assist government agencies investigate crimes, but is widely abused to hack the devices of dissidents and political opposition networks. Some of the dual-use CSPI market has evolved out of social media and “surveillance capitalism” applications (Zuboff 2019), including data brokers, analytics firms, and other data mining services. For example, numerous firms of varying sizes routinely amass fine-grained and highly personalized location data from widely used, general purpose social media applications, and then package that data to numerous clients, among whom now include government law enforcement, military, and intelligence agencies worldwide. The notorious facial recognition company, Clearview AI, reportedly aggressively marketed its services to dozens of authoritarian regimes, including the UAE (Haskins, Mac, and McDonald 2020).

A single firm often services dozens of repressive regime clients at once, multiplying the webs of malfeasance. Consider a firm called “Circles,” an Israeli cyber espionage company which specializes in exploiting vulnerabilities in the global cell phone network’s routing protocols, the aforementioned Signaling System 7 (SS7). SS7 was developed in 1975 to handle the routing of phone calls between telecommunications companies as devices began to roam across borders. However, SS7 lacks proper authentication, allowing any entity with “global title” (essentially, a license to join the global telecommunications club) to send commands that allow that entity to track a victim’s location and intercept voice calls and text messages. The Citizen Lab published a report (Marczak *et al.* 2020b), in which we detailed Circles’ government clients, revealing many with notoriously poor rule of law and human rights records. Prior Citizen Lab research (Marczak *et al.* 2018b) has shown that NSO Group’s services are used by at least thirty government clients worldwide, most of them autocratic, illiberal, or corrupt regimes.

The CSPI market includes private investigation firms, many of whose founders or employees are veterans of state military and intelligence agencies. Companies like the PsyGroup, Israel-based Black Cube, and others like them routinely service authoritarian governments, and can themselves employ some of the services of other CSPI firms to undertake their covert operations. Black Cube even undertook an operation (Bergman and Shane 2019) against the Citizen Lab’s researchers on behalf of an undetermined client, demonstrating how they can be deployed to subvert the work of public interest researchers. As authoritarianism, corruption, and kleptocracy often substantially overlap, legal, financial, and other “risk mitigation” services have become

essential, bolstering the demand for these types of private investigators.

Overall, the explosion of the CSPI market has dramatically altered the resource landscape for autocratic regimes and their enablers. Authoritarians can now employ a wide range of products and services that allow them to infiltrate, track, disrupt, and subvert any type of regime opposition, both domestically and abroad. This market is helping to fuel a new type of transnational repression while simultaneously subverting the rule of law and other institutions central to a healthy liberal democracy.

### Target Exposure: Weak/Thin to Strong/Saturated

While the capabilities available to autocrats have evolved quickly from a resource poor to rich environment, target “exposure”—the risk matrix an individual profile presents for surveillance and targeted repression—has evolved just as rapidly from weak and thin to strong and saturated. Although digital technologies helped mobilize global civil society, particularly around significant disruptive events such as the Arab Spring, we are now witnessing a boomerang effect. Digital technologies, and in particular mobile and social media, have opened massive opportunities for mass and targeted government surveillance.

Much of this increased exposure can be attributed to social media’s predominant business model, referred to as “surveillance capitalism” (Zuboff 2019). This model is based on pushing sensors close to users to extract and monetize fine-grained and highly revealing personal data. While highly convenient to be always plugged in, users can easily overlook the fact that their networked devices are also windows into their private lives. Indeed, their devices are designed predominantly to precisely do that, for reasons principally related to the personal data surveillance economy.

However, the security around social media and digital technologies is notoriously poor because it typically is assigned lower priority by a firm’s engineers (Anderson 2001). Tech companies race to innovate instead. Users of all types depend on networked applications, operating systems, devices, hardware, and software, which are riven with insecurities. An ecosystem characterized by constantly mutating systems which are invasive by design, poorly regulated, and often highly insecure, is irresistibly tempting for those who abuse power. Most people now carry around with them 24/7 one or more networked devices programmed to monitor their habits, location, preferences, and social networks,

which often contain numerous design flaws or software vulnerabilities that present a large and very tempting “attack surface” for malicious actors (Perrin 2021).

CSPI firms, particularly those specializing in hacking, spend enormous resources searching for and then identifying vulnerabilities that can be “weaponized” as exploits for their government customers. Even the best engineered tech platforms, like Apple, make mistakes that surveillance vendors can take advantage of. For example, the latest iteration of Pegasus spyware, which exploited a flaw in Apple’s operating system that the company was unaware of, did not require interaction from the target and left no visible indication of tampering, as a recent Citizen Lab investigation disclosed (Marczak *et al.* 2021b).

Even setting aside deliberate exploitation or accidental data breaches, the fine-grained details of a person’s life are now fed routinely into a vast digital exhaust that is shared among multiple vendors and third parties, which means an individual’s data is in the hands of countless third parties. The trends towards networked appliances, the so-called “Internet-of-Things,” and, eventually, neural networks are thus ominous to contemplate. There is, as a result, increasingly nowhere to hide while an individual’s personal data is extracted and routinely shared among multiple agents. Although these characteristics affect all people to varying degrees, the risks are most acute around those who are politically active, or undertake research, investigations, journalism, or other activities considered adversarial to powerful elites.

## Harms and Consequences

Predictably, evidence-based research by the Citizen Lab and other groups has documented numerous and mounting cases of serious harm caused by the CSPI marketplace. For example, documented victims of NSO Group’s Pegasus hacking alone include: Omar Abdul Aziz (Marczak *et al.* 2018c) and Hatice Cengiz (Priest, Mekhennet, and Bouvard 2021), close confidant and fiancée respectively of the murdered *Washington Post* journalist, Jamal Khashoggi; Mexican investigative journalist Carmen Aristegui (Scott-Railton *et al.* 2017), whose personal device and that of her minor child (who was attending boarding school in the U.S. at the time) were both targeted with Pegasus-laden SMS messages while Aristegui was investigating corruption around the then Mexican President Enrique Peña Nieto (García 2015); and the editor and wife of slain Mexican journalist, Javier Cárdenas, both of whom had their phones targeted (Scott-Railton *et al.* 2018) with Pegasus in the days after Cárdenas was gunned down in the

streets in what was widely perceived as a cartel-related hit. Others we have verified as victims of Pegasus hacking include a Hungarian journalist investigating corruption and cronyism around Prime Minister Viktor Orbán (Kirchgaessner 2021), Rwandan dissidents (Srivastava and Wilson 2019), Indian lawyers defending activists (Shantha 2019), *New York Times* journalists (Marczak *et al.* 2020a), and even West African Catholic bishops and priests (Scott-Railton *et al.* 2020b). Overall, we have identified hundreds of innocent individuals such as these who have been targeted or hacked by NSO Group’s autocratic government clients.

The Citizen Lab’s research into these abuses has been corroborated by other independent investigations. In July 2021, a consortium of investigative journalists and media organizations known as Forbidden Stories, working in collaboration with Amnesty International, published details on extensive targeting of individuals worldwide connected to NSO Group’s Pegasus spyware.<sup>1</sup> There are hundreds of journalists, activists, academics, lawyers, diplomats, and even world leaders, such as French President Emmanuel Macron, who were either selected as potential targets or whose phones were hacked using Pegasus. It bears emphasizing that NSO Group is but one among many mercenary spyware firms. The Citizen Lab alone has reported on Hacking Team (Marczak *et al.* 2014), Gamma Group (Marquis-Boire *et al.* 2013), Candiru (Marczak *et al.* 2021a), CyberBit (Marczak *et al.* 2017), and Circles (Marczak *et al.* 2020b). Other companies whose wares have yet to be identified are undoubtedly flourishing undetected. Making matters worse, mercenary spyware is but one sector of the overall CSPI market.

The harmful consequences of these mounting abuse cases are substantial and growing. Individuals who are targeted because of their participation in transnational advocacy can have their entire network’s members exposed. The impact of this collateral exposure is far-reaching, leaving individuals vulnerable to liability by association even if they are not hacked or tracked themselves. Intimate details of a person’s life can be exposed second-hand, re-purposed, or manipulated for purposes of blackmail or false incrimination leading to reputational damages or criminal charges. As the mere knowledge of these risks grows among civil society, a major chilling effect takes hold (Michaelsen 2018). Interviews we and others have conducted with refugees and immigrants who have experienced transnational digital repression show evidence of widespread fear and psychological trauma. People are afraid to communicate

<sup>1</sup> The Pegasus Project list can be viewed at <https://cdn.occrp.org/projects/project-p/#/>.

with each other, use the Internet, or trust their computers and mobile devices. The machinery of global civil society could grind to a halt as a result.

More consequential are the physical risks associated with CSPI firms' services. The Khashoggi execution is instructive in this regard; while it is not known whether his own devices were hacked or not, many of his personal and professional relations' devices were verified to be so, thus exposing by extension Khashoggi's activism, plans, movements, and private communications to Saudi surveillance. Even though CSPI firms may not be involved directly, their services may nonetheless assist in the most disturbing types of authoritarian repression, including forcible disappearances and murders.

### Accountability and Transparency

Secrecy is a major feature of the CSPI marketplace. CSPI vendors tend to exhibit their surveillance technology at events that are closed to the public, like military and intelligence trade shows. Client lists are kept confidential, presumably to protect sensitive investigations but also to allow CSPI vendors to market to states that may be adversaries—it is an open secret in the CSPI market that services are employed in state-on-state espionage. What little is known about government clients comes from public interest research or data breaches, such as the hacking and leaking to WikiLeaks of the entire internal corporate communications of Italy-based mercenary spyware vendor, Hacking Team.<sup>2</sup>

CSPI firms also routinely employ many of the same financial and accounting shell games used by their autocratic and kleptocratic regime clients to shield their operations from public scrutiny. They routinely use intermediary business entities to facilitate local sales and to evade export controls or other regulations. CSPI firms can be organized into complicated ownership structures (Siegelman 2021) that include private equity funds, joint ventures, trusts, holding companies, and other complex legal arrangements, presenting major challenges to keep them accountable.

For their part, government clients who procure CSPI firms are typically security agencies, which are the least publicly accountable and transparent (e.g., intelligence agencies, armed forces). Governments and CSPI firms may also sign non-disclosure agreements. As a result, CSPI firms almost never disclose or confirm who their

government clients are. The opaque nature of CSPI contracting is not exclusive to authoritarian regimes; even democratic countries' procurement of CSPI firms is routinely shielded from public scrutiny because of national security exemptions. This lack of transparency and public accountability around the CSPI market will undoubtedly become more pronounced when demand grows for firms based in jurisdictions outside of liberal democratic zones, such as China, India, and the Global South, where human rights are fragile, exploitation of digital technologies to repress global civil society is increasingly *de rigueur*, and institutionalized safeguards against abuses of power are either weak or altogether absent.

An ominous example in this regard can be found in a Citizen Lab publication called "Dark Basin" (Scott-Railton *et al.* 2020a). We discovered that activists, lawyers, lawmakers, and others across multiple countries and in numerous sectors were all targeted in a major global cyber espionage campaign by a single hack-for-hire company operating out of Delhi, India called BellTrox. This firm exploited a simple phishing technique to hack the email accounts of numerous victims, and then turned over the confidential information to their clients, some of whom appear to be private investigators working on behalf of higher-level corporate clients—this campaign is now the subject of an ongoing U.S. Department of Justice investigation (Turton 2020). The global scale of the small firm's hacking operation is certainly instructive.

### Conclusion

The CSPI market, and the accompanying flourishing of authoritarianism and transnational repression that it brings, present a multitude of threats to liberal democracy. CSPI has enabled a far more aggressive and persistent form of subversion that erodes public accountability mechanisms at their roots, such as the legal profession, investigative journalism, independent academic research, law enforcement, and other pillars of liberal democracy. To the extent these activities succeed without being held to account, they can become self-reinforcing, breeding a sense of impunity and a contempt for norms and laws, which then invites yet more malfeasance.

It also presents challenges for how we conceptualize the international system. The inherently transnational nature of these practices blurs the line between "domestic" and "international" affairs. In addition, the involvement of western firms and individuals in the CSPI marketplace, and their close relationship with the machinery of global kleptocracy, blur the

<sup>2</sup> Hacking Team leak on WikiLeaks, <https://wikileaks.org/hackingteam/emails/>.

distinction between “democratic” and “authoritarian” governments. We are witnessing a digitally empowered amplification of authoritarian and corrupt practices that transcends political boundaries and is knit together by a highly capable support network of globalized professional services.

Reversing these trends will not be simple or easy. CSPI is extremely lucrative worldwide and growing. There is a professional veneer to many of the firms’ services, particularly when they are advertised as advancing “national security,” “fighting crime,” or “securing cyberspace,” that attracts otherwise reputable public officials and business people into their orbit. Many CSPI firms enjoy the backing of multi-billion-dollar private equity funds, high-profile legal and public relations firms, and the consigliere services of retired public officials and their relatives (e.g., Cherie Blair, wife of former UK Prime Minister Tony Blair, is a paid consultant to NSO Group (Siddique 2021)).

Furthermore, the inherent insecurities and attention-grabbing algorithms around social media, which create seemingly endless opportunities for targeted espionage and other wrongdoing, are unlikely to be solved any time soon if they are linked to the business model of surveillance capitalism with its philosophy of “move fast and break things” and its relentless logic of pushing out more sensors in close proximity to users. Invasive by design, yet highly insecure and poorly regulated, the social media environment is almost the perfect “fit” for authoritarian practices to flourish within (Deibert 2020).

Fortunately, the solutions to these trends are basic, insofar as they involve a major investment in the fundamental pillars of liberal democracy, public accountability, human rights and the rule of law—all of which are well-established mechanisms of restraint. These would include:

- Passing legislation that would help protect refugees and immigrants from transnational repression;
- Devoting substantial resources to anti-corruption and combating kleptocracy, including promoting the passage of measures like the Global Magnitsky Act;
- Subjecting CSPI firms to strict regulations and export controls from their home jurisdictions;
- Ensuring that governments are publicly accountable and more transparent about their own procurements of CSPI firms;

- Creating liabilities for CSPI firms whose products and services are implicated in legal violations or human rights abuses;
- Developing strong privacy and data protection regimes that empower independent commissioners to investigate digital insecurities and levy fines and punish offenders; and
- Promoting algorithmic accountability so that the internal machinery of firms oriented around surveillance capitalism are no longer “black boxes” shielded from public interest scrutiny.

While these measures are basic in form, they are not easy to implement and will require an enormous advocacy and political engagement effort across multiple sovereign states and at the international level. However, the alternative—a world in which highly-sophisticated, digitally-empowered authoritarian practices spread unchecked—is very ominous to contemplate.

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## The Calculus of Corruption Reform in Autocratic Regimes

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Since the late 1980s, international organizations such as the World Bank, the International Monetary Fund (IMF), and the United Nations have promoted anti-corruption measures as part of a broader set of governance reforms aimed at facilitating economic development, particularly in the Global South. Lending from the World Bank and IMF was in many cases made conditional on whether recipient governments had taken meaningful action against corruption.<sup>1</sup> Toward that end, foreign donors promoted the creation of locally based government agencies designed to monitor, investigate, and report instances of public malfeasance in aid-recipient countries. Modeled off the ombudsman bodies found in Western Europe and East Asia, anti-corruption agencies in the Global South have been celebrated by members of the international community and local watchdog groups as a crucial step towards establishing institutional conditions needed to accelerate economic growth.<sup>2</sup>

Many of these transnational anti-corruption campaigns have targeted autocratic regimes or weakly institutionalized democracies in sub-Saharan Africa, a region where government spending remains heavily dependent on foreign aid and credit and where the use of public office for private gain—e.g., through kickbacks or misinvoicing—has a long history. Yet, many of these bodies have produced underwhelming results with respect to reducing government corruption. Consider the case of Uganda. With the support and encouragement of the international donor community, the government of Yoweri Museveni was an early adopter of many legal instruments that were explicitly designed to tackle corruption (Flanary and Watt 1999). Museveni claimed that anti-corruption reform was a key priority of his National Resistance Movement (NRM), which propounded a broad-based mandate to undertake significant governance reforms. Over the ensuing years, the Museveni government introduced

<sup>1</sup> Both the World Bank and the IMF have even structured lending practices around the belief that financial pressure incentivizes developing countries to eradicate corruption and thereby embrace the practices of “good governance.”

<sup>2</sup> At the same time that international financial institutions were promoting the creation of anti-corruption agencies, the international community was also encouraging the creation of a wide range of organizations focused on combating corruption, e.g., Transparency International and the Extractive Industries Transparency Initiative (EITI).

a proliferation of institutions designed to improve oversight at every level of the state, efforts that were aided by a rapid inflow of donor funds, particularly from the World Bank (Flanary and Watt 1999). However, Uganda’s early efforts have shown little progress in reducing corruption over time (World Bank 2016). In fact, recent reports reveal that high-ranking officials in the Ugandan government are engaged in shadowy financial tactics that have been supported and even facilitated by Western institutions, including secretive offshore financial structures and trusts in tax havens (Hairsine 2021).

As the Ugandan case shows, some of the biggest revelations about systemic corruption have come not from locally based anti-corruption bodies, but rather large-scale global investigations from non-state actors. WikiLeaks and the Pandora Papers, in particular, have uncovered unprecedented information on the extent to which autocrats and democrats alike have offshored their wealth, misinvoiced trade deals, and engaged in other lucrative kickbacks (Hairsine 2021). Against this backdrop, it is unsurprising that the creation of anti-corruption agencies in authoritarian or weakly democratic regimes is more often seen as a hollow gesture rather than a serious effort to curb corrupt practices.<sup>3</sup>

Our research shows that Western financial interests have played a key role in structuring the global political economy of autocracy, often creating conditions that are highly conducive for autocrats to continue corrupt practices while paying lip service to reform. We specifically focus on how international financial institutions have shaped the structure, timing, and implementation of anti-corruption agencies in a variety of autocratic regimes in African countries, wherein 32 African countries have created anti-corruption agencies since 1990, representing nearly 80% of the entire continent (Arriola and Shen-Bayh, n.d.). Yet, the impact of such internationally induced anti-corruption reform has produced unintended effects. We argue that in pushing anti-corruption campaigns among African countries, international organizations have created different audiences for reform (both foreign and domestic) that use different benchmarks for success. In particular, while international audiences have focused on short-term efforts to adopt or endorse

<sup>3</sup> Some governments created agencies tasked with broad mandates to eradicate local corruption but ultimately prevented these institutions from carrying out their assigned tasks by circumscribing actual powers of oversight and investigation; other governments merely established agencies in law without funding them in fact (Tangri and Mwenda 2006; Persson, Rothstein, and Teorell 2013).

anti-corruption mandates, domestic audiences have focused instead on medium- to long-term efforts to enforce these mandates in practice. This has led to a divergence in perceptions of corruption among foreign and local audiences: whereas reform efforts appear to be improving by international indicators, they may be worsening in the eyes of domestic constituents, particularly when governments do not carry out the mandates to which they publicly pledged. The ways in which autocrats have executed anti-corruption measures—as a form of mock compliance—can both mitigate external pressures to reform but also create new sources of backlash against autocratic power.

### Corruption Reform During and After the Third Wave of Democratization

To understand how anti-corruption agencies factor into the calculus of mock compliance in sub-Saharan Africa, it is instructive to contextualize these trends in historical perspective.<sup>4</sup> Anti-corruption reforms became a focal point of reform efforts in the Global South when international financial institutions were promoting structural reform as a solution to economic stagnation and the Third Wave of Democratization began sweeping across large parts of the world. In other words, the World Bank and IMF were promoting a wide array of administrative measures to tackle corruption in countries where elections would hold leaders accountable.<sup>5</sup>

The World Bank's agenda regarding corruption in aid-recipient regimes began to shift in the 1980s due to the efforts of a select number of former World Bank officials. The anti-corruption agenda was perhaps most clearly crystallized by the platform of Transparency International, a non-governmental organization founded in 1991 by ex-Bank officer Peter Eigen who had previously worked as the Bank's local representative in Kenya. Eigen's Transparency International sought to lobby the World Bank from the outside to make corruption a top priority of lending reforms. These efforts were supported and welcomed by Robert McNamara, former World Bank President, who used his position as co-chairman of the Global Coalition for Africa to give Transparency International its first

<sup>4</sup> For more on the emerging literature on mock compliance, see "Tussle for Space: The Politics of Mock-Compliance with Global Financial Standards in Developing Countries" (Dafe and Engebretsen 2021).

<sup>5</sup> Other measures have included drug enforcement agencies, independent electoral authorities, new tax and revenue authorities, improved public sector financial management, and a strengthened judicial service and police authority (World Bank 1997a).

major grant,<sup>6</sup> and were further entrenched in 1996 under the leadership of President James D. Wolfensohn. In one of his first official addresses as Bank President, Wolfensohn famously railed against the "cancer of corruption" that was compromising the integrity of loans in developing countries (World Bank, n.d.). By 1997, the World Bank announced that it would provide a systematic framework for addressing corruption as a development issue. The key distinction was framing corruption as an economic rather than political problem, which allowed the Bank to sanction corrupt practices in developing countries without violating its non-political mandate.<sup>7</sup>

In pursuing this agenda, the World Bank started curtailing lending to countries where public malfeasance threatened to undermine economic development projects and local leaders were otherwise reluctant to act (Riley 2000). IMF development policies were similarly structured around the premise that assistance would be made conditional upon recipient governments making institutional changes, i.e., liberalizing reforms that would take the state out of the economy while opening it to foreign investment. By imposing such conditions on countries that were heavily dependent on aid, foreign creditors were able to exercise considerable leverage over the shape of domestic institutions (Das, Papaioannou, and Trebesh 2012).

*"The key distinction was framing corruption as an economic rather than political problem, which allowed the Bank to sanction corrupt practices in developing countries without violating its non-political mandate."*

<sup>6</sup> At the launch of Transparency International in May 1993, McNamara spoke passionately of the need for an organization, such as Transparency International, devoted to fighting global corruption and voiced personal regret that he had not addressed the issue more during his time at the World Bank (see Vogl 2009).

<sup>7</sup> Article IV, Section 10, of the World Bank's Articles of Agreement stipulates that "The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially" (International Bank for Reconstruction and Development 2012).

Given the challenges inherent to addressing systemic corruption, international organizations had to develop reform strategies that included short- and long-term benchmarks of progress. Short-term metrics were relatively intuitive, typically consisting of legislative measures that reduced tariffs, eliminated taxes, and cut bureaucratic red tape (Tangri and Mwenda 2006).<sup>8</sup> Long-term metrics were less straightforward to devise. From the perspective of international lending agencies, it was particularly difficult to estimate reasonable timetables for reform in countries emerging from authoritarian systems where patronage-based political networks had become effectively institutionalized. In the latter contexts, how long would it take to reverse decades of clientelist exchange that had become the lifeblood of the local economy? What kind of measures could countries undertake to publicly pledge themselves to address corruption at the same time they were struggling to overcome autocratic legacies?

### The Rise of Anti-Corruption Agencies

Anti-corruption agencies became a focal point of reform efforts as governments sought to satisfy the good governance demands of international financial institutions, Western donors, and foreign creditors. From the perspective of aid-recipient regimes, the agency-based model of reform provided a relatively reproducible template that could be copied easily across diverse contexts, for both authoritarian and democratic governments alike. Doing so would provide a clear signal that local actors had effectively initiated the reform process. In African countries, anti-corruption agencies drew inspiration from a variety of monitoring organizations that had been successfully established in Western Europe, such as the Scandinavian ombudsman, as well as the anti-corruption authorities deployed in Hong Kong and Singapore (Meagher 2005). Irrespective of which models they were drawn from, most anti-corruption agencies established in African countries in the 1990s and 2000s were designed with similar powers to monitor, report, investigate, and in some instances prosecute corruption (Arriola and Shen-Bayh, n.d.). It should be noted that these measures were taking place at the same time that countries were also selling off state assets, liberalizing trade, and opening up to foreign investment—measures that perhaps were intended to discourage state actors from capturing some of these other reforms. From the perspective of international audiences, the establishment of a local anti-corruption agency addressed many priorities of

<sup>8</sup> For more details on the international lending scheme in Uganda, see “Uganda: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding” (International Monetary Fund 2013).

liberal economic and political reform, even in cases where the investigatory powers of these bodies were ambiguously defined.

The centrality of anti-corruption agencies in reform programs was formalized with the ratification of the United Nations Convention against Corruption (UNCAC) in 2005: the only legally binding international anti-corruption multilateral treaty. Article Six of the treaty states that any signatory of the convention will establish an anti-corruption commission. What the UNCAC created was a whole new arena of enforcement measures by linking anti-corruption goals to the establishment of local anti-corruption agencies. Signing onto the treaty and pledging to create such a body was required in order to secure aid from the Millennium Challenge Corporation (MCC), a U.S. foreign assistance agency established in 2004. Importantly, even with the UNCAC, the main condition imposed on aid-recipient regimes was the creation of an anti-corruption plan; proof of follow-through with this plan was not required. Thus, while the treaty obligated signatories to create an anti-corruption commission, whether such a commission actually followed through with its stated mandate was not systematically monitored by international funding agencies.

However, the linkage created by the international community between adhering to UNCAC demands to establish an anti-corruption body and accessing foreign resources crystallized a dynamic that our research shows was operating a decade earlier. African governments, regardless of their commitment to democracy or development, had already begun to create agencies in response to pressures by international financial institutions by the early 1990s. In studying the establishment of anti-corruption agencies since 1990, we find that African governments across the political spectrum were highly sensitive to the demands of international financial institutions and foreign creditors (Arriola and Shen-Bayh, n.d.). Specifically, we find that the creation of an anti-corruption agency is most significantly correlated with a country’s exposure to international creditors and funders—e.g., debt service obligations and interest paid on long-term debt—rather than any domestic factor such as the level of democracy. Indeed, by the ratification of UNCAC in 2005, we find that 25 of the 40 countries we examined had already created an anti-corruption agency to signal to the World Bank, IMF, and other foreign creditors that they were addressing their corruption concerns.

Uganda presents an illustrative example of these dynamics in practice. International assessments of anti-corruption strategies in that country focused

more on short-term measures than long-term results. Uganda's corruption reform efforts became prominent topics in World Bank evaluations of lending strategies. The World Bank's 1997 Ugandan Country Assistance Strategy (CAS) Report included the first mention of "corruption" in relation to the Bank's programming in Uganda. Anti-corruption reform was not yet a top criteria of lending activity, but corruption was beginning to permeate Bank discourse on lending to Uganda since it was seen as a potential impediment to development:

Inefficient public service delivery is identified as a major constraint to sustained growth and poverty reduction...there is growing recognition in Uganda of the need to improve performance in the public sector as well as to reduce corruption (World Bank 1997b, 11).

Similarly, in the 2000 CAS report, the Bank writes that the "general view is that corruption remains too high" and:

Improving governance and combating corruption that is systemic requires strengthening of institutions in particular, institutions promoting accountability and transparency in Government. In Uganda, the Bank's work will focus on (but not limited to) the strengthening of the offices of the Inspector General of Government, the Minister of the Ethics and the Accountant General (World Bank 2000, 23).

These Bank reports are illuminating along several dimensions. Recognizing that the Ugandan government needed to strengthen its anti-corruption institutions, the Bank remained ambiguous on the specific criteria that would be used to assess progress. This ambiguity is reflected in Ugandan CAS reports from 1995 to 2016, wherein it appears to have taken over a decade for the Bank to develop a set of comprehensive indicators to measure the efficacy of local reforms. Furthermore, because the Bank was designed to be a financial rather than a political institution, many of the Bank's indicators focused on monetary and fiscal policy rather than corrupt practices directly.

Uganda's track record on corruption has apparently worsened since these early efforts. In one of the most recent CAS reports, it was noted that there were actually too many indicators used to assess the progress of these reforms, many of which remain difficult to objectively verify:

The [Country Partnership Framework] should limit the number of objectives... The high number of outcomes and indicators is common for many early generation result-focused CAS, but reduces strategic focus and ability to track effectiveness, especially when indicators are unverifiable. Such indicators are rated as "Not Achieved" and impact negatively on overall outcome ratings (World Bank 2016).

The stark assessment of existing indices led the Independent Evaluation Group to "recommend realism in project design and adequate time for project preparation to strengthen project relevance and ensure government ownership" (World Bank 2016).

### Monitoring Challenges: How Information Asymmetries Affect Autocratic Window Dressing

While the creation of an anti-corruption agency provided a clear, observable indicator that an aid-dependent regime was pledging itself to undertake systemic reforms, monitoring the long-run performance of these institutions has proved more difficult. Cross-national evaluation has been notoriously challenging for international organizations, in part due to shifting standards of accountability over time (Fariss 2014). Further complicating matters is that the World Bank's anti-corruption unit's operation is scattered rather than centralized; agents are dispersed across the Bank in a fashion that undermines the coordination of evaluation policies.

A key challenge, then, is that while international organizations such as the World Bank and IMF have exercised considerable leverage against autocratic or democratizing regimes in terms of the design of anti-corruption institutions, these organizations have tended to lack mechanisms to track the performance of these institutions over time. In light of these challenges, the most successful efforts by donor agencies have typically relied on the willingness of domestic partners or local operatives to cooperate with international organizations and provide reliable data regarding day-to-day operations on the ground. For example, Chand (1997) and Hyde (2007) find that international organizations are better able to track on-the-ground conditions when they partner with local NGOs, a tactic which has been especially useful in monitoring local elections. But corruption reform poses different logistical challenges than election monitoring: whereas elections are routine and highly public events, corruption tends to be a more covert, insidious phenomenon. Acts of public malfeasance do not typically happen on the same kind of predictable timetable as scheduled elections. The

ability of foreign and domestic monitors to observe instances of corruption and target their reform efforts instead relies on such episodes being reported in the first place, which in turn needs local actors who are willing or able to bring such incidents out into the open.

This information asymmetry makes the World Bank and IMF particularly susceptible to autocratic window dressing strategies, i.e., the creation of mock compliance agencies that are given no wherewithal to enforce their mandates. In this case, the creation of an anti-corruption agency can even enable autocrats to signal their intention to reform in the *short-run* without actually implementing meaningful changes over the *long-run*. This oversight is made possible by the limited terms of funding from either the international financial institutions or bilateral donor agencies—in particular, whether the progress of local corruption reforms have (or have not) been evaluated from abroad.

While creating a new anti-corruption agency can help mitigate foreign pressure against autocratic regimes in the short-run, the rollout of such an agency can have unintended consequences at the domestic level. The introduction of an institution that specifically targets domestic corruption may raise local public awareness about what constitutes corruption.<sup>9</sup> Anti-corruption rhetoric may even activate new frames for local audiences, especially where society has long been structured around clientelistic exchanges.<sup>10</sup> Global campaigns against corruption may thus activate new concepts or norms that did not previously exist in these cultures, recasting patrimonialism as impediments to growth and development. So, even if international audiences are unable to closely monitor the performance of anti-corruption agencies, local audiences have become more aware of the lack of progress on this front. As a result, the inability of anti-corruption agencies to fulfill their publicly stated mandates may still heighten local perceptions that corruption is widespread or on the rise.

<sup>9</sup> Olken (2009) finds that villagers in Indonesia are generally aware of corruption in the local government, but their information is limited because officials have multiple methods of hiding it, and they choose to hide corruption in the places where it is hardest for villagers to detect.

<sup>10</sup> Mungiu-Pippidi (2006) argues that the root of systemic corruption is a particularistic political culture, defined as systems where government treatment of citizens “depends on their status or position in society, and people do not even expect to be treated fairly by the state; what they expect is similar treatment to everybody with the same status.”

## Conclusion

While international reform efforts, especially those pushed by the World Bank and IMF, have critically shaped the design of anti-corruption reforms in autocratic governments that are dependent on donor aid, it has still been relatively easy for aid-recipient regimes to design these bodies in a way that meets international metrics of reform efforts without leading to real changes on the ground. But such window dressing comes at a cost: while the creation of anti-corruption agencies helps autocrats pay lip service to international audiences, doing so risks exacerbating perceptions of corruption among local constituents.

The fundamental issue is not necessarily that anti-corruption agencies are explicitly designed to fail, but rather that they are often catered to delivering mock compliance to satisfy the demands of international organizations, which are largely focused on short-term metrics of reform. International pressure often begins and ends with the establishment of an anti-corruption agency, a body whose creation international groups can point to as a tangible metric of local change. Installing such agencies may help aid-recipient governments convince the international community that changes are underway even as their domestic constituencies become increasingly dissatisfied with the lack of progress over the long term.

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# Exposing Kleptocracy: Why We Need More—and Better—Collaboration Among Academics, Journalists, and Anti-Corruption Campaigners

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## Introduction

Bolstered by globalization, the political economy of countries where egregious grand corruption is the norm operates transnationally through kleptocracy (Bullough 2018). It is widely accepted that grand corruption can no longer be conceived of as an “exception to the rule” and as a phenomenon that occurs in developing countries alone; instead, it is embedded in transnational networks that have enablers often operating in the “Global North” (Cooley, Heathershaw, and Sharman 2018). Accordingly, the study of corruption has shifted from a reliance on perceptions of corruption, which dominated the field from the 1990s for about two full decades, to an increasing understanding that perceptions are inadequate to measure the new challenges brought forth by a fast-changing global environment (Knack 2006; Prelec 2015). Not only have the ways and means of grand corruption changed, but the actors have too: “state capture” was originally meant to describe the capture of the political system, or parts of it, by business (Hellman, Jones, and Kaufmann 2000), but it is now clear that the process also happens often, and increasingly, the other way round (Fazekas and Tóth 2016; Dávid-Barrett 2021).

This opens the question of how researchers focusing on corruption can rise to the challenge of studying these new phenomena. Indeed, while the research agenda has progressed, methodology has not followed suit: scholars have dedicated little attention to the approaches that would allow them to tackle these novel challenges efficiently. There are clear benefits to working in synergy with professionals who investigate the same topics from different angles, such as specialized journalists and anti-corruption campaigners. This synergy is, at present, underexplored. Research into corruption often requires specific local knowledge, over and above knowing the language; furthermore, those that do possess this knowledge may be hampered by a lack of data collection and analysis tools. However, collaboration among these three professions does not come without challenges. Academics’ *modus operandi*

may not necessarily align with that of civil society organizations (CSOs) (who will often have campaign goals at the heart of their research), or the media (which looks to package complex stories in simple, headline grabbing ways). Journalists (and to a certain extent CSOs) also work on a different timetable than that of academics, with the emphasis on providing immediate detail to stories that are breaking. Academics, in turn, have other incentives and time pressures that may not necessarily align with those of CSOs and journalists, making collaboration a challenge.

How then can such collaboration be fruitfully achieved? How can academics approach those topics in a more meaningful way? Can one leverage collaboration with other, non-academic actors working in this field—those making up the “accountability ecosystems” (Halloran 2016) engaged in the research, analysis, and fight against corruption? And should such forms of collaboration be pursued at all, weighed against the risks? These are the questions our contribution aims to address.

The remainder of this article is structured as follows. In turn, we review emerging trends in the academic, journalistic, and civil society spheres, identifying incipient gaps and opportunities, while also drawing on our experience as a group of authors coming from these respective fields. In all three cases, we find that approaches grounded in collaborative research among the different professions have yielded the best results. In conclusion, we outline suggestions on how to improve this collaboration, while advancing an argument for a “flexible institutionalization” of these partnerships in order to further our study and understanding of, and common fight against, kleptocracy.

**“In all three cases, we find that approaches grounded in collaborative research among the different professions have yielded the best results.”**

## Academia: Challenges and Opportunities

When considering academia’s limited progress in achieving methodological advances in this field, at least three elements stand in the way. The first is that, in spite of an increasing focus on “impact,” especially in the UK, with funders explicitly looking for academics to

communicate their findings to a larger audience, many scholars are reluctant to engage in public outreach and public facing scholarship. Hires and career promotions are largely based on publications in highly-ranked academic journals. Wearing different hats can also be counterproductive: academics who are vocal in public fora and engaged in advocacy are sometimes mocked as “loose cannons” or “scatter boxes.” These tendencies especially risk impairing early career scholars, whose access to the job market has been made exceedingly difficult by the neoliberalization of academia (Morrish 2019). It follows that researchers adopting less “safe” stances (often through interdisciplinary, collaborative, and more public-facing approaches) are often pushed outside of academia, thus impoverishing the scholarly debate, which rebounds to a more conservative terrain.

The second issue concerns an epistemological consideration. The social sciences are used to conceiving of the remit within which academics operate as a spectrum between positivist and interpretivist approaches. The former is guided by the belief that *truth* is attainable and observable, while the latter puts its focus on the *meaning* that is given to the material analyzed, questioning the existence of a unitary truth. While the former privileges quantitative methods, or a methodology that emulates it closely, the latter is usually grounded in in-depth qualitative approaches. The inconvenient nature of kleptocracy as a research subject is that it suits neither approach. To tackle the issue of grand corruption, there needs to be an understanding of truth as an observable concept: the researchers investigating these phenomena are, after all, united in the pursuit of establishing the facts, without which any analysis can only be speculative. And yet, quantitative approaches to the study of corruption—with the important exception of studies leveraging big data to analyze phenomena such as public procurement (e.g., Dávid-Barrett and Fazekas 2019)—have long relied mostly on perceptions of corruption, which fail to adequately convey the complexities of modern-day kleptocracy. Perception-based measurements have raised significant criticism on both substantive and methodological grounds (Knack 2006; Andersson and Heywood 2009; Razafindrakoto and Roubaud 2010). Most glaringly, the best-known indicator of this kind—the Corruption Perception Index (CPI) by Transparency International—is unable to capture the fact that it is often first-world countries, such as the UK, Switzerland, or the U.S., that are key centers enabling the laundering of monies and reputations. Instead, such countries have often found themselves in the “top 10” most virtuous states according to this index. There is, therefore, the need of a conceptual leap, in which the pursuits of truth and

qualitative (or mixed) methods are not in contradiction with one another.

Third is the matter of training. Trawling business databases; using open-source intelligence (OSINT) methodologies; placing Freedom of Information requests; and formulating questions and “opportunities to comment” are eminently useful tools in a corruption researcher’s kit. Whether an early career researcher will be able to access such trainings and opportunities at the moment much depends on the open-mindedness of their academic mentors. It would be useful to allow scholars to attend trainings conducted by and for investigative journalists, while embracing some of these techniques and bringing them into scholarly practice.

These issues notwithstanding, several useful approaches have already emerged. Within the social sciences, anthropologists have explored the possible forms collaboration could take, and what risks this “blurring of lines” could entail. Nancy Scheper-Hughes pursued an active on-site collaboration with journalists, even going under cover as a medical doctor while working on global organ trafficking. As she notes: “Most anthropologists fear ‘contamination’ by journalism: few scholars are comfortable with articles that may read more like ‘investigative journalism’ than ethnography. But that’s a risk I am willing to take” (Scheper-Hughes 2009, 1). By adopting Pierre Bourdieu’s concept of a “militant ethnography,” she makes a compelling argument for an “engaged—and enraged” approach to the social sciences, in situations when fundamental rights are at stake (Scheper-Hughes 2004).<sup>1</sup>

The collaboration with media workers and campaigners gave Scheper-Hughes several advantages. First, she was able to learn from them, knowing how to call on “fixers” when needed and how to conduct herself in media interviews. These considerations are echoed in a recent essay by academic Bahar Baser and journalist Nora Martin, reflecting on the ways in which working together enhanced their work: while the former learned that a little bit of insistence can go a long way towards securing interviewees, the latter engaged with a more systematic way of posing ethical questions (Baser and Martin 2020). Second, Scheper-Hughes’ research had

<sup>1</sup> In doing so, she is not alone. In *Slow Violence and the Environmentalism of the Poor* (2013), Rob Nixon places emphasis on “combative writers who have deployed their imaginative agility and worldly ardor to help amplify the media-marginalized causes of the environmentally dispossessed,” seeking to stress “those places where writers and social movements, often in complicated tandem, have strategized against attritional disasters that afflict embattled communities” (5).

more impact by having greater reach and timeliness. Third, the ability to wear different “hats” (scholar, journalist, and human rights activist) made it easier for her to be granted exemptions by her university’s Internal Review Board. But, unlike media accounts tackling this sensitive theme, her scholarship was able to endow the topic with meaning and nuance that went beyond the newsworthiness of a time-bound story. This speaks to the ability of those in the social sciences to understand and classify instances that arise in different places and at different moments in time, uncovering their patterns and inner workings. Thus, making sense of them and making their legacy more powerful and incisive, without the sensationalism.

Political scientists and international relations experts have also adopted collaborative approaches to their mutual advantage. In Romania, corruption scholar Alina Mungiu-Pippidi pioneered think-and-do collaboration with civil society actors and continued it in the frame of the European Research Centre for Anti-Corruption and State Building (ERCAS) in Berlin. In the UK, the Global Integrity Anti-Corruption Evidencing Programme, funded by the Foreign Commonwealth and Development Office (FCDO), allowed for wide-ranging research projects that welcomed collaboration between corruption analysts from different backgrounds—including the three co-authors of this article. In Croatia, the anti-corruption watchdog GONG oversaw a collaboration among academics and journalists to investigate the institutionalized sources of corruption (GONG 2021). Other initiatives include CurbingCorruption.com, the UNODC’s Education For Justice initiative, and the Thinking and Working Politically Community of Practice (Heywood 2021). Academics collecting information for Armed Conflict Location and Event Data (ACLED) could rely on journalists’ input to set up this wide-ranging crisis mapping database. Conversely, the input of scholars with regional expertise has been very beneficial to investigative journalists conducting inquiries into illicit financial flows, including the Luanda Leaks (Alecci 2020). Furthermore, constituencies uniting professionals from different strands have emerged more or less spontaneously; the “Kleptocracy Forum” convened by the National Endowment for Democracy is one such example. Thus, while arguably lacking deserved recognition in mainstream academia, there is nevertheless plenty of movement in this field.

### Journalism: Challenges and Opportunities

The journalistic space has faced a number of increasing pressures in recent years. Politically, rising authoritarianism in the West and abroad has

increasingly targeted journalists and the outlets with which they are associated. Economically, amidst the ongoing collapse of the newspaper industry, outlets continue to shrink as revenue streams dry up. And structurally, while reporting from outlets can now race around the world with the click of a mouse, journalists face commensurate pressures and threats from actors such as foreign governments and foreign oligarchs with whom they would have never interacted previously, all the while attempting to tackle increasingly complex stories and investigations (Keller 2019).

Unsurprisingly, all of these pressures relate directly to the broader phenomenon of kleptocracy and the transnational flows and laundering of illicit finance. Broadly speaking, authoritarian governments increasingly rely on kleptocratic mechanisms to remain in power, while the declining economic fortunes of media around the world present fewer opportunities to investigate such kleptocratic flows. Foreign elements—including officials, oligarchs, and related family and friends—can more easily access Western legal systems to pressure journalists elsewhere to cease investigations (Williams, Hueting, and Milewska 2020). Meanwhile, these kleptocratic flows seamlessly permeate borders and utilize financial secrecy mechanisms across multiple jurisdictions in order to throw up barriers to both journalists and investigators alike.

As such, one thing is clear: journalism, especially which focuses on following and untangling these kleptocratic networks, is not what it used to be. The skills—navigating documents and databases, conducting on-the-ground investigations and interviews, and creating unique, compelling stories—may be the same. But the world, and the world in which journalists operate, have changed.

However, with that change come opportunities—and solutions to all of the issues presented above. And much like with the academic and civil society campaigners detailed in this essay, those solutions stem from collaboration. Increasingly, collaboration has proven to be the key tool of success when it comes to modern journalism.

Look, for instance, at two of the most successful journalistic organizations to emerge in recent years: the Organized Crime and Corruption Reporting Project (OCCRP) and the International Consortium of Investigative Journalists (ICIJ) (Boland-Rudder 2019). Bringing together multiple journalists from around the world, who have accessed and navigated multiple contexts, these two organizations have not only grown in recent years, but have produced ground-breaking

work—not least the Panama Papers, Paradise Papers, and especially the recent Pandora Papers, the greatest exploration of the offshoring world we have seen yet (Díaz-Struck *et al.* 2021). All of these leaks required significant collaboration and proved to be the most successful examinations of the offshoring, kleptocratic world more broadly.

Collaboration between specific outlets and academics or civil society campaigners has also paid dividends. Not only do outlets have the opportunity to highlight the work of these individuals, but the combined investigative efforts often unearth stories and figures who would have otherwise remained anonymous—such as, say, corrupt African officials who have poured anonymous funds into Manhattan high-rises, or Eurasian oligarchs who have turned to assorted Western shell companies to hide their funds (Roque 2016). Key collaborators in this space include groups like Global Witness, which routinely works with journalistic groups to augment findings. Elsewhere, academics increasingly work with investigative journalists to enhance stories about the transnational elements of modern corruption and kleptocracy (Cooley and Michel 2021).

All of this collaboration has given modern journalism new life. And in doing so, it has made journalists become increasingly transnational in scope—a necessary transformation when it comes to tracking and tracing the trillions in illicit monies circling the world.

### Campaigners & NGOs—Challenges and Opportunities

While investigative journalism has always addressed issues of corruption (especially in politics), the history of anti-corruption civil society stretches back in essence only thirty years.

Aryeh Neier, the co-founder of Human Rights Watch and the first president of the Open Society Institute, once noted that the start of the anti-corruption movement could be traced to the creation of two organizations in 1993—Global Witness and Transparency International.<sup>2</sup> Global Witness, an NGO founded in the UK by three environmentalists, investigated how corrupt regimes often relied upon the exploitation of natural resources, and produced hard hitting reports on illegal logging, conflict (“blood”) diamonds, and corruption in the post-Soviet oil and gas trade.<sup>3</sup>

<sup>2</sup> Personal interview by Thomas Mayne with Patrick Alley, Global Witness co-founder, September 2021.

<sup>3</sup> See <https://www.globalwitness.org/>

The anti-corruption landscape started to broaden after a raft of international scandals that focused on how Western financial institutions were aiding dictators and kleptocrats to hide their fortunes—e.g., Nigeria’s Sani Abacha, Chile’s Augusto Pinochet, and Teodoro Obiang, the president of Equatorial Guinea (Pallister and Capella 2000; O’Brien 2004; O’Shaughnessy 2004). This led to the creation of many more NGOs that aimed to assist those affected by corruption and challenge those perpetrating it. For example, Sherpa, a French law association founded in 2001, conducted investigations to protect and defend victims of financial crimes, often perpetrated by corrupt governments. The Basel Institute on Governance, founded in Switzerland in 2003, aimed at countering corruption and strengthening governance. The Tax Justice Network, set up to look at tax havens and tax avoidance, was also founded in 2003.

A key driving factor behind the Arab Spring and the Orange Revolution in Ukraine was rampant government corruption hindering both economic and democratic development. Moreover, in their contribution to this newsletter, Arriola and Shen-Bayh discuss how international financial institutions were instrumental in encouraging governments to start anti-corruption agencies as part of a package of governance reforms in the 1980s and 90s. Such agencies were supplemented by many regional organizations, such as Ukraine’s Anti-Corruption Action Center, which were founded to try and hold future governments accountable. “Transparency” also became a catchword, especially in autocratic countries where discussion of corruption could be potentially dangerous. The creation of the Extractive Industries Transparency Initiative in 2003 saw oil and gas companies agree to publish the amounts they pay to host governments. Although progress by implementing countries has varied, the initiative has succeeded in uniting local civil society on issues closely related to anti-corruption work.

Most recently in the UK, Transparency International has focused on issues closer to home, such as international corruption enabled through UK-based financial services (Cowdock, Simeone, and Goodrich 2019). It has been joined in this approach by such organizations as Spotlight on Corruption, founded in 2019, that assesses the effectiveness of UK anti-corruption laws. Together with these organizations are a plethora of investigative journalism groups such as OCCRP and ICIJ, and whole teams at relatively new press outlets, such as *The Daily Beast* and *Buzzfeed*, dedicated to reporting on stories of corruption and financial crime, of which there have been many in recent years, fueled by the growing number of document leaks, such as the Panama, Paradise, and Pandora Papers.

The vast number of anti-corruption organizations locally and internationally, both from media and civil society, is a welcome development because of kleptocracy's transnational nature. Financial flows are not confined to one jurisdiction but will likely involve actors from both the Global North and South, often in a single deal. Consider, for example, the company service provider in the Seychelles, who is instructed by a solicitor in Liechtenstein for his Russian client who has money in Dubai and is looking to invest it the UK. Since corrupt deals are purposefully structured in this complex fashion, collaboration between NGOs, journalists, and other data analysts with local and expert knowledge is vital to unraveling the complexities.

Certain barriers still remain: journalists, of course, are still looking for the exclusive story and may be unwilling to share details until after publication. But a noticeable recent trend is how after the big scoop, data is now often put online, allowing analysts, NGOs, and academics to come together to create yet more analysis—whether it be on the amount of suspicious money flowing into real estate, the number of golden visas issued during the “blind faith” period in the UK, or payments made by oil companies to host governments. ICIJ's offshore leaks database, for example, provides a vital resource for those looking to trace the offshore structures of overseas politicians and their families.<sup>4</sup>

This kind of data used to remain only in the hands of professional due diligence companies that would operate under a cloak of secrecy due to the very client-based nature of their work. But with more of this kind of information now out in the public domain, new opportunities are presenting themselves for close collaboration between different practitioners. With advancements in machine learning and data scraping coupled with more “beneficial” ownership databases coming online, this close collaborative work between a growing number of anti-corruption NGOs and journalists can only drive the movement forward.

### How to Collaborate Better? The Argument for a “Flexible Institutionalization”

In early 2016, a tranche of millions of leaked documents burst forth, pulling back the curtain on the world of offshoring and financial secrecy to an unprecedented degree. Dubbed the Panama Papers, the documents detailed a range of financial malfeasance from politicians, oligarchs, and high-profile figures around

the world. The scandal shook the world of offshoring and jump-started discussions about finally cleaning up the broader, global offshoring sector. There was another element that made it stand out from previous reporting into the world of illicit monies, transnational financial flows, and kleptocracy writ large: collaboration. Overseen by the ICIJ, the project involved over 100 media organizations in some 80 countries around the world. Such coordination was unheard of at the time.

To be sure, the success of the Panama Papers (and subsequent Paradise and Pandora Papers) resulted from primarily journalistic work and publishing. But it proved that the greatest solution to uncovering and tracking illicit financial flows across borders involves the same phenomenon: collaboration among those who can navigate contexts unfamiliar to others. And indeed, academic work drawing on this experience has soon followed suit, showing the benefits of exploiting large data leaks to study how firms use secret offshore vehicles (O'Donovan, Wagner, and Zeume 2019), to analyze the issue of beneficial ownership disclosure (Radon and Achuthan 2017), and to assess how data can be shared securely when working with a large number of partners (McGregor *et al.* 2017).

Yet, there is much room for such collaboration to grow—and for new parties, and new fields, to be included. While we have seen one-off examples of collaboration among academia, journalism, and civil society, there has been nothing like a Panama Papers-style project built with all three. But that can—and should—change. We already see inklings of this change, especially as it pertains to journalists covering the work of civil society campaigners, such as recent articles about family members of African despots using anonymous tools to hide funds (Global Witness 2019), or that of academics, such as coverage of universities failing to conduct due diligence on oligarchic donations (Cooley *et al.* 2021; Parker 2021). The overlap is a promising start. Certain bridges have already been built. But far more can, and should, be done.

As outlined above, the main challenges that stand in the way of reinforcing these bridges relate to the reticence of the three professions to accept collaborative approaches as being on an equal footing with already tried and tested methods. This is why we argue for a “flexible institutionalization” of this collaboration. To go the extra mile, it is crucial for institutional structures to remove the existing barriers and instead create incentives for this exchange of expertise. Preserving flexibility is also vital, as over-regulation might provide too rigid an approach. To develop a better way forward, we suggest starting from three core areas:

<sup>4</sup> See <https://offshoreleaks.icij.org/>

training, fieldwork, and dissemination. Such flexibility would also make potential scheduling conflicts easier to overcome (given that journalists often work and produce at a different pace than those in academia or civil society).

The benefits are clear. Academics—who already conduct transnational research and publish in other venues—can innovate their methods, expanding their access to tools and resources available (whether it pertains to databases or information-gathering techniques), while also reaching wider audiences. Civil society campaigners can build on existing and ongoing research from academics to expand their own impact. Journalists can expand their areas of inquiry and coverage. Each of these prongs brings their own skills, and their own elements of institutional support (and protections): journalists dive into specific stories, packaged in compelling narratives; civil society campaigners spend significant amounts of time digging through minutiae of certain phenomena, while being skilled in advocacy techniques; and academics offer a far deeper well of expertise, contacts, and context.

Collaboration has proven itself key to untangling and understanding kleptocracy, in all of its manifestations. Now, the remaining walls between journalists, academics, and civil society campaigners must be broken down—and that collaboration must be expanded even further yet. The recognition of this partnership within the respective disciplines is a requisite for this prospect to become reality.

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**John Heathershaw** is Professor of International Relations at the University of Exeter. His research addresses conflict, security, and development in authoritarian political environments, especially in post-Soviet Central Asia. He is author of *Dictators Without Borders* (Yale University Press, 2019) and recently completed an Anti-Corruption Evidence project (2019–2021) on the transnational ties to democracies of elites from authoritarian states. In 2021/22, he is a Senior Fellow of the British Academy studying relations between Eurasian kleptocratic elites and British professional service providers.





**Jody LaPorte** is the Gonticas Tutorial Fellow in Politics and International Relations at Lincoln College, University of Oxford. She researches formal and informal politics in non-democratic regimes, with a regional focus in post-Soviet Eurasia. Her current research focuses on the political effects of corruption in Central Asia and the Caucasus. She also publishes on qualitative methods, including the development of new tools for qualitative and case study research. Her articles have been published in *Comparative Politics*, *Post-Soviet Affairs*, *Sociological Methods and Research*, *Political Research Quarterly*, *Slavic Review*, and *PS: Political Science and Politics*. She holds a Ph.D. from the University of California, Berkeley.



**Adeel Malik** is Associate Professor of Development Economics and Globe Fellow in the Economies of Muslim Societies at the University of Oxford. He received his doctorate in economics from Oxford as a Rhodes Scholar. His research articles have been published in the *Journal of European Economic Association*, *European Journal of Political Economy*, *Journal of Development Economics*, *Oxford Economic Papers*, *World Development*, *Review of International Political Economy*, and *Modern Asian Studies*. His most recent contribution to the field is a co-edited volume, *Crony Capitalism in the Middle East: Business and Politics from Liberalization to the Arab Spring*, published by Oxford University Press in 2019. Malik's research has featured on CNN, in *Financial Times*, *New York Times*, *Washington Post*, *Project Syndicate*, *Foreign Policy*, and *Foreign Affairs*.



**Thomas Mayne** is an expert in corruption studies and Central Asian politics. For 12 years he worked as a senior campaigner for Global Witness, an anti-corruption NGO which works to end the exploitation of natural resources. He is currently a Visiting Fellow at Chatham House, as well as a Research Fellow at the University

of Exeter working on a project that seeks to explain the linkages between Russia's foreign policy and illicit financial flows (IFFs).



**Casey Michel** is a writer and investigative journalist focusing on transnational corruption, foreign interference, and kleptocracy. He is the author of *American Kleptocracy: How the U.S. Created the World's Greatest Money Laundering Scheme in History*, examining the U.S.'s transformation in a leading offshore and financial secrecy haven. His writing has been featured in *Foreign Policy*, *Foreign Affairs*, *The Atlantic*, and *The Washington Post*, among others, and he is currently an adjunct fellow at the Hudson Institute's Kleptocracy Initiative.



**Tena Prelec, Ph.D.**, is an academic researcher focusing on corruption studies and an expert in South East European politics. She is currently a Research Associate at DPIR, University of Oxford, a Fellow at the Centre of Advanced Studies at the University of Rijeka, as well as a Research Fellow at the University of Exeter working on a project that seeks to explain the linkages between Russia's foreign policy and illicit financial flows (IFFs).



**Fiona Shen-Bayh** is Assistant Professor of Government and Data Science at William & Mary. She studies the politics of authoritarian regimes, including the legal and judicial instruments of power, as well as the challenges of promoting access to equitable justice in the Global South. Her book *Undue Process: Persecution and Punishment in Autocratic Courts* examines these themes in postcolonial sub-Saharan Africa and is forthcoming in Cambridge University Press. Her other research has been published in *World Politics* and is forthcoming in the *American Political Science Review*.

## Editorial Team

### Executive Editors



**Dan Slater** specializes in the politics and history of enduring dictatorships and emerging democracies, with a regional focus on Southeast Asia. At the University of Michigan, he serves as the Weiser Family Professor of Emerging Democracies, the Director of the Weiser Center for Emerging Democracies, and Professor of Political Science. Previously, he served for 12 years on the faculty at the University of Chicago, where he was the Director of the Center for International Social Science Research, Associate Professor in the Department of Political Science, and associate member in the Department of Sociology.



**Rob Mickey** is Associate Professor of Political Science and Director of Graduate Studies at the University of Michigan. His research focuses on U.S. politics in historical perspective. He is interested in American political development, political parties, racial politics, and policy responses to inequality.

### Managing Editor



**Derek Groom** is an Academic Program Specialist with the Weiser Center for Emerging Democracies. In this role, he manages the programming, administration, and research/outreach activities of WCED. Before coming to U-M, Derek worked in Washington, DC at American Councils for International Education, administering the Overseas Flagship Programs and Flagship Language Initiatives in Eurasia and Africa. In 2013, Derek completed the Russian Overseas Flagship Program in St. Petersburg, Russia as a Boren Scholar.

### Guest Editors



**Anne Pitcher** is a Professor of Political Science and Afroamerican and African Studies at the University of Michigan. She relies on archival research, fieldwork, case studies, and public opinion surveys to assess the diverse political dynamics of electoral autocracies and democracies in Africa. Recent publications examine electoral and party politics, urban political economy, the distribution of public goods, and linkages between the state and business, drawing on findings from selected countries such as Angola, Mozambique, Kenya, and South Africa. Along with the Electoral Institute for Sustainable Democracy in Africa (EISA), she has received funding from the Carnegie Corporation of New York to study election related violence across Africa.



**Ricardo Soares de Oliveira** is Professor of the International Politics of Africa at the Department of Politics and International Relations at the University of Oxford; Official Fellow of St Peter's College; and a Fellow with the Global Public Policy Institute, Berlin. He is co-editor of *African Affairs*, the journal of the Royal African Society, and co-director of the Oxford Martin School's Programme on African Governance.

Soares de Oliveira has conducted extensive fieldwork with a focus on the international political economy of African states, especially in regard to the extractive industries, the financial sector, conflict and post-conflict reconstruction, and African-Asian relations. He is the author of *Magnificent and Beggar Land: Angola Since the Civil War* (2015) and *Oil and Politics in the Gulf of Guinea* (2007), and co-editor of *China Returns to Africa* (with Chris Alden and Daniel Large, 2008) and *The New Protectorates: International Tutelage and the Making of Liberal States* (with James Mayall, 2011). He is currently writing a book titled *Africa and the Offshore World*.

## About *Democracy and Autocracy*

*Democracy and Autocracy* is the official newsletter of the American Political Science Association's Democracy and Autocracy section (formerly known as the Comparative Democratization section). First known as *CompDem*, it has been published three times a year since 2003. In October 2010, the newsletter was renamed *APSA-CD* and expanded to include substantive articles on democracy, as well as news and notes on the latest developments in the field. In September 2018, it was renamed the *Annals of Comparative Democratization* to reflect the increasingly high academic content and recognition of the symposia.

## About WCED

Housed in the International Institute at the University of Michigan, the Weiser Center for Emerging Democracies (WCED) began operation in September 2008. Named in honor of Ronald and Eileen Weiser and inspired by their time in Slovakia during Ambassador Weiser's service as U.S. Ambassador from 2001–04, WCED promotes scholarship to better understand the conditions and policies that foster the transition from autocratic rule to democratic governance, past and present.



## Section News

**Michael Bernhard** (*Raymond and Miriam Ehrlich Eminent Scholar Chair in Political Science, University of Florida*) published two articles and a book chapter:

Bernhard, Michael. 2021. "[Democratic Backsliding in Poland and Hungary.](#)" *Slavic Review* 80 (3): 585–607.

Tannenberg, Marcus, Michael Bernhard, Johannes Gerschewski, Anna Lührmann, and Christian von Soest. 2021. "[Claiming the Right to Rule: Regime Legitimation Strategies, 1900 to 2019.](#)" *European Political Science Review* 13 (1): 77–94.

Bernhard, Michael. 2021. "1989 Inverted: Transformative Authoritarian Memory and the Rise of Populism in Poland and Hungary." In [The Power of Populism and People: Resistance and Protest in the Modern World](#), edited by Nathan Stoltzfus and Christopher Osmar. London: Bloomsbury.

**Aimée Bourassa** (*PhD Candidate in Political Science, Brown University*), **Rebecca Weitz-Shapiro** (*Associate Professor of Political Science, Brown University*), and **Matthew S. Winters** (*Professor of Political Science, University of Illinois Urbana-Champaign*) published "[Corruption Victimization and Anti-Incumbent Voting](#)" online in the journal *Governance*. In the paper, the authors use AmericasBarometer and Afrobarometer data to study how exposure to bureaucratic corruption predicts the likelihood of voting for the incumbent national government. The analysis establishes an overall negative relationship. The authors then study country-level predictors of this relationship, finding little evidence that reactions to bureaucratic corruption vary with characteristics of the bureaucracy.

**Melani Cammett** (*Clarence Dillon Professor of International Affairs, Department of Government, and Chair of the Harvard Academy of International and Area Studies, Harvard University*), together with **Pauline Jones** (*Professor of Political Science, University of Michigan*), edited the following forthcoming volume and co-authored the lead essay:

Cammett, Melani, and Pauline Jones. 2022. "What's Religion Got to Do With It?" In *The Oxford Handbook on Politics in Muslim Societies*, edited by Melani Cammett and Pauline Jones. Oxford: Oxford University Press.

Cammett also recently published the following articles:

Cammett, Melani, Dominika Kruszevska, Christiana Parreira, and Sami Atallah. 2021. "Coethnicity Beyond Clientelism: Insights from an Experimental Study on Religion and Political Behavior in Lebanon." *Politics & Religion*.

Cammett, Melani, and Aytuğ Şaşmaz. 2021. "[Navigating Welfare Regimes in Divided Societies: Diversity and the Quality of Service Delivery in Lebanon.](#)" *Governance* 35 (1): 209–231.

**Mona El-Ghobashy** (Clinical Assistant Professor, Liberal Studies, New York University) recently joined the Democracy and Autocracy section. She published the following book last year:

El-Ghobashy, Mona. 2021. *Bread and Freedom: Egypt's Revolutionary Situation*. Palo Alto: Stanford University Press.

Building on their [Cambridge Elements book on backsliding](#), **Stephan Haggard** (Lawrence and Sallye Krause Distinguished Professor, School of Global Policy and Strategy, University of California San Diego) and **Robert Kaufman** (Professor of Political Science, Rutgers) have a new piece in the *Journal of Democracy* (32, 4; October 2021) entitled "[The Anatomy of Democratic Backsliding.](#)" Their theory of backsliding comprises three core causal factors: the pernicious effects of polarization; rulers' control of the legislature; and the incremental nature of abuses of power, which divide and disorient oppositions.

**Henry Hale** (Professor of Political Science and International Affairs, The George Washington University) recently published the following articles:

Hale, Henry E. 2022. "[A 'Terrific Symbol': Physical Personalization of Pandemic Relief Enhances Presidential Support.](#)" *PS: Political Science and Politics*, First View: 1–6.

Hale, Henry E. 2021. "[Authoritarian Rallying as Reputational Cascade? Evidence from Putin's Popularity Surge after Crimea.](#)" *American Political Science Review*, First View: 1–15.

**Kristen A. Harkness** (Senior Lecturer in International Relations, University of St. Andrews) recently published a new dataset article:

Harkness, Kristen A. 2021. "[The Ethnic Stacking in Africa Dataset: When Leaders Use Ascriptive Identity to Build Military Loyalty.](#)" *Conflict Management & Peace Science*.

**Jennifer McCoy** (Professor of Political Science, Georgia State University) was appointed in July 2021 as Nonresident Scholar at the Carnegie Endowment for International Peace, and invited as a Visiting Scholar for spring 2022 to the Democracy Institute at Central European University in Budapest, and to Koc University in Istanbul. In late 2021 and early 2022, McCoy published:

Simonovits, Gabor, Jennifer McCoy, and Levente Littvay. 2022. "[Democratic Hypocrisy and Out-group Threat: Explaining Citizen Support for Democratic Erosion.](#)" *Journal of Politics*, Online Just Accepted.

McCoy, Jennifer, and Benjamin Press. 2022. "[What Happens When Democracies Become Perniciously Polarized?](#)" *Carnegie Endowment for International Peace*, January 18, 2022.

McCoy, Jennifer, and Murat Somer. 2021. "Political Parties, Elections, and Pernicious Polarization in the Rise of Illiberalism." In *Routledge Handbook of Illiberalism*, edited by András Sajó, Renáta Úitz, and Stephen Holmes. New York: Routledge.

McCoy, Jennifer, and Murat Somer. 2021. "Pernicious Polarization and Democratic Resilience: Analyzing the U.S. in Comparative Perspective." In *Democratic Resilience: Can the United States Withstand Rising Polarization?*, edited by Robert C. Lieberman, Suzanne Mettler, and Kenneth M. Roberts. Cambridge: Cambridge University Press.

**Yonatan Morse** (Assistant Professor of Political Science, University of Connecticut) published the following articles:

Morse, Yonatan. 2021. "[Pathways to Power in Authoritarian Regimes: Civil Service, Multipartyism, and Legislative Selection in Cameroon.](#)" *Government & Opposition*, FirstView: 1–18.

Morse, Yonatan. 2021. "[The Legislature as Political Control: Change and Continuity in Cameroon's National Assembly \(1973–2019\).](#)" *Journal of Modern African Studies* 59 (4): 485–506.

**Olena Nikolayenko** (Professor of Political Science, Fordham University) published the following article:

Nikolayenko, Olena. 2022. [“I Am Tired of Being Afraid’: Emotions and Protest Participation in Belarus.”](#) *International Sociology* 37 (1): 78–96.

**Andres Schedler** (Senior Research Fellow, Democracy Institute, Central European University (CEU), Budapest; Visiting Professor, CEU, Vienna; Professor of Political Science, CIDE, Mexico City (on leave)) recently published the following article:

Schedler, Andreas. 2021. [“An Ambiguous Tool of Demos Accountability: Taking the Metaphorical Concept of Majoritarian Tyranny Seriously.”](#) *PRX Political Research Exchange* 3 (1).

**Emilia Simison** (PhD candidate in Political Science, MIT) and **Alejandro Bonvecchi** (Associate Professor, American University of Sharjah) recently published the following article on lawmaking in personalist regimes:

Bonvecchi, Alejandro, and Emilia Simison. 2022. [“Lawmaking in Personalist Dictatorships: Evidence from Spain.”](#) *The Journal of Legislative Studies*.

**Rollin F. Tusalem** (Associate Professor of Political Science, Arkansas State University) recently published the following article:

Tusalem, Rollin F. 2021. [“Bringing the Legislature Back In: Examining the Structural Effects of National Legislatures on Effective Democratic Governance.”](#) *Government and Opposition*, First View: 1–25.

Members of the **Varieties of Democracy (V-Dem) Institute** at the University of Gothenburg published the following policy briefs, working papers, reports, and peer-reviewed articles:

Altman, David. 2021. [“Adjusting Democracy Indices to the Age of Mass Migration: Voting Rights of Denizens and Expats.”](#) *Contemporary Politics*: 1–21.

Altman, David, and Clemente T. Sanchez. 2021. [“Citizens at the Polls Direct Democracy in the World, 2020.”](#) *Taiwan Journal of Democracy* 17 (2): 27–48.

Bayerlein, Michael, Vanessa A. Boese, Scott Gates, Katrin Kamin, and Syed Mansoob Murshed. 2021. [“Populism and COVID-19: How Populist Governments \(Mis\)Handle the Pandemic.”](#) *Journal of Political Institutions and Political Economy* 2 (3): 389–428.

Boese, Vanessa, and Matthew Wilson. 2022. [“A Short History of Contestation and Participation.”](#) *V-Dem Working Paper* 130.

[“Case for Democracy: Does Democracy Improve Public Goods Provision?”](#) 2022. *V-Dem Policy Brief* No. 33. University of Gothenburg: Varieties of Democracy Institute.

[“Case for Democracy: Democracies Produce More Transparent and Higher-Quality Data.”](#) 2022. *V-Dem Policy Brief* No. 34. University of Gothenburg: Varieties of Democracy Institute.

[“Case for Democracy: Does Democracy Have Dividends for Education?”](#) 2022. *V-Dem Policy Brief* No. 35. University of Gothenburg: Varieties of Democracy Institute.

Donno, Daniela, Kelly Morrison, and Burcu Savun. 2022. [“Not All Elections Are Created Equal: Election Quality and Civil Conflict.”](#) *The Journal of Politics* 84 (1).

Düpont, Nils, Berker Kavasoglu, Anna Lührmann, and Ora John Reuter. 2022. [“A Global Perspective on Party Organizations. Validating the Varieties of Party Identity and Organization Dataset \(V-Party\).”](#) *Electoral Studies* 75.

Gafuri, Adea. 2021. [“Can Democracy Aid Improve Democracy? The European Union’s Democracy Assistance 2002–2018.”](#) *Democratization*.

Gerring, John, Carl Henrik Knutsen, Svend-Erik Skaaning, Matthew Maguire, Jan Teorell, and Michael Coppedge. 2021. “Electoral Democracy and Human Development.” *Democratization* 28 (2): 308–332.

Gerring, John, Haakon Gjerlow, and Carl Henrik Knutsen. 2022. [“Regimes and Industrialization.”](#) *World Development* 152.

Gjerløw, Haakon, Carl Henrik Knutsen, Tore Wig and Matthew Charles Wilson. 2021. *One Road to Riches? How State Building and Democratization Affect Economic Development*. Cambridge: Cambridge University Press.

Grahn, Sandra, and Anna Lührmann. 2021. [“Good Seed Makes a Good Crop? The Relationship Between Civil Society and Post-Independence Democracy Levels.”](#) *Journal of Civil Society* 17 (3–4): 297–322.

Grahn, Sandra, Staffan I. Lindberg, and Sten Widmalm. 2021. "[Autocratization in South Asia.](#)" In *Routledge Handbook of Autocratization in South Asia*, edited by Sten Widmalm. London: Routledge.

Hellmeier, Sebastian, and Michael Bernhard. 2022. "[Mass Mobilization and Regime Change. Evidence From a New Measure of Mobilization for Democracy and Autocracy From 1900 to 2020.](#)" *V-Dem Working Paper 128*.

Hermansen, Gudmund Horn, Carl Henrik Knutsen, and Håvard Mokleiv Nygård. 2021. "[Characterizing and Assessing Temporal Heterogeneity: Introducing a Change Point Framework, with Applications on the Study of Democratization.](#)" *Political Analysis* 29 (4): 485–504.

Knutsen, Carl Henrik. 2021. "Autocracy and Variation in Economic Development Outcomes." In *Handbook on Democracy and Development*, edited by G Crawford and A-G Abdulai. Cheltenham: Edward Elgar.

Knutsen, Carl Henrik, and Palina Kolvani. 2022. "[Fighting the Disease or Manipulating the Data? Democracy, State Capacity, and the COVID-19 Pandemic.](#)" *V-Dem Working Paper 127*.

Marquardt, Kyle L. 2021. "[Language, Ethnicity, and Separatism: Survey Results from Two Post-Soviet Regions.](#)" *British Journal of Political Science*, First View: 1–21.

Tannenbergs, Marcus. 2021. "The Autocratic Bias: Self-Censorship of Regime Support." *Democratization*.

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